



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

June 3, 2013
Agenda Item No. 8b (Discussion)

May 27, 2013

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Profile Report on Mutual Water Companies in Napa County

The Commission will receive a profile report on mutual water companies operating in Napa County. The profile report has been prepared in response to the recent enactment of Assembly Bill 54 and identifies each mutual water company's service area along with basic service information. The profile report is being presented for discussion and information only.

Local Agency Formation Commissions (LAFCOs) are responsible for regulating the formation and development of local governmental agencies and their municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). LAFCOs inform their regulatory powers through various planning activities, including preparing studies. The Legislature, notably, directs LAFCOs to make studies and to obtain and furnish information in contributing to the logical and reasonable development of local agencies so as to advantageously provide for the needs of each county and its communities.

A. Background

As of December 31, 2012, mutual water companies are now required to file maps of their service area boundaries with LAFCOs. This requirement was one of many new directives established by Assembly Bill 54 (Solorio) collectively aimed at increasing governmental review with respect to the management and operations of mutual water companies. The Legislation also recommends and encourages LAFCOs to include mutual water companies in their quinquennial municipal service reviews, and in turn directs these companies to comply with related information requests. Other notable directives tied to this legislation – albeit outside LAFCOs' purview – include setting minimum fund balance requirements for mutual water companies as well as mandating ongoing ethics training for all board members.

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Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

B. Discussion

In response to the enactment of AB 54, staff has prepared a profile report on mutual water companies currently operating in Napa County. The profile report largely draws on information provided by the affected mutual water companies – nearly all of whom provided the Commission with details of their service areas by the referenced deadline – and supplemented by information on file from past inquiries. The profile report includes boundary maps along with baseline service information, such as formation dates, supply sources, and estimated service populations.

With respect to pertinent takeaways, the profile report identifies there are 14 mutual water companies currently operating in Napa County based on applying the new and broad definition established under AB 54.¹ The profile report notes these 14 mutual water companies collectively provide domestic water service to an estimated service population of 2,250 residents with the majority operating in or near the unincorporated communities of Angwin and Deer Park. The largest is Howell Mountain Mutual Water Company with an estimated service population of 1,500 residents in Angwin.

Consistent with the legislative intent of AB 54, staff will post a copy of the profile report on the Commission’s website. Staff will also make available digital files for all 14 mutual water companies’ service boundaries for public use and viewing on the County of Napa’s geographic information system. Additionally, staff will update the profile report periodically as new information merits.

C. Commission Review

Commissioners are encouraged to discuss and provide feedback on the report. This includes providing direction to staff with respect to any additional inquiries if needed.

Attachment:

- 1) Profile Report

¹ AB 54 defines “mutual water company” to mean any corporation or business that sells, distributes, supplies, or delivers water for potable or irrigation purposes only to owners of its shares that are appurtenant to certain lands. Accordingly, in layman terms, a private water service provider qualifies as a mutual water company if water service is an explicit right tied to land ownership.



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
Political Subdivision of the State of California

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

MUTUAL WATER COMPANIES IN NAPA COUNTY
Prepared in Accordance with Assembly Bill 54

June 2013



LAFCO of Napa County
Overseeing the
logical formation and development
of cities and special districts.

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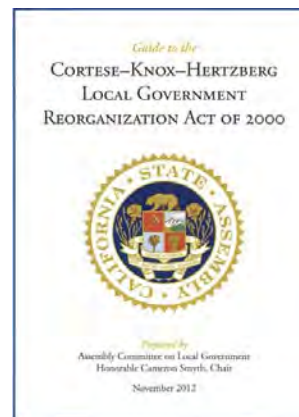
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I. INTRODUCTION

1.0 Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOs) were established in 1963 as political subdivisions of the State of California and are responsible for providing regional growth management services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”).¹ LAFCOs are located in all 58 counties in California and are delegated three distinct responsibilities to (a) regulate, (b) plan, and (c) study the logical formation and development of local governmental agencies and municipal services. Towards this end, LAFCOs are commonly referred to as the Legislature’s “watchdog” for local governance issues. Underlying LAFCOs regulatory and planning powers is fulfilling specific 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. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

1.1 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility includes approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.² LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs’ regulatory authority as of January 1, 2013.

