



# **LAFCO MEETING AGENDA**

**Monday, May 5, 2008**

**4:00 P.M**

**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

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

**2. PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF MINUTES**

Minutes of April 7, 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 ITEMS**

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

**a) *Borrette Lane No. 8 District Annexation to the Napa Sanitation District (Action)***

The Commission will consider an application to annex approximately 6.04 acres of incorporated territory located in the City of Napa to the Napa Sanitation District. The annexation is intended to facilitate the creation of four new residential lots. The subject territory is located at 1020 Borrette Lane and is identified by the County of Napa Assessor's Office as 041-700-004. All affected property owners have consented to this proposal.

**6. PUBLIC HEARING ITEMS**

None

**7. COMMISSION ACTION ITEMS**

**a) City of Calistoga: Municipal Service Review**

The Commission will receive a written report representing its scheduled municipal service review on the City of Calistoga. The Commission will consider a separate draft resolution adopting the determinations included in the municipal service review pursuant to Government Codes §56340.

**b) City of St. Helena: Municipal Service Review**

The Commission will receive a written report representing its scheduled municipal service review on the City of St. Helena. The Commission will consider a separate draft resolution adopting the determinations included in the municipal service review pursuant to a Government Codes §56340.

**c) Options for the Appointment of Alternate Legal Counsel**

The Commission will receive a report identifying and evaluating options regarding the appointment of alternate legal counsel. The report is being presented for discussion and possible action by the Commission.

**COMMISSION ACTION ITEMS CONTINUED...**

**d) Recommended Office Improvements in 2008-2009**

The Commission will consider a report recommending funding for two office improvements in 2008-2009 to implement an electronic document management system and develop a new website. The Commission will consider directing the Budget Committee to add the estimated \$55,000 cost for the two office improvements into a proposed final budget for presentation at the June 2, 2008 meeting. Unexpended revenues from 2007-2008 would be used for funding.

**e) Adoption of Policy Regarding Indemnification**

The Commission will consider adoption of a policy to provide for indemnification in connection with any application for a change of organization, reorganization, or sphere of influence amendment.

**8. COMMISSION DISCUSSION ITEMS**

**a) Staffing Update**

The Commission will receive a report on the current status of filling the vacant analyst position. The report is being presented for discussion.

**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:

- Napa County Transportation and Planning Agency's Growth Summit
- City of American Canyon: Municipal Service Review and Sphere of Influence Review

**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) Notice from the County of Napa Regarding Reappointment of Brad Wagenknecht**

The Commission will receive written notice from the County of Napa announcing the reappointment of Brad Wagenknecht to a new four year term on LAFCO (2008-2012).

**11. CLOSED SESSION**

None

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

**13. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING:**

June 2, 2008

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Materials relating to an item on this agenda that have been submitted to the Commission after distribution of the agenda packet are available for public inspection at the LAFCO office during normal business hours.

Commissioners are disqualified from voting on any proposals involving entitlements of use if they have received campaign contributions from an interested party. The law prohibits a Commissioner from voting on any entitlement when he/she has received a campaign contribution(s) of more than \$250 within 12 months of the decision, or during the proceedings for the decision, from any interested party involved in the entitlement. An interested party includes an applicant and any person with a financial interest actively supporting or opposing a proposal. If you intend to speak on any hearing item, please indicate in your testimony if you have made campaign contributions totaling \$250 or more to any Commissioner during the past 12 months.

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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>

**May 5, 2008**  
**Agenda Item No. 5a**

April 24, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT:** *Borrette Lane No. 8 District Annexation to the Napa Sanitation District*  
**(Consent: Action)**

The Commission will consider an application to annex approximately 6.04 acres of incorporated territory to the Napa Sanitation District. The annexation is intended to facilitate the creation of four new residential lots.

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Proposed is the annexation of approximately 6.04 acres of incorporated territory to the Napa Sanitation District (NSD). The subject territory comprises one incorporated parcel located in the City of Napa that includes a single-family residence, winery, and vineyard. The western border of the parcel also includes a privately owned section of Borrette Lane. The purpose of the proposal is to facilitate the division of half the parcel into four new residential lots. The remaining portion will include the existing single-family residence, winery, and an abbreviated vineyard. The parcel division and related land uses were conditionally approved by the City Planning Commission on November 16, 2006.

**Proposal Summary**

**Applicants:** Karen and Kirk Reid, Property Owners.

**Purpose:** The applicants propose the annexation of approximately 6.04 acres to NSD to make public sewer services available for a proposed development project to divide half of an existing parcel into four new residential lots.

**Location:** The subject territory comprises one parcel located at 1020 Borrette Lane in the City of Napa. The affected parcel is identified by the County of Napa Assessor's Office as 041-700-004.

**Consent:** This proposal has 100% consent from affected property owners. NSD is the only subject agency and has offered its consent to the waiver of protest proceedings for this annexation.

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Jack Gingles, Chair  
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

## **Discussion**

This proposal was originally submitted as “Borrette Lane No. 7 District Annexation to the Napa Sanitation District” and approved by the Commission at its April 2, 2007 meeting. Commission approval was conditioned to include a standard requirement that the applicants fulfill within one year the terms NSD adopted on March 21, 2007 in conjunction with consenting to waiving their right to protest proceedings. On February 22, 2008, NSD adopted an amendment to its terms to allow wastewater generated at the winery to continue to be treated through an on-site septic system. Staff determined that this was a substantive change and required the Commission to amend its own resolution of approval to reflect NSD’s amended term. However, scheduling conflicts prohibited the Commission from considering an amendment or a time extension request before the one-year deadline. As a result, the earlier proposal was officially abandoned as of April 3, 2008 and replaced by the current application.

## **Analysis**

The Commission is responsible under California Government Code (G.C.) Section 56375 to approve, modify, or disapprove boundary changes proposed by local governmental agencies, property owners, or registered voters. The Commission is also authorized to establish conditions in approving boundary changes as long as it does not directly regulate land uses. Underlying the Commission’s determination in approving, modifying, or disapproving proposed boundary changes is to consider the orderly and timely development of the affected agencies in context with local conditions and circumstances.

## **Factors Required for Consideration**

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

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

The subject territory comprises one incorporated parcel located in an urbanizing area in the City of Napa and includes a single-family residence, vineyard, and a small winery facility. The subject territory is approximately 6.04 acres in size and has a current resident population of two. The annexation of the subject territory to NSD will facilitate the creation of four additional single-family residences, which will result in an anticipated total buildout population of 13.<sup>1</sup>

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<sup>1</sup> Population projection based on 2.62 persons per single-family residence (California Department of Finance, 2005).

Topography in the subject territory slopes modestly north to south with a peak elevation of 32 feet above sea level. An unnamed seasonal creek runs along the subject territory's southern boundary. The total current assessed value of the subject territory is \$679,361.

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

The annexation of the subject territory will facilitate the extension of public sewer service to one existing and four new single family residential lots. NSD has a current daily average sewer demand of 6.9 million gallons with a total daily system capacity of 15.4 million gallons. At an expected daily use rate of 210 gallons per residence, the underlying project facilitated by the annexation will generate a projected new daily sewer demand of 1,050 gallons within the subject territory. This projected new sewer demand can be adequately accompanied by NSD's existing facilities without impacting service levels of current ratepayers.

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

Annexation will facilitate the development of the subject territory that is consistent with the surrounding incorporated area. A substantial portion of the surrounding incorporated area is already served by NSD.

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

The subject territory is located within NSD's sphere of influence. The Commission recently adopted a comprehensive update to the sphere generally predicated on aligning NSD's service area with the service area of the City of Napa for the purpose of coordinating planned urban development.

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

Approximately half of the subject territory will be divided into four new residential lots upon annexation to the NSD as part of a development projected previously approved by the City of Napa. The annexation and subsequent development of this portion of the subject territory will result in the loss of approximately two acres of planted vineyards that meet the definition of "agricultural lands" under G.C. Section 56016.

