

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

CITY OF AMERICAN CANYON: SPHERE OF INFLUENCE REVIEW AND UPDATE

Draft Report
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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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* Contact staff for a copy of American Canyon’s Commission-defined extraterritorial service areas

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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 (“CKH”). LAFCOs are located in all 58 counties and are delegated regulatory responsibilities to coordinate the logical formation and development of local governmental agencies and services. Specific regulatory duties include approving or disapproving proposals involving (a) city incorporations or disincorporations, (b) special district formations, consolidations, and dissolutions, and (c) city and special district annexations and detachments. LAFCOs inform their regulatory duties through a series of planning activities, namely preparing municipal service reviews and sphere of influence updates. Underlying LAFCOs regulatory and planning responsibilities is fulfilling certain objectives outlined by the California Legislature under Government Code (G.C.) Section 56301, which states:

“Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.”

LAFCOs are generally governed by a five-member commission comprising two county supervisors, two city councilmembers, and one representative of the general public.¹ Members must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

B. Sphere of Influence

A central planning responsibility for LAFCO is the determination of a sphere of influence (“sphere”) for each city and special district under its jurisdiction.² LAFCO establishes, amends, and updates spheres to designate the territory it believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. All jurisdictional changes, such as annexations and detachments, as well as outside service extensions must be consistent with the spheres of the affected local agencies with limited exceptions.³

“Sphere” means a plan for the probable physical boundary and service area of a local agency, as determined by LAFCO.

There are several important and distinct policy considerations underlying sphere determinations. For example, inclusion within a multiple-purpose agency’s sphere, such as a city or community services district, generally indicates an expectation by LAFCO the territory should be developed for urban uses. Alternatively, inclusion of territory within a limited-purpose agency’s sphere, such as a hospital or mosquito abatement district, may be

¹ Several LAFCOs also have two members from independent special districts within their county. Each category represented on LAFCO has one alternate member.

² LAFCOs have been required to determine spheres for cities and special districts within its jurisdiction since 1972.

³ A prominent exception involves land owned and used by cities for municipal purposes that are non-contiguous to their incorporated boundary (G.C. Section 56742).

intended to support both urban and non-urban uses. It is also important to note inclusion within a sphere does not provide any guarantees the territory will be annexed. Jurisdictional changes must be considered on their own merits with particular attention focused on assessing whether the timing of the proposed action is appropriate.

Sphere determinations may also lead LAFCO to take other actions under its authority. This may include initiating the formation, consolidation, or dissolution of local agencies. Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements. LAFCO must review and update each local agency's sphere every five years as necessary.

In making a sphere determination, LAFCO are required to prepare written statements addressing four specific planning factors listed under G.C. Section 56425. These factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to focus LAFCOs in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The four factors are outlined below.

1. Present and planned land uses in the area, including agricultural and open-space.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

LAFCOs inform their sphere determinations by preparing municipal service reviews to evaluate the level and range of governmental services provided in the region. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic area. Municipal service reviews culminate with LAFCO making determinations on a number of governance-related factors. This includes infrastructure needs or deficiencies, growth and population projections, and financial standing. LAFCOs may also consider additional factors if required by local policy. LAFCOs must complete the municipal service review process prior to making related sphere determinations.

C. City of American Canyon

This report represents LAFCO of Napa County's ("Commission") scheduled sphere review of the City of American Canyon. The report supersedes the last comprehensive sphere review of American Canyon adopted by the Commission in February 2004. This report draws on information collected and analyzed in the Commission's recently completed municipal service review on the southeast county region, which included evaluating the availability, adequacy, and capacity of services provided by American Canyon. Other governmental agencies evaluated in the southeast county municipal service review were the American Canyon Fire Protection District (ACFPD) and County Service Area (CSA) No. 3, whose spheres will be updated in the near future as part of separate reports. The municipal

service review's executive summary is attached and includes the written determinations adopted by the Commission at its June 1, 2009 meeting.

The focus of this report is to consider whether changes to American Canyon's sphere are warranted in terms of consistency with the provisions of CKH and the adopted policies of the Commission. In identifying study areas for review, the report incorporates a request made by American Canyon to expand the City's sphere to correspond with its recently revised urban limit line. The report also considers an agreement between American Canyon and the County to expand the City's sphere to include certain lands located near the Napa County Airport referred to as Study Area "A." The agreement has been submitted to LAFCO in accordance with G.C. Section 56425(b). This statute directs LAFCO to "give great weight" to the agreement to the extent it is consistent with its policies.

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II. AGENCY OVERVIEW

A. Background

American Canyon was incorporated in 1992 and operates under a council-manager system of government. American Canyon is approximately 4.9 square miles in size and provides a full range of municipal services directly or through contracts with outside contractors with limited exceptions. American Canyon is the second largest municipality in Napa County and has been one of the fastest growing communities in the entire San Francisco Bay Area with an average annual population increase of 7.2% over the last 10 years. The California Department of Finance estimates American Canyon's population at 16,293. This amount represents an approximate two-third increase in population since 1998.

American Canyon's current operating budget is \$16.5 million. American Canyon's primary revenue source is drawn from property taxes, which currently funds nearly half of the City's operating budget. Markedly, on a regional level, American Canyon collects more in property taxes than any other city in Napa County as measured on a per capita basis.⁴ American Canyon's remaining discretionary revenues are principally generated from sales tax and motor vehicle license fees, with the former having increased by over one-third over the last five years as result of new commercial development in the City. This includes the recent construction of the first two phases of Napa Junction, which represents American Canyon's largest commercial site and anchored by a Wal-Mart Superstore.⁵ The single largest operating expense for American Canyon involves police protection services and presently represents close to one-quarter of all discretionary expenditures. American Canyon's projected operating fund balance at the end of the 2008-2009 fiscal year is \$4.3 million.

American Canyon operates two municipal enterprises involving sewer and water services. Both systems extend beyond American Canyon's incorporated boundary and were inherited by the City at the time of its formation as successor agency to the American Canyon County Water District (ACCWD). In 2001, G.C. Section 56133 became effective to mandate local agencies receive LAFCO approval before providing new or extended services beyond their jurisdictions by contract or agreement with local landowners. The statute limits LAFCO approval for new or extended services beyond the agency's jurisdiction but within their spheres in anticipation of future annexations. Approval for new or extended services beyond an agency's jurisdiction and sphere is limited to addressing existing or impending public health or safety threats. In response, the Commission reconciled the requirements of the statute with American Canyon's inherited responsibilities by establishing extraterritorial sewer and water service areas for the City. The sewer and water extraterritorial service areas extend north of American Canyon to include unincorporated lands designated for an urban use by the County of Napa to Fagan Creek and Soscol Ridge, respectively.⁶

⁴ Based on actual 2007-2008 totals, American Canyon received \$424 in property tax revenues, which surpassed St. Helena at \$382, Calistoga at \$285, Napa at \$263, and Yountville at \$135.

⁵ A third phase of Napa Junction is expected to add an additional 130,000 feet in commercial space.

⁶ American Canyon must receive Commission approval before providing new or extended services within the extraterritorial service areas with the exception of land subject to the County's Airport Industrial Area Specific Plan.

B. Sphere of Influence

Establishment

American Canyon's sphere was established by the Commission in 1991 in conjunction with approving the City's incorporation. The Commission designated the sphere to closely match American Canyon's approved incorporated boundary with the notable addition of approximately 410 unincorporated acres located along the City's eastern border.⁷ This unincorporated area was added to the sphere given its urban land use designation under the County General Plan, which was based on following the perceived 15% slope line of the adjacent Sulphur Mountain range. Two incorporated areas not included in the sphere involved American Canyon's water treatment plant located off of Kirkland Ranch Road and its wastewater storage ponds situated at the western terminus of American Canyon Road.

Amendments/Updates

The Commission has approved three changes to American Canyon's sphere since its establishment in 1991. The first two changes to the sphere involved amendment requests made by individual landowners. The first amendment was approved in 1998 and added 25 acres located southeast of American Canyon Road's intersection with Flosden Road. This area was added as part of a concurrent annexation proposal and represents the far eastern portion of the present-day La Vigne subdivision. The second amendment was approved in 1999 and added 70 acres located east of State Highway 29's intersection with Pico Boulevard. This area was added to facilitate a future annexation of a town center project and is commonly referred to as the "horseshoe" property. The area remains unincorporated and undeveloped. The third change to the sphere was approved by the Commission in 2004 as part of a scheduled comprehensive update. The update included adding four distinct areas to the sphere totaling 640 acres. The largest addition involved over 370 acres located along the northern side of Green Island Road, which was later annexed into American Canyon in 2005, although it remains undeveloped or underdeveloped. The other additions to the sphere involved areas located off of Watson Lane, Eucalyptus Drive, and American Canyon Road and generally remain unincorporated.⁸

Current Composition

American Canyon's sphere is currently 3,333 acres or 5.1 square miles in size. The sphere is coterminous with nearly 90% of American Canyon's incorporated boundary and includes a total of 5,214 assessor parcels. Of this amount, 18 assessor parcels are unincorporated and concentrated within four distinct areas. Three of these four unincorporated areas were added to the sphere in 2004 as part of the last comprehensive review. The fourth area, which consists of three assessor parcels located east of the intersection of State Highway 29 and Poco Boulevard, was added in 1999 and is part of a planned town center project.

⁷ American Canyon's incorporated boundary was established by the Commission to generally follow ACCWD's jurisdictional boundary with the exception of lands designated for non-urban use by the County.

⁸ A portion of the area along Eucalyptus Drive was annexed into American Canyon in 2005 as part of the City's construction of a new wastewater treatment plant.

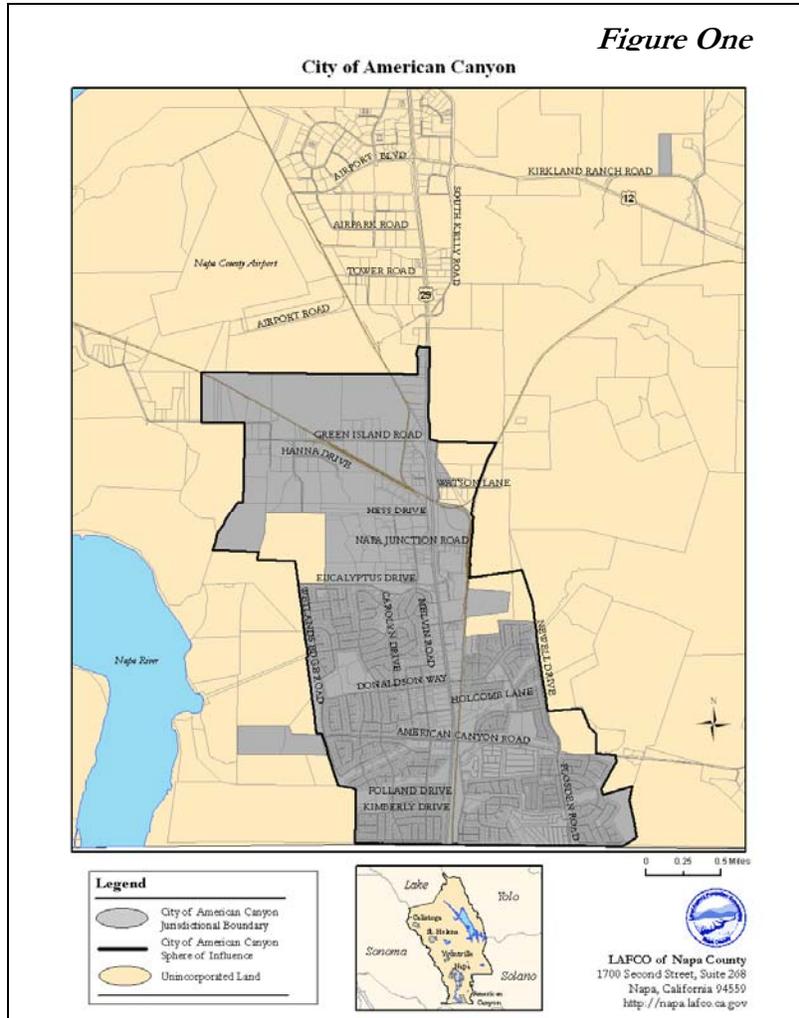


Table One

Unincorporated Areas Within American Canyon’s Sphere

(Source: LAFCO)

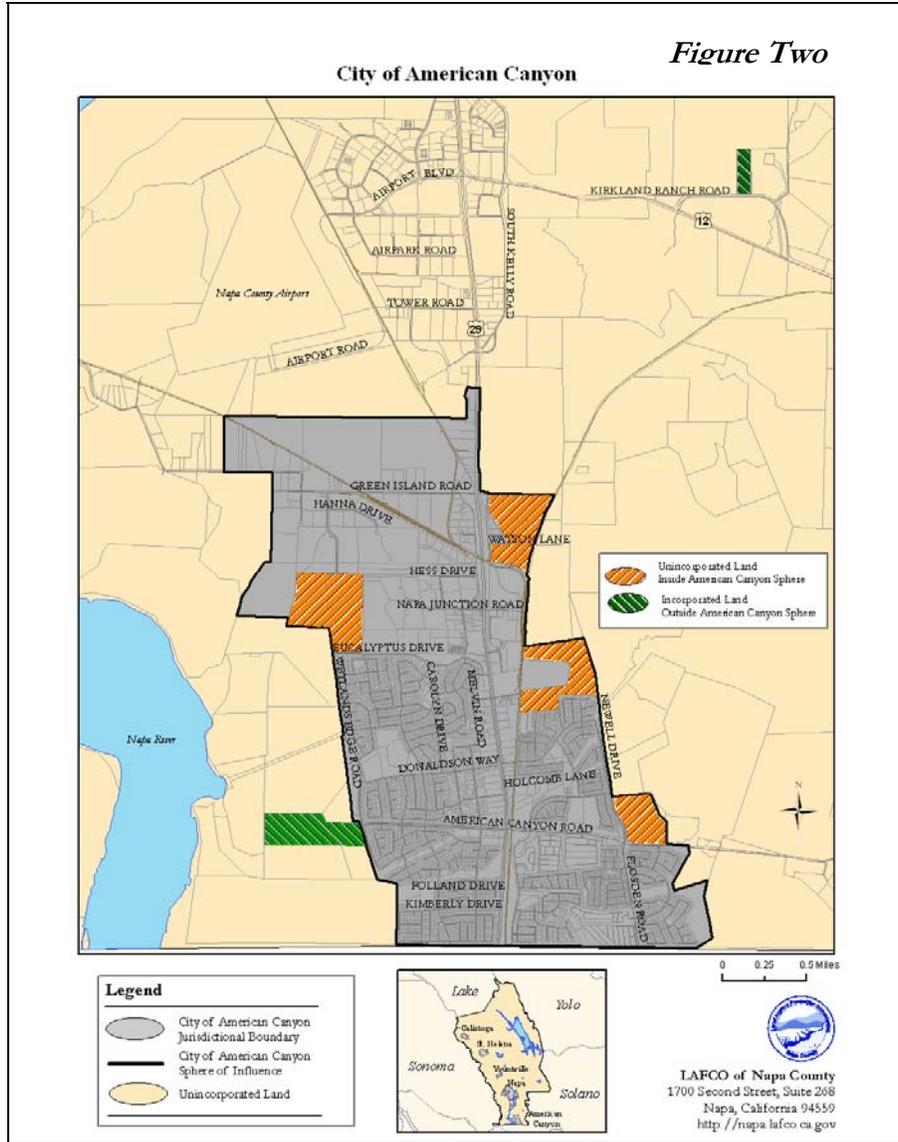
Location Description	Acres	Current Land Use
State Highway 29/Watson Lane	76.7	Rural Residential
American Canyon Road/Newell Drive	49.5	Under Construction: School Site
Eucalyptus Drive/Wetlands Edge Drive	106.6	Undeveloped
State Highway 29/Poco Way	70.0	Undeveloped

Table Two

Incorporated Areas Outside American Canyon’s Sphere

(Source: LAFCO)

Location Description	Acres	Current Land Use
Kirkland Ranch Road/Jameson Canyon	14.4	Water Treatment Facility
American Canyon Road/Wetlands Edge Drive	62.7	Undeveloped

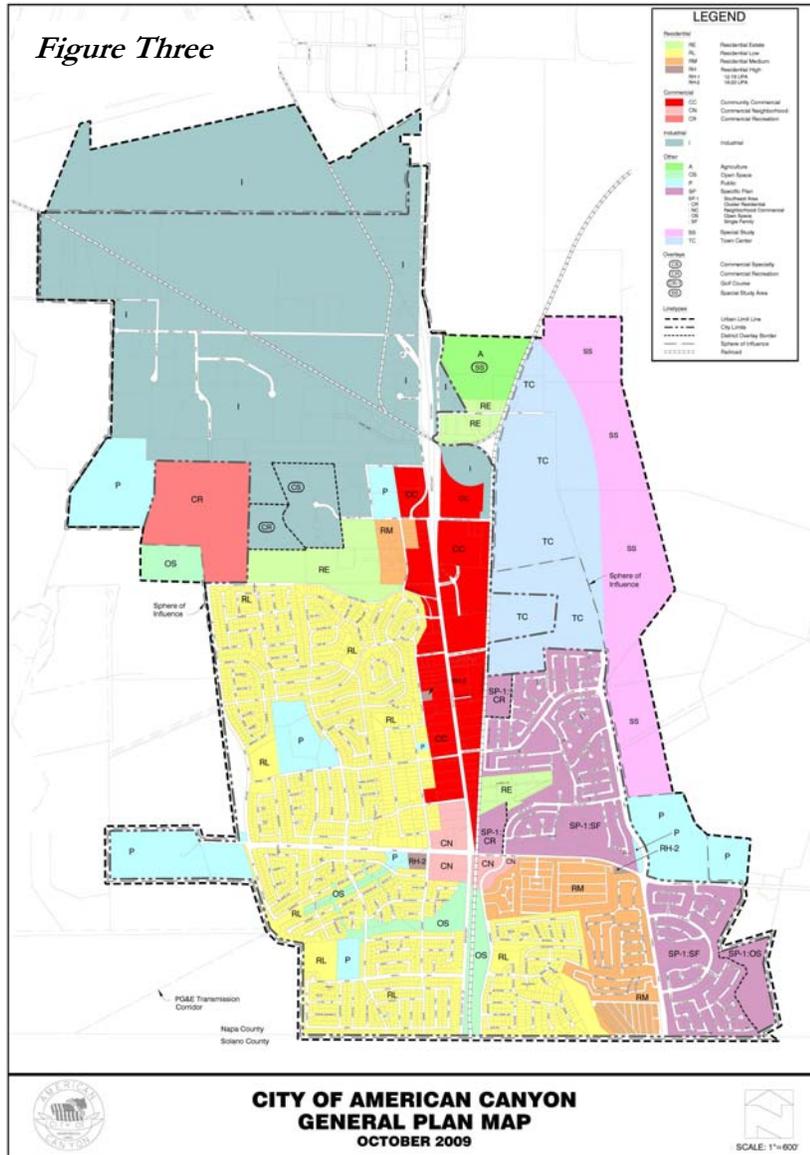


C. Land Use Policies

American Canyon

The American Canyon General Plan was adopted in 1994 and codifies land use objectives and policies for the City through 2010. The General Plan includes a vision statement for American Canyon to evolve into a “compact urban community surrounded by a well-defined network of farmlands, hillsides, and riverine habitats.” The General Plan outlines four broad 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 American Canyon General Plan includes an urban limit line (ULL) that was recently amended as part of a negotiated agreement with the County and implemented through a citizens initiative.⁹ The ULL directs American Canyon’s future growth through 2030 to extend north to the southern perimeter of the Napa County Airport and east towards the foothills of the Sulphur Mountain range. All lands within the ULL are assigned land use designations. These designations orient American Canyon’s development to emphasize predominately residential uses in the southwest and southeast while commercial and industrial uses are generally planned in the central and northwest.