LAFCOs’ Regulatory Authority	
• City Incorporations and Disincorporations	• City and District Annexations
• District Formations and Dissolutions	• City and District Detachments
• City and District Consolidations	• Merge/Establish Subsidiary Districts
• City and District Outside Service Extensions	• District Service Activations or Divestitures

¹ Reference California Government Code Section 56000 et seq.

² CKH defines “city” to mean any incorporated chartered or general law city. This includes any city the name of which includes the word “town”. CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

1.2 Planning Responsibilities

LAFCOs inform their prescribed regulatory actions through two central and interrelated planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a central planning function of LAFCOs since 1971 and effectively serve as the Legislature’s version of “urban growth boundaries” with regard to delineating the appropriate interface between urban and non urban uses. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted in 2001 as part of CKH and are intended to inform – among other activities – sphere determinations.³ The Legislature mandates, pertinently, all sphere changes be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with community needs.⁴

1.3 Study Responsibilities

The Legislature has directed LAFCO since its inception to prepare and make available studies contributing towards the appropriate development of local agencies and their municipal services to advantageously address the present and future needs of local communities. LAFCOs are afforded broad discretion in exercising their study responsibilities with occasional direction by the Legislature to consider certain topics of statewide interest. Standing examples of this latter direction have included evaluating governance alternatives, reviewing the need for municipal services in unincorporated areas, identifying and protecting prime agricultural lands, and the relationship between local growth management and environmental justice. More recently, the Legislature has assigned increasing interest in directing LAFCOs to consider the role and provision of private water services within their respective counties as it relates to supporting growth and development.

2.0 Assembly Bill 54 / Mutual Water Companies

With the preceding context in mind, the Legislature recently enacted a series of amendments to various statutes – CKH included – to establish formal reporting relationships between LAFCOs and mutual water companies; the latter representing entities formed as general or non-profit corporations that provide domestic water service only to owners of its shares and appurtenant to specified lands. This legislation, notably, was enacted by AB 54 for the explicit purpose of improving mutual water companies’ accountability to the public and requires these entities to file maps of their service areas with LAFCOs by December 31, 2012. The legislation also requires mutual water companies to provide service information to LAFCOs as requested along with board members completing mandatory training. LAFCOs are also now encouraged to expand the scope of the municipal service review process to consider local mutual water companies.

AB 54 directs mutual water companies to file boundary maps with LAFCOs; it also encourages LAFCOs to consider these entities in municipal service reviews.

³ LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.

