

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 8d (Information)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: February 1, 2021

SUBJECT: Executive Officer Report

SUMMARY

This item is for information purposes only. Accordingly, if interested, the Commission is invited to pull this item for additional discussion with the concurrence of the Chair.

This report provides a summary of the Executive Officer's (EO) recent activities as well as other miscellaneous items relevant to the Commission.

LAFCO in the News

The Napa Valley Register recently published the following three news articles related to LAFCO activities:

- 1) "These 'islands' of land appear to be within the city of Napa, but they are not" relates to unincorporated islands and is included as Attachment One.
- 2) "Napa County moves idea of a single water agency to future talks" relates to the *Napa Countywide Water and Wastewater Municipal Service Review* and is included as Attachment Two.
- 3) "Napa County looks for ways to balance housing, ag preservation" relates to a recent virtual community forum and report titled "Agricultural Land Protection, Annexation, and Housing Development" by the Jack L. Davies Napa Valley Agricultural Land Preservation Fund ("JLD Fund") and is included as Attachment Three. The JLD Fund's report mentions LAFCO and the Executive Summary of the report is included as Attachment Four. The full report is available online at: https://www.jldagfund.org/wp-content/uploads/2020/02/Daniels-Final-Report-for-Davies-Fund 01102020-2.pdf.

Beth Painter, Alternate Commissioner

Councilmember, City of Napa

Diane Dillon, Vice Chair

County of Napa Supervisor, 3rd District

Brad Wagenknecht, Commissioner

CALAFCO Coastal Region Virtual Roundtable

On December 10, 2020, the CALAFCO Coastal Region – which includes Napa County – held its annual meeting via teleconference. The agenda is included as Attachment Three. Discussions occurred in both breakout and general sessions, and topics included LAFCO budgets, local agency financial issues, sharing services amongst LAFCOs, and the potential for LAFCO's role to evolve in response to regional challenges and crises. There were approximately 40 roundtable attendees, which includes Chair Mohler, Alternate Commissioner Kahn, the EO, and Analyst II.

ATTACHMENTS

- 1) Napa Valley Register Article: Islands (November 8, 2020)
- 2) Napa Valley Register Article: MSR (November 9, 2020)
- 3) Napa Valley Register Article: Balancing Housing and Agricultural Preservation (January 16, 2021)
- 4) Executive Summary: JLD Fund Agricultural Land Protection, Annexation, and Housing Development
- 5) CALAFCO 2020 Virtual Roundtable Coastal Region Agenda

These 'islands' of land appear to be within the city of Napa, but Athey Hare

 $https://napavalleyregister.com/news/local/these-islands-of-land-appear-to-be-within-the-city-of-napa-but-they-are/article_7ada3beb-e7e7-5df4-84f5-ce85e5ac6807.html\\$



Government

These 'islands' of land appear to be within the city of Napa, but they are not

Howard Yune Nov 8, 2020

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A sidewalk on Sherry Drive just off Linda Vista Avenue abruptly ends at the point where the city of Napa gives way to an 87-acre section of unincorporated county surrounded by city. The neighborhood off West Pueblo and Linda Vista avenues is the largest of more than a dozen such "islands" in Napa.

Howard Yune, Napa

Howard Yune

he streets, front yards and houses may look similar to those elsewhere in Napa, even those just a few hundred yards away. But more than a dozen plots of land fully or mostly enclosed by the Napa city limits nonetheless remain — legally — outside of it.

Known as "islands" or "doughnut holes," these enclaves have remained unincorporated even as surrounding homes and streets have slowly been annexed into the city of Napa over several decades. At least 18 sites are hemmed in by city boundaries on more than half of their perimeter, and eight of those are completely surrounded by the city on all sides — including a cluster of more than 500 housing lots off West Pueblo and Linda Vista avenues, home to nearly 1,400 people.

These 'islands' of land appear to be within the city of Napa, but they lare

Though their neighborhoods are often indistinguishable from city-controlled areas just a few blocks or yards away, the more than 2,100 people living in the unincorporated islands have no say in electing the Napa mayor or City Council, and authorities say they also generally pay higher fees for water, trash hauling and recycling services than city residents.

"I and my neighbors pay about 44% more for water and sewer charges, and more for trash pickup," Larry Alexander wrote of the area in an October letter to the editor. "We have hardly any streetlights, no sidewalks, and I have yet to see a storm drain in this neighborhood. If I look across my backyard to my neighbor directly behind me, he is not located on my 'island' and has all of the benefits and rights that us unfortunate residents, in some cases just some feet away, do not have."

