



Local Agency Formation Commission
LAFCO of Napa County

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December 3, 2007
Agenda Item No. 6b

November 26, 2007

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

**SUBJECT: Napa-Berryessa Resort Improvement District:
Sphere of Influence Review (Public Hearing)**

The Commission will receive a written report representing the sphere of influence review of the Napa-Berryessa Resort Improvement District. The Commission will consider a draft resolution approving the recommendation of the written report to affirm with no changes the District's existing sphere.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires Local Agency Formation Commissions (LAFCOs) to review each city and special district's sphere of influence by January 1, 2008 and every five years thereafter as necessary. A sphere is a planning tool used by LAFCO to designate the probable physical boundary and service area of the affected local agency. Change of organizations, such as annexations or detachments, must be consistent with the spheres of the affected local agencies. In order to review a local agency's sphere, LAFCO must prepare municipal services reviews to determine the availability and adequacy of services in the region. The collective purpose of these reviews is to inform and direct LAFCOs in their legislative mandate to coordinate the orderly development of local agencies and services in a manner that meets the present and future needs of the community.

Discussion

Between 2004 and 2006, LAFCO of Napa County completed two countywide municipal service reviews on public water and sewer service providers. Both municipal service reviews evaluated the water and sewer services provided by the Napa-Berryessa Resort Improvement District. The municipal service reviews culminated with LAFCO adopting determinations making statements on a range of service and governance issues relating to the District. Notably, this included a determination for LAFCO to conduct a governance study to evaluate the options and merits of reorganizing or consolidating the District with other special districts serving the Lake Berryessa region.

Jack Gingles, Chair
Mayor, City of Calistoga

Juliana Inman, Commissioner
Councilmember, City of Napa

Cindy Coffey, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Vice-Chair
County of Napa Supervisor, 1st District

Bill Dodd, Commissioner
County of Napa Supervisor, 4th 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

Based on the information collected and analyzed during the municipal service reviews, staff has prepared the attached written report representing the sphere review of the District. The report recommends that no changes to the sphere are warranted until the above-mentioned governance study has been completed. Towards this end, the attached draft resolution codifies the recommendation of the written report and is being presented for Commission consideration. The draft resolution includes statements addressing the four planning factors the Commission is required to consider anytime its makes a sphere determination. The adoption of the draft resolution would fulfill the Commission's sphere review requirement for the District through 2012.

Recommendation

It is recommended for the Commission to take the following actions:

- 1) Receive and file the attached written report representing the sphere of influence review of the Napa-Berryessa Resort Improvement District; and
- 2) Approve the form for the attached draft resolution with any desired changes that make statements with respect to affirming the sphere of influence with no changes for the Napa-Berryessa Resort Improvement District pursuant to California Government Code §56425.

Respectfully submitted,

Keene Simonds
Executive Officer

Attachments:

- 1) Sphere of Influence Review: Final Report
- 2) Draft Resolution

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

NAPA-BERRYESSA RESORT IMPROVEMENT DISTRICT SPHERE OF INFLUENCE REVIEW

**Final Report
December 2007**

Prepared by:

LAFCO of Napa County

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.

Jack Gingles, Chair, City Member
Brad Wagenknecht, Vice-Chair, County Member
Bill Dodd, Commissioner, County Member
Juliana Inman, Commissioner, City Member
Brian J. Kelly, Commissioner, Public Member
Cindy Coffey, Alternate Commissioner, City Member
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Gregory Rodeno, Alternate Commissioner, Public Member

Keene Simonds, Executive Officer
Jackie Gong, Commission Counsel
Kathy Mabry, Commission Secretary



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INTRODUCTION

Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are responsible for administering California Government Code §56000 et seq., which is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCOs are delegated regulatory and planning responsibilities to coordinate the orderly formation and development of local governmental agencies and services, preserve agricultural and open-space resources, and discourage urban sprawl. Duties include regulating governmental boundary changes through annexations or detachments, approving or disapproving city incorporations, and forming, consolidating, or dissolving special districts. LAFCOs are also responsible for conducting studies that address a range of service and governance issues to inform and direct regional planning activities and objectives. LAFCOs are located in all 58 counties in California.

