



LAFCO MEETING AGENDA

Monday, June 1, 2009

4:00 P.M.

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

Brian J. Kelly, Chair
Juliana Inman, Vice Chair
Bill Dodd, Commissioner
Lewis Chilton, Commissioner
Brad Wagenknecht, Commissioner
Joan Bennett, Alternate Commissioner
Mark Luce, Alternate Commissioner
Gregory Rodeno, Alternate Commissioner

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

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

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Minutes of May 4, 2009

4. PUBLIC COMMENT

In this time period, anyone may comment to the Commission regarding any subject over which the Commission has jurisdiction. No comments will be allowed involving any subject matter that is scheduled for hearing, action, or discussion as part of the current agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented at this time.

5. CONSENT ITEMS

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

a) Authorization to Approve Audit Expenditure

The Commission will consider authorizing the Chair to enter into an agreement with Gallina LLP for the preparation of an independent audit for the 2008-2009 fiscal year at a cost of \$4,725.

6. PUBLIC HEARING ITEMS

Any member of the public may address the Commission with respect to a scheduled public hearing item. Comments should be limited to no more than five minutes unless additional time is permitted by the Chair.

a) Southeast Napa County: Municipal Service Review

The Commission will receive a final report on its scheduled municipal service review on the southeast county region. The Commission will consider a separate draft resolution adopting the determinations included in the final report pursuant to California Government Code Section 56340.

b) Final Budget for 2009-2010

The Commission will receive a final budget from the Budget Committee for 2009-2010. The final budget estimates the Commission's operating costs will total \$496,961, which represents a 10% decrease over the current fiscal year. The final budget is being presented for adoption.

7. ACTION ITEMS

a) Approval of Meeting Calendar for Second Half of 2009

The Commission will consider approving a meeting calendar for the second six months of 2009. Regular meetings are proposed for August 3rd, October 5th, and December 7th. A special meeting is also proposed for November 2nd to hold the Commission's biennial workshop.

8. DISCUSSION ITEMS

a) Legislative Report

The Commission will receive a report on the first year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions.

b) Website Presentation

The Commission will receive a brief presentation on its new website prepared by Planeteria, Inc.

9. EXECUTIVE OFFICER REPORT

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

- CALAFCO Items

10. INFORMATION ITEMS

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

a) Current and Future Proposals

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

b) Correspondence from CALAFCO

The Commission will receive correspondence from the California Association of Local Agency Formation Commissions' regarding the organizations current and planned activities.

11. CLOSED SESSION

None

12. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

13. ADJOURNMENT TO NEXT REGULAR SCHEDULED MEETING:

August 3, 2009 (Subject to Approval)

Materials relating to an item on this agenda that have been submitted to the Commission after distribution of the agenda packet are available for public inspection at the LAFCO office during normal business hours. Commissioners are disqualified from voting on any proposals involving entitlements of use if they have received campaign contributions from an interested party. The law prohibits a Commissioner from voting on any entitlement when he/she has received a campaign contribution(s) of more than \$250 within 12 months of the decision, or during the proceedings for the decision, from any interested party involved in the entitlement. An interested party includes an applicant and any person with a financial interest actively supporting or opposing a proposal. If you intend to speak on any hearing item, please indicate in your testimony if you have made campaign contributions totaling \$250 or more to any Commissioner during the past 12 months. Any member of the public requiring special assistance with respect to attending or listening to the meeting should contact LAFCO staff 24 hours in advance at (707) 259-8645.



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

MEETING MINUTES OF MAY 4, 2009

1. CALL TO ORDER; ROLL CALL

Vice-Chair Inman called the meeting to order at 4:00 p.m.

Roll was called with Regular Commissioners Wagenknecht (arrived at 4:08pm), Luce (*voting for Dodd*), Rodeno (*voting for Kelly*), Chilton and Vice-Chair Inman present. Alternate Commissioner Bennett was also present.

Excused: Chair Kelly and Commissioner Dodd.

Staff present: Keene Simonds, Executive Officer; Jackie Gong, Commission Counsel; Brendon Freeman, Analyst; and Kathy Mabry, Commission Secretary.

2. PLEDGE OF ALLEGIANCE

Vice-Chair Inman led the Pledge of Allegiance.

3. SPECIAL ANNOUNCEMENTS

a) Recognition of Service

Cindy Coffey

Jack Gingles

Staff presented Recognition of Service plaques to former Commissioners Jack Gingles and Cindy Coffey (Alternate Commissioner Joan Bennett accepted plaque on her behalf).

b) Introduction of New Commissioners

Joan Bennett

Lewis Chilton

Staff introduced new Commissioners Joan Bennett (Alternate) from American Canyon and Lewis Chilton (Regular) from the Town of Yountville.

4. PUBLIC COMMENT

Vice-Chair Inman invited members of the audience to provide public comment. John Stewart, President of the Los Carneros Water District spoke to the Commission regarding the status of the District and the recent approval of voters to fund an engineers report to bring reclaimed water to the community.

5. CONSENT ITEMS

a) Approval of a Professional Services Agreement for Website Hosting and Maintenance Services

The Commission considered approving a professional services agreement with Planeteria to provide website hosting and maintenance services.

b) Approval of Minutes

The Commission considered approving summary minutes from its April 6, 2009 regular meeting. Upon motion by Commissioner Rodeno and second by Commissioner Luce, the consent calendar was approved (Commissioner Chilton abstained, as he was not at the April 6, 2009 meeting).

6. PUBLIC HEARING ITEMS

a) Amendments to Adopted Fee Schedule

Staff provided the Commission with a report regarding amendments to its adopted fee schedule. Proposed amendments include raising the composite hourly staff rate, increasing the number of fixed hours assigned to proposals, and establishing a surcharge to help recover costs for preparing municipal service reviews.

Vice-Chair opened and closed the public hearing with no comments received.

Upon motion by Commissioner Luce and second by Rodeno, the amendments were approved.

7. ACTION ITEMS

a) Authorization to Negotiate a Professional Services Agreement for Electronic Document Management System Design and Implementation

Staff provided the Commission with a report on the request for proposal process to hire a consultant to design and implement an electronic document management system. The report included a recommendation to authorize the Executive Officer to negotiate a professional services agreement with Incrementum to design and implement an electronic document management system in an amount not-to-exceed \$25,000.

Upon motion by Commissioner Wagenknecht and second by Chilton, the authorization was approved.

8. DISCUSSION ITEMS

a) Southeast Napa County: Municipal Service Review

Staff provided the Commission with a municipal service review report on the southeast county region. No action was taken. An error was noted by Commissioner Inman. On page 8, last paragraph of the report, should read: Montalcino, instead of Monticello. Staff will make correction.

b) Report from the 2009 CALAFCO Staff Workshop

The Commission received a verbal report from Brendon Freeman, LAFCO Analyst, who attended the 2009 CALAFCO Staff Workshop, held April 29-30, 2009 in Shell Beach, California.

9. EXECUTIVE OFFICER REPORT

Staff provided the Commission with a verbal report regarding current staff activities, communications, studies, and special projects.

- CALAFCO Items
- Website Design and Development

10. INFORMATION ITEMS

a) Current and Future Proposals

Staff provided a status report to the Commission regarding the status of five active proposals on file with LAFCO.

11. CLOSED SESSION

There was no closed session.

12. COMMISSIONER COMMENTS; REQUEST FOR FUTURE AGENDA ITEMS

There was no discussion of this item.

13. ADJOURNMENT

The meeting was adjourned at 4:49 p.m. The next regular LAFCO meeting is scheduled for Monday, June 1, 2009 at 4:00 p.m.

Juliana Inman, Vice-Chair

ATTEST: Keene Simonds, Executive Officer

Prepared by:

Kathy Mabry, Commission Secretary



Local Agency Formation Commission
LAFCO of Napa County

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Napa, California 94559
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June 1, 2009
Agenda Item No. 5a (Consent)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Authorization to Approve Audit Expenditure

The Commission will consider authorizing the Chair to enter into an agreement with Gallina LLP for the preparation of an independent audit for the 2008-2009 fiscal year at a cost of \$4,725.

Local Agency Formation Commissions (LAFCOs) are authorized under California Government Code Section 56380 to enter into agreements or contracts with public and private parties for services necessary to fulfill its regulatory and planning responsibilities.

A. Background

It is the practice of LAFCO of Napa County (“Commission”) to authorize the Executive Officer to enter into an agreement with a public accounting firm to conduct an independent audit of the agency’s financial statements for the prior fiscal year. The purpose of the audit is for a third-party to assess the reliability of the Commission’s financial statements by reviewing records and testing transactions to determine their compliance with generally accepted governmental accounting standards. The audit also provides an opportunity for the third-party to identify reporting errors and omissions as well as to make suggestions for improvements.

B. Discussion

The Commission has received an engagement letter from Gallina, LLP to prepare an independent audit concerning the agency’s financial statements for the 2008-2009 fiscal year. Gallina is headquartered in Sacramento, California and was awarded a three-year contract in 2006 to provide auditing services for the County of Napa. Gallina’s proposed cost to prepare the audit for the Commission is \$4,725. This amount represents an approximate five percent increase over the charge billed to the Commission for preparing an audit for the 2007-2008 fiscal year. Gallina states the increase is attributed to new auditing standards associated with the recent passage of Statement of Auditing Standards (SAS) 103, 104, and 105, which collectively require additional verification processes relating to the review of public agencies.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

C. Analysis

It is generally accepted that governmental agencies should prepare annual audits to enhance transparency in the management of public funds. Additionally, as mentioned, the Commission relies on the annual audit process as a performance measure for staff as well as to identify opportunities to improve accounting practices. Accordingly, while not a requirement, it is appropriate for the Commission to enter into an agreement with Gallina based on its contractual relationship with the County to prepare an audit on the agency's financial statements for the 2008-2009 fiscal year.

D. Alternatives for Commission Action

The following alternative actions are available to the Commission:

Alternative One: Authorize the Chair to sign the attached engagement letter with Gallina for the preparation of an independent audit for the 2008-2009 fiscal year in the amount of \$4,725.

Alternative Two: Continue consideration of the item to another meeting while providing appropriate direction to staff with respect to any additional information requests.

Alternative Three: Take no action.

E. Recommendation

It is recommended the Commission approve Alternative One. This involves authorizing the Chair to sign the attached engagement letter with Gallina for the preparation of an independent audit for the 2008-2009 fiscal year in the amount of \$4,725.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachment:

1) Engagement Letter



GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

May 14, 2009

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

Dear Mr. Simonds:

We are pleased to confirm our understanding of the services we are to provide the Local Agency Formation Commission of Napa County (Commission) for the year ending June 30, 2009. We ask that you either confirm or amend that understanding.

We will audit the basic financial statements of the Commission as of and for the year ending June 30, 2009. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) to accompany the Commission's basic financial statements. As part of our engagement, we will apply certain limited procedures to the Commission's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's discussion and analysis (MD&A)
- Budgetary comparison schedules.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Commission and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not

intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Commission is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the Commission and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Commission complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Management is responsible for the preparation of the Management's Discussion and Analysis section of the financial report. This section is not a required part of the basic financial statements, but is additional information required by accounting principles generally accepted in the United States of America.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Commission or to acts by management or employees acting on behalf of the Commission. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors are limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the Commission and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Commission's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibility for Non-audit Services

We will prepare a general ledger trial balance for use during the audit. Our preparation of the trial balance will be limited to formatting information in the Commission's general ledger into a working trial balance. Also as part of the audit, we will prepare a draft of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted full responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

As a result of our audit, we will provide you with adjusting journal entries, both those considered material and immaterial. The preparation of adjusting journal entries is considered a non-attest service. Consequently, *Government Auditing Standards*, require you to designate an individual with suitable skill, knowledge, or experience to review these entries and to be responsible and accountable for any adjusting journal entries we may submit to you. Further, we will confirm with you your agreement with the adjusting journal entries that we have proposed and whether or not they will be posted to the Commission's accounts. We will also confirm with you your agreement that unrecorded adjusting journal entries, both individually and in the aggregate, are immaterial to the financial statements taken as a whole.

Audit Administration, Fees, and Other

We understand that your employees will be available to answer inquiries during our audit and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will provide bound copies, unbound copies and an electronic copy in portable document format (PDF) of all reports in the quantities you have designated. We will also provide additional bound copies of the Commission financial report and the management report for the purpose of completing the Commission's required submission to the California State Controller's Office. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We will also communicate to the Commission's governing board the following at the conclusion of the audit:

- Our view about the qualitative aspects of the Commission's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of GALLINA LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State Controller's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of GALLINA LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the State Controller's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

The parties agree that any controversy or claim arising out of or relating to the services provided pursuant to this engagement letter agreement shall be determined by arbitration in accordance with the applicable Arbitration Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association; and judgment on the award rendered by the arbitrator(s) may be rendered in any court of competent jurisdiction.

We expect to begin our audit on August 10, 2009, and to issue our reports no later than December 31, 2009. Brad Constantine is the engagement partner and is responsible for supervising the audit and signing the report.

The firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our fee for these services will not exceed the following amount unless the scope of the engagement is changed, the assistance which the Commission has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding.

June 30, 2009

\$4,725

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2006 peer review report accompanies this letter. No letter of comment was issued.

We appreciate the opportunity to be of service to the Local Agency Formation Commission of Napa County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,
GALLINA LLP



Brad W. Constantine, CPA, CFE, CVA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Local Agency Formation Commission of Napa County.

By: _____

Title: _____

Date: _____

CARL M. ARNTZEN, CPA
44 Amber Drive, San Francisco, CA 94131

Member American Institute of Certified Public Accountants
Member California Society of Certified Public Accountants

E Mail: CarlArnt@pacbell.net
Tel: (415) 285-8886 Fax: (415) 285-8307

To the Partners
Gallina LLP

December 15, 2006

I have reviewed the system of quality control for the accounting and auditing practice of Gallina LLP (the firm) in effect for the year ended June 30, 2006. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on my review.

My review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During my review, I read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on my assessments, I selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under Government Auditing Standards. Prior to concluding the review, I reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of my review. I believe that the procedures I performed provide a reasonable basis for my opinion.

In performing my review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. My review was based on selective tests and therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In my opinion, the system of quality control for the accounting and auditing practice of Gallina LLP in effect for the year ended June 30, 2006, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

Carl M. Arntzen, CPA

Carl M. Arntzen, CPA



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

June 1, 2009

Agenda Item No. 6a (Public Hearing)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Southeast Napa County: Municipal Service Review

The Commission will receive a final report on its scheduled municipal service review on the southeast county region. The Commission will consider a separate draft resolution adopting the determinations included in the final report pursuant to California Government Code Section 56340.

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

A. Discussion

In accordance with LAFCO of Napa County's ("Commission") adopted study schedule, the attached report represents the municipal service review on the southeast county region. The report is in final form and examines the level and range of governmental services provided in the region, which consists of all lands south of the Soscol Ridge, east of the Napa River, and west and north of Solano County. The three main local agencies operating in the region and evaluated in the report are the City of American Canyon, American Canyon Fire Protection District (ACFPD), and County Service Area (CSA) No. 3.

The attached report was initially presented to the Commission in draft form for discussion at the May 4, 2009 meeting. Immediately prior to the meeting, staff circulated a notice of review on the report to all affected agencies as well as interested parties. Staff also published a notice in the Napa Valley Register inviting members of the public to review and offer written comments on the report. A total of five written comments were received, the majority of which involved identifying technical corrections that have been addressed

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

in the final report. Copies of all written comments received are attached. A summary of the substantive changes incorporated into the final report are summarized below.

- Staff has revised the first determination under the “Relationship with Regional Growth Goals and Policies” section to address comments received by the County of Napa. The revision clarifies the County has agreed to support American Canyon’s request on file with the Commission to amend the City’s sphere of influence to include certain properties located in the Napa County Airport industrial area. (The earlier version incorrectly stated the County had agreed to support American Canyon’s entire request on file with the Commission to amend its sphere of influence to match its recently revised urban limit line.)
- Staff has included a new footnote (No. 30) in response to comments received by the County of Napa to explain the overlapping jurisdictional boundaries between ACFPD and CSA No. 3 in the Tower Road area.
- Staff has revised the map in “Figure One” showing the jurisdictional boundaries and spheres of influence for American Canyon, ACFPD, and CSA No. 3 to also depict the location of the Soscol Ridge. This revision addresses a written request made by the City of Napa.

B. Summary

As outlined in the Executive Summary, the report concludes American Canyon, ACFPD, and CSA No. 3 have generally established adequate administrative controls and service capacities to meet the present and future needs of their constituents within the timeframe of the review. Most notably, the report states all three agencies are in relatively good financial standing as measured by the reserves and low-debt holdings. Key growth management challenges identified in the report include securing additional water supplies during dry-year conditions as well as improving traffic circulation.

C. Alternatives for Commission Action

The following alternative actions are available to the Commission after opening the public hearing.

- Alternative One: Close the public hearing and formally receive and file the attached final report. Additionally, adopt the attached draft resolution with any desired changes making statements regarding the level and range of services provided in the region pursuant to California Government Code Section 56430.
- Alternative Two: Continue the public hearing to the next regular scheduled meeting and provide direction to staff as needed with respect to making changes or providing additional information in the final report.

D. Recommendation

It is recommended the Commission approve Alternative One. This involves (a) receiving and filing the attached final report and (b) adopting the attached draft resolution with any desired changes making statements regarding the level and range of services provided in the region pursuant to California Government Code Section 56430. These actions will complete the municipal service review process and allow the Commission to proceed with sphere of influence updates for all three affected agencies.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) Final Report on Southeast Napa County Municipal Service Review
- 2) Draft Resolution Making Statements Pursuant to California Government Code Section 56430
- 3) Written Comments Received on Draft Report
- 4) Display Notice Published in the Napa Valley Register

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

MUNICIPAL SERVICE REVIEW: SOUTHEAST NAPA COUNTY

Agencies Evaluated:

City of American Canyon
American Canyon Fire Protection District
County Service Area No. 3

Final Report
June 2009

Prepared by:

LAFCO of Napa County

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

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

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Bill Dodd, Commissioner, County Member
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I. INTRODUCTION

A. Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOs) are 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. LAFCOs are located in all 58 counties in California and delegated regulatory and planning responsibilities to coordinate the logical formation and development of local governmental agencies and their services while protecting agricultural and open space resources. Key regulatory duties include approving proposals involving the creation, expansion, and dissolution of cities and special districts. LAFCOs inform their regulatory duties through a range of planning activities. This includes establishing and updating spheres of influence for all cities and special districts. Markedly, spheres of influence outline the territory LAFCO believes represents the appropriate future jurisdictional boundaries and service areas of local agencies. All jurisdictional changes, such as annexations, must be consistent with the spheres of influence of the affected local agencies with limited exceptions.

B. Municipal Service Reviews

As part of the aforementioned Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, LAFCOs are now required to prepare municipal service reviews in conjunction with updating each local agency's sphere of influence every five years as needed. The legislative intent of municipal service review is to inform LAFCOs with regard to the availability and sufficiency of governmental services provided within their respective jurisdictions prior to making sphere of influence determinations. Municipal service reviews vary in scope and can focus on particular agency, service, or geographic region. Municipal service reviews may also lead LAFCO to take other actions under its authority, such as initiating a reorganization involving two or more special districts. All municipal service reviews, however, must include written statements making determinations with respect to the following six factors pursuant to Government Code (G.C.) Section 56340.

1. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
2. Growth and population projections for the affected area.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. Any other matter related to effective or efficient service delivery, as required by commission policy.

C. Southeast Napa County

This report represents LAFCO of Napa County's ("Commission") scheduled municipal service review of the southeast county region. The report examines the level and range of governmental services provided in the region, which generally encompasses all lands south of the Soscol Ridge, east of the Napa River, and west and north of Solano County.¹ The three main local agencies operating in the region and evaluated in this report are the City of American Canyon, American Canyon Fire Protection District (ACFPD), and County Service Area (CSA) No. 3.²

The report has been prepared in a manner consistent with the Commission's *Policy on Municipal Service Reviews* and is organized into two principal sections. The first section is an executive summary addressing the overall adequacy, efficiency, and effectiveness of governmental services provided in the region. This includes making determinations with respect to the factors the Commission is required to address as part of its municipal service review mandate. The second section includes individual reviews of the three affected local agencies operating in the region. Specific issues examined in these individual reviews include formation and development, population and growth, organizational structure, municipal service provision, and financial. Standard service indicators as well as regional comparisons are incorporated into the individual reviews when appropriate to help contextualize and evaluate service levels.

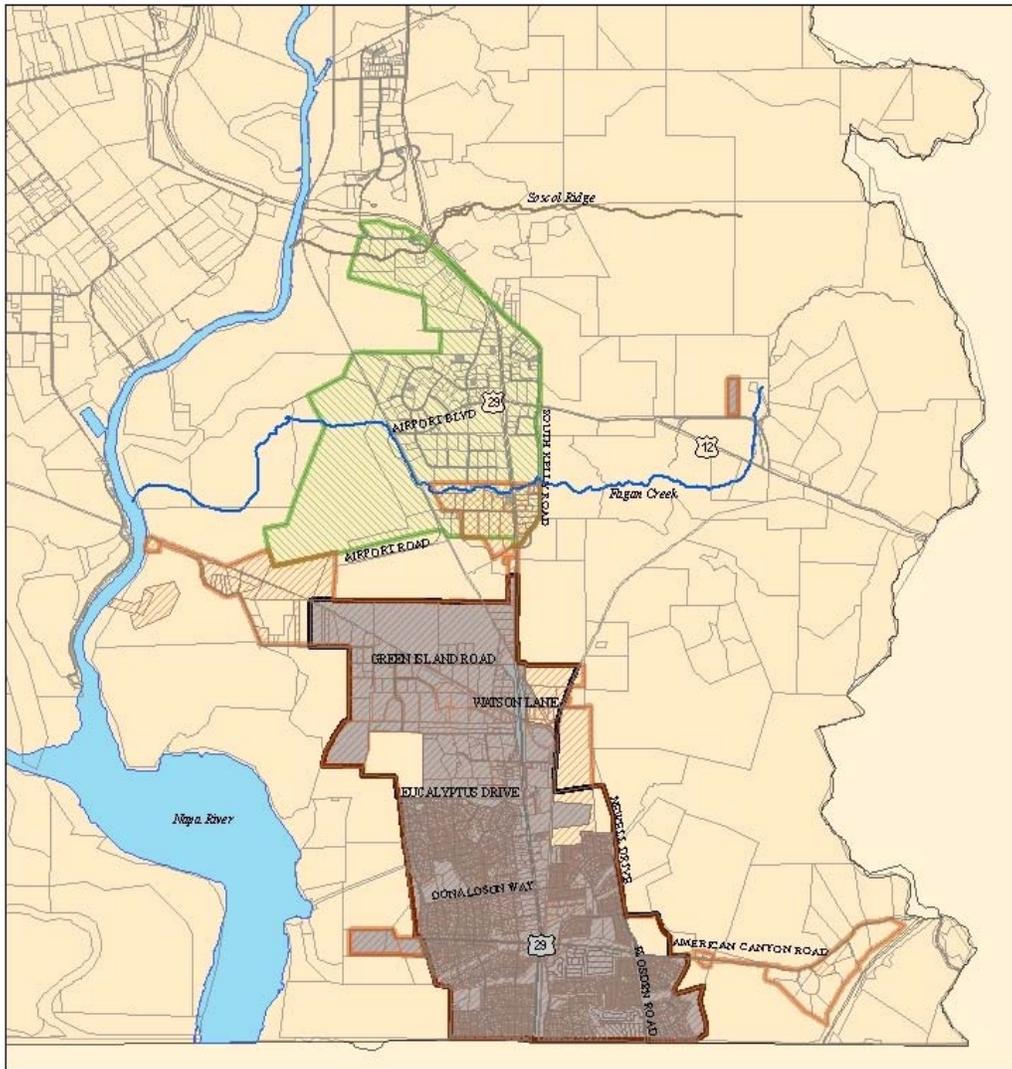
The main objective of the report is to develop and expand the Commission's knowledge and understanding of the current and planned provision of local government services in the region. The Commission will use the report to inform its decision-making as it relates to performing subsequent sphere of influence updates for all three affected local agencies. The Commission will also use the report in evaluating future boundary change proposals in the region.

¹ A small portion of CSA No. 3's jurisdictional boundary extends north beyond the historical designation for Soscol Ridge and is included in the geographic area of this municipal service review.

² The Napa Sanitation District provides sewer service south of the Soscol Ridge to unincorporated lands associated with the Napa County Airport and Chardonnay Golf Club. The District's sewer and reclaimed water services extend as far south as Fagan Creek. LAFCO is scheduled to review the District as part of its "Central Napa County" municipal service review calendared for 2010-2011.

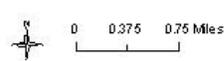
Figure One

Southeast County Region American Canyon, ACFPD, and CSA No. 3



Legend

- City of American Canyon Jurisdictional Boundary
- City of American Canyon Sphere of Influence
- ACFPD Jurisdictional Boundary
- ACFPD Sphere of Influence
- CSA No. 3 Jurisdictional Boundary
- CSA No. 3 Sphere of Influence



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II. EXECUTIVE SUMMARY

A. Overview

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

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

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

B. Determinations

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

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

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

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

Growth and population projections for the affected area.

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

Financial ability of agencies to provide services.

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

Status of, and opportunities for, shared facilities.

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

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

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

Relationship with regional growth goals and policies.

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

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III. AGENCY REVIEWS

A. City of American Canyon

Overview

The City of American Canyon was incorporated in 1992 and provides a full range of municipal services either directly or through outside contractors with limited exceptions. American Canyon has a current operating budget of \$16.48 million with 75 fulltime employees. American Canyon is the second largest municipality in Napa County and has been one of the fastest growing communities in the Bay Area as measured by percentage change with an average annual population increase of 7.2% over the last 10 years. American Canyon's current population is estimated at 16,293 by the California Department of Finance.

Formation and Development

American Canyon's development began in the early 1900s as the unincorporated community transitioned from agriculture and cattle grazing to rural residential and industrial land uses. In the 1950s, after decades of nominal growth, the community's first residential subdivision was constructed (Rio Del Mar) and the population reached an estimated 1,000 by 1960. As the population increased, a collective need for organized community services emerged resulting in the creation of ACFPD and American Canyon County Water District (ACCWD) in 1959 and 1961, respectively. The creation of these two independent special districts established local fire protection, water, and sewer services within the community and helped facilitate a relatively rapid increase in growth and development over the next several years. A third special district, CSA No. 1, was formed in 1967 by the County Board of Supervisors to provide public street lighting services in the community. Markedly, the community's population between 1960 and 1970 more than tripled to 3,800.

In 1980, local residents petitioned the Commission to incorporate American Canyon. This incorporation attempt was approved by the Commission but subsequently terminated after receiving only one-fourth support from voters. A second incorporation petition was filed with the Commission in 1990. This second incorporation attempt was also approved by the Commission and confirmed by voters after receiving nearly two-thirds support from voters. The incorporation included dissolving CSA No. 1, merging ACCWD into American Canyon, and reorganizing ACFPD as a subsidiary of the City.

Since incorporation, American Canyon has been actively expanding the scope and level of its municipal services to meet the increasing needs of its constituents while becoming more self-supporting. In 1994, American Canyon sought and obtained the dissolution of a joint-powers authority with the Napa Sanitation District in order to begin providing its own wastewater treatment services rather than rely on the District's facilities. The dissolution agreement enabled American Canyon to continue to send wastewater to the District for treatment until construction on the City's own wastewater treatment facility was completed in 2002. At the same time, American Canyon restructured its contract with the County Sheriff Department to establish the City's own police department. More recently, American Canyon has expanded recreational services within the City to include a fully developed park system and a new community center with a public pool.

Adopted Commission Boundaries

American Canyon's jurisdictional boundary is approximately 4.9 square miles or 3,114 acres in size. The Commission has approved a total of six jurisdictional changes involving American Canyon since its incorporation in 1992. All six jurisdictional changes have involved annexations totaling 830.2 acres and are identified below.

Approved Jurisdictional Changes involving American Canyon

(Source: LAFCO)

Proposal Name	Type	Acres	Completion Date
American Canyon Road/ Flosden Road	Annexation	244.1	May 4, 1998
Flosden Road Extension	Reorganization	157.2	November 17, 1999
American Canyon Road/Flosden Road	Reorganization	4.8	April 25, 2003
Green Island Road No. 2	Reorganization	7.5	July 6, 2004
Wastewater Treatment Plant	Reorganization	58.5	March 3, 2005
Green Island Road No. 3	Reorganization	358.1	April 6, 2005

* All proposals cited as reorganizations involved concurrent annexations to ACFPD.