Soon, the question of whether and how to bring some of those lands into the city fold may come to the foreground.

City staff are preparing a report on the issue for the City Council to review in January or February, according to Planning Manager Erin Morris. A city-commissioned study is focusing on the West Pueblo-Linda Vista neighborhood, by far the largest unincorporated area ensconced within the city, as a starting point to look into annexation of other areas, she said last week.

The discussion is moving forward more than three years after the Napa County agency These 'islands' of land appear to be within the city of Napa, but they are overseeing annexations by local cities offered to help Napa speed the process in what both governments describe as a move toward more efficient delivery of services, without questions of which agencies hold sway in which areas.

Renewed attention to eventually absorbing the remaining bits of non-city land also follows an election-season push this year by the Napa County Progressive Alliance, which has framed annexation — specifically of the West Pueblo neighborhood — as an imperative to give its residents a voice in city government.

As tracts of small, one-story homes went up near West Pueblo and Linda Vista in the years after World War II, whether the new neighborhood was under city or county control apparently was not a major concern for many of those who built and occupied the area, according to Morris, who said surrounding tracts began to be absorbed into Napa in 1959, with the pace quickening during the 1960s and then slowing through the 1980s.

These 'islands' of land appear to be within the city of Napa, but Athey Hare

"(Owners of) land subdivided in the counties for single-family homes didn't have much motivation to get annexed," she said. "If they got water and sewer, there was no great push to annex."

Twenty-six separate annexations took place over more than half a century in an 87-acre area bounded by West Pueblo, Linda Vista, Redwood Road and Solano Avenue, the most recent in 2014, according to Morris. That trend has left residential routes like Carol, Janette, Kathleen, Sandra and Ethel Porter drives within the boundaries of the city, but not quite of it.

In recent years, the absence of largescale annexations may have been less the result of active resistance by the Ruth Dr

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Sandra Dr

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A residential area surrounding West Pueblo and Linda Vista avenues in west Napa is the largest of 18 "islands" that remain unincorporated parts of Napa County. About 1,400 people live within the 87-acre tract.

Courtesy of Napa LAFCO

city or property owners than of a lack of engagement in the issue, said Brendon Freeman, executive officer of the county's Local Area Formation Commission, which regulates county-to-city transfers.

These 'islands' of land appear to be within the city of Napa, but Athey Hare

Most recently, he said, a 2010 campaign in which LAFCO mailed an informational flyer and survey to all landowners and residents in all of the islands drew only a trickle of a response, with the agency hearing back from just 3% of the 2,000 people contacted — about equally divided between those favoring and opposing annexation.

"We don't truly know what the landowners and residents actually think," he said Tuesday. "That suggests to me there is not a large and organized opposition to annexation."

Annexation efforts can be launched by residents, landowners or the city itself.

Landowners within an island may join to petition to merge it into the surrounding city, provided they pay fees to LAFCO for the application, prepare a map of the parcels to be annexed, and provide a geographic description of the area, according to Freeman, the agency director. At least 5% of the area's property holders, owning 5% or more of its total assessed value, must sign the petition.

A petition to annex an island also can be launched by a petition signed by at least 5% of These 'islands' of land appear to be within the city of Napa, but they are the registered voters living there. If LAFCO approves the annexation, a so-called protest proceeding follows within 21 to 60 days in which written objections by half of the area's landowners blocks the move.

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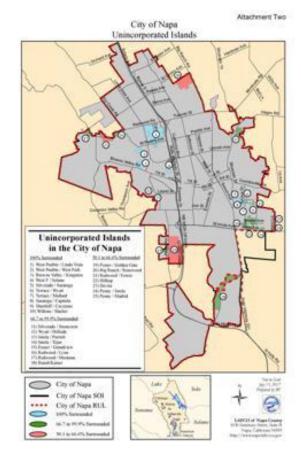
A California law passed in 2000 offers a faster track for cities to absorb country-controlled areas within their borders — but requires the city, not landowners, to propose the annexation. This streamlined process drops the requirement for a protest proceeding while exempting between \$6,000 to \$8,000 of the application fees LAFCO would charge voters or property owners.

The state's streamlined annexation process applies to 13 such islands within Napa, excluding any enclaves containing prime agricultural land. Tracts that could enter the city range from whole neighborhoods like West Pueblo and the Imola Avenue-Parrish Road area — home to 541 people on 32 acres — to individual lots on the Silverado Trail and Devita Drive.