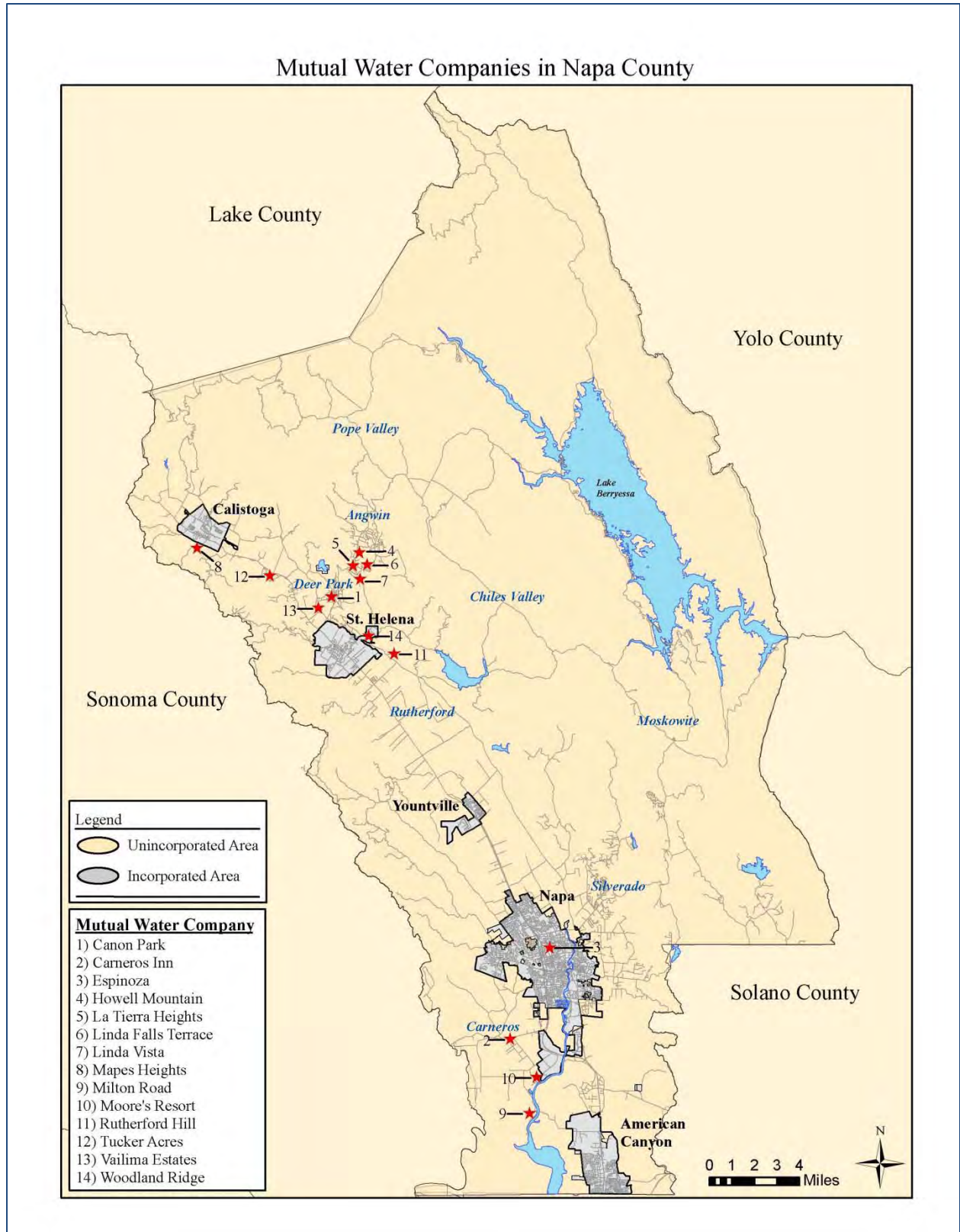
⁴ Municipal service reviews are comprehensive studies of the availability and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies.

2.1 Mutual Water Companies in Napa County

In accordance with meeting the legislative intent of AB 54, this report identifies and provides basic background information concerning existing mutual water companies operating in Napa County. Staff has incorporated the expanded definition for mutual water companies provided under the legislation in identifying and contacting each entity for purposes of establishing formal lines of communication going forward. These efforts and information collected therein provide:

- There are 14 mutual water companies currently operating in Napa County that collectively provide domestic water service to an estimated service population of 2,250 residents.
- The majority of local mutual water companies were formed between 1960s and 1980s.
- The oldest local mutual water company currently operating is Tucker Acres and it was formed in 1948.
- The newest local mutual water company currently operating is Carneros Inn and it was formed in 2007.
- The majority of local mutual water companies operate in or near the unincorporated communities of Angwin and Deer Park.
- A sizable portion of local mutual water companies are affiliated with homeowners associations and appear to have matching board rosters.
- All except two local mutual water companies are located in the unincorporated area.
- All except one local mutual water company is dependent on groundwater as their sole supply.
- The largest local mutual water company is Howell Mountain with an estimated service population of 1,500 in the Angwin area.
- The smallest mutual water company is Mapes Heights with an estimated service population of 16 located southwest of the City of Calistoga.