American Canyon's jurisdictional boundary is approximately 60% coterminous with its adopted sphere of influence. The sphere of influence was comprehensively updated by the Commission in 2004 and includes a total of 302.8 unincorporated acres. These unincorporated acres are concentrated within four distinct areas and summarized below.

Unincorporated Areas within American Canyon's Sphere of Influence

(Source: LAFCO)

Location Description	Acres	Current Land Use
State Highway 29/Watson Lane	76.7	Residential
American Canyon Road/Newell Drive	49.5	Under Construction: School Site
Eucalyptus Drive/Wetlands Edge Drive	106.6	Undeveloped
State Highway 29/Poco Way	70.0	Undeveloped

Population and Growth

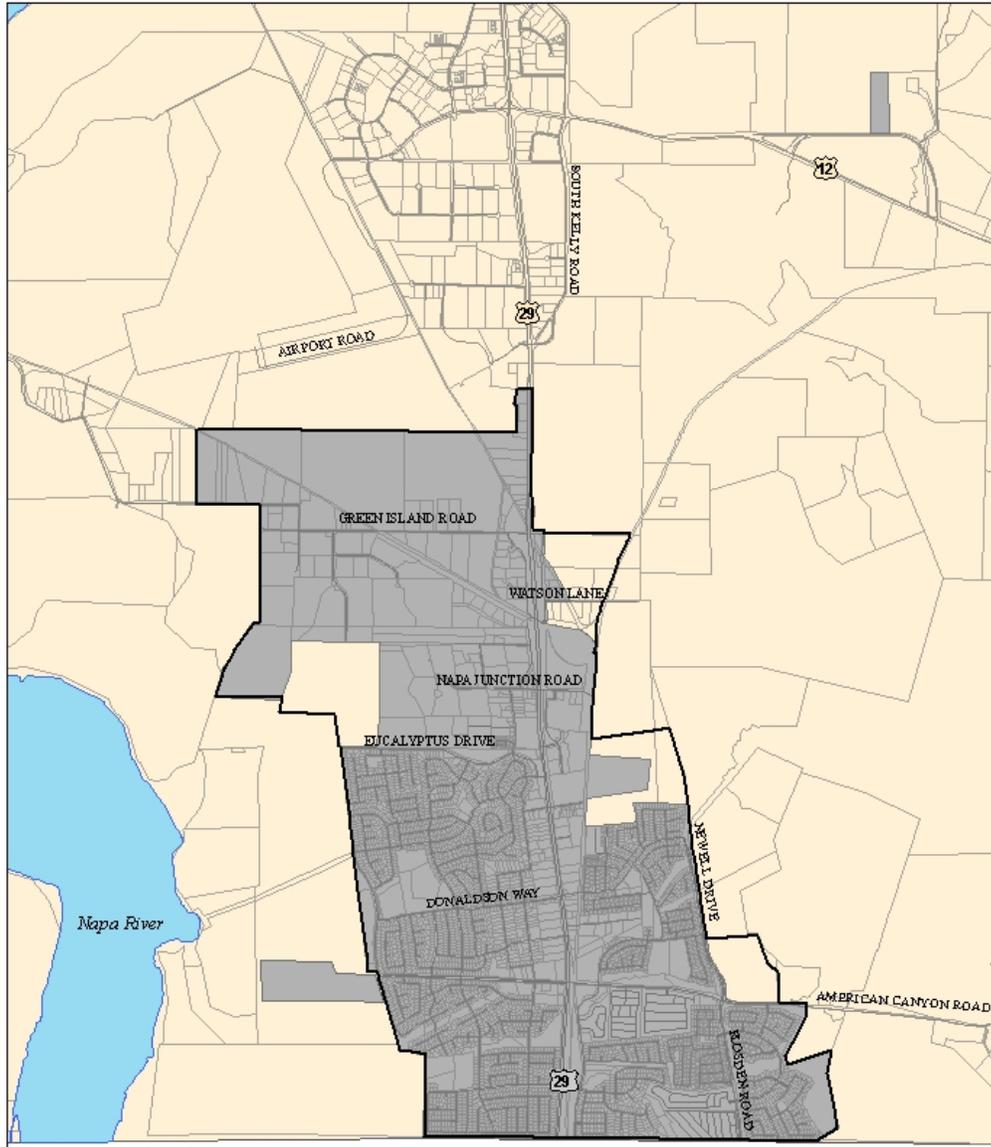
Residential

American Canyon's current resident population is estimated at 16,293. Although one of the smaller cities in the region, American Canyon has experienced a 72% overall rise in population over the last 10 years and the fourth highest percentage increase among all 101 cities in the Bay Area.³ The population increase directly corresponds with an influx of new residential construction in American Canyon during the period, which increased its total number of housing units from 3,246 to 5,591. Nearly four-fifths of all new housing units added in American Canyon during this period were single-family residences. This includes the construction of nine subdivisions each with 100 or more single-family residential units. Additionally, within the last two years, American Canyon experienced an increase in multi-family residences with the construction of Vineyard Crossing and the Lodge at Napa Junction. These two projects have collectively produced 360 new apartment units.

³ Between 1998 and 2008, only Brentwood (Contra Costa), Rio Vista (Solano), Dublin (Alameda) have experienced a larger percentage increase in population than American Canyon at 214%, 119%, and 91%, respectively.

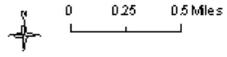
Figure Two

City of American Canyon



Legend

- City of American Canyon Jurisdictional Boundary
- City of American Canyon Sphere of Influence



March 20, 2009
Prepared by EF



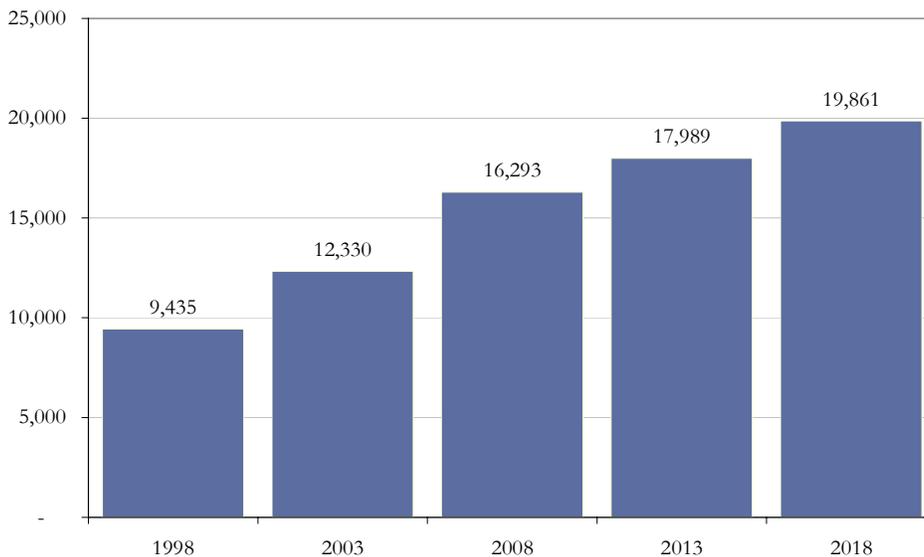
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Residential projects approved by American Canyon but awaiting construction include the final buildout of Vintage Ranch, which will involve the creation of 250 single-family residences. Other approved projects include the Village at Vintage Ranch and Valley Vista and will involve the construction of 164 multi-family and 35 single-family residences, respectively. These three approved projects are expected to produce an overall increase to American Canyon's population of approximately 1,302.⁴

In terms of future residential growth, the Association of Bay Area Governments (ABAG) requires American Canyon to accommodate 728 new housing units as part of its updated Housing Element for the 2007-2014 period. This amount represents slightly more than one-tenth of American Canyon's existing housing supply and one-fifth of the total number of new housing units assigned by ABAG among all six land use authorities in Napa County. American Canyon reports it has recently completed a land survey in anticipation of preparing a draft update to its Housing Element indicating the City has sufficient supply of residentially-zoned sites to accommodate its housing unit assignments for the 2007-2014 period.

Although American Canyon will continue to develop given its land supply and increasing job market, it is reasonable to assume the current downturn in the economy will reduce the City's annual population increase relative to recent years. This reduction is already reflected in the most recent collected data, which estimates American Canyon's population increased by only 2.3% between 2007 and 2008. This amount represents a sharp decline from the estimated 6.9% increase in American Canyon's population between 2006 and 2007. Accordingly, for the purpose of this review, it is reasonable to assume American Canyon's population will increase over the next 10 years by no more than 2.0% annually. The following chart provides estimates for American Canyon's recent, current, and future population.

Population Projections for American Canyon



⁴ Population estimates for the three approved residential development projects based on a per unit factor of 2.9.

Non Residential

The majority of non-residential growth and development in American Canyon consists of commercial and industrial uses located along State Highway 29. This includes an increasing number of businesses and services supporting the region's wine industry, such as warehouses used to bottle, store, and transport local wines. Beginning in 2004 with the opening of the American Canyon Market Place at State Highway 29 and American Canyon Road, there has been a measurable diversification in American Canyon's non-residential uses to include more retail-oriented commercial sites. Most recently, this includes the opening of Canyon Corners, Canyon Plaza, and Napa Junction. Napa Junction represents American Canyon's largest commercial site and is anchored by a Wal-Mart Supercenter, which has over 500 employees and is the largest single employer in the City.⁵ A third phase of Napa Junction representing an additional 131,000 square feet has also been approved but not yet constructed. Additionally, within the last five years, American Canyon has experienced the construction of its first three hotels (Gaia, Fairfield Suites, and Holiday Inn Express) with a combined room total of 312. If fully occupied, these three hotels will produce an estimated visitor serving population of 624.⁶ Overall, it is estimated commercial, industrial and retail related uses in American Canyon have increased by 23% as measured by the total number of jobs in the City.

Organizational Structure

Governance

American Canyon is a general-law municipality operating under the council-manager system of government. Decision-making authority under this system is equally distributed among American Canyon's five-member City Council, which includes a directly elected mayor. Elections are conducted by general vote; the mayor serves a two-year term while four councilmembers serve staggered four-year terms. Key duties of the City Council include adopting an annual budget, establishing and amending policies and ordinances, making committee appointments, and hiring the City Manager. Meetings are currently conducted on the first and third Tuesday of each month and broadcast on local public access television.

The American Canyon City Council has established three advisory bodies to assist the City in its decision-making processes. All three advisory bodies consist of five members appointed by the City Council to staggered four-year terms. Appointees must be registered voters residing in American Canyon. Specific responsibilities of these advisory bodies are summarized below.

Open Space Advisory Committee

The Open Space Advisory Committee meets on the first Wednesday of each month and is responsible for making recommendations to the City Council on matters involving the restoration and preservation of open space resources. Current projects assigned to the Committee include participating in the review and design of several walking trails, including connecting to the San Francisco Bay Trail.

⁵ American Canyon's Comprehensive Annual Financial Report for 2006-2007.

⁶ Calculation assumes two persons per lodging unit.

Parks and Community Services Commission

The Parks and Community Services Commission meets on the second Thursday of each month and is responsible for making recommendations to the City Council and Community Services Director on matters involving parks and recreational resources. The Commission is also responsible for facilitating community benefit activities as well as recreation programs and special events. Current projects assigned to the Commission include overseeing the completion of the Parks and Community Services Master Plan.

Planning Commission

The Planning Commission meets on the fourth Thursday of each month and is responsible for approving modifications to approved projects, design permits, conditional use permits, parcel maps, and variances. The Commission also makes recommendations to the City Council on General Plan amendments, zoning changes, and development agreements. All actions of the Commission are subject to appeal to the City Council.

Administration

The City Manager is responsible for administering American Canyon's governmental operations. The City Manager serves at-will to the City Council and is delegated authority to appoint and remove all employees with limited exceptions. The City Manager's key duties include preparing an annual budget and faithfully enforcing all ordinances and policies enacted by the City Council. The City Manager is also responsible for overseeing American Canyon's six municipal departments with their combined 75.4 budgeted full-time employees.⁷ The composition and duties of the six municipal departments are summarized below.

Administration Department

The Administration Department includes divisions for the City Manager, City Clerk, City Attorney, and Human Resources. These divisions collectively direct all municipal activities, maintain official records, provide legal notices, and oversee labor and risk management. The Department currently budgets for 7.25 full-time employees.

Community Development Department

The Community Development Department includes divisions for Planning, Building, Engineering, Economic Development, and Housing. These divisions are responsible for implementing land use policies and procedures adopted by the City Council. Specific tasks include reviewing parcel and subdivision maps, issuing building permits, enforcing codes, updating the zoning code, facilitating local economic growth, maintaining the General Plan, and serving as the liaison with other local and regional planning agencies.⁸ The Department currently budgets for 12.2 full-time employees.

⁷ Does not include the 23 sworn officers assigned by the County to the American Canyon Police Department.

⁸ Current projects in the Community Development Department include facilitating a citywide effort to streamline the development review process, reviewing traffic impact fees, establishing a plan to update the image and function of State Highway 29, and updating the sign ordinance.

Finance Department

The Finance Department includes divisions for Finance, Information Technology, Utility Billing, and Debt Service. These divisions are responsible for providing financial management and related administrative services, including accounting, auditing, budget monitoring, cash investments, and utility invoicing. The Department currently budgets for 8.3 full-time employees.

Parks and Recreation Department

The Parks and Recreation Department includes divisions for Recreation, Sports, Aquatics, Parks, Building Maintenance, and Public Transit. These divisions are responsible for managing all public parks and recreational services and serve as the City's liaison with the Napa County Transportation and Planning Agency on matters pertaining to public transportation. The Department currently budgets for 12 full-time employees.

Police Department

The Police Department includes sworn and non-sworn personnel and is responsible for maintaining law and order within American Canyon. This includes providing patrol, traffic enforcement, vehicle abatement, criminal investigation, and community outreach services. The Department currently budgets for 25.7 full-time employees, which includes 23 sworn officers contracted from County Sheriff.

Public Works Department

The Public Works Department includes divisions for Administration, Capital Improvement Plan, Engineering, Curb and Sidewalk, Street Maintenance, Storm Drainage, Fleet, and the Water and Sewer Enterprise Funds. These divisions are responsible for managing all public facilities and infrastructure owned and operated by American Canyon.⁹ The Department currently budgets for 33.9 full-time employees.

Municipal Services

American Canyon provides a full range of municipal services either directly or through outside contractors to support urban uses within and adjacent to its jurisdictional boundary. American Canyon's municipal services are classified in this review into five broad categories: 1) community development; 2) culture and leisure; 3) public safety; 4) public works; and 5) other. An overview of the municipal services provided by American Canyon within each of these categories in terms of organization, demands, and capacities follows.

Community Development

Planning, Building, Engineering, and Economic Development

American Canyon provides planning, building, engineering, and economic development services to support and direct community development within the City. Planning services include approving parcel and subdivision maps while building services focus on issuing permits and code enforcement. Engineering supports planning and is intended to provide

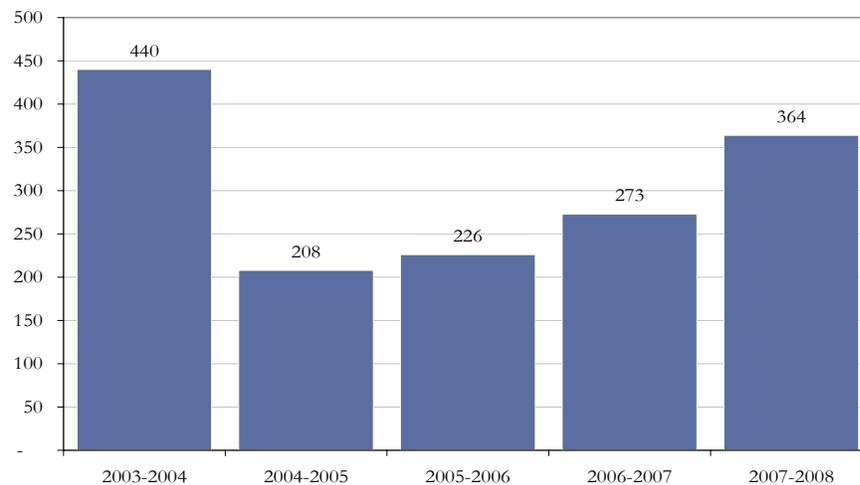
⁹ The Public Works Department recently updated the City's water conservation program and is currently working on funding and completing water, sewer, and circulation infrastructure improvements.

a “one-stop-shop” by streamlining the application review process. Economic development services involve partnering with for-profit entities to attract and retain businesses within American Canyon to enhance municipal revenues while creating jobs and supporting residential uses. All four services are provided in conjunction with the policies, goals, and objectives outlined in the American Canyon General Plan, which was adopted in 1994. The General Plan includes four broad community development goals: (a) serve as a bedroom community for the greater region; (b) create a sufficient commercial base for residents; (c) become a subregion employment center; and (d) emerge as a destination for visitors to the Napa Valley.

The General Plan also includes an urban limit line (ULL) that was negotiated with the County Board of Supervisors and recently amended through a citizen’s initiative. The ULL directs American Canyon’s future growth to extend north towards the Napa County Airport and east towards the foothills of Sulpher Mountain.¹⁰ All lands within the ULL are assigned land use designations. These designations orient American Canyon’s development to emphasize predominately residential uses in the east, south, and west while a mix of commercial and industrial uses are planned in the central and north, respectively, along State Highway 29.

Measuring the number of issued building permits is a standard benchmark in assessing overall community development activity within a municipality. In addition, in contrast to other Napa County cities, American Canyon does not have an adopted policy limiting the number of permits it will issue in a given year providing a more direct and unfiltered assessment of activity. With this context in mind, between 1998 and 2008, the number of annual building permits issued by American Canyon has increased from three to 364. The largest single year issuance occurred in 2001 and totaled 542. More recently, the number of building permits issued by American Canyon has averaged approximately 300 over the last five years as reflected in the following chart.

Building Permits Issued by American Canyon



* Chart reflects permit activity for new structures, building alterations, re-roofing, electrical systems, and water heaters.

¹⁰ The ULL contemplates American Canyon’s boundary extending as far north to include the “Headwaters,” “Atkins,” and “Panattoni” properties and as far east to the 15% slope line of the Sulpher Mountain range.

The provision of planning, building, engineering, and economic development services in American Canyon is the principal responsibility of the Community Development Department. The Department has a current budget of \$2.1 million and primarily supported by the General Fund with additional funding drawn from developer deposits and permit fees.¹¹ This amount currently accounts for 12.7% of American Canyon's total operating budget and represents an individual resident expense of \$129.

- * American Canyon General Plan Land Use Map is depicted in Appendix C.
- * American Canyon's adopted ULL is depicted in Appendix D.

Culture and Leisure

Parks and Recreation

American Canyon owns and operates 23 public parks collectively comprising 86.3 developed acres. The most recent public park developed by American Canyon is Veterans Memorial, which opened in late 2008. The current ratio of parkland acres for every 1,000 residents in American Canyon is 5.3. This amount exceeds the minimum standard of 5.0 acres of public parkland for every 1,000 residents under the American Canyon General Plan. This amount also equals the average ratio of public parkland acres for every 1,000 residents among the other four cities in Napa County.

Recreational services provided by American Canyon have measurably expanded over the last several years and now includes a community gymnasium, which is operated jointly with the Napa Valley Unified School District. American Canyon has also recently begun developing a walking trail along its western border with the goal of connecting to trails with the Cities of Napa and Vallejo. Additionally, American Canyon owns 640 acres immediately northeast of the City known as the "Newell Reserve" for the purpose of preserving the undeveloped area for open-space and passive recreational uses.

American Canyon's Parks and Recreation Department is currently working on developing a master plan to direct future park development and recreation services in American Canyon. The Department has a current budget of \$2.6 million and is supported through the General Fund.¹² This amount accounts for 15.8% of American Canyon's total operating budget for the fiscal year and represents an individual resident expense of \$160.

Library

American Canyon contracts with the County to provide public library services within the City. The contract specifies the County will operate a public library branch in American Canyon no less than three days a week at its own costs. The contract states the public library shall include a minimum of 7,000 reading and visual material items. American Canyon may request additional service hours at its own cost and must reimburse the County for its annual lease, which is currently \$81,501 at Canyon Plaza. This amount

¹¹ A small portion of this budget amount is dedicated to funding housing services in American Canyon. Planning fees, such as use permits, are deposited directly into the General Fund.

¹² A small portion of this budget amount is dedicated to funding a shuttle system in American Canyon.

represents 0.5% of American Canyon's total operating budget for the fiscal year and represents an individual resident expense of \$5.

Public Safety

Police Protection

American Canyon contracts with the County to provide police protection services within the City. The contract outlines terms and conditions for County Sheriff to provide sworn officers to staff American Canyon's Police Department (ACPD). Services provided through this contract include regular patrol, traffic enforcement, vehicle abatement, and criminal investigations. A lieutenant or captain with County Sheriff is mutually selected by the Sheriff-Coroner and City Council to serve as ACPD's Police Chief.¹³ The annual cost to American Canyon for the staffing services provided under the contract is determined prior to the beginning of each fiscal year. The current contract cost to American Canyon is \$3.8 million.

ACPD currently budgets 23 sworn officers. This amount provides American Canyon with approximately 1.4 sworn officers for every 1,000 residents in the City. This ratio is slightly less than the combined average of 1.8 sworn officers for every 1,000 residents for the other three Napa County cities with their own police departments.¹⁴ American Canyon does not have an adopted policy identifying a specific goal with respect to staffing levels for sworn officers.

ACPD estimates its current average response time for high-priority service calls from dispatch to arrival throughout the City is approximately two minutes and is well within its operating standard of five minutes. Additionally, while the population has increased, there has been a measurable decline in the total number of service calls in each of the last five years from 19,204 to 16,883. Reported crimes in American Canyon have also slightly declined over the last five years from 2,352 to 2,013.

Police Projection Service Demands in American Canyon

(Source: American Canyon)

Fiscal Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Service Calls	19,204	15,511	19,047	17,544	16,883
Reported Crimes	2,352	1,825	2,058	1,952	2,013
Calls to Crimes Ratio	12.2%	11.7%	10.8%	11.1%	11.9%

The current total budget for ACPD is \$4.4 million and is supported through the General Fund. This amount represents 26.7% of American Canyon's total operating budget for the fiscal year and represents an individual resident expense of \$270.

¹³ ACPD's Police Chief reports to the City Manager and City Council. All related law enforcement equipment, such as patrol vehicles, is furnished by American Canyon.

¹⁴ The combined average ratio was calculated by LAFCO and reflects the number of budgeted sworn officers for every 1,000 residents within Calistoga (2.07), Napa (0.96), and St. Helena (2.36).

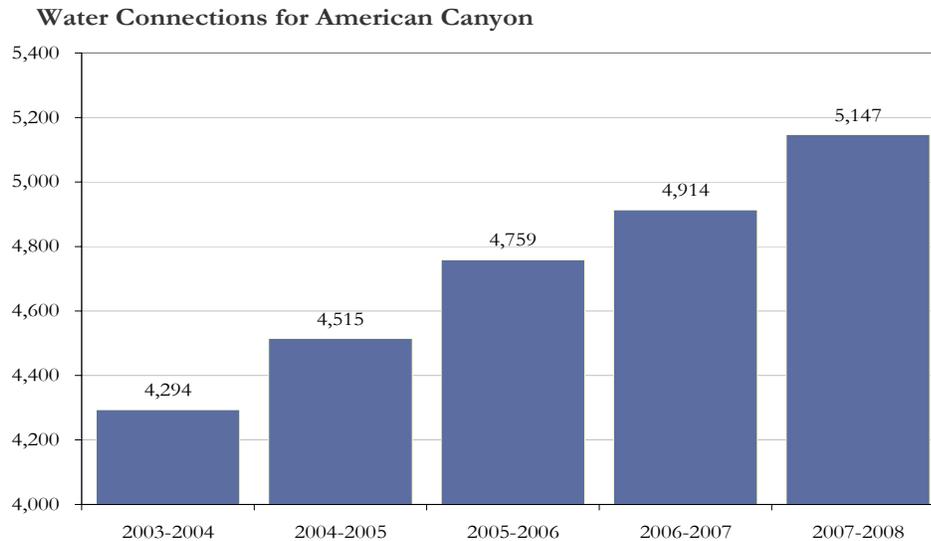
Animal Control

American Canyon contracts with the County to provide animal control services within the City. The contract specifies the County will make available at least one of its animal control officers to respond to service calls within American Canyon during all regular work hours and on-call during non-regular work hours. Service calls covered under the contract include pickup of stray dogs, animal bite investigations, injured animal pickup and treatment, and removal of dead cats and dogs on public property. The contract also provides American Canyon access to services provided at the County Animal Shelter. The annual cost for these services to American Canyon is determined prior to the beginning of each fiscal year based on an agreed upon formula. The current cost to American Canyon is budgeted at \$33,000 and supported through the General Fund. This amount represents 0.2% of American Canyon's total general operating budget for the fiscal year and represents an individual resident expense of \$2.

Public Works

Water

American Canyon currently provides water service to 5,147 connections. Nearly all of these water connections are located within American Canyon with the exception of approximately 200 that generally serve unincorporated commercial and industrial customers in and around the Napa County Airport.¹⁵ American Canyon has experienced a 20% overall increase in the number of its water connections in the last five years as reflected in the following chart.



¹⁵ American Canyon provides water service to unincorporated lands north of its jurisdiction as a result of serving as successor agency to ACCWD. The Commission recognizes American Canyon's outside service responsibilities associated with its role as a successor agency and recently established an extraterritorial water service area for the City. The extraterritorial water service area includes all unincorporated lands extending north of American Canyon to the Soscol Ridge that are designated for an urban use under the County General Plan. American Canyon must receive Commission approval, however, before providing new or extended service within the extraterritorial water service area with the key exception of lands located within the County's Airport Industrial Area Specific Plan.

American Canyon’s annual water supplies are secured through contracts with the Napa County Flood Control and Water Conservation District (“Flood District”) and City of Vallejo. These contracts currently provide American Canyon with annual water entitlements totaling 6,751 acre-feet. Almost three-fourths of the annual entitlements are drawn from the State Water Project (SWP) and secured through American Canyon’s contract with the Flood District. The remaining one-fourth of the entitlements are contracted from Vallejo and divided between “baseline” and “permit” water. Vallejo’s baseline water is pretreated and drawn from local sources, such as Lake Berryessa (Napa County) and Lake Frey (Solano County). Vallejo’s permit water is untreated and drawn from Lindsey Slough in the Sacramento-San Joaquin Delta. The following table summarizes American Canyon’s contracted annual water entitlements through 2018.

American Canyon’s Contracted Annual Water Entitlements

(Source: American Canyon)

Fiscal Year	SWP	Vallejo: Baseline	Vallejo: Permit	Total
2009	4,900	1,351.5	500	6,751.5
2010	4,950	1,351.5	500	6,801.5
2011	5,000	1,351.5	500	6,851.5
2012	5,050	1,351.5	500	6,901.5
2013	5,100	1,351.5	500	6,951.5
2014	5,150	1,351.5	500	7,001.5
2015	5,200	1,351.5	500	7,051.5
2016	5,200	1,351.5	500	7,051.5
2017	5,200	1,351.5	500	7,051.5
2018	5,200	1,351.5	500	7,051.5

* Measurements are in acre-feet.

The reliability of American Canyon’s contracted annual water entitlements is affected by several outside factors. Most importantly, the amount of water American Canyon receives from its annual entitlement to the SWP is dependent on available supplies generated through snow fall in the Sierra Mountains. SWP entitlements are also impacted by levee maintenance and environmental regulations within the Delta. To help manage these outside factors, the State of California’s Department of Water Resources (DWR) issues monthly allocation assignments to all SWP users estimating the percentage of water entitlements it expects to actually deliver during the year. Over the last five years, actual SWP allocations have averaged 70% of each contractor’s annual entitlement. In 2007-2008, due to low snow fall during the year, the final SWP allocation was only 35% of each contractor’s annual entitlement. This cutback resulted in American Canyon receiving just 1,697.5 of its 4,850 acre-feet of its annual entitlement to SWP in the prior year.