The latest overture by LAFCO to Napa dates to August 2017, when the county agency These 'islands' of land appear to be within the city of Napa, but they are offered to work with the city if it would pursue a fast-track annexation drive.

"Annexation to the City would provide numerous incentives to landowners, residents, and the City," a memo to the commission said at the time. "These incentives include — but are not limited to — political empowerment for registered voters, new or elevated levels of public utilities and services, public service efficiencies, orderliness of jurisdictional boundaries, greater land use potential, and an overall reduction in annual public service charges."

To address some residents' fears about taking on new fees after being folded into the city, LAFCO released a list of typical expenses it said would total about \$62 less a year, dropping from \$1,974 to \$1,912. Water service would become cheaper, trash hauling more expensive, and sewer service rates



Eighteen unincorporated areas within Napa city limits are either fully or mostly surrounded by the city, yet remain under county jurisdiction. The largest such "island" is a residential area in west Napa centered on West Pueblo and Linda Vista avenues.

Courtesy of Napa LAFCO

would not change, while residents would take on a \$75 paramedic tax plus \$12 for storm drainage.

These 'islands' of land appear to be within the city of Napa, but/they lare

However, the initiative began at a time of turnover for both the city and county staffs — with the county changing its CEO in 2017 and the city its city manager a year later — creating a transition period Freeman said slowed progress toward pursuing an annexation.

A faster road to folding West Pueblo and its inhabitants into the city became one of the prime planks for the Progressive Alliance during this year's Napa City Council races, the first in which voters chose candidates to represent one of four areas.

Running for the 2nd District seat in west Napa, David Campbell, who placed second in a four-person field, made the strongest push in favor of annexing county islands including West Pueblo — a stance he said was driven by a desire to give a city vote and voice to Latinx and lower-income residents in the neighborhood.

However, four-term Mayor Jill Techel pointed to the longstanding preference of some West Pueblo residents for the quieter atmosphere and more lenient land use rules of the county — even with the trade-off for better-maintained streets and sidewalks, which come to a halt at several spots on the neighborhood border.

"When you go there, you find some people have enjoyed the more rural nature of some These 'islands' of land appear to be within the city of Napa, but they are county islands and don't lust after sidewalks and street lights," said Techel, who is stepping down next month after more than two decades as a mayor and councilmember. "They become very possessive of what they have. It's been a robust discussion in the past with the various groups affected about what they want, and whether they want to move into the city."

Techel agreed with the greater efficiency of public services should all people living inside the Napa boundary eventually become part of the city. But whatever form new annexations take, she added, new city residents should make that choice willingly, and be told of the savings and costs they can expect — and that city leaders should take their time planning the shift.

"If they start looking at it now, four years from now at the next mayor's election would be a good benchmark to say, 'OK, let's see if we can get all that work done by then," she said.

How annexations of county islands would change their arrangements for policing and fire protection remains to be seen, according to City Manager Steve Potter, who previously spent three years as the Napa Police chief. Currently, the Napa city and county fire departments have an automatic aid agreement to deploy the fire crews and trucks closest to an incident regardless of agency. A similar pact allows either Napa

Police or the Napa County Sheriff's Office to respond to violent acts or major threats in These 'islands' of land appear to be within the city of Napa, but they are county enclaves, although lesser incidents and quality-of-life complaints generally will be handled by sheriff's deputies.

Potter cautioned that the city of Napa will have to take into account its COVID-19stressed budget and staffing in any future decisions to extend its services further, but said he would let studies of the existing islands guide the city's actions.

"The potential for additional needs, we really don't know that because we haven't analyzed that yet," he said Friday. "If it's the right thing to do, we're going to do it."

Watch Now: How to cope with election stress



Visitors view water storage tanks at the city of Napa's water treatment plant in Jameson Canyon in 2019. A Napa County conversation has begun over bringing more unity to local water agencies.

Register file photo

Barry Eberling

apa County has achieved a degree of peace – at least for now – over big ideas involving water governance and how possible changes might affect farmland preservation.

Some finessing of language paved the way for the Local Agency Formation Commission of Napa County (LAFCO) to adopt a Napa Countywide Water and Wastewater study. The commission on Monday unanimously approved a document almost two years in the making.

One goal is to bring a degree of unity to Napa County's water world. Fourteen agencies Napa County moves idea of a single water agency to future talks RE THIS deliver water and wastewater services to such diverse places as Napa Valley cities and far-flung, tiny, rural communities such as Berryessa Estates.