⁹ The agreement between American Canyon and the County was entered into on June 3, 2008. The agreement stipulates the County will support the expansion of American Canyon’s sphere and subsequent annexation of lands lying north of the City and within its ULL identified in this report as Study Area “A.” In exchange, American Canyon pledges it will provide water service to outside customers within the County’s Airport Industrial Area Specific Plan. American Canyon further agrees not to file an additional sphere amendment request with the Commission through 2030 other than the City’s standing application on file to expand the sphere to match its revised ULL.

III. DISCUSSION

A. Objectives

The basic objective of this report is to identify and evaluate areas warranting consideration for inclusion or removal from American Canyon's sphere as part of a comprehensive review. Underlying this effort is to designate the sphere to facilitate the sensible and timely development of American Canyon consistent with the provisions of CKH. Specific goals under this legislation include discouraging urban sprawl, preserving open-space and prime agricultural lands, and providing for the efficient extension of governmental services.

The Commission's "Policy Determinations" were last amended in 2003 and provide prescription in fulfilling its legislative objectives. The Policy Determinations highlight the Commission's commitment to avoid the premature conversion of designated agricultural or open-space lands to urban uses through a series of restrictive allowances. This includes a determination to exclude lands designated as agricultural or open-space from city spheres for the purpose of accommodating urban type development unless it is demonstrated that infill opportunities are limited or non-existent. An additional determination states the Commission will recognize the public's support for Measure "J" by deferring to the County General Plan in determining agricultural and open-space land use designations.¹² The Commission also directs any development or use of land for purposes other than open-space uses shall be guided away from existing prime agricultural lands.

B. External Considerations

Spheres have assumed an increasingly important role in informing statewide and regional planning activities that are external to LAFCOs, but parallel shared goals with respect to coordinating efficient and sustainable growth. The use of spheres, for example, by local council of governments (COGs) as the planning areas for purposes of preparing biannual population, jobs, and housing projections is significant. These projections are used by COGs in allocating housing need assignments among cities and counties within their regions as assigned by the Department of Housing and Community Development. Importantly, depending on the COGs allocation process, the placement of unincorporated land within a city sphere with potential job growth may result in an increased housing need assignment to the municipality as part of the next cycle.¹³ Conversely, the placement of unincorporated land within a city sphere with potential housing growth may result in a decreased housing need assignment to the municipality. Agreements among local agencies may also have an effect on the allocations. Regardless, central to the allocation process is the sphere.

¹² Measure J was enacted by Napa County voters in 1990 and prohibits the amendment of agricultural or open-space land use designations in unincorporated areas without electorate approval through 2020. This initiative was extended in 2008 through 2050 through Measure "P."

¹³ COGs' housing need allocation currently cycle every seven to eight years.

A more recent external consideration associated with spheres relates to Senate Bill 375, which was enacted in January 2009. This legislation now requires regional transportation agencies to establish sustainable community strategies (SCS) as part of their regional transportation plans. The end-goal of a SCS is to connect smart growth land use principles with transportation funding in order to further reduce greenhouse gas emissions in the state. The law requires consideration of adopted spheres in the development of a SCS.

C. Timeframe

State law requires LAFCOs review and update each local agency's sphere by January 1, 2008 and every five years thereafter as needed. Accordingly, it has been the practice of the Commission to update each local agency's sphere in a manner emphasizing a probable five-year annexation area. This update's analysis is consistent with this practiced timeframe.

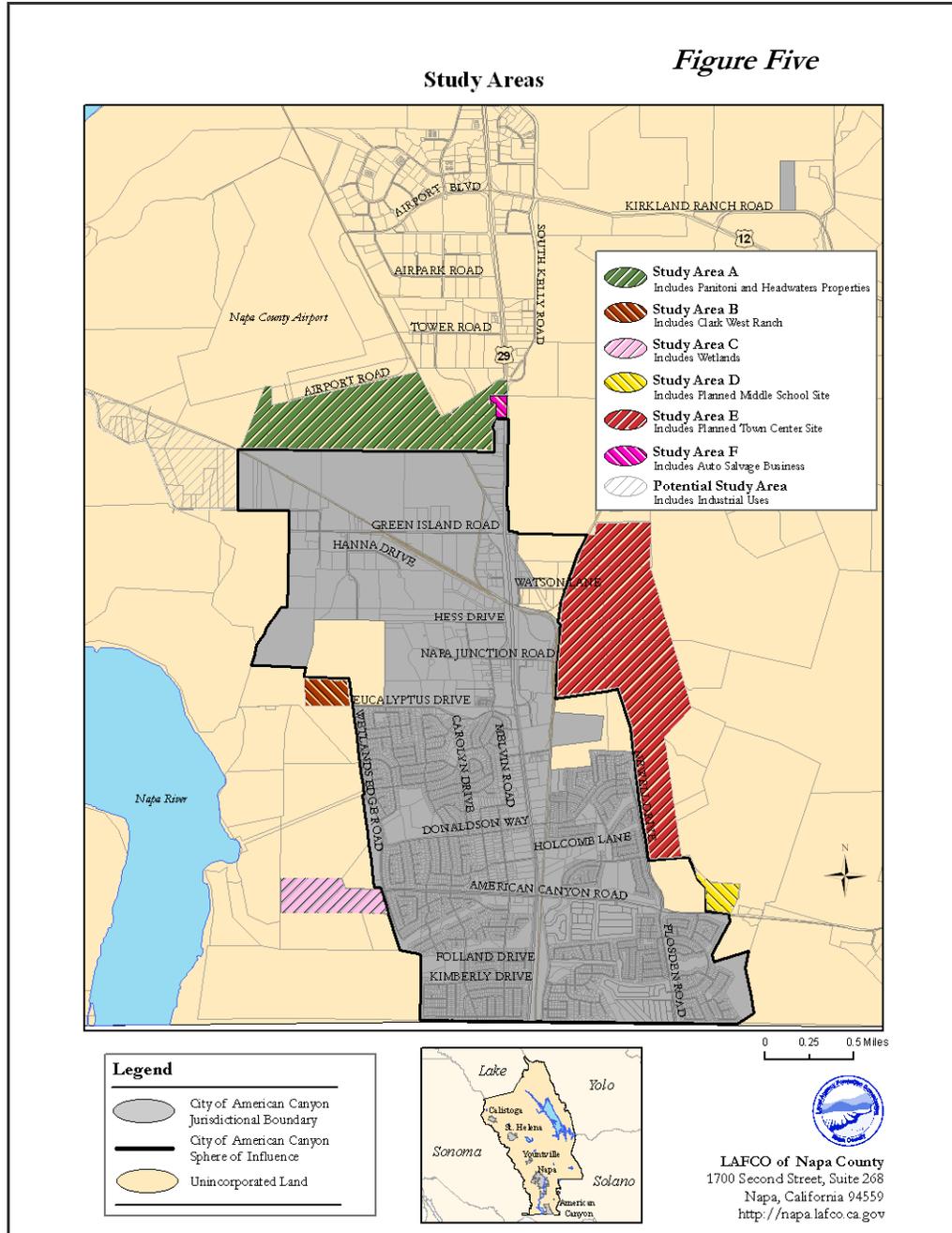
IV. STUDY AREAS

A. Criteria and Selection

This report incorporates a formal request made by American Canyon to expand the sphere to match its revised ULL. As described on page 12 of this report, the amended ULL was formulated as part of a negotiated agreement between American Canyon and the County and implemented through a citizens initiative adopted by the City Council in August 2008. The ULL is intended to guide American Canyon's growth through 2030 and includes a total of 820 unincorporated acres lying outside the current sphere. The report categorizes these unincorporated ULL lands within five distinct study areas based on geographic similarities and are identified as "A," "B," "C," "D," and "E." A sixth study area, "F," has also been included for review by staff given the affected unincorporated lands are surrounded nearly four-fifths by American Canyon's ULL.

A potential seventh study area was also considered for conclusion in this review and update. This area comprises 155 unincorporated acres of mostly industrial land uses located along Green Island Road between American Canyon and the Napa River. Although it is outside the ULL, the area lies within American Canyon's extraterritorial water and sewer service areas as determined by the Commission. All vehicular access to the area must also go through American Canyon byway of Green Island Road. These preliminary factors all suggest including the area into the sphere is merited. Previous outreach efforts made during the last update, though, identified a sizeable portion of the landowners in the area opposed inclusion into the sphere. It is reasonable to assume this opposition continues today given the perceived lack of landowner change in the area. With this opposition in mind, and given the five-year timeframe, consideration of expanding the sphere to include the area is not further considered as part of this review.

Additionally, no study areas have been identified for review with respect to considering removal of any of the four existing unincorporated areas from the sphere. The rationale for not considering removals is prefaced on recognizing all four unincorporated areas are subject to current or impending annexation proposals.



V. ANALYSIS

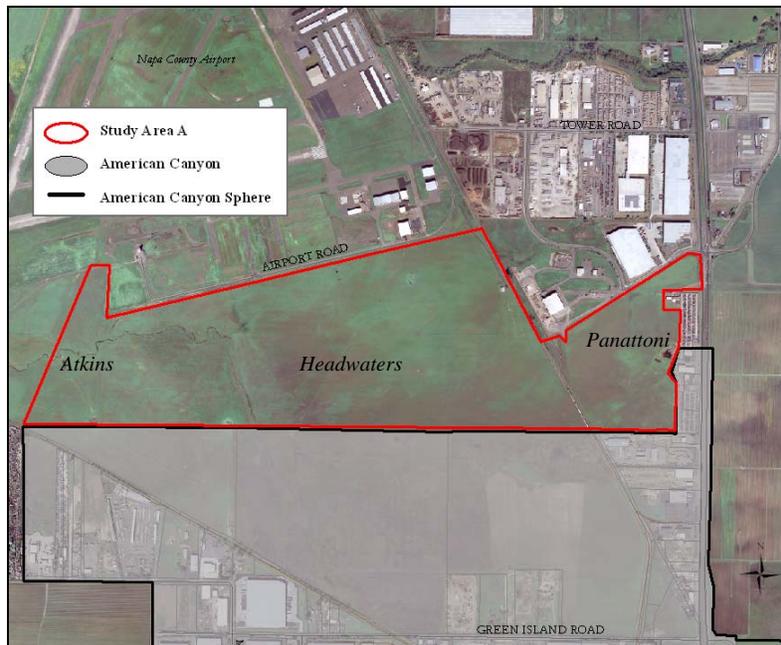
A. Evaluation Factors

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

B. Study Areas

Study Area A

This study area comprises approximately 293 unincorporated acres located immediately north of American Canyon’s existing jurisdictional boundary and sphere and south of the Napa County Airport. The study area includes four entire assessor parcels and is bisected along its eastern side by an active railroad owned by Union Pacific. The affected assessor parcels are commonly referred to by their current or former landowner’s names, “Atkins,” “Headwaters,” and “Panattoni.” The study area was included in American Canyon’s original ULL and is considered for inclusion into the sphere at the request of the City.



Assessor Parcels	Landowner	Acre Size
057-090-080	Napa Airport Corp. Centre	11.9
057-090-079	Napa Airport Corp. Centre	37.2
057-090-069	Napa Industrial, LLC	218.1
057-040-007	Larry Atkins	25.4

Present and Planned Land Uses

The entire study area is presently undeveloped and consist of native grassland. There is no documentation or evidence indicating the study area has been developed or utilized in the past for any uses other than perhaps livestock grazing.

The County designates the entire study area as *Industrial*. This designation contemplates a variety of urban non-residential uses ranging from manufacturing to office space.¹⁴ The designation is supported by the County’s zoning standard of *Industrial Park* for all four of the affected assessor parcels, which specifies a minimum lot requirement of 5.0 acres. Specific development and design standards for the study area are outlined in the County’s Airport

¹⁴ The minimum lot requirement under the County’s *Industrial* designation is 0.5 to 40 acres based on utility and road access.

Industrial Area Specific Plan (AIASP).¹⁵ American Canyon also designates the entire study area as *Industrial* and has rezoned the affected assessor parcels as *Napa County Airport Industrial Area*. This rezoning standard has been made in conjunction with filing an annexation proposal with the Commission and fully incorporates the development and design standards codified in the County’s AIASP. The rezoning standard ensures future uses and densities within the study area would be identical under either jurisdiction.

There are two vested projects tied to the study area. The first project involves the smaller of the two contiguous affected assessor parcels referred to as the Panattoni property. The project was approved by the County Planning Commission in April 2008 and allows for the construction of four detached light industrial buildings totaling 171,000 square feet.¹⁶ The second vested project involves subdividing the largest of the four affected assessor parcels referred to as the Headwaters property. This project was approved by the County Planning Commission in January 2009 and allows for the creation of a new 40 acre lot and the construction of a 645,000 square foot warehouse and distribution facility adjacent to the western side of the Union Pacific railroad track.¹⁷ Both projects are currently dormant, but are expected to be completed within the timeframe of this review. These vested projects would not be affected by annexation.

The study area does not qualify as agricultural or open-space lands under LAFCO law. It also does not qualify as prime agricultural land. None of the affected assessor parcels are under an agricultural contact.

The study area does lie within the Napa County Airport’s Compatibility Zone D, which marks the lands are routinely overflowed by aircraft ranging in altitude between 300 to 1,000 feet above ground. This zone prohibits all residential uses as well as any other uses deemed hazardous to flight as determined by the Napa County Airport Land Use Commission.¹⁸

Category	American Canyon	County of Napa
Designation	.....Industrial	.....Industrial
Designation Uses *	.....Manufacturing	.....Manufacturing
	.....Aviation	.....Warehouses
	.....Agribusiness	...Winery/Food Processing Facilities
	.....Thematic Industrial	.....Administrative Facilities
	.....Business Park	.....Research Institutions
	.....Warehouses	....Limited Office/Commercial Uses
	.....Professional Offices	
	.....Supporting Retail	
	.....Restaurants	
	.....Financial Uses	
Zoning	....Napa County Airport Industrial Area	.....Industrial Park
Density	.....Minimum Lot Size: 5.0 Acres	.....Minimum Lot Size: 5.0 Acres

* As noted, the County and American Canyon’s zoning for the affected territory is identical and ensures future uses and densities within the study area would be the same under either jurisdiction.

¹⁵ The County’s AIASP guides growth management within the surrounding 3,000 acre area through 2025.
¹⁶ The County has received a separate application to construct a 279,000 square foot warehouse and distribution facility on the larger of the two contiguous parcels comprising the Panattoni property. The application is on hold.
¹⁷ This vested project has been modified from an earlier approval by the County Planning Commission in 1999 to allow the entire Headwaters property to be developed by the prior landowner (Beringer) to include a 1.4 million square foot warehouse for winery production and storage along with a commercial vineyard.
¹⁸ State law authorizes a city to override a determination by an Airport Land Use Commission by a two-thirds vote.

Present and Probable Need for Public Facilities and Services

Public facilities and services currently available or provided within the study area are considered basic and include fire protection and law enforcement from the County.¹⁹ The study area also receives basic services, directly and indirectly, from several countywide special districts relating to vector control, soil conservation, parks and open-space, and flood control. The basic level and scope of these present services in the study area appears appropriate given the affected lands are undeveloped.