Given the increasing outside constraints associated with the SWP, American Canyon recently exercised its right under its agreement with Vallejo and purchased additional entitlements to baseline water. This purchase was completed in 2006 and more than doubled American Canyon’s annual entitlement to baseline water from 628.6 to 1,351.5 acre-feet.¹⁶ Baseline water from Vallejo is considered relatively reliable given it is drawn

¹⁶ American Canyon’s contract specifies it may purchase additional baseline water entitlements from Vallejo over the course of three specific planning periods: 2007-2011 (722 acre-feet); 2012-2016 (566 acre-feet); and 2017-2021 (566 acre-feet).

from all local sources. The cost of baseline water, however, is significantly more expensive for American Canyon at \$1,568 per acre-foot compared to \$314 for an equivalent amount of water from the SWP.¹⁷

American Canyon's water treatment facility processes all SWP and Vallejo permit water before entering the distribution system. (Vallejo baseline water is pretreated and enters American Canyon's distribution system through an interconnection between the two agencies' water systems.) The treatment facility was recently upgraded and is capable of processing up to 16.8 acre-feet of water daily. Treated water enters and pressurizes American Canyon's distribution system by collecting within one of four reservoir tanks that have a combined storage capacity of 14.4 acre-feet.

In 2007-2008, American Canyon's total water demand equaled approximately 3,953 acre-feet resulting in an average daily demand of nearly 11 acre-feet. This total demand amount exceeded American Canyon's available contracted entitlements given the reduction in SWP deliveries and required the City to purchase additional supplies through various supplemental water supply programs administered by DWR. The total demand amount also represents an approximate 40% total increase in water demand over the last five years. The peak-day water demand was recorded on July 9th and equaled 16.8 acre-feet. An overview of American Canyon's water system's capacities and demands follows.

American Canyon's Water System Demands and Capacities

(Source: American Canyon)

Demands	Gallons	Acre-Feet
Current Total Water Demand	1.3 billion	3,953
Current Average Day Water Demand	3.5 million	10.8
Current Peak-Day Water Demand	5.5 million	16.8

Capacities		
Current Water Supply *	2.2 billion	5,281
Current Water Treatment Plant Daily Capacity	5.5 million	16.8
Current Water Storage Capacity	4.7 million	14.4

- * Total water supply assumes American Canyon will receive 70% of its contracted annual entitlement to the SWP, which represents the average amount delivered over the last five years.

American Canyon recently prepared an update to its Urban Water Management Plan (UWMP) evaluating the relationship between water supplies and demands through 2025. The UWMP considers current and planned land uses within American Canyon's historic water service area and projects demands will increase on average by 8.0% annually through 2015 before settling at 2.0% annually through 2025. The UWMP concludes American Canyon has sufficient supplies to meet projected demands under normal conditions through 2025. However, the UWMP states American Canyon's supplies are not sufficient to meet projected demands under single-dry and multiple-dry years. The UWMP includes a contingency plan outlining specific actions to help meet demands

¹⁷ Calculation for SWP water was calculated with the assistance of the NCFWCWD.

during water shortages. These actions include American Canyon exercising all of its options to purchase additional baseline water from Vallejo, expanding its reclaimed water system, and, if needed, developing municipal groundwater wells.¹⁸ A summary of the UWMP's projected water demands in American Canyon through 2025 follows.

American Canyon's Projected Annual Water Demands

(Source: American Canyon)

Year	2010	2015	2020	2025
Annual Water Demand	5,455	6,688	6,855	7,026

* Measurements are in acre-feet.

American Canyon's water system is managed by the City's Public Works Department and operates as an enterprise. The water rate schedule was last updated in January 2009. The schedule includes bimonthly usage charges and fixed availability charges. Both charges distinguish between inside and outside as well as residential and non-residential customers. It is estimated the average bimonthly water service charge for a single-family residence in American Canyon totals \$81.94.¹⁹ This amount represents close to a one-quarter increase compared to American Canyon's water rate schedule five years ago. This amount is also slightly above the average rate of \$80.66 for single-family residences among the other four Napa County cities for an equivalent amount of water.²⁰ A listing of American Canyon's current water rate schedule follows.

American Canyon's Water Service Charges

(Source: American Canyon)

Category	10,000 Gallons	20,000 Gallons	30,000 Gallons	40,000 Gallons
Single-Family Residential	\$39.08	\$81.94	\$128.09	\$174.24
Multi-Family Residential	\$40.93	\$77.46	\$113.99	\$150.52
Commercial	\$51.20	\$87.73	\$124.26	\$160.79

* Calculations are for inside City customers and assume a 0.75, 1.0, and 1.5 inch meters for single-family, multi-family, and commercial users, respectively.

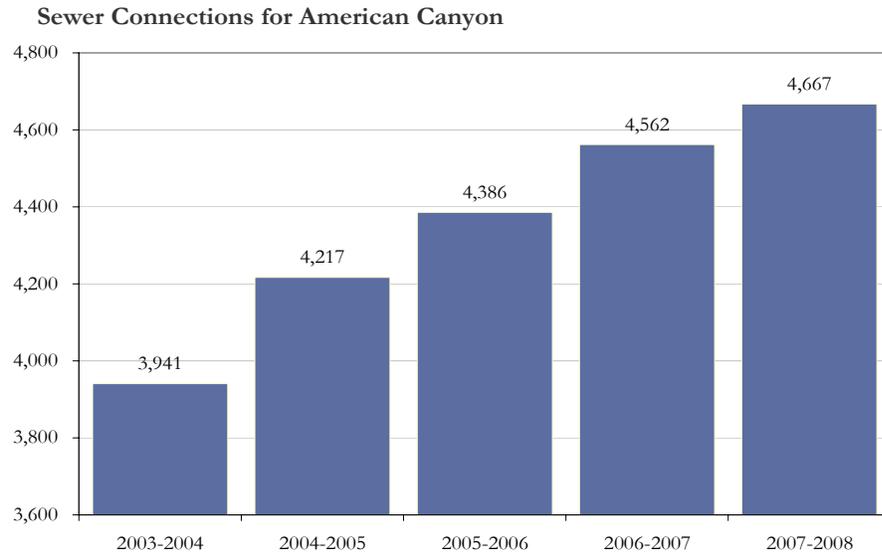
¹⁸ American Canyon currently produces approximately 107 acre-feet per year of tertiary reclaimed water, which is sold under a user agreement to Green Island Vineyards. American Canyon anticipates increasing its annual production of tertiary reclaimed water to 858 acre-feet by 2010 for purchase by other users in the region.

¹⁹ Estimate reflects the usage of 20,000 gallons of water over the affected two month period.

²⁰ The current estimated bimonthly water rates for a single-family residence using 20,000 gallons in Calistoga, Napa, St. Helena, and Yountville are \$125.46, \$80.80, \$67.61, and \$48.76, respectively.

Sewer

American Canyon currently provides sewer service to 4,667 connections. Nearly all of these sewer connections are located within American Canyon with the exception of approximately 25 that are located north of the City up to Fagan Creek and serve mostly unincorporated commercial and industrial customers.²¹ American Canyon has experienced an overall increase of 18% in the number of its sewer connections in the last five years as reflected in the following chart.



American Canyon's sewer system includes the collection, treatment, and discharge of wastewater. The collection system is divided between three distinct basins covering the central, west, and northern portions of American Canyon's historical service area. Wastewater collected in the central basin is primarily generated from residential users and represents approximately four-fifths of the total average demand. The remaining amount is generated by commercial and industrial users in the western and northern basins. Each basin includes its own pump station and conveys raw wastewater to American Canyon's wastewater treatment facility located at the western terminus of Eucalyptus Drive. The facility was recently upgraded and now provides tertiary treatment to wastewater before it is discharged into the Napa River between November and April or reclaimed for irrigation use between May and October.

²¹ American Canyon provides sewer service to unincorporated lands north of its jurisdictional boundary as a result of serving as successor agency to the American Canyon County Water District. The Commission recognizes American Canyon's outside service responsibilities associated with its role as a successor agency and recently established an extraterritorial sewer service area for the City. The extraterritorial sewer service area includes all unincorporated lands extending north of American Canyon to Fagan Creek that are designated for an urban use under the County General Plan. American Canyon must receive Commission approval, however, before providing new or extended service within the extraterritorial sewer service area with the exception of lands located within the County's Airport Industrial Area Specific Plan.

The treatment facility is designed with daily capacities to accommodate average dry weather flows of 2.5 million gallons and peak wet weather flows of 5.0 million gallons.²² The current average dry and peak wet weather flows are estimated to be 1.5 and 3.8 million gallons, respectively. These current amounts represent 60% and 76% of the treatment plant's design capacities. Notably, these current amounts also represent an approximate 15% increase in wastewater flows over the last five years. An overview of American Canyon's sewer system's capacities and demands follows.

American Canyon's Sewer System Demands and Capacities

(Source: American Canyon)

Demands	Gallons
Average Day Dry Weather Flow (07-08)	1.5 million
Peak Day Wet Weather Flow (07-08)	3.8 million
Capacities	
Average Day Dry Weather Design	2.5 million
Peak Day Wet Weather Design	5.0 million

American Canyon's sewer system is managed by the City's Public Works Department and operates as an enterprise. The sewer rate schedule was last updated in January 2009. The schedule includes a monthly usage charge that distinguishes between inside and outside as well as residential and non-residential customers. It is estimated the average single-family residence in American Canyon is currently charged \$40.29 per month for sewer service.²³ This amount is slightly less than the average rate for single-family residential sewer service within the remaining four Napa County municipalities based on an equivalent amount of sewer usage.²⁴ The following table identifies American Canyon's current sewer rates for residential and commercial customers.

American Canyon's Sewer Service Charges

(Source: American Canyon)

Category	<10,000 Gallons	>10,000 Gallons
Single-Family Residential	\$40.29	\$41.73
Multi-Family Residential	\$30.21	\$30.21
Commercial	\$40.29	\$40.29

²² The facility includes a 4.99 million gallon earthen basin to store wastewater during peak inflow/infiltration periods when treatment capacities are insufficient.

²³ Amount based on average winter water use.

²⁴ The current estimated monthly sewer rates for a single-family residence for 10,000 gallons in Calistoga, Napa (NSD), St. Helena, and Yountville are \$43.41, \$34.67, \$43.74, and \$41.77, respectively.

Storm Drainage

American Canyon provides storm drainage service within its jurisdictional boundary to capture, control, and direct runoff to protect existing development from flooding. These drainage services are guided by American Canyon's Storm Drainage Master Plan (SDMP) dated December 1996. The SDMP states drainage within and around American Canyon flows in a westerly direction towards the Napa River by way of five major tributaries; Walsh Creek, American Canyon Creek, Rio Del Mar Creek, North Slough, and Fagan Creek. The SDMP concludes the development of American Canyon will not significantly increase peak drainage flows within the five major tributaries given the watersheds primarily lie upstream from planned urban uses under the General Plan. The SDMP includes a capital improvement program that directs American Canyon to perform regular clearing of the major tributaries. The SDMP also identifies improvements to be made by private developers in conjunction with future development projects, ranging from channel improvements to onsite detention ponds.

American Canyon's Public Works Department is responsible for operating, maintaining, and improving storm drainage services within the City. The Department has a current budget of \$0.71 million for storm drainage services which is supported through the General Fund. This amount accounts for 4.3% of American Canyon's total operating budget for the fiscal year representing an individual resident expense of \$44.

Street Maintenance and Traffic Circulation

American Canyon provides a range of services relating to street maintenance and traffic circulation with the City. This includes the operation and maintenance of roadways, sidewalks, streetlights, signs, and traffic signals. These services are primarily guided by policies and objectives outlined in the American Canyon General Plan's Circulation Element. In all, it is estimated American Canyon currently maintains and operates 53 street miles, 1,233 streetlights, and 4 traffic signals.

Roadway conditions in American Canyon are considered good as measured by the Metropolitan Transportation Commission (MTC). MTC's most recent evaluation of pavement conditions rated American Canyon's roadways 20th out of 109 for all local jurisdictions within the Bay Area. Further, American Canyon's roadway rating was best among all other jurisdictions in Napa County. American Canyon performs minor on-going roadway rehabilitation to maintain the current street system. Typical roadway rehabilitation includes overlaying new asphalt on streets, pothole patching, and crack sealing. American Canyon also regularly repairs and replaces damaged concrete sidewalks, curbs, and gutters as a need. American Canyon contracts out major roadway rehabilitation and improvement projects to outside contractors.

American Canyon recently retained an outside consultant to prepare a multi-phase traffic model report to assess current flow patterns and forecast future demands within and adjacent to the City for purposes of informing capital improvements. The most recently prepared report notes there are 11 intersections currently operating at unacceptable levels of service (LOS) during peak commute hours, the majority of which are located along State Highway 29 between State Highway 12 and Kimberly Drive:

- State Highway 29/State Highway 12
- State Highway 29/Rio Del Mar
- State Highway 29/American Canyon Rd
- American Canyon Road/Broadway
- State Highway 29/Tower Road
- State Highway 29/Green Island Road
- State Highway 29/Napa Junction
- State Highway 29/ Poco Way
- State Highway 29/Donaldson Way
- State Highway 29/ Crawford Way
- State Highway 29/Kimberly Drive

The report assesses traffic demands within and adjacent to American Canyon through 2030 based on the land use assumptions in the City General Plan and the buildout of the ULL. Several planned improvements are incorporated into the buildout traffic model. These improvements include: 1) extending Newell Drive from American Canyon Road to South Kelly Road; 2) extending Commerce Boulevard from Green Island Road to Airport Boulevard; 3) extending Devlin Road from Green Island Road to Airport Boulevard; and 4) widening State Highway 29 from four to six lanes from Green Island Road to State Highway 37. The report concludes these improvements will reduce intersections operating at unacceptable LOS in the region to the following four:

- State Highway 29/State Highway 12
- State Highway 29/American Canyon Rd
- State Highway 29/Green Island Road
- State Highway 29/Mini Drive

American Canyon's Public Works Department is responsible for providing and managing street maintenance and traffic circulation services within the City. The Department has a current budget of \$1.26 million for street maintenance and traffic circulation services which is supported through the General Fund. This amount accounts for 7.6% of American Canyon's total operating budget for the fiscal year representing an individual resident expense of \$77.

Other Services

Garbage Service

American Canyon contracts with Vallejo Garbage Service, Inc. (VGS) to provide garbage service within the City. The contract was established in 2003 and assigns exclusive rights to VGS to collect and dispose of all residential, commercial, and industrial garbage generated in American Canyon.²⁵ The contract specifies VGS is responsible for all labor and equipment necessary to fulfill its duties, and in return, the company bills and collects a monthly service charge. VGS is allowed to increase its monthly service charge up to 1% annually to adjust to the consumer price index. Only garbage collection is subject to monthly service charge; yard waste and recyclables are collected by VGS at no cost to customers. American Canyon receives a monthly franchise service fee equal to 6.0% of VGS' total revenue collected within the City.

²⁵ The contract was originally entered into by American Canyon and USA Waste of California, Inc. The contract was amended in 2005 to allow VGS to assume solid waste duties from USA Waste of California.

VGS divides its monthly service charges between residential and commercial users. American Canyon recently approved a request from VGS to increase its monthly service charges by 2.5% beginning January 1, 2009. This increase accounts for the annual consumer price index adjustment along with covering the cost increases to VGS depositing collected garbage at a local landfill. Markedly, even with the pending increase, residential garbage rates in American Canyon will remain nearly 50% less than the combined average rate among the other four Napa County cities.²⁶ A list of monthly garbage rates in American Canyon as of January 1, 2009 follows.

American Canyon's Monthly Garbage Rates
(Source: Vallejo Garbage Services, Inc.)

Category	32 Gallon Bin	64 Gallon Bin	96 Gallon Bin
Residential	\$13.02	\$19.79	\$28.75
Commercial *	\$15.19	\$26.84	\$36.88

* Commercial rates reflect one scheduled pick-up per week.

Public Transit

American Canyon recently transferred operation of American Canyon Transit (ACT) to the Napa County Transportation and Planning Agency (NCTPA). ACT consists of a bus service known as the "Duck" that operates Monday through Friday between 7:30 A.M. and 6:00 P.M. The Duck runs every 90 minutes and extends north to south from Napa Junction to the Sereno Transfer Station in Vallejo. On request, the Duck will also provide door-to-door transit service for seniors and disabled persons. NCTPA also provides funding for American Canyon to offer a taxi-scrip program for senior and disabled persons. NCTPA's Vine Bus No. 10 also serves American Canyon by way of having stops within the City on its way north to Calistoga and south to the Vallejo Ferry Terminal. An evaluation of public transit services throughout Napa County will be the subject of a separate municipal service review scheduled for 2010-2011.

Financial

Assets, Liabilities, and Equity

American Canyon prepares an annual report following the end of each fiscal year summarizing its overall financial standing. The most recent report was prepared for the 2006-2007 fiscal year and includes audited financial statements identifying American Canyon's assets, liabilities, and equity as of June 30, 2007.²⁷ These audited financial statements provide quantitative measurements in assessing American Canyon's short and long term fiscal health and are summarized below.

²⁶ The currently monthly garbage rate for single-family customers with a 64 gallon bin is as follows: Calistoga at \$41.70; Napa at \$29.96; St. Helena at \$40.28; and Yountville at \$41.68.

²⁷ The government-wide financial statements include assets, liabilities, and equity associated with the American Canyon Fire Protection District given the City is financially accountable for the District.

Assets

American Canyon's assets at the end of the fiscal year totaled \$396.5 million. Assets classified as current, with the expectation they could be liquidated into currency within a year, represented less than one-tenth of the total amount and were generally tied to cash, investments, and receivables. Assets classified as non-current represented the remaining nine-tenths of the total amount with the majority attached to capital holdings, such as American Canyon's water and sewer infrastructure systems.

Liabilities

American Canyon's liabilities at the end of the fiscal year totaled \$61.1 million. Current liabilities representing obligations owed within a year accounted for less than one-fifth of the total amount and primarily consisted of accounts payable and short-term debt payments. Non-current liabilities accounted for the remaining four-fifths of the total amount and generally consisted of long-term debt payments.

Equity

American Canyon's equity at the end of the fiscal year totaled \$335.4 million. This amount represents the difference between American Canyon's total assets and total liabilities and confirms the City's overall profit since its incorporation.

American Canyon's financial statements for 2006-2007 reflect the City experienced a positive change in its fiscal standing as its overall equity or net worth increased by 2.7% or \$8.8 million. American Canyon also finished the fiscal year with strong liquidity given

its total current assets more than doubled its current liabilities.²⁸ Further, American Canyon finished the fiscal year holding a low amount of debt relative to its equity indicating a healthy capital structure.²⁹ American Canyon did experience a slight negative change in equity within its General Fund with an ending balance of \$7.9 million, which is \$0.2 million less than the amount existing at the beginning of the fiscal year.

2006-2007 Financial Statements

Assets	\$396.5 million
Liabilities	\$61.1 million
Equity	\$335.4 million

Annual Budget

American Canyon's adopted budget for the 2008-2009 fiscal year totals \$28.53 million. This amount represents American Canyon's total approved expenses or appropriations for the fiscal year and reflects an approximate 14.4% increase from the prior year budget. American Canyon's estimates total revenues for the fiscal year will exceed expenses by \$2.5 million and total \$31.05 million. Revenues overall are expected to decrease by 8.8% from the prior year due to the downturn in the economy. An expanded review of expenses and revenues within each of American Canyon's five governmental funds for the fiscal year follows.

²⁸ American Canyon's current ratio at the end of 2006-2007 was 2.7.

²⁹ American Canyon's debt-to-equity ratio at the end of 2006-2007 was 15%.

General Fund

American Canyon's General Fund supports basic municipal services and supported through taxes and service fees. Approved expenses are estimated at \$16.48 million with the largest apportionment dedicated to police protection at 27%. Estimated revenues are projected at \$14.73 million with the majority of the proceeds expected to be generated from property (50%) and sales taxes (15%). After inter-transfers it is anticipated the General Fund will experience a decrease in its overall unreserved balance during the fiscal year from \$5.15 to \$4.33 million.

Special Revenue Funds

American Canyon's Special Revenue Funds accounts for the receipt and expense of monies earmarked for specific activities. Approved expenses are estimated at \$0.84 million while revenues are projected at \$1.32 million. The largest expense and revenue source is associated with an assessment district which assesses all new development in American Canyon for purposes of funding landscaping and lighting services. After inter-transfers it is anticipated the Special Revenue Funds will experience a decrease in its overall balance during the fiscal year from \$3.72 to \$3.23 million.

Governmental Capital Project Funds

American Canyon's Governmental Capital Project Funds accounts for the receipt and expense of acquiring or constructing major infrastructure commonly through bonds, grants, impact fees, or transfers. Approved expenses are estimated at \$0.18 million while revenues are projected at \$3.94 million. Nearly one-half of projected revenues are expected from traffic impact fees associated with development projects. Additionally, as part of the budget, American Canyon has approved approximately \$11.36 million in general capital improvement projects. All of these projects have been carried-forward from the previous fiscal year budget with the largest amount dedicated to completing the purchase and associated improvements to American Canyon's new City Hall (\$2.36 million). If impact fees and grants are not generated in sufficient amounts to fund a particular project, it will be deferred to a later year which reflects the American Canyon's practice to build projects on a "pay-as-you-go" basis. After inter-transfers as well as capital improvement apportionments it is anticipated the Capital Project Fund will experience a decrease in its overall balance during the fiscal year from \$10.92 to \$5.06 million.

Debt Service Funds

American Canyon's Debt Service Funds accounts for paying the principal and interest on general long-term debt. Approved operating expenses are estimated at \$2.46 million while revenues are projected at \$1.43 million. The largest expense and revenue source is associated with a bond to make improvements to American Canyon East Road. After inter-transfers it is anticipated the Debt Service Funds will experience a decrease in their overall balance during the fiscal year from \$3.66 to \$3.06 million.

Enterprise Funds

American Canyon's Enterprise Funds accounts for specific municipal services that are intended to be self-supporting through the collection of user fees and charges. Enterprises in American Canyon include water and sewer services. Approved expenses are estimated at \$8.01 while revenues are projected at \$9.41 million. Nearly all estimated revenues are expected to be drawn from user charges and impact fees. American Canyon has also approved approximately \$5.44 million in capital improvement projects to the water and sewer systems. All approved projects have been carried-forward from the previous fiscal year with nearly three-fourths dedicated to the sewer system. Approved sewer system projects include making electrical repairs to the treatment plant (\$1.88 million) and replacing a main line at State Highway 29 and American Canyon Road (\$1.18 million). Notable water system projects include purchasing land for a future water storage tank (\$0.44 million). After inter-transfers and capital improvement apportionments it is anticipated the Enterprise Funds will experience a decrease in its overall balance during the fiscal year from \$10.27 to \$4.87 million.

The 2008-2009 budget marks a transitional period for American Canyon as the downturn in the economy is expected to curb its principal revenue sources after several consecutive years of increases. Nonetheless, American Canyon is expected to achieve a budget surplus. Prudent financial management in the years leading up to the present economic downturn has advantageously positioned American Canyon to utilize accumulated reserves to help absorb cost-increases and fund capital improvements while maintaining current service levels. Additionally, while an overall decrease is anticipated, the projected General Fund balance of \$4.33 million by the end of the current fiscal year equals 25% of American Canyon's current operating costs and exceeds the 20% reserve policy adopted by the City.

2008-2009 Adopted Budget

Total Expenses:	\$28.53 million
Total Revenues:	\$31.05 million
Difference:	\$2.52 million

B. American Canyon Fire Protection District

Overview

ACFPD was formed in 1957 and later reorganized into a subsidiary district to American Canyon. ACFPD provides a range of municipal services relating to the protection of life and property, including fire protection, emergency medical, and rescue. ACFPD's jurisdictional boundary is approximately 6.0 square miles in size and includes all of American Canyon as well as surrounding unincorporated lands extending as far north as Fagan Creek. ACFPD has a current operating budget of \$3.79 million with an estimated resident population of 16,334.

Formation and Development

ACFPD's formation was engendered by local landowners to provide an elevated level of fire protection and related emergency services for the community of American Canyon. Prior to ACFPD's formation, the community received a basic level of fire protection service from the County with their closest station located at the intersection of Jefferson and Trancas Streets in the City of Napa. This basic level of fire protection service, however, was deemed insufficient for the community as it began developing and transitioning from rural to urban land uses beginning in the early 1950s.

ACFPD's was formed as an independent special district governed by an elected five-member board of directors and funded through an apportionment of property tax proceeds. At the time of its formation, ACFPD was structured as an all-volunteer agency and completely dependent on local landowners, residents, and workers to organize and respond to service calls as needed. In 1959, ACFPD was restructured into a combination paid/volunteer agency with the hiring of fulltime firefighters.

In 1961, ACFPD entered into an agreement with the County to provide first-response services for all unincorporated lands located south of the Soscol Ridge and east of the Napa River in exchange for an annual fee. ACFPD continued to serve as first-responder within this contracted service area until the County terminated the agreement in 1978. Notably, the termination of its agreement with the County coupled with the concurrent loss in property tax proceeds associated with Proposition 13 threatened ACFPD's financial solvency until voters approved a fire assessment fee on all properties in 1980.

In 1992, the Commission reorganized ACFPD into a subsidiary district of American Canyon as part of the City's incorporation. The reorganization transitioned ACFPD's governance from an independent board consisting of locally elected residents to the American Canyon City Council. More recently, ACFPD has expanded its service area through automatic aid agreements with the County and Vallejo. These agreements establish an approximate 20 square mile outside service area for ACFPD extending north to Jameson Canyon, west to the Napa River, east to Solano County, and south to State Highway 37. In return, the County and Vallejo automatically respond to service calls within ACFPD south and north to Green Island Road, respectively.

Adopted Commission Boundaries

ACFPD's jurisdictional boundary is approximately 6.0 square miles or 3,623 acres in size. The Commission has approved a total of 28 jurisdictional changes involving ACFPD since 1963. All of these jurisdictional changes have involved annexations totaling 1,097 acres and are identified below.

Jurisdictional Changes Involving ACFPD

(Source: LAFCO)

Proposal Name	Type	Acres	Completion Date
Green Island Road No. 3	Reorganization	256.4	April 6, 2005
American Canyon Wastewater Treatment Plant	Reorganization	58.5	March 3, 2005
Green Island Road No. 2	Reorganization	7.5	July 6, 2004
American Canyon Road/Flosden Road	Reorganization	4.8	April 25, 2003
Green Island Road	Annexation	13.0	June 13, 2002
South Kelly/Devlin Road	Annexation	12.8	September 27, 2001
Flosden Road Extension	Reorganization	71.3	November 17, 1999
American Canyon Road/Flosden Road	Reorganization	230.6	January 29, 1999
Green Island Road/State Highway 29	Annexation	130.6	November 3, 1988
Napa Junction Road/Lombard Road	Annexation	6.0	October 28, 1988
Green Island Road	Annexation	10.0	September 8, 1988
Eucalyptus Drive	Reorganization	0.4	September 1, 1987
Tower Road/State Highway 29	Annexation	12.2	October 23, 1986
Tower Road	Annexation	10.0	November 29, 1984
Green Island Road No. 2	Annexation	5.0	November 30, 1983
Paoli Loop Road/State Highway 29	Annexation	3.4	July 19, 1983
American Canyon Rd/Flosden Rd/Broadway	Annexation	70.2	November 30, 1982
Gardner – Pacific Corporation	Annexation	8.0	November 24, 1981
ACFPD Annexation 1-81	Annexation	91.1	November 24, 1981
Hognestad Property	Annexation	2.6	November 24, 1981
Stocco Stone Property	Annexation	12.6	November 24, 1981
ACFPD Annexation 2-78	Annexation	15.5	August 7, 1980
ACFPD Annexation 6-78	Annexation	4.0	August 7, 1980
ACFPD Annexation 1-78	Annexation	22.0	January 2, 1979
ACFPD Annexation 4-78	Annexation	11.9	January 2, 1979
ACFPD Annexation 3-78	Annexation	17.0	January 2, 1979
ACFPD Annexation 2-76-A	Annexation	2.2	December 30, 1977
ACFPD Annexation 6-77	Annexation	7.7	December 30, 1977

ACFPD's jurisdictional boundary is approximately 71.2% coterminous with its adopted sphere of influence. The sphere of influence was comprehensively updated by the Commission in 2007 and includes 430.9 total non-jurisdictional acres. These non-jurisdictional acres are concentrated within six distinct areas and identified below.