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

The subject territory includes one parcel with boundary lines that are certain and identifiable. The annexation of the subject territory to NSD would not create any islands or conflicts in lines of assessment or ownership.

- 7) Consistency with the city and county general plan and specific plans.**

The annexation of the subject territory to NSD for the purpose of facilitating a new four-lot residential division is consistent with the City of Napa General Plan. The General Plan designates the subject territory *Single-Family Residential – 40*, which allows a density range of zero to two units per acre. The density of the proposed division will be less than one unit per acre, which conforms to the lower density range contemplated in the General Plan.

- 8) The sphere of influence of any local agency which may be applicable to the proposal.**

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

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

On March 6, 2008, LAFCO staff electronically circulated copies of the application materials for review and comment to local governmental agencies. The County of Napa Department of Environmental Management recommends approval of the annexation of the subject territory to NSD with the condition that the applicants secure a permit for the onsite septic system serving the existing winery facility. Staff believes this request is appropriate and has been incorporated as a condition for approval in the attached draft resolution. No other substantive comments were received.

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

NSD attests through its resolution of consent that it is capable of extending public sewer service to the subject territory without impacting existing ratepayers.

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

The subject territory is currently connected to the City of Napa's potable water system. The City's Urban Water Management Plan shows it is capable of delivering water to the subject territory to development levels consistent with the General Plan.

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

The subject territory is located in the City of Napa. Annexation of the subject territory to NSD will facilitate the creation of a new four-lot residential division that will aid the City in achieving its current regional housing needs allocation.

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

The property owners of the subject territory are also residents and have consented to the annexation. No other residents reside in the subject territory at this time.

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

As mentioned, the City of Napa has designated the subject territory *Single-Family Residential – 40*. This land use designation is consistent with the provision of municipal services.

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

The proposed annexation is not expected to promote or discourage the fair treatment of minority or economically disadvantaged groups.

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

The proposed annexation is intended to benefit current and future inhabitants of the subject territory by providing access to public sewer service within an incorporated community.

## **Property Tax Agreement**

In accordance with provisions of California Revenue and Taxation Code Section 99, the County of Napa and NSD have previously agreed by resolution of their respective boards that no exchange of property taxes will occur as a result of this annexation.

## **Environmental Analysis**

As responsible agency, staff has reviewed and considered the information included in the Initial Study and Negative Declaration prepared for the underlying development project approved by the lead agency, the City of Napa. Staff believes the extension of sewer service to the underlying project was adequately contemplated as part of the Initial Study. In approving the Negative Declaration, the City has required standard mitigation measures to address less-than significant impacts identified in the Initial Study. A copy of the Initial Study and Negative Declaration prepared by the City is attached for Commission review.

## **Alternatives for Commission Action**

After consideration of this report, the Commission should consider taking one of the following actions:

**Option A:** Adopt the attached draft resolution approving the proposed *Borrette Lane No. 8 District Annexation to the Napa Sanitation District*.

**Option B:** If more information is required, continue this matter to a future meeting and provide appropriate direction to staff.

## **Recommendation**

The Executive Officer recommends approving the proposal as submitted, which is identified in the preceding section as Option A. The Executive Officer also recommends the Commission waive the \$1,800 application fee associated with this proposal due to the unique circumstances outlined in the discussion section of this report.

Respectfully submitted,

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Keene Simonds  
Executive Officer

### Attachments:

- 1) ~~LAFCO Aerial Map~~
- 2) ~~LAFCO Draft Resolution of Approval~~
- 3) LAFCO Application
- 4) ~~NSD Resolution Waiving Protesting Hearings~~
- 5) ~~City of Napa Initial Study and Negative Declaration~~



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

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

April 29, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

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

The Commission will receive a written report representing its scheduled municipal service review on the City of Calistoga. The Commission will consider a separate draft resolution adopting the determinations included in the municipal service review pursuant to California Government Code §56340.

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**

At April 7, 2008 meeting, the Commission received a draft municipal service review on the City of Calistoga for discussion. The draft included written determinations addressing the nine service factors the Commission is required to address as part of its municipal service review mandate. Following the meeting, staff circulated a notice of review on the draft to Calistoga. A copy of the notice was also posted on the Commission website. No comments were received.

A final municipal service review has been prepared and includes a small number of technical corrections and updates. This includes adding a new map depicting the areas that were approved for annexation in the early 1970s as part of three separate proposals but subsequently abandoned prior to recordation for unknown reasons. No changes have been made to the determinations. The final municipal service review indicates Calistoga has established adequate service capacities, administrative controls, and funding streams to provide an effective level of service to current and planned development within its planning area in the timeframe of the review.

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 for the Commission to take the following actions:

- 1) Receive and file the attached written report representing the municipal service review of the City of Calistoga; and
- 2) Approve the attached draft resolution with any desired changes making statements regarding the level and range of services provided by the City of Calistoga pursuant to California Government Code §56430.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachments:

- 1) Municipal Service Review: Final Report
- 2) Draft Resolution Making Determinations

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

## CITY OF CALISTOGA MUNICIPAL SERVICE REVIEW

**Final Report  
May 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  
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Kathy Mabry, Commission Secretary



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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.

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<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. Map depicting the affected areas included in the last three proposals is provided in Attachment C.

#### 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 four percent 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> Calistoga currently has 2,340 housing units within its incorporated boundary. 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 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.

### *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 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.

### *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.

### *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.

### *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

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

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

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

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**

1. City of Calistoga General Plan Update (October 2003)
2. City of Calistoga, Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2006.
3. City of Calistoga, Adopted General Fund Operating and Capital Improvement Budgets for Fiscal Years 2006-07, 2007-08 and 2008-09
4. City of Calistoga, Adopted Water and Wastewater Enterprise Funds Operating and Capital Improvement Budgets for Fiscal Years 2006-07 and 2007-08
5. City of Calistoga, Adopted Special Revenue Funds Operating and Capital Improvement Budget for Fiscal Years 2006-07 and 2007-08
6. Local Agency Formation Commission of Napa County, Comprehensive Water Service Study: Final Report (October 2004)
7. Local Agency Formation Commission of Napa County, Sanitation and Wastewater Treatment Municipal Service Review: Public Review Draft (September 2005)
8. Local Agency Formation Commission of Napa County, Staff Report, Sanitation and Wastewater Treatment Municipal Service Review, Written Determinations (August 7, 2006)
9. Local Agency Formation Commission of Napa County, Comprehensive Study of Fire Protection Services, Phase One: Final Report (December 2006)
10. Local Agency Formation Commission of Napa County, Staff Report, Comprehensive Study of Fire Protection Services, Written Determinations (February 5, 2007)
11. Association of Bay Area Governments, Projections 2007 (December 2006)
12. City of Calistoga, Staff Report, Resolution Awarding the 2008 Growth Management System Allocations (November 6, 2007)

### **Websites Accessed**

1. City of Calistoga, <http://ci.calistoga.ca.us>
2. Metropolitan Transportation Commission, Bay Area Transportation: State of the System, 2006 (May 2007):  
[http://www.mtc.ca.gov/library/state\\_of\\_the\\_system/2006/State\\_of\\_the\\_System-06.pdf](http://www.mtc.ca.gov/library/state_of_the_system/2006/State_of_the_System-06.pdf)
3. State of California, State Controller's Office, Cities Annual Report  
2004-2005: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0405cities.pdf>  
2003-2004: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0304cities.pdf>  
2002-2003: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0203cities.pdf>

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

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

**CITY OF CALISTOGA  
MUNICIPAL SERVICE REVIEW**

**WHEREAS**, the Local Agency Formation Commission of Napa County, hereinafter referred to as “the Commission”, adopted a schedule to conduct studies of the provision of municipal services within Napa County and studies of spheres of influence of the local governmental agencies whose jurisdictions are within Napa County; and

**WHEREAS**, the Executive Officer of the Commission, hereinafter referred to as “the Executive Officer”, prepared a municipal service review of the City of Calistoga pursuant to said schedule and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code; and

**WHEREAS**, the Executive Officer prepared a written report on the municipal service review of the City of Calistoga that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Executive Officer designated the geographic area of the municipal service review to include all lands located within the planning area defined in the City of Calistoga General Plan; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meetings concerning the municipal service review of the City of Calistoga on April 7, 2008 and May 5, 2008; and

**WHEREAS**, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

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

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this municipal service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The municipal service review is a data collection and research study. The information contained within the municipal service review may be used to consider future actions that will be subject to environmental review.

