

Local Agency Formation Commission of Napa County

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



Overseeing the
logical formation and development
of cities and special districts.

Local Agency Formation Commissions (LAFCOs) provide regional growth management services in all 58 counties in California. The Legislature specifically tasks LAFCOs with overseeing the formation, revision, and – in some cases – elimination of local governmental agencies’ boundaries and service areas for the purpose of facilitating appropriate urban uses while protecting against the premature conversion of agriculture and open-space resources. LAFCOs are also tasked with regularly preparing studies to independently evaluate the adequacy of local governmental services in addressing community needs.



Agency Newsletter **2015** **Year In Review**

Commission Roster:

Juliana Inman, Chair, City Member
Diane Dillon, Vice-Chair, County Member
Greg Pitts, City Member
Brad Wagenknecht, County Member
Brian J. Kelly, Public Member
Joan Bennett, Alternate City Member
Keith Caldwell, Alternate County Member
Gregory Rodeno, Alternate Public Member

Agency Staff:

Brendon Freeman, Executive Officer
Kathy Mabry, Secretary
Jennifer Gore, Counsel
Vacant, Analyst

<i>Inside this issue:</i>	<i>Page</i>
Year In Review.....	2
Looking Ahead to 2016.....	2
Meeting the Commissioners.....	3
Napa LAFCO: 52 Years& Counting.....	4
Unincorporated Islands.....	4
Financial Summary.....	5
Commission Workshop.....	6



YEAR IN REVIEW

As detailed in this newsletter and summarized below, 2015 proved to be an eventful year for Napa LAFCO, which included several organizational changes:

- ✓ Commission’s Workshop with Dana Smith, Henson Consulting Group
- ✓ County Counsel Jackie Gong retired. Retained new legal counsel, Jennifer Gore with Renne Sloan Holtzman and Sakai (formerly Miller & Owen)
- ✓ New Executive Officer recruitment and appointment of Brendon Freeman
- ✓ Adopted a new Work Program
- ✓ Approved seven annexation proposals
- ✓ Updated two spheres of influence prepared in-house: Napa Sanitation District and Silverado Community Services District and three individual sphere amendments
- ✓ Selected a private consultant (SWALE, Inc.) to assist in the preparation of municipal service reviews and sphere of influence updates
- ✓ Updated the agency’s policies and procedures to improve and streamline the implementation of LAFCO law in Napa County

LOOKING AHEAD TO 2016

A summary of current and future activities for calendar year 2016 follows:

- ◆ Strategic planning workshop to determine Commission expectations and objectives
- ◆ Comprehensive municipal service reviews and sphere of influence updates for the City of Calistoga, City of St. Helena, and Town of Yountville
- ◆ Appointment of Regular County Member and Alternate Public Member to fill expiring terms in May
- ◆ Website upgrades
- ◆ Resume island annexation program
- ◆ Complete current round of municipal service reviews and sphere of influence updates
- ◆ Amendments to Application Packet



MEETING THE COMMISSIONERS



Juliana Inman, Chair

Juliana was appointed as a regular city member on LAFCO in May 2015, and has served as a regular city member since 2007. She has served on the City of Napa Council since December 2006. Prior to serving on the City Council, Juliana served on both the County of Napa and City of Napa Planning Commissions. Juliana has maintained an architectural practice in Napa since 1990 and is the current President of Napa County Landmarks, Inc. Juliana earned an undergraduate degree in architecture from North Carolina State University.



Diane Dillon, Vice Chair

Diane was appointed as a regular county member on LAFCO in December 2014. She was elected to Napa County's Board of Supervisors in November 2002 and took office January 2003. Diane is currently serving as the Chair of the Napa County Board of Supervisors. Diane was born and raised in Napa, and has lived in St. Helena for almost 30 years. A Napa High School graduate, Diane earned a B.A. degree with honors from UC Santa Barbara; a master's degree in library and information science from UCLA; and a J.D. from UC Davis.