A full range of elevated public facilities and services are needed in the study area under both the urban land use designations and zoning standards adopted by the County and American Canyon. This includes, but is not limited to, an elevated level of community planning, police, fire, water, sewer, storm drainage, and street lighting and maintenance. These elevated services are expected to be needed in the timeframe of this review given two vested projects are already tied to two of the affected assessor parcels. American Canyon is the most logical multi-service provider for the study area based on service proximity.

<u>Category</u>	<u>County of Napa</u>	<u>American Canyon</u>
Probable Need for Public Facilities/Services	Yes	Yes

Probable Need Based on Agency Land Use Designations

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates American Canyon has generally established adequate capacities to extend a full range of public facilities and services to the study area to accommodate its planned and probable urban uses under the County and City’s land use policies. Specific and pertinent capacity issues identified in the municipal service review relative to the study area’s potential development that should be addressed at the time annexation is proposed include:

- Expansion of American Canyon’s water treatment and storage facilities to independently accommodate current and future peak-day demands.
- Availability of potable water supplies to meet present and future service demands during dry-year conditions.
- Improvements to traffic circulation to attain acceptable levels of services.

Existence of Social or Economic Communities of Interest

The study area’s social and economic interests are most strongly identified with American Canyon. These interests have been primarily fostered through the community’s long-standing expectation the study area would eventually become part of American Canyon given its inclusion within the City’s original ULL. The Commission recently recognized and strengthened these interests by including the affected lands in American Canyon’s extraterritorial water and sewer service areas. The County has also recognized these interests by agreeing to support the inclusion of the affected lands in the sphere as well as their annexation to American Canyon. These interests also appear reciprocal given all three of the current landowners within the study area have submitted letters of support to add their properties to the sphere to facilitate future annexation and development.

¹⁹ The property known as “Atkins” is located within ACFPD and is entitled to receive an elevated level of fire protection services from the District as needed.

Conclusion

Modifying American Canyon’s sphere to include the study area as well as the adjacent right-of-way portion of State Highway 29 appears warranted given the preceding analysis. Inclusion is consistent with the study area’s planned urban land uses under both the County and American Canyon General Plans. Inclusion would be responsive to the probable need for a full range of public services in which American Canyon is the most logical multi-service provider. Inclusion would also recognize the study area’s existing and distinct social and economic ties with American Canyon as well as support an agreement between the City and County regarding the long-term development of the Napa County Airport area. Additionally, inclusion is consistent with the adopted policies of the Commission with regard to facilitating orderly municipal growth. This includes guiding future urban uses away from any prime agricultural, agricultural, and open-space lands.

Study Area B

This study area comprises approximately 26 unincorporated acres located west of American Canyon’s existing jurisdictional boundary and sphere near the intersection of Eucalyptus Drive and Wetlands Edge Road. The study area also lies immediately west of an unincorporated property commonly known as the “Eucalyptus Grove,” which is already in the sphere and west of a former landfill site. The study area represents a portion of a 113 acre assessor parcel purchased by American Canyon in 1999. American Canyon refers to the study area as “Clark Ranch West” and added the affected lands to the ULL in 2008. The study area is considered for inclusion into the sphere at the request of the American Canyon.



Assessor Parcel	Landowner	Acre Size
058-020-013 (portion)	City of American Canyon	26

Present and Planned Land Uses

The study area is generally undeveloped with no permanent structures. The far eastern portion does include a small number of temporary structures and equipment associated with the American Canyon 4-H Club, which houses small farm animals and poultry on site. The study area was formerly part of a large commercial cattle ranch.

The County designates the entire study area as *Agriculture, Watershed and Open-Space*. This designation contemplates a limited variety of non-urban uses ranging from agriculture to processing of agricultural products. The designation also allows for a single-family residence. The designation is supported by the County’s zoning standard of *Agricultural Watershed* for the portion of the affected assessor parcel, which specifies a minimum lot requirement of 160 acres. American Canyon designates the entire study area as *Open-Space* with the intent the lands be retained for open-space purposes, which includes passive recreation. American Canyon recently rezoned the study area *Open Space – Clark West Ranch* in conjunction with filing an annexation proposal with the Commission. This rezoning prescribes a minimum lot requirement of 10 acres.

American Canyon is currently in the process of completing a trail system connecting the City to the Napa River that runs parallel along the southern and western perimeter of the study area. American Canyon anticipates developing the study area into a passive public recreational park. This anticipated use may also include building a public safety facility to accommodate both a park ranger and fire station. The fire station, if built, would be used and operated by ACFPD.

The study area does not qualify as agricultural land or prime agricultural land under LAFCO law. It does, though, qualify as open-space land given the study area’s designation under the County General Plan. The affected assessor parcel is not subject to an agricultural contract.

The study area does lie within the Napa County Airport’s Compatibility Zones D and E. Zone D applies to most of the study area and signals aircraft routinely fly-over at altitudes between 300 to 1,000 feet above ground. No residential uses as well as other uses deemed hazardous to flight by the Napa County Airport Land Use Commission are allowed. Zone E applies to a small southeast section of the study area and signifies aircraft routinely flyover at altitudes above 1,000 feet in the course of landing or departing. Any noise-sensitive outdoor uses are prohibited within this zone.

Category	American Canyon	County of Napa
Designation	.....Open Space	...Agriculture, Watershed & Open Space
Designation Uses	.....Private or Public Open Space	.....Agriculture
	.....Passive Recreational	.....Processing of Agriculture
	.....Resource Management	.....Single-Family Residence
Zoning	..Open Space - Clark West Ranch	.....Agricultural Watershed
Density	.....Minimum Lot Size: 10 Acres	.....Minimum Lot Size: 160 Acres

Present and Probable Need for Public Facilities and Services

Public facilities and services currently available or provided within the study area are considered basic and include fire protection and law enforcement from the County. The study area also receives basic services, directly and indirectly, from several countywide special districts relating to vector control, soil conservation, parks and open-space, and flood

control. The present basic level and scope of services in the study area appears appropriate given the affected lands are undeveloped for urban use.

There is no probable need for a full range of elevated public facilities and services within the study area based on the non-urban land use designations and zoning standards adopted by both the County and American Canyon. A limited number of elevated public services, though, may be needed if the study area is annexed to American Canyon. In particular, this would include providing elevated community planning and law enforcement to accommodate and support the passive recreational use of the study area as contemplated by American Canyon. Other elevated services, such as water and sewer, may also be needed and defined when a specific project is proposed. American Canyon has indicated interest in proceeding with a master plan to guide the recreational development of the study area in the near future. If this development proceeds as contemplated, American Canyon is the most logical service provider in terms of delivering coordinated community planning and law enforcement as well as potentially extending water and sewer based on service proximity.

Category	County of Napa	American Canyon
Probable Need for Public Facilities/Services	No	No

Need Based on Agency Land Use Designations

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates American Canyon has established adequate capacities to extend a limited range of elevated public facilities and services in the study area needed to accommodate its potential passive recreational uses as contemplated by the City and allowed under its General Plan and Zoning Ordinance. The municipal service review does not identify any specific and pertinent capacity issues relative to American Canyon’s ability to accommodate this potential recreational use in terms of extending community planning and law enforcement services. This statement is predicated on presuming the demands would be relatively minimal; an assumption that would be reassessed at the time annexation is considered.

Existence of Social or Economic Communities of Interest

The study area has established distinct social and economic interests with both the County and American Canyon. The study area’s social and economic ties with the County were established in 1968 and drawn from its designation under the County General Plan as *Agriculture, Watershed and Open Space*. This designation carries significant local importance given it underlies the County’s sustained effort to maintain agriculture as the region’s primary land use as well as principal economic commodity. The designation also underscores an important social tie with the general public given they have repeatedly approved measures to protect all unincorporated agricultural lands as designated by the County from non-urban uses unless specifically authorized by voters.

The study area’s social and economic interests with American Canyon were established in 1999 when the City purchased the affected lands with the intent of eventually developing the site into a passive recreational park. American Canyon has strengthened these social and economic ties by recently adding the study area to the ULL.

Conclusion

Modifying American Canyon’s sphere to include the study area does not appear warranted given the preceding analysis. Inclusion would conflict with the study area’s present and planned non-urban land uses under both the County and American Canyon General Plans, which suggest a full range of public services are not needed. Inclusion would also dismiss the tenured social and economic ties between the study area and the County. Additionally, inclusion would be inconsistent with the adopted policy of the Commission to use a city sphere to explicitly direct the location of urban development, which by practice has not been defined to include public parks. Furthermore, there does not appear to be sufficient public benefits outweighing the referenced policy considerations to support inclusion at this time.

As an alternative to expanding the sphere, the Commission may consider allowing American Canyon to annex the study area under G.C. Section 56742. This statute allows LAFCOs to annex non-contiguous lands owned and used by the affected city for municipal purposes without consistency with their sphere. The statute also includes a “poison pill” to require automatic detachment if the affected city ceases to be the landowner. Proceeding under this statute would allow American Canyon to coordinate elevated service provision within the study area consistent with its contemplated uses without diminishing the Commission’s assignment of the sphere as a demarcation of urban development. The Commission has used this statute before in accommodating city annexations of public parks, the most recent example involving Trancas Crossing to the City of Napa in February 2010.

Study Area C

This study area comprises approximately 64 acres located west of American Canyon’s existing jurisdictional boundary and sphere near the intersection of American Canyon Road and Wetlands Edge Road. It includes two entire assessor parcels and a portion of a third assessor parcel. The study area is already incorporated with the exception of a 1.5 acre portion running along its entire eastern and a portion of the northern perimeter. The study area was previously owned by ACCWD before being transferred to American Canyon as part of the incorporation process. The study area was included in American Canyon’s original ULL and is considered for inclusion into the sphere at the request of the City.



Assessor Parcels	Landowner	Acre Size
058-050-047 (portion)	City of American Canyon	1.5
058-050-047	City of American Canyon	38
058-050-048	City of American Canyon	25

Present and Planned Land Uses

The study area is presently undeveloped. The far eastern portion of the study area is currently used by American Canyon as a corporation yard associated with an adjacent public works facility. The western portion is substantially submerged by tidal waters from the Napa River and includes four inactive wastewater storage ponds formerly used by ACCWD.

The County designates the entire study area as *Cities*, which memorializes its expectation the affected lands are or shall be eventually incorporated. The County does not zone the affected assessor parcels. American Canyon designates the entire study area as *Public*. This designation contemplates a limited number of quasi-urban uses ranging from government buildings to public schools. American Canyon has also zoned the affected assessor parcels *Public*, which does not prescribe a minimum lot requirement.

There are no current projects tied to the study area. American Canyon has indicated an eventual interest in relocating the corporation yard to allow for the development of the dry portion of the study area into a public park. It is not expected this potential project would be initiated within the timeframe of this review.

The study area does not qualify as prime agricultural, agricultural, or open-space lands under LAFCO law. None of the affected assessor parcels are subject to an agricultural contract.

Category	American Canyon	County of Napa
Designation	.....Public	.....Cities
Designation Uses	.....Governmental Admin. Facilities	.....Cities
	.....Public Utilities	
	.....Schools	
	.....Public Parking	
	.....Parks	
	.....Landfills	
Zoning	.....Public	.....N/A (97%) .....Agricultural Watershed (3%)
Density	.....Minimum Lot Size: N/A	.....Minimum Lot Size: N/A

Present and Probable Need for Public Facilities and Services

Nearly all of the study area is already entitled to receive a full range of elevated services from American Canyon given the affected lands are incorporated. The entire study area is located within ACFPD. The entire study area also receives basic services, directly and indirectly, from several countywide special districts involving vector control, soil conservation, parks and open-space, and flood control. The need for services is presently limited to basic public safety since the affected lands are undeveloped for urban use.

There is a potential need for a full range of elevated public facilities and services within the study area based on the quasi-urban land use designation and zoning standard adopted by American Canyon. Future needs, however, are likely to be limited to community planning and law enforcement to accommodate and support the potential use of the study area as a passive recreational park as contemplated by American Canyon. Other elevated services, such as water and sewer, may also be needed and defined when a specific project is proposed. American Canyon has indicated no timetable for pursuing this development. Nonetheless, if development does eventually proceed, American Canyon is the most logical service provider in terms of delivering coordinated community planning and law enforcement services as well as potentially extending water and sewer.

Category	County of Napa	American Canyon
Probable Need for Public Facilities/Services	N/A	Yes

Need Based on Agency Land Use Designations

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates American Canyon has adequate capacities to provide the limited range of elevated public facilities and services in the study area needed to accommodate its contemplated passive recreational uses. There are no specific and pertinent capacity issues identified in the municipal service review relative to American Canyon’s ability to extend the probable need for elevated community planning and law enforcement services to the study area if it is eventually developed. This statement is predicated on presuming the demands would be relatively minimal; an assumption that would be reassessed at the time an annexation is proposed for the 1.5 acre unincorporated portion of the study area.

Existence of Social or Economic Communities of Interest

The study area’s social and economic communities of interest are most strongly identified with American Canyon. Economic interests were established at the time of American Canyon’s incorporation when the City assumed ownership of the entire study area. Social interests are drawn from the inclusion of the majority of the study area within American Canyon’s jurisdictional boundary and expectation the site will eventually be developed into a passive recreational park. The American Canyon General Plan supports these social and economic ties by including the entire study area within the City’s ULL.

Conclusion

Modifying American Canyon’s sphere to include the study area does not appear warranted given the preceding analysis. Inclusion would conflict with the lack of a current or probable need for public services in the study area in the timeframe of this review. Additionally, inclusion would be inconsistent with the adopted policy of the Commission to use a city sphere to explicitly direct the location of urban development, which has not been defined by practice to include public parks. There also does not appear to be sufficient public benefits outweighing the referenced policy considerations to support inclusion at this time.

Study Area D

This study area comprises approximately 22 unincorporated areas located north of American Canyon’s existing jurisdictional boundary and sphere near the intersection of American Canyon Road and Newell Drive. The study area includes one entire assessor parcel and portions of two other assessor parcels. It also includes an adjacent portion of American Canyon Road. The study area was included in American Canyon’s original ULL and was recently purchased by the Napa Valley Unified School District (NVUSD), which is slated to begin construction of a new middle school on the site later this year. The unincorporated land to the west, which is already in the sphere, is also owned by NVUSD and currently under construction to include a new high school. The study area is considered for inclusion into the sphere at the request of the American Canyon.



Assessor Parcels	Landowner	Acre Size
059-040-075 (portion)	Napa Valley Unified School Dist.	1.9
059-040-076	Napa Valley Unified School Dist.	17.5
059-040-077	Napa Valley Unified School Dist.	2.7

Present and Planned Land Uses

The study area is currently undeveloped. Although previous attempts have been made, there is no documentation or evidence indicating the study area has been developed or utilized in the past for any uses other than perhaps for livestock grazing.²⁰

The County designates the entire study area as *Agriculture, Watershed and Open-Space*. This designation contemplates a limited variety of non-urban uses ranging from agriculture to processing of agricultural products. The designation also allows for a single-family residence. The designation is supported by the County’s zoning standard of *Agricultural Watershed* for the affected assessor parcels, which specifies a minimum lot requirement of 160 acres. American Canyon designates the entire study area as *Public*. This designation contemplates a limited number of quasi-urban uses ranging from government buildings to

²⁰ In 1989, the study area’s former landowner proposed developing the site along with adjacent lands into a country club anchored by an 18-hole golf course. The proposed project was eventually withdrawn by 1996.

public schools. American Canyon has also zoned the affected assessor parcels *Public* in conjunction with filing an annexation application with the Commission. This rezoning standard does not prescribe a minimum lot requirement.

As allowed under the law, NVUSD has approved a project to develop the study area into an approximate 50,000 square foot middle school.²¹ The middle school is expected to accommodate up to 700 students and include a number of auxiliary facilities. NVUSD anticipates starting construction this year with a targeted completion date of August 2012.

The study area does not qualify as prime agriculture or agricultural land under LAFCO law. It does, however, qualify as open-space given the study area’s designation under the County General Plan. None of the affected assessor parcels are subject to an agricultural contract.

Category	American Canyon	County of Napa
Designation	.....Public	...Agriculture, Watershed and Open Space
Designation Uses	.....Governmental Admin. Facilities	.....Agriculture
	.....Public Utilities	.....Processing of Agriculture
	.....Schools	.....Single-Family Residence
	.....Public Parking	
	.....Parks	
	.....Landfills	
Zoning	.....Public	.....Agricultural Watershed
Density	.....Minimum Lot Size: N/A	.....Minimum Lot Size: 160 Acres

Present and Probable Need for Public Facilities and Services

Public facilities and services currently provided or available within the study area are considered basic and include fire protection and law enforcement from the County. The study area also receives basic services, directly and indirectly, from several countywide special districts involving vector control, soil conservation, parks and open-space, and flood control. The present basic level and scope of services in the study area appears appropriate given the affected lands are undeveloped.

A full range of elevated public facilities and services are needed in the study area based on NVUSD’s pending development of the study area to include a middle school. This includes, but is not limited to, an elevated level of police, fire, water, sewer, storm drainage, and street lighting and maintenance services. American Canyon is the most logical multi-service provider for the study area.