2. The Commission adopts the statement of written determinations prepared as part of the municipal service review of the City of Calistoga set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on the 5<sup>th</sup> day of May, 2008, by the following vote:

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

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

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

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

ATTEST: Keene Simonds  
Executive Officer

Recorded by: \_\_\_\_\_  
Kathy Mabry  
Commission Secretary

## **EXHIBIT A**

### **CITY OF CALISTOGA MUNICIPAL SERVICE REVIEW**

#### **WRITTEN STATEMENT OF DETERMINATIONS**

1. With respect to infrastructure needs or deficiencies, the Commission determines:
  - a) 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.
  - b) 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.
  - c) 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.
  - d) 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.
  - e) 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.
  - f) 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.
  - g) 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.

2. With respect to growth and population projections for the affected area, the Commission determines:
  - a) Calistoga has been proactive in adopting polices to control the amount of new growth and development in the City. These efforts include a policy discouraging annexations of unincorporated lands.
  - b) 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.
  - c) 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.
  - d) 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.
3. With respect to financing constraints and opportunities, the Commission determines:
  - a) 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.
  - b) 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.
  - c) 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.
4. With respect to cost avoidance opportunities, the Commission determines:
  - a) 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.

Exhibit A

- b) 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.
  - c) 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.
5. With respect to opportunities for rate restructuring, the Commission determines:
- a) 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.
  - b) 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.
  - c) 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.
6. With respect to opportunities for shared facilities, the Commission determines:
- a) 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.
7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:
- a) 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.
  - b) 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.

Exhibit A

- c) 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.
8. With respect to evaluation of management efficiencies, the Commission determines:
- a) 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.
  - b) 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.
  - c) 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.
9. With respect to local accountability and governance, the Commission determines that:
- a) 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.



**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>

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

April 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

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

The Commission will receive a written report representing its scheduled municipal service review on the City of St. Helena. The Commission will consider a separate draft resolution adopting the determinations included in the municipal service review pursuant to California Government Code §56340.

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**

At April 7, 2008 meeting, the Commission received a draft municipal service review on the City of St. Helena for discussion. The draft included written determinations addressing the nine service factors the Commission is required to address as part of its municipal service review mandate. Following the meeting, staff circulated a notice of review on the draft to St. Helena. A copy of the notice was also posted on the Commission website. Written correspondence was received from St. Helena and is attached for review by the Commission.

A final municipal service review has been prepared and includes a small number of technical corrections and updates. This includes adding a footnote to Section VII to reference St. Helena's policies generally prohibiting new water service connections outside its incorporated boundary. No changes have been made to the determinations. The final municipal service review indicates St. Helena has established adequate service capacities, administrative controls, and funding streams to provide an effective level of service to current and planned development within its urban growth boundary in the timeframe of the review.

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 for the Commission to take the following actions:

- 1) Receive and file the attached written report representing the municipal service review of the City of St. Helena; and
- 2) Approve the attached draft resolution with any desired changes making statements regarding the level and range of services provided by the City of St. Helena pursuant to California Government Code §56430.

Respectfully submitted,

---

Keene Simonds  
Executive Officer

Attachments:

- 1) Written Correspondence, City of St. Helena, dated April 23, 2008
- 2) Municipal Service Review: Final Report
- 3) Draft Resolution Making Determinations

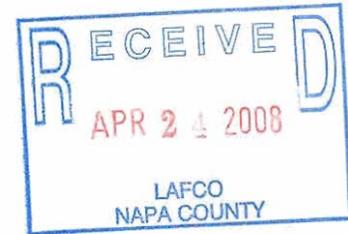


# City of St. Helena

*"We will conduct city affairs on behalf of our citizens  
using an open and creative process."*

1480 Main Street  
St. Helena, Ca 94574  
Phone: (707) 967-2792  
Fax: (707) 963-7748  
www.sthelenacity.com

April 23, 2008



Keene Simonds  
Executive Officer  
LAFCO of Napa County  
1700 Second Street, Suite 268  
Napa, CA 94559

RE: Comments on St. Helena Municipal Services Review draft document

Dear Mr. Simonds,

This letter is offered as the City of St. Helena's comments to the draft City of St. Helena Municipal Services Review. The City Council discussed the report at their April 22, 2008, scheduled Council meeting.

The City concurs with the determinations cited in the report. In preparation for the next phase, the City requests that LAFCO expand the City's Sphere of Influence (SOI) to include all lands within our City Limits, specifically the inclusion of the Howell Mountain Road acreage. In addition, the City requests that a City owned 100 ac parcel of land, contiguous to the Waste Water Treatment Plant and currently used by the Plant as spray fields, be included in the SOI (the parcel of land is currently located outside of our City limits). Nancy Watt, Napa County's Executive Officer, has previously submitted a letter of support for including the spray fields within the new SOI.

For your consideration, in the context of extended services, the City does provide water service to long time existing customers located outside our City limits. However, the City has a long standing policy prohibiting new connections which is memorialized in the following excerpts of our Municipal Code. Please note that the prohibition against new service is mandatory (shall not) whereas the allowance for fire service is discretionary (may).

#### Section 13.04.050 Water service connections

- H. Service Outside City Limits. No water service connection or water main extension shall be made or given to premises located outside the city limits except (1) to provide private fire service in accordance with Section 13.04.200 and (2) to provide reclaimed water in accordance with city policies and procedures.

Mr. Keene Simonds  
April 23, 2008

**Section 13.04.200 Private fire service—Requirements**

The department may install a private fire service; provided that the applicant complies with the general requirements governing water services set forth in this chapter or Chapters 13.08 and 13.12, together with the following special requirements:

- A. The applicant shall enter into a private fire service agreement with the department, the terms of which shall be satisfactory to the department.
- B. The services shall be satisfactory to the head of the public agency responsible for fire protection on the premises involved and to the Pacific Fire Rating Bureau. Each private fire service shall have installed therein a detector check valve of pattern and design approved by the superintendent. A "detector check valve" is defined as a spring-loaded or weight-loaded swing check valve equipped with a metered bypass.
- C. The private fire service shall be used only for fighting fires and testing the fire protection system. The charge for the service shall be on a flat basis as provided below. The charge shall include the cost of water used to fight fires and for authorized testing of the fire protection system. Any other use of water from the private fire service shall constitute a breach of the private fire service agreement.

The County of Napa works closely with the City of St. Helena when evaluating any plans proposing a change to the existing water use outside the city limits. The City is willing to have further discussions with LAFCO for the purposes of developing a guiding policy document.

The City appreciates the opportunity to offer comments. Please do not hesitate to contact me or Planning Director Carol Poole if you have any questions.

Sincerely,



**Bert Johansson**  
City Manager

cc: St. Helena City Council  
Jonathon Goldman, Director of Public Works  
Carol Poole, Planning Director  
Nancy Watt, County Executive Officer  
Hilary Gitelman, County Planning Director

# LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

## CITY OF ST. HELENA MUNICIPAL SERVICE REVIEW

**Final Report  
May 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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## **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>

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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> 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.

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<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***

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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***

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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***

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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***

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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***

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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***

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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*

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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*

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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*

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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*

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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***

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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*

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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*

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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.<sup>9</sup> 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>.