Spheres of Influence

A principal planning responsibility for LAFCO is the determination of a sphere of influence (“sphere”) for each city and special district under its jurisdiction.¹ California Government Code §56076 defines a sphere as “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.” LAFCO establishes, amends, and updates spheres to indicate to local agencies and property owners that, at some future date, a specific area will likely require the services provided by the affected agency. The sphere determination also indicates the agency LAFCO believes is best situated to serve the affected area. LAFCO is required to review each agency’s sphere by January 1, 2008 and every five years thereafter as needed.

In establishing, amending, or updating a city or special district’s sphere, LAFCO is required to prepare written statements addressing four specific planning factors. These planning factors, which are enumerated under California Government Code §56425(e), are intended to capture the legislative intent of the sphere determination with regard to coordinating the logical and orderly development of each local agency. These planning factors are:

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

¹ LAFCOs have been required to determine spheres for cities and special districts since 1972.

In addition, when reviewing a sphere for a special district, LAFCO must also do the following:

- Require the special district to file a written statement with the Commission specifying the functions or classes of services it provides.
- Establish the nature, location, and extent of any functions or classes of services provided by the existing special district.

Beginning in 2001, to help inform the sphere review process, LAFCO is responsible for preparing a municipal service review. A municipal service review is a comprehensive evaluation of the level and range of governmental services provided by a local agency or within a defined area. The municipal service review culminates in the preparation of written determinations addressing nine specific factors enumerated under California Government Code §56430(a). These factors range from infrastructure needs or deficiencies to local governance and accountability. The municipal service review is a prerequisite to updating an agency's sphere and may also lead LAFCO to take other actions under its authority.

Napa-Berryessa Resort Improvement District

Between 2004 and 2006, LAFCO of Napa County completed two countywide municipal service reviews on public water and sewer service providers. Both municipal service reviews included evaluations of the level and range of water and sewer services provided by the Napa-Berryessa Resort Improvement District. The municipal service reviews culminated in the Commission adopting written determinations making statements on the adequacy of the District's water and sewer services pursuant to California Government Code §56430.² The municipal service reviews are available for viewing at the LAFCO office.

Drawing from the information collected as part of the municipal service reviews, this report represents the sphere review of the District as required under California Government Code §56425. The report considers whether changes to the sphere are warranted to coordinate the orderly development of the District in a manner that supports the provisions of California Government Code and the policies of the Commission.

² LAFCO Resolutions 04-23 and 06-10.

OVERVIEW

The Napa-Berryessa Resort Improvement District (NBRID) was formed in 1965 to provide a range of governmental services to Berryessa Highlands, a planned residential community located along the southern shoreline of Lake Berryessa in north Napa County. Initial development plans for Berryessa Highlands included the construction of approximately 1,700 residential units. Due to various factors, however, the development of Berryessa Highlands has been limited to two phases, “Unit One” and “Unit Two,” which collectively have included the creation of 561 lots. In addition, a 1971 amendment to its principal act has limited NBRID to providing only sewer and water services.

NBRID currently provides water and sewer services to 330 single-family residences located in Berryessa Highlands (320) and Oakridge Estates (10) with an estimated full-time resident population of 848.³ NBRID also provides water and sewer service to one commercial connection dedicated to the Steele Park Resort.⁴ It is estimated that the Steele Park Resort has a part-time resident service population of 586.⁵

NBRID is governed by the County of Napa Board of Supervisors. Supervisors are elected by district voting and serve staggered four-year terms. NBRID is located entirely within the third supervisor district. Elections are based on a registered-voter system. At the direction of the Board, the County Public Works Department administers and operates NBRID’s sewer and water systems.