Category	County of Napa	American Canyon
Probable Need for Public Facilities/Services	No	Yes

Need Based on Agency Land Use Designations

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates American Canyon has generally developed adequate capacities to extend a full range of public facilities and services to the study area to accommodate its pending middle school use. Specific and pertinent capacity issues identified in the municipal service review relative to the study area’s development that should be addressed at the time annexation is proposed include:

²¹ G.C. Section 53094 exempts public school districts from complying with local land use zoning standards.

- Expansion of American Canyon’s water treatment and storage facilities to independently accommodate current and future peak-day demands.
- Availability of potable water supplies to meet present and future service demands during dry-year conditions.
- Improvements to traffic circulation to attain acceptable levels of services.

Existence of Social or Economic Communities of Interest

The study area’s social and economic communities of interests are most strongly identified with American Canyon. Social interests with American Canyon were formally established in 1997 when the study area was added to the original ULL and marking a long-standing planning assumption the affected lands would eventually become part of the City. Social interests have been strengthened and expanded to include economic ties with the pending development of the study area into a middle school to serve the American Canyon community. In addition, county voters affirmed their support in constructing the middle school in approving the underlying funding bond measure in 2006. This support lessens the relevance of the social and economic ties existing between the study area and the County drawn from its agricultural designation under the County General Plan.

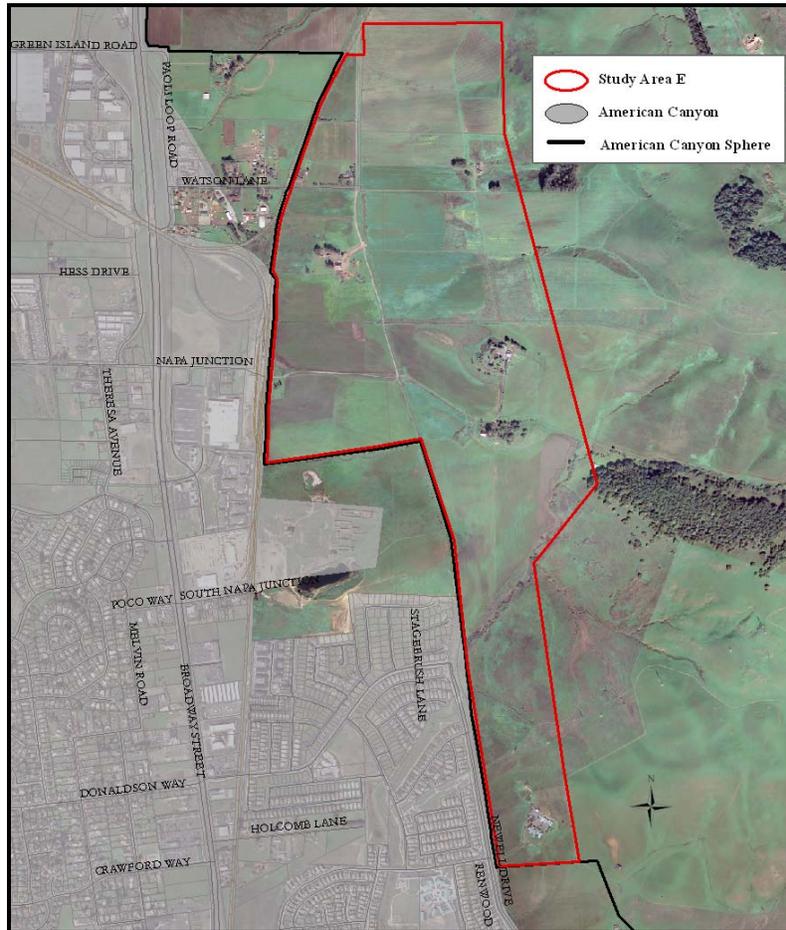
Conclusion

Modifying American Canyon’s sphere to include the study area appears warranted given the preceding analysis. Inclusion is consistent with the pending use of the study area as a middle school and supports the associated need for a full range of public services in which American Canyon is the most logical multi-service provider. Inclusion would also recognize the study area’s existing and distinct social and economic ties with American Canyon.

Notwithstanding the above statements, inclusion of the study area is inconsistent with the adopted policy of the Commission to exclude lands designated for agricultural use under the County General Plan from city spheres for purposes of urban development. This inconsistency, however, appears substantively muted because the middle school would serve both incorporated and non-incorporated students, and therefore supportive of both urban and non-urban development.

Study Area E

This study area comprises approximately 477 unincorporated acres located along the eastern perimeter of American Canyon’s existing jurisdictional boundary and sphere. The study area encompasses four entire assessor parcels and portions of five other assessor parcels. It also includes adjacent portions of Newell Drive and Watson Lane and is bisected west-to-east by a Pacific Gas & Electric tower transmission line. The study area was included in American Canyon’s original ULL and is considered for inclusion into the sphere at the City’s request.



Assessor Parcels	Landowner	Acre Size
057-120-017	Cecil A. Paoli	5.6
059-020-008	Jamcan LLC	7.4
059-020-009	Jamcan LLC	126.6
059-020-010	John and Margaret Roche	1.1
059-020-011	Steven Clerici	10.1
059-020-029 (portion)	Jamcan LLC	91.4
059-020-032	Gary W. Clarke	51.8
059-030-003 (portion)	Pamela Smith	112.1
059-030-004 (portion)	City of American Canyon	9.8
059-040-048 (portion)	Pamela Smith	26.5
059-040-079 (portion)	Edward and Charlotte Biggs	35.4

Present and Planned Land Uses

The study area is predominately undeveloped. The majority of the study area lies south of Watson Lane and consists of native grassland along with three single-family residences. The remaining portion of the study area lying north of Watson Lane consists of commercial vineyards and two single-family residences.

The County designates the entire study area as *Agriculture, Watershed and Open-Space*. This designation contemplates a limited variety of non-urban uses ranging from agriculture to processing of agricultural products. The designation also allows for a single-family residence. The designation is supported by the County's zoning standard of *Agricultural Watershed* for the affected assessor parcels, which specifies a minimum lot requirement of 160 acres. American Canyon designates and prezones nearly two-thirds of the study area as *Special Study*, which specifies all uses and densities be determined by a subsequent study. American Canyon designates and prezones the remaining portion as *Town Center*. These assignments contemplate a broad mix of urban uses ranging from residential to visitor-serving facilities. Actual uses and densities would be determined as part of a future specific plan. Markedly, these land designations and pre zoning standards for the study area were adopted by American Canyon in August 2008 in response to a citizens initiative certified to have been signed by more than 10% of eligible voters.

There are no current projects tied to the study area. However, as referenced above, American Canyon has designated one-third of the study area lying immediately adjacent to the City's current sphere as *Town Center*. This is a new designation for the affected lands and represents an expansion of a long-standing proposed project tied to an approximate 100 acre area immediately south of the study area involving three assessor parcels collectively referred to as the horseshoe. The most recent version of the town center project was prepared in May 2006 and involved developing the 100 acre area site south of the study area into 600 to 650 new multi-residential units along with a mixture of commercial, retail, and public uses. American Canyon has decided to expand the scope of the proposed project to include 130 additional acres lying within the study area to allow, among other things, for the expansion of Newell Drive to South Napa Junction Road.

Nearly one-half of the study area qualifies as both prime agricultural and agriculture land under LAFCO law. The entire study area qualifies as open-space land based on its designation under the County General Plan. There are also several agricultural contracts pertaining to five of the affected assessor parcels covering 251 acres.²²

Close to three-fourths of the study area lies within the Napa County Airport's Compatibility Zones D and E. Zone D applies to approximately 55 acres located in the far northern portion of the study area and signals aircraft routinely fly-over at altitudes between 300 to 1,000 feet above ground. No residential uses as well as other uses deemed hazardous to flight by the Napa County Airport Land Use Commission are allowed. Zone E applies to approximately 287 acres lying within the middle section of the study area and signifies

²² The affected assessor parcels within the study area that are subject to a Williamson Act contact are identified as 059-020-009, 059-020-008, 059-020-029, 059-030-004, and 059-020-032. The first three affected assessor parcels listed are owned by Jamcan, LLC and are under the same contact, which is set to expire in 2012. G.C. Section 56426.6 directs LAFCOs not to approve inclusion of lands under Williamson Act contracts into city spheres unless it makes one of two findings: 1) inclusion would facilitate orderly growth and the public's interest in the jurisdictional change outweighs the public interest in continuing the contract or 2) inclusion will not adversely affect the continuation of the contract.

aircraft routinely fly-over at altitudes above 1,000 feet in the course of landing or departing. Any noise-sensitive outdoor uses are prohibited within this zone.

Category	American Canyon	County of Napa
Designation	.....Special Study Area (SS); 66% .....Town Center (TC); 33%	.....Agriculture, Watershed and Open Space
Designation Uses	.....To Be Determined (SS) .....Government and Community Services (TC) .....Retail Commercial (TC) .....Professional Offices (TC) .....Entertainment (TC) .....Restaurants (TC) .....Cultural Facilities (TC) .....Visitor-Serving Facilities (TC) .....Transit (TC) .....Multi-Family Residential (TC)	.....Agriculture.....Processing of Agriculture.....Single-Family Residence
Zoning	.....Special Study Area (SS); 66% .....Town Center (TC); 33%	.....Agricultural Watershed
Density	.....Minimum Lot Size: N/A (SS) (TC)	.....Minimum Lot Size: 160 Acres

Present and Probable Need for Public Facilities and Services

Public facilities and services currently provided or available within the study area are generally considered basic and include fire protection and law enforcement from the County. The study area also receives basic services, directly and indirectly, from several countywide special districts involving vector control, soil conservation, parks and open-space, and flood control. Water service is provided by American Canyon to two of the affected assessor parcels located along Watson Lane as a result of the City assuming ACCWD’s service obligations at the time of incorporation.²³ The present level and scope of services in the study area appears appropriate relative to current land uses.

There is no need for a full range of elevated public facilities and services in the study area based on the County’s non-urban land use designations and zoning standards. The probable need for these types of facilities and services would only be triggered if the study area is annexed to American Canyon. As noted, American Canyon has designated and rezoned two-thirds of the study area for urban type development as part of a town center project. Elevated services required to support this potential urban use includes, but is not limited to, an elevated level of community planning, police, fire, water, sewer, storm drainage, and street lighting and maintenance. American Canyon has expressed interest in submitting an annexation proposal for this portion of the study area in the near future. It is unknown whether any elevated public services are needed in the remaining portion of the study area. The uncertainty is drawn from the lack of specificity in American Canyon’s land use designation and rezoning standard for the affected lands.

Category	County of Napa	American Canyon
Probable Need for Public Facilities/Services	No	Yes (TC) N/A (SS)

Need Based on Agency Land Use Designations

²³ Water service provided by American Canyon in the study area involves assessor parcels 059-020-010 and 059-020-011.

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review does not indicate American Canyon has adequate capacities to extend a full range of public facilities and services to the study area to accommodate its potential urban uses. American Canyon's water and sewer services, for example, are guided by facility plans contemplating future demands in the study area based on previous land use designations under the City General Plan, *Commercial Recreation* and *Special Study*. These facility plans, accordingly, anticipate relatively minimal to no future water and sewer demands in the affected lands through 2025, which appear no longer applicable since two-thirds of the study area is now designated as *Town Center*. Uncertainties involving American Canyon's ability to accommodate other demands in the study area without overtaxing present capacities are also generated due to the redesignations and their lack of specificity in use and density types.

Existence of Social or Economic Communities of Interest

The study area's social and economic interests are most strongly identified with the County. These ties were established in 1968 and drawn from the study area's designation under the County General Plan as *Agriculture, Watershed and Open Space*. This designation carries significant local importance given it underlies the County's sustained effort to maintain agriculture as the region's primary land use as well as principal economic commodity. The designation also underscores an important social tie with the general public given they have repeatedly approved measures to protect all unincorporated agricultural lands as designated by the County from non-urban uses unless authorized by voters. These interests predate the social and economic ties existing between the study area and American Canyon that were established in 1997 when the City included the affected lands within its original ULL.

Conclusion

Modifying American Canyon's sphere to include the study area does not appear warranted given the preceding analysis. Inclusion is inconsistent with the present and planned non-urban land uses of the study area under the County General Plan. Inclusion may also be inconsistent with the American Canyon General Plan given it does not specify whether urban or non-urban uses are planned for the eastern portion of the study area given its *Special Study* designation. It is also unknown whether inclusion is consistent with American Canyon's facility and service capacities given the lack of specified uses and densities for the entire study area under the City General Plan. Furthermore, inclusion is inconsistent with Commission's policy to exclude lands designated for agricultural use under the County General Plan for urban development, which at a minimum applies to the western portion of the study area tied to the town center project. A sizeable portion of the study area also qualifies as prime agricultural farmland. Finally, there does not appear to be sufficient public benefits outweighing the referenced policy considerations to support inclusion at this time.

Study Area F

This study area comprises approximately 7.0 unincorporated acres located immediately adjacent to the far northern perimeter of American Canyon’s existing jurisdictional boundary and sphere. It encompasses two entire assessor parcels and an adjacent portion of State Highway 29. The study area was included in American Canyon’s original ULL, but removed as part of the 2008 revision. The study area is considered for inclusion into the sphere by staff given the affected lands are surrounded nearly four-fifths by American Canyon’s ULL.



Assessor Parcels	Landowner	Acre Size
057-090-004	Frank and Shirley Azevedo	3.4
057-090-027	William and Lena Gonsalves	1.0

Present and Planned Land Uses

The study area is developed. The larger of the two affected assessor parcels is used as part of an automobile salvage business and consists of an approximate 1,300 square foot building and paved lot used to line available car and trucks for part purchases. The smaller of the two affected assessor parcels consists of a legal non-conforming single-family residence. The adjacent right-of-way section of State Highway 29 includes four traffic lanes and a native grass medium operated by the California Department of Transportation.

The County designates the entire study area as *Industrial*. This designation contemplates a variety of urban non-residential uses ranging from manufacturing to office space. The designation is supported by the County’s zoning standard of *Industrial Park* for all of the affected assessor parcels, which specifies a minimum lot requirement of 5.0 acres. Specific development and design standards for the study area are outlined in the County’s AIASP. American Canyon previously designated the study area as *Industrial* before deleting this assignment in 2008 when the City removed the affected lands from its ULL in response to the aforementioned citizens initiative.

The study area does not qualify as prime agricultural, agricultural, or open-space lands under LAFCO law. None of the affected assessor parcels are under an agricultural contact.

The study area does lie within the Napa County Airport’s Compatibility Zone D, which marks the lands are routinely overflowed by aircraft ranging in altitude between 300 to 1,000 feet above ground. This zone prohibits all residential uses as well as any other uses deemed hazardous to flight as determined by the Napa County Airport Land Use Commission.

Category	American Canyon	County of Napa
Designation	.....N/A	.....Industrial
Designation Uses	.....N/A	.....Manufacturing.....Warehouses ...Winery/Food Processing Facilities.....Administrative Facilities.....Research Institutions.....Limited Office/Commercial Uses
Zoning	.....N/A	.....Industrial Park
Density	.....N/A	.....Minimum Lot Size: 5.0 Acres

Present and Probable Need for Public Facilities and Services

Public facilities and services currently provided or available within the study area are generally considered basic. This includes law enforcement from the County as well as services, directly and indirectly, from several countywide special districts relating to vector control, soil conservation, parks and open-space, and flood control. The larger of the two affected assessor parcels also receives fire protection from the County while the remaining assessor parcel is located within ACFPD. No public water or sewer service is currently provided. The present level and scope of services in the study area appears inadequate relative to current urban land uses.

A full range of elevated public facilities and services are needed in the study area under the urban land use designation and zoning standard adopted by the County. This includes, but is not limited to, an elevated level of community planning, police, fire, water, sewer, storm drainage, and street lighting and maintenance. The need for these elevated public facilities and services is already present and will be intensified upon the planned development of the surrounding lands under the AIASP. American Canyon is the most logical multi-service provider for the study area based on service proximity.

<u>Category</u>	<u>County of Napa</u>	<u>American Canyon</u>
Probable Need for Public Facilities/Services	Yes	N/A

Need Based on Agency Land Use Designations

Present Capacity of Public Facilities and Adequacy of Public Services

Information collected and analyzed in the municipal service review indicates American Canyon has adequate capacities to extend a full range of public facilities and services to the study area to accommodate its current and planned urban uses. Specific and pertinent capacity issues identified in the municipal service review relative to the study area’s present and potential intensification under the AIASP that would need to be addressed at the time annexation is proposed include:

- Expansion of American Canyon’s water treatment and storage facilities to independently accommodate current and future peak-day demands.
- Availability of potable water supplies to meet present and future service demands during dry-year conditions.
- Improvements to traffic circulation to attain acceptable levels of services.

Existence of Social or Economic Communities of Interest

The study area’s social and economic interests are most strongly identified with American Canyon. These interests were fostered until recently through the standing expectation the study area would eventually become part of American Canyon given its inclusion within the City’s original ULL before it was removed in 2008. Notwithstanding the change to the ULL, pertinent social and economic ties between the study area and American Canyon continue to exist. This includes the inclusion of the study area within American Canyon’s Commission-defined extraterritorial water and sewer service areas.

Conclusion

Modifying American Canyon’s sphere to include the study area appears warranted given the preceding analysis. Inclusion is consistent with the present and planned urban land uses under the County General Plan, which necessitates an elevated level of public facilities and services in which American Canyon is best situated to provide. Inclusion also reflects and strengthens existing social and economic interests between the study area and American Canyon. Inclusion is also consistent with the adopted policies of the Commission. This includes facilitating a more logical jurisdictional boundary line for American Canyon in concert with the earlier recommendation to add Study Area A to the sphere and thereby eliminate the potential future creation of an unincorporated pocket.²⁴

²⁴ The term “unincorporated pocket” is not defined. This term is intended to describe a portion of unincorporated land substantially surrounded by a city without qualifying as an “island” under G.C. Section 56375.3.