<sup>9</sup> St. Helena generally prohibits new water connections outside its incorporated boundary under its Municipal Code Section 13.04.050. St. Helena does allow new water connections for fire service under certain conditions under Municipal Code Section 13.04.200.

### *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>10</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>10</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>11</sup>

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<sup>11</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.

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

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

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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***

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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>12</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>13</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>12</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>13</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>14</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>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.)

- 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. Evaluation of 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 RESOURCES**

### **Agency Contacts**

Bert Johansson, City Manager  
Kathleen M. Carrick Parks and Recreation Director  
Monty Castillo, Police Chief  
Jonathon Goldman, Public Works Director  
Carol Poole, Planning Director  
Karen Scalabrini, Finance Director  
Gail Sharpsteen, Administrative Assistant

### **Documents and Materials**

1. Association of Bay Area Governments, "Draft Regional Housing Needs Allocation for the 2007-2014 Planning Period," June 29, 2007.
2. Association of Bay Area Governments, "Projections 2007."
3. California Department of Finance, Demographic Research Unit, "City/County Population and Housing Estimates, January 1, 2007," Report E-5.
4. City of St. Helena, "1993 General Plan," September 28, 1993.
5. City of St. Helena, City Council Resolution No. 2007-47, "Establishing a Water Shortage Emergency Condition Requiring Implementation of Phase II Water Regulations," March 27, 2007.
6. City of St. Helena, "Comprehensive Financial Report for the Fiscal Year Ended June 30, 2006," December 10, 2006.
7. City of St. Helena, "Drinking Water Consumer Confidence Report," 2007.
8. City of St. Helena, "Fiscal Year 2006-07 Operations and Maintenance Budget," May 23, 2006.
9. City of St. Helena, "Fiscal Year 2007-08 Operations and Maintenance Budget," June 26, 2007.
10. City of St. Helena, "Municipal Code, Chapter 17.152, Residential Growth Management System."

11. City of St. Helena, Parks and Recreation Department, “St. Helena Recreation Summer Guide,” Summer 2007.
12. City of St. Helena, Staff Report, “Review, Discussion and Direction Regarding Water Supply Policy,” Jonathon Goldman, Director of Public Works, September 11, 2007.
13. City of St. Helena, “Urban Water Management Plan,” March 2003.
14. City of St. Helena, Website: [www.ci.st-helena.ca.us](http://www.ci.st-helena.ca.us).
15. LAFCO of Napa County, file. “City of St. Helena Sphere of Influence Report,” September 1988.
16. LAFCO of Napa County, file. “Comprehensive Study of Fire Protection Services – Municipal Service Review, Phase One,” December 2006.
17. LAFCO of Napa County, file. “Comprehensive Water Service Study – Service Review Report,” October 2004.
18. LAFCO of Napa County, file. “Sanitation and Wastewater Treatment Municipal Service Review,” September 2005.
19. Napa Valley Register, Article, “Going Dry in St. Helena,” July, 17, 2007.

### Websites Accessed

1. City of St. Helena, <http://ci.st-helena.ca.us>
2. Metropolitan Transportation Commission, Bay Area Transportation: State of the System, 2006 (May 2007):  
[http://www.mtc.ca.gov/library/state\\_of\\_the\\_system/2006/State\\_of\\_the\\_System-06.pdf](http://www.mtc.ca.gov/library/state_of_the_system/2006/State_of_the_System-06.pdf)
3. State of California, State Controller’s Office, Cities Annual Report  
2004-2005: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0405cities.pdf>  
2003-2004: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0304cities.pdf>  
2002-2003: <http://www.sco.ca.gov/ard/local/locprep/cities/reports/0203cities.pdf>

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

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

**CITY OF ST. HELENA  
MUNICIPAL SERVICE REVIEW**

**WHEREAS**, the Local Agency Formation Commission of Napa County, hereinafter referred to as “the Commission”, adopted a schedule to conduct studies of the provision of municipal services within Napa County and studies of spheres of influence of the local governmental agencies whose jurisdictions are within Napa County; and

**WHEREAS**, the Executive Officer of the Commission, hereinafter referred to as “the Executive Officer”, prepared a municipal service review of the City of St. Helena pursuant to said schedule and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code; and

**WHEREAS**, the Executive Officer prepared a written report on the municipal service review of the City of St. Helena that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Executive Officer designated the geographic area of the municipal service review to include all lands located within the City of St. Helena’s urban growth boundary; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meetings concerning the municipal service review of the City of Helena on April 7, 2008 and May 5, 2008; and

**WHEREAS**, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

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

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this municipal service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The municipal service review is a data collection and research study. The information contained within the municipal service review may be used to consider future actions that will be subject to environmental review.

2. The Commission adopts the statement of written determinations prepared as part of the municipal service review of the City of St. Helena set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on the 5<sup>th</sup> day of May, 2008, by the following vote:

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

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

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

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

ATTEST: Keene Simonds  
Executive Officer

Recorded by: \_\_\_\_\_  
Kathy Mabry  
Commission Secretary

## **EXHIBIT A**

### **CITY OF ST. HELENA MUNICIPAL SERVICE REVIEW**

#### **WRITTEN STATEMENT OF DETERMINATIONS**

1. With respect to infrastructure needs or deficiencies, the Commission determines:
  - a) 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.
  - b) 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.
  - c) 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.
  - d) 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.
  - e) 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.
2. With respect to growth and population projections for the affected area, the Commission determines:
  - a) 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.

Exhibit A

- b) 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.
  - c) 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.
3. With respect to financing constraints and opportunities, the Commission determines:
- a) 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.
  - b) 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.
  - c) 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.
4. With respect to cost avoidance opportunities, the Commission determines:
- a) 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.
  - b) 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.
  - c) 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.

Exhibit A

- d) 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.
5. With respect to opportunities for rate restructuring, the Commission determines:
    - a) 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.
    - b) 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.
  6. With respect to opportunities for shared facilities, the Commission determines:
    - a) 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.
  7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:
    - a) 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.
    - b) 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.

Exhibit A

8. With respect to evaluation of management efficiencies, the Commission determines:
  - a) 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.
  - b) 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.
  - c) 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.
  
9. With respect to local accountability and governance, the Commission determines that:
  - a) 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.
  - b) 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.



**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>

**May 5, 2008**  
**Agenda Item No. 7c**

April 21, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Options for the Appointment of Alternate Legal Counsel (Action)**

The Commission will receive a report identifying and evaluating options regarding the appointment of alternate legal counsel. The report is being presented for discussion and possible action by the Commission.

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California Government Code Section 56384(b) directs the Commission to appoint its own legal counsel. The code section also directs the Commission to appoint alternate legal counsel if it determines its legal counsel is subject to a conflict of interest as defined under the Political Reform Act of 1974. The Commission may recover its costs associated with using alternate legal counsel by charging fees to applicants under certain conditions.

### **Background**

On July 1, 2003, the Commission entered into its current support services agreement with the County of Napa. The agreement establishes the terms and conditions for the County to provide personnel and related services necessary for the Commission to fulfill its regulatory and planning responsibilities. The agreement specifies County Counsel shall provide legal services to the Commission unless a conflict of interest exists. The agreement also specifies Jacqueline M. Gong of the County Council's Office shall serve as Commission Counsel. County Counsel may designate another attorney to serve as legal counsel only upon the consent of the Commission.

### **Discussion**

On January 1, 2001, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 became effective and significantly expanded the duties and responsibilities of the Commission with regard to coordinating orderly growth and development. A measurable outcome of this legislation is that the Commission is more proactive in initiating reviews that impact local governmental agencies and services. Markedly, the Commission's increasingly active role has generated new questions from local agencies regarding potential conflict of interests involving the use of County Counsel.