Napa-Berryessa Resort Improvement District	
Date Formed	1965
District Type:	Dependent
Enabling Legislation	Public Resources Code §13000-13233
Services Provided	Sewer Water

In April 2007, NBRID approved a 13.9 million dollar bond measure to fund specific improvements to its sewer and water systems. This includes upgrading NBRID’s sewer treatment facility to comply with the requirements of the California Regional Water Quality Control Board.⁶ The bond measure is secured by a voter-approved assessment levying each benefiting dwelling unit \$16,919, which is scheduled to be collected in equal annual payments over the next 30 years.

³ The population estimate has been calculated by LAFCO staff based on current number of NBRID sewer service connections (330) and multiplied by the average population per-household projection for Napa County (2.57) as determined by the California Department of Finance.

⁴ Steele Park Resort is one of seven concessionaries under contract with the United States Bureau of Reclamation to provide public recreational and commercial services at Lake Berryessa.

⁵ The Steele Park Resort allows tenets to live in their private mobile homes for up to 175 days per year. The part-time population projection for the Steele Park Resort is based on its total number of assigned equivalent dwelling units by the County Public Works Department (228) and multiplied by the population per household estimate (2.57) assigned to Napa County by the California Department of Finance for 2005.

⁶ NBRID has been operating under a Cease and Desist Order from RWQCB since October 2006 due to ongoing violations with the District’s wastewater discharge permit.

Sphere of Influence

Establishment

NBRID's sphere was established by LAFCO in 1985. LAFCO designated the sphere to include only Unit One and Unit Two of Berryessa Highlands as well as Steele Park Resort and certain adjacent lands expected to be developed for residential or recreational uses over the next 10 years. There have been no amendments to the sphere since its establishment in 1985.

Current Relationship to Jurisdictional Boundary

NBRID's sphere is approximately 509 acres in size and includes 555 unincorporated parcels. The sphere is substantially smaller than NBRID's jurisdictional boundary, which is approximately 1,899 acres in size and includes 620 unincorporated parcels.

- * A map depicting NBRID's sphere and jurisdictional boundary is provided in Attachment One.

Land Use Factors

NBRID is under the land use authority of the County. The County designates land located within and adjacent to NBRID as *Agriculture, Watershed and Open Space* or *Rural Residential*. These land use designations require minimum parcel sizes of 160 and 10 acres, respectively.⁷

As mentioned, development within NBRID has been primarily limited to Unit One and Unit Two of Berryessa Highlands. Markedly, only 320 of the 561 lots originally created in these units have been developed. Lands outside and adjacent to NBRID are primarily undeveloped.

- * A map depicting County land use designations within and surrounding NBRID is provided in Attachment Two.
- * A map depicting current land uses within and surrounding NBRID is provided in Attachment Three.

⁷ The County zones all lands located within Unit One and Unit Two of Berryessa Estates as *Planned Development*. This zoning assignment establishes standards to integrate residential, commercial, and common-space uses. The remaining lands in NBRID are primarily zoned *Residential County*, which provides standards for low-density single-family residential uses. All lands outside and adjacent to NBRID are zoned *Agriculture Watershed*. This zoning assignment establishes standards to discourage urban development and protect existing agriculture, open-space, and natural uses.

DISCUSSION

Pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the objective of this report is to identify and evaluate areas that warrant consideration for inclusion or removal from NBRID's sphere as part of a comprehensive review. Underlying this effort is to designate the sphere in a manner that promotes the orderly development of NBRID in a manner that supports the provisions of California Government Code and the policies of the Commission.

As noted, a sphere is defined as "the probable physical boundaries and service area of a local agency, as determined by the commission." Underscoring this definition is the tenet that the sphere coordinate the logical development of the agency while protecting agricultural and open-space resources and advantageously providing for the present and future needs of the community. The Commission's "Policy Declarations" emphasizes its commitment to these concepts and includes a statement that a special district's sphere shall reflect its existing and planned service facilities and exclude lands designated as agricultural or open-space to protect against premature urban development. The Policy Determinations also state that the Commission will use the County General Plan to determine agricultural and open-space designations.

California Government Code §56425 requires the Commission to review and update each local agency's sphere by January 1, 2008 and every five years thereafter as needed. It has been the practice of this Commission to review and update each local agency's sphere in a manner that emphasizes a probable five-year service area.

ANALYSIS

In establishing the sphere in 1985, LAFCO adopted a set of policies designating NBRID as an urban service provider and specified that future sphere expansions be limited to areas that are developed or planned for development at a "suburban density." The Commission also specified that sphere expansions be limited to areas capable of receiving an adequate level of water and sewer services. Additionally, the Commission determined that NBRID should be reorganized into a community services district in order to provide a greater range of governmental services within its jurisdictional boundary.

The analysis conducted as part of the earlier municipal service reviews identified the need for NBRID to make a number of improvements to its aging sewer and water systems. The municipal service reviews also recognized NBRID's limitations in generating revenues to operate and make timely improvements to its infrastructure due to the lack of planned development within Berryessa Highlands. In particular, the lack of planned development in Berryessa Highlands has created a confined customer base that diminishes the ability of NBRID to establish economies of scale with respect to spreading out service costs. Accordingly, the municipal service reviews determined the need for LAFCO to conduct a governance study to evaluate the options and merits of reorganizing or consolidating NBRID with other special districts serving the Lake Berryessa region. It is expected that LAFCO will initiate the governance study by April 2008.

A review of NBRID's current sphere indicates that changes may be appropriate to address, among other issues, the current discrepancy with its jurisdictional boundary. However, in the absence of completing the referenced governance study, any changes to NBRID's existing sphere appear premature at this time.

RECOMMENDATION

It is recommended that the Commission affirm with no changes NBRID's existing sphere. Pursuant to California Government Code §56425(e), the following statements have been prepared in support of the recommendation:

1. The present and planned land uses in the area (sphere), including agricultural and open-space lands.

The present and future land uses in the area are planned for by the County of Napa as the affected land use authority. The County General Plan and associated zoning assignments provide for the current and future residential uses that characterize the majority of the area.

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

The Napa-Berryessa Resort Improvement District provides water and sewer services within the area. These services are needed to support existing and future residential uses and protect public health and safety in the area.

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

The Napa-Berryessa Resort Improvement District's sewer and water systems are operating near capacity. Improvements are needed to help ensure the ability of the District to adequately meet current and future service demands. These services were comprehensively evaluated by LAFCO as part of recent municipal service reviews.

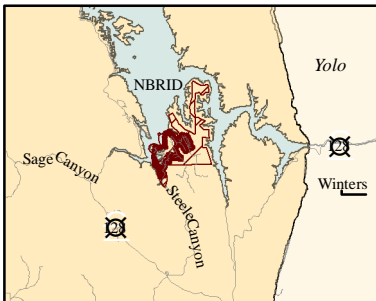
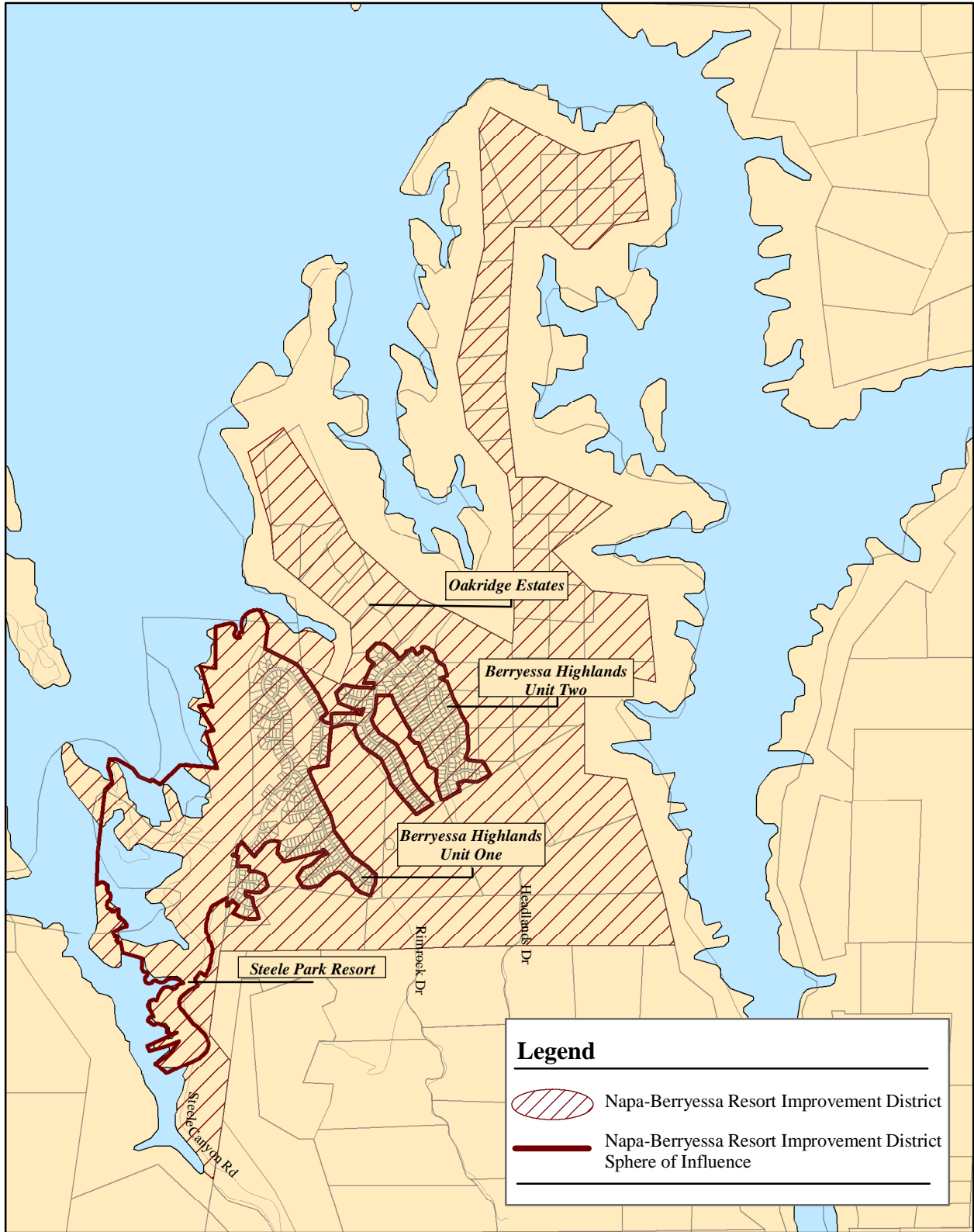
4. The existence of any social or economic communities of interest in the area (sphere) if the commission determines that they are relevant to the agency.

The area includes the entire developed portion of Berryessa Highlands and the Steele Park Resort. This community shares social and economic interdependences that are generally distinct from neighboring areas.

Attachments:

- 1) Map: NBRID's sphere and jurisdictional boundary
- 2) Map: County land use designations within and surrounding NBRID
- ~~3) Map: Current land uses within and surrounding NBRID~~

Napa-Berryessa Resort Improvement District

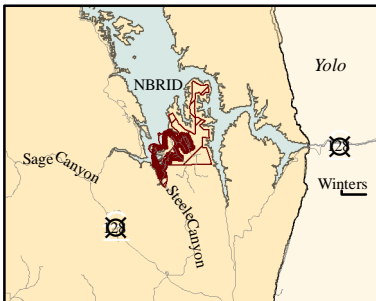
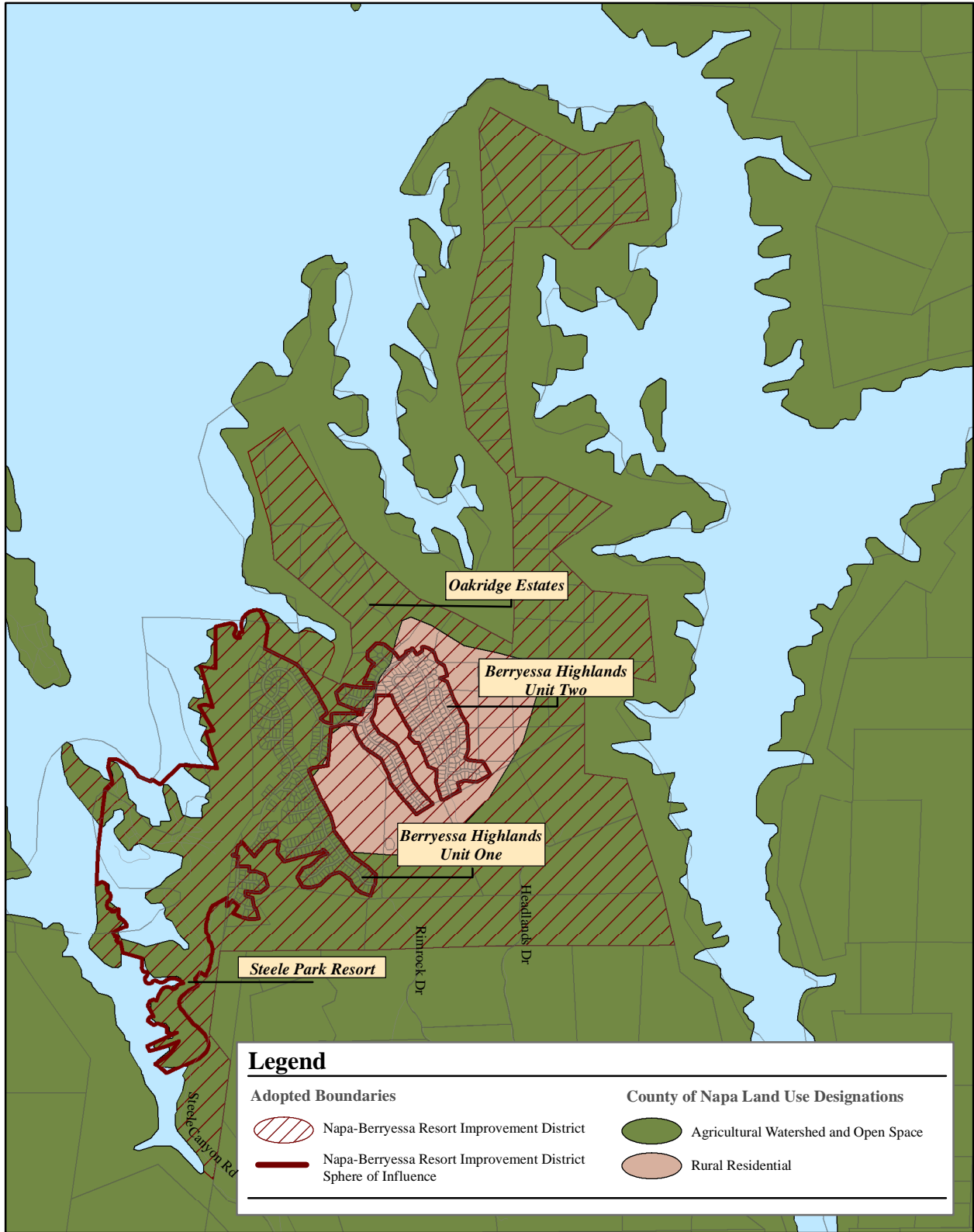


*Not to Scale
November 19, 2007
Prepared by KS*



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