VI. RECOMMENDATION

It is recommended the Commission update American Canyon's sphere to include all lands comprising Study Areas A, D, and F. It is also recommended the Commission add a right-of-way portion of State Highway 29 adjacent to Study Area A. The total size of the recommended additions to the sphere is 323 acres. These additions support American Canyon's orderly growth and development in a manner consistent with the provisions of CKH and the adopted policies of the Commission. Adding Study Area A also supports an agreement between American Canyon and the County in which the two agencies agree the City's sphere should include the affected lands for purposes of facilitating their annexation.

Study Areas B, C, and E are not recommended for inclusion into the sphere given their additions are inconsistent with Commission's legislative directives and local policies. In particular, Study Areas B and C are not recommended for inclusion based on the Commission's basic policy to use spheres as explicit guides to urban development. This policy supports excluding the two study areas since American Canyon contemplates developing both sites into passive recreational parks; a use that by practice has not been considered urban by the Commission. Study Area E is not recommended for inclusion because the affected lands are all designated for agricultural use under the County General Plan and a sizeable portion also qualifies as prime agricultural land under LAFCO law. There is also a lack of pertinent information regarding the future uses and densities of the affected lands under the American Canyon General Plan. This information is needed, among other purposes, for the Commission to effectively evaluate potential service needs and impacts within the affected lands relative to American Canyon's available and planned capacities.²⁵ The information is also a necessary prelude for the Commission to consider the merits of making an exception to the referenced policy considerations.

The following statements are based on information analyzed in this report and have been prepared in support of the preceding recommendation pursuant to G.C. Section 56425:

1. Present and planned land uses in the sphere, including agricultural and open-space lands.

Lands within American Canyon's updated sphere are predominately developed for urban uses or expected to be developed for urban uses within the next five years. Agricultural and open-space lands are limited and would not be impacted, directly or indirectly, as a result of the update.

2. The present and probable need for public facilities and services in the sphere.

Lands within American Canyon's updated sphere presently need an elevated level of public services or are expected to need an elevated level of public services within the next five years to accommodate and support planned urban uses.

²⁵ Specific information regarding land use types and densities is also needed to evaluate potential direct and indirect impacts on the environment tied to expanding the sphere to include Study Area E.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The Commission's recently completed municipal service review on the southeast county region indicates American Canyon has generally established adequate administrative, service, and financial capacities to accommodate present and planned urban uses within the updated sphere.

4. The existence of any social or economic communities of interest in the sphere if the commission determines that they are relevant to the agency.

Lands within the updated sphere have established social and economic interdependencies with American Canyon distinct from neighboring unincorporated areas. The update affirms and strengthens these established community ties.

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.

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY POLICY DETERMINATIONS

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

A) LEGISLATIVE INTENT AND DECLARATIONS

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

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

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

B) POLICIES OF THE COMMISSION

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

1) USE OF COUNTY GENERAL PLAN DESIGNATIONS

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

2) TIMING OF URBAN DEVELOPMENT

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

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

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

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

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

4) ENCOURAGEMENT OF REORGANIZATIONS

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

II) POLICIES CONCERNING SPHERES OF INFLUENCE

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

A) LEGISLATIVE INTENT AND DECLARATIONS

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

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

B) GENERAL GUIDELINES FOR THE REVIEW OF SPHERES OF INFLUENCE

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

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

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

2) Municipal Services

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

C) CITY SPHERES OF INFLUENCE

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

1) General Policies Concerning City Spheres

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

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

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

2) Policies Concerning Cooperative Planning and Development Programs

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

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

D) SPECIAL DISTRICT SPHERES OF INFLUENCE

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

1) General Policies Concerning Special District Spheres

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

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

2) Policies Concerning Cooperative Planning and Development Programs

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

III) POLICIES CONCERNING THE COUNTY OF NAPA

A) LOCATION OF URBAN DEVELOPMENT

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

B) USE OF COUNTY SERVICE AREAS

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

IV) POLICIES CONCERNING SPECIAL DISTRICTS

A) IN LIEU OF NEW DISTRICT CREATION

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

B) PREFERENCE FOR DISTRICTS CAPABLE OF PROVIDING ALL ESSENTIAL SERVICES

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

V) POLICIES CONCERNING ANNEXATIONS

A) GENERAL POLICIES CONCERNING ANNEXATIONS TO A CITY

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

B) POLICIES CONCERNING ISLAND ANNEXATIONS

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

C) POLICIES CONCERNING ANNEXATION OF MUNICIPALLY-OWNED LAND

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

D) CONCURRENT ANNEXATION POLICIES

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

1) City of Napa and Napa Sanitation District

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

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

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

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

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

Napa County Agreement No. 7070
American Canyon Agreement No. 2008-93

**AGREEMENT
BETWEEN THE COUNTY OF NAPA
AND
THE CITY OF AMERICAN CANYON**

This Agreement (hereafter "Agreement") is entered into and effective as of July 3, 2008 by and between the County of Napa, a political subdivision of the State of California (hereafter "County"), and the City of American Canyon, a municipal corporation (hereafter "City").

WHEREAS, the parties recognize the importance of agricultural preservation and open space in the County and desire to preserve agricultural and open space lands in the County so as to maintain a viable agriculture-based economy, preserve open space, prevent urban sprawl, and direct growth and development into already urbanized areas; and

WHEREAS, the parties desire to implement the planned development of the City and adjacent lands within the County; and

WHEREAS, the parties recognize the importance of the Napa County Airport ("Airport") to the economy of the County and have a longstanding interest in protecting the Airport from the encroachment of incompatible land uses; and

WHEREAS, the parties recognize that citizens, businesses and employees within both jurisdictions benefit when the parties collaborate successfully and solve disagreements amicably; and

WHEREAS, the parties seek to provide a solid footing for future planning and decision-making by recognizing a mutually agreed upon City urban growth boundary that will remain in place without change until 2030; and

WHEREAS, the parties are taking such steps as may be necessary to ensure that an adjusted urban growth boundary in the form of an amended City Urban Limit Line will not be changed until the year 2030; and

WHEREAS, in the County's view, industrial development within the County Airport Industrial Area Specific Plan ("Airport Specific Plan") boundaries supports agricultural uses in the County, benefits the local economy, and will contribute to the construction of necessary infrastructure improvements; and

WHEREAS, the parties recognize that upon incorporation in 1992, the City assumed the rights and responsibilities of the former American Canyon County Water District; and

WHEREAS, the parties recognize that the City provides water service to properties located within the City's Water Service Area, which includes the Airport Specific Plan area, and

that it is essential for the City to continue to provide water service to these properties in an environmentally sensitive, reasonable and fair manner.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

PART I. AGREEMENT DEFINITIONS

When used in this Agreement, the following words or phrases shall have the following meanings unless the context clearly indicates otherwise:

“Airport Industrial Area Specific Plan” or “Airport Specific Plan” shall mean the 1986 Napa County Airport Industrial Area Specific Plan, as amended through the effective date of this Agreement.

“CEQA” shall mean the California Environmental Quality Act, Public Resources Code section 21000 *et seq.*

“City” shall mean the City of American Canyon.

“City Customers” shall mean all persons and entities presently receiving water service from the City, and all persons and entities that are requesting or in the future request new or increased water service from the City, for parcels that are located within City’s incorporated limits.

“City’s Water Service Area” shall mean all lands within the area depicted in Exhibit H, attached hereto and incorporated herein by this reference.

“County” shall mean the County of Napa.

“LAFCO” shall mean the Napa County Local Agency Formation Commission.

“Outside Customers” shall mean all persons and entities presently receiving water service from the City, and all persons and entities that are requesting or in the future request new or increased water service from the City for parcels that are located outside the City’s limits but within the Airport Industrial Area Specific Plan boundaries.

“Panattoni Property” shall mean that real property described by Assessor Parcel Numbers 057-090-075 and 057-090-076, consisting of approximately 16.30 acres and 34.40 acres, respectively, as is more fully described in Exhibit A, attached hereto and incorporated herein by this reference.

“Subject Parcels” shall mean:

1. The parcel commonly known as the “Headwaters property,” Assessor Parcel Number 057-090-069 consisting of approximately 218.06 acres as is more fully described in Exhibit B, attached hereto and incorporated herein by this reference.
2. The parcel commonly known as the “Atkins property,” Assessor Parcel Number 057-040-007 consisting of approximately 25.44 acres as is more fully described in Exhibit C, attached hereto and incorporated herein by this reference.

“Sphere of Influence” shall mean the LAFCO-approved plan for the probable physical boundary and service area of the City of American Canyon, as defined in Government Code section 56076.

“Urban Limit Line” or “ULL” shall mean that line which describes the boundaries described in Exhibit D, attached hereto and incorporated herein by this reference, beyond which the City and the City’s Sphere of Influence shall not expand prior to 2030 unless the citizens of the City first approve an expansion of the line.

**PART II. PRE-CONDITIONS TO THE AGREEMENT TAKING EFFECT;
ANNEXATION OF PANATTONI PROPERTY**

A. Preconditions to Agreement Effectiveness

This Agreement, excluding Agreement Section II.B, shall become effective only if each and every one of the following events occurs within its respective time frame. Therefore, if any one of the preconditions fails to occur within the time frame set forth in this Agreement for that precondition, then this Agreement and the obligations of the parties as set forth in Agreement Section III shall automatically become null and void.

1. *Industrial Easements.*

The City shall ensure that the owners of the Subject Parcels and the Panattoni Property, prior to amendment of the City’s sphere of influence and completion of annexation of the Subject Parcels and the Panattoni Property to the City:

a. Grant and record industrial easements in favor of the County in perpetuity, in a form acceptable to the County Counsel and the City Attorney, ensuring that the Subject Parcels and the Panattoni Property may be developed in accordance with the uses permitted for those parcels by the Airport Specific Plan, and

b. Deed restrict, in a form acceptable to the County Counsel and the City Attorney, the Subject Parcels and Panattoni Property prior to development or use of the same, ensuring that the Subject Parcels and the Panattoni Property shall be developed in accordance with the uses permitted for those parcels in the Airport Specific Plan.

c. The City shall ensure that any development approvals sought by the owners of the Subject Parcels and the Panattoni Property in the City shall be conditioned by the City to be industrial uses as permitted for those parcels by the Airport Specific Plan and that the owners of these parcels grant and record avigation (flight) easements in favor of the County, in a form acceptable to the County Counsel and the City Attorney.

2. *Standards for Providing Water Service.* On or before September 1, 2008 the City shall take the following actions:

a. Revise its water policies to confirm that the City will provide water service to all Outside Customers upon request under all of the same terms and conditions under which the City provides water service to City Customers, and that the City will not impose any term or condition on any water service to any Outside Customer that is different from the terms and conditions that the City imposes on City Customers, except that the City may continue to

impose higher water rates on Outside Customers consistent with *Hansen v. City of San Buenaventura* (1986) 42 Cal.3d 1172; and

b. Amend City Municipal Code sections 13.10.010, 13.10.020, and 13.10.040, and all other related Municipal Code provisions, implementing resolutions and policies, so that they will be consistent with Agreement Sections II.A.2.a, III.E, and Exhibit E. The City shall schedule a public hearing for this purpose. The City shall make all of the revisions and amendments referenced in Agreement Section II.A.1 and II.A.2 before the City files any requests for any amendment of the City's Sphere of Influence or any annexations of the Subject Parcels and the Panattoni Property.

3. ***Preconditions Are Prerequisite to Sphere of Influence Amendment and Annexation.*** Satisfaction of the requirements set forth in Agreement Section II.A.1 (Industrial Easements) and II.A.2 (Standards for Providing Water Service) are preconditions to this Agreement. If these preconditions are not satisfied, this Agreement shall be null and void.

B. Immediate Annexation of Panattoni Property

Notwithstanding any other provision of this Agreement, as an indication of good faith of both parties, the County shall, upon execution of this Agreement and upon satisfaction of the requirements set forth in Agreement Sections II.A.1 (Industrial Easements), II.A.2 (Standards for Providing Water Service) and III.F.2 (Property Tax Revenue Sharing Agreement), provide written support of that portion of City's application before LAFCO involving a sphere amendment or annexation of the Panattoni Property to the City.

PART III. AGREEMENT OBLIGATIONS

A. City's Urban Limit Line

The parties agree that the City's growth boundary shall not expand beyond the ULL described and depicted in Exhibit D until at least 2030. To implement this ULL agreement, the parties will take one or more of the following actions which are intended to ensure that the ULL will not change prior to 2030.

1. If a citizen's initiative is circulated that establishes an ULL as a part of the City General Plan that is consistent with Exhibit D and that cannot be changed without a vote of the people until 2030, and if that initiative gathers a sufficient number of valid signatures to require the City to either adopt the initiative or place the matter on the ballot, then the City shall either: (a) adopt the initiative without alteration at the regular meeting at which the certification of the initiative petition is presented to the City Council or within 10 days after it is submitted; or (b) place the matter on the ballot. Otherwise, this Agreement shall become null and void, except that the parties may agree otherwise concerning the 60 foot strip in the unincorporated territory separating Area 1 from Area 2, as described and depicted in Exhibit D.

2. If a notice of intent to circulate a citizen's initiative to establish an ULL consistent with Agreement Section III.A.1 is not filed with the City elections official on or before June 30, 2008, then a ballot measure that will establish an ULL in the City General Plan that is consistent with Exhibit D and cannot be changed without a vote of the people until 2030 shall be placed on

the November 2008 municipal ballot by the City Council. The order of election shall be adopted by the City Council no later than August 8, 2008. Any such ballot measure shall expressly provide that any further changes to the ULL described and depicted in Exhibit D prior to 2030 shall take effect only following the approval by a majority of the voters of the City at a regularly scheduled municipal election. If the City fails to place such a measure on the ballot, this Agreement shall automatically become null and void, except that the parties may agree otherwise concerning the 60 foot strip in the unincorporated territory separating Area 1 from Area 2, as described and depicted in Exhibit D.

3. If a notice of intent to circulate a citizen's initiative to establish an ULL in the City's General Plan that is consistent with Exhibit D and cannot be changed without a vote of the people until 2030 is filed with the City election official on or before June 30, 2008, and the initiative is circulated but fails to achieve the necessary number of signatures to qualify for the November 2008 ballot, then a ballot measure that will establish an ULL as a part of the City's General Plan that is consistent with Exhibit D and cannot be changed without a vote of the people until 2030 shall be placed on the November 2008 municipal ballot by the City Council. The order of election shall be adopted by the City Council no later than August 8, 2008. Any such ballot measure shall expressly provide that changes to the ULL depicted in Exhibit D that cannot be changed without a vote of the people prior to 2030 shall take effect only following the approval by a majority of the voters of the City at a regularly scheduled municipal election. If the City fails to place such a measure on the ballot, or if a referendum successfully repeals action of the City, this Agreement shall automatically become null and void, except that the parties may agree otherwise concerning the 60 foot strip in the unincorporated territory separating Area 1 from Area 2, as described and depicted in Exhibit D.

4. If the City fails to satisfy the requirements of Section III.A of this Agreement, or if the City is successfully challenged in court on its action as authorized in Agreement Section III.A, this Agreement shall automatically become null and void, excepting the obligations of Agreement Section II.B.

5. If Agreement Section III.A.1 is applicable and the City Council places the matter on the November 2008 ballot rather than adopting the initiative measure without alteration and the initiative does not pass, then this Agreement shall automatically become null and void, excepting the obligations of Agreement Section II.B.

6. If Agreement Section III.A.2 or III.A.3 is applicable, and Agreement Section III.A.1 is not, and if a majority of the voters of the City do not approve the ULL depicted in Exhibit D with the condition that it cannot be changed without a vote of the people until 2030, then this Agreement shall automatically become null and void, excepting the obligations of Agreement Section II.B.

7. Area 4 as described and depicted in Exhibit D (commonly known as "Clark Ranch West") is currently in an Agriculture, Watershed and Open Space land use designation. As a condition of this Agreement, the City will keep this area in open space, recreation, and/or wildlife conservation when the area is annexed to the City and will take all actions necessary to ensure that this property remains in open space, recreation and/or wildlife conservation.

B. Sphere of Influence Amendments of the Subject Parcels

Within ten days of execution of this Agreement, City shall amend its pending application for an amendment of its Sphere of Influence, which was filed with LAFCO in 2007, so that the application is consistent with this Agreement. City shall not pursue any applications with LAFCO for a Sphere of Influence amendment and/or annexation of any properties, other than the Panattoni Property as set forth in Agreement Section II.B, until the preconditions in Agreement Section II.A have been satisfied.

The parties recognize that any expansion of City's Sphere of Influence must be heard and approved by LAFCO. County agrees to provide written support of City's application to expand its Sphere of Influence to include the Subject Parcels described in Exhibits B and C but only if the voters of the City, or the City, as the case may be, first approves adoption of the ULL described in Exhibit D, with the condition that the approval occurred in such a manner that the approved ULL cannot be changed prior to 2030 except by the voters of the City. Otherwise, the County reserves the right to oppose including such parcels within the City's Sphere of Influence. This County obligation to support the City's application to expand its Sphere of Influence for the Subject Parcels is in addition to, and separate from the County's obligation to support any Sphere of Influence amendment necessary to complete the annexation of the Panattoni Property, as required by Agreement Section II.B.