Non-Jurisdictional Areas in ACFPD's Sphere of Influence

(Source: LAFCO)

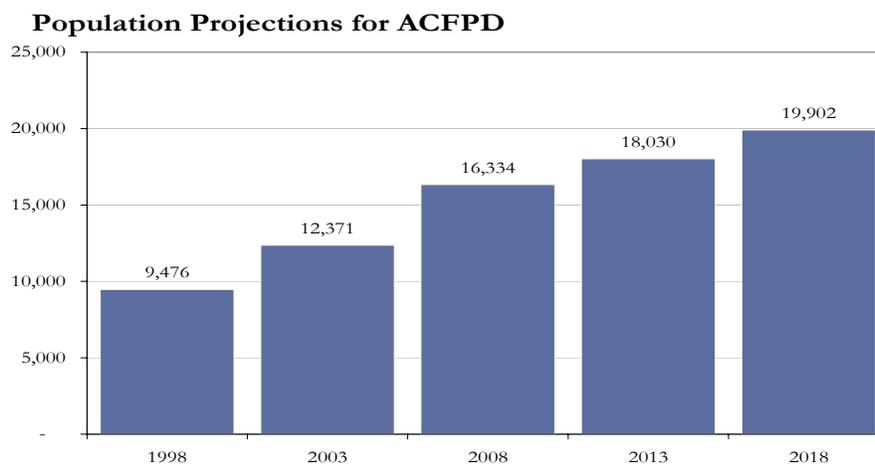
Location Description	Acres	Current Land Use
Tower Road ³⁰	11.15	Undeveloped
American Canyon/Newell Drive	48.74	Under Construction: School Site
North Town Center	37.03	Undeveloped
West Green Island Road	80.86	Undeveloped
West Eucalyptus Road	106.57	Undeveloped
East American Canyon Road	146.51	Undeveloped

Population and Growth

Residential

Nearly all of ACFPD's residential growth and development is concentrated within American Canyon. As previously noted, American Canyon has been one of the fastest growing cities in the Bay Area averaging an annual population increase of 7.2% over the last 10 years. This increase is primarily attributed to the significant rise in single-family residential construction and has contributed to American Canyon's population increasing over the period from 9,435 to 16,293. The remaining portion of ACFPD's residential growth and development is limited to approximately 16 unincorporated single-family residences principally located along American Canyon Road and Watson Lane. It is estimated these unincorporated residences have a total population of 41.

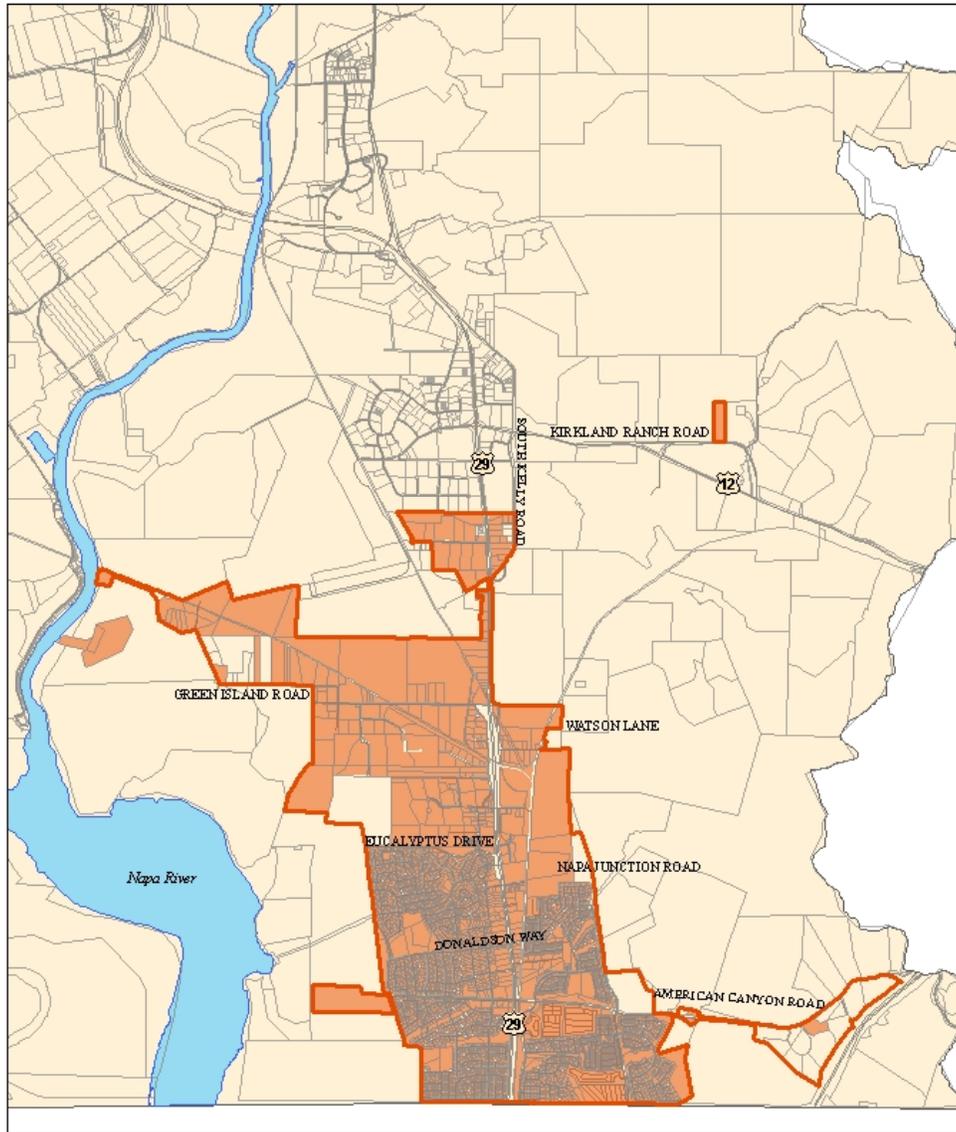
It is expected new residential growth and development in ACFPD will be generally limited to American Canyon given the use restrictions on unincorporated lands within and adjacent to the District under the County General Plan. The concentration of ACFPD's new residential growth and development within American Canyon is anticipated to produce an average annual increase to the District's population of nearly 2.0% over the next ten years. The following chart estimates ACFPD's past, current, and future population.



³⁰ The Tower Road area is also located within CSA No. 3's jurisdictional boundary and sphere of influence. The area was included in CSA No. 3 at the time of its formation in 1979 when it was anticipated it would only provide water and sewer services. In 1994, CSA No. 3 was restructured to provide only street maintenance and fire protection services. The Board of Supervisors excluded all areas within ACFPD's sphere of influence from the corresponding CSA No. 3 assessment zone to fund the District's fire protection services to address the overlap between the two agencies' spheres.

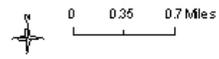
Figure Three

American Canyon Fire Protection District



Legend

-  ACFPD Jurisdictional Boundary
-  ACFPD Sphere of Influence



March 20, 2009
Prepared by EF



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Non-Residential

Non-residential growth and development in ACFPD is concentrated within its north and northwest jurisdiction and generally tied to commercial and industrial uses. The majority of non-residential development in ACFPD is located within American Canyon. The current amount of non-residential development within the unincorporated portion of ACFPD is not readily quantifiable. However, the County has approved two non-residential development projects within ACFPD that will total 5,550 in new building square feet. There are also two project applications on file with the County that collectively propose to construct 13,640 in new building square feet in ACFPD within the Tower Road area.

Organizational Structure

Governance

ACFPD operates under California Health and Safety Code Sections 13800 et seq., which is known as the Fire Protection District Law.³¹ The law was enacted in the 1920s and comprehensively updated in 1987. The legislative intent of this law is to empower residents and landowners to organize, fund, and provide fire protection and related services consistent with local needs and resources. To this end, the law provides broad authority for ACFPD to protect life and property by providing (a) fire protection, (b) rescue, (c) emergency medical, (d) hazardous emergency response, and (e) ambulance services.

As mentioned, ACFPD is unique given it was reorganized in 1992 as a subsidiary special district of American Canyon and as a result the City Council serves *ex officio* as the District Board. Key tasks of the District Board include adopting an annual budget, establishing and amending policies, and hiring the Fire Chief. The District Board meets separately during each regular meeting of the City Council, which is generally scheduled on the first and third Tuesdays of the month and broadcast on local public access television.

Administration

ACFPD's administration is the principal responsibility of the Fire Chief. The Fire Chief serves at-will to the ACFPD Board is responsible for directing all field operations, performing policy reviews, and preparing and monitoring an annual budget. The Fire Chief is also responsible for hiring all employees and managing labor negotiations. ACFPD is currently staffed with 18.5 fulltime equivalent employees, which includes 17 career firefighters. ACFPD also has a current reserve force of 20 volunteer firefighters.

Municipal Services

ACFPD provides a range of municipal services relating to the protection of life and property. These municipal services are classified in this review into three broad and interrelated categories: 1) fire protection, 2) emergency medical, and 3) rescue. An evaluation of these municipal services in terms of organization, capacities, and demands follows.

³¹ As of January 2002, there were 386 fire protection districts in California.

Fire Protection, Emergency Medical, and Rescue

ACFPD organizes the provision of fire protection, emergency medical, and rescue services by dividing 15 of its career firefighters into three field shifts identified as “A,” “B,” and “C.” Each field shift consists of five career firefighters and is responsible for staffing an engine and truck company. Each field shift is on duty for 48 consecutive hours before going off duty for 96 consecutive hours. Volunteer firefighters report to the station as needed to backfill staffing when one of the field shift companies is out responding to a service call.³²

ACFPD’s field shifts are all deployed directly from the District’s fire station located on Donaldson Drive east of its intersection with State Highway 29. Dispatch services are provided by the County by way of CalFire without charge and processed at a central command center located outside of St. Helena. ACFPD’s total service area is approximately 26 square miles and extends west to the Napa River, north to Jameson Canyon, east to Solano County, and south to State Highway 37 based on automatic aid agreements with the County and Vallejo.³³ ACFPD’s principal field equipment supporting its fire protection, emergency medical, and rescue services is listed below.

- Engine 11
- Engine 211
- Truck 11
- Reserve Engine 311
- Engine 411 (Wildland)
- Attack 11 (Wildland)
- Sports Utility Vehicle 11
- Sports Utility Vehicle 211
- Command C11 Pickup
- Command 211 Pickup
- Boat 211
- Boat 11
- Cargo Trailer 1
- Cargo Trailer 2
- Water Tender 11
- Interstate Trailer
- Van 11

In terms of demands, ACFPD has experienced an approximate 10% increase in total service calls over the last five years from 1,237 to 1,365. Almost three-fourths of all service calls received during this period have related to emergency medical.³⁴ The remaining one-fourth of ACFPD’s service calls over the last five years have related to fire protection and rescue as well as miscellaneous. A complete listing of the type and volume of service calls received by ACFPD over the last five years follows.³⁵

³² Volunteer firefighters generally do not respond to service calls without the supervision of at least one career firefighter. All volunteers participate in basic life support activities under the supervision of a career firefighter. Volunteers do not have a specific work schedule but are assigned to a shift. Volunteers are paid a stipend based on the percentage of their time spent 1) responding to calls, 2) training, and 3) participating in public educational activities. The current stipend formula allows for a maximum total bi-annual payment of \$2,000.

³³ These automatic aid agreements commit the County and Vallejo to respond to service calls within ACFPD’s northern and southern jurisdictional boundary, respectively.

³⁴ ACFPD’s emergency medical services are regulated by regional joint-powers authority known as the Coastal Valley Regional Medical Services Authority (CVRMSA). This joint-powers authority licenses ACFPD to administer basic life support, which consists of providing emergency first-aid and cardiopulmonary resuscitation procedures, or CPR. ACFPD coordinates its emergency medical services with Piner Ambulance Service, which is contracted by the County to provide ambulatory transport throughout the south county region. ACFPD is currently evaluating the merits of expanding the level of its emergency medical services to include advance life support which would require approval from CVRMSA.

³⁵ Fire protection services generally involve responding to structural, vehicle, and vegetation fires. ACFPD also provides preventive fire protection services, such as performing building plan reviews and conducting community educational programs. Rescue services typically involve extricating people from vehicles that have been damaged in accidents. ACFPD

ACFPD's Service Calls

(Source: ACFPD)

Incident Type	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Fire	76	56	69	67	92
Rescue	3	15	5	9	6
Medical	871	928	913	856	907
Miscellaneous	287	250	243	305	360
Total	1,237	1,249	1,230	1,237	1,365
Increase From Prior Year	***	1.0%	(1.5%)	0.6%	10.3%

In 2007-2008, ACFPD reported 1,269 of the 1,365 total calls the District received involved an emergency incident relating to fire protection, medical, or rescue within its combined jurisdictional and contracted service area. ACFPD's overall response times for these calls as measured from dispatch to arrival averaged four minutes and twenty seconds. ACFPD was also able to respond to 81% of these calls within five minutes, which represents the District's adopted response standard. ACFPD's average response times to emergency incidents within its contracted service area with the County, however, did exceed five minutes and is largely attributed to traffic. A complete listing of ACFPD's response times during the year is summarized below.

ACFPD's Response Times in 2007-2008

(Source: ACFPD)

Location	Incidents	Average Response	Response within Five Minutes
Incidents in ACFPD	1,159	4:10	84%
Incidents in County Auto-Aid Service Area	76	6:20	45%
Incidents in Vallejo Auto-Aid Service Area	34	4:00	76%
Total	1,269	4:10	81%

Financial***Assets, Liabilities, and Equity***

ACFPD's financial statements are prepared by American Canyon and included in the City's annual report issued at the conclusion of each fiscal year. The most recent issued report was prepared for the 2006-2007 fiscal year and includes audited financial statements identifying ACFPD's total assets and liabilities, and equity as of June 30, 2007. These audited financial statements provide quantitative measurements in assessing ACFPD's short and long term fiscal standing and are summarized below.

is also recognized by the California Office of Emergency Services to conduct search and rescue services within collapsed and confined spaces. Calls classified as miscellaneous generally involve non-emergency incidents.

Assets

ACFPD's assets at the end of the fiscal year totaled \$9.05 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented approximately one-third of the total amount with the majority tied to cash and investments.³⁶ Assets classified as non-current represented the remaining two-thirds of the total amount and primarily associated with ACFPD's new fire station building.

Liabilities

ACFPD's liabilities at the end of the fiscal year totaled \$2.67 million. Current liabilities representing obligations owed within a year accounted for nearly four-fifths of the total amount with the largest item tied to an interagency transfer associated with funding ACFPD's new fire station. Liabilities deemed non-current accounted for the remaining one-fifth of the total amount with the majority attached to ACFPD's outstanding financing payments associated with purchasing two new engines in 2005.

Equity

ACFPD's equity at the end of the fiscal year totaled \$6.38 million. This amount represents the difference between ACFPD's total assets and liabilities and reflects the District's overall profit since its formation.

ACFPD's financial statements for 2006-2007 reflect the District experienced a positive change in its fiscal standing as its equity or net worth increased by nearly one-tenth or \$0.51 million over the 12 month period.

2006-2007 Financial Statements	
Assets	\$9.05 million
Liabilities	\$2.67 million
Equity	\$6.38 million

Notably, ACFPD's ability to fund the new fire station with accumulated cash reserves allowed the District to finish the fiscal year with an exceptional low amount of long-term indebtedness relative to its equity.³⁷ ACFPD also finished the fiscal year with an adequate level of liquidity given its current assets exceeded its current liabilities by almost one-half.³⁸

Annual Budget

ACFPD's adopted budget for the 2008-2009 fiscal year totals \$3.88 million. This amount represents ACFPD's total approved expenses or appropriations for the fiscal year and reflects an approximate 6% decrease from the prior year budget. ACFPD estimates total revenues for the fiscal year will exceed expenses by \$0.51 million and total \$4.40 million. Revenues overall are expected to decrease by 8% from the prior year budget due to anticipated reductions in development-related service charges and earned interest. An expanded review of expenses and revenues within each of ACFPD's five governmental funds for the fiscal year follows.

³⁶ ACFPD finished 2006-2007 with \$1.56 million in cash and investments.

³⁷ ACFPD's debt-to-net assets ratio at the end of 2006-2007 was 0.7%.

³⁸ ACFPD's current ratio at the end of 2006-2007 was 1.46.

General Fund

ACFPD's General Fund supports basic District operations. Approved expenses are estimated at \$3.79 million with the largest apportionments dedicated to salaries and benefits (83%) and service supplies (11%). Estimated revenues are projected at \$3.99 million with the majority of proceeds expected to be generated from property taxes (82%) and an annual service fee assessment (15%). After interdepartmental transfers it is anticipated the General Fund will experience a decrease in its overall balance during the fiscal year from \$2.45 to \$1.01 million.³⁹

Retiree Health Care Fund

ACFPD's Retiree Health Care Fund was established in 2006-2007 and serves as a repository for cash dedicated to covering the District's retiree benefit costs. Approved expenses are estimated at \$0.05 million and dedicated entirely to services and supported by a matching transfer from the General Fund. The budgeted expense is considered a placeholder until a more thorough analysis of ACFPD's long term costs for retiree benefits is completed by an outside consultant. No change is anticipated in the Retiree Health Care Fund's overall balance during the fiscal year which currently totals \$0.15 million.

Fire Mitigation Fund

ACFPD's Fire Mitigation Fund serves as a repository for revenue collected through a voter-approved special parcel assessment within the District for the purpose of purchasing new equipment and facilities. No expenses were approved for the fiscal year. Estimated revenues are projected at \$0.38 million. After interdepartmental transfers it is anticipated the Fire Mitigation Fund will experience an increase in its overall balance during the fiscal year from (\$1.48) to \$0.34 million.

Fire Equipment Replacement Fund

ACFPD's Fire Equipment Replacement Fund serves as a repository for cash dedicated to replacing existing equipment. Approved expenses are estimated at \$0.04 million along with an additional \$0.18 million dedicated to debt service. Estimated revenues are projected at \$0.01 million. After interdepartmental transfers it is anticipated the Fire Equipment Replacement Fund will experience a decrease in its overall balance during the fiscal year from \$0.09 to \$0.04 million.

State and Federal Grants Fund

ACFPD's State and Federal Grants Fund serves as a repository for governmental subventions received by the District. No expenses or revenues are budgeted for the fiscal year which will leave the current balance of \$0.003 intact.

³⁹ The majority of this balance decline is attributed to a \$1.46 million loan to the Fire Mitigation Fund.

ACFPD's adopted budget in 2008-2009 marks the first decrease in overall approved expenditures in several years. The decrease in expenses is primarily attributed to completing the construction and outfitting of ACFPD's new fire station in the prior year. It is expected the reduction in expenses will help offset anticipated declines in revenues and thereby allow ACFPD to maintain existing service levels. Additionally, the projected decline in ACFPD's General Fund balance from \$2.45 to \$1.01 million is drawn from an interdepartmental loan and does not preclude the District from meeting its 20% adopted reserve policy relative to annual operating expenses.

2008-2009 Adopted Budget

Total Expenses:	\$3.88 million
Total Revenues:	\$4.40 million
Difference:	\$0.52 million

C. County Service Area No. 3

Overview

County Service Area (CSA) No. 3 was formed in 1979 and is a dependent special district governed by the County Board of Supervisors. CSA No. 3 provides fire protection and miscellaneous street maintenance services through contracts with other public and private entities. These municipal services are entirely funded through two voter-approved special taxes. CSA No. 3's jurisdictional boundary is approximately 2.7 square miles in size and comprises mostly commercial and industrial land uses along with a small number of preexisting single-family residences. The jurisdictional boundary is anchored by the Napa County Airport. CSA No. 3 has a current operating budget of \$0.37 million with an estimated 5.1 million in total building square feet and approximately 13 residents.

Formation and Development

CSA No. 3's formation was originally sought by the Board of Supervisors to help facilitate the development of commercial and industrial uses in the Napa County Airport area. At the time of formation, CSA No. 3 was authorized to provide water and sewer services with the expectation it would eventually provide additional municipal services as the area developed. It was also expected CSA No. 3 would not exercise its powers directly, but would instead contract for services from willing providers. This expectation included entering into contracts with ACCWD and NSD, which were already providing a limited number of properties in the area with water and sewer services, respectively.⁴⁰ However, such contracts did not emerge, and these outside agencies continued to provide new and extended water and sewer services directly to the area following CSA No. 3's formation.

CSA No. 3 remained dormant until 1994 when the Board of Supervisors restructured the District and authorized it to provide fire protection and miscellaneous street maintenance services, the latter including street sweeping, street lighting, and streetside landscaping. The Board of Supervisors also formally deactivated CSA No. 3's authority to provide water and sewer services.⁴¹ After its restructuring, CSA No. 3 established an assessment district to sponsor two separate voter-approved special taxes to fund its fire protection and miscellaneous street maintenance services. The assessment district is divided between three overlapping benefit zones representing separate and distinct service areas within CSA No. 3. Each zone is assigned a different special tax rate which is set at the beginning each of fiscal year based on the benefit the properties will receive from the subject service.

Adopted Commission Boundaries

CSA No. 3's jurisdictional boundary is approximately 2.7 square miles or 1,742 acres in size. The Commission has approved one jurisdictional change involving CSA No. 3 since its formation in 1979. This jurisdictional change involved an annexation totaling 291 acres and is identified below.

⁴⁰ See Footnote No. 2 for a description of the sewer and reclaimed water services provided by the Napa Sanitation District.

⁴¹ State law has been subsequently amended to require Commission approval for special districts to either activate a latent power or eliminate an established service.

Approved Jurisdictional Changes Involving CSA No. 3

(Source: LAFCO)

Proposal Name	Type	Acres	Completion Date
North Area	Annexation	291	July 29, 2005

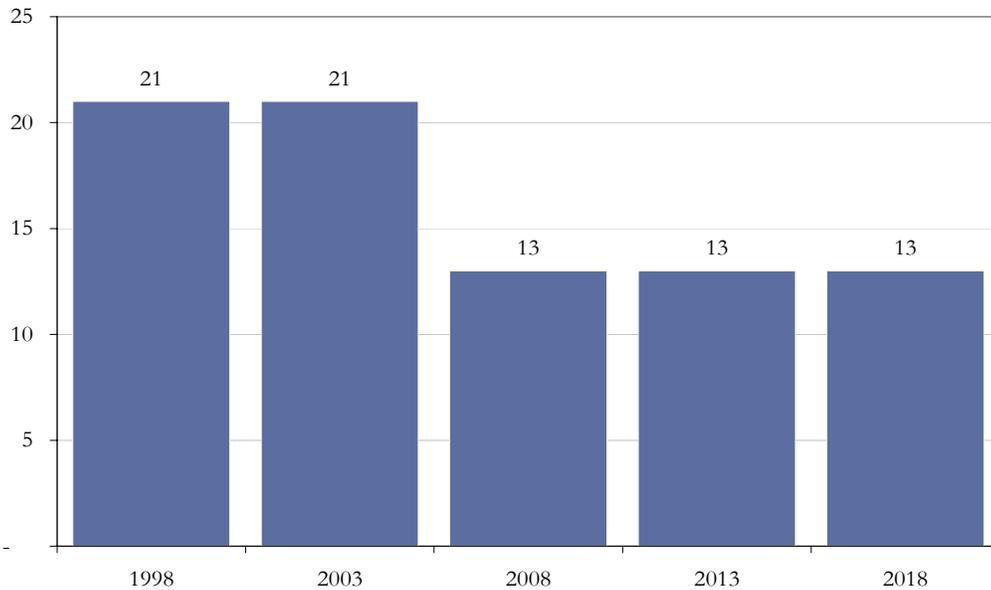
CSA No. 3’s jurisdictional boundary is coterminous with its adopted sphere of influence. The sphere of influence was comprehensively updated with no changes in 2007.

Population and Growth

Residential

Residential uses within CSA No. 3 are limited. A review of the parcel database maintained by the County Assessor’s Office indicates there are currently five occupied residences within CSA No. 3. This includes four single-family residences built several decades earlier relative to the more recent commercial and industrial development of the area. There is also one residential unit in CSA No. 3 associated with a commercial storage facility. Three additional single-family residences are also located within CSA No. 3, but they appear vacant and are owned by commercial developers. These factors collectively indicate CSA No. 3’s current resident population is 13 with no expectation of a future increase given the current land use policies of the County.⁴² The following chart reflects these assumptions in projecting CSA No. 3’s recent, current, and future population.

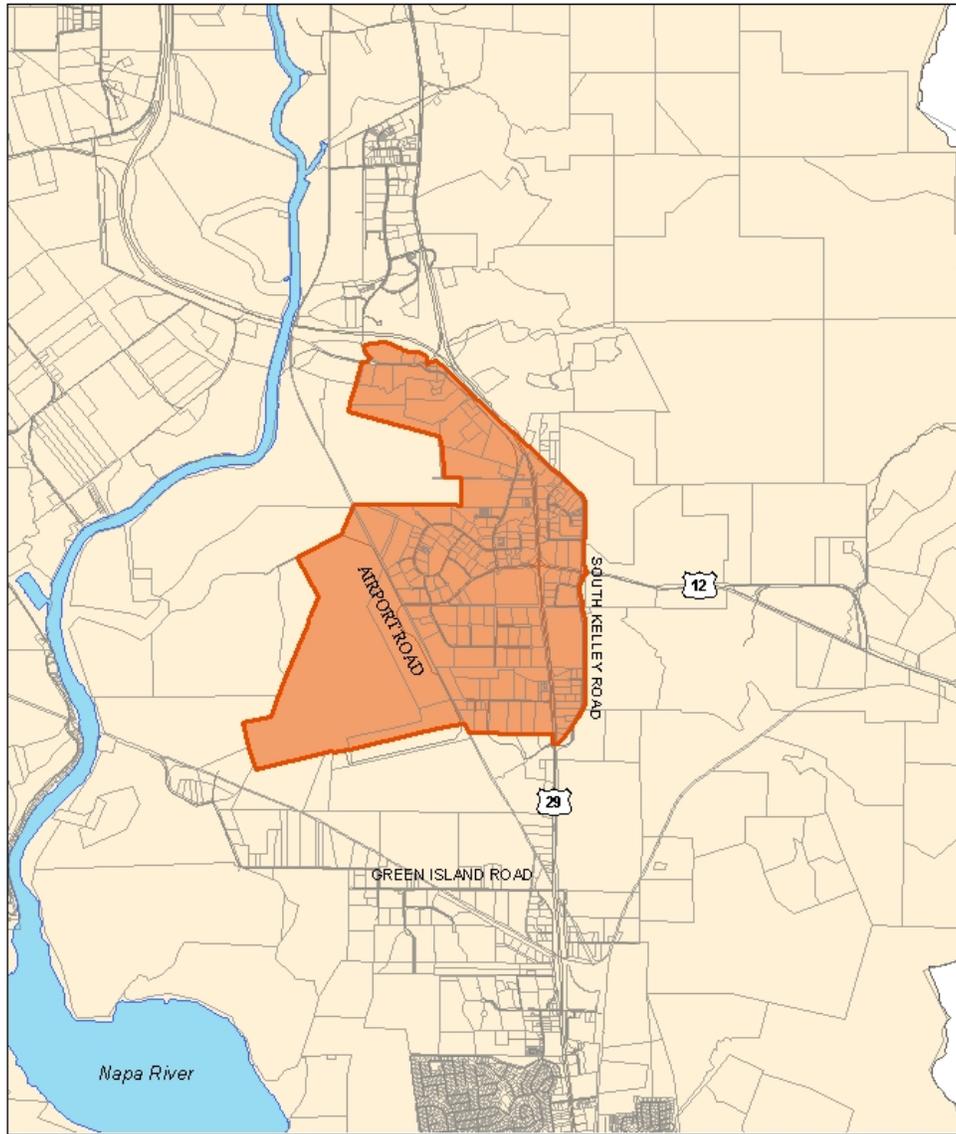
Population Projections for CSA No. 3



⁴² Population estimate calculated by the staff based on California Department of Finance’s projection that there are approximately 2,571 persons for every residential unit in unincorporated Napa County.