Each Napa County municipality manages its own water supply and charges rates over a relatively small population base, the study said. It raised the idea of forming a countywide water agency.

"California counties such as Marin County have one water authority that manages all water treatment, delivery and wastewater across the county," the study said.

Other counties have agencies that deal with regional water issues in a less comprehensive fashion.

The idea of a possible Napa County water czar raised concerns. One is that cities might dominate at the expense of farming areas. The California Farm Bureau Federation requested time for more public analysis and discussion.

"It's not a done deal in terms of what we're going to do or not do," Yountville Town Councilmember and LAFCO Commissioner Margie Mohler said on Monday, adding the study is "just a big collection of information." Napa County wanted to make that point clear. County officials said an earlier version Napa County moves idea of a single water agency to future talks RE THE of the document was slanted toward creating a countywide water agency without analyzing potential downsides.

The final version of the study strives for a neutral tone. It introduces the idea of a countywide water agency without saying this should be the outcome.

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Napa County also objected to the study mentioning St. Helena possibly extending wastewater services to unincorporated areas such as Meadowood resort. County officials said that could lead to farmland being annexed and developed.

The idea remains in the final version of the study with editing. The study makes no recommendation as to whether St. Helena should extend services.

St. Helena also asked that the county consult with local cities before approving vineyard development in municipal watersheds. The final version of the study mentions the idea while noting Napa County has concerns.

Attachment Two County Supervisor and LAFCO Commissioner Diane Dillon asked that the study state Napa County moves idea of a single water agency to future talks in a prologue that disagreements remain. She put the ratio at 90% agreement and 10% disagreement.

Whether local cities and special districts follow the study's recommendation to consider creating a countywide agency or lesser form of unification remains to be seen.

LAFCO was the catalyst to get a conversation started, agency Executive Officer Brendon Freeman said. Now it's up to the various cities and special districts to continue the discussion.

Watch now: 3 ways to deal with election day anxiety

Napa County looks for ways to balance housing, ag preservation RE THIS

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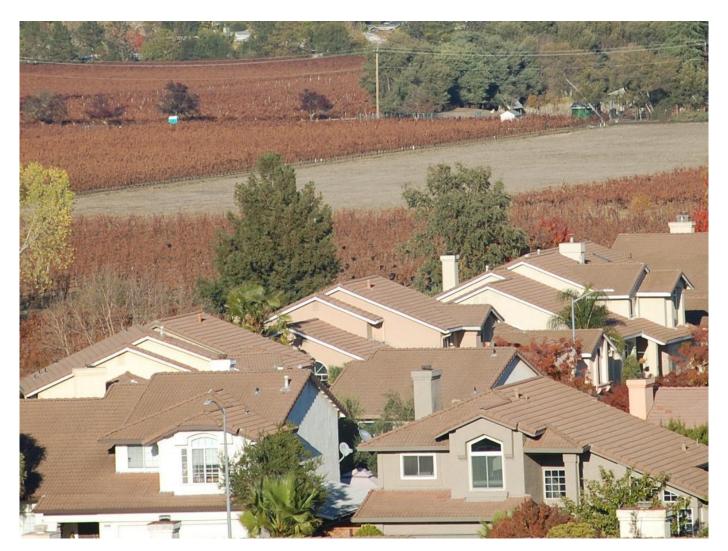
ALERT

TOP STORY

planning

Napa County looks for ways to balance housing, ag preservation

Barry Eberling Jan 16, 2021



Napa County faces the challenge of preserving its farmland while meeting state-mandated housing targets. A report released by the Jack L. Davies Napa Valley Agricultural Land Preservation Fund Foundation looks for answers.

Barry Eberling



Napa County looks for ways to balance housing, ag preservation RE THIS



The Jack L. Davies Napa Valley Agricultural Land Preservation Fund is looking for answers. It had Tom Daniels, a land use planning expert from the University of Pennsylvania, tackle what has become a thorny topic.

"The primary challenge facing Napa County is how to plan effectively for growth, especially for affordable housing, and yet protect its valuable agricultural land," Daniels wrote.

He presented his ideas on Thursday during a virtual community forum. About 60 people participated, with those registered ranging from elected leaders to open space advocates to housing advocates.

Napa County has little choice but to plan for more housing, given state housing growth mandates. The updated allotment being proposed for the county from 2023 to 2031 is 3,523 new homes, down slightly from the previously announced number.

The county has such land preservation laws as Measure P, which in most cases forbids re-designating farmland for other uses without a vote of the people. The city of Napa and American Canyon have voter-approved growth boundaries.