Brad Wagenknecht, Commissioner

Brad was reappointed as a regular county member on LAFCO in May 2012. Brad has served on the Board of Supervisors since 1999 representing District One. Brad currently performs curriculum testing at Silverado Middle School and previously served on the City of Napa Council (1984 to 1999). Brad earned undergraduate degrees in political science and elementary education from the University of California at Santa Cruz.



Greg Pitts, Commissioner

Greg was appointed as a regular city member on LAFCO in May 2013. Greg is a partner with Realty Financial Resources, Inc., a hospitality advisory firm located in St. Helena, CA. Greg currently serves on the St. Helena City Council, previously served as a St. Helena Planning Commissioner (2010-2012) and was also a member of the St. Helena General Plan Update Steering Committee prior to 2010. Greg graduated from Middlebury College in Vermont in 1995 with a B.A. in Economics and Mathematics.



Brian J. Kelly, Commissioner

Brian was reappointed as the regular public member on LAFCO in May 2014. Brian previously served as the President and Chief Executive Officer of Charter Oak Bank headquartered in Napa. Brian now uses his talents to coach small business owners in sustaining and growing their organizations. Brian earned an undergraduate degree in management from California State University at Hayward and a graduate degree in finance from the University of California at Berkeley.



Joan Bennett, Alternate Commissioner

Joan was reappointed as an alternate city member on LAFCO in May 2015. Joan has held public office for nearly two decades, first as a charter member of the American Canyon City Council in 1992, twelve years as a Trustee at Napa Valley College and re-elected to the City Council in June 2006 and November 2008. Joan has been a resident of American Canyon since 1965 and retired as an administrator from the California Conservation Corps in 2004. Joan earned an undergraduate degree in human relations and organizational behavior and a masters degree in psychology.



Keith Caldwell, Alternate Commissioner

Keith was appointed as an alternate county member on LAFCO in December 2014. He was elected to the Board of Supervisors District 5 in November 2008, and was appointed Vice Chair in January 2016. Keith grew up in American Canyon and graduated from Vintage High School. After completing a Fire Fighter I Program at Solano Community College he began his career in the fire service in 1977 with the American Canyon Fire District. In 1990 Keith was promoted to the rank of Fire Chief and served in this position until his retirement in July 2007.



Gregory Rodeno, Alternate Commissioner

Gregory was reappointed as an alternate public member on LAFCO in May 2012. Gregory has had a private law practice in Napa since 1972 emphasizing business organization formation, guidance, and dissolution; real estate acquisition, development, and disposition; and non-profits formation, compliance, transparency, and guidance. Gregory earned an undergraduate degree from Stanford University and a law degree from the University of California at Davis.

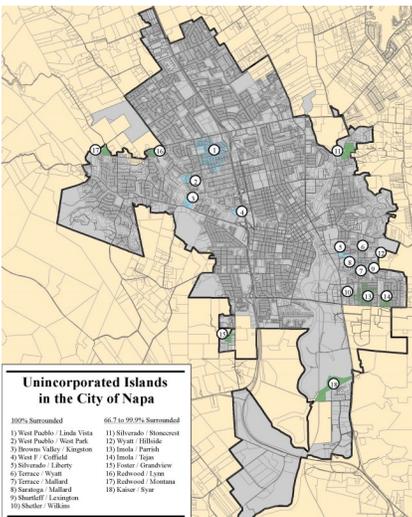


NAPA LAFCO: 52 YEARS AND COUNTING

Napa LAFCO was formally established as a subdivision of the State of California on June 1, 1963. Napa LAFCO's initial powers and duties were primarily limited to regulating the establishment and revision of local governmental boundaries. In 1971, the Legislature amended LAFCO law to establish planning powers for the explicit purposes of informing subsequent regulatory actions. This includes — most notably — establishing the requirement LAFCOs designate spheres of influence for all cities and special districts. The pertinent connection underlying this new legislation was the requirement that from 1971 forward all boundary changes must be consistent with the affected agencies' spheres of influence with limited exceptions. More legislative amendments followed over the next several decades with increasing emphasis on expanding LAFCOs' authority and autonomy. These efforts were most recently highlighted by the Cortese-Knox-Hertzberg Act of 2000; a comprehensive rewrite that includes the following changes:

- * Requires LAFCOs to be independent of county government; directs LAFCOs to appoint their own Executive Officers
- * Mandates cities and, if applicable, special districts join counties in funding LAFCOs' annual operating costs
- * Directs LAFCOs to review and update spheres of influence every five years in conjunction with preparing municipal service reviews.

A core and enduring policy orientation of Napa LAFCO since the time of its establishment has been a commitment to urban-centered growth. This commitment is currently memorialized in Napa LAFCO's General Policy Determinations, which serves as the agency's "constitution." This policy document directs Napa LAFCO, among other things, to defer to the County General Plan to determine appropriate sites for urban uses unless special circumstances merit otherwise. This commitment to urban-centered growth is also reflected in overall growth trends in Napa County since Napa LAFCO's establishment in 1963. Markedly, and despite an overall doubling of the population, the percentage of Napa County's population in the unincorporated areas has decreased from 48% to 19% during this period. This trend, importantly, demonstrates that new growth — which advantageously continues and is generally accommodated through boundary changes — has been overwhelming directed away from agricultural and open space lands and into areas best positioned to provide the essential urban services needed to maintain an appropriate quality of life for citizens.



UNINCORPORATED ISLANDS

Islands are unincorporated county lands that are surrounded by a city and are typically created as a result of leap-frog development. Islands are located throughout California and are often older communities with limited and aging public infrastructure relative to nearby incorporated lands. Most islands were created many decades ago, leaving residents unaware they are in the county and not the city.

WHAT ARE THE KEY PROBLEMS WITH ISLANDS?

- ⇒ **Disorderly Growth** (inconsistent densities, connectivity)
- ⇒ **Inefficient Public Service** (police, fire, emergency medical)
- ⇒ **Unfunded Demands on Services** (city parks and streets)
- ⇒ **Representation** (non-participation in city elections)

WHAT TOOLS ARE AVAILABLE TO LAFCOS IN ANNEXING ISLANDS?

In 2000, the Legislature passed special legislation to further empower LAFCOs in proactively annexing unincorporated islands. This special legislation, notably, establishes an expedited annexation process specific to islands and anchored by limiting LAFCO's disapproval authority and waiving protest proceedings so long as certain conditions apply. These conditions are premised on the application being filed by the subject city and include finding that the affected island does not include prime agricultural land and is developed or developing as defined by LAFCO. The Legislature also delegates authority to LAFCOs to define "substantially surrounded" in applying the expedited island annexation proceedings. These efforts are being developed in coordination with the City of Napa and with the specific intent of eliminating as many of the existing islands that are currently surrounded by the City's incorporated boundary. These islands comprise over 900 properties with an estimated resident population exceeding 2,300.

FINANCIAL SUMMARY

MODEST INCREASE IN NAPA LAFCO'S OPERATING EXPENSES IN 2015-2016

Napa LAFCO's annual operating expenses are primarily funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. State law specifies the County is responsible for one-half of Napa LAFCO's expenses while the remaining amount is to be apportioned among the five cities; the latter of which is determined based on a weighted calculation of population and general tax revenues. Additional funding— typically representing less than one-fifth of the total revenues — is budgeted from application fees and interest on the fund balance.

Expenses	Adopted	Adopted	Change
	FY 2014-2015	FY 2015-2016	%
1) Salaries/Benefits	259,875	271,150	4.3
2) Services/Supplies	247,240	251,593	1.7
3) Capital Replacement	3,940	3,940	0.0
Total	\$511,055	\$526,683	3.1%

Revenues	Adopted	Adopted	Change
	FY 2014-2015	FY 2015-2016	%
1) Agency Contributions	431,705	449,944	4.2
2) Application Fees	10,500	30,500	190.5
3) Interest	2,000	2,000	0.0
Total	\$444,205	\$482,444	8.6%

The adopted operating budget for 2015-2016 represents a modest increase of 3.1% over the previous fiscal year and totals \$526,683. This amount represents the total approved operating expenditures for the fiscal year within Napa LAFCO's three active expense units: salaries/benefits; services/supplies; and capital replacement. The 3.1% increase is primarily tied to Napa LAFCO's current staff support services agreement with the County; an agreement covering employee salaries and benefits as well as legal and accounting services. Budgeted revenues total \$482,444 with 93% tied to new agency contributions. An operating shortfall of (\$44,239) was intentionally budgeted to reduce the funding requirements of local agencies and to be covered by drawing on available reserves; the latter totaling \$245,825 as of July 1, 2015.

Activity through the end of the first quarter along with a recently executed professional services agreement with a private consultant to assist in the completion of municipal service reviews and sphere of influence updates indicates Napa LAFCO is on pace to finish 2015-2016 with an approximate operating deficit of (\$9,277), an amount that would represent a significant improvement compared to the (\$44,239) deficit budgeted at the beginning of the fiscal year. This projected improvement in the year-end financial standing is primarily attributed – among other factors – to the existing vacancy in the Analyst position following the hiring of the former Analyst as Napa LAFCO's Executive Officer. Further, if these projections prove accurate, Napa LAFCO will be positioned to end the current fiscal year with an unreserved fund balance totaling \$236,548; a change that would mark the first year-end decrease in reserves since 2011-2012.

COMMISSION WORKSHOP

AGENCY REVIEW OF EXPECTATIONS AND OBJECTIVES

Napa LAFCO held a special meeting on January 12, 2015 in a workshop format to discuss its priorities and discuss its expectations prior to the recruitment of a new Executive Officer. Ms. Dana Smith with Henson Consulting Group was the workshop's facilitator. Ms. Smith provided a short history of LAFCO and changes to the law expressing heightened fiscal stress on local government.

Ms. Smith facilitated invited Commissioners to identify the key issues in Napa County and specifically those issues that LAFCO has a direct or indirect role in either managing, studying, or requires LAFCO action by state law. The Commissioners prepared their own list of issues without input from others. Commissioners provided approximately 75 thoughtful ideas and concerns, which were grouped according to various aspects of LAFCO's role. The list was eventually narrowed to specific core issues, which included:

- Threats to agricultural preservation
- Extension of water service beyond agency boundaries
- Fiscal fairness (especially in annexations)
- City edge annexations
- Development of policies that foster fiscal understanding between agencies
- Extension of sewer service
- Shared services
- Unincorporated islands

The Commission workshop culminated with an identifiable need for a future strategic planning event to review and discuss agency expectations and objectives moving forward. With this in mind, a strategic planning workshop has been scheduled for February 1, 2016. The strategic planning workshop in February will inform a new strategic plan for Napa LAFCO; the first strategic plan for Napa LAFCO since 2012-2013. The strategic plan will identify goals for Napa LAFCO to accomplish in the near-term. The 2012-2013 strategic plan identified goals oriented towards directing Napa LAFCO to focus its activities on (1) improving service efficiencies; (2) proactively expanding the use and relevance of the municipal service reviews; (3) reemphasizing partnerships with local agencies in coordinating planning activities; (4) actively participating in regional and statewide discussions impacting local agencies and services; and (5) improving the public's understanding of the agency and its functions.



1030 Seminary Street, Suite B
Napa, California 94559
(707) 259-8645
www.napa.lafco.ca.gov

Napa LAFCO generally meets on the first Monday of every even-numbered month. Regular meetings begin at 4:00 P.M. in the County of Napa Administration Building's Board of Supervisor Chambers on the 3rd floor and are open to the general public. Special meetings are scheduled as needed.

Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities. (Gov. Code Section 56301)