LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
Political Subdivision of the State of California

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

SPHERE OF INFLUENCE REVIEW AND UPDATE:
Lake Berryessa Resort Improvement District

Draft Report:
October 2012

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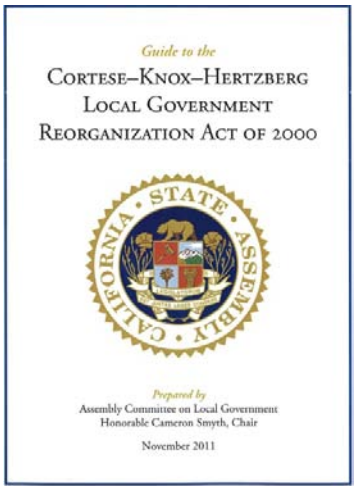
I. INTRODUCTION

1.0 Local Agency Formation Commissions

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 as political subdivisions of the State of California and are responsible for administering a section of Government Code now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").[1] LAFCOs are located in all 58 counties in California and are delegated regulatory and planning powers to coordinate and encourage the logical formation and development of local governmental agencies and their municipal services. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues. Underlying LAFCOs regulatory and planning powers is fulfilling specific objectives outlined by the California Legislature under Government Code (G.C.) Section 56301, which states:


Guide to the
CORTESE–KNOX–HERTZBERG
LOCAL GOVERNMENT
REORGANIZATION ACT OF 2000

Prepared by
Assembly Committee on Local Government
Honorable Cameron Smyth, Chair

November 2011

> *"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."*

1.2 Regulatory Responsibilities

LAFCOs' principal regulatory responsibility includes approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.[2] LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs' regulatory authority as of January 1, 2012.

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[1] Reference California Government Code Section 56000 et seq.

[2] CKH defines "city" to mean any incorporated chartered or general law city. This includes any city the name of which includes the word "town". CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

LAFCOs' Regulatory Authority	
• City Incorporations and Disincorporations	• City and District Annexations
• District Formations and Dissolutions	• City and District Detachments
• City and District Consolidations	• Merge/Establish Subsidiary Districts
• City and District Outside Service Extensions	• District Service Activations or Divestitures

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central and interrelated planning responsibilities: (a) making sphere of influence ('sphere") determinations and (b) preparing municipal service reviews. Sphere determinations have been a central planning function of LAFCOs since 1971 and serve to effectively serve as the Legislature's version of "urban growth boundaries" with regard to delineating urban/non-urban interfaces. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted in 2001 as part of CKH and are intended to inform – among other activities – sphere determinations. This includes the Legislature's mandate all sphere changes be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

Sphere Determinations

LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions. Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements. LAFCO must review and update each local agency's sphere every five years as necessary. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to focus LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five planning factors are summarized in the following table.

Sphere Determinations: Mandatory Written Statements	
1.	Present and planned land uses in the area, including agricultural and open space.
2.	Present and probable need for public facilities and services in the area.
3.	Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4.	Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5.	If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

Municipal Service Reviews

Municipal service reviews are comprehensive studies of the availability and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Municipal service reviews culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven service factors are summarized in the following table.

Municipal Service Reviews: Mandatory Written Statements	
1.	Growth and population projections for the affected area.
2.	Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.[3]
3.	Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4.	Financial ability of agencies to provide services.
5.	Status and opportunities for shared facilities.
6.	Accountability for community service needs, including structure and operational efficiencies.
7.	Any matter related to effective or efficient service delivery as required by LAFCO policy.

1.4 Composition

LAFCOs are generally governed by an eight-member board comprising three county supervisors, three city councilmembers, and two representatives of the general public.[4] Members are divided between "regulars" and "alternates" and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements for California public officials and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

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All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the members.

[3] This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of "disadvantaged unincorporated community" is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income.

[4] Several LAFCOs also have two members from independent special districts within their county.

1.5 Funding

CKH prescribes local agencies fund LAFCOs' annual operating costs. Counties are generally responsible for one-half of LAFCO's annual operating costs with the remainder proportionally allocated among cities based on a calculation of tax revenues and population.[5] LAFCOs are also authorized to collect fees to offset local agency contributions.

2.0 LAFCO of Napa County

LAFCO of Napa County ("Commission") was first established in 1963 as a department within the County of Napa. Consistent with pre CKH provisions, the County was entirely responsible for funding the Commission's annual operating costs over the first three decades. Further, the duties of the Executive Officer were first performed by the County Administrator and later the County Planning Director.

CKH's enactment in 2001 changed the Commission's funding to assign one-half of its operating costs to the County with the other one-half assigned to the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. CKH's enactment also facilitated a number of organizational changes highlighted by the Commission entering into a staff support services agreement with the County; an agreement allowing the Commission, among other things, to appoint its own Executive Officer. The Commission's current member roster is provided below.

Napa LAFCO's Commission Roster		
Appointing Agency	**Regular Members**	**Alternative Members**
County of Napa: Supervisors	Bill Dodd Brad Wagenknecht	Mark Luce
City Selection Committee: Mayors	Joan Bennett Lewis Chilton	Juliana Inman
Commissioners: City and County	Brian J. Kelly	Gregory Rodeno

Staffing for the Commission currently consists of 2.5 full-time equivalent employees. This includes a full-time Executive Officer and Analyst along with a part-time Secretary.[6] Legal services are provided by the County Counsel's Office. All other staffing related services, such as accounting, human resources, information technology, are provided by the County as needed. The Commission's adopted budget for 2012-2013 totals $0.432 million with an estimated unreserved/undesignated fund balance of $0.116 million as of July 1, 2012.

[5] The funding formula for LAFCOs with special district representation provides that all three appointing authorities (county, cities, and special districts) are responsible for one-third of LAFCOs' annual operating costs.

[6] The Commission contracts with the County for staff support services. The Executive Officer and all support personnel are County employees. The Commission, however, appoints and removes the Executive Officer on its own discretion.

II. EXECUTIVE SUMMARY

1.0 Overview

This report represents the Commission's scheduled sphere update for Lake Berryessa Resort Improvement District (LBRID). The underlying objective of the report is to review LBRID's existing sphere relative to current legislative directives, local policies, and member preferences in justifying whether to (a) maintain or (b) change the designation. This report supersedes the last sphere update on LBRID adopted in December 2007. The report draws on information collected and analyzed in the Commission's recently completed municipal service review on the Lake Berryessa region, which includes the evaluation of availability, adequacy, and capacity of services provided by LBRID.

2.0 Conclusions and Recommendations

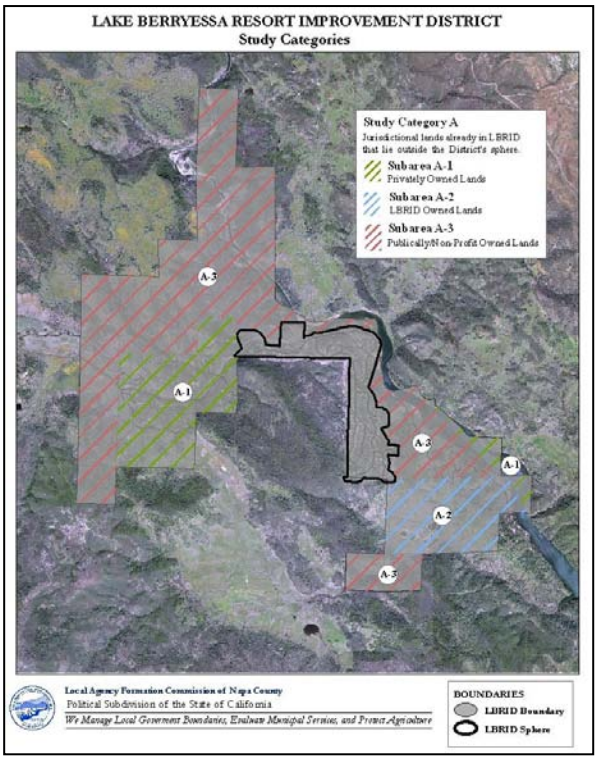
2.1 Role of LBRID

LBRID continues to serve an integral role in supporting existing and planned development within the Berryessa Estates community by providing public water and sewer; services otherwise unavailable to the community given the lack of alternative providers in the region. LBRID has also assumed an important and expanded governance role as the community's primary conduit with the County's Board of Supervisors. LBRID's effectiveness in meeting current and future community needs, however, has been challenged given, among other factors, the District's ongoing financial distress compounded by the need for significant improvements to the sewer system; a dynamic highlighted by the District currently operating with a negative fund balance and depending on the County for emergency loans. This situation has also resulted in increasing acrimony among LBRID residents with respect to the County's management of the District leading to a growing desire to assume control. To this end, the Commission independently concluded in its recent municipal service review there appears sufficient merit to reorganize LBRID into an independent community services district under the expedited proceedings available under G.C. Code Section 56853.5.[7] The Commission, nonetheless, tabled taking any further action on reorganizing LBRID until first completing the same proceedings for the Napa Berryessa Resort Improvement District.