Daniels produced a 108-page report on how to deal with the housing need/farmland preservation challenges amid these dynamics. Among his recommendations:

- Napa County should ask voters to pass a quarter-cent sales tax to buy and retire development rights for agricultural lands. Two open space tax measures in recent years failed to top the necessary two-thirds margin to win.
- The community should consider creating a nonprofit community housing trust to create and preserve affordable housing.



- Attachment Three

 The Napa County Regional Park and Open Space District and Land Trust of Napa

 Napa County looks for ways to balance housing, ag preservation

 County should consider formally coordinating agricultural land-preservation

 efforts.
- In addition to the city of Napa and American Canyon, the remaining county cities should also establish voter-controlled growth boundaries.
- The county Local Agency Formation Commission should consider requiring farmland mitigation for annexations. For each acre of farmland annexed to a city, at least one acre of farmland would be preserved.
- Communities should identify where they can appropriately increase housing density.
- Napa County should look at additional farm labor housing opportunities.

Daniels pointed to Vermont. Vermont recognized that preserving farmland would mean having less land available for development, resulting in higher housing costs, his report said.

The Vermont Legislature in 1987 created the Vermont Housing and Conservation Board and funds it with revenues that come mainly from property transfer taxes. The Vermont Board has preserved more than 164,000 acres of farmland and helped build more than 12,000 affordable homes.

"Affordable housing is a priority, as is land preservation," Daniels wrote. "Thus, public and private funding for both priorities is needed."

Daniels' presentation on Thursday was followed by a question-and-answer session. Sandy Elles, a Jack L. Davies Ag Fund board member, said key takeaways were that everyone needs to work together on agricultural preservation and housing issues and that there is no single answer.

Hugh Davies, president of the Jack. L. Davies Ag Fund, said tackling the challenges will require cooperation and coordination among people with different views.

"The people who want to preserve agriculture long-term, they also need to be housing advocates," he said.

The Napa County Board of Supervisors on Tuesday expressed concern about that Napa County looks for ways to balance housing, ag preservation RE THIS proposed, eight-year state housing mandate of 3,523 new Napa County homes. Each city and the unincorporated county is assigned part of the total, as is done in counties throughout California.

"This will arguably be the toughest cycle we've faced yet, stressing our city limits and ag preserve more than ever," county Supervisor Ryan Gregory said.

Gregory is among those who participated in Thursday's forum. He pointed out to the virtual gathering that local jurisdictions are already cooperating on housing issues, with Napa County, the city of Napa, American Canyon and Yountville forming a subregion for their state housing mandates.

"It's a way to pool our (mandate) numbers among ourselves, instead of each being left on our own," Gregory said on Friday.

Gregory said California used to take into account Napa County's agricultural preservation laws when looking at local housing policies.

"Seems those days are over," Gregory said. "The state is saying, 'Napa, we love your ag preserve, but you've got to participate like everyone else."

The Jack. L. Davies Ag Fund report and forum tried to bring some possible actions to the forefront to tackle the challenges.

"It was one step," Hugh Davies said on Friday. "But as there always will be, there is work to be done."

Go to **jldagfund.org/book** to see the Jack L. Davies Ag Fund report by on agricultural preservation and housing.

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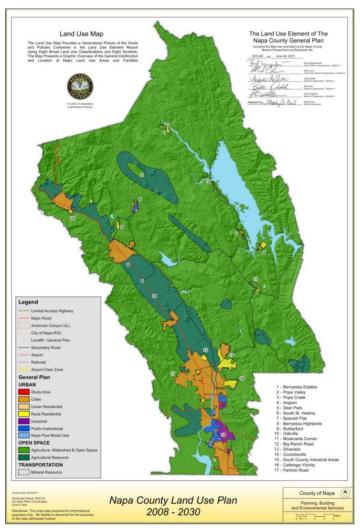
NAPA COUNTY'S FUTURE IS IN YOUR HANDS – A REPORT FOR THE JACK L. DAVIES FUND

Background

Napa County is world-famous for its outstanding wines and beautiful landscape of valleys, hills, ridgelines, and compact settlements. Napa County is America's premier wine producing region with 46,700 acres of vineyards. The economic impact of the wine industry within Napa County is estimated at \$9.4 billion. The wine industry together with the tourism sector provide 44,000 local jobs.

Napa County has adopted strong plans and zoning to protect its agricultural land and maintain its special character. But plans and zoning are not permanent and the future is uncertain.