C. Annexation of the Subject Parcels

The parties recognize that expansion of the City by annexation is a matter to be heard and approved by LAFCO. County agrees to provide written support of the City's application to LAFCO for annexation of the Subject Parcels described in Exhibits B and C only if the voters of the City, or the City, as the case may be, have first approved adoption of the ULL described in Exhibit D and further providing that the approval occurred in such a manner that the approved ULL cannot be changed prior to 2030 unless first approved by the voters of the City. Otherwise, the County reserves the right to oppose the annexation of the Subject Parcels. This obligation in support of the City's applications to annex the Subject Parcels is in addition to, and separate from, the obligation to support the annexation of the Panattoni Property as required by Agreement Section II.B.

It is further understood and agreed that nothing contained in this Agreement shall be construed as requiring the County to support annexations of parcels located within the ULL to the City or the inclusion of those parcels in the City's Sphere of Influence, other than the Subject Parcels and the Panattoni Property.

D. Parties to Amend Their Respective General Plans

1. *County Requirements Following Voter Approval of the ULL Depicted in Exhibit D.* The County will amend the Goals, Policies and implementing measures of all applicable maps, tables and diagrams of its General Plan to reflect the City adjusted ULL in a manner that is consistent with Exhibit D, concurrent with the completion of City's obligations described in Agreement Section III.A.

2. ***City Requirements if an Initiative Adopting the ULL Depicted in Exhibit D is successful.*** The City will amend the Goals, Policies and implementing measures of all applicable maps, tables and diagrams of its General Plan to reflect the City adjusted ULL in a manner that is consistent with Exhibit D, concurrent with the completion of City's obligations described in Agreement Section III.A.

E. City Water Services to the Airport Industrial Specific Plan Area

The City shall continue to provide water service to existing Outside Customers and, upon request, the City shall provide new or increased water service to all Outside Customers under the same terms and conditions under which the City provides water service to City Customers, as provided in Agreement Section II.A.2.a. The City shall provide all new City Customers and all new Outside Customers with water service under the conditions in Exhibit E, attached hereto and incorporated herein by this reference. Nothing in this Agreement shall limit or affect the rights of City water customers for parcels that are located outside the City's limits and the Airport Specific Plan area but within the City's Water Service Area.

F. Property Tax Revenue Sharing Agreements

1. Within 120 days of execution of this Agreement and as a condition of County's support of annexation of the Subject Parcels to City, the parties will enter into an agreement setting forth the method of sharing those incremental real property taxes (the "Tax Revenue Sharing Agreement") generated by the Subject Parcels subsequent to annexation of those parcels to the City. This Tax Revenue Sharing Agreement will become effective only upon annexation of the Subject Parcels to the City. The Tax Revenue Sharing Agreement shall provide that the City and County will each receive forty-seven and one-half percent (47.5%) of the property tax increment, with the American Canyon Fire Protection District, a subsidiary special district of the City receiving five percent (5%). The Agreement shall expressly provide that the City's proposed annexation of parcels within the voter approved ULL, other than the Subject Parcels and the Panattoni Property, are not subject to the Tax Revenue Sharing Agreement.

2. Within 120 days of execution of this Agreement and as a condition of County's support of annexation of the Panattoni Property to City, the parties will enter into a separate Tax Revenue Sharing Agreement setting forth the method of sharing those incremental real property taxes generated by the Panattoni Property subsequent to annexation of those parcels to the City. This Tax Revenue Sharing Agreement will become effective only upon annexation of the Panattoni Property to the City. The Tax Revenue Sharing Agreement shall provide that the City and County will each receive forty-seven and one-half percent (47.5%) of the property tax increment, with the American Canyon Fire Protection District, a subsidiary special district of the City receiving five percent (5%). The Agreement shall expressly provide that the City's proposed annexation of parcels within the approved ULL, other than the Subject Parcels and the Panattoni Property, are not subject to the Tax Revenue Sharing Agreement.

G. Return of Tax Revenues

1. Any party who violates one or more of the provisions contained in Agreement Section III.G.2. shall return to the other party the following incremental property tax revenues the offending party has received and will receive pursuant to the Tax Revenue Sharing

Agreements referenced in Agreement Section III.F.1 and III.F.2:

a. All such property tax revenues received for the four (4) fiscal years prior to the fiscal year in which the violation occurred; and

b. All such property tax revenues received for the fiscal year in which the violation occurred; and

c. All such property tax revenues received in all future fiscal years following the fiscal year in which the violation occurred (i.e. in perpetuity).

2. A violation of the Agreement triggering Agreement Section III.G shall be deemed to have occurred if any of the following occurs:

a. The ULL described and depicted in Exhibit D is changed on or before January 1, 2030, by the City, by the passage of an initiative measure placed on the ballot by the City, or by the passage of an initiative measure which resulted from a successful petition circulated by registered voters of the City which qualifies for the ballot.

b. The City files an application with LAFCO prior to January 1, 2030 seeking to expand the City's Sphere of Influence to include parcels outside the ULL described and depicted in Exhibit D.

c. The County fails to support the City's Sphere of Influence application and related annexation of the Subject Parcels in the manner and within the timeframes contemplated by this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall be interpreted to require any member of the County Board of Supervisors to vote in any certain manner when sitting as a Commissioner on LAFCO.

d. The City fails to provide a water service will-serve letter to any person or entity requesting such a letter in a manner that is consistent with the terms of this Agreement. If City fails to provide such a will-serve letter within 90 days after receiving a request for such a letter, and if a mutual agreement between the City and the property owner making the request to extend that 90 day period for up to an additional 180 days has not been executed within the original 90 day period, then it shall be conclusively presumed that the City has violated the requirement to provide water service will-serve letters upon request. This paragraph shall not apply if during that entire 90 day period the City has in effect a policy of refusing to provide water service to all new City Customers, and of refusing to provide increased levels of water to all existing City Customers, due to factors relating to water shortages encountered by the City. When said policy ceases to be applied, a requirement to provide the requested will-serve letters within the 90 day period following the termination of the policy shall automatically go into effect.

e. The City fails to provide water service to, or unlawfully discriminates against any Outside Customer in the provision of water services, or the City otherwise does not provide water service to any Outside Customer in a manner that is consistent with this Agreement. However, the amount of water service that the City is obligated to provide shall be subject to the City's Zero Water Footprint Methodology, provided the City applies this Zero

Water Footprint Methodology equally to City Customers and Outside Customers in a manner that does not result in conditions of approval that differ between similarly situated Outside Customers and City Customers. The list of Water Conditions that the City will impose on all parcels for which new water service is requested is attached to this Agreement as Exhibit E, and a copy of the Zero Water Footprint Methodology is attached to this Agreement as Exhibit F. The process for Outside Customers to appeal conditions imposed by the City as a result of implementing the Zero Water Footprint Methodology is described in Exhibit G to this Agreement. Exhibits E, F and G are incorporated herein by this reference and may only be changed upon mutual consent of the parties.

f. The City imposes a requirement that any future Outside Customer, other than the owner or owners of record of the Subject Parcels, must consent to, or waive objection to, annexation of his, her, or its parcel to the City as a condition of receiving water services from the City.

g. The County amends its Airport Specific Plan prior to 2030 to allow residential uses in the Airport Specific Plan area.

II. Development of Parcels

As a precondition to the grant of final entitlements to any of the Subject Parcels or the Panattoni Property that are not challenged within the applicable statute of limitations, the party having land use authority over that parcel shall ensure that all of the following are accomplished conditions of approval, either through a development agreement or a reimbursement agreement:

1. Subject to any claims the County is obligated to perform related to the Montalcino Project (Napa County Use Permit #98177-UP and #P05-0220-MOD), traffic mitigation fees attributable to the Subject Parcels and the Panattoni Property that the County receives pursuant to its Airport Industrial Area Traffic Mitigation Program, to the extent those parcels are developed in the unincorporated area shall be placed in a restricted account, if not already appropriated and expended by the County. All such fees shall be placed in a segregated account by the County Auditor and may only be disbursed to construct improvements to and/or extend Devlin Road from Tower Road to Airpark Road, as depicted in Exhibit I (attached to this Agreement and incorporated herein by this reference), including the construction of a two lane bridge ("Bridge") including pedestrian and bike lanes across Fagan Creek. If any of the Subject Parcels or the Panattoni Property is annexed to the City prior to development same, then the City shall pay to the County the amount of fees the County would have collected under the Airport Industrial Area Traffic Mitigation Program had that parcel been developed in the unincorporated area. City's obligation to pay those fees shall be due and payable within ten days of (1) issuance of the building permit or (2) whenever development would have triggered payment of the traffic mitigation fee under the County's Airport Industrial Area Traffic Mitigation Program had the parcel been developed in the unincorporated area, whichever date is earlier. The fees shall be used by the County to offset costs to construct improvements to and/or extend Devlin Road as described in this Agreement, or to reimburse County for expenditures it may have previously made toward the design and construction of Devlin Road in the event development on these parcels lags any portion of the development of Devlin Road.

2. The County shall take appropriate steps to ensure that the Devlin Road and Bridge are completed prior to 2018. This shall include the design, acquisition of right-of-way and construction of the Devlin Road extension and Bridge (including pedestrian and bike lanes) over Fagan Creek.

3. Development of the Headwaters property shall be conditioned upon dedication of a secondary public access road to support the Airport. That access road shall at a minimum be a Type H Collector including two travel lanes, parallel parking, and consisting of 56 feet of public right-of-way in accordance with Napa County Road and Street Standards.

4. The parties further agree that in order to implement the provisions of Agreement Sections III.H.1, III.H.2 and III.H.3, the Public Works Directors of the City and the County shall annually report to their respective entities with respect to the generation of all traffic revenue within the affected area and their expenditures to accomplish the described improvements.

PART IV. GENERAL PROVISIONS

A. Warranty of Legal Authority

Each party warrants and covenants that it has the present legal authority to enter into this Agreement and to perform the acts required of it hereunder. If any party is found to lack the authority to perform the acts required of it hereunder or is prevented from performing the acts by a court of competent jurisdiction, then this Agreement shall be null and void.

B. Assignment/Delegation

Neither party hereto shall assign or transfer any benefit or obligation of this Agreement without the prior written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.

C. Severability

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and effect.

D. Waiver

Any waiver (express or implied) by either party of any breach of this Agreement shall not constitute a waiver of any other or subsequent breach.

E. Venue

This Agreement shall be governed and construed in accordance with the laws of the State of California. Any claim, action, arbitration or other proceeding arising from this Agreement shall be initiated and conducted only in the County of Napa.

F. 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 addresses 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.

City of American Canyon:
City Manager
300 Crawford Way
American Canyon, California 94503

With copy to:
City Attorney
Law Offices of William Ross
400 Lambert Street
Palo Alto, California 94306

County of Napa:
Napa County Executive Officer
1195 Third Street, Suite 310
Napa, CA 94559

With copy to:
Napa County Counsel
County of Napa
1195 Third Street, Suite 301
Napa, CA 94559

G. Amendment

This Agreement may only be amended in writing by an amendment authorized by the City Council and County Board of Supervisors, except as provided in Agreement Section IV.K below.

H. Recitals Adopted

The parties hereby agree to, and adopt, the Agreement recitals as portions of the Agreement.

I. Termination for Cause

Either party may terminate this Agreement for cause of non-performance. Such termination shall be based upon ninety (90) days notice given to the other party in the manner set forth in Agreement Section IV.F. Such notice shall also constitute a notice of default, which shall provide the defaulting party with an automatic right to cure the default within sixty (60) days.

J. Joint Defense in Event of Third Party Challenges to the Agreement

In the event of a third party challenge of any type to this Agreement, the parties agree to jointly

defend the validity and implementation of the Agreement.

K. Extension of Dates by Mutual Agreement

The dates provided for the performance of any of the terms of this Agreement may be changed and/or extended by mutual written agreement of the parties, the City acting through its City Manager and the County acting through its County Executive Officer.

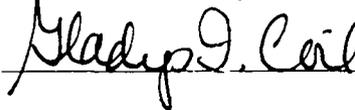
L. Entire Agreement

This document is intended both as the final expression of the agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement. This Agreement may be executed in two counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, this Agreement was executed by the parties hereto as of the date first above written.

COUNTY OF NAPA
By: 
BRAD WAGENKNECHT,
Chair of the Board

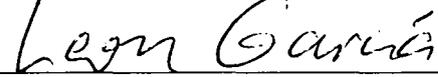
ATTEST: Gladys I. Coil
Clerk of the Board of Supervisors

By: 

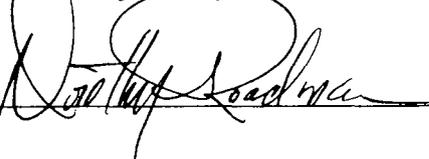
APPROVED AS TO FORM:
ROBERT WESTMEYER, County Counsel

By: 

CITY OF AMERICAN CANYON

By: 
LEON GARCIA,
Mayor

ATTEST: Dorothy Roadman
American Canyon City Clerk

By: 

APPROVED AS TO FORM:
WILLIAM D. ROSS, City Attorney

By: 

EXHIBIT A

Legal Description of Panattoni Parcel

Commencing at the southwest corner of the 0.504 acre parcel of land described in the Deed to the State of California, recorded January 27, 1949 in Book 301 at page 69 of Official Records of Napa County; thence along the western line of the lands of said State of California; northerly along a curve to the left, from a tangent that bears N 0°12'55.6"W having a radius of 9910 feet, through a central angle of 2°16'39.4" an arc distance of 393.94 feet; thence N02°29'35"W 16.21 feet to a point on the south line of a 0.16 acre parcel of land described in Exhibit "B" of the Grant Deed recorded at series number 1993-037831 in the office of the Napa County Recorder; thence N63°49'30"W along the south line of said parcel 31.32 feet; thence N84°18'26"W along said south line 35.36 feet; thence N02°26'14"W to the centerline of Kelly Road South as shown on Exhibit "B" as shown on the Grant Deed recorded at series number 1993-037831 in the office of the Napa County Recorder; thence S87°25'31"W along said centerline 28.33 feet to a curve concave to the south, having a radius of 250 feet; thence westerly and southerly along said curve through a central angle of 33°41'24" an arc length of 147.00 feet; thence S53°44'07"W 376.66 feet to the beginning of a curve concave to the northwest, having a radius of 1000.00 feet; thence southerly and westerly along said curve through a central angle of 12°48'50" an arc length of 223.64 feet; thence S66°32'57"W 117.18 feet to the eastern line of a 35.29 acre parcel of land described in Exhibit "A" of the Grant Deed recorded at series number 1993-037831 in the Office of the Napa County Recorder; thence S08°41'22"E along said eastern line 65.93 feet to the southeast corner of said parcel; thence S61°04'46"W along the southern line of said parcel, 36.24 feet; thence S8°35'53"E 115.44 feet to the beginning of a curve concave to the west having a radius of 1000.00 feet; thence southerly along said curve through a central angle of 13°38'08" an arc length of 237.99 feet; thence S05°02'15"W 494.58 feet to the beginning of a curve concave to the northwest having a radius of 475.00 feet; thence southerly along said curve through a central angle of 51°02'54" an arc length of 423.21 feet; thence S56°05'09"W 312.76 feet to the northeastern line of the Napa Valley Branch of the Southern Pacific Railroad and/or the San Francisco, Napa and Calistoga Railway; thence S27°45'25"E along the northeastern line of said railway 282.16 feet to the south line of the 397.75 acre tract of land described as Parcel One in the Deed to Louis Gonsalves, et ux, recorded July 13, 1944 in Book 211 at Page 476 of Official Records of Napa County; thence east along the south line of said 397.75 acre parcel of land to the southwestern corner of the parcel of land described in the Deed to Ray L. Welch, et ux, recorded December 7, 1953 in Book 428 at page 398 of Official Records of Napa County; thence along the western line of the land of said Welch, N00°36'30"E 582.14 feet to the southwestern corner of the 2.5 acre parcel of land described in the Deed to Arthur C. Pollard, et ux, recorded June 23, 1947 in Book 271 at page 168 of Official Records of Napa County; thence along the western line of the Land of Pollard, N28°36'W 124.4 feet and N17°04'E 302.3 feet to the southwestern corner of the 3.54 acre parcel of land described in the Deed to James K. Pendery, et ux, recorded November 13, 1947 in Book 278 at page 403 of Official Records of Napa County; thence along the western line of the lands of said Pendery N00°36'E 468.30 feet, more or less, to the southeastern corner of the 1 acre parcel of land described in the Deed to William Gonsalves, et ux, recorded November 13, 1961 in Book 640 at page 583 of Official Records of Napa County; thence along the southern line of the land of said Gonsalves, N89°24'W 208 feet to the southwestern corner thereof; thence along the western line of said land N00°36'E, 208 feet to the northwestern corner thereof; thence along the northern line of said land S89°24'E 208 feet to the northeastern corner thereof, said corner also being the northwestern corner of the land of James K. Pendery, above referred to; thence along the northern line of the land of said Pendery S89°24'E, 203.76 feet, more or less, to the point of beginning.

