

V. ANALYSIS

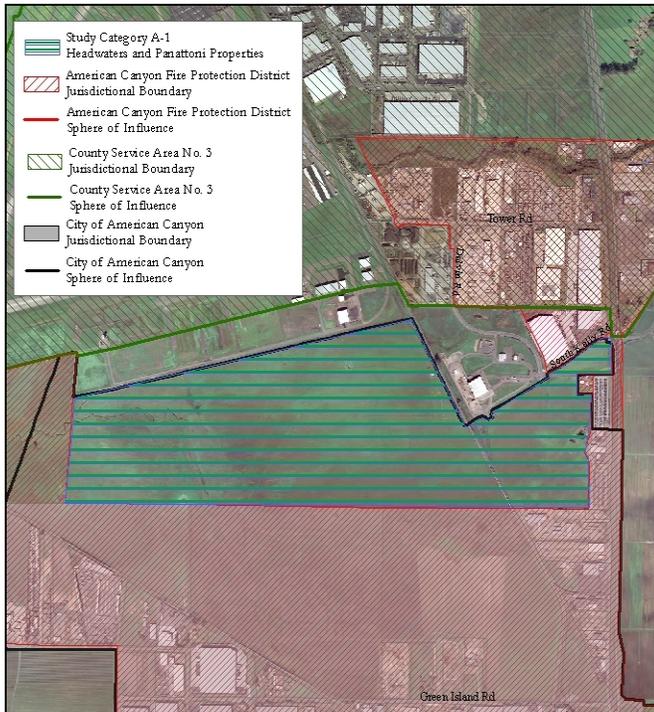
A. Evaluation Factors

Evaluation of each study category is organized to address the four planning factors the Commission is required to consider anytime it makes a sphere determination. These planning factors are (a) present and planned uses, including agricultural and open space lands, (b) present and probable need for public facilities and services, (c) present adequacy and capacity of public services, and (d) existence of any social or economic communities of interest. Conclusions are offered for each study category with regard to whether a sphere modification is appropriate based on the accompanying analysis.

B. Study Categories

Study Category A

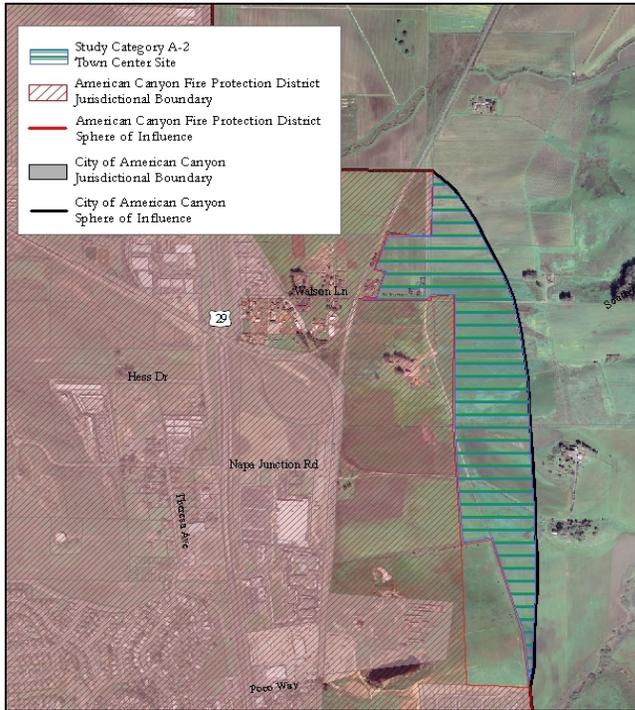
This study category encompasses three non-contiguous areas that are located outside ACFPD’s sphere and jurisdictional boundary, but within American Canyon’s sphere. The three affected areas are identified as “A-1,” “A-2,” and “A-3” and encompass all or portions of 11 assessor parcels totaling approximately 376 acres.



Study Category A-1

<u>APN</u>	<u>Landowner</u>	<u>Acres</u>
057-090-080	Napa Airport Corp.	11.9
057-090-079	Napa Airport Corp.	37.2
057-090-069	Napa Industrial, LLC	218

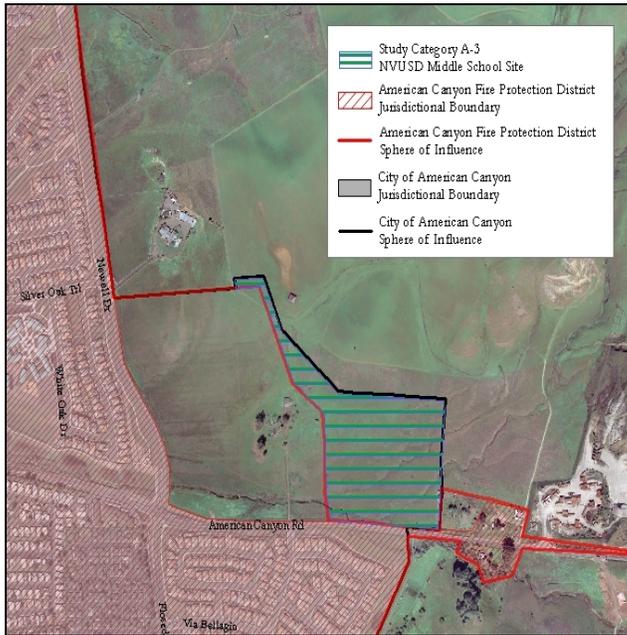
A-1 comprises approximately 268 unincorporated acres owned by private business holdings located immediately north of ACFPD’s existing jurisdictional boundary and sphere near the Napa County Airport. A-1 includes three entire assessor parcels and is bisected by a Union Pacific railroad. The affected assessor parcels are commonly referred to by their former landowner’s names, “Headwaters” and “Panattoni.” A-1 was conditionally added to American Canyon’s sphere in June 2010 by the Commission to facilitate the future development of the affected lands under the City’s land use authority. The condition is predicated on American Canyon first recording industrial easements on the affected lands consistent with the terms of a separate agreement with the County. It is expected this condition will be satisfied by August 2, 2010.



Study Category A-2

<u>APN</u>	<u>Landowner</u>	<u>Acres</u>
059-020-008	JamCan, LLC	7.4
059-020-011	Steven Clerici	10.1
059-020-032	Gary Clarke	5.9
059-020-029	JamCan, LLC	36.8
059-030-003	Pamela Smith	26.2

A-2 comprises approximately 86 unincorporated acres owned by private individual and business holdings and located immediately east of ACFPD’s existing jurisdictional boundary and sphere near the interchange known as the “Paoli Loop.” A-2 includes two entire assessor parcels and portions of three other assessor parcels. It makes up the eastern border of American Canyon’s planned “Town Center” mix-use development project site. A-2 was added to American Canyon’s sphere in June 2010 by the Commission to facilitate the future development of the site under the City’s land use authority.



Study Category A-3

<u>APN</u>	<u>Landowner</u>	<u>Acres</u>
059-040-076	NVUSD	17.5
059-040-075	NVUSD	1.6
059-040-077	NVUSD	2.7

A-3 comprises approximately 22 unincorporated acres owned by the Napa Valley Unified School District and located north of ACFPD’s existing jurisdictional boundary and sphere near the intersection of American Canyon Road and Newell Drive. A-3 includes one entire assessor parcel and portions of two other assessor parcels. A-3 was added to American Canyon’s sphere in June 2010 to facilitate the extension of City services to accommodate the planned development of the site into a new 530-student middle school.

Present and Planned Uses, Including Agricultural and Open Space Lands

Existing Setting

A-1 and A-3 are undeveloped and consists of native grassland. There is no documentation or evidence indicating the affected lands have been developed or utilized in the past for any uses other than perhaps livestock grazing.¹¹ None of the affected lands qualify as agricultural under LAFCO law. All of the lands, however, qualify as open-space given their land use designation under the County General Plan.

A-2 is predominantly undeveloped with native grassland with the exception of a single-family residence and portions of two commercial vineyards. Nearly three-fourths of the affected lands are subject to a Williamson Act contract, and therefore qualify as agricultural under LAFCO law. All of the affected lands also qualify as open-space given their designation under the County General Plan.

County Land Use Policies

The County designates A-1 as *Industrial* and contemplates a variety of urban non-residential uses ranging from manufacturing to office space.¹² The designation is supported by the County's zoning standard of *Industrial Park* for all three affected assessor parcels, which specifies a minimum lot requirement of 5.0 acres. Specific development and design standards are outlined in the County's Airport Industrial Area Specific Plan (AIASP).¹³

The County designates A-2 and A-3 as *Agriculture, Watershed and Open-Space* and contemplates a limited variety of non-urban uses ranging from agriculture to processing of agricultural products. The designation also allows for a single-family residence. The designation is supported by the County's zoning standard of *Agricultural Watershed* for the affected assessor parcels, which specifies a minimum lot requirement of 160 acres.

The County General Plan was updated in 2008 to illustrate A-1, A-2, and A-3 lying within American Canyon's ULL. This addition marks the County's expectation the affected lands will eventually be annexed and developed in American Canyon.

American Canyon Land Use Policies

American Canyon designates A-1 as *Industrial* and has rezoned the three affected assessor parcels as *Napa County Airport Industrial Area*. This rezoning standard fully incorporates the development and design standards codified in the County's AIASP. This includes specifying minimum lot requirements of 5.0 acres. American Canyon recently submitted a proposal to annex the affected lands. The Commission is expected to consider the proposal in August 2010.

¹¹ In 1989, A-3's prior landowner submitted an application with the County to develop the site along with adjacent lands into a country club anchored by an 18-hole golf course. The application was eventually withdrawn in 1996.

¹² The minimum lot requirement under the County's *Industrial* designation is 0.5 to 40 acres based on utility and road access.

¹³ The County's AIASP guides growth management within the surrounding 3,000 acre area through 2025.

American Canyon designates and prezones A-2 as *Town Center*. These assignments contemplate a broad mix of urban uses ranging from residential to visitor-serving facilities. Actual uses and densities, however, shall be determined as part of a future specific plan. In preparing the recent update to American Canyon's sphere, the City asserted it would be reasonable to assume A-2 would be developed for residential use with a density pattern of 0.16 acre lots consistent with the intensification of the nearby Vintage Ranch subdivision.

American Canyon designates and prezones A-3 as *Public*. These assignments contemplate a limited number of quasi-urban uses ranging from government buildings to public schools. These assignments do not specify density requirements. American Canyon recently submitted a proposal to annex the affected lands. The Commission is expected to consider the proposal in October 2010.

Development Projects

There are three vested development projects tied to lands within A-1 and A-3. These projects are summarized below.

- Two vested development projects are tied to A-1. The first project involves the smaller of the two contiguous affected assessor parcels referred to as the Panattoni property. The project was approved by the County Planning Commission in April 2008 and allows for the construction of four detached light industrial buildings totaling 171,000 square feet.¹⁴ The second project in A-1 involves subdividing the Headwaters property. This project was approved by the County Planning Commission in January 2009 and allows for the creation of a new 40 acre lot and the construction of a 645,000 square foot warehouse and distribution facility adjacent to the western side of the Union Pacific railroad track.¹⁵ Both vested projects are currently dormant, but are expected to be completed within the timeframe of this review.
- As allowed under the law, the Napa Valley Unified School District (NVUSD) has approved a project to develop A-3 into an approximate 50,000 square foot middle school.¹⁶ The middle school is expected to accommodate up to 530 students and include a number of auxiliary facilities. NVUSD anticipates starting construction this year with a targeted completion date of August 2012.

¹⁴ The County has received a separate application to construct a 279,000 square foot warehouse and distribution facility on the larger of the two contiguous parcels comprising the Panattoni property. The application is on hold.

¹⁵ This vested project has been modified from an earlier approval by the County Planning Commission in 1999 to allow the entire Headwaters property to be developed by the prior landowner (Beringer) to include a 1.4 million square foot warehouse for winery production and storage along with a commercial vineyard.

¹⁶ G.C. Section 53094 exempts public school districts from complying with local land use zoning standards.

Present and Probable Need for Public Facilities and Services

A-1, A-2, and A-3 presently receive a basic level of fire related services from the County through its staff-service contract with CalFire. This contract is predicated on the County providing general structural fire protection services for all unincorporated lands without specific response time standards. This basic level of services appears appropriate given the affected lands are predominantly undeveloped. An elevated level of services, however, will be needed given the affected lands are expected to be annexed into American Canyon and developed for urban uses in the timeframe of this review. This elevated level of services lies outside the scope of the County's organizational structure. Accordingly, based on proximity and infrastructure, ACFPD is the most logical fire related service provider for the affected lands to accommodate their planned urban uses.

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates ACFPD presently has adequate capacities to extend a full range of elevated fire related services to A-1, A-2, and A-3 to accommodate its planned and probable urban uses contemplated under the American Canyon General Plan. This includes ACFPD maintaining an average dispatch-to-arrival response time of 4:10 along with responding to all jurisdictional incidents within its 5:00 standard close to 85% of the time. The municipal service review did not identify any specific and pertinent capacity issues relative to ACFPD's ability to accommodate fire service related demands tied to the planned urban development of the affected lands.

Existence of Social or Economic Communities of Interest

ACFPD has established and maintained distinct social and economic interests with A-1, A-2, and A-3. These interests are tied to ACFPD's status as a subsidiary of American Canyon and recently affirmed by the Commission by adding the affected lands in the City's sphere.

Conclusion

Modifying ACFPD's sphere to include all of Study Category A appears warranted given the preceding analysis. Inclusion of all of the affected lands would be consistent and support the affected lands planned urban uses under the American Canyon General Plan. This includes responding to the probable need for an elevated level of fire related services within the affected lands in which ACFPD is the most logical provider of fire related services. Inclusion is also consistent with the adopted policies and practices of the Commission by designating ACFPD's sphere to match American Canyon's sphere for purposes of coordinating public safety services in the southeast county region.

Note: Inclusion of A-1 should be conditioned on American Canyon first completing the Commission's terms necessary to add the affected lands to the City's sphere.

Study Category B

This study category encompasses one contiguous area that is located outside ACFPD and American Canyon’s spheres and jurisdictional boundaries, but expected to require an elevated level of public services under the City General Plan. The affected area is identified as “B-1” and includes a portion of one assessor parcel totaling approximately 26 acres.



Study Category B-1

APN	Landowner	Acres
058-020-013	American Canyon	26

B-1 comprises approximately 26 unincorporated acres owned by American Canyon and located west of ACFPD’s existing jurisdictional boundary and sphere near the intersection of Eucalyptus Drive and Wetlands Edge Road. B-1 also lies immediately southwest of an unincorporated and non-ACFPD property known as “Eucalyptus Grove.” American Canyon added B-1 into the City’s ULL in 2008. The Commission, however, did not add B-1 to American Canyon’s sphere as part of the 2010 update given the affected land’s planned and probable non-urban uses. The Commission did express support, nonetheless, for American Canyon to annex a significant portion of the affected lands under G.C. Section 56742. This statute allows LAFCOs to annex non-contiguous lands owned and used by the affected city for municipal purposes without consistency with their sphere. The statute includes a “poison pill” to require automatic detachment if the city ceases to the landowner.

Present and Planned Uses, Including Agricultural and Open Space Lands

Existing Setting

B-1 is generally undeveloped with no permanent structures. The far eastern portion includes a small number of temporary structures and equipment associated with the American Canyon 4-H Club, which houses small farm animals on site. The affected lands were formerly part of a large commercial cattle ranch. B-1 does not qualify as agricultural land under LAFCO law. It does, though, qualify as open-space given the affected land’s designation under the County General Plan.

County Land Use Policies

The County designates B-1 as *Agriculture, Watershed and Open-Space* and contemplates a limited variety of non-urban uses ranging from agriculture to processing of agricultural products. This designation also allows for a single-family residence. The designation is supported by the County’s zoning standard of *Agricultural Watershed*, which specifies a minimum lot requirement of 160 acres. This standard prohibits additional lot creation within the affected lands. The County General Plan was updated in 2008 to illustrate B-

1 lying within American Canyon's ULL. This illustration marks the County's expectation the affected lands will eventually be annexed and developed within American Canyon.

American Canyon Land Use Policies

American Canyon designates B-1 as *Open-Space* with the intent the affected lands be retained for open-space purposes, which includes passive recreation. American Canyon recently rezoned the portion of the affected assessor parcel *Open Space – Clarke Ranch West* in conjunction with filing an annexation proposal with the Commission, which is expected to be considered in October 2010. The rezoning prescribes a minimum lot requirement of 10 acres. This standard would allow the affected lands to be divided to include up to two total lots.

Development Projects

American Canyon recently completed a trail system connecting the City to the Napa River that runs parallel along the southern and western perimeter of B-1. American Canyon asserts it expects to develop B-1 into a passive public recreational park similar to Trancas Crossing in Napa. This anticipated use may also include building a public safety facility to accommodate both a park ranger and fire station. The fire station, if built, would be used and operated by ACFPD.

Present and Probable Need for Public Facilities and Services

B-1 presently receives a basic level of fire related services from the County through its staff-service contract with CalFire. This contract is predicated on the County providing general structural fire protection services for all unincorporated lands without specific response time standards. This basic level of services appears appropriate given the affected lands are predominately undeveloped. An elevated level of services, however, will be needed given the affected lands are expected to be annexed into American Canyon and developed into a passive recreational park in the timeframe of this review. The need for an elevated level of services lies outside the scope of the County's organizational structure. Accordingly, based on proximity and infrastructure, ACFPD is the most logical fire related service provider for the affected lands to accommodate their planned quasi-urban uses.

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates ACFPD presently has adequate capacities to extend elevated fire related services to B-1 to accommodate its planned quasi urban uses under the American Canyon General Plan. This includes ACFPD maintaining an average dispatch-to-arrival response time of 4:10 along with responding to all jurisdictional incidents within its 5:00 standard close to 85% of the time. The municipal service review did not identify any specific and pertinent capacity issues relative to ACFPD's ability to accommodate fire service related demands tied to the probable development of the affected lands into a passive recreational park.

Existence of Social or Economic Communities of Interest

ACFPD has established and maintained distinct economic and social interests with B-1. These interests are tied to ACFPD's role as a subsidiary district to American Canyon and expanded in 1999 when the City purchased the affected lands with the intent of eventually developing the site into a passive recreational park. American Canyon strengthened these interests by adding the affected lands to the City's ULL in 2008.

Conclusion

Modifying ACFPD's sphere to include all of Study Category B appears appropriate given the preceding analysis. Inclusion would respond to the expected need for an elevated level of fire related services within the affected lands in which ACFPD is the most logical service provider. Inclusion would also be consistent with the past practice of the Commission to include non-contiguous incorporated lands within ACFPD's sphere for purposes of coordinating public safety services between American Canyon and District.

Note: Inclusion of B-1 should be conditioned on the Commission first approving the annexation of the affected lands to American Canyon under G.C. Section 56742.

Study Category C

This study category encompasses one contiguous area located outside ACFPD and American Canyon’s spheres and jurisdictional boundaries, but expected to require an elevated level of public services under the County General Plan. The affected area is identified as “C-1” and includes three entire assessor parcels totaling approximately 87 acres.



Study Category C-1

<u>APN</u>	<u>Landowner</u>	<u>Acres</u>
057-090-060	Napa-Valley Authority	35.3
057-090-063	County of Napa	45.6
057-090-064	County of Napa	6.3

C-1 comprises approximately 87 unincorporated acres directly or indirectly owned by the County of Napa located north of ACFPD’s existing jurisdictional boundary and sphere near the Napa County Airport. The affected lands encompass three entire assessor parcels and were formerly part of American Canyon’s ULL before their removal in 2008. The affected lands are designated by the County for urban use.

Present and Planned Uses, Including Agricultural and Open Space Lands

Existing Setting

A substantial portion of C-1 is developed with urban-type uses. The far eastern assessor parcel is developed and owned by the Napa Valley Waste Management Authority as a municipal garbage deposit and transfer station.¹⁷ The middle assessor parcel is also developed and owned by the County and includes aircraft storage hangers associated with the Napa County Airport. The far western assessor parcel is entirely undeveloped. The affected lands do not qualify as agricultural or open-space under LAFCO law.

County Land Use Policies

The County designates C-1 as *Industrial* and contemplates a variety of urban non-residential uses ranging from manufacturing to office space.¹⁸ The designation is supported by the County’s zoning standard of *Industrial Park* for all three affected assessor parcels, which specifies a minimum lot requirement of 5.0 acres. Specific development and design standards are outlined in the County’s AIASP.

American Canyon Land Use Policies

American Canyon does not designate or prezone C-1.

¹⁷ The Napa-Vallejo Waste Management Authority is a joint-powers between the County of Napa and the Cities of American Canyon, Napa, and Vallejo.

¹⁸ The minimum lot requirement under the County’s *Industrial* designation is 0.5 to 40 acres based on utility and road access.

Development Projects

There are no current development projects tied to C-1. Given the current ownership, it is reasonable to assume any future development will involve the construction of additional aircraft hangers on the remaining undeveloped portions of the affected lands in conjunction with expanding capacity at the Napa County Airport.

Present and Probable Need for Public Facilities and Services

C-1 presently receives a basic level of fire related services from the County through its staff-service contract with CalFire. This contract is predicated on the County providing general structural fire protection services for all unincorporated lands without specific response time standards. This basic level of services appears inadequate given a substantial portion of the affected land is already developed for urban-type uses. In particular, an elevated level of services are needed to support the intensified uses tied to the garbage deposit and transfer station as well as the portion of the affected land associated with the Napa County Airport. The need for elevated level of services lies outside the scope of the County's organizational structure. Based on proximity and infrastructure, ACFPD and CSA No. 3 are equally logical service providers to accommodate the affected lands' existing and planned use.

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates ACFPD presently has adequate capacities to extend a full range of elevated fire related services to C-1 to accommodate its existing and planned urban uses contemplated under the County General Plan. This includes ACFPD maintaining an average dispatch-to-arrival response time of 4:10 along with responding to all jurisdictional incidents within its 5:00 standard close to 85% of the time. The municipal service review did not identify any specific and pertinent capacity issues relative to ACFPD's ability to accommodate fire service related demands tied to the urban uses of the affected lands.

Existence of Social or Economic Communities of Interest

ACFPD does not have distinct economic and social interests with C-1. The lack of interests are primarily tied to ACFPD's role as a subsidiary district to American Canyon and the City's decision to remove the affected lands from its ULL in 2008. This decision accentuates the affected lands' interests with CSA No. 3, which are memorialized through the inclusion of the site in the County's AIASP.

Conclusion

Modifying ACFPD's sphere to include C-1 does not appear appropriate given the preceding analysis and deference to the lack of existing communities of interests. Specifically, exclusion would recognize and prioritize there are no viable economic and social ties existing between the affected lands and ACFPD.

VI. RECOMMENDATION

It is recommended the Commission update ACFPD's sphere to include the four areas comprising Study Categories A and B. Special conditions are recommended with respect to adding A-1 and B-1. Adding A-1 should be conditioned on American Canyon first completing the Commission's terms to add the affected lands to the City's sphere adopted on June 7, 2010.¹⁹ This involves American Canyon recording industrial easements on the affected lands pursuant to the City's earlier agreement with the County. Adding B-1 should be conditioned on the Commission first approving the annexation of the affected lands to American Canyon under G.C. Section 56742.

The total size of the recommended additions to the sphere is approximately 402 acres. These additions support ACFPD's orderly growth and development in a manner consistent with CKH as well as the policies and practices of the Commission. The additions also recognize and strengthen the explicit governance relationship between ACFPD and American Canyon in coordinating public safety services in the southeast county region.

¹⁹ LAFCO Resolution No. 10-13.

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY POLICY DETERMINATIONS

I) POLICIES CONCERNING THE PRESERVATION OF AGRICULTURE AND OPEN-SPACE LANDS AND THE PROMOTION OF ORDERLY, WELL- PLANNED DEVELOPMENT

A) LEGISLATIVE INTENT AND DECLARATIONS

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature regarding the promotion of orderly, well-planned development patterns that avoid the premature conversion of agricultural and open-space lands and ensure effective, efficient and economic provision of essential public services. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- 1) The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. (G.C. §56000)
- 2) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns. (G.C. §56300)
- 3) In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:
 - a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
 - b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction

of the local agency or outside of the existing sphere of influence of the local agency.
(G.C. §56377)

B) POLICIES OF THE COMMISSION

The Commission declares its intent not to permit the premature conversion of designated agricultural or open-space lands to urban uses. The Commission shall adhere to the following policies in the pursuit of this intent, and all proposals, projects, and studies shall be reviewed with these policies as guidelines.

1) USE OF COUNTY GENERAL PLAN DESIGNATIONS

In evaluating a proposal, the Commission will use the Napa County General Plan to determine designated agricultural and open-space lands. The Commission recognizes that inconsistencies may occur between the County General Plan and the affected city general plan with respect to open-space designations. Notwithstanding these potential inconsistencies, the Commission will rely on the Napa County General Plan in recognition of the public support expressed in both the incorporated and unincorporated areas of Napa County for the County's designated agricultural and open-space lands through enactment of Measure "J", the Agricultural Lands Preservation Initiative passed by the voters in 1990.

2) TIMING OF URBAN DEVELOPMENT

The Commission shall guide development away from designated agricultural or open-space lands until such times as urban development becomes an overriding consideration in providing for the health and welfare of the citizens of the County and the affected city.

3) FACTORS FOR EVALUATING PROPOSALS INVOLVING AGRICULTURAL OR OPEN-SPACE LANDS

A proposal which includes agricultural or open-space designated land shall be evaluated in light of the existence of the following factors:

- a) "Prime agricultural land", as defined by Government Code Section 56064.
- b) "Open-space", as defined by Government Code Section 56059.
- c) Land that is under contract to remain in agricultural or open-space use, such as a Williamson Act Contract or Open-Space Easement.
- d) Land which has a Napa County General Plan agricultural or open-space designation (Agricultural Resource or Agriculture, Watershed and Open-space).
- e) The adopted general plan policies of the County and the affected city.

- f) The agricultural economic integrity of land proposed for conversion to urban use as well as adjoining land in agricultural use.
- g) The potential for the premature conversion of adjacent agricultural or open-space designated land to urban use.
- h) The potential of vacant non-prime agricultural land to be developed with a use that would then allow the land to meet the definition of prime agricultural land under the Williamson Act.

4) ENCOURAGEMENT OF REORGANIZATIONS

The Commission encourages reorganization proposals as a means of coordinating actions of local governmental agencies involving, but not limited to, annexation of land to two public agencies. The Commission recognizes the usefulness of the reorganization concept as a vehicle designed to simplify and expedite such actions.

II) POLICIES CONCERNING SPHERES OF INFLUENCE

It is the intent of the Commission to establish spheres of influence that promote the orderly expansion of cities to ensure effective, efficient and economic provision of essential public services, including public sewer and water, fire protection and emergency response, and police protection.

A) LEGISLATIVE INTENT AND DECLARATIONS

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature as they relate to spheres of influence. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- 1) "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission. (G.C. §56076)
- 2) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. (G.C. §56425(a)).

B) GENERAL GUIDELINES FOR THE REVIEW OF SPHERES OF INFLUENCE

It is the intent of the Commission to consider the following criteria whenever reviewing a proposal that includes the adoption, amendment, or update of a sphere of influence.

- 1) Land Use
 - a) The present and planned land uses in the area, including designated agricultural and open-space lands.
 - b) Consistency with the Napa County General Plan and the general plan of any affected city.
 - c) Adopted general plan policies of the County and of any affected city that guide future development away from designated agricultural or open-space land.
 - d) Adopted policies of affected agencies that promote infill of existing vacant or underdeveloped land.

- e) Amount of existing vacant or underdeveloped land located within any affected agency's jurisdiction and current sphere of influence.

2) Municipal Services

- a) The present capacity of public facilities and adequacy of public services provided by affected agencies within the current jurisdiction and the adopted plans of these agencies to improve any municipal service deficiency, including adopted capital improvement plans.
- b) The present and probable need for public facilities and services within the area proposed for inclusion within the sphere of influence and the plans for the delivery of services to the area.

C) CITY SPHERES OF INFLUENCE

The Commission shall adhere to the following policies in the establishment, review, amendment, or update of city spheres of influence.

1) General Policies Concerning City Spheres

- a) Location of Urban Development. The basic policy of the Commission in the establishment of a city sphere of influence boundary line shall be that urban development within a city's sphere of influence shall be developed under the jurisdiction of the city. If urban development is legally required by the County, such development should conform to the applicable city standards and be the subject of a joint city-County planning effort.
- b) Use of County General Plan Agricultural and Open-Space Designations. When establishing a city sphere of influence boundary line, the Commission shall use the most recently adopted Napa County General Plan as the basis to identify designated agricultural and open-space lands.
- c) Avoidance of Inclusion of Agricultural and Open-Space Lands. Land specifically designated as agricultural or open-space lands shall not be approved for inclusion within any city sphere of influence for purposes of urban development. An agricultural or open-space designation shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. Exceptions to this policy may be considered by the Commission based on information submitted to the Commission provided by

the affected city that responds to criteria contained in Section B. - Sphere of Influence Amendment Guidelines.

- d) Preference for Infill. When reviewing proposals for the expansion of a city sphere of influence, the Commission will consider the amount of vacant land within the existing jurisdiction and sphere of influence of the affected city. To discourage urban sprawl and encourage the orderly formation and development of cities in Napa County, the Commission will encourage proposals that promote the infill of existing vacant or underdeveloped land thereby maximizing the efficient use of existing city services and infrastructure. The Commission will discourage proposals for development of vacant or open-space land that requires the extension of urban facilities, utilities, and services where infill is more appropriate.
- e) Adopted Spheres of Influence as Guide for City Annexations. When municipal spheres of influence have been adopted by the Commission, they shall be used as a guide in the consideration of city annexation proposals. Adoption of such spheres shall not be construed to indicate carte blanche approval of any annexation proposal merely because the land is included within the sphere of influence.

2) Policies Concerning Cooperative Planning and Development Programs

- a) Role Of Adopted Sphere Of Influence In Agency Planning. The urban area as delineated by the established sphere of influence line, having been developed by the Commission in cooperation with the affected city and County, should be recognized and considered as part of planning and development programs of the affected city, any affected special district, and the County.
- b) Preference For Infill Within The City's Jurisdiction Or Within The City's Adopted Sphere Of Influence. To maximize the efficient use of existing city services and infrastructure and discourage the premature conversion of agricultural and open-space lands to urban uses, the Commission shall encourage the city to develop first those existing vacant and under-developed lands located within the city's jurisdiction or within the city's adopted sphere of influence. The Commission shall encourage the development of vacant or under-developed land located within the city's jurisdiction before the annexation of land that requires the extension of urban facilities, utilities, and services.
- c) Interagency Cooperation. Urban development and utility expansion programs should be planned and programmed by the city on a staged basis in cooperation with the County and the Commission.

- d) Restrictions On Urban Development Approvals By County Within City Sphere Of Influence. No urban development should be permitted by the County to occur on unincorporated land within a city's designated Sphere of Influence. If approval of urban development in such areas is legally required of the County, such development should conform to applicable city standards and be the subject of a joint city-County planning effort.
- e) Exclusion Of Unservable Areas. Areas that cannot be provided with an urban level of essential public services, such as public water, sewer, fire protection and emergency response, shall be considered for sphere inclusion and eventual annexation and development, only on an exceptional basis. Economic and planning justification for such annexations shall be provided to the Commission by the city.

D) SPECIAL DISTRICT SPHERES OF INFLUENCE

The Commission shall adhere to the following policies in the establishment, review, amendment, or update of special district spheres of influence.

1) General Policies Concerning Special District Spheres

- a) Single Boundary. Only one sphere of influence boundary line will be drawn for each district.
- b) Boundary to Reflect Service Capacity. The location and character of the boundary line should be responsive to existing and planned service facilities. Planned facilities are those to be constructed within a ten (10) year period.
- c) Urbanizing Effect of Services. It shall be a basic policy of the Commission when considering establishment of a special district sphere of influence that extension of urban services acts to promote urban development and that urban development belongs in urban areas.
- d) Exclusion of Agricultural and Open-Space Lands. Land designated agricultural or open-space by the applicable city or County general plan shall not be approved for inclusion within any district sphere of influence for purposes of urban development through the extension of essential public services. Such designations shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. The Commission may consider exceptions to this policy based on evidence provided by the affected district which demonstrates all of the following:

- i) The expansion is necessary in order to provide public water or sewer to an existing parcel to respond to a documented public health hazard.
 - ii) The affected district can provide adequate public water or sewer service to the affected territory without extending any water or sewer mainline more than 1,000 feet.
 - iii) The expansion will not harm land in agricultural or open-space use.
 - iv) The expansion will not promote conversion of agricultural or open-space land to urban use.
- e) Adopted Sphere of Influence as Guide to Annexations. The Commission shall use an adopted special district sphere of influence as a guide when considering subsequent annexations to the affected special district, but mere inclusion of land within an adopted sphere of influence shall not be construed as carte blanche approval of any annexation proposal for that land.
- f) Joint Applications. When an annexation is proposed outside an affected district's adopted Sphere of Influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting, but amendment to the sphere of influence boundary to include the affected territory shall be considered and resolved prior to Commission action on the proposed annexation.

2) Policies Concerning Cooperative Planning and Development Programs

- a) Role Of Adopted Sphere Of Influence In Agency Planning. The service area of a special district as delineated by the adopted sphere of influence boundary, having been developed by the Commission in cooperation with all affected agencies, should be recognized and considered as part of the planning and development programs of any affected district, city and the County.
- b) Service Expansion Programs. A district should plan and program its service expansion programs on a staged basis in cooperation with the County, any affected city, and the Commission.

III) POLICIES CONCERNING THE COUNTY OF NAPA

A) LOCATION OF URBAN DEVELOPMENT

- 1) Land use developments of an urban character and nature should be located within areas designated as urban areas by the Napa County General Plan in close proximity to a city or special district which can provide essential public services.
- 2) Urban development should be discouraged if it is apparent that essential services necessary for the proposed development cannot readily be provided by a city or special district.

B) USE OF COUNTY SERVICE AREAS

- 1) In those unincorporated urban areas where essential urban services are being provided by the County, the Board of Supervisors should consider the establishment of county service areas so that area residents and property owners pay their fair and equitable share for the services received.
- 2) The Commission recognizes that the formation of county services areas are subject to both the Cortese-Knox-Hertzberg Local Government Reorganization Act and County Service Area Law (G.C. §25210.1 et. seq.).

IV) POLICIES CONCERNING SPECIAL DISTRICTS

A) IN LIEU OF NEW DISTRICT CREATION

Where a limited-purpose special district exists and additional services are required for an unincorporated area designated as urban by the Napa County General Plan, the Commission encourages, in lieu of creating a new special taxing district, either the use of county service areas to provide the extended services or reorganization of the existing limited services special district as a special district capable of providing multiple urban services.

B) PREFERENCE FOR DISTRICTS CAPABLE OF PROVIDING ALL ESSENTIAL SERVICES

All new special districts proposed for formation in the unincorporated urban areas as designated under the Napa County General Plan should be capable of providing essential urban type services which include but are not limited to water, sanitation, fire protection, and police protection.

V) POLICIES CONCERNING ANNEXATIONS

A) GENERAL POLICIES CONCERNING ANNEXATIONS TO A CITY

- 1) Inclusion in Sphere of Influence. The affected territory shall be included within the affected city sphere of influence prior to issuance of the Executive Officer's certificate of filing for the subject annexation proposal. For annexation proposals initiated by resolution of the city council, the Executive Officer may agendaize both the sphere of influence amendment and annexation application for Commission consideration and action at the same meeting.
- 2) Substantially surrounded. For the purpose of applying the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act, most notably Government Code §56375, the subject territory of an annexation proposal shall be deemed “substantially surrounded” if it is within the sphere of influence of the affected city and two-thirds (66-2/3%) of its boundary, as set forth in a boundary description accepted by the Executive Officer, is surrounded by the affected city.

B) POLICIES CONCERNING ISLAND ANNEXATIONS

- 1) Boundary of Areas Not 100% Surrounded by City. The outside boundary of an unincorporated island less than 100% surrounded shall be the affected city sphere of influence boundary line.
- 2) Criteria for Determining a Developed Island. A developed island shall substantially meet all the following criteria:
 - a) The island shall have a housing density of at least .5 units per gross acre.
 - b) All parcels within the island can readily receive from the affected city or any affected special district basic essential services including but not limited to police protection, fire protection, public water and sanitation.
- 3) Policy Regarding Annexations Within an Identified Island Area. When an annexation proposal includes territory within a developed island, the Commission shall invite the affected city to amend the boundary of the proposed annexation to include the entire island. To the extent permitted by law, the Commission reserves the right to expand the boundaries of the proposed annexation to include the entire island.

C) POLICIES CONCERNING ANNEXATION OF MUNICIPALLY-OWNED LAND

- 1) Restricted Use Lands Owned by Public Agencies. The Commission shall disapprove annexation of publicly-owned land designated agricultural or open-space or subject to a Williamson Act contract unless the land will be used for a municipal purpose and no suitable alternative site reasonably exists within the affected city's sphere of influence.
- 2) Facilities Exempt from Policy. Municipal purpose shall mean a public service facility which is urban in nature such as water and sewage treatment facilities and public buildings, but shall not include land which is vacant or used for wastewater reclamation irrigation, a reservoir, or agricultural, watershed or open-space.

D) CONCURRENT ANNEXATION POLICIES

It is the intent of the Commission to promote concurrent annexations to cities and special districts whenever appropriate. The Commission may waive its concurrent annexation policies based on unique conditions or circumstances surrounding the annexation proposal which make application of the policy impractical and will not result in the annexation of lands designated agricultural or open-space by the applicable city or County General Plan.

1) City of Napa and Napa Sanitation District

- a) Annexations to the District. All annexation proposals to the Napa Sanitation District located outside of the City of Napa shall first be required to annex to the City if the affected territory is located within the City's sphere of influence as adopted by the Commission, is located within the City Residential Urban Limit Line (RUL) as adopted by the City, and annexation is legally possible.
- b) Annexations to the City. All 100% consent annexation proposals to the City of Napa located outside of the Napa Sanitation District shall be required to annex to the Napa Sanitation District if the affected territory is located within the District's sphere of influence and if sanitation service is available.

2) City of American Canyon and American Canyon Fire Protection District

- a) Annexations to the District. All annexation proposals to the American Canyon Fire Protection District located outside of the City of American Canyon shall be required to annex to the City if the affected territory is located within the City's sphere

of influence as adopted by the Commission and if annexation is legally possible.

- b) Annexations to the City. All annexation proposals to the City of American Canyon located outside of the American Canyon Fire Protection District shall be required to annex to the District if the affected territory is located within the District's sphere of influence.

II. EXECUTIVE SUMMARY

ATTACHMENT TWO

A. Overview

Napa County's southeast region has experienced significant growth over the last 10 years. This growth is evident in the region's population, which has increased by more than two-thirds from an estimated 9,497 to 16,347. Comparatively, the rest of Napa County has experienced a population increase over the same period of less than one-tenth from an estimated 111,048 to 120,357. The primary factors contributing to the region's growth have been the continued development of American Canyon and the Napa County Airport area. The development of these two distinct communities has not only contributed to the region's growth in terms of population and building but also in expanding the level and range of municipal services to accommodate increasing demands. The relationship is best illustrated by considering the increase demand for water, which is provided throughout the region by American Canyon. During the last 10 years, water demands in the region have more than doubled from 1,761 to 3,953 acre-feet. This increase of 2,192 acre-feet in water demands roughly equals the size of Bell Canyon Reservoir in St. Helena.

This report identifies the three local agencies responsible for directly supporting the region's growth, American Canyon, ACFPD, and CSA No. 3, have generally established adequate administrative controls and service capacities consistent with the needs of their communities. This includes all three agencies making considerable investments recently in expanding public infrastructure and facilities to accommodate their growing constituencies. Prominent examples include American Canyon building a wastewater treatment plant and administrative center as well as partnering with ACFPD on a new joint-use public safety facility. The investment in new public infrastructure and facilities in the region has largely been funded by increasing development-related revenues, such as property taxes, special parcel assessments, and building fees. Notably, American Canyon and ACFPD's annual shares of property tax revenues have increased by 326% and 239%, respectively, during the last 10 years. These amounts represent the largest percentage increases in property tax revenues for all cities and special districts in Napa County.

Given American Canyon and ACFPD are largely dependent on development-related revenues, the current downturn in the economy and its impact in declining property values presents new and considerable challenges in balancing costs with available funding within their respective jurisdictions. Effective financial management in the years leading up to the current downturn has positioned all three agencies in the region to rely on accumulated reserves to absorb spending shortfalls in the short-term. Further, all three agencies currently have fund balances representing more than 20% of their operating costs, which exceeds the national standard of 10%. The longer the downturn persists, however, the more likely capital improvements will need to be deferred and service levels reduced. Additionally, while the downturn has decreased the volume of activity, it is still expected the region will continue to experience the largest percentage of growth in Napa County over the next several years as several vested projects materialize. This includes several non-residential projects that will further diversify land uses in the region, such as the Town Center and Montalcino Resort. Importantly, this anticipated growth will continue to generate new demands for municipal services.

B. Determinations

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

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

- American Canyon, ACFPD, and CSA No. 3 have made considerable investments in their public facilities over the last several years to improve the level and range of their respective services in the region.
- American Canyon has made a concerted effort to address the service needs of the unincorporated territory located within its adopted urban limit line. This planning effort provides reasonable assurances American Canyon is capable of efficiently extending services to annexed territory within its urban limit line without adversely affecting existing constituents.
- American Canyon is the only public water service provider in the region and has contracted adequate supplies to meet the current and future needs under normal conditions within the timeframe of this review. These contracted supplies, however, are not sufficient to meet current or future water demands during dry-year conditions when significant cutbacks are made to the State Water Project.
- American Canyon has been diligent in addressing anticipated shortfalls in water supplies during dry-years by proactively purchasing additional supplies as needed. This practice, however, is becoming increasingly expensive and is not recovered by American Canyon through its water service rates.
- American Canyon requires infrastructure improvements to expand its water treatment and storage capacities to independently accommodate existing and future peak demands in the region. In the absence of these improvements, American Canyon's water system is subject to pressure losses and service interruptions during high-demand periods.
- American Canyon is the primary public sewer service provider in the region and has established adequate collection, treatment, and discharge capacities to meet current and future service demands within the timeframe of this review.
- American Canyon's contract with the County of Napa's Sheriff Department for staffing resources provides an appropriate and flexible level of police protection services in the City.

- ACFPD and CSA No. 3 have established effective fire protection services in their respective jurisdictions as measured by their current response times, which both average less than five minutes from dispatch to arrival. These average response times are within the national standard of six minutes and demonstrate both agencies are meeting the service demands in their jurisdictions in an efficient and timely manner.
- CSA No. 3 should adopt and incorporate a standard response time into their contract with the County of Napa for fire protection services. The adoption of a standard response time will help CSA No. 3 measure and manage fire protection resources within its jurisdiction.
- The majority of intersections along State Highway 29 in the region are operating at unacceptable levels of service resulting in significant traffic congestion during peak commute hours. Addressing these deficiencies is critical to improving quality of life for affected commuters and residents. Actual solutions will require considerable funding as well as cooperation between state and local agencies in implementing coordinated traffic circulation improvements in the region.

Growth and population projections for the affected area.

- The region has experienced an approximate two-thirds increase in population over the last five years. This increase has made the region one of the fastest growing areas in terms of percentages in the Bay Area.
- The significant rise in the region's population over the last five years directly corresponds with an influx of new residential construction in American Canyon, which increased its total number of housing units from 3,246 to 5,591. Nearly four-fifths of the new housing in American Canyon involves single-family residences.
- American Canyon will continue to develop given its land supply and expanding job market. However, it is reasonable to project the current downturn in the economy will reduce American Canyon's population increase relative to recent years to no more than 2.0% annually over the next several years. This projection will result in American Canyon's population reaching an estimated 17,989 by 2013.
- CSA No. 3's jurisdiction has experienced an approximate one-fifth increase in building square feet over the last five years. A review of existing entitlements in CSA No. 3 indicate this growth will continue within the timeframe of this review as nearly all vacant land within its jurisdiction is already tied to an approved or underway project.
- The region has experienced the development of its first four hotels over the last five years. If fully occupied, these hotels are expected to produce an estimated visitor serving population of 824 and will produce new impacts on the region's service infrastructure.

Financial ability of agencies to provide services.

- American Canyon, ACFPD, and CSA No. 3 have prudently managed their finances over the last several years allowing the agencies to utilize accumulated reserves to help absorb cost-increases while maintaining service levels during the current economic downturn.
- American Canyon, ACFPD, and CSA No. 3 are in relatively good financial standing given the agencies are expected to finish the current fiscal year with reserves equaling 20% or more of their respective operating costs. Additionally, these agencies have very low debt-to-equity ratios, indicating healthy capital structures.
- American Canyon and ACFPD are dependent on property taxes to fund significant portion of their services. This dependency makes these agencies particularly vulnerable to reducing costs the longer the current economic downturn continues given its negative impact on new building construction and assessed values in the region.
- The extent of the current economic downturn's impact on the region is illustrated by the estimated 1.8% loss in total assessed values in American Canyon since 2007-2008. This estimate represents the first decline in overall assessed values in American Canyon since its incorporation.

Status of, and opportunities for, shared facilities.

- American Canyon, ACFPD, and CSA No. 3 actively partner with other local public and private entities to share facilities and resources. These efforts strengthen social and economic ties while expanding and economizing services throughout the region.

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

- American Canyon and ACFPD's meetings are conducted together on the first and third Tuesday of each month and broadcast on local public access television. These regularly scheduled meetings provide an opportunity for the agencies' constituents to ask questions of their representatives and help ensure service information is being effectively communicated to the public.
- The County of Napa conducts the business of CSA No. 3 as needed. Given the lack of meetings, CSA No. 3 should consider establishing a website dedicated to agency business to help inform and engage its constituents.

Relationship with regional growth goals and policies.

- American Canyon and the County of Napa recently negotiated an agreement regarding the planned development of the City. The agreement includes a revised urban limit line for American Canyon, which is to remain unchanged through 2030. Notably, as part of the agreement, the County agrees to support American Canyon's request on file with the Commission to amend the City's sphere of influence to include certain properties located in the Napa County Airport industrial area. This agreement represents a collaborative effort by the agencies to establish shared value and vision with regard to regional growth goals and policies.
- CSA No. 3 serves a key role in facilitating the implementation of the County of Napa's Airport Industrial Area Specific Plan with respect to providing organized fire protection and street maintenance services for the affected community.