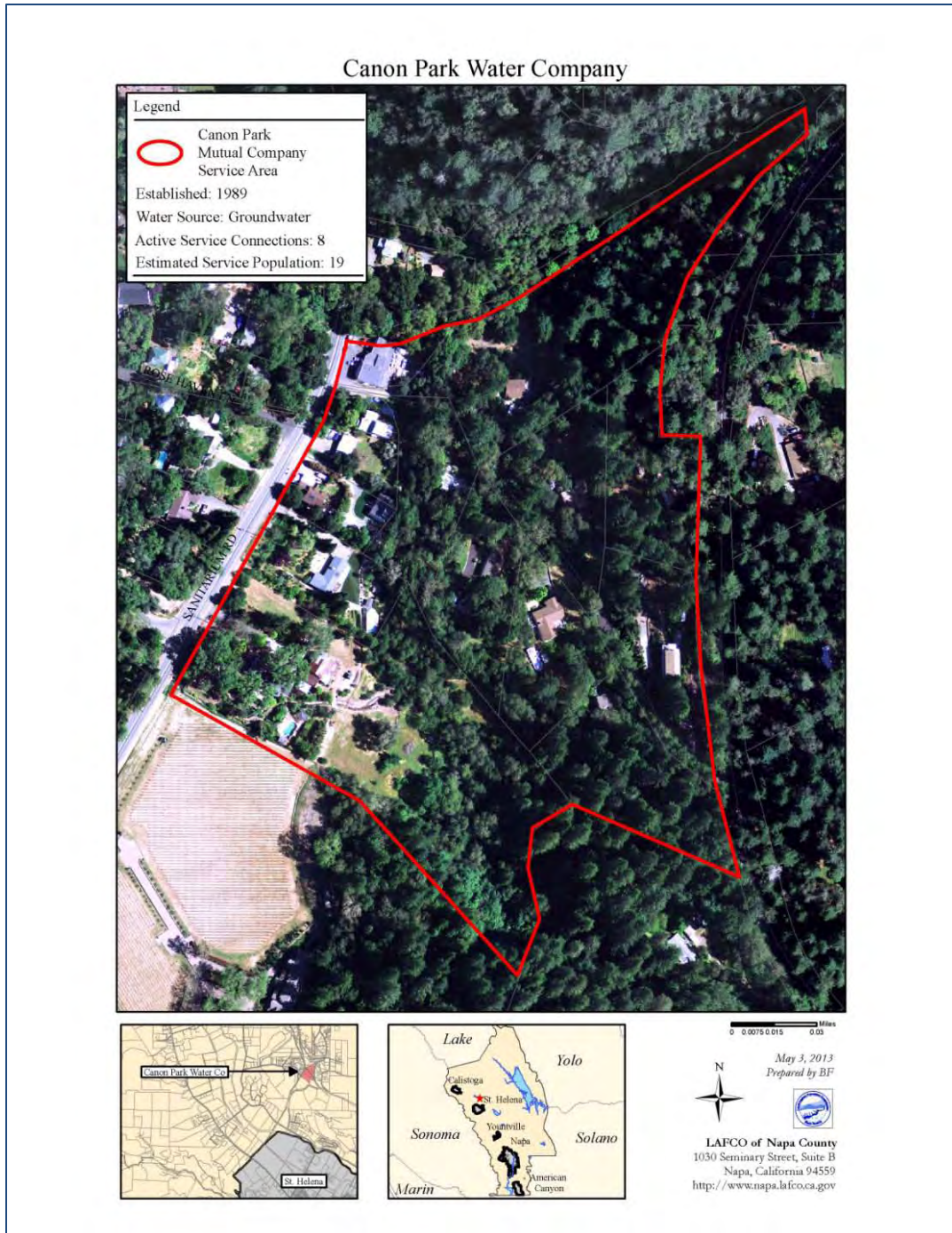
A countywide map depicting all 14 local mutual water companies is provided on the following page. Maps and basic service information for each local mutual water company in alphabetical order are provided in the succeeding section. This documentation, importantly, has been prepared by LAFCO staff with opportunities for all local mutual water companies to provide comment and revision as needed. Any subsequent revisions identified will be incorporated into a revised report.