APN 057-090-076

Commencing at the southeasterly corner of the lands of the South Napa Waste Management Authority (S.N.W.M.A.) Exhibit "A" recorded November 19, 1993 as Instrument Number 1993-037831 in the office of the Napa County Recorder and shown on the Record of Survey of a portion of the lands of South Napa Waste Management Authority (S.N.W.M.A.) recorded February 25, 1997 in Book 31 of Surveys at Pages 8-10 in the office of the Napa County Recorder; thence South $61^{\circ} 04' 46''$, 36.24 feet to the TRUE POINT OF BEGINNING; thence from said true point of beginning South $08^{\circ} 35' 53''$ East 115.44 feet to the beginning of a curve concave to the west having a radius of 1000.00 feet; thence southerly along said curve through a central angle of $13^{\circ} 38' 08''$ an arc length of 237.99 feet; thence South $05^{\circ} 02' 15''$ West 494.58 feet to the beginning of a curve concave to the northwest having a radius of 475.00 feet; thence southerly along said curve through a central angle of South $51^{\circ} 02' 54''$ an arch length of 423.21 feet; thence South $56^{\circ} 05' 09''$ West to the northeastern line of the Napa Valley Branch of the Southern Pacific Railroad and/or the San Francisco, Napa and Calistoga Railway; thence northwest along the northeastern line of the Napa Valley Branch of the Southern Pacific Railroad and/or the San Francisco, Napa and Calistoga Railway to the southerly corner of the said South Napa Waste Management Authority parcel; thence northeasterly along the southeasterly boundary of the South Napa Waste Management Authority to the TRUE POINT OF BEGINNING.

APN 057-090-075

EXHIBIT B

Legal Description of Headwaters Parcel

Beginning at the intersection of the south line of the land described in the Deed to the County of Napa recorded December 31, 1986 in Book 1489 at page 213 in the office of the Napa County Recorder and the southwest line of the Napa Valley Branch of the Southern Pacific Railroad and/or the San Francisco, Napa, and, Calistoga Railway; thence South 75°30'04"West along the south line of the said lands of Napa County 4509.24 feet to the southwest corner of said lands of Napa County, said corner also being a point on the western line of the Lands of Louis Gonsalves described as Parcel One in the deed to Louis Gonsalves, et ux, recorded July 13, 1944 in Book 211 at page 476 of official records of Napa County; thence southerly along the western line of said land to the southwestern corner thereof, thence east along the south line of said 397.75 acre parcel of land to the southwestern line said Railway; thence northwesterly along the southwestern line of said Railway to the Point of Beginning.

APN 057-090-069

EXHIBIT C

Legal Description of Atkins Parcel

Commencing at the Southeastern corner of the 140.04 acre tract of land described in the Deed to Steve O. Atkins, et al, recorded January 4, 1954, in book 430, Page 186 Official Records of Napa County, running thence South 87 degrees 54 minutes 30 seconds West, along the Southern line of said tract, 859.82 feet to the Northeastern Right of Way line of the Santa Rosa Branch of the Southern Pacific Railroad; thence North 68 degrees 44 minutes 48 seconds West, along said Northeastern line, 90.77 feet to the most Southerly corner of that certain 52.95 acre tract of land described in the Deed to County of Napa recorded August 16, 1956, in book 521 of Official Records at page 292; thence along the Easterly line of said 52.95 acre tract of land, North 21 degrees 38 minutes East 1919.15 feet to the most Northerly corner of said 52.95 acre tract; being a point in the Southern line of the Napa County Airport as described in the Judgment of Condemnation recorded April 12, 1944 in book 208, page 364, Official Records of Napa County; thence North 76 degrees 08 minutes 23 seconds East along said Southern line, 281.89 feet to the Northeastern corner of the 140.04 acre tract above referred to; thence South 1 degree 03 minutes 57 seconds West, along the Eastern line of said tract, 1859.55 feet to the point of commencement.

Excepting from said Parcel One an undivided 1/2 interest in and to all of the oil, gas and other minerals and mineral rights of whatsoever nature, as granted to Charles I. Joens, et ux, in Deed recorded March 17, 1967, in book 762 of Official Records, at page 759, Napa County Records.

APN 057-040-007

EXHIBIT D

Legal Description - Proposed Urban Limit Line for American Canyon, CA

AREA #1:

A portion of Township 4 North, Range 3, 4, and 5 West, Mount Diablo Base and Meridian (and also being shown on the attached plat entitled "Plat of Description - Proposed American Canyon, CA. Urban Limit Line" attached hereto, for illustrative purposes only, as EXHIBIT "D-1"), more particularly described as follows:

BEGINNING at a t-bar and tag stamped "R.C.E. 6250", marking the westernmost corner of Parcel B-1, as shown on the map entitled "Survey and Division of the Madigan Ranch in Napa County and Solano County, California", filed December 17, 1971 in Book 3 of Parcel Maps at Page 67-68 in the office of the County Recorder of Napa County, California, all further references to filing or recording being made to said Napa County Recorder unless otherwise stated for purposes of this description; said Point of Beginning being a point on the Napa - Solano County line; thence westerly along said Napa - Solano County line 9460± feet to the southwest corner of Parcel A as shown on the map entitled "Final Map of Napa Meadows Unit 8" filed July 27, 2000 in Book 22 of Record Maps at Page 10-15 in the office of the County Recorder of Napa County, California; thence northerly along the extended westerly line of Parcels A, C & B as shown on said "Final Map of Napa Meadows Unit 8" 1900± feet to the southeast corner of the lands known as "Napa Meadows Unit 7" as shown on the map entitled "Final Map of Napa Meadows Unit 7" filed October 26, 2000 in Book 22 of Record Maps at Page 27-33 in the office of the County Recorder of Napa County, California; thence westerly and northwesterly along the southerly and extended westerly lines of said "Napa Meadows Unit 7" to a t-bar and tag stamped "R.C.E. 6250" at the easterly terminus of a line labeled "N87°45'00"W 187.83'" marking a point on the easterly line of the lands of Pauline Burastero, et al, as shown on the map entitled "Record of Survey of the lands of American Canyon Sanitary Land Fill Co., Inc., and the lands of Pauline Burastero, et al" filed May 31, 1974 in Book 18 of Surveys at Page 71; thence westerly, northerly and westerly along the lines of said lands of Pauline Burastero, et al 9700± feet to a ¾" iron pipe stamped "R.C.E. 3389" marking the northwest corner thereof, said point being also the southwest corner of the 58.49 acre parcel of land described in the Judgment and Final Order of Condemnation filed February 15, 2006 and recorded as Document No. 2006-0005485; thence northerly and easterly along the lines of said 58.49 acre parcel of land 2016± feet to a ¾" iron pipe stamped "R.C.E. 11649" marking the southwest corner of Parcel 1 as shown on the map entitled "Parcel Map of the lands of Louis O. Wurz Jr., et al and Covenant Presbyterian Church of Napa" filed December 1, 1986 in Book 15 of Parcel Maps at Page 20; thence northerly along the westerly line of said Parcel 1, 2280± feet to the northwest corner thereof, said northwest corner being also the southwest corner of Parcel One as shown on the map entitled "Parcel Map of the Lands of Napa Mill Development Company..." filed October 12, 2006 in Book 25 of Parcel Maps at Page 29-32; thence northerly along the West line of said Parcel One 575± feet to the southerly right of way line of Green Island Road; thence westerly along said southerly right of way line of Green Island Road 1510± feet to the intersection with the extended westerly line of the lands of All Technical Engineering & Construction, Inc, as shown on the map entitled "Record of Survey of the lands of All Technical Engineering & Construction, Inc.", filed October 6, 1978 in Book 20 of Surveys at Page 88; thence northerly along the extended westerly line of said lands of All Technical Engineering & Construction, Inc. 1820± feet to the southerly line of the lands described in the Grant Deed filed October 11, 2005 and recorded as Document No. 2005-0041461; thence northwesterly and northeasterly along said lands 2010± feet to the northwest corner thereof; thence northeasterly along the northerly line of said lands 282± feet to the northeast corner thereof; thence southerly along the easterly line of said lands 545± feet to the northwest corner of the lands described in the Grant Deed filed September 7, 2006 and recorded as Document No. 2006-0031319; thence northeasterly along the northerly line of said lands 4510± feet to the northeastern corner thereof; said

corner being a point on the southwesterly right of way line of the Napa Valley Branch of the Southern Pacific Railroad right of way; thence southeasterly along said southwesterly right of way line 1510± feet to the intersection with the extended southerly line of the lands of S.N.W.M.A. as shown on the map entitled "Record of Survey of South Napa Waste Management Authority..." filed February 25, 1997 in Book 31 of Surveys at Page 8-10; thence northeasterly along said southerly line 1250± feet to the southerly right of way line of Kelly Road South, as shown on the same map entitled "Record of Survey of South Napa Waste Management Authority..."; thence northeasterly along said southerly right of way line 850± feet to the westerly right of way line of State Highway 29; thence southerly along said westerly right of way line 350± feet to the northeast corner of the lands described in the Grant Deed filed August 16, 2007 and recorded as Document No. 2006-0028706; thence westerly along the northerly line of said lands 225± feet to the northwestern corner thereof; said northwestern corner being also the northeastern corner of the lands described in the Grant Deed filed November 13, 1961 and recorded in Book 640 at Page 583; thence westerly along the northerly line of said lands 208± feet to the northwestern corner thereof; thence southerly 208± feet to the southwesterly corner thereof; thence easterly 208± feet to the southeasterly corner thereof, said southeasterly corner being also a point on the westerly line of the aforementioned lands described in the Grant Deed filed August 16, 2007 and recorded as Document No. 2006-0028706; thence southerly along said westerly line 468± feet to the southwestern corner thereof; thence easterly along the extended southerly line of said lands 380± feet to a point on the easterly right of way line of State Highway 29, said easterly right of way line of State Highway 29 being also the westerly line of Parcel C as shown on the map entitled "Parcel Map of the lands of Security Owners Corporation..." filed August 24, 1995 in Book 21 of Parcel Maps at Page 50-51; thence southerly along said westerly line of Parcel C 3460± feet to the southwestern corner thereof; thence easterly along the southerly line of said Parcel C 2500± feet to the southeastern corner thereof, said southeastern corner being also a point on the westerly line of Parcel One as described in the Corporation Grant Deed filed December 31, 1997 and recorded as Document No. 1997-031470; thence northerly along said westerly line 375± feet to the northwestern corner thereof; thence easterly along the northerly line of said Parcel One 1678± feet to the northeastern corner thereof; thence southerly along the extended easterly line of said Parcel One 3580± feet to the a point on the northerly line of the lands of John D. & Lorraine D. Cantoni as shown on the map entitled "Record of Survey of the lands of John D. & Lorraine D. Cantoni" filed April 23, 1980 in Book 21 of Surveys at Page 69; thence leaving said northerly line 2200± feet to a nail and tag stamped "R.C.E. 15390" in a corner post at the northerly terminus of a line labeled "N40°13'46"E 2463.39'" on said map; thence southwesterly along the last mentioned line 1300± feet to the point of intersection with the northerly extension of the line labeled "N9°56'50"W 1007.63'" shown on the map entitled "Record of Survey of the lands of Amcan Land Holdings Inc..." filed February 18, 1999 in Book 32 of Surveys at Page 34; thence southerly along said extended line labeled "N9°56'50"W 1007.63'" 3460± feet to the southerly terminus thereof, said line terminus being also a point on the easterly line of Parcel One as described in the Grant Deed filed January 25, 2007 and recorded as Document No. 2007-0002762; thence southeasterly along said easterly line 2600± feet to a point on the southerly line of said Parcel One, said point being also the northwest corner of the lands of Palm, marked by a ½" rebar and tag stamped "L.S. 4510" as shown on the map entitled "Parcel Map of the lands of a portion of the lands of Mary C. Avilla" filed December 10, 1986 in Book 15 of Parcel Maps at Page 23-24; thence southerly along the extended westerly line of said lands of Palm 350± feet to the southerly right of way line of American Canyon Road; thence westerly along said southerly right of way line of American Canyon Road 170± feet to a t-bar and tag stamped "R.C.E. 6250", marking the northeastern corner of Parcel B, as shown on the map entitled "Survey and Division of the Madigan Ranch in Napa County and Solano County, California", filed December 17, 1971 in Book 3 of Parcel Maps at Page 67-68; thence southwesterly, northeasterly, southerly and southwesterly along the eastern line of said Parcel B 5100± feet to a t-bar and tag stamped "R.C.E. 6250", marking the westernmost corner of Parcel B-1 as shown on said map entitled "Survey and Division of the Madigan Ranch in Napa County and Solano County, California", said point being the TRUE POINT OF BEGINNING.

AREA #2 :

BEING that 62.779 acre parcel designated "American Canyon County Water District" as shown on the map entitled "Record of Survey of the lands of American Canyon Sanitary Land Fill Co., Inc., and the lands of Pauline Burastero, et al" filed May 31, 1974 in Book 18 of Surveys at Page 71 in the office of the County Recorder at Napa County, California.

AREA #4 :

A portion of the lands of Pauline Burastero, et al as the same is shown on the map entitled "Record of Survey of the lands of American Canyon Land Fill Co. ...and of the lands of Pauline Burastero, et al" filed May 31, 1974 in Book 18 of Surveys at Page 71 in the office of the Recorder of Napa County, California, more particularly described as follows:

BEGINNING at a $\frac{3}{4}$ " iron pipe tagged "R.C.E. 3389" marking the northeast corner of the lands of Pauline Burastero, et al as shown on the map entitled "Record of Survey of the lands of American Canyon Land Fill Co. ...and of the lands of Pauline Burastero, et al" filed May 31, 1974 in Book 18 of Surveys at Page 71 in the office of the Recorder of Napa County, California; thence along the northerly line of said lands of Burastero N $89^{\circ}14'40''$ W 1318.94 feet to an angle point on said northerly line; thence leaving said northerly line S $3^{\circ}46'32''$ E 790.22 feet to a point on the northerly right of way line of Eucalyptus Drive; thence along said northerly right of way line of Eucalyptus Drive S $89^{\circ}46'10''$ E 1365.83 feet to the intersection of the northerly right of way line of Eucalyptus Drive with the easterly line of said lands of Burastero; thence along the easterly line of the lands of Burastero N $7^{\circ}16'00''$ W 782.90 feet to the POINT OF BEGINNING.

EXHIBIT E

Water Conditions To Be Imposed On All Parcels (City Customers and Outside Customers) For Which New Water Service is Requested

The City of American Canyon ("City") may impose the conditions listed below on new water services for Outside Customers by including these conditions in the "will-serve" letters that the City provides to such Outside Customers, but only if the City also imposes the same conditions on all new water services for parcels with similar uses within the City's limits. The County shall include these same conditions in all new land use development permits for parcels within the Airport Industrial Area Specific Plan area.

1. **City Capacity Fees and Conditions of Approval for Water Service.** Capacity Fees charged for parcels within the City's Water Service Area shall be established by the City and will be periodically reviewed and updated. Capacity Fees (also known as Connection Fees) will be uniform throughout the Water Service Area, regardless of whether the parcel to which the fee applies is inside or outside the City's Limits. The Capacity Fee and any conditions on new water service will be determined based on the Water Supply Report, which shall contain the analysis described in Part II.C. of Exhibit "F" of this Agreement, and which will be consistent with the City's Zero Water Footprint Policy, adopted by the City on October 23, 2007.

2. **Cost of Water Service.** The cost of new water service shall be imposed through the capacity fees in the City's Ordinance 2007-09 or through new capacity fees approved by the County and enacted in a new City ordinance. However, if the Water Supply Report finds, consistent with the City's Zero Water Footprint Policy (see Exhibit F), that the City will have to obtain additional water supplies to meet "dry year" shortfalls, then the cost of water to meet such "dry year" shortfalls will be the sole responsibility of the Applicant. In determining whether or not such "dry year" shortfalls will occur, the City shall include in the base supplies available to the City during "dry years" the new water supplies that have been or will be included in the calculations used to set the City's Capacity Fees and water rates. The City will conclude that "dry year" shortfalls will occur only if such base supplies will not be adequate to meet anticipated "dry year" demands. The City may not impose any costs on the Applicant under this section to reimburse the City for any capital or operating costs that have been or will be included in the calculations used to set the City's Capacity Fees or water rates. The City may impose the additional costs described in the preceding sentence on Outside Customers only if the City also imposes such additional costs uniformly on City Customers.

3. **Maximum Allowable Water Use.** Water received from the City for use on parcels within the Airport Industrial Area Specific Plan area and on parcels with similar uses within the City's limits shall be limited to an average of 650 gallons of water per day per acre (measured monthly), and Applicants for new or increased City water service for all such parcels shall be required to demonstrate to the City while the City is preparing the Water Supply Report for the Applicant the maximum extent to which the Applicant can further reduce its water consumption by applying the following best management practices:

- No Flow or Low Flow Fixtures. These Applicants shall be required to install no flow or low flow water fixtures, and to implement other reasonable water conservation measures that are described in the City's Water Conservation Guidelines adopted in the City's Resolution No. 2008-08 or in new City water conservation guidelines approved by the County and adopted in a new City ordinance or resolution.
- Drought Tolerant Landscape & Irrigation with Recycled Water. These Applicants shall be required to use only drought tolerant landscaping, and they may only irrigate landscaped areas with recycled water, when it is available.
- Purple Pipe. These Applicants shall be required to dual plumb their buildings and install "purple pipe" in all landscape areas in anticipation of the availability of recycled water and shall use the recycled water when available.
- These Applicants shall follow the water conservation methods that are described in the Water Conservation Guidelines adopted in the City's Resolution No. 2008-08 or in new City water conservation guidelines approved by the County and adopted in a new City ordinance or resolution.