More than 7.6 million people live in the nine counties of the Bay Area, and 9.3 million people are expected by 2040. Every county will need to provide housing and jobs for more people. Yet,



the Bay Area has a crisis of affordable housing, resulting from an overall shortage of housing, high housing prices and high rents relative to income, and the high cost of building new housing.

Napa County remains the most rural of the Bay Area counties, with a population of 140,000. But the County has high housing prices—a median price of more than \$700,000—a shortage of affordable housing for low- and moderate-income households, and a need for continued efforts to preserve agricultural land in the face of development pressures.

The Problem

Napa County faces three related challenges:

1) How to maintain and preserve its agricultural land, which is the

foundation of the Napa County economy?

- 2) Whether, where, when, and how much to expand the county's municipalities through the annexation of unincorporated county land? and
- 3) How to provide an adequate supply of affordable housing for all income groups?

<u>Recommendations</u>

Agricultural Land Preservation

- 1) A local sales tax of one-quarter of one percent (25 cents per \$100) dedicated to land preservation. Sonoma County has had such a tax since 1990 and has used the tax revenue to preserve thousands of acres of agricultural land, natural areas, and open space. Land preservation means the purchase of conservation easements from willing landowners. The land is permanently restricted to and maintained as agricultural or open space uses but remains on the property tax rolls.
- 2) <u>Apply for state and federal matching funds to support agricultural land preservation</u>. Both the state of California and the federal government offer matching funds for the preservation of agricultural land. The federal government will pay up to half the cost of purchasing a conservation easement.
- 3) <u>A Cooperative Agreement between the Napa County Regional Park and Open Space District and the Land Trust of Napa County to work on land preservation projects</u>. A public-private partnership can stretch dollars and result in more land preservation. Set a numerical goal of farmland to preserve each year.

Annexation

- 4) <u>More infill projects within Napa County's municipalities</u>. This will help to reduce the need to expand municipal boundaries onto agricultural land while accommodating new population growth. Financial incentives for mixed use projects are especially needed.
- 5) Agreements between the County and its municipalities to better cooperate on affordable housing policies and city annexations. The Local Agency Formation Commission (LAFCO) of Napa County, a statemandated agency, reviews and rules on the annexation of county land into cities. Agreements between the County and its municipalities on future growth areas with a focus on infill development should minimize the loss of agricultural land to development.

Housing

- 6) <u>Public / private partnerships for affordable housing</u>. The County and its five municipalities together with developers, and non-profit housing groups must work together to provide more affordable housing and meet state-mandated housing goals. The creation of a Napa County Community Land Trust—a nonprofit housing organization—would help this effort.
- 7) The five municipalities should review their zoning ordinances to identify housing opportunities and infill projects.



CALAFCO 2020 Virtual Regional Roundtable Coastal Region Agenda Guideline

Thursday, December 10, 2020 9:00 a.m. – 10:30 a.m.

https://us02web.zoom.us/j/84833779404?pwd=Nkwvc25YTS8xR1VE0G5KZzdxRHhxZz09

Meeting ID: 848 3377 9404 Passcode: 566492 Phone: 669-900-6833

Everyone in attendance will be asked by the host to identify themselves upon entry into the meeting from the waiting room. This is to preserve the integrity of the region's meeting.

1. Welcome and introductions in large group

Self-introductions with identification of LAFCo, position and tenure (ie: Commissioner, EO, Clerk, etc.)

- 2. CALAFCO update from Board Member and DEO regional representative in large group
- 3. Breakout groups discussions
 - 1. What are the 3 biggest challenges your LAFCo faced the past 9 months and how were they overcome?
 - 2. What are 2 positive things that have resulted from the last 9 months for your LAFCo?
 - 3. How has your LAFCo budget been impacted in the current FY and what do you anticipate for the next FY because of the economic downturn?
 - 4. How might you use a "shared services" model with other LAFCos in your region to gain fiscal and human resources efficiencies?
 - 5. Do you have any cities or districts that are in <u>severe</u> fiscal distress as a result of the Pandemic and/or fires and if so, are you reaching out to them?
- 4. Report out by breakout rooms in large group
- 5. Large group discussion:

In this new world of inter-related and regional challenges and even crisis, does LAFCo have a new and evolving role to play as political boundaries are increasingly less useful and natural boundaries (watersheds, air quality basins, fire terrain, SGMA basins, flood plains, etc) become more so?

- 6. Other comments by individual LAFCos
- 7. Feedback for CALAFCO
- 8. Wrap up and thank you