[7] The specific benefits cited by the Commission in reorganizing LBRID into a community services district are two-fold. First, reorganization would position the agency to become more responsive to changes in constituent needs by having the power to provide additional municipal services in support of Berryessa Estates' continued development. This statement is particularly pertinent given State law restricts the agency as a resort improvement district to only provide water and sewer services due to a 1971 amendment to its principal act. In contrast, State law would allow the agency as a community services district – subject to future Commission approval – to provide a full range of municipal services, such as roads, parks, and fire protection. Second, reorganization to a community services district would improve public accountability by facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County of Napa to local residents. Furthermore, G.C. Section 56853.5 allows LAFCOs to expedite the reorganization of resort improvement districts into community services districts with the same powers, boundaries, and assets/liabilities while waiving protest proceedings so long as the action is consistent with the findings of a municipal service review and the affected resort improvement district does not file a written objection.

2.2 Sphere Update Focus

This report and its analysis has been oriented to focus on a central policy question as to whether it is appropriate to expand LBRID's current sphere to include the District's entire jurisdictional boundary. This central consideration is drawn from the Commission's previous action to include only 10 percent of the LBRID's jurisdictional boundary in establishing the sphere in 1985 for reasons detailed in this report and summarized in the succeeding paragraphs. The report, accordingly, evaluates the merits of adding this lone study category consisting of approximately 1,850 acres of remaining jurisdictional land to the sphere relative to current considerations (i.e., legislative directives, adopted policies, and member preferences). The report further divides this lone study category into three distinct subareas labeled "A-1," "A-2," and "A-3" based on ownership factors.



2.3 Conclusions

The report concludes there is merit to add all three subareas, A-1, A-2, and A-3, to LBRID's sphere at this time *if* it is the preference of the Commission to assign deference to the affected lands' social and economic ties with the District (emphasis added). These ties apply – albeit to different degrees – to all three subareas and are borne from their standing inclusion in LBRID's jurisdictional boundary. These ties are particularly pronounced for A-1's Unit One given the landowners' continued interest in establishing water service for their existing or planned single-family residential estates. Two other pertinent benefits are identified in report and equally apply to each subarea in justifying their possible addition to the sphere if it is the preference of the Commission as provided below.

- Adding all three subareas to LBRID's sphere would delete a three decade old policy statement that has proven ineffective in encouraging the District to initiate detachment proceedings for the affected lands. Markedly, the affected lands remain in LBRID despite having been excluded from the sphere for the last thirty years with no indication the landowners are interested in detachment proceedings. This latter point is a particularly pertinent consideration going forward given any detachment proceeding initiated by LBRID and approved by the Commission would ultimately require the consent of a majority of landowners. Adding the subareas to the sphere, accordingly, would create continuity between LBRID's sphere and existing jurisdictional authority while eliminating the inherent confusion for the public in maintaining the current designation given the preceding assumptions. This deference to match spheres with jurisdictional boundaries has precedence given it

was prioritized in recent updates for the Cities of Napa and St. Helena and resulted in expansions involving the Stanly Ranch and Howell Mountain areas, respectively.

- Adding all three subareas to LBRID's sphere may prove advantageous in engaging the affected landowners with respect to their current and future needs in anticipation of the Commission returning to its tabled discussion on reorganizing LBRID.

The report also concludes, and irrespective of social and economic ties, there is merit for the Commission to continue to exclude the three subareas from LBRID's sphere based on the application of other policy considerations, namely land uses and service plans. The addition of these subareas, in particular, would be inconsistent with a Commission policy given it would serve to support the location of urban uses within agricultural/open space designated lands as defined under the County General Plan (Policy Determination III/D/(3)). It is also reasonable to presume adding the subareas does not provide new assurances services would be established by LBRID within the affected lands in the next 10 years; a potential outcome that is explicitly discouraged under Commission policy with respect to designating spheres (Policy Determination III/B/(5)/(b)).

Given the preceding conclusions, and for purposes of informing the contents of a final report, the Commission should consider its preferences with respect to updating LBRID's sphere. Three specific options are summarized below.

Option One: Expand the Sphere to Match the Jurisdictional Boundary
This option would be appropriate if it is the Commission's preference to assign overriding deference to the affected lands' existing social and economic ties with LBRID in choosing to add the subareas to the sphere.

Option Two: Retain Current Sphere and Pursue Detachment Alternatives
This option would be appropriate if it is the Commission's preference to emphasize the affected lands' limited land use and service planning compatibilities with LBRID in choosing to continue to exclude the subareas from the sphere. This option would, notably, serve to reaffirm the Commission's policy statement the affected lands be detached and be memorialized by taking one or both of the following actions.

- Formally request the LBRID Board take action to initiate a proposal for Commission consideration to detach the subareas.

- Formally direct the Executive Officer to initiate a proposal for Commission consideration to reorganize LBRID to establish a new community services district with a jurisdictional boundary that excludes the subareas.

Option Three: Retain Current Sphere and Table Considerations to Next Update
This option would be appropriate if it is the Commission's preference to maintain the status quo and table all related policy considerations to the next update. This option would be appropriate if the Commission believes more information is warranted with regards to future LBRID operations and community needs before taking any new action.

2.4 Recommendations

Recommendations will be included in the final report. This includes preparing written statements addressing the five specific factors anytime it makes a sphere determination under G.C. Section 56425.

III. AGENCY PROFILE

1.0 Background

Lake Berryessa Resort Improvement District	
Date Formed:	1965
Enabling Legislation:	Government Code 25210.1-25217.4
Services Provided:	Water Sewer
Estimated Population	485

LBRID was formed in 1965 as a dependent special district governed by the County of Napa Board of Supervisors. LBRID's formation was approved by the Commission at the request of the principal landowner, Labry Corporation, and with the support of the County to help facilitate the development of "Berryessa Estates;" a planned residential/commercial community located in mountainous terrain along Putah Creek in northeast Napa County.[8] It was initially expected – and similar to other approved projects in the region – Berryessa Estates would develop over several phases to accommodate both permanent and seasonal uses and serve an expected fulltime resident population of 5,000 along with 40,000 annual visitors.

Actual development within Berryessa Estates has been limited to date to include only two phases referred to as "Unit One" and "Unit Two." Unit One involved the construction of Stagecoach Canyon Road to connect the community to the nearest paved road, Snell Valley.[9] Unit Two involved the creation of 351 single-family residential lots ranging in size from 15,000 to 18,000 square feet with close to one-half remaining undeveloped.[10] Reasons for the lack of actual development within Berryessa Estates appear to be attributed to three related factors. First, the demand for primary and secondary homes has not materialized as expected. Second, the County amended its land use policies, among other factors, to discourage further development along Lake Berryessa's shoreline beginning with the adoption of its Agricultural Preservation Act in 1968. Third, LBRID has been prohibited from providing any services other than water and sewer as a result of an amendment to its principal act taking effect in 1971.[11]

The limited amount of actual development within LBRID serves as the focal point of its current financial distress; a dynamic highlighted now by the District's dependency on the County for emergency loans to maintain positive cash flow. Multiple recent fines from the State Regional Water Quality Control Board for unauthorized and repeated sewage discharges into Lake Berryessa have exacerbated LBRID's financial distress and cumulatively contributed to the District depleting its fund balance. This financial distress has also impacted residents as ratepayers are now paying on average an estimated $260 per month for water and sewer related services; one of the highest monthly totals in Napa County.

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[8] Actual slope within LBRID is identified to have a range of 440 to 1,300 feet above sea level.

[9] Stagecoach Canyon Road was immediately dedicated for public use/maintenance to the County of Napa. The construction of Stagecoach Canyon Road also facilitated/accommodated the development of eight single-family ranchettes which appear to be occupied year-round although not connected to either LBRID's water or sewer systems.

[10] LBRID also authorized $0.875 million in general obligation bonds to finance the construction of water and sewer systems for Unit Two, including the installation of lateral connections for all 351 lots. Water supplies were initially secured through an informal agreement with the Napa County Flood Control and Water Conservation District (NCFCWCD) for an annual raw water entitlement of 200 acre-feet from Lake Berryessa. This water supply agreement was formalized in 1975 and currently extends through 2024.

[11] Other municipal services directly provided within Berryessa Estates are limited and include a basic level of fire, law enforcement, and road maintenance from the County as well as interment from the Pope Valley Cemetery District. Berryessa Estates also receives mosquito abatement, soil conservation, and flood control services from various countywide special districts.

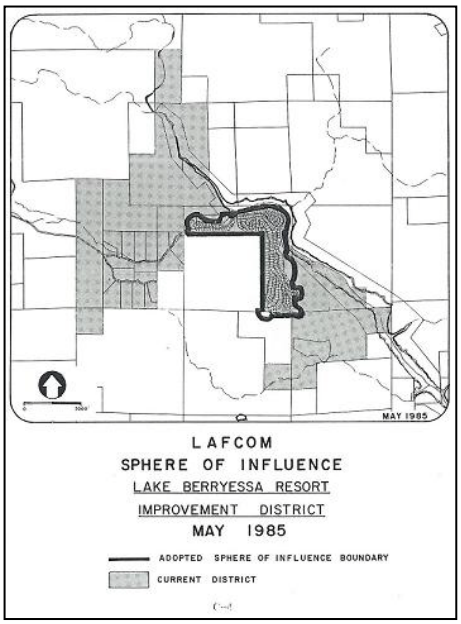
2.0 Current Activities

LBRID has a current operating budget of $1.53 million. This amount covers all approved operating expenses for both the water and sewer systems. An approximate ($0.646 million) operating deficit has been budgeted with close to four-fifths of the shortfall tied to repaying an earlier emergency loan provided by the County. LBRID's pre-audited fund balance at the beginning of the current fiscal year totals approximately $*** million. The majority of administrative services are provided directly by the County Public Works Department with operations & maintenance services provided by a contractor, Phillips and Associates.[12]

LBRID's jurisdictional boundary covers approximately 3.2 square miles or 2,033 acres.[13] Water and sewer services, however, are provided only within less than a tenth of the jurisdictional boundary and specifically within Unit Two in which there are 180 connected single-family residences along with one commercial establishment (Stagecoach Market).[14] The estimated resident population within Unit Two is 463. The total estimated population within LBRID – including Unit One – is 485.