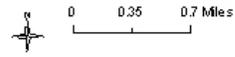
Figure Four

County Service Area No. 3



Legend

-  County Service Area No. 3 Jurisdictional Boundary
-  County Service Area No. 3 Sphere of Influence



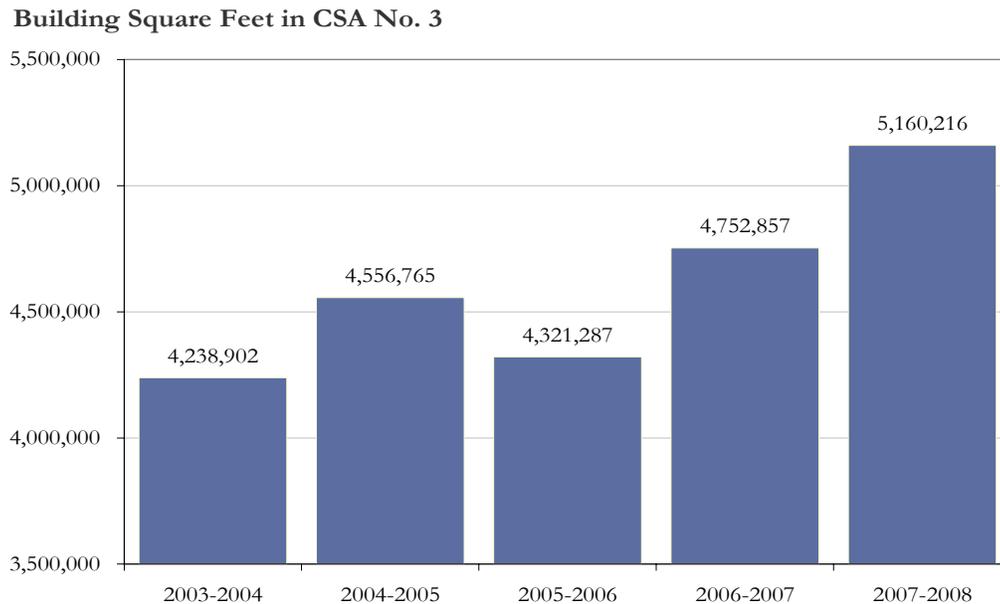
March 20, 2009
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<http://napa.lafco.ca.gov>

Non-Residential

The majority of growth in CSA No. 3 is associated with commercial and industrial land uses. CSA No. 3 tracks the amount of non-residential growth within its jurisdiction as measured by the total number of building square feet for purposes of annually calculating the rate for its two special taxes. This information identifies an approximate 21.7% overall increase in the amount of new non-residential growth over the last five years. Nearly half of this new non-residential growth has occurred over the last two years and highlighted by the construction of 100-room hotel located along the corner of State Highway 12 and Airport Road. The following chart identifies the total number of building square feet in CSA No. 3 between July 2004 and July 2008.



In terms of future non-residential growth, the County has approved 15 projects that are either pending or under construction within CSA No. 3. These projects will collectively increase the total building square feet by one-fourth or 1.3 million. The largest of these approved but pending projects involves the Montalcino Resort. This project was approved by the County in 2004 to include the construction of a 379-room hotel covering 0.4 million square feet and an adjacent 18-hole golf course.⁴³ There also seven project applications on file with the County that collectively proposed to construct 0.28 million in new building square feet in CSA No. 3. Markedly, if all approved and filed applications materialize, CSA No. 3's jurisdictional boundary will be considered generally built-out.

* A map of the County of Napa General Plan Land Use Map is provided in Appendix E.

⁴³ Although there has been no substantive activity on either of the two phases, the use permits for the Montalcino Resort has been "used" and therefore remain valid in perpetuity or until replaced by a subsequent approval.

Organizational Structure

Governance

CSA No. 3 operates under California Government Code Sections 25210.1-25217.4 which is known as County Service Area Law.⁴⁴ The law was enacted in 1953 and comprehensively updated in 2008. The legislative intent of CSAs is to provide counties with alternative organizations and methods to finance and provide needed public facilities and services to residents and landowners of unincorporated areas as appropriate. Towards this end, CSAs are eligible to provide a broad range of municipal services within contiguous and non-contiguous unincorporated territory as summarized below.

- Police Protection
- Fire Protection
- Recreation
- Library
- Television Translator Stations
- Water
- Sewer
- Pest/Vector Abatement
- Street Maintenance
- Solid Waste
- Soil Conservation
- Animal Control
- Transportation
- Cemetery
- Emergency Medical
- Airport
- Flood Control
- Community Facilities
- Open-Space/Habitat Conservation
- Weed Abatement
- Graffiti Abatement

CSA No. 3 provides only fire protection and street maintenance services with the latter involving landscaping, cleaning, and lighting. All other services are considered latent powers and would require Commission approval to activate.

CSA No. 3 business is conducted by the Board of Supervisors as needed during its regular meetings scheduled every Tuesday at the County Administration Building. A review of recent agendas indicates the Board of Supervisor's review of CSA No. 3 items over the last several years have been limited to annually setting the special tax rates for fire protection and street maintenance services and adopting an annual budget.

Administration

CSA No. 3's administration is the principal responsibility of the County Public Works Department. The Public Works Director manages the day-to-day activities of CSA No. 3 and assigns staff to provide administrative services for the District as needed. Key administrative tasks performed by Public Works include preparing and monitoring the annual budget and overseeing CSA No. 3's contracts with outside service providers.

⁴⁴ There are currently 883 CSAs operating in California.

Municipal Services

As mentioned, CSA No. 3 provides fire protection and miscellaneous street maintenance services. These services are provided within three distinct and overlapping zones. An evaluation of these services in terms of organization, capacities, and demands follows.

Fire Protection

CSA No. 3 provides fire protection services within “Zone Two” of its jurisdictional boundary by way of funding approximately one-third of the annual operational costs of the County’s Greenwood Ranch Station. Zone Two includes all of CSA No. 3 with the exception of approximately 160 acres located along Tower Road which is within and served by ACFPD.⁴⁵ A total of 13 career firefighters are assigned to Greenwood Ranch and are responsible for operating one engine company. The engine company has a minimum staffing level of four at all times, which generally includes one captain and three engineers. All personnel assigned to Greenwood Ranch work a 72 hour shift.

The Greenwood Ranch Station is located within along Airport Boulevard west of its intersection with State Highway 29 in CSA No. 3. Dispatch services are provided by CalFire without charge and processed at a central command center located outside of St. Helena. Greenwood Ranch’s entire service area is approximately 61 square miles in size and generally extends west to Sonoma County, south to American Canyon, east to Solano County, and north to Napa.⁴⁶ The principal field equipment assigned to Greenwood Ranch is listed below.

- Engine 27
- Reserve Engine 27
- Utility Pick-Up Truck
- Hazardous Materials Support Trailer
- Engine 1470 (Assigned to CalFire)
- Engine 210 (Assigned to Carneros)

Over the last four years, Greenwood Ranch has experienced an approximate 16% increase in the total number of services calls within CSA No. 3 from 115 to 134. Close to one-half of these service calls have related to emergency medical with the remainder dedicated to fire and rescue.⁴⁷ A complete listing of the type and volume of service calls received by Greenwood Ranch within CSA No. 3 over the last four years follows.

CSA No. 3’s Service Calls

(Source: County)

Incident Type	2004-2005	2005-2006	2006-2007	2007-2008
Fire	39	33	47	45
Rescue	10	17	21	22
Medical	66	76	63	67
Total	115	126	131	134
Increase From Prior Year	***	9.5%	4.0%	2.3%

* On average, the number of service calls within CSA No. 3 represents 23.4% of the total amount of calls received by Greenwood Ranch.

⁴⁵ See Footnote No. 30 for a summary on the background involving the rationale behind overlapping spheres of influence for CSA No. 3 and ACFPD with respect to the Tower Road area.

⁴⁶ Greenwood’s service area to the north includes the unincorporated islands located north of Imola Avenue to Sousa Lane.

⁴⁷ See Footnote No. 34 for a summary on the regional joint-power authority overseeing ambulatory services in the region.

The County does not have an adopted response time standard. However, beginning in 2004-2005, the County has been recording its response times as measured from dispatch to arrival in anticipation of eventually adopting a standard. A review of the data collected by the County over the last four years identifies Greenwood Ranch's average response time for service calls within CSA No. 3 has been 4:35, which is considered sufficient relative to national standards. The Greenwood Ranch's average response times for service calls outside of CSA No. 3 are not available at this time.

CSA No. 3 is responsible for funding one-third of Greenwood Ranch's annual operational costs, which includes personnel expenses. CSA No. 3 is also responsible for debt service to cover its outstanding one-third portion of the capital costs for constructing Greenwood Ranch. These annual operational and debt service costs to CSA No. 3 collectively totals \$0.37 million in 2008-2009.⁴⁸ CSA No. 3's anticipated revenue from its fire service assessment, however, is not expected to raise more than \$0.29 million given the annual increase cannot exceed the change to the consumer price index. This restriction results in an anticipated funding shortfall of \$0.08 million for the current fiscal year. The County will cover the expected shortfall through its countywide fire fund. Notably, the County has subsidized CSA No. 3's annual operational and debt service costs for Greenwood Ranch since its construction and has resulted in an accumulated balance of \$1.26 million. Overall, fire protection services represents nearly four-fifths of CSA No. 3's current operating budget.

Street Maintenance

CSA No. 3's street maintenance services include (a) streetside landscaping, (b), street lighting, and (c) street sweeping and are summarized below.

Streetside Landscaping

CSA No. 3 provides streetside landscaping services within "Zone One" which includes the west-central portion of its jurisdictional boundary. Services currently include landscaping the medians located along Airport Boulevard, Devlin Road, and Gateway Road West. These services are provided by an outside contractor on a biweekly basis and includes ongoing maintenance and irrigation of planted vegetation. These services are expected to cost \$29,000 and represents 7.7% of CSA No. 3's current operating budget.

Street Lighting

CSA No. 3 provides street lighting services within "Zone Three" which includes its entire jurisdictional boundary. Services currently include installing and maintaining mid-block lights located throughout CSA No. 3.⁴⁹ These services are provided by an outside contractor as needed. CSA No. 3 also is responsible for the electrical costs associated with operating the mid-block lights provided by Pacific Gas and Electric. These services are expected to cost \$14,000 and represents 3.7% of CSA No. 3's current operating budget.

⁴⁸ CSA No. 3's apportioned operational and debt service costs in 2008-2009 incorporates a reduction of \$206,074, which represents the amount of expected revenue generated in the District for the County's Structural Fire Tax.

⁴⁹ The County maintains responsibility for operating intersection lights.

Street Sweeping

CSA No. 3 provides street sweeping services within “Zone Three” which includes its entire jurisdictional boundary. These services are provided by an outside contractor on a monthly basis with additional sweeping provided as needed. These services are expected to cost \$10,000 and represents 2.7% of CSA No. 3’s current operating budget.

* Maps depicting all three zones within CSA No. 3 are provided in Appendix F.

Financial

Assets, Liabilities, and Equity

CSA No. 3’s financial statements are prepared by the County and included in its annual report issued at the conclusion of each fiscal year. The most recent issued report was prepared for the 2006-2007 fiscal year and includes audited financial statements identifying CSA No. 3’s total assets and liabilities, and equity as of June 30, 2007. These audited financial statements provide quantitative measurements in assessing CSA No. 3’s short and long term fiscal standing and are summarized below.

Assets

CSA No. 3’s assets at the end of the fiscal year totaled \$0.113 million. All assets are classified as current with the expectation they could be liquidated into currency within a year with over four-fifths directly tied to cash and investments.⁵⁰

Liabilities

CSA No. 3’s liabilities at the end of the fiscal year totaled \$0.01 million. Current liabilities representing obligations owed within a year accounted for the entire amount and involved outstanding accounts payable.

Equity

CSA No. 3’s equity at the end of the fiscal year totaled \$0.112 million. This amount represents the difference between CSA No. 3s total assets and total liabilities and confirms the District’s overall profit since its formation.

CSA No. 3’s financial statements for 2006-2007 reflect the District experienced a negative change in its fiscal standing as its equity or net worth decreased by nearly two-fifths or \$0.81 million over the 12 month period. This decline is attributed to operating expenses outpacing revenues during the fiscal year.

2006-2007 Financial Statements

Assets	\$113,879
Liabilities	\$1,003
Equity	\$112,876

⁵⁰ CSA No. 3 finished 2006-2007 with \$98,125 in cash and investments.

Annual Budget

CSA No. 3's adopted budget for the 2008-2009 fiscal year totals \$0.376 million. This amount represents CSA No. 3's total approved expenses or appropriations for the fiscal year and reflects an approximate 10.2% decrease from the prior year budget. Nearly four-fifths of all expenses are associated with funding fire protection services while less than one-tenth are tied to street maintenance services. (Remaining expenses are tied to general administration.) CSA No. 3 estimates revenues will match expenses and includes collecting \$0.369 million from the District's fire (\$0.295 million) and street maintenance (\$0.074 million) special assessments. The remaining revenue amount is expected to be drawn from earned interest (\$0.006 million). Revenues overall are projected to increase by 12.6% from the prior fiscal year as result of raising both annual assessments consistent with the consumer price index.

CSA No. 3's adopted budget in 2008-2009 marks the second consecutive year in which the District has decreased its operating expenses. These budgeted declines in expenditures are primarily the result of CSA No. 3 decreasing its annual contribution to funding the operation and maintenance of the Greenwood Ranch Station. CSA No. 3's fund balance at the beginning of the fiscal year was \$143,032, which represents 38% of its current budgeted operating expenses. No change to the fund balance is expected at end of the fiscal year.

2008-2009 Adopted Budget	
Total Expenses:	\$0.376 million
Total Revenues:	\$0.376 million
Difference:	\$0.00 million

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IV. SOURCES

A. American Canyon

Contacts

Richard Ramirez, City Manager

Brent Cooper, Planning Director

Barry Whitley, Finance Director

Randy Davis, Community Resources Director

Brian Banducci, Chief of Police

Cheryl Braulik, Senior Engineer

Tonya Hennessey, Permit Technician, Community Development

Documents/Materials

City of American Canyon (Omni-Means), "Traffic Circulation Study," April 2007

City of American Canyon, "Comprehensive Annual Financial Report," July 2007

City of American Canyon (West Yost & Associates), "Wastewater Collection System Master Plan," December 1996

City of American Canyon (West Yost & Associates), "Water Distribution System Master Plan," December 1996

City of American Canyon (West Yost & Associates), "Storm Drainage Master Plan," December 1996

City of American Canyon (City of American Canyon), "Water Management Plan for American Canyon County Water District," May 1986

City of American Canyon (Dames & Moore), "Wastewater Treatment and Reclamation Project," November 1997

City of American Canyon (HydroScience Engineers), "Recycled Water Facilities Plan," December 2003

City of American Canyon, "Water Service Agreement Between the City of Vallejo and the City of American Canyon," May 1996

City of American Canyon, "Agreement for Provision of Public Library Services in the City of American Canyon," 2001

City of American Canyon, "Agreement for Animal and Licensing Services Between the County of Napa and the City of American Canyon," 2003

City of American Canyon, "Agreement for Solid Waste and Recyclables Collection, Processing, and Disposal Services," May 2003

City of American Canyon, "Agreement for Law Enforcement Services Between the County of Napa and the City of American Canyon," July 2006

City of American Canyon, "Planning Commission Staff Report," December 2008

B. ACFPDContacts

Glen Weeks, Fire Chief

Martha Banuelos, Administrative Assistant

Documents/Materials

American Canyon Fire Protection District, "2007/2008 Mid Year Report," 2008

American Canyon Fire Protection District, "State Controller's Report: Fiscal Years 1998/1999 through 2005/2006," 2008

C. CSA No. 3Contacts

Michael Stoltz, Deputy Public Works Director, County

Martin Pehl, Airport Manager, County

Kathy Dubrin, Analyst, County

Kristin Lowell Schubert, President, Kristin Lowell Inc.

Documents/Materials

County of Napa, CSA 3 Fire Protection and Street Maintenance Assessment District (Terrance Lowell & Associates), "Amended Engineer's Report Fiscal Year 2002/2003," June 2002

County of Napa, CSA 3 Fire Protection and Street Maintenance Assessment District (Terrance Lowell & Associates), "Engineer's Report Fiscal Year 2004/2005," June 2004

County of Napa, CSA 3 Fire Protection and Street Maintenance Assessment District (Terrance Lowell & Associates), "Engineer's Report Fiscal Year 2005/2006," May 2005

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County of Napa, CSA 3 Fire Protection and Street Maintenance Assessment District (Terrance Lowell & Associates), "Engineer's Report Fiscal Year 2008/2009," May 2008

County Service Area No. 3, "State Controller's Report: Fiscal Years 1998/1999 through 2005/2006," 2008

County Service Area No. 3, "State Controller Budget Unit Revenue Detail 2004/2005 through 2008/2009," 2009

D. Other Agencies

Contacts

Felix Riesenber, Principal Water Resources Engineer, Flood District
Deborah Brunner, Planner, Napa County Transportation and Planning Agency
Gabrielle Avina, Former Fire Marshal, County
Sean Trippi, Principal Planner, County
John Crawford, Sergeant, County
Danis Kreimeier, Library Director, County
Peter Munoa, Fire Marshal, County
Tracy Schulze, Auditor, County
Bob Minahen, Accounting Manager, County
Judi Perry, Chief Deputy Assessor-Recorder-Co Clerk-Registrar, County

Documents/Materials

County of Napa, "General Plan," adopted June 3, 2008
Department of Water Resources, "The State Water Project Deliver Reliability Report 2007," August 2008
Metropolitan Transportation Commission, "Pavement Condition Index," 2007
California Regional Water Quality Control Board, "American Canyon Wastewater Treatment Facility Discharge Permit," June 2006
LAFCO of Napa County, "County Service Area No. 3 Sphere of Influence Review," October 2007
LAFCO of Napa County, "Comprehensive Study of American Canyon: Service Review," April 2003
LAFCO of Napa County, "Comprehensive Water Service Study," October 2004
LAFCO of Napa County (P&D Consultants), "Comprehensive Study of Sanitation and Wastewater Treatment Providers," September 2005
LAFCO of Napa County, "Comprehensive Study of Fire Protection Services," December 2006

RESOLUTION NO. ____

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

**SOUTHEAST NAPA COUNTY
MUNICIPAL SERVICE REVIEW**

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

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

WHEREAS, the Executive Officer prepared a written report on the municipal service review on the southeast county region that was presented to the Commission in the manner provided by law; and

WHEREAS, the Executive Officer designated the geographic area of the municipal service review to generally include all lands located south of the Soscol Ridge, east of the Napa River, and north and west of Solano County; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public meetings concerning the municipal service review on the southeast county region on May 4, 2009 and June 1, 2009; and

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

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

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

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

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on June 1, 2009 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ABSTAIN: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

EXHIBIT A

SOUTHEAST NAPA COUNTY MUNICIPAL SERVICE REVIEW

WRITTEN STATEMENT OF DETERMINATIONS

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (Government Code 56430(a)(1))

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

Exhibit A

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

Growth and population projections for the affected area (Government Code 56430(a)(2))

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

Exhibit A

- e) The region has experienced the development of its first four hotels over the last five years. If fully occupied, these hotels are expected to produce an estimated visitor serving population of 824 and will produce new impacts on the region's service infrastructure.

Financial ability of agencies to provide services (Government Code 56430(a)(3))

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

Status of, and opportunities for, shared facilities (Government Code 56430(a)(4))

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

Accountability for community service needs, including governmental structure and operational efficiencies (Government Code 56430(a)(5))

- a) American Canyon and ACFPD's meetings are conducted together on the first and third Tuesday of each month and broadcast on local public access television. These regularly scheduled meetings provide an opportunity for the agencies' constituents to ask questions of their representatives and help ensure service information is being effectively communicated to the public.

Exhibit A

- b) The County of Napa conducts the business of CSA No. 3 as needed. Given the lack of meetings, CSA No. 3 should consider establishing a website dedicated to agency business to help inform and engage its constituents.

Relationship with regional growth goals and policies (Government Code 56430(a)(6))

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

ATTACHMENT THREE

WRITTEN COMMENTS ON DRAFT MUNICIPAL SERVICE REVIEW REPORT

Simonds, Keene

From: Dubrin, Kathy
Sent: Friday, May 01, 2009 2:22 PM
To: Simonds, Keene
Subject: Draft Report

Good Afternoon Keene,

Re: CSA No. 3

Please check page 53 of the review. In the Liabilities and Equity sections, should "American Canyon" be changed to "CSA No. 3"?

Thank you,

Kathy

Simonds, Keene

From: Hasser, Jean [jhasser@cityofnapa.org]

Sent: Monday, May 04, 2009 11:58 AM

To: Simonds, Keene

Subject: southeast county service review

Hi Keene

Can you clarify for me as I couldn't immediately tell from staff report and maps – does the southeast county service review include Napa Pipe and Syar properties or not? Not sure where Soscol ridge is. Thanks, Jean

Freeman, Brendon

From: Martha Banuelos [mbanuelos@cityofamericancanyon.org]
Sent: Friday, May 08, 2009 9:45 AM
To: Freeman, Brendon
Cc: Glen Weeks
Subject: ACFPD Corrections, Draft May 2009 Report
Attachments: Corrections for Draft May 2009 Report pg 41_ 42.pdf

Dear Mr. Freeman:
Attached please find a PDF of the May Draft Report with corrections.

The corrections are as follows:

Pg. 41

First paragraph: Delete from the final sentence: "or to substitute for an absent career firefighter".
Bullet Points: Change "Attach" to "Attack"
Footnote 30: Change "serve" to "service"
Change "monthly" to "bi-annual"
Footnote 32: Change "Central" to "Coastal"
Last line after Medical add Authority

Pg. 42

Footnote 33: Change "licensed" to "recognized"

If you have any questions, please contact me at 707-551-0650.
Thank you,

Martha Banuelos
Administrative Assistant
American Canyon Fire Protection District
707-551-0650



Simonds, Keene

From: Herrick, Todd
Sent: Tuesday, May 19, 2009 12:26 PM
To: Simonds, Keene
Subject: Southeast Napa County Municipal Service Review

Keene,

I looked at the draft report for the aforementioned service review. On page 46, under 'Formation and Development' it should be clarified that NSD provides sewer service to portions of CSA #3 north of Fagan Creek and the Napa County Airport. The remaining area (south of Fagan Creek) is served by the City of American Canyon. Additionally, it should be noted that the area north of Fagan Creek and the Napa County Airport are within NSD's Reclaimed Water Benefit Zone and portions of the area (mainly a majority of the Napa Valley Gateway Industrial Park) are utilizing reclaimed water for landscape irrigation.

Feel free to call if you have any questions

Todd Herrick
Napa Sanitation District
[707] 258-6000 ext. 507



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Hillary Gitelman
Director

MEMORANDUM

To: Keene Simonds LAFCO Executive Director	From: Hillary Gitelman
Date: May 20, 2009	Re: Southeast Napa County Municipal Service Review May 2009 Draft Report

Thank you for the opportunity to review the draft report referenced above. On the whole, County reviewers found the report to be well researched and informative. We have a short list of editorial comments and suggested clarifications as follows:

- The bullet regarding CSA No. 3's growth on p. 10 is not clear. If all vacant land is already tied to an approved project, how will growth continue?
- The first bullet on p. 12 does not accurately characterize the City-County agreement. Under the agreement, the County agreed to support amendment of the City's sphere of influence to include specific industrial properties north of the City and within the agreed-upon urban limit line. The County has not agreed to support amendment of the City's sphere to include properties within urban limit line on the east side of the City, although we are eager to begin discussions with the City on this issue.
- The overlapping boundaries of the American Canyon Fire Protection District and CSA No. 3 (described on pp. 37 and 46) warrant some explanation.
- Please confirm that the map of the City's urban limit line in Appendix D represents the adopted urban limit line that is included in both the City's and the County's General Plan and the City-County agreement. Also, please replace the City and County general plan maps (Appendix C and E) with current (updated) versions.

Published in the Napa Valley Register on May 10

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

The Local Agency Formation Commission (LAFCO) of Napa County invites the public to review and comment on its Southeast Napa County Municipal Service Review. The report is in draft form and it examines the level and range of governmental services provided in the region. The three main local agencies operating in the region and evaluated in the report are the City of American Canyon, American Canyon Fire Protection District, and County Service Area No. 3. The main objective of the report is to develop and expand LAFCO's knowledge and understanding of the current and planned provision of local government services in the region. LAFCO will use the report to inform its decision-making as it relates to performing subsequent sphere of influence updates for all three affected local agencies. LAFCO will also use the report in evaluating future boundary change proposals in the region.

The report is available for viewing at www.napa.lafco.ca.gov. The public may also view the report by visiting the LAFCO office. The public is invited to submit written comments on the draft report through Wednesday, May 20, 2009. The public is also invited to attend a public hearing scheduled for Monday, June 1, 2009 at 4:00 P.M. at the County of Napa Administration Building at which time a final report is expected to be presented.

If you would like more information, please contact LAFCO staff by telephone at (707) 259-8645.

AFFIDAVIT OF PUBLICATION

NAPA VALLEY PUBLISHING

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ACCOUNT NUMBER: 103176

AD NUMBER: 595575

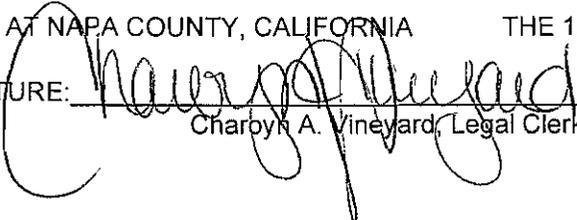
STATE OF CALIFORNIA
COUNTY OF NAPA

I AM A CITIZEN OF THE UNITED STATES AND A RESIDENT OF THE |
COUNTY FORESAID; I AM OVER THE AGE OF EIGHTEEN YEARS,
AND NOT A PART TO OR INTERESTED IN THE ABOVE-ENTITLED MATTER.
I AM THE PRINCIPAL CLERK OF THE NAPA VALLEY REGISTER,
A NEWSPAPER OF GENERAL CIRCULATION, PRINTED AND PUBLISHED
DAILY IN THE CITY OF NAPA, COUNTY OF NAPA, AND WHICH
NEWSPAPER HAS BEEN ADJUDGED A NEWSPAPER OF GENERAL
CIRCULATION BY THE SUPERIOR COURT OF THE COUNTY OF NAPA,
STATE OF CALIFORNIA, UNDER THE DATE OF NOVEMBER 16, 1951,
CASE NUMBER 12752, THAT I KNOW FROM MY OWN PERSONAL
KNOWLEDGE THE NOTICE, OF WHICH THE ANNEXED HAS BEEN
PUBLISHED IN EACH REGULAR AND ENTIRE ISSUE OF SAID
NEWSPAPER AND NOT IN ANY SUPPLEMENT THEREOF ON THE
FOLLOWING DATES, TO WIT:

PUBLISHED IN NVR ON: 5/10/2009

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING
IS TRUE AND CORRECT.

DATED AT NAPA COUNTY, CALIFORNIA THE 12th DAY OF May

SIGNATURE: 
Charbyn A. Vineyard, Legal Clerk



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

June 1, 2009
Agenda Item No. 6b (Public Hearing)

May 19, 2009

TO: Local Agency Formation Commission
FROM: Budget Committee (Kelly and Simonds)
SUBJECT: Final Budget for 2009-2010

The Commission will receive a final budget from the Budget Committee for 2009-2010. The final budget estimates the Commission's operating costs will total \$496,961, which represents a 10% decrease over the current fiscal year. The final budget is being presented to the Commission for adoption.

The Local Agency Formation Commission of Napa County ("Commission") is responsible for annually adopting a proposed budget by May 1st and a final budget by June 15th. In preparing for its own provisions, the Commission has established a Budget Committee consisting of two appointed Commissioners and the Executive Officer. The Budget Committee's initial responsibility is to prepare and present a draft proposed budget for approval by the Commission before it is circulated for comment to each funding agency. It has been the practice of the Commission to receive proposed and final budgets from the Budget Committee for adoption at its April and June meetings, respectively.

A. Background

The Commission's annual operating costs are entirely funded by the County of Napa and the Cities of American Canyon, Calistoga, Napa, St. Helena, and Yountville. The law states the County is responsible for one-half of the Commission's operating costs while the remaining amount is apportioned among the five cities based on a weighted calculation of population and general tax revenues. It is the Commission's practice to only budget operating costs given its prescribed funding sources. As part of this practice, the Commission returns all of its unspent revenues (contributions, application fees, etc.) to the funding agencies in the form of credits towards their calculated share of the subsequent fiscal year budget. Accordingly, for budgeting purposes, the Commission has two annual funding sources: (a) agency credits and (b) agency contributions. The Commission's adopted operating costs and its matching revenue sources for the last three fiscal years are presented below.

	FY06-07	FY07-08	FY08-09
Adopted Budget (Costs)	<u>456,758</u>	<u>466,672</u>	<u>552,168</u>
Agency Credits (Revenue)	145,317	183,338	199,402
Agency Contributions (Revenue)	311,441	283,333	352,765
	<u>\$456,758</u>	<u>\$466,672</u>	<u>\$552,168</u>

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

At its December meeting, the Commission appointed Commissioners Gingles and Kelly to the Budget Committee (“Committee”).¹ The Committee met on January 14th to review the Commission’s operating costs for the upcoming fiscal year. The Committee created a spending baseline to estimate how much it would cost to maintain current service levels and activities at next fiscal year’s price for personnel and supplies. In reviewing these estimates, the Committee prioritized minimizing costs whenever warranted to help limit the financial impact on the funding agencies given the downturn in the economy. Based on its initial review, the Committee presented a draft proposed budget for 2009-2010 projecting an overall decrease in operating costs of 8.4% (\$46,608) to the Commission at its February meeting. The Commission approved the draft proposed budget as submitted and directed staff to seek comments from the funding agencies. No comments were received.