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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

At the February 4, 2008 meeting, the Commission adopted a study schedule calendaring municipal service reviews and sphere of influence reviews for the 2008-2012 period. In anticipation of initiating these reviews, staff believes it is timely for the Commission to consider its options and preferences with respect to appointing alternate legal counsel.

## **Analysis**

### **Options for Appointing Alternative Legal Counsel**

The Commission has two distinct options with regard to appointing alternate legal counsel: (a) appoint as needed or (b) appoint and retain in advance. The first option to appoint alternate legal counsel as needed effectively represents the status quo. This requires the Commission to select and negotiate an agreement for legal services in response to a specific issue in which it determines a conflict exists for County Counsel. The key advantage to this option is that it provides maximum flexibility to the Commission in tailoring the appointment of alternate legal counsel based on the firm or individual's expertise relative to a particular issue. However, this option may generate protractive debate if the issue before the Commission is already contested. This option may also compound existing constraints on the Commission to process and consider a proposal within the timeframes prescribed under the law.

The second option to appoint and retain alternate legal counsel in advance of any one particular issue in which the Commission determines a conflict exists for County Counsel reflects a growing practice among other commissions in California. The key advantage to this option is that it helps protect the appointment of alternate legal counsel from conflicts arising from a particular issue before the Commission. This option also provides a cost-control measure for the Commission by establishing a known hourly charge, which can be used to help budget annual legal service costs. Disadvantages associated with this option include appointing an alternate legal counsel whose expertise may be outside the scope of an issue before the Commission.

### **Fiscal Impact**

At the April 7, 2008 meeting, the Commission adopted a proposed budget for 2008-2009. The proposed budget includes a new methodology to divide the total projected number of hours needed for legal services in the fiscal year (160) between the anticipated hourly rates of County Counsel (\$156) and an outside counsel (\$190).<sup>1</sup> As provided in the proposed budget, it is anticipated that three-fourths of legal services in the upcoming fiscal year will continue to be provided by County Counsel with the remaining one-fourth provided by outside counsel. This new methodology helps protect against incurring deficits within the legal services expense account as a result of the Commission electing to use alternate legal counsel regardless of whether the appointment is done as needed or in advance.

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<sup>1</sup> The anticipated hourly rate for outside counsel represents the current median amount charged by three private law firms that work for other commissions in California. These firms include Scott Browne and Associates (\$175), Colantuono and Levin (\$190), and Best Best & Krieger (\$195).

As noted, the law allows the Commission to recover its costs in using alternate legal counsel if it is consistent with its adopted fee schedule. The Commission's current fee schedule does not include a charge relating to the use of alternate legal counsel. As such, a separate review of the fee schedule is needed to consider adding a new and equitable charge to applicants to recover the costs in using alternate legal counsel. Nonetheless, it is important to note that the Commission is not eligible to recover its costs in using alternate legal counsel for any activities it has initiated on its own, such as preparing municipal service reviews or sphere of influence reviews.

### **Conclusion**

It is reasonable to assume that there may be issues before the Commission in which the County will be an active proponent or opponent. Although it has not occurred in the past, it is also reasonable to assume that a particular issue may create a substantive conflict for County Counsel in the view of the Commission. It is with this in mind that staff believes appointing and retaining alternate legal counsel in advance of any one particular issue is appropriate and responsive to the Commission's interests and needs.

### **Recommendation**

If it is the preference of the Commission to appoint and retain alternate legal counsel in advance, staff recommends approving one of the three following actions.

- 1) Direct the Executive Officer to take appropriate actions to recruit qualified candidates for the position of alternate legal counsel and present a report to the Commission at a future regular meeting identifying respondents with their resumes. The Commission will determine the candidates it will interview as part of a future special meeting. The Commission will consider making an appointment at the conclusion of the special meeting or at its next regular meeting.
- 2) Establish and authorize a subcommittee to include two appointed Commissioners and the Executive Officer to take appropriate actions to recruit and interview qualified candidates for the position of alternate legal counsel. Direct the subcommittee to present a recommendation for alternate legal counsel to the Commission for consideration at a future regular meeting.
- 3) Direct the Executive Officer to take appropriate actions to recruit and interview qualified candidates for the position of alternate legal counsel. Direct the Executive Officer to present a recommendation for alternate legal counsel to the Commission for consideration at a future regular meeting.

If it is the preference of the Commission to appoint alternate legal counsel as needed, no action is necessary.

Respectfully submitted,

---

Keene Simonds  
Executive Officer



# COUNTY of NAPA

## OFFICE OF COUNTY COUNSEL

Friday, May 2, 2008

ROBERT WESTMEYER  
County Counsel



MARGARET WOODBURY  
SILVA DARBINIAN  
Chief Deputies



LAURA J. ANDERSON  
JACQUELINE M. GONG  
ROBERT C. MARTIN  
JENNIFER YASUMOTO  
PATRICIA L. TYRRELL  
ROBERT W. PAUL  
KRISHAN CHOPRA  
CARRIE R. GALLAGHER  
JANICE D. KILLION  
CHRIS R.Y. APALLAS  
Deputies



CHERI HUBER  
Privacy Officer



LINDA HOLBROOK  
Office Manager



SUSAN M. INGALLS  
SORA O'DOHERTY  
Paralegals

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Mr. Keene Simonds, Executive Officer  
Local Agency Formation Commission  
1700 Second Street, Suite 268  
Napa CA 94559

Re: *Options for the Appointment of Alternate Legal Counsel (Agenda Item No. 7c)*

Dear Mr. Simonds:

Thank you for providing me with a copy of your staff report discussing the above referenced matter. It has been some time since I have provided LAFCO with an explanation of the manner in which my office provides you and the LAFCO with legal representation to ensure that no conflicts of interest will arise. Due to the change in the composition of LAFCO over the past few years, and the discussion of alternate legal counsel in conflict situations that is to occur at the May 5<sup>th</sup> LAFCO meeting, this seems to me to be an appropriate time to again provide that explanation. Thus I would appreciate it if you would provide the LAFCO members with a copy of this letter as a part of the above referenced agenda item.

### LEGAL PRINCIPLES

As you know, actions and determinations of LAFCO are treated as quasi-legislative acts rather than quasi-judicial acts (*San Joaquin County Local Agency Formation Commission v. Superior Court (April 22, 2008) Cal. App. LEXIS 592* [The Legislature has delegated quasi-legislative authority to LAFCOs; excessive judicial interference with LAFCO's legislative authority would conflict with the well-settled principle that the legislative branch is entitled to deference from the courts because of the constitutional separation of powers]).

Unfortunately, judicial decisions discussing conflict of interest considerations where quasi-legislative actions are involved are for the most part non-existent. However, there are a significant number of judicial decisions discussing when conflicts in quasi-judicial proceedings require disqualification. While not required to follow those judicial decisions because LAFCO decisions are not quasi-judicial, I have nonetheless used these judicial decisions as a guide when developing office procedures that would avoid all conflicts of interest that might otherwise arise the office's representation of the LAFCO.

The basic conflict of interest/bias rule is that the standard of impartiality required at an administrative hearing is less exacting than that required in a judicial proceeding. Thus, a party seeking to show bias or a conflict of interest requiring disqualification in an administrative proceeding is required to provide concrete facts demonstrating that a conflict of interest or bias actually exists. In other words, the unilateral perception of the appearance of a conflict of interest or bias is never is a ground for disqualification absent extraordinary circumstances (*Andrews v. Agricultural Labor Relations Board*

Keene Simons,  
Re: *Options; Appointment of Alternate Legal Counsel*  
May 2, 2008  
Page 2 of 3

(1981) 28 Cal.3d 781).<sup>1</sup> The only clear exception to this rule is where the probability of bias or conflict of interest exists due to a financial or personal bias. Personal bias unrelated to a financial interest usually involves a familial relationship with a party to the proceedings (*American Isuzu Motors, Inc. v. New Motor Vehicle Board* (1986) 186 Cal.App.3d 464). This seems to be the approach embraced by the LAFCO statutes since subparagraphs (b) and (d) of section 56384 of the Government Code, read together, contemplate the use of alternate LAFCO counsel only in the case of financial conflicts of interest.

There are also a number of judicial decisions discussing when a conflict might exist in the public sector where two city attorneys or county counsels from the same office become involved in a single hearing. Those judicial decisions have consistently determined that dual representation from the same public office is acceptable and does not represent a conflict of interest so long as there are assurances that the office procedures ensure the two attorneys assigned avoid inappropriate contacts during the pendency of the proceeding involved. Thus, for example, should the County become involved in a LAFCO proceeding, regardless of whether it is in support or opposed to the staff recommendation, the fact that Ms. Gong represents LAFCO and someone else from my office represents the County at the hearing does not constitute a conflict of interest or bias so long as the office has policies ensuring the two attorneys did not have inappropriate contacts during the pendency of the proceeding.

### **OFFICE PROCEDURES**

As noted in the previous paragraph, so long as appropriate safeguards are in place, assigning an deputy county counsel to represent LAFCO and also represent the Conservation, Development and Planning Department or Board of Supervisors on land use matters is possible and does not create a disqualifying conflict of interest or bias situation. Nonetheless, to avoid the appearance of a conflict of interest or bias the approach of this office has always been to ensure that the deputy county counsel representing LAFCO has no assignments involving the Napa County Conservation, Development and Planning Department, the Conservation, Development and Planning Commission, or any other agency that might be involved in land use decisions. Nor has a LAFCO deputy county counsel ever been assigned to represent the Board of Supervisors in land use matters.

Thus when Ms. Gong joined the office she was assigned to represent the Human Resources Department and LAFCO exclusively. That remains the case today although her assignments have been expanded slightly to include matters in the social services and health areas. I do not expect her assignment to change in the foreseeable future. Additionally, appropriate steps have been taken in the office to ensure that no inappropriate contacts occur between Ms. Gong and the rest of the office regarding LAFCO matters to comply with the above described conflict of interest principles even though, as noted, those principles may not be fully applicable to quasi-legislative agencies such as LAFCO. For example, the electronic files of LAFCO maintained by the office cannot be accessed by anyone in the office other than

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<sup>1</sup> An excellent example of what is needed to demonstrate a disqualifying conflict of interest may be found in *Nasha v. City of Los Angeles* (2004) 125 Cal. App. 4th 470 [in order to prevail on a claim of bias against Planning Commissioner Lucente, plaintiff Nasha must establish an unacceptable probability of actual bias and prove the same with concrete facts; bias is never implied and must be established by clear averments; in this case Nasha has shown an unacceptable probability of actual bias based on Planning Commissioner Lucente's authorship of the newsletter article attacking the project he voted to deny].

Keene Simons,  
Re: *Options; Appointment of Alternate Legal Counsel*  
May 2, 2008  
Page 3 of 3

Ms. Gong and the other attorneys in the office have been instructed not to discuss LAFCO matters with Ms. Gong.

### CONCLUSION

For the above reasons, it is my view that it is highly unlikely that a disqualifying event might occur that would require the use of alternate counsel other than the very remote possibility that Ms. Gong might some day have a financial or personal conflict of interest/bias. However, I recognize that the LAFCO membership might nonetheless wish in an isolated case to utilize alternate legal counsel simply because the County is involved and Ms. Gong is a part of the County Counsel's office.

Should such a case arise, I have always been willing to ask the County Counsel from a surrounding county to assign his or her LAFCO deputy to provide Napa County's LAFCO with representation regarding that matter. My office has provided other LAFCOs and Grand Juries with such representation in the past at no cost as a professional accommodation. I have no doubt that the County Counsel's who made these requests would be willing to return the favor in the unlikely event the need should arise.

You may wish take this into consideration in determining whether soliciting applications for, and appointing alternate legal counsel, considering the expense involved, is preferable to utilizing a LAFCO deputy county counsel from another county at little or no cost.

In any event, I hope this update of the process the office follows to avoid the possibility of a conflict of interest arising insofar as LAFCO is concerned is helpful in your discussion of the matter. I expect to be present at the LAFCO meeting when this agenda item is discussed in the event you or any Commissioner have any questions regarding the content of this letter.

Very truly yours,

ROBERT WESTMEYER  
Napa County Counsel

cc. Jackie Gong, LAFCO Commission Counsel  
Nancy Watt, County Executive Officer



**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>

**May 5, 2008**  
**Agenda Item No. 7d**

April 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Recommended Office Improvements in 2008-2009 (Action)**

The Commission will consider a report recommending funding for two office improvements in 2008-2009 to implement an electronic document management system and develop a new website. The Commission will consider directing the Budget Committee to add the estimated \$55,000 cost for the two office improvements into a proposed final budget for presentation at the June 2, 2008 meeting. Unexpended revenues from 2007-2008 would be used to fund the two office improvements.

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California Government Code Section 56380 directs the Commission to make its own arrangements for office space, personnel, and supplies necessary to perform its planning and regulatory duties. This code section authorizes the Commission to contract with any public agency or private company in providing for its own provisions.

**Background**

At the April 7, 2008 meeting, the Commission adopted a proposed budget for 2008-2009. The adopted proposed budget reflects the recommendations of the Budget Committee (Kelly and Gingles) and projects a total increase in operating costs of 6.5 percent, or \$30,496. The majority of the projected increase is attributed to contractual obligations associated with the Commission's support services agreement with the County of Napa relating to employee salaries and benefits.

In preparing the proposed budget, the Committee identified and considered the merits of funding two office improvements: (a) implementing an electronic document management system and (b) developing a new website. However, given the other increases in the proposed budget, the Committee decided not to incorporate additional funds for either office improvement to limit the fiscal impact on the Commission's six funding agencies.

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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

## **Discussion**

Staff anticipates the Commission will finish the current fiscal year with approximately \$176,402 in unexpended revenues, which consists of agency contributions, application fees, and interest earned on invested funds. Almost half of the anticipated amount of unexpended revenues relates to salary and benefit savings associated with the extended vacancy of the analyst position. The remaining amount is expected to be drawn from budgeted operating contingency and reserve funds.

It is the practice of the Commission to return all unexpended revenues to the agencies in the form of credits towards their contribution to the next year's budget. Credits are calculated by staff and based on each agency's percentage share of the prior year's budget. The average total credit given to the agencies over the last five fiscal years has been approximately \$129,830.

The anticipated and above-average surplus in unexpended revenues presents a new opportunity for the Commission to fund the implementation of an electronic document management system and development of a new website without increasing the agencies' overall budget contribution in 2008-2009. The following analysis outlines the benefits, costs, procedures, and budget-related impacts associated with the Commission holding and carrying forward unexpended revenues from the current fiscal year to fund both office improvements in the next fiscal year.

## **Analysis**

### *Benefits*

The Commission's current document management system consists of retaining paper-based information in on-site and off-site storage facilities.<sup>1</sup> Implementing an electronic document management system through an outside vendor would allow the Commission to centralize information regardless of source or volume in one single digital repository. Other key benefits would include the ability to efficiently and uniformly catalog, store, and retrieve internal and external documents and images, such as certificates, minutes, resolutions, reports, and written and electronic correspondence. This office improvement would also provide long-term security of all agency documents as well as gradually eliminate the need for on and off-site storage facilities.

The Commission's current website was developed and is managed by staff using Adobe GoLive 5.0. This software program is becoming increasingly outdated and contributes to a modest website with limited information. This software also relies on antiquated code entries for editing, which makes training new employees difficult. Developing a new website using an outside vendor would allow the Commission to make more information available on the website in a customer-friendly format. This office improvement would also help establish interactive tools to better serve the public, such as a search site, online forms, and eventually video recordings of Commission meetings.

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<sup>1</sup> Paper documents stored off-site are located in the County of Napa's records storage facility at 994 Kaiser Road, Napa.

### ***Costs***

A reasonable cost estimate to implement an electronic document management system is approximately \$25,000. This cost estimate is based on communications with several different vendors and includes purchasing software and equipment as well as providing staff training. Notably, approximately one-fifth (\$5,000) of the cost estimate is attributed to purchasing a server. It is possible that the Commission could avoid this expenditure by receiving permission to use the County's server. However, it is not known at this time whether the County would permit its server to host the Commission's electronic document management system due to possible storage capacity constraints.<sup>2</sup> Annual cost for license and technical support is estimated at approximately \$2,000.

A reasonable cost estimate to develop a new website is approximately \$30,000. This cost estimate is drawn from information generated from a recent request for proposal issued by the City of Calistoga to develop its new website. The cost estimate includes the vendor designing a custom website as well as providing staff training for content management. Annual cost for hosting and technical support is estimated at approximately \$2,000.

### ***Procedures***

It is possible the Commission could enter into vendor agreements this fiscal year to implement an electronic document management system and develop a new website given that surplus funds are available in the budget. However, with a little less than two months remaining in the fiscal year, this option would not provide sufficient time for staff to develop and issue request for proposals for either office improvement, which is recommended to help ensure cost-savings. Additionally, even if a vendor was contracted immediately, it is not certain that they could complete their task and receive payment before the end of the fiscal year.

In response to the above-described time constraints, staff contacted the County Auditor's Office to discuss the appropriate procedures to hold and use unexpended revenues from the current fiscal year to fund the two office improvements in 2008-2009. The Auditor's Office recommends a two-step approach: (a) add the amount of money needed to fund the office improvements to next year's budget while (b) holding and carrying forward a corresponding amount of unexpended revenues.

The recommendation of the Auditor's Office is different from the anticipated process conveyed by staff to the Budget Committee in the course of preparing the proposed budget. Markedly, drawing from earlier practices, staff anticipated the Commission simply holding the required amount of unexpended revenues at the end of the fiscal year for retention in its undesignated fund balance for withdraw next fiscal year. However, the Auditor's Office believes this practice should be avoided because it does not provide sufficient authority for the Commission to spend the money on known and planned improvements in 2008-2009.

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<sup>2</sup> An additional one-fifth of the higher cost range is attributed to purchasing a high-volume desktop scanner (\$5,000).

### ***Budget-Related Impacts***

There are two key budget-related impacts associated with funding the implementation of an electronic document management system and development of a new website in 2008-2009 following the procedures recommended by the County Auditor's Office. First, at the next regular meeting, the Commission would need to adopt a final budget for 2008-2009 incorporating the two one-time expenditures resulting in a total increase in operating costs of 18.3 percent, or \$85,496. Second, the Commission would deviate from its established practice in returning all unexpended revenues to the funding agencies in the form of credits.

Although the costs were not incorporated into the proposed budget adopted last month, staff did anticipate the possible use of unexpended revenues to fund the two office improvements in 2008-2009 in the initial draft allocation that was also presented in April. Specifically, staff used a low number (\$87,879) to project the total amount of unexpended revenues to be returned to the funding agencies in the form of credits. This initial draft allocation presented in April and then circulated to each agency is provided in Attachment A.

Staff has prepared an updated draft allocation identifying each funding agencies' projected share of the Commission's budget in 2008-2009 that (a) includes the additional \$55,000 to fund the two office improvements and (b) projects total credits in the amount of \$175,000. Substantively, these two changes result in projected invoice amounts for each agency that are measurably less than what was reflected in the initial draft allocation issued in April. This updated draft allocation is provided in Attachment B.<sup>3</sup>

### **Conclusion**

Staff believes that implementing an electronic document management system and developing a new website are warranted expenditures and will help build the Commission's organization capacity in terms of improving efficiency and accountability. Staff also believes that the Commission is presented with a unique opportunity to leverage the surplus funds generated from the extended vacancy of the analyst position to address two valuable office improvements with limited fiscal impact to the agencies.

Staff does regret not communicating earlier with the Auditor's Office to discuss the appropriate procedures for the Commission to hold and carry forward unexpended revenues from 2007-2008 to 2008-2009. Earlier communication would have prompted staff to advise the Budget Committee to include the additional funds for the two office improvements in the proposed budget presented to the Commission in April.

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<sup>3</sup> Staff has also prepared an updated draft allocation that (a) does not include the additional \$55,000 to fund the two office improvements but (b) does project total credits in the amount of \$175,000. This updated draft allocation is provided in Attachment C.

**Recommendation**

If it is the preference of the Commission to fund the implementation of an electronic document management system and development of a new website in 2008-2009, the following actions should be taken:

- 1) Direct the Budget Committee to add \$55,000 to the proposed final budget for 2008-2009; and
- 2) Direct staff to send a notice to each funding agency advising of the additional operating costs to be added to the proposed final budget for 2008-2009, which the Commission will consider as part of a public hearing on June 2, 2008.

If it is the preference for the Commission not to fund either office improvement in 2008-2009, no actions are necessary.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachments: as stated

**FY2008-2009 Draft Allocation for Annual LAFCO Costs to County and Cities (4/8/08)**  
**(Alternative Allocation Formula Approved by Cities)**

ATTACHMENT A

Step 1	LAFCO Budget	Final FY07-08	Draft Proposed FY08-09	Difference Dollar	Difference Percentage			
	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	<b>40%</b>	
	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	<b>60%</b>	
	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.

**FY2008-2009 Updated Draft Allocation for Annual LAFCO Costs to County and Cities (4/28/08)**  
**(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	\$ 552,167.80	\$ 85,496.08	18.3%	ATTACHMENT B		
<b>Step 2</b>	<b>Annual Allocation</b>								
	50% to County	\$	233,335.86	\$ 276,083.90	\$ 42,748.04	18.3%			
	50% to Cities	\$	233,335.86	\$ 276,083.90	\$ 42,748.04	18.3%			
<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	
	Transportion 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	\$	18,404.95	\$ 8,546.07	\$ 63,383.43	\$ 12,059.84	\$ 8,039.28	<b>40%</b>	
	Cities' Share Based on Total Population		14.90%	4.93%	71.55%	5.57%	3.06%	100%	
	Portion of LAFCO Budget	\$	24,676.76	\$ 8,161.45	\$ 118,522.66	\$ 9,225.12	\$ 5,064.35	<b>60%</b>	
	Total Agency Allocation	\$	43,081.71	\$ 16,707.52	\$ 181,906.09	\$ 21,284.95	\$ 13,103.63	\$ 276,083.90	
	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	\$	276,083.90	\$ 43,081.71	\$ 16,707.52	\$ 181,906.09	\$ 21,284.95	\$ 13,103.63	\$ 552,167.80
	Less Agency Credits***	\$	88,201.00	\$ 13,763.41	\$ 5,337.57	\$ 58,113.87	\$ 6,799.94	\$ 4,186.20	\$ 176,402.00
	Net Invoice	\$	<b>187,882.90</b>	\$ <b>29,318.30</b>	\$ <b>11,369.95</b>	\$ <b>123,792.21</b>	\$ <b>14,485.01</b>	\$ <b>8,917.43</b>	\$ <b>375,765.80</b>

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 projects a total credit amount of \$176,402, which represents all unexpended revenues remaining from FY07-08. Acutal credits will not be determined until the end of the fiscal year

**FY2008-2009 Updated Draft Allocation for Annual LAFCO Costs to County and Cities (4/28/08)**  
**(Alternative Allocation Formula Approved by Cities)**

ATTACHMENT C

Step 1	LAFCO Budget	Final FY07-08	Draft Proposed FY08-09	Difference Dollar	Difference Percentage			
	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	<b>40%</b>	
	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	<b>60%</b>	
	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***	\$ 88,201.00	\$ 13,763.41	\$ 5,337.57	\$ 58,113.87	\$ 6,799.94	\$ 4,186.20	\$ 176,402.00
	Net Invoice	\$ 160,382.90	\$ 25,027.04	\$ 9,705.76	\$ 105,673.02	\$ 12,364.87	\$ 7,612.21	\$ 320,765.80

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 projects a total credit amount of \$176,402, which represents all unexpended revenues remaining from FY07-08. Actual credits will not be determined until the end of the fiscal year



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

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

**May 5, 2008**  
**Agenda Item No. 7e**

April 28, 2008

**TO:** Local Agency Formation Commission

**FROM:** Jacqueline M. Gong, Commission Counsel

**SUBJECT: Adoption of Policy Regarding Indemnification**

The Commission will consider adoption of a policy to provide for indemnification in connection with any application for a change of organization or reorganization or sphere of influence amendment.

In recent years the Local Agency Formation Commission (LAFCO) of Napa County has received a number of proposals for change of organizations or reorganizations that are increasingly greater in scope, complexity and controversy. Most all LAFCOs now, as a prudent measure, require indemnification as a condition of filing any application for a change of organization or reorganization. Commission Counsel recommends LAFCO of Napa County adopt such a policy.

Commission Counsel has prepared the attached policy to require any applicant proposing a change of organization or reorganization to provide indemnification of LAFCO against any legal actions challenging the approval of the applicant's proposal. The proposed policy also affects applicants seeking sphere of influence amendments. The Executive Officer, with approval of Commission Counsel, will prescribe the terms and conditions of any indemnification agreement that will be a standard part of an application. The Commission at its discretion may require additional indemnification agreement as a condition of approving any application.

**Recommendation**

It is recommended that the Commission adopt the attached policy titled "Legal Indemnification" with any desired changes.

Respectfully submitted,

\_\_\_\_\_  
Jacqueline M. Gong  
Commission Counsel

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**

***Policy Regarding Indemnification***

Adopted: \_\_\_\_\_

As part of any application for a change of organization or reorganization, the applicant and the real party in interest shall agree to indemnify the Local Agency Formation Commission of Napa County (LAFCO). A change of organization or reorganization shall include all actions listed under California Government Code Section 56021. An applicant and/or real party in interest seeking a sphere of influence amendment under California Government Code 56425 shall also agree to indemnify LAFCO. A real party in interest includes the landowner of the property subject to the application and/or registered voter. The Executive Officer, with the approval of LAFCO Counsel, shall prescribe the terms and conditions of the indemnification agreement that shall be part of the application. LAFCO may require an applicant and/or real party in interest to execute an additional indemnity agreement as a condition of approval of any application.

The standard legal indemnification agreement to be used by LAFCO is attached.

## Standard Indemnification Agreement

Should the Local Agency Formation Commission of Napa County (“Napa LAFCO”) be named as a party in any litigation (including a “validation” action under California Civil Code of Procedure 860 et seq.) or administrative proceeding in connection with a proposal, the applicant \_\_\_\_\_ and/or \_\_\_\_\_ (real party in interest: the landowner/registered voter) agree to indemnify, hold harmless, and promptly reimburse Napa LAFCO for:

1. Any damages, penalties, fines or other costs imposed upon or incurred by Napa LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. The Napa LAFCO Executive Officer may require a deposit of funds to cover estimated expenses of the litigation. Applicant and/or real party in interest agree that Napa LAFCO shall have the right to appoint its own counsel to defend it and conduct its own defense in the manner it deems in its best interest, and that such actions shall not relieve or limit Applicant’s and/or real party in interest’s obligations to indemnify and reimburse defense cost; and
  
2. All reasonable expenses and attorney’s fees in connection with the defense of Napa LAFCO.

This indemnification obligation shall include, but is not limited to, expert witness fees or attorney fees that may be asserted by any person or entity, including the applicant, arising out of, or in connection with, the approval of this application. This indemnification is intended to be as broad as permitted by law.

Applicant and/or real party in interest may be required by Napa LAFCO to execute an additional indemnity agreement as a condition of approval for this application. Such an agreement in no way limits the effect of obligations provided under this legal indemnity.

City or District Application

Land Owner Petition Application

\_\_\_\_\_  
City/District Representative

\_\_\_\_\_  
Land Owner Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



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**May 5, 2008**  
**Agenda Item No. 8a**

April 29, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Staffing Update (Discussion)**

The Commission will receive a report on the current status of filling the vacant analyst position. The report is being presented for discussion.

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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 its current 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 specifies that the County shall provide one full-time analyst to assist the Executive Officer in carrying out the day-to-day operations of LAFCO. Salary and benefit costs associated with the analyst position are the responsibility of LAFCO.

At the April 7, 2008 meeting, LAFCO adopted a proposed budget for 2008-2009. The adopted proposed budget includes funding for a full-time analyst position, which is currently vacant.

### **Discussion**

Following the April meeting, the Executive Officer submitted a requisition to the County Executive Office (CEO) to approve the recruitment of a new full-time analyst. CEO is responsible for approving all recruitment requisitions in the County. In addition, as a result of the hiring freeze enacted by the Board of Supervisors in January 2008, CEO is also responsible for assigning each approved requisition a priority score on a scale of one to six. CEO assigns priority scores based on a number of factors, including whether it believes the failure to fill the vacancy would impact the department's ability to complete its work.

---

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  
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Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

CEO has approved LAFCO's requisition to recruit for its vacant analyst position but has assigned the request a priority score of four. The substantive effect of this low priority score is that Human Resources is not expected to begin recruiting for the position until October 2008. Assuming that the recruitment process will take an additional two months to complete, a reasonable estimate for filling the analyst position with a full-time employee is January 2009.

In response to the above-described circumstances, the Executive Officer has submitted and the CEO has approved a second requisition to fill the vacant analyst position with an extra-help employee. An extra-help employee receives the same pay rate as a regular employee but is not eligible for any benefits. An extra-help employee is also limited to working no more than 1,000 hours per fiscal year.

The recruitment process to hire an extra-help employee is measurably different than the process to hire a regular employee and should be initiated within the next two weeks. The Executive Officer anticipates the extra-help employee will work up to 40 hours a week for a six month period. The anticipated employment period for the extra-help employee is expected to correspond with the recruitment opening for the full-time analyst position.

Attachment: none



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**May 5, 2008**  
**Agenda Item No. 10a**

April 29, 2008

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Notice from the County of Napa Regarding Reappointment of Brad Wagenknecht (Information)**

The Commission will receive written notice from the County of Napa announcing the reappointment of Brad Wagenknecht to a new four-year term on LAFCO (2008-2012).

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At its April 1, 2008 meeting, the County of Napa Board of Supervisors reappointed Brad Wagenknecht to a new four-year term as one of its two regular members on the Commission. Commissioner Wagenknecht's new term commences on May 5, 2008 and expires on May 7, 2012. The County's letter notifying the Commission of this reappointment is attached.

Attachment: as stated

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Jack Gingles, Commissioner  
Mayor, City of Calistoga

Juliana Inman, Commissioner  
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Councilmember, City of American Canyon

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Representative of the General Public

Keene Simonds  
*Executive Officer*



**NANCY WATT**  
County Executive Officer



# COUNTY *of* NAPA

CLERK OF THE BOARD

**GLADYS I. COIL**  
Clerk of the Board

April 16, 2008

Keene Simonds, Executive Officer  
Local Agency Formation Commission of Napa County  
1700 Second Street, Suite 268  
Napa, CA 94559

Dear Mr. Simonds:

At the April 1, 2008 Board of Supervisors meeting Chair Wagenknecht was reappointed to serve as the Napa County Board of Supervisors representative on LAFCO. The duration of his appointment is four (4) years expiring the first Monday in May 2012.

Sincerely,

Gladys I. Coil  
Clerk of the Board

:lrp

cc: Brad Wagenknecht