3.0 Sphere of Influence

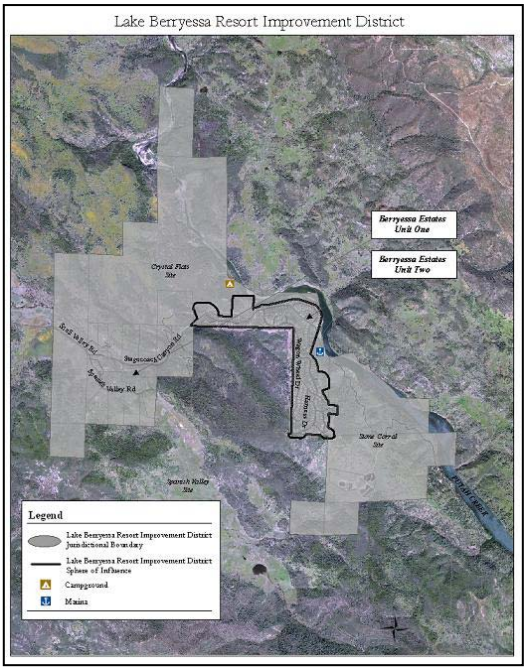
3.1 Establishment



LBRID's sphere was established by the Commission in May 1985. This action was prompted by earlier legislation requiring LAFCOs to establish spheres for all cities and special districts within their jurisdictions by December 1985.[15] Pertinently, in considering the establishment of a sphere, the Commission formally noted its concerns regarding LBRID's long-term financial viability given the lack of actual development as well as undercharged user rates; the Commission specifically noted the District's ongoing delinquencies involving the collection of availability charges. The Commission, given these considerations, established LBRID's sphere to include only parcels lying in Unit Two along with a limited number of adjacent lands expected to be developed for residential or public recreational uses over the next 10 year period; an action resulting in a sphere designation of 0.2 square miles or 176 acres.[16] The Commission also directed future resources to create a subcommittee to explore reorganizing LBRID into a community services district in order for the District to also provide garbage, fire, and street services. Further, the Commission directed LBRID to take action to initiate detachment proceedings involving the jurisdictional lands excluded from the sphere.

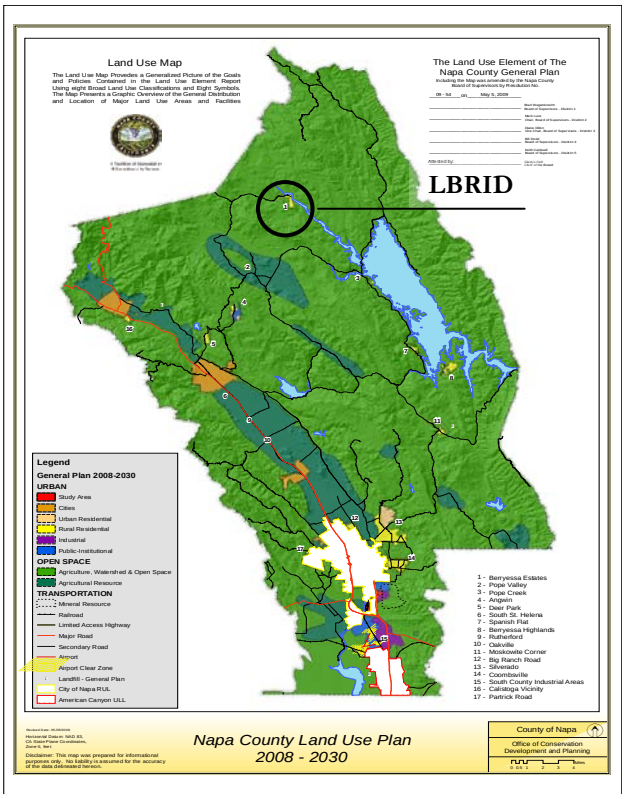
[12] LBRID also receives legal and accounting services from County Counsel and the Auditor's Office, respectively.
[13] There are approximately 400 parcels lying in LBRID with an overall assessed value of $33.1 million. A review of the database maintained by the County Assessor's Office indicates only one-half of the parcels have been developed as measured by the assignment of situs addresses. Developed assessor parcels with situs addresses in LBRID represent only 14% of the total land acres within the District.
[14] LBRID does not provide water or sewer services outside its jurisdictional boundary.
[15] Assembly Bill 498 (Cortese); Signed, Chapter 27, Statutes of 1983.
[16] There are a total of 1,857 jurisdictional acres encompassing 48 parcels in LBRID lying outside the sphere.

3.2 Amendments and Updates



The Commission affirmed LBRID's existing sphere designation with no changes as part of a scheduled update in 2007.[17] The update was prepared in conjunction with two earlier municipal service reviews examining countywide water and sewer provision. The earlier municipal service reviews both included determinations noting the need for LBRID to make a number of immediate improvements to its water and sewer systems along with, and tied to, stabilizing its financial solvency. The Commission also noted in both municipal service reviews the need to explore regional reorganization and/or consolidation opportunities given pervasive service challenges among all three special districts serving the Lake Berryessa shoreline. To this end, the Commission deferred considering any sphere changes for the affected agencies in the region – including LBRID – until completion of additional analysis regarding reorganization/consolidation opportunities.

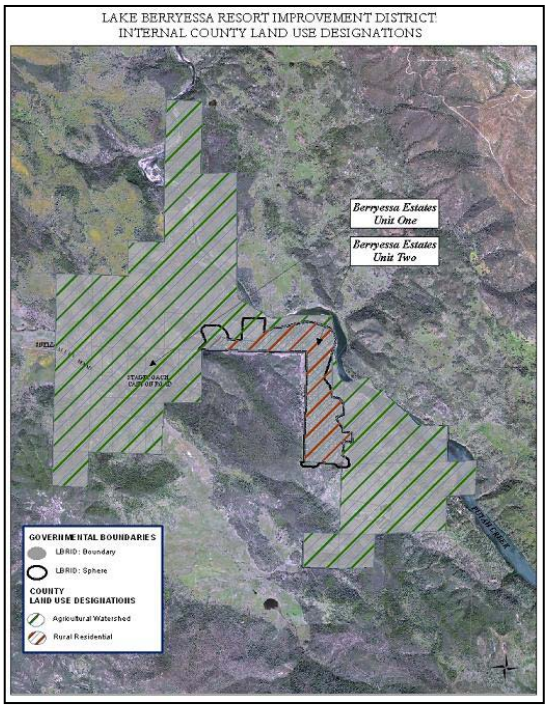
4.0 Planning Factors



LBRID operates entirely under the land use authority of the County. Its jurisdictional boundary anchor – Berryessa Estates – is one of 15 distinct unincorporated communities identified under the County General Plan. It is estimated the resident population within Berryessa Estates (485) accounts for less two percent of the overall unincorporated population (26,381) in Napa County. The nearest unincorporated community to Berryessa Estates is Pope Valley, which is approximately 10 miles to the southwest and accessible by way of Snell Valley Road/Pope Valley Road. St. Helena (Napa County) and Clearlake (Lake County) are the nearest incorporated communities at 25 miles to the west and north, respectively.

[17] The referenced update was preceded by new legislation requiring LAFCOs to review and update all city and special district spheres by 2008 and every five years thereafter.

4.1 Internal to Jurisdictional Boundary



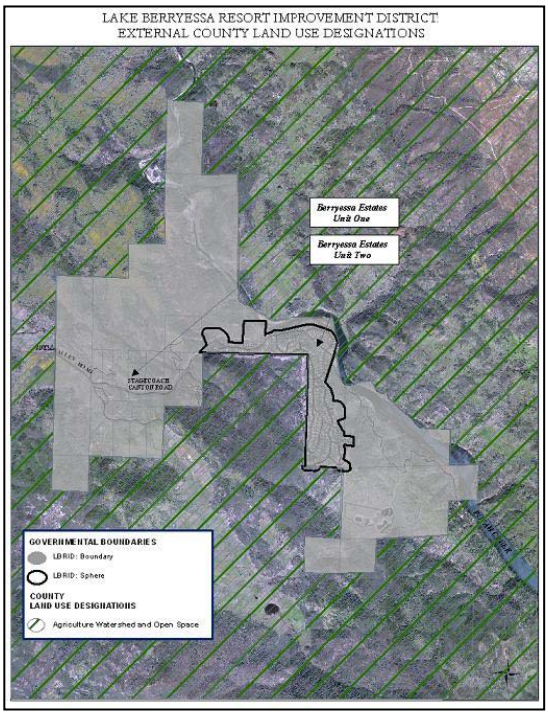
All lands within LBRID are divided between two distinct designations under the County General Plan: *Rural Residential* and *Agriculture, Watershed, and Open Space*. Jurisdictional lands designated as *Rural Residential* lie entirely within Unit Two and are intended to accommodate low density residential uses that are in proximity to existing urbanized areas that are either in agriculture or where further parcelization shall be discouraged. The minimum lot density is prescribed at 10 acres and precludes any further subdivision development based on existing lot sizes. Jurisdictional lands designated as *Agriculture, Watershed, and Open Space* apply to the majority of the affected areas lying outside of Unit Two and are intended to support the preservation of existing agricultural and open space uses. The minimum lot density is prescribed at 160 acres and precludes any additional subdivision development with the exception of a single existing lot located on the northern perimeter.[18] It is estimated over four-fifths of land within LBRID's jurisdictional boundary is currently undeveloped and mostly comprises natural chaparral or types of native vegetation. The remaining one-fifth of jurisdictional lands are principally developed with single-family residences in Units One (nine) and Two (180). There are also two separate community recreational sites within the jurisdiction and include marina and campground sites.