At its April meeting, the Committee returned to the Commission with a proposed budget for adoption. The proposed budget included a small number of revisions from the earlier draft further reducing the projected operating costs over the current fiscal year to 9.9% (\$55,133). Most notably, this included eliminating the previously planned 3.0% cost-of-living adjustment for employees. The Commission adopted the proposed budget as submitted and directed staff to seek comments from the funding agencies in anticipation of adopting a final budget at its June meeting. No comments were received.

B. Discussion

The Committee has prepared a final budget for 2009-2010 for Commission consideration that includes one minor change from the proposed budget adopted at the April meeting. This change involves reducing by \$77 the amount apportioned to fund the annual maintenance of the Commission’s new electronic document management system based on the consultant proposal selected at the May meeting. This change results in a final budget estimating the Commission’s operating costs in 2009-2010 will total \$496,961, which represents a 10% (\$55,207) decrease over the current fiscal year.

The majority of the overall savings in estimated operating costs in 2009-2010 is attributed to the decision not to fund any substantive special departmental expenses. This contrasts with the current fiscal year in which \$55,000 was budgeted to develop a new website and implement an electronic document management system. Other key factors contributing to the estimated cost-savings includes reductions in legal service and retirement expense accounts. Increases are limited and include the referenced establishment of new expense accounts to support and maintain the electronic document management system and website as well as an anticipated rise in office space rent at 8.4% or \$2,280. The anticipated rent increase has been negotiated and would remain fixed over the next three years. The Committee has reviewed alternative accommodations and believes the rent increase is reasonable given it remains relatively low compared to other office spaces in the downtown area as measured by its monthly \$2.03 square-foot cost.² A summary of the final budget’s estimated operating costs in 2009-2010 by category is presented below.

¹ Commissioner Gingles was rotated off of the Commission by the City Selection Committee on May 4, 2009.

² The current and proposed monthly rent at 1700 Second Street includes all utilities and three reserved parking spaces.

Expense Type	Adopted Final FY08-09	Final* FY09-10	Change
Salaries/Benefits	294,325	288,265	(6,060)
Services/Supplies	167,192	118,063	(49,129)
Contingencies/Reserves	90,652	90,633	(19)
	<u>\$552,168</u>	<u>\$496,961</u>	<u>\$(55,207)</u>

* The complete final budget for 2009-2010 is provided as “Exhibit One” to the attached draft resolution.

A key aspect underlying the Commission’s consideration of the final budget is its anticipated impact on the six funding agencies in terms of their expected contributions in 2009-2010. Most importantly, this includes considering the amount of unspent revenues expected to be available and returned to the funding agencies in the form of credits at the end of this fiscal year. It is currently expected the Commission will finish this fiscal year with approximately \$169,315 in unspent revenues, which is primarily attributed to the delay in hiring a fulltime analyst and retention of all budgeted reserves and contingencies. The combination of the projected decrease in operating costs and anticipated year-end credits produces an overall savings to the funding agencies as measured by their expected contributions in 2009-2010 of 6.2% (\$25,119) as summarized below.

	Adopted Final FY08-09	Final FY09-10	Change
Adopted Budget (Costs)	<u>552,168</u>	<u>496,961</u>	<u>(55,206)</u>
Agency Credits (Revenue)	199,402	169,315	(30,087)
Agency Contributions (Revenue)	352,765	327,646	(25,119)
	<u>\$552,168</u>	<u>\$496,961</u>	<u>\$(55,206)</u>

C. Analysis

The final budget for 2009-2010 accomplishes the Committee’s principal objectives to (a) provide sufficient resources to maintain current service levels while (b) avoiding cost increases to the funding agencies. The latter accomplishment is dependent on the Commission finishing this fiscal year with no less than \$144,269 in unspent revenues, which can be carried-forward and reduce the funding agencies’ contributions in 2009-2010. This minimum level of unspent revenues is expected to be available to the Commission at the end of the fiscal year based on the agency’s current spending projection. If the Commission does finish the fiscal year with less than the stated minimum level of unspent revenues, the Committee believes it would be appropriate to cover the difference by drawing down on its undesignated reserves. Accordingly, if necessary, staff will return to the Commission at its next regular meeting requesting authorization to use undesignated reserves to ensure no new cost increases to the funding agencies in 2009-2010.

* A draft allocation of the 2009-2010 final budget identifying the invoice amounts for all six funding agencies is provided as Attachment Two.

D. Alternatives for Commission Action

The following alternative actions are available to the Commission at the close of the public hearing:

Alternative One: Adopt the attached draft resolution approving the final budget for 2009-2010 with any desired changes along with authorizing the Chair to sign the attached draft amendment to LAFCO Agreement No. 03-01 to extend the office lease at 1700 Second Street through June 2012.

Alternative Two: Schedule a special meeting by June 15th for purposes of continuing the consideration of this item.

E. Recommendation

It is recommended the Commission approve Alternative One. This involves (a) adopting the attached draft resolution approving the final budget for 2009-2010 with any desired changes and (b) authorizing the Chair to sign the attached draft amendment to LAFCO Agreement No. 03-01 to extend the office lease at 1700 Second Street through June 2012.

Respectfully submitted on behalf of the Committee,

Keene Simonds
Executive Officer

Attachment:

- 1) Draft Resolution Adopting a Final Budget in 2009-2010
- 2) Draft Agency Allocation for Final Budget in 2009-2010
- 3) Draft Second Amendment to LAFCO Agreement No. 03-01
- 4) LAFCO Agreement No. 03-01
- 5) Amendment No. 1 to LAFCO Agreement No. 03-01

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
ADOPTING A FINAL BUDGET FOR THE 2009-2010 FISCAL YEAR**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) is required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a final budget for the next fiscal year no later than June 15th; and

WHEREAS, the Commission reviewed and adopted a proposed budget at its April 6, 2009 meeting; and

WHEREAS, at the direction of the Commission, the Executive Officer circulated for review and comment the adopted proposed budget to the administrative and financial officers of each of the six local agencies that contribute to the Commission budget; and

WHEREAS, the Commission reviewed all substantive written and verbal comments concerning the proposed budget; and

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

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

WHEREAS, the Commission heard and fully considered all the evidence presented at its public hearing on the final budget held on June 1, 2009; and

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

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

1. The final budget as outlined in Exhibit One is approved.
2. The reduction in overall operating costs will nevertheless continue to allow the Commission to fulfill its regulatory and planning responsibilities as required under Government Code Section 56381(a).

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on June 1, 2009 by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

RECORDED: Kathy Mabry
Commission Secretary



Local Agency Formation Commission
LAFCO of Napa County

2009-2010 Final Budget: Operating Costs

		Adopted Final FY06-07	Adopted Final FY07-08	Adopted Final FY08-09	Final FY09-10		Difference Dollars
Salaries/Benefits							
<u>Account</u>	<u>Description</u>						
51100000	Regular Salaries	190,231	185,527	168,905	195,580	¹	26,674
51300500	Group Insurance	36,030	43,168	40,148	36,471		(3,677)
51300100	Retirement: Pension	32,953	31,583	34,551	34,064		(487)
51200500	Commissioner Per Diems	3,600	9,600	9,600	9,600		-
51300120	Retirement: Non-Pension	-	-	11,295	8,706	²	(2,589)
51300300	Medicare	2,849	2,650	2,826	2,836		10
51301800	Cell Phone Allowance	840	840	840	840		-
51301200	Workers Compensation	685	185	149	168		19
51200100	Extra Help	-	-	26,010	-		(26,010)
51200200	Overtime	-	-	-	-		-
51301700	401A Employer Contributions	1,500	-	-	-		-
	SUB TOTALS	268,689	273,553	294,325	288,265		(6,060)

Services/Supplies

<u>Account</u>	<u>Description</u>						
52240500	Property Lease	26,307	27,000	27,000	29,280	³	2,280
52180500	Legal Services	18,750	21,500	26,320	24,990	⁴	(1,330)
52180200	Information Technology Services	17,800	16,387	17,768	18,705	⁵	937
52170000	Office Expenses	15,000	15,000	15,000	15,000		-
52185000	Auditing Services	6,500	7,150	7,508	7,883	⁶	375
52250000	Transportation and Travel	4,000	4,000	4,000	4,000		-
52250800	Training	3,000	4,000	4,000	4,000		-
52070000	Communications	3,500	3,500	3,500	3,500		-
TBD	Electronic Document Management	-	-	-	2,233	⁷	2,233
52150000	Memberships	2,200	2,000	2,200	2,275	⁸	75
TBD	Website Hosting/Maintenance	-	-	-	1,500	⁹	1,500
52190000	Publications and Notices	1,000	1,500	1,500	1,500		-
52235000	Special Departmental Purchases	1,000	1,000	56,000	1,000	¹⁰	(55,000)
52251200	Private Mileage	1,500	1,000	1,000	1,000		-
52243900	Filing Fees	-	850	850	850		-
52100300	Insurance: Liability	534	352	546	347		(199)
	SUB TOTALS	101,091	105,239	167,192	118,063		(49,129)

Contingencies/Reserves

<u>Account</u>	<u>Description</u>						
54000900	Operating Reserve	36,978	37,879	40,652	40,633		(19)
54001000	Consultant Contingency	50,000	50,000	50,000	50,000		-
	SUB TOTALS	86,978	87,879	90,652	90,633		(19)

GRAND TOTALS \$ 456,758 \$ 466,672 \$ 552,168 \$ 496,961 \$ (55,207)

Notes

- 1) This account budgets two fulltime (Executive Officer and Analyst I) and one partime (Secretary) employee. The budgeted amount anticipates scheduled step increases for the Executive Officer and Analyst I.
- 2) This account funds the Commission's apportionment for post employment benefits, such as retiree health care insurance. These costs are calculate by the County and will decrease in 2009-2010 because the Board recently approved transitioning from a 14 to 20 year amortization schedule.
- 3) The Commission's lease for 1,200 square feet of office space at 1700 Second Street in Napa is scheduled to expire on June 30, 2009. The landlord has proposed extending the lease for an additional three years at a fixed annual amount of \$29,280 and includes all utilities.
- 4) It is expected the Commission will require 170 total hours of legal services in 2009-2010, which reflects the average number of hours required over the last three fiscal years. The budgeted amount has been calculated by multiplying Commission Counsel's expected hourly rate of \$147 in 2009-2010 by 170. A small savings is projected given the Commission is not budgeting additional funds for outside counsel.
- 5) This account is for administration costs associated with the County of Napa's Information Technology Information Department (ITS) and includes network maintenance for payroll, purchasing, accounting, and geographic information services. ITS costs are calculated by the County and apportioned based on the number of computers and employees in each department or contracting agency.
- 6) The budgeted amount anticipates a 5.0% across-the-board increase in hourly rates for the County of Napa Auditor's Office in 2009-2010.
- 7) This account will cover licensing and support costs relating to the Commission's electronic document management system. It is expected the contracted vendor (Incrementum) will install an electronic document management system by the end of 2008-2009. Actual costs will be negotiated with the selected vendor.
- 8) The Commission is a member of the California Association of Local Agency Formation Commissions (CALAFCO). In 2007-2008, CALAFCO adopted a new rate schedule with annual increases tied to the consumer price index.
- 9) This account will cover hosting and support costs relating to the Commission's new website, which is scheduled to go live by the end of 2008-2009. Estimated costs are based on the contracted vendor's (Planeteria) current rate schedule and would provide annual hosting and 10 hours of support se
- 10) The Commission budgeted two special office improvements in 2008-2009 to (a) develop a new website and (b) implement an electronic document management system. No substantive office improvements are scheduled for 2009-2010.

FY2009-2010 Allocation for Annual LAFCO Costs to County and Cities (5-12-2009)
(Alternative Allocation Formula Approved by Cities)

ATTACHMENT TWO

Step 1	LAFCO Budget	Adopted Final FY08-09	Final FY09-10	Difference Dollar	Difference Percentage			
	Total	\$ 552,167.80	\$ 496,961.00	\$ (55,206.80)	-10.0%			
Step 2	Annual Allocation							
	50% to County	\$ 276,083.90	\$ 248,480.50	\$ (27,603.40)	-10.0%			
	50% to Cities	\$ 276,083.90	\$ 248,480.50	\$ (27,603.40)	-10.0%			
Step 3a	Cities' Share Based on Total General Tax Revenues*							
	General Tax Revenues	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities	
	Secured & Unsecured Property Tax	\$ 6,265,858	\$ 953,770	\$ 13,751,776	\$ 2,267,306	\$ 425,896	\$ 23,664,606	
	Voter Approved Indebtedness Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Property Tax	\$ 1,203,862	\$ 375,059	\$ 5,623,677	\$ 394,550	\$ 273,316	\$ 7,870,464	
	Sales and Use Taxes	\$ 1,230,269	\$ 556,366	\$ 9,452,398	\$ 1,895,072	\$ 474,868	\$ 13,608,973	
	Transportation Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Transient Lodging Tax	\$ 230,321	\$ 2,521,951	\$ 7,779,417	\$ 1,492,781	\$ 3,231,799	\$ 15,256,269	
	Franchises	\$ 368,922	\$ 163,947	\$ 1,376,621	\$ 152,442	\$ 68,212	\$ 2,130,144	
	Business License Taxes	\$ 176,800	\$ 139,846	\$ 3,037,618	\$ 155,162	\$ 6,320	\$ 3,515,746	
	Real Property Transfer Taxes	\$ 132,635	\$ 34,265	\$ 455,298	\$ 85,761	\$ 24,770	\$ 732,729	
	Utility Users Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Other Non-Property Taxes	\$ 517,555	\$ 182,231	\$ 3,490,163	\$ 593,776	\$ 94,471	\$ 4,878,196	
	Total	\$ 10,126,222	\$ 4,927,435	\$ 44,966,968	\$ 7,036,850	\$ 4,599,652	\$ 71,657,127	
	Percentage of Total Taxes to all Cities	14.1%	6.9%	62.8%	9.8%	6.4%	100%	
Step 3b	Cities' Share Based on Total Population**	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities	
	Population	16,503	5,331	77,831	5,960	3,263	108,888	
	Population Percentage	15.16%	4.90%	71.48%	5.47%	3.00%	100%	
Step 4	Cities Allocation Formula	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Cities	
	Cities' Share Based on Total General Taxes	14.1%	6.9%	62.8%	9.8%	6.4%	100%	
	Portion of LAFCO Budget	\$ 14,045.60	\$ 6,834.61	\$ 62,371.55	\$ 9,760.48	\$ 6,379.96	\$ 148,467.10	
	Cities' Share Based on Total Population	15.16%	4.90%	71.48%	5.47%	3.00%	100%	
	Portion of LAFCO Budget	\$ 22,595.73	\$ 7,299.15	\$ 106,565.38	\$ 8,160.37	\$ 4,467.67	\$ 249,088.10	
	Total Agency Allocation	\$ 36,641.34	\$ 14,133.76	\$ 168,936.93	\$ 17,920.85	\$ 10,847.62	\$ 248,480.50	
	Allocation Share	14.7462%	5.6881%	67.9880%	7.2122%	4.3656%	100%	
Step 5	FY09-10 Invoices	County	American Canyon	Calistoga	Napa	St. Helena	Yountville	All Agencies
	FY09-10 Agency Share	\$ 248,480.50	\$ 36,641.34	\$ 14,133.76	\$ 168,936.93	\$ 17,920.85	\$ 10,847.62	\$ 496,961.00
	Less Agency Credits***	\$ 84,657.50	\$ 13,104.90	\$ 4,828.78	\$ 56,884.68	\$ 6,077.82	\$ 3,761.33	\$ 169,315.00
	Net Invoice	\$ 163,823.00	\$ 23,536.44	\$ 9,304.98	\$ 112,052.25	\$ 11,843.03	\$ 7,086.29	\$ 327,646.00

Notes:

* Revenue amounts are drawn from the 2006-2007 State Controller's Cities Annual Report.

** Population estimates calculated by the California Department of Finance, January 2009.

*** The Commission is on pace to finish 2008-2009 with a total of \$169,315 in unexpended funds. This estimate includes unspent agency contributions (\$143,663), application fees (\$16,275), and earned interest (\$9,377). It is the practice of the Commission to return all unexpended funds to the agencies in the forms of credits against their subsequent fiscal year contributions.

DRAFT

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

AGREEMENT NO. 03-01

AMENDMENT NO. 2

LEASE AGREEMENT FOR OFFICE SPACE

THIS AMENDMENT NO. 2 to LEASE AGREEMENT NO. 03-01 ("Agreement") is made and entered into as of this 1st day of July, 2009, by and between **ROBERT LOUIS STEVENSON PLAZA ASSOCIATES**, a Limited Partnership, hereinafter referred to as "Lessor," and the **LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**, hereinafter referred to as "Lessee", a local public agency formed pursuant to the Cortese-Knox Local Government Reorganization Act of 1985, who agree as follows:

RECITALS

WHEREAS, on August 14, 2003, by Lease Agreement No. 03-01 ("Agreement"), Lessor leased to Lessee that certain premises described in the Agreement as "the leased premises";

WHEREAS, on July 1, 2006, the parties agreed to extend the terms of the Agreement through July 1, 2009 and modify the monthly rental to \$2,250; and

WHEREAS, the parties wish to extend the terms of the Agreement through June 30, 2012 and modify the monthly rental.

TERMS

NOW, THEREFORE, the Agreement is amended as follows:

1. Paragraph 2 of the Agreement is amended to read in full as follows:

TERM: The term of this lease shall be for a period commencing on July 1, 2009, and expiring on June 30, 2012, unless terminated earlier in accordance with Paragraphs 15 or 16.

2. Paragraph 3 of the Agreement is amended to read in full as follows:

RENTAL: The total monthly rent shall be a fixed rate over the three year period at **\$2,440** payable in advance.

3. Except as provided in (1) and (2) above, the terms and provisions of the Agreement shall remain in full force and effect as previously approved.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 of the Local Agency Formation Commission of Napa County Agreement No. 03-01 as of the date first above written.

ROBERT LOUIS STEVENSON PLAZA ASSOCIATES

BY: _____
ERIC LEHMAN, General Partner

"LESSOR"

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

BY: _____
BRIAN J. KELLY, Chair of LAFCO

"LESSEE"

ATTEST: Keene Simonds
LAFCO Executive Officer

APPROVED AS TO FORM:
LAFCO Counsel

BY: E-Signature Jackie Gong

Date: 5/19/09

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
AGREEMENT NO. 03-01**

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement") is made and entered into as of this 14TH day of August, 2003, by and between **ROBERT LOUIS STEVENSON PLAZA ASSOCIATES**, a Limited Partnership, hereinafter referred to as "Lessor," and the LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY, hereinafter referred to as "Lessee", a local public agency formed pursuant to the Cortese-Knox Local Government Reorganization Act of 1985, who agree as follows:

TERMS

1. **DESCRIPTION OF LEASED PREMISES:** Lessor hereby leases to Lessee, and Lessee hires from Lessor, on the terms and conditions hereinafter set forth, those certain premises (hereinafter referred to as "leased premises") with appurtenances situated in the City of Napa, County of Napa, State of California, and described as follows:

That portion of Lessor's building and premises identified as Assessor's Parcel Number 003-196-010, in the City of Napa, County of Napa, State of California, situated at 1700 Second Street, Suite 268 with a total area leased (including common area apportionment) of approximately 1,252 square feet, and the following appurtenant rights: all facilities and conveniences provided by Lessor for the use of tenants to be used in common with each other, including the use of the elevator, public men's and ladies' lavatories, and sidewalks in front of the building and to the rear and side of the building as they are available and provided on other portions of Lessor's premises or upon premises contiguous thereto. This includes use of three (3) parking spaces in the lot across Second Street.

2. **TERM:** The term of this lease shall be for a period commencing on October 1, 2003, and expiring on June 30, 2006, unless terminated earlier in accordance with Paragraph 15.

3. **RENTAL:** The total monthly rent shall be as follows:
(a) **October 1, 2003 through June 30, 2004:** Total rent shall be in the amount of ONE THOUSAND EIGHT HUNDRED FIFTEEN AND 40/100 DOLLARS (\$1,815.40) per month payable in advance.

(b) **July 1, 2004 through June 30, 2005:** Total rent shall be in the amount of TWO THOUSAND THREE AND 20/100 DOLLARS (\$2,003.20) per month payable in advance.

(c) **July 1, 2005 through June 30, 2006:** Total rent shall be in the amount of TWO THOUSAND ONE HUNDRED TWENTY EIGHT AND 40/100 DOLLARS (\$2,128.40) per month payable in advance.

4. **PROCEDURE FOR PAYMENT:** It is understood and agreed that Lessee shall complete and file a claim for each monthly installment as the same becomes due and payable hereunder for processing in the manner required by the Napa County Auditor-Controller.

5. **FURNISHINGS, FIXTURES AND EQUIPMENT FURNISHED BY LESSOR:**

a. **Heating, Lighting, Water and Electrical Service:** It is understood and agreed that Lessor will provide satisfactory and adequate heating, lighting, air conditioning, water and electrical service facilities for the leased premises. Lessor agrees to maintain such facilities in reasonably good working order, repair and operation during the term of this Lease.

b. **Payment of Utility Bills and Services:** Lessor agrees to pay for all gas, electricity, water and sewer charges.

c. **Taxes:** Lessor shall pay all City, County, State or Federal taxes of any type whatsoever relating to the leased premises, the building which the leased premises are contained within and appurtenances thereto.

d. **Custodial and Garbage Service:** Lessor is responsible for obtaining and paying for custodial service within the leased premises and weekly garbage service.

6. **USE OF LEASED PREMISES:** Lessee shall use the leased premises only for the conduct and operation of LAFCO business or any other lawful purpose of Lessee. Lessor shall provide Lessee access to the leased premises 24 hours per day, 365 days per year.

7. **ALTERATIONS:** Lessee shall not alter, change or modify the leased premises in any manner or permit any alterations without the written consent of Lessor except for nonstructural alterations to the interior of the leased premises which Lessee requires in order to conduct its business on the leased premises, for which no prior consent of the Lessor shall be required. For the purpose of this Paragraph, all interior walls shall be considered structural improvements. In either event, any alteration or additions shall become the property of Lessor with the exception of personal property that can be removed without injury to the leased premises, which shall remain the property of Lessee.

8. **ASSIGNMENT:** Lessee shall not assign or encumber its interest in this lease or sublet to anyone other than a governmental entity all or any portion thereof without prior written consent of Lessor. Any assignment, encumbrance, or sublease without Lessor's consent shall be voidable and, at Lessor's election, shall constitute a default. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this Paragraph.

9. **MAINTENANCE:** Lessor agrees to maintain in good condition the exterior of the leased premises, including parking lot area, walls, roof, glass windows, paving, walks and halls as well as interior common areas. Lessor agrees to provide and properly care for and maintain all walkways and all grounds landscaping. Lessee agrees to maintain the interior of the leased premises in good condition and repair, subject to reasonable use and wear thereof.

10. **LESSEE'S REMEDIES:** Lessor shall have 30 days after notice from Lessee to commence to perform its obligations under paragraphs 5 and 9, except that Lessor shall perform its obligations immediately if the nature of the problems presents a hazard or emergency or renders the leased premises uninhabitable. If Lessor does not perform its obligations within the time limitations in this Paragraph, Lessee shall notify Lessor of its default of this Agreement and Lessor

shall have three (3) days to provide the required services or, if repairs are required, to commence repairs. If Lessor does not commence repairs within said three (3) days from default notice, Lessee may perform the obligations and be reimbursed by Lessor for the sum Lessee actually expends in the performance of Lessor's obligations. If Lessor does not reimburse Lessee within 30 days after demand from Lessee, Lessee shall have the right to withhold from future rent due the sum Lessee has expended until Lessee is reimbursed in full.

11. **FLOOD ZONE:** Lessee understands that the leased premises are located in an area which may be subject to flooding. Lessee will provide such insurance as it deems appropriate.

12. **HOLD HARMLESS AND INSURANCE:**

a. **Hold Harmless.** Lessee shall hold Lessor harmless from all damages arising out of damage to any person or property occurring in, on, or about the leased premises, except that Lessor shall hold harmless Lessee for any damage resulting from the acts or omissions of Lessor or its authorized representatives.

b. **Liability Insurance.** Lessor and Lessee each agree to maintain general liability insurance in the amount of one million dollars (\$1,000,000) during the term of this Agreement covering liability for acts or omissions by each respective party or its officers, agents or employees in relation to the portions of the leased premises then being leased which cause personal injury (including death) or property damage to any person. Notwithstanding the foregoing, Lessor recognizes that Lessee is self-insured for general liability up to \$300,000 and agrees that such self-insurance satisfies Lessee's obligations under this subsection up to that amount. Upon written request from Lessor, Lessee shall name Lessor as an additional insured and provide a Certificate of Coverage for the insurance coverage obtained by Lessee above this self-insurance amount.

13. **DESTRUCTION:**

a. **If Repairable.** If, during the term of the Agreement, the then-leased portions of the leased premises or the building and other improvements in which the leased premises are located are totally or partially destroyed from any cause, rendering the leased premises totally or partially inaccessible or unusable, Lessor shall restore the leased premises or the building and other improvements in which the leased premises are located to substantially the same condition as they were in immediately before the destruction if the restoration can be made under the existing laws and can be completed within 90 working days after the date of the destruction. In the event of such timely restoration, the destruction shall not terminate this lease, except, however, to the extent the premises are rendered unusable or inaccessible as a result of such destruction, then Lessee's rent shall be reduced in proportion to such lack of usability or inaccessibility until such time as the premises are fully restored by Lessor.

b. **If Not Timely Repairable.** If the restoration cannot be made in the time stated in (a), above, then within sixty (60) days after the parties determine that the restoration cannot be made in the time stated in this paragraph, Lessee may terminate this Agreement immediately by giving notice to Lessor. If Lessee fails to terminate this Agreement and if restoration is permitted under the existing laws, Lessor, at its election, may either terminate this Agreement or restore the leased premises or the building and other improvements in which the leased premises are located within a reasonable time and this Agreement shall continue in full force and effect, except, however, to the extent the premises are rendered unusable or inaccessible as a

result of such destruction, then Lessee's rent shall be reduced in proportion to such lack of usability or inaccessibility until such time as the premises are fully restored by Lessor. If the existing laws do not permit the restoration, either party may terminate this Agreement immediately by giving written notice to the other party.

14. NOTICES: All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

LESSEE: LAFCO of Napa County
Attn: Dan Schwarz, Executive
Officer

From date this lease is entered into through October 1, 2003:
1804 Soscol Ave., Ste. 205A
Napa, California 94559

From October 1, 2003 on:
1700 Second Street, Ste. 268
Napa, California 94559

LESSOR: Robert Louis Stevenson Plaza Associates
c/o Eric Lehman
P.O. Box 2880
Napa, California 94558-0536

15. **DEFAULT; CANCELLATION:**

(a) Default. If Lessee defaults in the payment of rent or in the performance of any of the other covenants or conditions of this Agreement, Lessor shall give Lessee notice of such default and if Lessee does not cure such default within five (5) days after the giving of such notice, then Lessor may either terminate this Agreement forthwith or continue this Agreement in full force and effect for such time as Lessor specifies by written notice to Lessee. Upon Lessor's election to terminate this Agreement due to default by Lessee, Lessee shall immediately quit and surrender the leased premises to Lessor. If this Agreement is terminated by Lessor for such default, Lessor may at any time thereafter resume possession of the leased premises by any lawful means and remove Lessee or other occupants and their effects.

(b) Cancellation. Lessee shall have the right to cancel this Agreement at any time upon no less than sixty (60) days prior written notice if Lessee's Commission is unable, despite reasonable efforts and for reasons beyond the reasonable control of the Commission, to appropriate sufficient funding to pay the rental for the leased premises during the remainder of

the term Agreement. Notwithstanding anything to the contrary in this Agreement, if Lessee cancels this Agreement in accordance with the requirements of this subparagraph, Lessee shall owe to Lessor only that rent accruing prior to the effective date of the cancellation.

16. **SURRENDER OF LEASED PREMISES UPON EXPIRATION OF LEASE AND HOLD OVER:** Upon expiration of this Agreement or termination thereof in relation to any portion of the leased premises in any lawful manner, Lessee shall surrender and deliver up the portion of the leased premises so affected, along with all related fixtures and furnishings provided by Lessor in as good order and condition as the same were upon the date of commencement of this Agreement, or in which they may have been put in compliance with the provisions of this Agreement during the term or any renewals or extensions thereof, reasonable wear, tear and use excepted. If Lessee, with Lessor's consent, remains in possession of such portion of the leased premises after such expiration or termination of the lease relating thereto under this Agreement, such continued possession by Lessee shall be deemed to be a month-to-month tenancy terminable on 30 days' written notice given at any time by either party. All provisions of this Agreement shall apply to such holdover month-to-month except those pertaining to term.

18. **TIME OF ESSENCE:** Time is of the essence of each provision of this Agreement.

19. **INTERPRETATION OF LEASE:** This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

20. **INTEGRATED AGREEMENT:** This Agreement contains all the agreements of the parties and cannot be amended or modified except by a written amendment mutually agreed to by the parties.

21. **SEVERABILITY:** The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

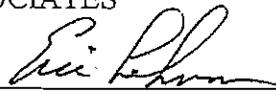
22. **WAIVER:** The waiver by either party of any provision of this Agreement at any time shall not be deemed to constitute any future waiver. Either party may strictly enforce the provisions of this Agreement at any time irrespective of past conduct.

23. **ESTOPPEL CERTIFICATES:** Each party, within ten (10) business days of receipt of a request from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Agreement is unmodified and in full force and effect, or, if modified, stating the modifications. The certificate shall also state the amount of rent, the dates to which amounts due hereunder have been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the ten (10) business days shall be conclusive upon the party failing to deliver the certificate, that this Agreement is in full force and effect, has not been modified except as may be represented by the party requesting the certificate and that no prepayments of rent have been made. If a party fails to deliver the certificate within the ten (10) business days, then the party failing to deliver the certificate irrevocably constitutes and appoints the other party as its special attorney-in-fact to execute and deliver the certificate to any third party.

24. **SUBORDINATION:** Lessor shall have the right to subordinate this Agreement and the leases provided for herein to any ground lease, deed of trust or mortgage encumbering the leased premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Lessee shall cooperate with Lessor and any lender which is acquiring a security interest in the leased premises or the Agreement, and Lessee agrees to execute and deliver to Lessor, without cost, within ten (10) days following Lessor's written request, any instrument that may be necessary to further effect the subordination of this Agreement and the leases provided for herein. Lessee shall execute such further documents and assurances as such lender may require, provided that Lessee's obligations under this Agreement shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Lessee shall not be deprived of its rights under this Agreement. Lessee's right to quiet possession of the leased premises during the lease terms shall not be disturbed if Lessee pays the rent and performs all of Lessee's obligations under this Agreement and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Agreement and the leases provided for herein prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Lessee, this Agreement shall be deemed prior to such ground lease, deed of trust or mortgage whether this Agreement is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ROBERT LOUIS STEVENSON PLAZA
ASSOCIATES

BY: 
ERIC LEHMAN, General Partner

"LESSOR"

LOCAL AGENCY FORMATION
COMMISSION OF MAPA COUNTY

BY: 
Harry Martin, Chair of LAFCO

"LESSEE"

ATTEST: Daniel Schwarz, LAFCO Executive Officer

APPROVED AS TO FORM:
LAFCO Counsel

BY: Jacqueline Hong 7/30/03

**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
AGREEMENT NO. 03-01
AMENDMENT NO. 1**

LEASE AGREEMENT

THIS AMENDMENT NO. 1 to LEASE AGREEMENT NO. 03-01 ("Agreement") is made and entered into as of this 1st day of July, 2006, by and between **ROBERT LOUIS STEVENSON PLAZA ASSOCIATES**, a Limited Partnership, hereinafter referred to as "Lessor," and the **LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**, hereinafter referred to as "Lessee", a local public agency formed pursuant to the Cortese-Knox Local Government Reorganization Act of 1985, who agree as follows:

RECITALS

WHEREAS, on August 14, 2003, by Lease Agreement No. 03-01 ("Agreement"), Lessor leased to Lessee that certain premises described in the Agreement as "the leased premises"; and

WHEREAS, the parties now mutually wish to modify the terms of the Agreement to extend the lease term and modify the monthly rental;

TERMS

NOW, THEREFORE, the Agreement is amended as follows:

1. Paragraph 2 of the Agreement is amended to read in full as follows:

2. **TERM**: The term of this lease shall be for a period commencing on July 1, 2006, and expiring on June 30, 2009, unless terminated earlier in accordance with Paragraphs 15 or 16.

2. Paragraph 3 of the Agreement is amended to read in full as follows:

RENTAL: The total monthly rent shall be a fixed rate over the three year period at **\$2,250** per month payable in advance.

3. Except as provided in (1) and (2) above, the terms and provisions of the Agreement shall remain in full force and effect as previously approved.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 of the Local Agency Formation Commission of Napa County Agreement No. 03-01 as of the date first above written.

ROBERT LOUIS STEVENSON PLAZA
ASSOCIATES

BY: Eric Lehman
ERIC LEHMAN, General Partner

"LESSOR"

LOCAL AGENCY FORMATION
COMMISSION OF NAPA COUNTY

BY: Bill Dodd
BILL DODD, Chair of LAFCO

"LESSEE"

ATTEST: Keene Simonds, LAFCO Executive Officer

APPROVED AS TO FORM:
LAFCO Counsel

BY: E-Signature Jackie Gong



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

June 1, 2009
Agenda Item No. 7a (Action)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Approval of Meeting Calendar for Second Half of 2009

The Commission will consider approving a meeting calendar for the second six months of 2009. Regular meetings are proposed for August 3rd, October 5th, and December 7th. A special meeting is also proposed for November 2nd to hold the Commission's biennial workshop.

Local Agency Formation Commissions (LAFCOs) are required to adopt policies and procedures with respect to conducting meetings. The law specifies LAFCOs must establish regulations to ensure meetings are conducted on a regular and orderly basis.

A. Discussion

It is the policy of LAFCO of Napa County ("Commission") to conduct regular meetings at 4:00 P.M. on the first Monday of each month as deemed necessary. All regular meetings are held in the Board Chambers at the County of Napa Administration Building. Commission policy directs its members to review and approve its meeting calendar every six months at the June and December meetings. For the second half of the calendar year, the first Monday of each month falls on July 6th, August 3rd, September 7th, October 5th, November 2nd, and December 7th.

B. Analysis

It is expected the Commission will experience a measurable decline in the volume of items presented for its consideration during the remaining part of the calendar year given the slowdown on new proposal activity. (A review of the proposals currently on file with the Commission is provided as part of Agenda Item No. 10a.) The slowdown in proposal activity will provide staff a welcomed opportunity to make additional progress in completing the municipal service reviews and sphere of influence updates the Commission has scheduled for 2008-2009 and 2009-2010. (A copy of the adopted study schedule is attached.) Markedly, the anticipated slowdown in proposal activity coupled with the concentration in preparing studies over the next several months lessens the need for the Commission to schedule regular meetings every month through the end of the calendar year.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

With the preceding factors in mind, staff believes it would be appropriate for the Commission to only schedule regular meetings for August 3rd, October 5th, and December 7th. This would also allow the Commission to use one of its “open” regular meeting dates to schedule its biennial workshop. In discussing this matter with the Chair, it appears holding the workshop in place of the regular November 2nd meeting would be the best option given several Commissioners have already indicated they will not be available on July 6th and September 7th falls on Labor Day.

C. Alternatives for Commission Action

The following alternative actions are available to the Commission:

Alternative One: Approve regular meeting dates for August 3rd, October 5th, and December 7th and a special meeting date of November 2nd for the second half of 2009.

Alternative Two: Approve regular and special meeting dates as specified by the Commission for the second half of 2009.

D. Recommendation

It is recommended the Commission approve Alternative One and schedule regular meeting dates for August 3rd, October 5th, and December 7th and a special meeting date for November 2nd for purposes of holding a biennial workshop.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

- 1) Commission Policy on Scheduling Meetings
- 2) Adopted Study Schedule for 2008/2009-2012/2013



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
Policy on Regular Commission Meeting Calendar

Adopted: June 14, 2001
Amended: December 9, 2004
December 4, 2006
December 1, 2008

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires Local Agency Formation Commissions (LAFCOs) to adopt policies and procedures with respect to conducting meetings. Government Code Section 56375(i) specifies LAFCOs shall establish regulations to ensure meetings are conducted on a regular and orderly basis.

II. Objective

The objective of this policy is to guide the Commission in scheduling regular and special meetings in a consistent and logical manner.

III. Guidelines

A. Regular Meetings

- 1) The regular meeting day of the Commission is the first Monday of each month. The time and place of regular meetings is 4:00 P.M. in the Board Chambers of the County of Napa Administration Building, located at 1195 Third Street, Napa.
- 2) The Commission shall review and approve its regular meeting calendar every six months. If a regular meeting falls on a holiday, the Commission shall determine an alternate day as part of its review if needed.
- 3) The Chair may cancel or change the date or time of a regular meeting if he or she determines the Commission cannot achieve a quorum or there is a lack of business. Regular meetings may also be canceled or changed with the consent of a majority of the regular members of the Commission. For the purpose of this policy, a majority includes at least one member representing the cities and one member representing the county.
- 4) Notice of any change to a scheduled regular meeting shall be posted on the Commission website and transmitted to all interested parties.

B. Special Meetings

- 1) The Chair may schedule special meetings of the Commission as needed. The Chair shall consult with the Executive Officer in scheduling special meetings to ensure a quorum is available at a specified place and time.
- 2) Requests from outside parties for special meetings must be made in writing and submitted to the Executive Officer. If approved and scheduled by the Chair, the affected outside party requesting the special meeting will be responsible for any related charges pursuant to the Commission's *Schedule of Fees and Deposits*.
- 3) Notices for scheduled special meetings will be posted on the Commission website and transmitted to all interested parties within 72 hours of the meeting date.



**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
STUDY SCHEDULE (2008/09-2012/13)**

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

Adopted: February 4, 2008
Amended: November 3, 2008

Fiscal Year 2008/2009

South Napa County

Municipal service review will examine the governmental services provided by the City of American Canyon, American Canyon Fire Protection District, and County Service Area No. 3. The municipal service review will precede sphere of influence reviews for all three local agencies.

Lake Berryessa Area

Municipal service review will examine the governmental services provided by the Lake Berryessa Resort Improvement District, Napa-Berryessa Resort Improvement District, and the Spanish Flat Water District. The municipal service review will precede sphere of influence reviews for all three local agencies.

Fiscal Year 2009/2010

County Service Area No. 4

Municipal service review will examine the governmental services provided by County Service Area No. 4 and will precede a sphere of influence review.

Napa County Regional Park & Open Space District

Municipal service review will examine the governmental services provided by the Napa County Regional Park & Open Space District will precede the establishment of a sphere of influence review.

Napa County Mosquito Abatement District

Municipal service review will examine the governmental services provided by the Napa County Mosquito Abatement District and will precede a sphere of influence review.

Law Enforcement Services

Municipal service review will examine public law enforcement (i.e., police protection) services provided in Napa County.

Fiscal Year 2010/2011

Central Napa County

Municipal service review will examine the governmental services provided by the City of Napa, Napa Sanitation District, Silverado Community Services District, and Congress Valley Water District. The municipal service review will precede sphere of influence reviews for all four local agencies.

Napa River Reclamation District No. 2109

Municipal service review will examine the governmental services provided by the Napa River Reclamation District No. 2109 and will precede a sphere of influence review.

Transportation Services

Municipal service review will examine public transit and road services provided in Napa County.

Fiscal Year 2011/2012

Town of Yountville

Municipal service review will examine the governmental services provided by the Town of Yountville and will precede a sphere of influence review.

Circle Oaks County Water District

Municipal service review will examine the governmental services provided by the Circle Oaks County Water District and will precede a sphere of influence review.

Napa County Flood Control and Water Conservation District

Municipal service review will examine the governmental services provided by the Napa County Flood Control and Water Conservation District and will precede a sphere of influence review.

Napa County Resource Conservation District

Municipal service review will examine the governmental services provided by the Napa County Resource Conservation District and will precede a sphere of influence review.

Fiscal Year 2012/2013

City of Calistoga

Municipal service review will examine the governmental services provided by the City of Calistoga and will precede a sphere of influence review.

City of St. Helena

Municipal service review will examine the governmental services provided by the City of St. Helena and will precede a sphere of influence review.

Los Carneros Water District

Municipal service review will examine the governmental services provided by the Los Carneros Water District and will precede a sphere of influence review.

Cemetery Services

Municipal service review will examine public interment services provided in Napa County and will precede a sphere of influence review of the Monticello Public Cemetery District and the Pope Valley Cemetery District.



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

June 1, 2009

Agenda Item No. 8a (Discussion)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Legislative Report

The Commission will receive a report on the first year of the 2009-2010 session of the California Legislature as it relates to bills directly or indirectly effecting Local Agency Formation Commissions.

The Executive Officer is a member of the California Association of Local Agency Formation Commissions' (CALAFCO) Legislative Committee. The Legislative Committee meets on a regular basis to review, discuss, and offer recommendations to the CALAFCO Board of Directors as it relates to bills that have either a direct impact on LAFCO law or the laws LAFCO helps to administer. The most recent meeting of the Legislative Committee was held on Thursday, May 21, 2009 by way of a conference call.

A. Discussion and Analysis

The first year of the 2009-2010 session of the California Legislature has generated over 2,600 bills. The Legislative Committee has identified 27 bills with direct or indirect impacts on LAFCOs. Several of the bills were initially introduced as placeholders and have been amended and now propose substantive changes to LAFCO law. A complete list of the bills under review by CALAFCO is attached. Specific bills of interest to the Commission are discussed and analyzed below.

Assembly Bill 528 (Jim Silva)

This legislation is sponsored by CALAFCO and would conform the reporting and disclosure requirements of LAFCO law to make it consistent with the provisions of the Political Reform Act of 1974. The intent of the legislation is to eliminate potential confusion for affected parties by affirming the Political Reform Act governs financial disclosure requirements for LAFCO unless an individual LAFCO requires by policy additional information. The Fair Political Practices Commission participated in drafting the proposed language. This bill has passed through the Assembly and now requires Senate approval.

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Assembly Bill 853 (Juan Arambula)

This legislation would establish new procedures for county board of supervisors to initiate proposals seeking LAFCO approval to annex unincorporated islands or “fringe communities” that lack adequate public infrastructure. The legislation defines a fringe community as any inhabited (12 or more registered voters) land located within a city’s sphere of influence. The legislation would require LAFCOs to approve an annexation unless it finds the proposal will not result in a net benefit to the community’s public health. The legislation would waive protest proceedings and the traditional requirement that land be rezoned by cities as a precondition to annexation. The legislation would also establish a process for LAFCO to determine a property tax agreement for the annexation. The bill is awaiting passage through the Assembly. CALAFCO has adopted an oppose-unless-amended position on the bill.

Assembly Bill 1109 (Sam Blakeslee)

This legislation would authorize LAFCOs to appoint administrators to assume control of non-performing special districts. The need for the potential legislation is drawn from the recent actions of a large special district in San Luis Obispo County in which ineffective decision-making by the board directly led to the agency becoming inoperable and insolvent. This legislation has become a two-year bill and remains in the Assembly. CALAFCO has adopted a watch position.

Assembly Bill 1232 (Jared Huffman)

This legislation initially proposed authorizing all nine Bay Area LAFCOs to initiate and approve the consolidation of two or more small wastewater agencies under certain conditions while waiving protest proceedings. This bill has been amended to apply only to Marin LAFCO. Key conditions underlying the authorization process include a finding by the Marin LAFCO in an earlier municipal service review completed in the past 10 years that consolidation of the affected wastewater agencies would improve service levels. The identified need for the legislation is drawn from repeated accidental discharges of untreated wastewater into the San Francisco Bay by multiple special districts in Marin County. If approved and deemed successful, this legislation may be expanded in the future to include all LAFCOs. The bill is awaiting passage through the Assembly. CALAFCO has adopted a watch position.

Assembly Bill 1582 (Assembly Committee on Local Government)

This legislation represents CALAFCO’s annual omnibus bill and proposes several non-controversial changes to LAFCO law. This includes requiring LAFCOs to adopt spheres of influence for special districts no later than one year after their formations. The bill is awaiting passage through the Assembly.

Senate Bill 215 (Senate Committee on Local Government)

This legislation is sponsored by CALAFCO and would add to the factors LAFCOs must consider in reviewing proposals to include consistency of the proposed action with regional transportation plans and their sustainable communities strategy (SCS). This legislation responds to Senate Bill 375, which was enacted on January 1, 2009 and directs municipal planning organizations, such as the Metropolitan Transportation Commission, to establish SCS' as part of their regional transportation plans to promote smart-growth land uses. The bill has passed through the Senate and now requires Assembly approval.

B. Commission Review

The Commission is invited to discuss any of the legislation outlined in this report or in the attached report prepared by CALAFCO. The Commission may also provide direction to staff with respect to preparing comment letters on any current or future legislation.

Attachments:

- 1) CALAFCO Status Report on Current Legislation

California Association of Local Agency Formation Commissions SUMMARY OF CURRENT LAFCo LEGISLATION as of 5/21/2009

1

AB 528 (Silva) Local government: reorganization: expenditure reporting.
Last Amend: 03/31/2009
Status: 05/11/2009-In Senate. Read first time. To Com. on RLS. for assignment.
Location: 05/11/2009-S RLS.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: (1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act, requires contributions and expenditures for political purposes on boundary changes approved by a local agency formation commission be disclosed and reported to the commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 as provided for local initiative measures. This bill would revise these provisions to require the expenditures to be disclosed and reported pursuant to the Political Reform Act of 1974. This bill contains other related provisions and other existing laws.

Attachments:

[CALAFCO Letter of Support](#)

Position: Sponsor

Priority: 1

Notes: This CALAFCO sponsored bill conforms C-K-H financial disclosure requirements with the provisions in the Political Reform Act that were signed into law last year from AB 1998, which CALAFCO also sponsored.

AB 853 (Arambula) Local government: organization.
Last Amend: 05/18/2009
Status: 05/19/2009-Read second time. To third reading.
Location: 05/19/2009-A THIRD READING

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 143 ASM ASSEMBLY THIRD READING FILE

Summary: The Cortese-Knox-Hertzberg Act of 2000 governs the organization and reorganization of local governmental entities, including, among other things, the annexation of island territories to a city or county. This bill would provide procedures for annexing unincorporated fringe communities and unincorporated island communities, as defined, to a city under specified circumstances, including provisions for a revenue neutrality agreement between the affected local government entities.

Attachments:

[CALAFCO Letter of Concern](#)

Position: Watch

Priority: 1

Notes: This bill provides a mechanism for residents to petition to a Board of Supervisors to be annexed to a city if they are within 1.5 miles of a boundary or within or adjacent to an existing city SOI. It requires the Board to send a resolution to LAFCo for the annexation and requires LAFCo to approve the annexation. It creates new definitions for "Islands" and for "unincorporated fringe communities." It also prohibits affected districts from terminating the annexation. This bill is sponsored by California Rural Legal Assistance and is tied to their other bill, SB 194. CALAFCO has significant concerns and is working with the author and sponsor on language before taking a position.

AB 1109 (Blakeslee) The Cortese-Knox-Hertzberg Act of 2000.

Last Amend: 04/13/2009

Status: 04/22/2009-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 04/14/2009-A L. GOV.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The Cortese-Knox-Hertzberg Act of 2000 authorizes a local agency formation commission to, among other things, initiate proceedings for the consolidation, dissolution, and formation of new districts, as specified. This bill would authorize a commission to order the administration of nonperforming districts. The bill would require the commission to, upon placing a district under temporary administration, prepare a performance study, as specified.

Position: Watch

Priority: 1

Notes: This bill would create a category of nonperforming districts and authorize LAFCo to assign the administration and operations to another local agency while a study is performed on the ultimate disposition of the district. Liabilities would remain with the district but the board would be eliminated. The author has agreed to make this a two-year bill while the details are negotiated with stakeholders.

AB 1582 (Committee on Local Government) Local agencies: spheres of influence.

Last Amend: 05/06/2009

Status: 05/18/2009-Read second time. To Consent Calendar.

Location: 05/18/2009-A CONSENT CALENDAR

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 159 ASM CONSENT CALENDAR-SECOND LEGISLATIVE DAY ASSEMBLY MEASURES

Summary: Existing law requires a commission to develop and determine the sphere of influence of each local governmental agency within the county. A commission is authorized, at the time a commission approves a proposal for an incorporation or a reorganization which includes an incorporation, to determine the sphere of influence for the proposed new city. The commission is required to determine the sphere of influence for any newly incorporated city within one year of the effective date of incorporation. This bill would authorize a commission, beginning January 1, 2010, to determine the sphere of influence for a proposed new district, when a commission approves a formation or reorganization that includes the formation of a district. The commission would be required to determine the sphere of influence for any newly formed district within one year of the effective date of formation. This bill contains other related provisions and other existing laws.

Attachments:

CALAFCO Letter of Support

Position: Support

Priority: 1

Notes: This is the Assembly Omnibus bill which makes technical changes to CKH.

SB 113 (Committee on Local Government) Local Government Omnibus Act of 2009.

Last Amend: 04/02/2009

Status: 05/06/2009-In Assembly. Read first time. Held at Desk.

Location: 05/06/2009-A DESK

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: (1) Existing law authorizes the formation of a school facilities improvement district in a county, if the board of supervisors adopts a resolution authorizing the

establishment of the district. This bill would specify that the resolution of the board of supervisors may authorize a school facilities improvement district to be operative in the county generally, or to one or more school districts or community college districts within the county. This bill contains other related provisions and other existing laws.

Attachments:

CALAFCO Support Letter

Position: Support

Priority: 1

Notes: The Senate Local Government Bill makes non substantial changes to local government laws other than CKH. CALAFCO has a number of items in the 2009 bill.

SB 163 (Cox) Local government: reorganization.

Last Amend:

Status: 03/09/2009-To Com. on RLS.

Location: 03/09/2009-S RLS.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law, for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes various legislative findings and declarations regarding the use of local government reorganization. This bill would make a technical, nonsubstantive change to that provision.

Position: Watch

Priority: 1

Notes: This bill is a placeholder for an unidentified change to Cortese-Knox-Hertzberg.

SB 194 (Florez) Community Equity Investment Act of 2009.

Last Amend: 05/18/2009

Status: 05/20/2009-Withdrawn from committee. Re-referred to Com. on APPR.

Location: 05/20/2009-S APPR.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city, and of specified land outside its boundaries. This bill would enact the Community Equity Investment Act of 2009 and declare the intent of the Legislature to create incentives for communities to engage in sustainable community planning that incorporates into each element of its general plan data and analysis, goals, policies and objectives, and feasible implementation measures addressing the presence of disadvantaged unincorporated communities in or near their boundaries, as specified. This bill contains other related provisions and other existing laws.

Attachments:

CALAFCO Letter of Interest

Position: Watch

Priority: 1

Notes: This bill is intended to provide municipal services and infrastructure investment to disadvantaged unincorporated communities. Its intent, in part, is to address the role of regional agencies in addressing infrastructure deficits through changes to state agency funding programs with the intent to improve infrastructure in unincorporated communities. Language in this bill is tied to AB 853 which provides mechanisms for LAFCo to annex these communities to existing cities.

SB 215 (Wiggins) Local government: organization.

Last Amend: 05/12/2009

Status: 05/12/2009-From committee with author's amendments. Read second time. Amended. Re-referred to Com. on L. GOV.

Location: 05/12/2009-A L. GOV.

2YR/Dead | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Existing law, the Cortese-Knox-Hertzberg Act, requires a local agency formation commission, when reviewing a proposal for a change of organization or reorganization, to consider specified factors, including the proposal's consistency with city or county general and specific plans. This bill would modify that factor so that a commission would be required to consider the proposal's consistency with city or county general and specific plans, and any applicable transportation plan, when reviewing a proposal for a change of organization or reorganization, thus imposing a state mandate. This bill contains other related provisions and other existing laws.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Priority: 1

Notes: Adds the SB 375 required "Sustainable Communities Strategy" and "Alternative Planning Strategy" to the factors a LAFCo must consider in reviewing applications in GC 56668 (g) and eliminates the now obsolete GC 56668.5 which allowed LAFCo to consider regional growth goals and policies.

2

AB 155 (Mendoza) Local government: bankruptcy proceedings.

Last Amend: 03/27/2009

Status: 05/06/2009-In committee: Set, first hearing. Referred to APPR. suspense file.

Location: 05/06/2009-A APPR. SUSPENSE FILE

2YR/Dead | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Under existing law, any taxing agency or instrumentality of the state may file a petition and prosecute to completion bankruptcy proceedings permitted under the laws of the United States. This bill would provide that a local public entity may only file under federal bankruptcy law with the approval of the California Debt and Investment Advisory Commission, as specified.

Position: None at this time

Priority: 2

AB 1172 (Galgiani) Eastern San Joaquin County Water District.

Last Amend:

Status: 05/14/2009-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 05/14/2009-S RLS.

2YR/Dead | 1st Desk | 1st Policy | 1st Fiscal | 1st Floor | 2nd Desk | 2nd Policy | 2nd Fiscal | 2nd Floor | Conf./Conc. | Enrolled | Vetoed | Chaptered

Summary: Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes procedures for the consolidation of special districts. The Water Conservation District Law of 1931 generally governs the formation of water conservation districts and specifies the powers and purposes of those districts. This bill would specify the powers and purposes of the Eastern San Joaquin County Water District on and after the date on which the San Joaquin Local Agency Formation Commission approves the consolidation of the Stockton-East Water District and the Central San Joaquin Water Conservation District. The bill would state the findings and declarations of the Legislature concerning the need for special legislation.

Position: Watch

Priority: 2

Notes: This district is not yet formed. CALAFCO is watching this bill pending action by the San Joaquin LAFCo.

AB 1232 (Huffman) Local agency formation commissions: powers and duties.
Last Amend: 05/07/2009
Status: 05/18/2009-Read second time. To third reading.
Location: 05/18/2009-A THIRD READING

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 78 ASM ASSEMBLY THIRD READING FILE

Summary: Existing law requires the local agency formation commission in each county, to, among other things, review and approve or disapprove proposals for changes of organization, or reorganization, and authorizes the commission to initiate proposals for the formation, consolidation, or dissolution of a district, a merger, or the establishment of a subsidiary district, as specified. This bill would , on and after January 1, 2011, authorize the Marin County Local Area Formation Commission to initiate and approve the consolidation of one or more small wastewater agencies if certain conditions exist.

Position: Watch
Priority: 2

Notes: This bill was intended to address the consolidation of a number of small wastewater agencies in Marin County that have continued to ignore Grand Jury, LAFCo MSR and regulator call to consolidate to improve efficiency, performance and regulatory compliance. These agencies have been responsible for multiple spills into the San Francisco Bay. The bill has been expanded, however, to include all Bay Area counties. CALAFCO continues to work with the author and stakeholder on language prior to taking a position.

AB 1436 (Portantino) Hospital districts.
Last Amend:
Status: 04/14/2009-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 04/02/2009-A HEALTH

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The existing Local Health Care District Law provides for the formation of local health care districts and specifies district powers, including the power to establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities, or health services, including, but not limited to, outpatient programs, services, and facilities retirement programs, services, and facilities or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district. This bill would provide that this power includes ownership and would revise the definition of health care facilities for purposes of this power to expressly include public hospitals, as defined.

Position: None at this time
Priority: 2

Notes: Adds ownership of public hospitals to the powers of hospital districts.

SB 101 (Committee on Local Government) Validations.
Last Amend:
Status: 05/06/2009-Chaptered by Secretary of State - Chapter No. 2, Statutes of 2009
Location: 05/06/2009-S CHAPTERED

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: This bill would enact the First Validating Act of 2009, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:
[CALAFCO Support Letter](#)
[CALAFCO Request for Governor Signature](#)

Position: Support

Priority: 2

Notes: Annual bills which validate errors and omissions made by local officials, including the boundaries of all local agencies.

SB 102 (Committee on Local Government) Validations.

Last Amend:

Status: 04/20/2009-Read second time. To Consent Calendar. Placed on inactive file on request of Assembly Member Torrico.

Location: 04/20/2009-A INACTIVE FILE

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: This bill would enact the Second Validating Act of 2009, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Priority: 2

Notes: Annual bills which validate errors and omissions made by local officials, including the boundaries of all local agencies.

SB 103 (Committee on Local Government) Validations.

Last Amend:

Status: 04/20/2009-Read second time. To Consent Calendar. Placed on inactive file on request of Assembly Member Torrico.

Location: 04/20/2009-A INACTIVE FILE

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: This bill would enact the Third Validating Act of 2009, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:

[CALAFCO Support Letter](#)

Position: Support

Priority: 2

Notes: Annual bills which validate errors and omissions made by local officials, including the boundaries of all local agencies.

SB 162 (Cox) Local government: fire suppression.

Last Amend:

Status: 03/09/2009-To Com. on RLS.

Location: 03/09/2009-S RLS.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law, for the purposes of assessments for fire suppression, defines fire suppression to mean firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard. This bill would make a technical, nonsubstantive change to this provision.

Position: Watch

Priority: 2

Notes: This is likely a placeholder for a more substantial change to fire agency law.

SB 211 (Simitian) Park district formation: County of Santa Cruz.

Last Amend: 04/14/2009

Status: 05/11/2009-To Com. on L. GOV.

Location: 05/11/2009-A L. GOV.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law generally authorizes the formation of a district by a petition requesting the creation and maintenance of a district, describing the exterior boundaries, signed by at least 5,000 electors residing within the territory proposed to be included in the district, and presented to the board of supervisors of the county containing the largest area within the proposed district. This bill, in addition, would authorize the formation of a district in the County of Santa Cruz, except as specified, if the exterior boundaries of the proposed district are coterminous with the exterior boundaries of the county and are initiated by a specified resolution of the county board of supervisors, after a hearing noticed in accordance with specified procedures, in lieu of the petition and related proceedings required under the above provisions. This bill contains other existing laws.

Attachments:

CALAFCO Letter of Opposition

Position: Oppose unless amended

Priority: 2

Notes: Allows Santa Cruz Board of Supervisors to create a regional open space district outside of LAFCo process. Does not provide a funding source for the district, leaving it to a future vote of the residents.

SB 263 (Strickland) Local government: community service districts.

Last Amend:

Status: 05/11/2009-In Assembly. Read first time. Held at Desk.

Location: 05/11/2009-A DESK

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law, the Community Services District Law, authorizes the establishment of community services districts to provide various services to the geographic area within each district, and further authorizes specified community services districts that own roads that are not formally dedicated to, or kept open for use by, the public for the purpose of vehicular travel, to limit access to those roads to the landowners and residents of that district. This bill would include the Santa Rita Hills Community Services District as one of the specified community services districts authorized to limit access to roads it owns to the landowners and residents of that district.

Position: Watch

Priority: 2

Notes: Adds the as yet unformed Santa Rita Hills CSD as one of the specified community services districts authorized to limit access to roads it owns to the landowners and residents of that district. CALAFCO opposes the policy of adding additional districts to the limited number with authority to have gated roads that are publicly owned and/or operated.

SB 575 (Steinberg) Local planning: housing element.

Last Amend: 05/04/2009

Status: 05/20/2009-Read second time. To third reading.

Location: 05/20/2009-S THIRD READING

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 82 SEN SENATE BILLS-THIRD READING FILE

Summary: (1) The Planning and Zoning Law requires each local government to review its housing element as frequently as appropriate to evaluate specified considerations, and requires specified, different types of local governments to revise the housing elements of their general plans in accordance with specific schedules. This bill would require all other local governments to adopt the 5th revision of the housing element 5 years after June 30, 2006, and would specify the schedule for all local governments to adopt subsequent

revisions of the housing element after the 5th revision, as specified. The bill would authorize the Department of Housing and Community Development to adjust the deadlines for adoption of the 6th and subsequent revisions of the housing element so that the deadlines occur 18 months after adoption of the applicable regional transportation plan, provided that the planning period, as defined, for the housing element is not less than 90 months and not more than 102 months. By adding to the duties of specified local governments, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: None at this time

Priority: 2

Notes: This is the clean-up bill for SB 375. A number of issues are being amended in the bill to address resolution of funding, timing of regional transportation plans and housing elements, and other open issues from SB 375. It also renames SB 375 as the "Sustainable Communities and Climate Protection Act of 2008."

3

AB 9 (John A. Perez) Political Reform Act of 1974: expenditures.

Last Amend:

Status: 05/18/2009-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 05/18/2009-S RLS.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Under the Political Reform Act of 1974, an "expenditure" means a payment, a forgiveness of a loan, a payment of a loan by a 3rd party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. Under the act, a candidate or committee that makes an independent expenditure totaling \$1,000 or more in a calendar year to support or oppose a measure or qualification of a measure shall file a report of that disclosure with the Fair Political Practices Commission. This bill clarifies existing law that an expenditure includes the payment of public moneys by a state agency or local government agency, or by an agent of that agency, for a communication to the electorate within the jurisdiction of that agency regarding a clearly identified measure, except if the communication constitutes a fair and impartial presentation of the facts relating to the measure or the communication is otherwise required by law.

Position: None at this time

Priority: 3

Notes: Adds that monies expended by a public agency to communicate information on a measure to the public must be reported to the FPPC.

AB 300 (Caballero) Subdivisions: water supply.

Last Amend: 04/20/2009

Status: 05/20/2009-Do pass.

Location: 05/20/2009-A APPR.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The Subdivision Map Act prohibits approval of a tentative map, or a parcel map for which a tentative map was not required, or a development agreement for a subdivision of property of more than 500 dwelling units, except as specified, including the design of the subdivision or the type of improvement, unless the legislative body of a city or county or the designated advisory agency provides written verification from the applicable public water system that a sufficient water supply is available or, in addition, a specified finding is made by the local agency that sufficient water supplies are, or will be, available prior to completion of the project. This bill would require, until January 1, 2020, the public water system, or the local agency if there is no public water system, to review , verify for

accuracy, and approve, as specified, the subdivider's water savings projections attributable to voluntary demand management measures, as defined. The public water agency would be authorized to collect fees necessary to provide the additional analysis of the voluntary demand management measures. Water savings projections would be authorized to be calculated using the water savings projections adopted by the California Urban Water Conservation Council. Water savings projections for measures for which the California Urban Water Conservation Council does not have adopted findings would be required to be based on substantial evidence in the record and included in the water supply assessment adopted by the water supplier. If a project applicant proposes to use a new voluntary water reduction demand management measure that is not based on water savings projections adopted by the California Urban Water Conservation Council, the legislative body of a city or county or the advisory agency would be required to have the project applicant enter into an agreement with the water utility to implement and monitor the actual water savings over time, as specified. The public water system would be required to prepare a written report of the projected water demand versus the actual water use 5 years after the project has been fully developed, and to provide copies of the report to the project applicant, the city or county that approved the subdivision map, the California Urban Water Conservation Council, and the Department of Water Resources. The bill would also require, at the time of final inspection, that a manual providing directions to the owner or occupant on the proper use of water conservation devices and systems be placed in the dwelling. By adding to the duties of the public water system, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position: None at this time

Priority: 3

Notes: Requires the preparation of a water assessment report for projects which reduce water consumption, which requires consultation with affected agencies, including LAFCo.

AB 494 (Caballero) Local planning: farmworker housing.

Last Amend: 04/23/2009

Status: 05/18/2009-Read second time. To third reading.

Location: 05/18/2009-A THIRD READING

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 97 ASM ASSEMBLY THIRD READING FILE

Summary: The Williamson Act authorizes any city or county to enter into a contract with the owner of agricultural land for the purpose of preserving that land in accordance with the conditions established by that contract and the act. The act authorizes a landowner to subdivide land subject to a Williamson Act contract for the purpose of providing farmworker housing if specified criteria regarding the parcel and the transaction are met, including the criterion that the parcel be within a city or an unincorporated territory or sphere of influence that is contiguous to one or more parcels that are already zoned residential, commercial, or industrial and developed with existing residential, commercial, or industrial uses. This bill would modify that criterion so that the parcel would be required to be within a city or in an unincorporated territory or sphere of influence that is contiguous to one or more parcels that are already zoned residential, commercial, or industrial and developed with existing residential, commercial, or industrial uses, or has access to existing drinking water and sanitary sewer service. This bill contains other related provisions and other existing laws.

Position: None at this time

Priority: 3

AB 588 (Cook) Local government finance.

Last Amend:

Status: 02/26/2009-From printer. May be heard in committee March 28.

Location: 02/25/2009-A PRINT

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The Vehicle License Fee Law establishes, in lieu of any ad valorem property

tax upon vehicles, an annual license fee for any vehicle subject to registration in this state. Under existing law, the Controller is required to allocate vehicle license fee revenues in the Motor Vehicle License Fee Account in a specified order, as provided. This bill would make a technical, nonsubstantive change to that provision.

Position: None at this time

Priority: 3

Notes: This is a placeholder bill that is focused on the local VLF allocation. May affect formulas for future annexations and incorporations.

ABX3 8 (Evans) State and local government.

Last Amend: 02/15/2009

Status: 02/15/2009-Read third time, amended, and returned to third reading. Read third time. Urgency clause refused adoption. (Ayes 19. Noes 13. Page 52.) Motion to reconsider made by Senator Florez. Reconsideration granted. (Ayes 3

Location: 02/15/2009-S THIRD READING

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/21/09 12 SEN ASSEMBLY BILLS-THIRD READING FILE

Summary: Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates. These procedures require the Controller to pay any eligible claim by August 15 or 45 days after the date the appropriation for the claim is effective, whichever is later. This bill would change the date the Controller is required to pay any eligible claim to October 15 or 60 days after the date the appropriation for the claim is effective, whichever date is later. This bill contains other related provisions and other existing laws.

Position: None at this time

Priority: 3

Notes: Makes changes to the dates and formulas for tax allocations. Will be of interest to those LAFcos conducting fiscal studies for incorporations and annexations.

SB 115 (Lowenthal) Public employment.

Last Amend: 03/24/2009

Status: 05/06/2009-In Assembly. Read first time. Held at Desk.

Location: 05/06/2009-A DESK

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: The California Constitution requires Members of the Legislature, and all public officers and employees, to take and subscribe a specified oath of office. The California Constitution permits inferior officers and employees to be exempted by law from this requirement. This bill would require that a public employee or applicant seeking public employment be permitted to decline to take and subscribe the oath of office based on moral, ethical, or religious beliefs that conflict with his or her ability to take and subscribe the oath without mental reservation, if he or she is otherwise willing and able to uphold the United States Constitution and the constitution and laws of this state and to complete the duties of employment. The bill would require that person to sign a statement that he or she declines to take and subscribe the oath required pursuant to existing law, based on moral, ethical, or religious beliefs that conflict with his or her ability to take that oath, as specified, and to take and subscribe a specified alternate statement to that effect. The bill would except from these provisions a public officer, employee, or applicant for public employment who is elected or who serves at the pleasure of an elected official. The bill would also make conforming changes and make a related statement of legislative findings.

Position: Watch

Priority: 3

SB 170 (Florez) Agricultural lands: cancellation of Williamson Act contracts.

Last Amend: 04/13/2009

Status: 04/15/2009-Testimony taken. Hearing postponed by committee. (Refers to 4/15/2009 hearing)

Location: 04/15/2009-S L. GOV.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Summary: Existing law authorizes a landowner to petition a county board or supervisors or a city council for cancellation of any Williamson Act contract for all or part of the subject land. The board or council is authorized to grant tentative approval for cancellation of a contract if it finds that cancellation is in the public interest. For these purposes, the board or council is required to find that other public concerns substantially outweigh the objectives of the Williamson Act and that either there is no proximate noncontracted land that is both available and suitable for the use to which it is proposed the contracted land be put, or that development of the contracted land would provide more contiguous patterns of urban development than development of proximate noncontracted land. This bill would establish a rebuttable presumption that where a federally recognized Indian tribe has petitioned for a contract cancellation that tribal cultural centers, infrastructure, and housing are alternative uses that are public concerns that substantially outweigh the objectives of the act and that for tribal cultural centers, infrastructure, and housing, land contiguous to existing tribal land would provide more contiguous patterns of urban development than development of proximate noncontracted land.

Position: Watch

Priority: 3

Notes: This bill would allow cancellation of Williamson contracts for land to be annexed to Tribal properties and used for tribal development.

SB 406 (DeSaulnier) Land use: environmental quality.

Last Amend: 04/30/2009

Status: 05/19/2009-Set for hearing May 26.

Location: 05/18/2009-S APPR.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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Calendar: 05/26/09 11 a.m. - John L. Burton Hearing Room (4203) SEN APPROPRIATIONS

Summary: The Planning and Zoning Law establishes the Planning Advisory and Assistance Council in the Office of Planning and Research, and prescribes the membership and duties of the council. Existing law authorizes the Department of Motor Vehicles to collect a surcharge imposed on vehicle registration fees by ordinance or resolution of a local entity. This bill would change the designated membership, as specified, of the Planning Advisory and Assistance Council and would require that the council work with the Strategic Growth Council, regional agencies, and cities and counties to facilitate the development and implementation of sustainable community strategies or regional blueprint projects, as specified. The bill would also require the council to report to the Legislature on specified regional performance measures and on the manner in which state agencies are implementing the 5-year infrastructure plan, as specified. The bill would authorize a municipal planning organization, as defined, a council of governments, as defined, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy to adopt a resolution to impose a surcharge of \$1 or \$2 on motor vehicles registered to an owner with an address in the entity's or entities' jurisdiction . The surcharge would be required to apply to an original vehicle registration occurring on or after 6 months following the adoption of the resolution, as specified, and to a renewal of registration with an expiration date on or after that 6-month period. The surcharge would be collected by the Department of Motor Vehicles and, after deducting its administrative costs, would be transmitted to the entity or entities imposing the surcharge. The bill would require that the surcharge revenue that exceeds \$1 be expended to develop and implement a regional blueprint plan and would specify that 5% of all the surcharge revenue be transmitted to the council for performance

of specified functions. The bill would provide that the council is to perform specified new functions only when the council has received sufficient revenue from this source.

Position: None at this time

Priority: 3

Notes: This bill is sponsored by CALCOG and among other things begins to identify funding sources for SB 375 implementation.

Total

rows: 27



Local Agency Formation Commission
LAFCO of Napa County

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June 1, 2009

Agenda Item No. 10a (Information)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Current and Future Proposals

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

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates Local Agency Formation Commissions (LAFCOs) with regulatory and planning duties to coordinate the logical formation and development of cities and special districts. This includes approving proposed jurisdictional boundary changes and requests to provide new or extended extraterritorial services. LAFCOs are also responsible for establishing, updating, and modifying cities and special districts' spheres of influence.

A. Discussion

There are currently five active proposals on file with LAFCO of Napa County ("Commission"). A summary of these active proposals follows.

Silverado Trail/Zinfandel Lane Annexation to the City of St. Helena

This application has been submitted by the City of St. Helena. The City proposes the annexation of one entire unincorporated parcel along with a portion of a second unincorporated parcel totaling approximately 100 acres. The affected territory is located northwest of the intersection of Silverado Trail and Zinfandel Lane and is owned and used by the City to discharge treated wastewater from its adjacent sewer plant. The purpose of the annexation is to provide cost-savings to the City by no longer paying property taxes. The affected territory is located outside the City's sphere, but is eligible for annexation under Government Code Section 56742 given it is owned and used by the City for municipal purposes.

Status: The City and County recently approved a property tax exchange agreement for the proposal. The City, however, has filed a request with the Commission to delay consideration of the proposal in order to explore a separate agreement with the County to extend the current Williamson Act contract associated with the affected territory (letter attached).

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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

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

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Trancas Crossing Park Annexation to the City of Napa

The City of Napa has adopted a resolution of application proposing the annexation of one 33 acre unincorporated parcel located near the northern terminus of Old Soscol Avenue. The subject territory is owned by the City and is currently undeveloped. The purpose of the proposal is to facilitate the planned development of the subject territory into a public park. The subject territory is located outside the City's sphere of influence. Accordingly, staff review of the proposal will include the merits of a concurrent sphere of influence amendment.

Status: Staff is awaiting the completion of a property tax agreement between the City and the County as required under Revenue and Taxation Code before completing the analysis and presenting the proposal to the Commission.

Silverado Community Services District: Activation of a Latent Power

The Silverado Community Services District (SCSD) has submitted a resolution of application requesting approval to activate a latent power to improve and maintain sidewalks within its jurisdictional boundary. The activation of this latent power would be in addition to SCSD's established road and landscaping services.

Status: Staff is awaiting the completion of a property tax agreement between SCSD and the County as required under Revenue and Taxation Code before completing the analysis and presenting the proposal to the Commission.

Trancas Street/Villa Lane Annexation to the Napa Sanitation District

This application has been submitted by the Queen of the Valley Medical Center. The applicant proposes annexing their 6.57 acre incorporated parcel located in the City of Napa to the Napa Sanitation District. The purpose of the annexation is to facilitate the development of the affected territory from an existing parking lot to a new medical facility building. The City of Napa Planning Commission is scheduled to consider the underlying project in May 2009.

Status: Staff recently circulated copies of the application materials to local agencies for their review and comment. The proposal will not be presented to the Commission until the City of Napa adopts an environmental determination on the underlying development project.

Formation of the Villa Berryessa Water District

This application has been submitted by Miller-Sorg Group, Inc. The applicant proposes the formation of a new special district under the California Water District Act. The purpose in forming the new special district is to provide public water and sewer services to a planned 100-lot subdivision located along the western shoreline of Lake Berryessa. A tentative subdivision map for the underlying project has already been approved by the County. The County has conditioned recording the final map on the applicants receiving written approval from the United States Bureau of Reclamation to construct an access road and intake across federal lands to receive water supplies from Lake Berryessa. Based on their own review of the project, the Bureau is requesting a governmental agency accept responsibility for the construction and perpetual operation of the water and sewer systems serving the subdivision.

Status: Staff is currently awaiting a response to an October 2008 request for additional information.

Staff is aware of three proposals that are expected to be submitted to the Commission in the near future. A summary of these future proposals follows.

**American Canyon High School and American Canyon Middle School Reorganization
(City of American Canyon/American Canyon Fire Protection District/CSA No. 4)**

The Napa Valley Unified School District (NVUSD) has initiated a multi-phased planning process to construct a 2,200-student high school and 530-student middle school to serve the City of American Canyon. The project site is located at the northeast intersection of American Canyon Road and Newell Drive. NVUSD recently approved a final environmental impact report for the project. As part of the proposed project, Commission approval is required to annex the proposed high school site (45 acres) to American Canyon and the American Canyon Fire Protection District. Commission approval is also required to concurrently annex and add the proposed middle school site (17 acres) to both the City and District's spheres of influence. The Commission may also consider modifying the proposal to include the concurrent detachment of the affected territory from CSA No. 4.

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

American Canyon Town Center Reorganization

(City of American Canyon/American Canyon Fire Protection District/CSA No. 4)

The City of American Canyon has initiated a planning process to develop approximately 100 acres of land comprising three parcels located southeast of the intersection of Highway 29 and South Napa Junction Road. The proposed project includes the development of 600 to 650 new residential units along with a mixture of commercial, retail, and public uses. Current planning activities completed to date include the preparation of a notice of preparation for a draft environmental impact report. As part of the proposed project, Commission approval is required to annex two of the three affected parcels totaling 70 acres into American Canyon. Commission approval is also required to annex one of the three affected parcels totaling 37 acres to the American Canyon Fire Protection District. The Commission may also consider modifying the proposal to include the concurrent detachment of the affected territory from CSA No. 4.

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

Stanly Lane Annexation (Napa Sanitation District)

The City of Napa has initiated a planning process to develop approximately 95.5 acres of land comprising four parcels located along Stanly Lane in the Stanly Ranch area. The proposed project includes the development of a 245 unit resort. Representatives for the developer have contacted staff to discuss the process to annex the affected territory to Napa Sanitation District.

B. Commission Review

Staff respectfully requests the Commission review and provide any comments or questions with respect to any of the current or future proposals identified in this report.

Attachments: as stated



City of St. Helena

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

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

May 20, 2009

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

Re: City of St. Helena Chaix Lane Annexation

Dear Keene:

The City of St. Helena requests that LAFCO defer the notice of public hearing on the Chaix Lane spray field annexation. The City Council and the County Board of Supervisors have adopted resolutions pertaining to property tax exchange agreements, however they would like additional time to reach an agreement on the future uses of the property.

It is anticipated that this agreement will be in place prior to the July LAFCO meeting. Please contact Carol Poole, Planning Director, or Shelly Mills, Associate Planner at 967-2792 if you have any questions pertaining to this.

Sincerely,

Del Britton, Mayor



Local Agency Formation Commission
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June 1, 2009

Agenda Item No. 10b (Information)

May 26, 2009

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: Correspondence from CALAFCO

The California Association of Local Agency Formation Commissions (CALAFCO) has prepared the attached memorandum. The memorandum outlines the current activities and programs provided by CALAFCO as well as opportunities to serve on the Board of Directors. The memorandum is being circulated in anticipation of CALAFCO issuing a request for Board nominations in July.

Attachment: as stated

Juliana Inman, Vice Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

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

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County of Napa Supervisor, 2nd District

Brian J. Kelly, Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

CALAFCO RECRUITMENT COMMITTEE

Board of Directors Candidate Information

Introduction:

The mission of the California Association of Local Agency Formation Commissions (CALAFCO) as a non-profit 501 (c) (3) organization is to “provide educational, information sharing and technical support for its members by serving as a resource for, and by collaborating with, the public, the legislative and executive branches of state government, and other organizations, for the purpose of discouraging urban sprawl, preserving open space and prime agricultural lands, and encouraging orderly growth and development of local agencies.”

The purpose of this presentation is to inform you of the current issues that CALAFCO is focusing on; our programs, activities and organizational structure; and opportunities for your participation as a member of the CALAFCO Board of Directors. Questions that you may have regarding information provided in this presentation should be directed to CALAFCO Executive Director Bill Chiat at wchiat@calafco.org or by phone at (916) 442-6536. Additional information can also be obtained from the CALAFCO website at www.calafco.org.

Current Issues:

To help guide the organization in its ongoing program activities for 2009/2010, the CALAFCO Board of Directors has identified the following priority issues of greatest importance to its members:

Viability of Local Government Agencies – The current severe economic recession is undermining the financial stability of a number of local agencies throughout California and highlighting the limitations on LAFCo’s ability to deal with such issues.

Ag Land and Open Space Protection - Debate continues within CALAFCO about the authority that LAFCo’s have to preserve agricultural lands and open space, and potential strategies that may be pursued by individual LAFCo’s to work toward that goal.

Water Availability – As the demand for water continues to grow to serve California’s continuing population growth, water districts face increasing challenges on how to provide reliable water supplies.

Authority of LAFCo – California continues to explore new options for governance of its expanding urban populations through regional initiatives or legislative actions in Sacramento. The role of LAFCos in new governance strategies and the impacts of special legislation on LAFCo authority are of continuing concern to CALAFCO.

Other issues of interest that CALAFCO is following include:

Housing - The provision of housing for all income levels, consistent with state law, is a factor that LAFCos may consider in evaluating cities' proposed spheres of influence (SOIs) or annexations.

Transportation – The significant relationship between transportation infrastructure, urban development patterns and related municipal service needs makes transportation plans an important factor for LAFCos to consider in SOI and annexation proceedings. The implementation of recently enacted SB 375 is a reflection of the important relationship between regional growth plans and transportation planning.

Flood Control – The vulnerability of proposed urban development areas to flooding and the adequacy of flood control measures are important factors for LAFCos to consider in SOI and annexation proceedings. The adequacy of existing flood control districts to continue to provide protection to existing urbanized areas is an important issue that needs to be addressed by LAFCos in their municipal service review process. As directed by the Map Modernization Act passed by Congress following the Katrina flooding, the Federal Emergency Management Administration (FEMA) is updating flood maps to reflect current flood risks. These new maps need to be considered in planning for future urban growth and related municipal services.

Programs and Activities:

CALAFCO has a range of programs and activities that are designed to both educate its members and support the effectiveness of individual LAFCos in carrying out their mandates.

Educational Forums and Professional Development Training

Annual Conferences – CALAFCO's annual conferences provide sessions on a wide variety of policy issues related to urban development, municipal services, and agricultural and open space lands protection, including important legislative initiatives that may impact LAFCos. The conferences are designed to provide opportunities for LAFCo commissioners, staff and practitioners to share information and engage in dialogue on important policy issues. The conferences also provide important

networking opportunities for attendees to establish working relationships to help increase their effectiveness.

Staff Workshops – CALAFCO holds an annual staff workshop which provides training opportunities for all LAFCo staff to learn about LAFCo processes, procedures and analytical strategies; and to establish working relationships to share information and improve their effectiveness. The Workshop includes professional development sessions for all staff, and specials sessions for clerks, executive officers, analysts, and counsel.

CALAFCO University – CALAFCO U provides courses to educate commissioners, staff and LAFCo practitioners on important and timely policy and process topics. The most recent course offered, with classes held in both southern and northern California, was on the implementation of SB 375, which integrates regional growth plan with transportation planning and infrastructure funding. Classes are designed to meet accreditation requirements for professional training certificates that recognize professional development.

Building Strong Member LAFCos – CALAFCO also promotes the development of strong and effective individual LAFCos through a number of other services that facilitate information sharing and communication among LAFCos. These include the CALAFCO website, the SPHERE newsletter, the Executive Officer, Clerks, and Counsel List Serves; and opportunities for serving on conference and workshop committees, the Association's Legislative Committee, and other ad hoc committees formed to address specific topics. CALAFCO also promotes regional meetings between LAFCos and training sessions on LAFCo practices and procedures (LAFCo 101).

Website

CALAFCO maintains an expansive website at www.calafco.org. The site contains timely information on CALAFCO activities along with an extensive library of resources and links to other valuable sites. For example, you can find a summary of all recent court decisions which affect LAFCos along with links to the full decision. There is also a complete directory of member LAFCos and contact information. The members-only section adds to the resources available. It includes an up-to-date summary of legislative issues of interest to members on the website.

Legislative Activities

A primary service of CALAFCO is to serve as a resource to the Legislature, State Agencies, peer associations and members regarding current LAFCo law and proposed legislation that may affect LAFCos. In addition, CALAFCO has an active Legislative Committee that review legislative requests, proposes legislation to advance LAFCo

principles and monitors legislation and recommends positions on bills which affect LAFCoS.

CALAFCO Organization and Board of Directors' Responsibilities:

CALAFCO is governed by a 15 member Board of Directors. Four directors shall be county commissioners or alternate commissioners; four directors shall be city commissioners or alternate commissioners; four directors shall be special district commissioners or alternate commissioners; and three directors shall be public member commissioners or alternate commissioners. Each director shall be elected for a 2-year term.

The Association is staffed by a combination of contract staff and volunteer staff officers from member LAFCoS. The Executive Director serves as the administrative director and manager of the Association. The Executive Officer and Deputy Executive Officers serve as fiscal agent for the Association and manage various services and programs of the Association under the direction of the Board and the Executive Director. Legal Counsel provides legal advice to the Board and, as needed, to the Executive Director and volunteer staff officers in the operations of the Association, interpretation of LAFCo law, and in support of member LAFCo Counsels.

It is the responsibility of the Board of Directors, which meets quarterly in alternate locations in northern and southern California, to provide overall policy guidance and direction to the Association. This guidance and direction is described in the Association's Policies and Procedures Manual and its Strategic Plan, which is updated every two years. The Board develops and adopts an annual budget which reflects its program priorities. The Board also appoints a standing Legislative Committee annually, which is chaired by the Executive Director and has a membership of 5-6 Board members and 15 staff. The Committee meets regularly to review existing and proposed laws that may affect LAFCoS and makes recommendations to the Board of Directors.

Board of Directors Elections Process:

Prior to the annual meeting, the Board appoints a recruitment committee consisting of four directors who are not standing for re-election at that meeting. Those directors shall be consisting of one county, one city, one special district and one public member.

The committee shall submit nominations at the annual meeting for all positions on the Board, the terms of which will expire with that meeting. Nominations may also be made from the floor at the annual meeting. Only Commissioners of Member LAFCoS in good standing and whose membership dues and assessments are fully paid may be nominated to be a director. Directors shall be eligible for reelection without limitation on the number of terms they may serve.

Terms of office will expire this year at the Association's 2009 annual meeting, which is held at the annual conference in October, for two city, two county and two special district directors, and for one public director.

No later than three months prior to the Annual Conference, the Recruitment Committee Chairman will send an announcement to each member LAFCo for distribution to each commissioner and alternate. The announcement will include the following:

A statement clearly indicating which offices are subject to the election.

The date by which all nominations must be received by the Recruitment Committee. The deadline for "mail-in" nominations shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Nominations Committee action." Nominations may also be made from the floor at the annual meeting.

The names of the Recruitment Committee members with the Committee Chairman's LAFCo address and phone number.

A form for each LAFCo to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.

A copy of the Association's election procedures will be posted on the CALAFCO web site at that time.