The City may apply the provisions of this Paragraph 3 to Applicants for new or increased City water service for parcels within the Airport Industrial Area Specific Plan area only if the City also uniformly applies these provisions to all Applicants for new or increased City water service for parcels with similar uses within the City's limits.

4. **Water Offsets.** Applicants for City water service for parcels within the Airport Industrial Area Specific Plan area and for parcels with similar uses within the City's limits that wish to use more than an average of 650 gallons of water per day per acre (measured monthly) shall offset the proposed water use over 650 gallons per day per acre (measured monthly) through the use of one or more options that are made available by the City to the Applicants. These options include, but are not limited to, retrofitting of existing residences with low flow fixtures, purchase of otherwise developable land as permanent open space, or acquisition of other water supply resources as provided for by a water supply analysis that follows the Zero Water Footprint Methodology described in Exhibit F. The City shall make all such options available uniformly to Applicant for City water service for parcels within the Airport Industrial Area Specific Plan area and for parcels with similar uses within the City's limits, and that seek such offsets.

5. **Drought Restrictions.** To the extent permitted by law, the City may curtail or ration the use of water provided by the City below the limit of 650 gallons per day per acre (measured monthly) in dry years through the imposition of drought restrictions that are uniformly applied throughout the City's Water Service Area.

EXHIBIT F

Zero Water Footprint and Water Supply Report Methodology

I. PURPOSE

To implement the Zero Water Footprint Policy adopted by the City Council on October 23, 2007. In this policy, "Zero Water Footprint" is defined as:

"No loss in reliability or increase in water rates for existing water service customers due to requested increased demand for water within the City's Water Service Area."

II. PROCEDURES

- A) Initial Request.** Applicants for all projects requiring additional water supplies from the City of American Canyon, either inside City limits or in the City's Water Service Area but outside of City limits, shall complete a water supply worksheet estimating average and peak use for indoor and outdoor uses and provide the completed worksheet to the City's Engineering Division.
- B) Evaluation of Water Footprint.** The Engineering Division shall evaluate the water footprint of the project, using the water supply worksheet provided by the Applicant, to determine whether a Water Supply Report is required. A Water Supply Report will not be required if the project meets the adopted Zero Water Footprint definition. This can be accomplished by projects with no additional water demand or by projects which offset increased water demand by off-site conservation measures.
- C) Water Supply Report.** A Water Supply Report shall be prepared for all projects that do not meet the adopted Zero Water Footprint definition. The Water Supply Report shall be prepared by the City of American Canyon at the cost of the project applicant. The Water Supply Report shall be substantially in the form of the report approved in the City's Resolution No. 2008-02, or in a new form approved by the County and approved by the City in a new resolution and shall include the following analysis:
- 1) Water service request
 - a) Description of project
 - b) Water service request
 - (i) Average Daily Demand
 - (ii) Peak Day Demand
 - c) Conservation Measures Included in Project
 - 2) Consistency
 - a) Urban Water Management Plan
 - b) Recycled Water Facilities Plan
 - c) Water Conservation Implementation Guidelines
 - 3) Water footprint
 - a) Zero Water Footprint Definition
 - b) Project's impact on reliability
 - c) Project's impact on rates

- d) Project's water footprint
- 4) Project's contribution
 - a) Capacity fee
 - b) Reimbursable improvements
- 5) Capital program status
 - a) Summary
 - b) System planning status
 - c) Water supply
 - (i) Water supply implementation status
 - (ii) Water supply alternatives
 - d) Water treatment
 - (i) Water treatment implementation status
 - (ii) Water treatment alternatives
 - e) Water storage, transmission, and distribution status
 - f) Water capital program financial status
- 6) Vineyards analysis
 - a) Vineyards decision
 - b) Facts with respect to solutions to water supply problems
 - c) Water supply over the life of the project
 - d) Impacts of likely future water sources
 - e) Possible replacement sources and their impacts
- 7) Recommended mitigations
 - a) Long term water mitigations
 - b) Short term water mitigations
- 8) Opportunities to reduce project's water footprint
 - a) On-site conservation opportunities
 - b) Off-site conservation opportunities

D) Applicant Review of Water Supply Report. The Water Supply Report, once approved by the City, will be furnished to the project applicant. If the applicant elects to revise the project to reduce the water footprint, the Water Supply Report may be revised at the applicant's cost.

E) Water Will Serve Letter. Water will-serve letters are required for projects outside of the Napa Valley Gateway project limits that are requesting increased water services from the City. The Napa Valley Gateway project is subject to the terms and conditions of a will-serve letter for the entire project agreed upon between the City of American Canyon and Charles Slutzkin of Napa Valley Gateway Limited in a will-serve letter agreement dated December 13, 2002. So long as the terms and conditions of that will-serve letter agreement are complied with, developments of parcels within the Napa Valley Gateway project limits will not require any Water Supply Report or additional will-serve letters.

EXHIBIT G

Appeal Procedure: Zero Water Footprint Methodology

1. **Grounds for Appeal- Conditions of Approval.** If the water service application is for a parcel outside the City's limits, then the City shall, within 30 days of receipt of such application, provide to the Applicant and the County any conditions of approval that the City proposes to impose on the parcel at least 90 days before imposing the conditions of approval.

Conditions of approval that result from the Water Supply Report and that the City proposes to include in a water service will-serve letter that will be issued by the City for a parcel outside of the City's limits may be appealed by an Applicant under the process described in Section 3 below.

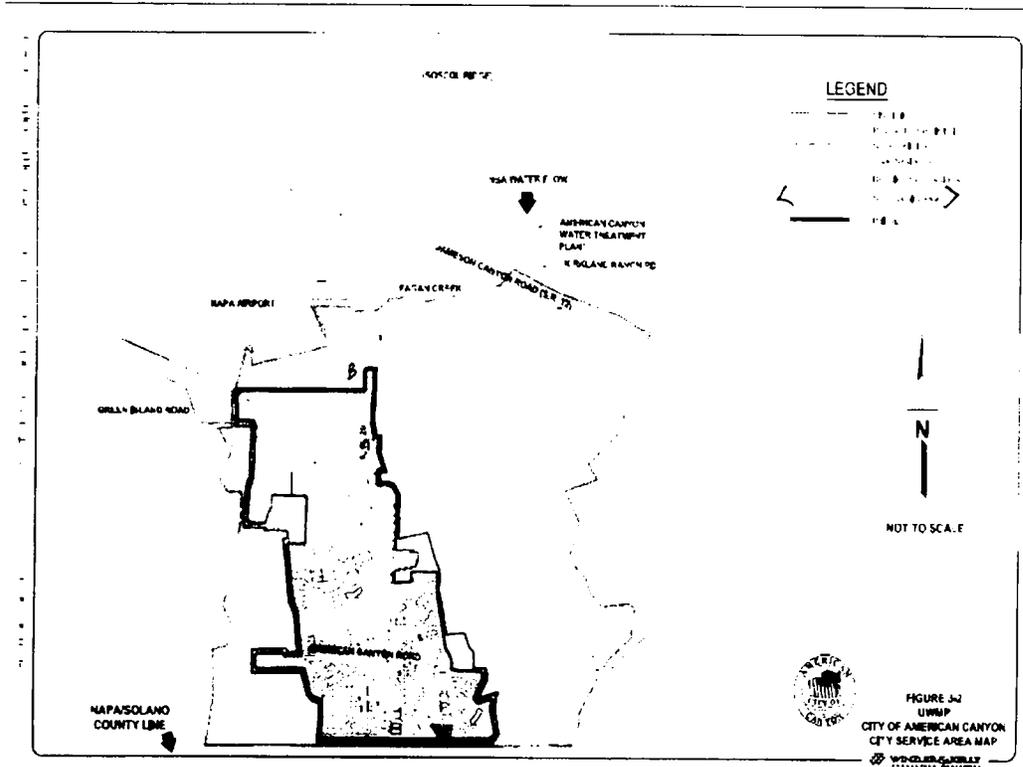
2. **Exceptions:** An appeal may not challenge water rates imposed by the City that are consistent with *Hansen v. City of San Buenaventura* (1986) 42 Cal.3d 1172, and the City's Ordinance 2007-13. An appeal also may not challenge Capacity Fees that are set pursuant to the City's Ordinance 2007-09, or new capacity fees approved by the County and enacted in a new City ordinance.

3. **Appeal Process and Appeal Panel.** An appeal of water service conditions of approval that the City proposes for a parcel outside the City's limits may be filed within ninety (90) days after the proposed conditions are forwarded to the Applicant and the County for inclusion in a development permit. The appeal will be heard by the panel described in the following paragraph, and this panel will determine whether any of the conditions under appeal is inconsistent with any provision of this Agreement.

The Appeal Panel will be made up of one member selected by the County Executive Officer, one member selected by the City Manager and one member selected by the two appointed members. If the two appointed members cannot agree on the third member, the name of each candidate shall be placed in a hat to be drawn for selection. The decision of the Appeal Panel will be final, but subject to judicial review pursuant to Code of Civil Procedure section 1094.5. The reasonable cost of the Appeal Panel shall be borne by the Applicant.

EXHIBIT H

City's Water Service Area



Being a portion of that parcel of land conveyed to the Brown Trust by deed filed November 4, 1987 and recorded in Book 1547 of Official Records at Page 932 in the office of the Recorder of Napa County, California; being also a portion of Parcel "B" as shown on the Record of Survey filed February 24, 1960 and recorded in Book 5 of Surveys at Page 59 in the office of the Recorder of Napa County, California, and also shown on the "Plat of Description" attached hereto and made a part hereof by reference; more particularly described as follows:

A STRIP OF LAND, 68 feet wide, the centerline of which is described as follows:

BEGINNING at a point on the northerly line of the aforementioned lands of Brown, said point being also the southerly terminus of the centerline of "Devlin Road", as shown on the Final Map filed February 19, 1999 and recorded in Book 21 of Record Maps at Page 30 - 33 in the office of the Recorder of Napa County, California; said point being also a point on a compound curve concave to the northwest having a radius of 585.00; thence southerly 182.85 feet along said curve through a central angle of $17^{\circ}54'31''$ to the beginning of a reverse curve concave to the southeast having a radius of 585.00 feet and to which beginning a radial line bears $N 55^{\circ}44'20'' W$; thence southerly 342.40 feet through a central angle of $33^{\circ}32'04''$; thence leaving said curve along a line parallel to and 34 feet westerly of the easterly line of Parcel "B" as shown on the aforementioned Record of Survey filed February 24, 1960 and recorded in Book 5 of Surveys at Page 59 in the office of the Recorder of Napa County, California, $S 00^{\circ}59'33'' W$ 523.46 feet more or less to the northerly right of way line of Tower Road.

The sidelines of the above described 68 foot strip to be extended or shortened to terminate at the northerly line of that parcel of land conveyed to the Brown Trust by deed filed November 4, 1987 and recorded in Book 1547 of Official Records at Page 932 in the office of the Recorder of Napa County, California, and the northerly right of way line of Tower Road.

A portion of Napa County Assessor's Parcel Numbers 057-110-012, 023 & 070

Containing 70942 square feet or 1.63 Acres, more or less.

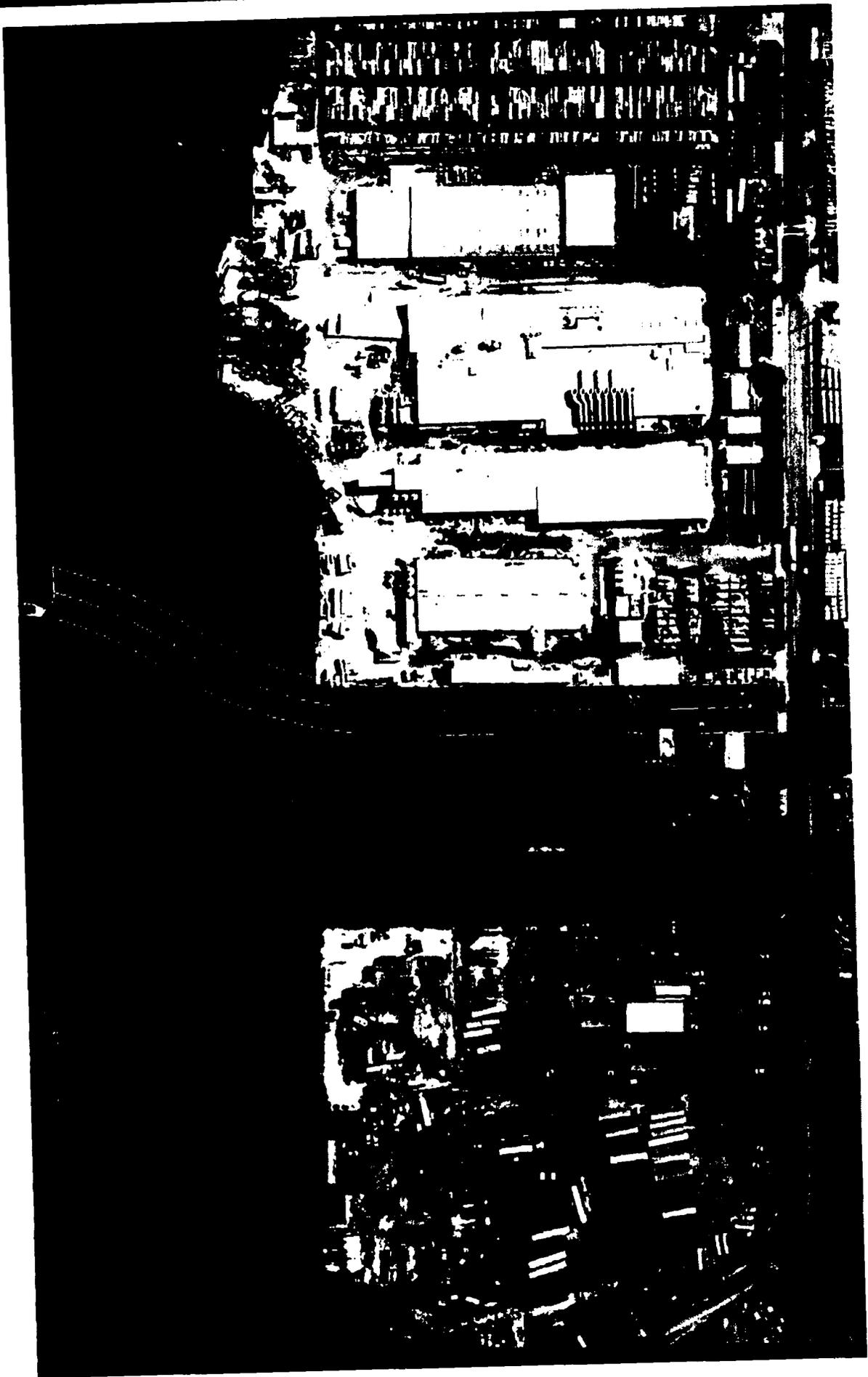


EXHIBIT LIST

<u>EXHIBIT A</u>	Legal Description of Panattoni Parcel
<u>EXHIBIT B</u>	Legal Description of Headwaters Parcel
<u>EXHIBIT C</u>	Legal Description of Atkins Parcel
<u>EXHIBIT D</u>	Legal Description - Proposed Urban Limit Line for American Canyon, CA
<u>EXHIBIT E</u>	Water Conditions To Be Imposed On All Parcels (City Customers and Outside Customers) For Which New Water Service is Requested
<u>EXHIBIT F</u>	Zero Water Footprint and Water Supply Report Methodology
<u>EXHIBIT G</u>	Appeal Procedure: Zero Water Footprint Methodology
<u>EXHIBIT H</u>	City's Water Service Area
<u>EXHIBIT I</u>	Devlin Road Extension



Local Agency Formation Commission
LAFCO of Napa County

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Napa, California 94559
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ATTACHMENT FIVE

MEMMORANDUM

March 16, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Environmental Review for Recommended Sphere of Influence Update for American Canyon**

A sphere update is a project under the California Environmental Quality Act (CEQA) if it is determined the underlying action may cause a direct or indirect physical environmental change. All projects under CEQA require additional review unless otherwise exempt. The recommended sphere update for American Canyon extensively expands beyond the City's current jurisdiction. All lands to be added to the sphere through the update are planned for urban uses. The expansion of the sphere, therefore, may reasonably result in indirect physical changes to the environment through future annexations facilitating new urban development. For these reasons, the recommended sphere update is a project under CEQA.

If a project can be seen with certainty to have no possibility of having a significant effect on the environment, it is not subject to further review (Code of Regulations Section 15061(b)(3)). This type of exemption is commonly referred to as the "common sense" rule. In addressing whether the recommended sphere update may have a significant impact, LAFCO should consider the extent to which future land uses might be changed. Review of the consistency and compatibility of the land use designations and zoning standards by the County and American Canyon is appropriate in determining the effect on land uses.

The common sense exemption applies to the recommended sphere update. With respect to Study Area A, the County and American Canyon's land use designations are nearly interchangeable while their zoning standards for the affected lands are identical. This existing compatibility ensures future development in Study Area A would be the same under either jurisdiction. Similarly, based on its immunity from local zoning regulations, the Napa Valley Unified School District has already approved the development of a middle school in Study Area D. The pending development of the middle school will be the same under either jurisdiction. It is also reasonably certain to presume the development of Study Area F would be the same under either jurisdiction. This presumption recognizes the County has already designated and zoned the affected lands for industrial uses; uses American Canyon previously committed to in their General Plan and currently apply to surrounding lands.

Based on the preceding review, staff will file an exemption notice with the County Clerk-Recorder's Office if the Commission approves the recommended sphere update.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Vice Chair
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, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer