



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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

Agenda Item 8c (Action)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer B F

MEETING DATE: April 7, 2025

SUBJECT: Consider Adopting a Resolution Amending the Policy on Municipal Service Reviews

RECOMMENDATION

It is recommended the Commission adopt the Resolution of the Local Agency Formation Commission of Napa County Amending the *Policy on Municipal Services Reviews*, included as Attachment 1.

SUMMARY

On December 9, 2024, the Commission established an ad hoc Policy Committee and appointed Commissioners Gallagher and Ramos to advise staff in the review of local policies. The Policy Committee met and agreed the Commission's *Policy on Municipal Services Reviews* requires an amendment.

The proposed amendment would rename the policy to *Policy on Municipal Services Reviews and Special Reports* and redirect the Commission's focus to targeted issues related to illogical and inefficient government boundaries and services consistent with LAFCO's underlying mission and purpose. The Committee prepared a memo to the Commission describing the difference between a Municipal Service Review and a Special Report, included as Attachment 3.

A clean version of the proposed amendment is Exhibit A to the draft resolution, included as Attachment 1. A tracked change version of the amendment is included as Attachment 2.

ATTACHMENTS

- 1) Draft Resolution Amending the *Policy on Municipal Service Reviews*
- 2) Proposed Amendment to *Policy on Municipal Service Reviews* (Tracked Changes)
- 3) Policy Committee Memo on Municipal Service Reviews and Special Reports

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Beth Painter, Vice Chair
Councilmember, City of Napa

David Oro, Alternate Commissioner
Councilmember, City of American Canyon

Anne Cottrell, Commissioner
County of Napa Supervisor, 3rd District

Belia Ramos, Commissioner
County of Napa Supervisor, 5th District

Joelle Gallagher, Alternate Commissioner
County of Napa Supervisor, 1st District

Kenneth Leary, Chair
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

RESOLUTION NO. _____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
AMENDING ITS POLICY ON MUNICIPAL SERVICE REVIEWS**

WHEREAS, on November 3, 2008, the Local Agency Formation Commission of Napa County (the “Commission”) adopted a *Policy on Municipal Service Reviews*; and

WHEREAS, the Commission most recently amended the *Policy on Municipal Service Reviews* on June 6, 2022; and

WHEREAS, the Commission considered a proposed amendment to the *Policy on Municipal Service Reviews* at its regular meeting on April 7, 2025; and

NOW, THEREFORE, BE IT RESOLVED that the Commission hereby amends the *Policy on Municipal Service Reviews* as attached hereto as “Exhibit A”.

This Resolution shall take effect immediately.

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on April 7, 2025, after a motion by Commissioner _____, seconded by Commissioner _____, by the following vote:

AYES:	Commissioners	_____
NOES:	Commissioners	_____
ABSENT:	Commissioners	_____
ABSTAIN:	Commissioners	_____

Kenneth Leary
Commission Chair

ATTEST: _____
Brendon Freeman
Executive Officer

Recorded by: Stephanie Pratt
Clerk/ Jr. Analyst



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Policy on Municipal Service Reviews and Special Reports

(Adopted: November 3, 2008; Last Amended: April 7, 2025)

I. BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes a framework for responsible and forward-thinking governance by requiring LAFCO to conduct Municipal Service Reviews (MSRs) and Special Reports. These reviews and reports ensure that cities and special districts are operating with fiscal responsibility, service efficiency, and long-term sustainability in mind. As part of the MSR process, LAFCOs review and update each agency's sphere of influence (SOI) to align with evolving community needs. The MSR process serves as a critical tool for fostering vibrant, all-age-friendly communities by assessing the availability, capacity, and efficiency of public services. MSRs can be a tool to help guide smart growth strategies, safeguard natural resources, and maintain a high quality of life for current and future generations.

LAFCO Special Reports investigate specific issues related to local governance, boundaries or services. They are focused on a particular challenge, agency, or set of circumstances, for example, they might focus on a particular city or district regarding inefficiencies, financial stability, climate resilience, equitable access to services, or other specific issues.

For decades, Napa County has been a leader in sustainable land use and agricultural preservation. In 1968, it pioneered the nation's first Agricultural Preserve, ensuring that Napa's rich valley and foothill areas remain dedicated to agriculture as the backbone of the local economy, environmental health, and cultural identity. Measure P, passed in 2008, reinforces this commitment by requiring voter approval for any re-designation of agricultural and open-space lands, further strengthening the county's vision for a balanced, sustainable, and economically resilient future. Through these efforts, Napa County continues to set a model for livable sustainability — one where responsible fiscal planning, environmental stewardship, and community well-being go hand in hand.

II. PURPOSE

The purpose of this policy is to guide the Local Agency Formation Commission (LAFCO) of Napa County in scheduling, preparing, and adopting MSRs and Special Reports.

III. OBJECTIVE

The objective of the Commission in conducting MSRs is to evaluate governmental services necessary to support orderly growth and development in Napa County. Underlying this objective is the development and expansion of the Commission's knowledge and understanding of the current and planned provision of local governmental services in relationship to the present and future needs of the community. The Commission will use MSRs not only to inform subsequent SOI determinations, but also to identify opportunities for greater coordination and cooperation between service providers as well as possible government structure changes.

The MSR process requires LAFCO to make determinations regarding the provision of public services pursuant to [Government Code \(G.C.\) §56430](#) and empowers, but does not require, the Commission to initiate changes of organization based on MSR conclusions. However, the Commission, affected local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes to service delivery, government organization, or SOIs.

The objective of the Commission in conducting Special Reports is to dive deeper into specific issues to provide a more comprehensive evaluation of particular challenges and possible solutions of a specific jurisdiction or public service.

IV. SCHEDULING

The Commission's annual Work Program includes a schedule for initiating and completing MSRs consistent with the Commission's obligation to review and update each city and special district's SOI, as necessary, and consistent with the Commission's adopted [Policy on SOIs](#). MSRs shall be completed for each city and each special district as defined in [G.C. §56036](#). When feasible, the Commission shall schedule MSRs in conjunction with general plan updates.

Each MSR will generally be prepared in four distinct phases:

- A. The first phase will involve the distribution of a request for information to be completed by the affected local agency and returned to LAFCO staff for review and analysis. Staff will compile this information in an administrative draft report, which will be made available to staff from each affected local agency for review and comment to identify any needed technical corrections.
- B. The second phase will be the release of a public draft report that includes technical corrections identified by the affected local agencies. Staff will present the public draft report for discussion purposes only at the next Commission meeting. The public draft report will be provided to the Commission and affected local agencies, and will be made available to the public for review and comment for a period of no less than 30 days.
- C. In the third phase, a final report that includes any new information or comments generated during the public review period will be presented to the Commission for formal action at a noticed public hearing.
- D. In the fourth phase, every effort should be made to disseminate the MSR beyond the affected agencies. Stakeholders and the public should be made aware and have access to the information and recommendations included in the MSR.

Special Reports are "as needed" and are often in response to requests from agencies, community members or LAFCO commissioners. A Special Report includes issue-specific analysis, but not limited to, financial, operational, or governance recommendations.

V. PREPARATION

A. Format

The Commission may prepare MSR's using any of the following formats:

- 1) A countywide service-specific MSR will examine a governmental service or services across multiple local agencies on a countywide basis.
- 2) A region-specific MSR will examine governmental services provided by all local agencies that are entirely contained within a designated geographic area.
- 3) An agency-specific MSR will examine targeted governmental services provided by a specific local agency as described in Section V(C)(3) of this policy.

B. Local Agency Participation

The Commission will encourage input from affected local agencies in designing MSR's to enhance the value of the process among stakeholders and capture unique local conditions and circumstances effecting service provision. This includes identifying appropriate performance measures as well as regional growth and service issues transcending political boundaries. The Commission will also seek input from the affected local agencies in determining final geographic area boundaries for region-specific MSR's. Factors the Commission may consider in determining final geographic area boundaries include, but are not limited to, SOI's, jurisdictional boundaries, urban growth boundaries, general plan designations, topography, and socio-economic communities of interest.

C. Content

MSR's shall include:

- 1) Written determinations for each of the following factors enumerated under [G.C. §56430\(a\)](#):
 - a) Growth and population projections for the affected area.
 - b) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI.
 - c) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the SOI. (Special emphasis should be given to capacity, adequacy and needs with the goal of climate resilience.)
 - d) Financial ability of agencies to provide services and maintain long-term financial sustainability including but not limited to capital investments, pension obligations and regulatory compliance
 - e) Status of, and opportunities for, shared facilities, services, and governance
 - f) Accountability for community service needs, including governmental structure and operational efficiencies.
 - g) Any other matter related to effective or efficient service delivery, as required by commission policy.

- 2) An evaluation of the following matters related to effective or efficient service delivery pursuant to [G.C. §56430\(a\)\(7\)](#) if the Executive Officer, in consultation with the agencies being reviewed, determines the matter is relevant:
 - a) Agricultural Preserve (Measure J) and Agricultural Watershed/ Open Space (Measure P)
 - b) Location and characteristics of existing outside service agreements
 - c) Joint powers agreements involving the direct provision of public services
 - d) Growth goals and policies of the land use authorities in Napa County
 - e) Climate resilience
 - f) Housing, including affordable housing and workforce housing
 - g) Transportation, including, but not limited to, airport, bicycle and pedestrian movement and public transportation
 - h) Cumulative service impacts related to current and planned development
- 3) An evaluation of target governmental services, which may include, but are not limited to, water, wastewater, law enforcement, fire protection, emergency medical, streets, and parks. General governmental services such as courts, social services, human resources, tax collection, and administrative services will generally not be included in the MSR. LAFCO reserves the right to consider additional service classifications in each MSR.

VI. SPHERE OF INFLUENCE

A completed MSR will be used to inform the review and, if appropriate, update of each affected agency's SOI consistent with [G.C. §56430\(a\)](#) as well as the Commission's adopted Work Program and [Policy on SOIs](#). The Commission and any affected local agencies are encouraged to discuss the need for SOI updates. The Commission may complete the MSR and any appropriate SOI actions at the same meeting or as part of separate meetings.

VII. ENVIRONMENTAL REVIEW

MSRs are informational documents and generally exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to [California Code of Regulations §15306](#) because they are limited to basic data collection, research, and resource evaluation activities that do not result in a serious or major disturbance to any environmental resource. However, if an MSR is used to facilitate a significant governmental change such as formation of a new special district, it can be assumed the MSR would be subject to CEQA and may require the preparation of an environmental impact report. The Commission shall act in accordance with its adopted [Policy on CEQA](#).

VIII. ADOPTION

The Commission will complete each scheduled MSR by formally receiving a final report and adopting a resolution codifying its written determinations as part of a public hearing. Each completed MSR will be provided to any affected local agencies and included on the Commission's website for public viewing.

At the completion of a Special Report, it will be agendaized for review and discussion by the LAFCO Commission. It may lead to policy recommendations, boundary adjustments, consolidations, or financial oversight actions.

DRAFT



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Policy on Municipal Service Reviews and Special Reports

(Adopted: November 3, 2008; Last Amended: ~~June 6, 2022~~ April 7, 2025)

I. ~~I.~~ — BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes a framework for responsible and forward-thinking governance by requiring LAFCO to conduct Municipal Service Reviews (MSRs) and Special Reports. These reviews and reports ensure that cities and special districts are operating with fiscal responsibility, service efficiency, and long-term sustainability in mind. As part of the MSR is-process, LAFCOs review and update each agency's sphere of influence (SOI) to align with evolving community needs. The MSR process serves as a critical tool for fostering vibrant, all-age-friendly communities by assessing the availability, capacity, and efficiency of public services. MSRs can be a tool to help guide smart growth strategies, safeguard natural resources, and maintain a high quality of life for current and future generations.

LAFCO Special Reports investigate specific issues related to local governance, boundaries or services. They are focused on a particular challenge, agency, or set of circumstances, for example, they might focus on a particular city or district regarding inefficiencies, financial stability, climate resilience, equitable access to services, or other specific issues.

For decades, Napa County has been a leader in sustainable land use and agricultural preservation. In 1968, it pioneered the nation's first Agricultural Preserve, ensuring that Napa's rich valley and foothill areas remain dedicated to agriculture as the backbone of the local economy, environmental health, and cultural identity. Measure P, passed in 2008, reinforces this commitment by requiring voter approval for any re-designation of agricultural and open-space lands, further strengthening the county's vision for a balanced, sustainable, and economically resilient future. Through these efforts, Napa County continues to set a model for livable sustainability — one where responsible fiscal planning, environmental stewardship, and community well-being go hand in hand.

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 requires the Commission to prepare municipal service reviews (MSRs) in conjunction with its mandate to review and update each city and special district's sphere of influence every five years, as necessary. The legislative intent of the MSR process is to inform the Commission with regard to the availability, capacity, and efficiency of governmental services provided within its jurisdiction prior to making sphere of influence determinations. The MSR provides LAFCO with a tool to comprehensively study existing and future public service needs and to evaluate options for accommodating growth, preserving agriculture, preventing urban sprawl, and ensuring critical services are efficiently and cost-effectively provided.

Napa County has been at the forefront of preserving agriculture. The first Agricultural Preserve in the United States was created in 1968 by the Napa County Board of Supervisors. The Agricultural Preserve protects lands in the fertile valley and foothill areas of Napa County in which agriculture is and should continue to be the predominant land use. Measure P was passed by voters in 2008 and

~~requires voter approval for any changes that would re-designate unincorporated agricultural and open space lands.~~

II. PURPOSE

The purpose of this policy is to guide the Local Agency Formation Commission (LAFCO) of Napa County in scheduling, preparing, and adopting MSR and Special Reports.

III. OBJECTIVE

The objective of the Commission in conducting MSRs is to evaluate governmental services necessary to support orderly growth and development in Napa County. Underlying this objective is the development and expansion of the Commission's knowledge and understanding of the current and planned provision of local governmental services in relationship to the present and future needs of the community. The Commission will use MSRs not only to inform subsequent ~~sphere-of influence (SOI)~~ determinations, but also to identify opportunities for greater coordination and cooperation between service providers as well as possible government structure changes.

The MSR process requires LAFCO to make determinations regarding the provision of public services pursuant to Government Code (G.C.) §56430 and empowers, but does not require, the Commission to initiate changes of organization based on MSR conclusions. However, the Commission, affected local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes to service delivery, government organization, or SOIs.

The objective of the Commission in conducting Special Reports is to dive deeper into specific issues to provide a more comprehensive understanding evaluation of particular challenges and possible solutions of a specific jurisdiction or public service.

IV. SCHEDULING

The Commission's ~~annual will adopt an annual~~ Work Program ~~during the fourth quarter of each fiscal year in conjunction with the budget process, which shall~~ includes a schedule for initiating and completing MSRs consistent with the Commission's obligation to review and update each city and special district's SOI, as necessary, and consistent with the Commission's adopted Policy on SOIs. MSRs shall be completed for each city and each special district as defined in G.C. §56036. When feasible, the Commission shall schedule MSRs in conjunction with general plan updates.

~~The Executive Officer may revise the adopted Work Program to add, modify, or eliminate scheduled MSRs to address changes in circumstances, priorities, and available resources. Revisions to the Work Program shall be presented at the next Commission meeting for information purposes.~~

~~At the discretion of the Executive Officer and in consultation with the Commission, e~~Each MSR will generally be prepared in four distinct phases:

- A. The first phase will involve the distribution of a request for information to be completed by the affected local agency and returned to LAFCO staff for review and analysis. Staff

- will compile this information in an administrative draft report, which will be made available to staff from each affected local agency for review and comment to identify any needed technical corrections.
- B. The second phase will be the release of a public draft report that includes technical corrections identified by the affected local agencies. Staff will present the public draft report for discussion purposes only at the next Commission meeting. The public draft report will be provided to the Commission and affected local agencies, and will be made available to the public for review and comment for a period of no less than 30 days.
 - C. In the third phase, a final report that includes any new information or comments generated during the public review period will be presented to the Commission for formal action at a noticed public hearing.
 - D. In the fourth phase, every effort should be made to disseminate the MSR beyond the affected agencies. Stakeholders and the ~~general~~ public should be made aware and have access to the information and recommendations included in the MSR.

Special Reports are “as needed” and are often in response to requests from agencies, community members or LAFCO commissioners. A Special Report includes issue-specific analysis, but not limited to, financial, operational, or governance recommendations.

~~D.~~

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C. Content

MSRs shall include:

- 1) Written determinations for each of the following factors enumerated under G.C. §56430(a):
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 - b) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere-of-influenceSOI.
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 - f) Housing, including affordable housing and workforce housing
 - g) Transportation, including, but not limited to, airport, bicycle and pedestrian movement and public transportation
 - h) Cumulative service impacts related to current and planned development
h)
- 3) An evaluation of target governmental services, which may include, but are not limited to, water, wastewater, law enforcement, fire protection, emergency medical, streets, and parks. General governmental services such as courts, social services, human resources, tax collection, and administrative services will generally not be included in the MSR. LAFCO reserves the right to consider additional service classifications in each MSR.

VI. SPHERE OF INFLUENCE

A completed MSR will be used to inform the review and, if appropriate, update of each affected agency's SOI consistent with [G.C. §56430\(a\)](#) as well as the Commission's adopted Work Program and [Policy on SOIs](#). The Commission and any affected local agencies are encouraged to discuss the need for SOI updates. The Commission may complete the MSR and any appropriate SOI actions at the same meeting or as part of separate meetings.

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MSRs are informational documents and generally exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to [California Code of Regulations §15306](#) because they are limited to basic data collection, research, and resource evaluation activities that do not result in a serious or major disturbance to any environmental resource. However, if an MSR is used to facilitate a significant governmental change such as formation of a new special district, it can be assumed the MSR would be subject to CEQA and may require the preparation of an environmental impact report. The Commission shall act in accordance with its adopted [Policy on CEQA](#).

VIII. ADOPTION

The Commission will complete each scheduled MSR by formally receiving a final report and adopting a resolution codifying its written determinations as part of a public hearing. Each completed MSR will be provided to any affected local agencies and included on the Commission's website for public viewing.

At the completion of a Special Report, it will be agendaized for review and discussion by the LAFCO Commission. It may lead to policy recommendations, boundary adjustments, consolidations, or financial oversight actions.

Memorandum

TO: LAFCO

FROM: Policy Ad Hoc Committee

DATE: March 20, 2025

SUBJECT: Municipal Service Reviews (MSR) and Special Reports

This memo outlines the differences between a **Local Agency Formation Commission (LAFCO) “Special Report”** and a **Municipal Service Review (MSR)**. Both are essential tools in evaluating local governance and service efficiency, but they serve different purposes and have different scopes. Key differences include:

Feature	LAFCO Special Report	LAFCO Municipal Service Review (MSR)
Purpose	Investigates a specific issue related to local governance, boundaries, or services.	Comprehensive review of public services within a specific geographic area or jurisdiction.
Scope	Focused on a particular problem, agency, or set of circumstances (e.g., financial instability of a city, inefficiencies in a district).	Broad assessment of municipal services (e.g., water, sewer, fire protection) for all cities and special districts within a county.
Mandated by Law?	No, LAFCOs may conduct special reports at their discretion in response to concerns.	Yes, required under the Cortese-Knox-Hertzberg Act (CKH Act) before any Sphere of Influence (SOI) updates.
Frequency	As needed, often in response to requests from agencies, citizens, or LAFCO commissioners.	Required periodically (typically every 5–10 years) as part of a county-wide review process.

Content	Issue-specific analysis, potentially including financial, operational, or governance recommendations.	Systematic evaluation of service efficiency, capacity, governance, and funding of all local agencies in a region.
Outcome	May lead to policy recommendations, boundary adjustments, consolidations, or financial oversight actions.	Used to update Spheres of Influence (SOI), guide reorganization decisions, and improve service efficiency.

Key Distinction:

- A **Special Report** is a targeted investigation into a **specific** issue or agency.
- A **Municipal Service Review (MSR)** is a **routine, comprehensive** study required by law to guide LAFCO decisions on boundary changes and governance.