It is pertinent to note there has been a significant change in property ownership within LBRID in the last several years as a considerable amount of jurisdictional land is now owned by the Napa County Regional Park and Open Space District (NCRPOSD). Notably, in December 2010, Bournemouth LLC – a private entity that leased the affected lands to third party contactors to provide commercial camping and hunting activities – transferred at no cost the ownership of several properties within and adjacent to LBRID to NCRPOSD. The affected properties in LBRID now under the ownership of NCRPOSD are referred to as "Crystal Flats" and "Stone Corral" and include the referenced marina and campground sites. NCRPOSD anticipates developing these properties for public recreational activities although no specific projects are under consideration at this time.

[18] All jurisdictional lands within LBRID are zoned by the County as *Agriculture Watershed*; an application that reinforces the County's land use policy to discourage intensified urban uses in the area.

4.2 External to Jurisdictional Boundary

All lands immediately adjacent to LBRID's jurisdictional boundary are designated for non-urban uses under the County General Plan as *Agriculture, Watershed, and Open Space* and subject to a 160 acre minimum lot density. The pervasive land uses within these adjacent lands involve undeveloped open space characterized mostly by chaparral and other types of natural vegetation. The lone prominent exception involves a property to the south known as "Spanish Valley," which until recently was passively developed for commercial use as camping and hunting site before the previous owner – Bournemouth LLC – transferred ownership to NCRPOSD. Additionally, and to the west, there are a limited number of rural residences located along Stagecoach Canyon Road.[19]



IV. DISCUSSION

1.0 Objectives

The basic objective of this report is to identify and evaluate areas warranting consideration for inclusion or removal from LBRID's sphere as part of a scheduled update. Underlying this effort is to designate the spheres in a manner the Commission *independently* believes will facilitate the sensible and timely development of the District consistent with the objectives of the Legislature codified in CKH (emphasis added). Specific goals under this legislation include discouraging urban sprawl, preserving open space and prime agricultural lands, and providing for the efficient extension of governmental services.

The Commission's "Policy Determinations" were comprehensively updated in 2011 and provide general prescription in fulfilling its legislative objectives paired with responding appropriately to local conditions and circumstances. The Policy Determinations highlight the Commission's commitment to avoid the premature conversion of important agricultural or open space lands for urban uses through a series of restrictive allowances. This includes a broad prescription to exclude all lands designated as agricultural or open space from city and special district spheres for purposes of accommodating urban development with limited exceptions. An additional determination states the Commission's support for Measure "P" by assigning deference to the County General Plan as it relates to determining agricultural and open space land use designations.[20]

[19] There are three prominent private landowners with properties immediately adjacent to LBRID: Vasconi to the north and east; Renati to the northwest; and Smeding to the immediate west. The Bureau of Reclamation also owns the majority of lands immediately to the south of LBRID's jurisdictional boundary.

[20] Measure P – formerly Measure J – was initially enacted by Napa County voters in 1990 and prohibits the County from amending agricultural or open space land use designations for urban uses without electorate approval through 2050. Measure P only applies to unincorporated lands.

2.0 Timeframe

State law requires LAFCOs review and update each local agency's sphere by January 1, 2008 and every five years thereafter as needed. Accordingly, it has been the practice of the Commission to update each local agency's sphere in a manner emphasizing a probable five-year annexation area; actual annexation approval, however, is dependent on the Commission determining whether the specific timing of a proposed boundary change is appropriate.[21] This update's analysis is consistent with this practiced timeframe.

V. STUDY CATEGORIES

1.0 Criteria

This report and its analysis on potential sphere modifications for LBRID is predicated on the core policy interest of the Commission to consider the District's existing prescribed role in providing public water and sewer services in support of the Berryessa Estates community.[22] This involves, most pertinently, considering the community's need for LBRID's services relative to the District's ability to provide these services consistent with the Commission's interests. Information collected and analyzed in the Commission's recent municipal service review on the Lake Berryessa region is incorporated herein.

2.0 Selection

Based on the criteria outlined in the preceding paragraph, one study category – "A" – has been selected for evaluation in this report for possible inclusion into LBRID's existing sphere. This study category has been selected for review given it represents lands totaling 1,857 acres that are all existing jurisdictional lands lying outside the current sphere. Further, based on ownership factors, this study category is divided into three distinct subareas labeled "A-1," "A-2," and "A-3." A map depicting the study category and its three subareas follows.

It is important to note the report does not identify any areas lying outside LBRID's current jurisdictional boundary for possible inclusion into the District's sphere. The decision not to consider expanding the sphere beyond LBRID's jurisdiction appears appropriate at this time given the lack of perceived need for public water or sewer services coupled with the County's land use policies discouraging urban development. Irrespective of these comments, and for purposes of serving as a placeholder for a future review, there may be merit to a future sphere amendment outside the current jurisdictional boundary involving a portion of land owned by the United States' Bureau of Land Management (BLM) located immediately adjacent to Unit Two and opposite to the intersection of Harness Drive and Mustang Court. The affected land, notably, is subject to a current application by NCRPOSD to assume ownership given BLM has listed it as "surplus" and has been identified as a plausible site for a County fire station if/when funding becomes available.

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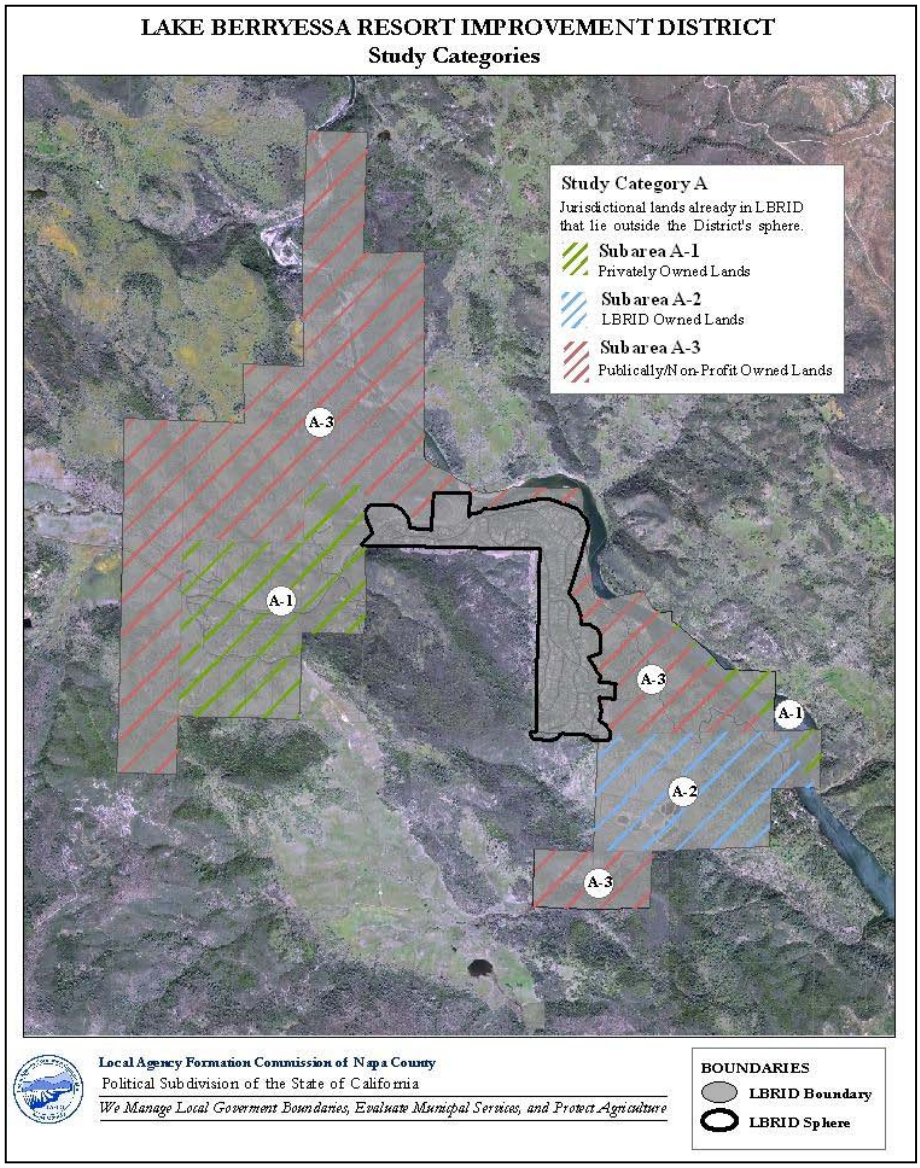
[21] LAFCOs are directed to consider 15 specific factors under G.C. Section 56668 anytime it reviews a proposed boundary change for purposes of informing the appropriateness of the action. Additionally, it is Commission policy to discourage annexations to cities and districts involving undeveloped or underdeveloped lands without a known project or development plan.

[22] The recent municipal service review noted there may be need/benefit for reorganizing LBRID into a community services district (CSD) to, among other things, provide additional elevated governmental services within the Berryessa Estates community; most specifically public fire protection, roads, and recreation services. The municipal service review concluded it would be appropriate to defer taking any reorganization action on LBRID in deference to prioritizing – and then using as a model – the reorganization of Napa Berryessa Resort Improvement District (NBRID) into a CSD.



VI. ANALYSIS

1.0 Evaluation Factors

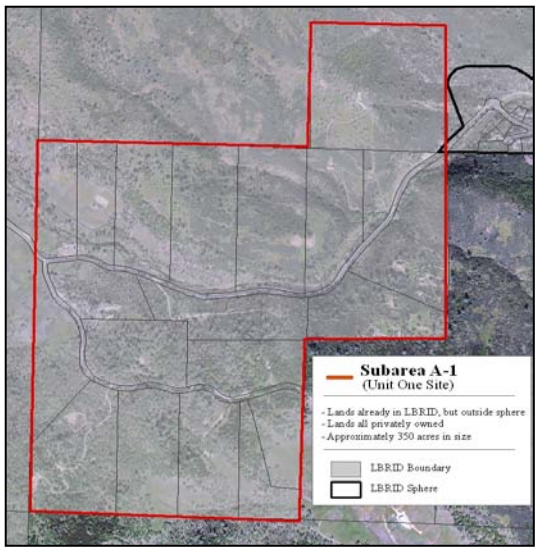
The evaluation of the study category and its three subareas selected for review as part of this report are organized to focus on addressing the five factors the Commission is required to consider anytime it makes a sphere determination under CKH. These five factors are: (a) present and planned uses; (b) present and probable need for public facilities and services; (c) present adequacy and capacity of public services; (d) existence of any social or economic communities of interest; and (e) if the agency provides water, sewer, or fire protection, present and probable need for these services for any disadvantaged unincorporated communities. Conclusions are offered for each subarea relative to evaluating the preceding factors along with incorporating the policies of the Commission in administering LAFCO law in Napa County. This includes, in particular, considering the merits of any proposed changes relative to the Commission's four basic and interrelated policies with respect to determining the appropriate constitution of a special district sphere as summarized below.

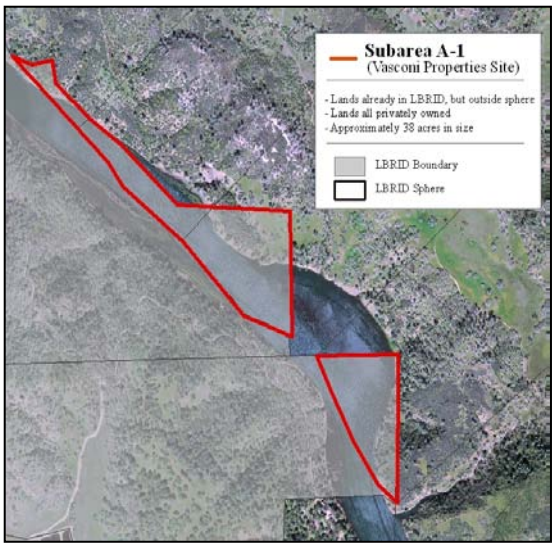
- The location of a special district's sphere shall serve to promote appropriate urban uses as independently determined by the Commission with limited exceptions.
- A special district's sphere should reflect existing and planned service capacities based on information independently analyzed by the Commission.
- Lands designated for agricultural or open space uses shall not be included in a special district's sphere for purposes of facilitating urban development unless special and merited circumstances exist as determined by the Commission.
- A special district's sphere shall guide annexations within a five-year planning period. Inclusion of land within a sphere, however, shall not be construed to indicate automatic approval of a subsequent annexation proposal; annexations will be considered on their own merits with deference assigned to timing.

2.0 Study Category A

2.1 Subarea A-1

A-1 comprises privately owned lands located within LBRID's jurisdictional boundary that lie outside the District's sphere. This subarea totals 388 approximate acres with all or portions of 24 lots. It is also divided into two non-contiguous sites. The larger of the two sites includes 20 lots comprising Unit One; one of the two planned phases of Berryessa Estates actually developed. The smaller of the two sites includes all or portions of four lots located on the eastern shoreline of Putah Creek; most of which lies underneath the waterway and are byproducts of subdivisions established prior to the creation of Lake Berryessa. This smaller site and its four lots are owned by the same family: Vasconi. These sites comprising the subarea are referred hereafter as "Unit One" and "Vasconi Properties." Aerial maps follow.





Present and Planned Uses

The larger of the two sites comprising the subarea is partially developed with single-family residential estates along with other related improvements. The smaller site is undeveloped with no permanent structures or improvements. An expanded summary of present and planned uses within each site follows.

- The Unit One site is 350 acres in size and located immediately to the west of LBRID's sphere. This site is primarily dedicated to large single-family residential estates with average lot sizes of 15 acres. Close to one-half of the lots have been developed with estate residences resulting in an estimated resident population of 23. Other relevant improvements within Unit One include two paved roads that provide direct ingress/egress to Unit Two: Stagecoach Canyon and Spanish Valley. It is reasonable to assume, given lot sizes and topography considerations, any future development within the remaining undeveloped lots would be limited to single-family residences as allowed under County policy and would, accordingly, produce a total buildout population of 52.

- The Vasconi Properties site is 38 acres in size and located to the east of LBRID's sphere. This site is entirely undeveloped with no identifiable improvements. There is no direct access to the site from Unit Two. Further, given its location on the eastern shoreline of Putah Creek, no future development of the Vasconi Properties is expected due to the County's stream setback requirements.

Present and Probable Need for Public Facilities and Services

It appears the present and probable need for public services within the subarea applies only to the Unit One site and is limited to water based on earlier reviews as well as communications with affected landowners. To this latter point, staff has been periodically contacted over the last several years with respect to receiving interest from affected landowners in Unit One in establishing water service with LBRID. Funding the necessary infrastructure to extend water services into Unit One, however, remains an outstanding issue. All other services in Unit One appear to be adequately provided and/or are available now and into the foreseeable future to accommodate existing and probable residential estate land uses. This includes an adequate level of basic law enforcement, fire protection, and road services provided by the County as well as sufficient lot sizes to accommodate private septic systems. No public services appear needed within the Vasconi Properties site given their existing and probable future uses as noted in the preceding paragraph.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID's water and sewer services was performed in the Commission's recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the Unit One site – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID's existing sewer collection and storage capacities are already significantly overtaxed in meeting current

demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to Unit One is infeasible given these existing capacity limitations. These preceding comments also apply to the Vasconi Properties site with the added qualification the subject lands' location on the eastern side of Putah Creek would necessitate underwater piping to accommodate – if ever needed – water and sewer service.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established and maintained substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. Other relevant and tying factors include all of the affected lands' ongoing contribution of property tax proceeds, which help to fund LBRID's general operations. Additionally, and specific to the Unit One site, these affected lands participated in paying an earlier bond measure involving the construction of Stagecoach Canyon Road; Berryessa Estates' lone access point.

Irregardless of the these comments, the County's subsequent redesignation and rezoning of the subarea for non-urban uses following LBRID's formation has changed and weakened the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies – among other factors – in choosing to exclude the subarea from LBRID's sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

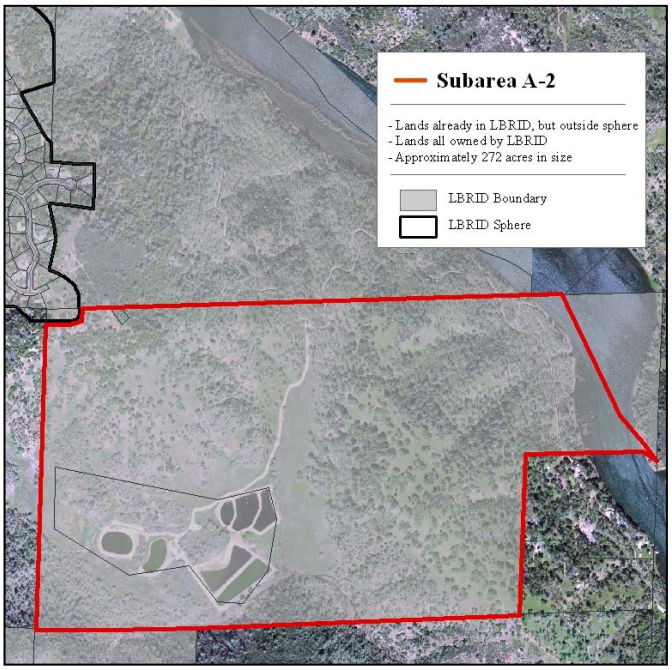
Neither of the two sites – Unit One or Vasconi Properties – qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

GENERAL CONCLUSIONS

The addition of A-1 to the sphere is merited if the Commission's preference is to assign deference to the affected lands' existing social and economic ties to LBRID as a result of their standing inclusion in the District. These social and economic ties are further pronounced for the Unit One site given the landowners' earlier participation in funding the community's lone access point: Stagecoach Canyon Road. Adding Unit One would also seemingly reflect the interest of landowners to remain in LBRID for purposes of eventually establishing water service for their existing or planned single-family residential estates. It would be merited, nonetheless, to continue to exclude this subarea from the sphere if it is the preference of the Commission to assign deference to one or more of the other policy factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

2.2 Subarea A-2

A-2 comprises lands owned by LBRID and located within its jurisdictional boundary, but lie outside the sphere. This subarea totals approximately 272 acres. It consists of one contiguous site made up of all or portions of three lots; one of which contains LBRID's treated wastewater ponds and adjacent spray fields while the other two are substantially undeveloped with the notable exception of a paved private road. The subarea represents the central portion of Stone Corral. An aerial map follows.



Present and Planned Uses

The entire subarea is undeveloped with no permanent structures. There are, however, several improvements located within the lots comprising the subarea. The middle sized lot is 32 acres in size and entirely dedicated to LBRID's wastewater treatment facilities. The treatment facilities are anchored by a basic aerobic/anaerobic pond system in which solids are continually suspended as wastewater is gravity-flowed between four treatment ponds before settling into one of three finishing ponds. The remaining portion of this lot is used as a spray field for the treated wastewater. The largest lot is 240 acres in size and part of Stone Corral. This larger lot includes a small number of improvements that include a paved private road along with auxiliary features tied to its previous use as a commercial/hunting site (i.e., dirt trails and staging areas). LBRID assumed ownership for the larger lot in December 2010 as part of a land donation made by Bournemouth LLC. It is expected that LBRID will eventually construct additional treatment/finishing ponds on the larger lot pending the completion of a new facilities plan. LBRID staff also states the District will transfer the portion of the larger lot that is not needed for the expansion of the District's wastewater treatment facilities to NCRPOSD.

Present and Probable Need for Public Facilities and Services

It appears the present need for public services within the subarea is limited given its existing and future land uses to include only a basic level of fire protection and law enforcement; all of which are adequately provided at this time by the County. It is possible additional public services – such as water and sewer – will be needed in the future for the larger of the three lots comprising the subarea if, as anticipated, NCRPOSD assumes ownership and proceeds with developing a public park project.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID's water and sewer services was performed in the Commission's recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the subarea – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID's existing sewer collection and storage capacities are already significantly overtaxed in meeting existing demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to the subarea appears infeasible given these existing capacity limitations.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. These social and economic ties were further enhanced with LBRID recently assuming ownership of all of the affected lands as of December 2010.

Irregardless of the above comments, and similar to the other subareas reviewed in this update, the County's subsequent redesignation and rezoning of this subarea for non-urban uses following LBRID's formation has changed and weakened the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies – among other factors – in choosing to exclude the subarea from LBRID's sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

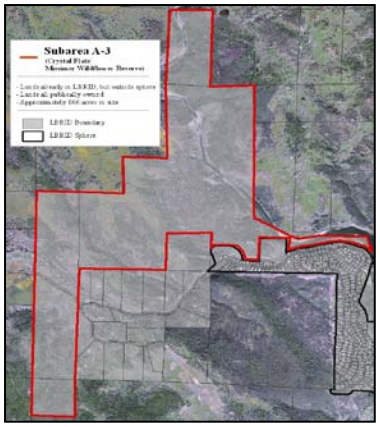
The subarea does not qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

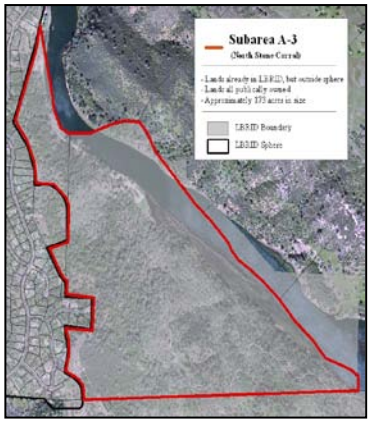
GENERAL CONCLUSIONS

The addition of A-2 to the sphere is merited if the Commission's preference is to assign deference to the affected lands' existing social and economic ties as a result of their standing inclusion in the District. The addition of the subarea would also recognize LBRID's present ownership of the affected lands, which by Commission practice has served as justification in including lands in other special district sphere designations. It is also reasonable to assume – although uncertain at this time – the anticipated future landowner change for a significant portion of the subarea to NCRPOSD would be in advance of a potential public park project and may trigger the need for water and sewer services. It would be merited, nonetheless, to continue to exclude this subarea from LBRID's sphere if it is the preference of the Commission to assign deference to one or more of the other factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

2.3 Subarea A-3

A-3 comprises lands owned by either public or nonprofit agencies located within LBRID's jurisdictional boundary, but lie outside the District's sphere. This subarea totals approximately 1,115 acres and comprises all or portions of nine lots. It is also divided into three non-contiguous sites identified as "Crystal Flats/Missimer Wildflower Reserve," "North Stone Corral," and "South Stone Corral." Aerial maps for all three sites follow.





Present and Planned Uses

All three sites comprising the subarea are undeveloped with no permanent structures. There are limited physical improvements and auxiliary facilities, however, within all three sites to accommodate past and/or current passive recreational activities. An expanded summary of present and planned uses within each site follows.

- The Crystal Flats/Missimer Wildflower Preserve site is the largest of the three sites comprising the subarea with 866 acres. The majority of the affected lands is owned by NCRPOSD and comprises the Crystal Flats area and includes limited improvements primarily tied to a locked gated camping ground located along the western shoreline of Putah Creek. The campground consists of several picnic tables and portable toilets; all of which are voluntarily managed by the Berryessa Estates Property Owners Association. It appears – although no projects are planned at this time – NCRPOSD will eventually consider additional improvements for the Crystal Flats area as part of a future public park/recreational project. The remaining lands in this site are owned by the Napa County Land Trust and have been under permanent conservation since 2000. These lands comprise the Missimer Wildflower Preserve area, which is gated and available for public touring by appointment. Improvements within this area are limited to a paved driveway that provides vehicle access to an adjacent residence from Snell Valley Road.

- The Northern Stone Corral site is 173 acres in size and entirely owned by NCRPOSD. The affected lands include limited improvements that are primarily tied to an unlocked gated marina located along the western shoreline of Putah Creek. The marina is managed by the Berryessa Estates Property Owners Association and includes picnic tables, portable toilets, and a boat launch. A stone corral – presumably constructed in the early 1900s – also borders a portion of the marina. It appears – although no projects are planned at this time – NCRPOSD will eventually consider additional improvements for the Northern Stone Corral site as part of a future public park/recreational project.

- The Southern Stone Corral Site is 76 acres in size and entirely owned by NCRPOSD. The affected lands include limited improvements that are primarily tied to its previous use as a commercial/hunting site (i.e., dirt trails and staging areas). NCRPOSD assumed ownership for the larger lot in December 2010 as part of a land donation made by Bournemouth LLC. It appears – although no plans exist – NCRPOSD will eventually consider additional improvements for the Southern Stone Corral site as part of a future public park/recreational project.

Present and Probable Need for Public Facilities and Services

It appears the present need for public services within the subarea is limited given its existing and future land uses to include only a basic level of fire protection and law enforcement; all of which are adequately provided at this time by the County. It is possible additional public services – such as water and sewer – will be needed for the Corral Stone sites in the future if NCRPOSD proceeds with developing a public park/recreational project.

Present Adequacy and Capacity of Public Services

A detailed review of the adequacy and capacity of LBRID's water and sewer services was performed in the Commission's recently completed municipal service review on the Lake Berryessa region. The municipal service review indicates LBRID has adequate water supply, treatment, and storage capacities to accommodate existing and probable demands within its current service area into the foreseeable future. Providing new water service to the subarea – irrespective of how the actual extension would be funded – could be accommodated given these existing capacities and assuming reasonable usage requirements. The municipal service review, however, notes LBRID's existing sewer collection and storage capacities are already significantly overtaxed in meeting existing demands during peak wet periods within the current service area and require immediate improvements. Providing new sewer service to the subarea appears infeasible given these existing capacity limitations.

Existence of Any Social or Economic Communities of Interest

The entire subarea has established substantive social and economic ties with LBRID given the lands' existing inclusion within the District's jurisdictional boundary. The inclusion of the subarea in the jurisdictional boundary, specifically, reflects a standing governance assumption originally established by the Commission that the affected lands, as they develop, are to be served by LBRID. Irregardless of the these comments, and similar to the other subareas reviewed in this update, the County's subsequent redesignation and rezoning of this subarea for non-urban uses following LBRID's formation has changed and lessen the affected lands' social and economic ties to the District. These changes in land use policies for the subarea, in particular, have created a disconnect with respect to a special district with urban type service powers for lands now planned for non-urban uses. The Commission previously deferred to these changes in land use policies, among other factors, in excluding the subarea from the sphere.

Present and Probable Need for Water, Sewer, or Fire Protection for Any Disadvantaged Unincorporated Communities

The subarea does not qualify as disadvantaged unincorporated communities under LAFCO law. No further analysis is required.

GENERAL CONCLUSIONS

The addition of A-3 to the sphere appears merited if the Commission's preference is to assign deference to the affected lands' existing social and economic ties to LBRID as a result of their standing inclusion in the District. This deference appears particularly applicable to the Stone Corral sites given it is reasonable to assume – although uncertain at this time – the future development of a public park/recreational project within these lands may trigger the need for LBRID's water and sewer services. It would be merited, nonetheless, to continue to exclude this subarea from LBRID's sphere if it is the preference of the Commission to assign deference to one or more of the other policy factors – such as consistency with land use factors and service plans – addressed in the accompanying analysis. An expanded discussion on these conclusions and other related issues is provided in the Executive Summary.

II. EXECUTIVE SUMMARY

A. Overview

The Lake Berryessa region is home to close to 10% of the total unincorporated population in Napa County. Nearly all of this population resides within one of four distinct unincorporated communities: Berryessa Estates; Berryessa Highlands; Berryessa Pines; and Spanish Flat. All four communities began developing subdivided lots in the early 1960s with the expectation they would eventually and collectively result in roughly 7,000 residential units with a permanent population of over 15,000. The development of these communities, however, currently stands at one-tenth relative to initial expectations with approximately 700 residential units and an estimated population of 1,800.

Governmental services in the region are principally limited to public water and sewer provided by LBRID (Berryessa Estates), NBRID (Berryessa Highlands), and SFWD (Berryessa Pines and Spanish Flat); other pertinent public services available in the region, including public safety, roads, and waste disposal, are provided at a basic level by the County of Napa. The lack of planned development in the region has resulted in significant diseconomies of scale for LBRID, NBRID, and SFWD in which they must spread out their increasing service costs among relatively small customer bases. Markedly, the diseconomies of scale coupled with past policy decisions to limit user charges have directly contributed to all three Districts developing structural deficits with no operating reserves while deferring needed capital improvements – especially to the sewer systems. These financial challenges appear most pressing for LBRID and NBRID as they have become entirely dependent on the County over the last two years for emergency loans to maintain cash flow. The pending redevelopment of the United States Bureau of Reclamation's seven concession sites in the region has also created additional financial constraints on NBRID and SFWD with respect to losses in past and future operating revenues. Specifically, the two concession sites served by NBRID and SFWD were closed in 2008 and are not expected to be fully operational until 2021. Uses within these two concession sites are also expected to be developed at significantly lower densities indicating a measurable decline in associated revenues.

In step with the financial and service challenges permeating the region, there appears to be a growing desire among landowners and residents within both LBRID and NBRID to reorganize the respective agencies to become independent from the County. The desire for independence appears most strong among NBRID constituents based on ongoing communication with the Commission. This includes support from the new concessionaire contracted to develop and operate the former Steele Park Resort site, the Pensus Group. The County Board of Supervisors – serving as the NBRID Board – agrees with this sentiment and has formerly requested the Commission expeditiously reorganize the District into a community services district as allowed under Senate Bill 1023.[4] The County's request includes allowing the Supervisors to continue to serve as the District Board as part of a transition plan negotiated with community stakeholders with the goal of calling for an election to seat new board members on or before November 2012. Importantly, though it will not in and of itself improve solvency, reorganizing NBRID into a community services

[4] Senate Bill 1023 became effective January 1, 2011 and authorizes LAFCOs to reorganize resort improvement districts into CSDs with the same powers, duties, and boundaries while waiving protest proceedings. The legislation also authorizes LAFCOs to condition approval to include the election of five resident voters to serve as board members.

district with the same powers and jurisdiction is merited. Reorganization would position the community to become more responsive to changes in constituent needs by having the power to provide additional municipal services in support of Berryessa Highlands' continued development. This statement is particularly pertinent given State law restricts NBRID to only provide water and sewer services due to a 1971 amendment to its principal act. In contrast, State law would allow the new community services district – subject to future Commission approval – to provide a full range of municipal services, such as roads, parks, and fire protection. Reorganization would also improve public accountability by presumably facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County to local residents.

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.

1. Growth and population projections for the affected area.

Regional Statements

a) LBRID, NBRID, and SFWD are the governmental agencies solely responsible for providing public water and sewer services in support of the four unincorporated communities located within the region: Berryessa Estates; Berryessa Highlands; Berryessa Pines; and Spanish Flat. The current and future welfare of these communities is dependent on the solvent operations of these three agencies.

b) The combined estimated resident service population within LBRID, NBRID, and SFWD totals 1,804 and represents 6.3% of the overall unincorporated population.

c) It is estimated LBRID, NBRID, and SFWD have experienced a combined 1.9% annual growth rate over the last five years resulting in 153 new residents within their respective jurisdictional boundaries. This combined growth rate exceeded growth in the remaining unincorporated areas over the last five years by a ratio of six to one.

d) It is reasonable to assume the rate of population growth within LBRID, NBRID, and SFWD relative to the last five years will decrease by nearly one-half from its current annual estimate of 1.9% to 1.0% based on demographic information recently issued by the Association of Bay Area Governments. If this assumption proves accurate, the combined resident population in all three districts will be 1,896 by 2015.

e) Current non-residential growth within the Lake Berryessa region is primarily limited to relatively small commercial and local-serving sites predominantly located within SFWD's Spanish Flat service area. Limited public recreational uses also currently exist throughout the region and are tied to private concessionaire arrangements managed by the United States Bureau of Reclamation. These existing non-residential uses have relatively minimal impact on public water and sewer service demands.

f) It is reasonable to assume public recreational uses in the Lake Berryessa region will significantly expand in the timeframe of this review in conjunction with the United States Bureau of Reclamation's redevelopment plans for the seven concessionaire sites located along the shoreline. Two of the seven concessionaire sites, Lupine Shores and Foothill Pines Resorts, are located within NBRID and SFWD's respective jurisdictional boundaries and will – based on the development plans recently approved by the Bureau – measurably impact these agencies' water and sewer systems.

g) The planned uses for the remaining five concessionaire sites in the Lake Berryessa region suggest it would be appropriate to consider including the affected lands within the spheres of influence of existing or new special districts to help support their orderly growth and uses given the Commission's policies and objectives. Consideration should incorporate and defer, as appropriate, to the input and preferences of the United States Bureau of Reclamation.

Agency Specific Statements

a) Residential uses comprise nearly all development within LBRID and currently include 188 developed single-family lots with an estimated resident population of 483. Buildout would presumably involve the development of the remaining 193 privately-owned lots in Berryessa Estates' Unit One and Unit Two and result in the District's resident population more than doubling to 979.

b) Residential uses in NBRID currently comprise 358 developed single-family lots with an estimated resident population of 920. Buildout would presumably involve the development of the remaining 267 privately-owned lots in Berryessa Highlands' Unit One and Unit Two and result in the District's resident population increasing by over one-half to 1,606.

c) NBRID's buildout is also expected to include the opening of Lupine Shores Resort with demands equivalent to 88 lots or users; an amount measurably less than the 228 equivalent lots associated with the former Steele Park Resort.

d) Residential uses in SFWD currently comprise 167 single-family and mobile home residences with an estimated population of 401. Buildout would presumably involve the development of the remaining 62 privately-owned lots within Berryessa Pines and Spanish Flat and result in the District's resident population increasing by over one-third to 560.

e) SFWD's buildout is also expected to include the opening of Foothill Pines Resort with demands equivalent to 36 lots or users; an amount measurably less than the 221 equivalent lots associated with the former Spanish Flat Resort.

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

Regional Statements

a) LBRID, NBRID, and SFWD's infrastructure systems – particularly relating to sewer – are becoming increasingly inefficient in meeting current demands as a result of antiquated facilities coupled with new regulatory standards.

b) Contracted water supplies with the Napa County Flood Control and Water Conservation District are sufficient with respect to accommodating current and projected annual demands at buildout within LBRID, NBRID, and SFWD's respective jurisdictional boundaries. These supplies are a byproduct of the United States Bureau of Reclamation's Solano Project and considered reliable during single and multiple-dry year conditions based on historical levels at Lake Berryessa.

c) LBRID, NBRID, and SFWD's water treatment and storage capacities are adequately sized to meet current and projected peak day demands within the timeframe of this review. These existing capacities help to ensure adequate reserves are available during an emergency or interruption in service as required under State law.

d) Moderate to significant water treatment and storage capacity expansions will be needed to meet projected peak day demands at buildout within LBRID, NBRID, and SFWD's Spanish Flat service area.

e) Other pertinent public services in the region, including law enforcement, fire protection, street maintenance, and waste disposal, are provided directly or indirectly by the County of Napa and appear to have sufficient capacities relative to existing community needs. Community preferences to elevate the range and level of these County-provided services would require local funding and presumably need to delegate to an existing or new special district.

Agency Specific Statements

a) The buildout of LBRID's jurisdictional boundary is expected to more than double its annual water demand from 29.5 to 65.7 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 33% of its contracted water supply.

b) LBRID's water treatment and storage facilities have surplus capacity in meeting the current peak day demand total of 0.40 acre-feet. This total represents 52% and 32% of the District's available treatment and storage capacities, respectively, and is expected to accommodate peak day demands through the timeframe of this review.

c) A moderate expansion to LBRID's water treatment capacity in the amount of 0.08 acre-feet would be needed for the District to meet its projected peak day demand of 0.85 acre-feet at buildout within Berryessa Estates.

d) LBRID's sewer system is designed with sufficient capacity to meet average day demands within its jurisdictional boundary through the timeframe of this review. Current peak day wet-weather demands, however, substantially exceed existing capacities by over 40%. These excessive totals are attributed to increasing infiltration into the collection system and have directly resulted in a series of unauthorized spills leading to two substantial fines by the Regional Water Quality Control Board.

e) Excessive peak day wet-weather demands for LBRID are expected to continue without significant improvements to the collection system to reduce infiltration, and therefore subject the District to additional fines and related sanctions.

f) The buildout of NBRID's jurisdictional boundary – including the planned development of Lupine Shores Resort – is expected to nearly double the District's current annual water demand from 71.4 to 132.6 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 44% of its contracted water supply.

g) NBRID's water treatment and storage facilities have surplus capacity in meeting the current peak day demand total of 1.5 acre-feet. This total represents 79% and 98% of the District's available treatment and storage capacities, respectively, and is expected to accommodate peak day demands through the timeframe of this review.

h) Significant improvements would be needed to increase NBRID's water treatment and storage capacities to meet the projected peak day demand of 2.6 acre-feet at buildout within Berryessa Highlands.

i) NBRID's sewer system is designed with sufficient capacity to meet current average day demands within its jurisdictional boundary through the timeframe of this review. Current peak day wet-weather demands, however, substantially exceed the District's existing capacity by over 50% due to pervasive infiltration into the collection system as well as poor drainage at its spray field site.

j) Excessive demands on the sewer system during extended storm events have directly resulted in NBRID receiving multiple violation notices from the Regional Water Quality Control Board as well as a recent Cease and Desist Order directing the District to limit its average day sewer flows to 50,000 gallons; an amount the District will continue to exceed without significant improvements to its collection system.

k) The need for substantial improvements to NBRID's sewer collection system to reduce infiltration is evident given current average day demands during dry weather equal close to 100% of the District's daily water demands.

l) The buildout of SFWD's entire jurisdictional boundary – including the planned development of Foothill Pines Resort – is expected to raise the District's annual water demand by over three-fifths from 59.0 to 94.5 acre-feet. This projected buildout demand can be reliably accommodated by the District given the total would represent only 47% of its contracted water supply.

m) SFWD's water treatment and storage facilities within the Berryessa Pines service area have surplus capacities in meeting the current peak day demand total of 0.17 acre-feet. This total represents 39% and 55% of the District's available treatment and storage capacities, respectively, in the service area and is expected to accommodate peak day demands through the timeframe of this review.

n) No additional capacity expansions would be needed to SFWD's water treatment and storage facilities within the Berryessa Pines service area to meet the projected peak day demand of 0.22 acre-feet at buildout.

o) SFWD's sewer system in the Berryessa Pines service area appears to be adequately designed to accommodate current average and peak day demands, although specific capacity levels are not documented. The lack of documentation creates uncertainty in assessing the ability of the District to sufficiently accommodate additional sewer demands within Berryessa Pines.

p) SFWD's water treatment capacity within the Spanish Flat service area has surplus capacity in meeting the projected peak day demand total of 0.31 acre-feet. This total represents 58% of SFWD's available treatment capacity and is expected to accommodate peak day demands through buildout.

q) Overall storage capacities within SFWD's Spanish Flat service area are presently operating beyond capacity relative to accommodating the current peak day demand total of 0.31 acre-feet. This existing constraint is specifically tied to deficient storage within the initial pressure zone, which currently serves close to three-fourths of the customer base and is undersized by one-fifth in meeting its proportional share of the peak day water demand.

r) Significant improvements would be needed to nearly double SFWD's overall water storage capacities within the Spanish Flat service area to meet the projected peak day demand of 0.52 acre-feet at buildout.

s) SFWD's sewer system in the Spanish Flat service area is designed with sufficient capacity to meet current and projected average as well as peak day demands through the timeframe of this review. Improvements would be needed to increase capacity during wet-weather conditions at buildout.

3. Financial ability of agencies to provide services.

Regional Statements

a) The ability of LBRID, NBRID, and SFWD to generate adequate operating revenues in the absence of high user charges is difficult given the lack of planned development within their respective jurisdictional boundaries. The diseconomies of scale associated with the lack of planned development coupled with past policy decisions to limit user charges have directly contributed to all three agencies developing structural deficits with no operating reserves.

Agency Specific Statements

a) Solvency for LBRID and NBRID remains a critical issue as both districts have experienced precipitous declines in their unrestricted reserves due to persistent operating shortfalls resulting in negative balances.

b) LBRID has experienced over a 400% decline in its unrestricted fund balance over the last five years from $0.14 to $(0.72) million. This decrease is attributed to $1.01 million in net income losses since 2006.

c) NBRID has experienced over a 300% decline in its unrestricted fund balance over the last five years from $0.25 to $(0.58) million. This decrease is attributed to $0.96 million in net income losses since 2006.

d) Due to their structural deficits in which expenses have been consistently exceeding revenues, LBRID and NBRID have become entirely dependent on discretionary loans from the County of Napa to maintain positive cash flows.

e) The ability and consent of LBRID and NBRID constituents to assume additional costs is uncertain since they currently pay on average $304 and $217 per month, respectively, for water and sewer related services; totals believed to be the highest in Napa County.

f) The current financial position of SFWD is uncertain given no audit has been prepared on the District's financial statements since the 2006-2007 fiscal year; a year in which the District finished with an unrestricted fund balance of ($0.26 million).

4. Status and opportunities for shared facilities.

Regional Statements

a) LBRID, NBRID, and SFWD serve unincorporated communities with common social and economic interests directly tied to residential, commercial, and recreational activity at Lake Berryessa. These common interests suggest all three districts continue to pursue existing and new opportunities to share resources for the collective benefit of their respective constituents.

b) LBRID, NBRID, and SFWD should explore opportunities to contract with a single vendor to provide administrative and operational support services. This type of arrangement may help economize limited resources while establishing more uniform levels of management services. This type of arrangement may also serve as a litmus test in considering the merits of other resource-sharing alternatives in the region.

Agency Specific Statements

a) LBRID and NBRID's organizational dependency to the County of Napa provides continual cost-savings with respect to the districts sharing staff, equipment, and materials. It is reasonable to assume separating one or both of the districts from the County would result in moderate to significant cost increases to the agencies.
b) SFWD reports it has made a concerted effort to no avail in the past to explore mutually beneficial opportunities to share resources with other districts in the greater area, including NBRID and Circle Oaks County Water District. The Commission commends these efforts and encourages SFWD to continue pursuing cost sharing efficiencies with other neighboring agencies.

c) A significant portion of SFWD's potable water system is located on federal property under an easement with the United States Bureau of Reclamation that expired in 1999. It is imperative SFWD renew its easement with the Bureau to ensure the District has immediate and timely access to its service infrastructure.

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

Regional Statements

a) LBRID, NBRID, and SFWD are governed and managed by responsive and dedicated public servants operating under challenging circumstances with respect to maximizing the use and benefit of limited resources on behalf of their respective constituents.

b) LBRID and NBRID have made concerted efforts over the last several years to improve outreach with their respective constituents. These efforts have helped clarify the roles and responsibilities of the Districts apart from the County of Napa and contributed to strengthening the social and economic interests within the communities.

c) It would be advantageous for LBRID, NBRID, and SFWD to each develop and maintain agency websites for purposes of posting pertinent service and financial information for public viewing. These actions will strengthen the Districts' accountability to their respective constituents while helping to foster needed civic engagement regarding the current and planned services of the agencies.

Agency Specific Statements

a) LBRID and NBRID were formed to provide a broad range of municipal services for the Berryessa Estates and Berryessa Highlands communities. However, due to an amendment to their principal act, the Districts are limited to providing only water and sewer services with all other pertinent public services generally provided at a basic level by the County of Napa.

b) It is reasonable to assume the continued development of the Berryessa Estates and Berryessa Highlands communities will eventually necessitate the need for other elevated public services to support existing development; services that would require either expanding LBRID and NBRID's powers through reorganizations or creating new special districts.

c) LBRID and NBRID are governed by the County of Napa Board of Supervisors who are elected by, and accountable to, registered voters residing in their assigned ward. This governance system diminishes local accountability given constituents are limited to voting for only one of the five District board members.

d) There is increasing acrimony among LBRID and NBRID constituents with respect to the County of Napa's management of the two Districts. This acrimony has led to growing desire among landowners and residents within both Districts to reorganize their respective agencies to become independent. The desire for reorganization appears strongest among NBRID constituents based on communication with the Commission.

e) Given underlying governance and service challenges, it would be appropriate to expedite NBRID's reorganization into a community services district with the same powers and jurisdiction as authorized under Senate Bill 1023. Reorganization would position the community to become more responsive to changes in constituent needs by having the power – subject to subsequent Commission approval – to provide additional municipal services in support of Berryessa Highlands' continued development. Reorganization would also improve public accountability by presumably facilitating the delegation of responsibilities in planning for the present and future service needs of the community from the County to local residents.

f) Reorganization of NBRID into a community services district can serve as a model for LBRID and its constituents in assessing preferences and objectives as it relates to the governance of public services in the community.

g) Reorganization of SFWD is not a priority given the constituents' apparent satisfaction of the District's governance and management. Nonetheless, given the potential future need for additional public services that are outside SFWD's existing powers, reorganization may be appropriate at a later time.

6. Relationship with regional growth goals and policies.

Regional Statements

a) LBRID, NBRID, and SFWD serve vital roles in supporting the County of Napa's land use policies with regard to providing necessary public water and sewer services to four of the largest planned unincorporated communities in Napa County.