II. MUTUAL WATER COMPANY PROFILES

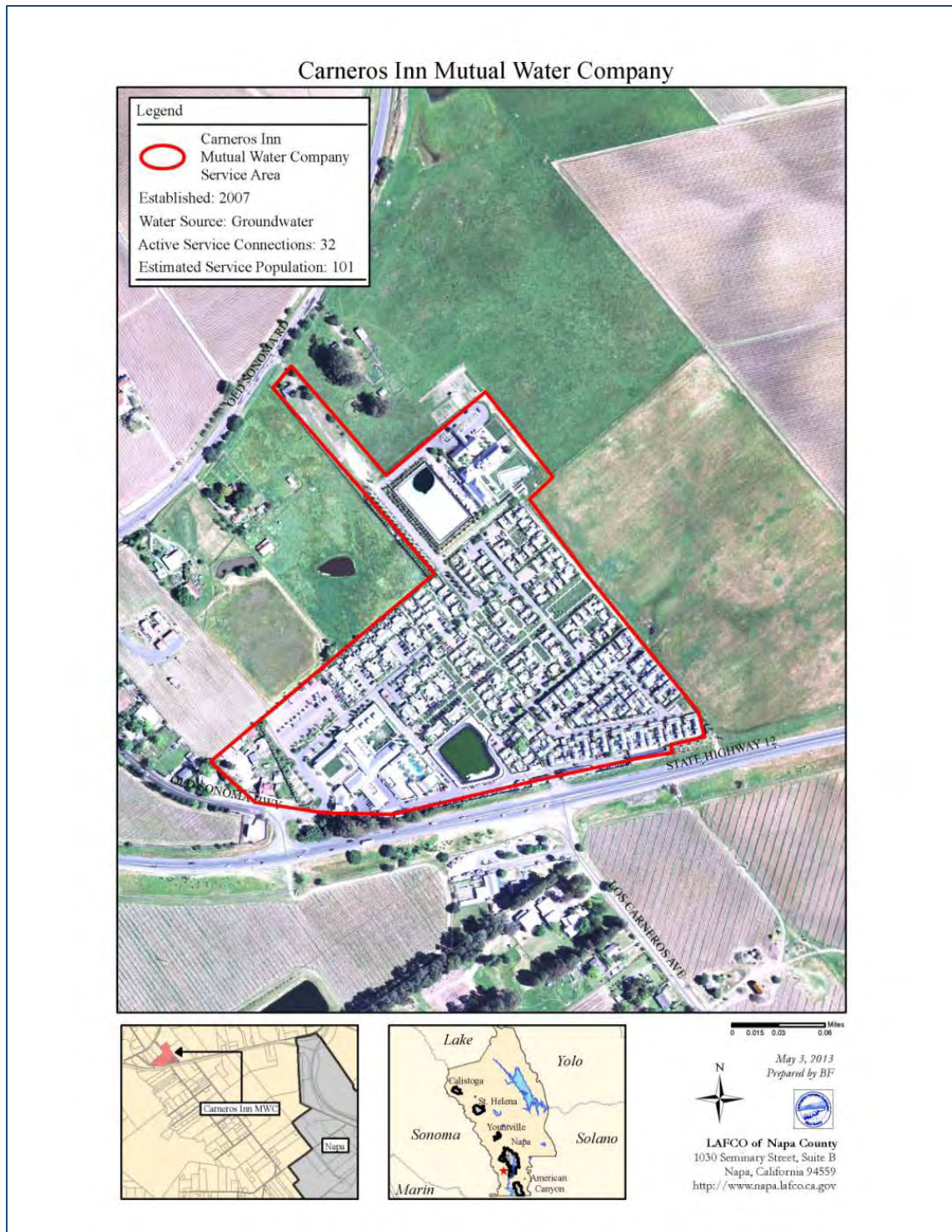
1.0 Canon Park Mutual Water Company

This mutual water company was formed in 1989 with an approximate service area of 19.2 acres located in the unincorporated community of Deer Park. They currently provide domestic water service entirely for residential uses with eight total connections resulting in an estimated resident service population of 19. Water is drawn from one groundwater well.



2.0 Carneros Inn Mutual Water Company

This mutual water company was formed in 2007 with an approximate service area of 24.4 acres located in the unincorporated community of Carneros. They currently provide domestic water service for transient lodging and seasonal residential uses with 32 total connections resulting in an estimated resident service population of 101. Water is drawn from two groundwater wells.



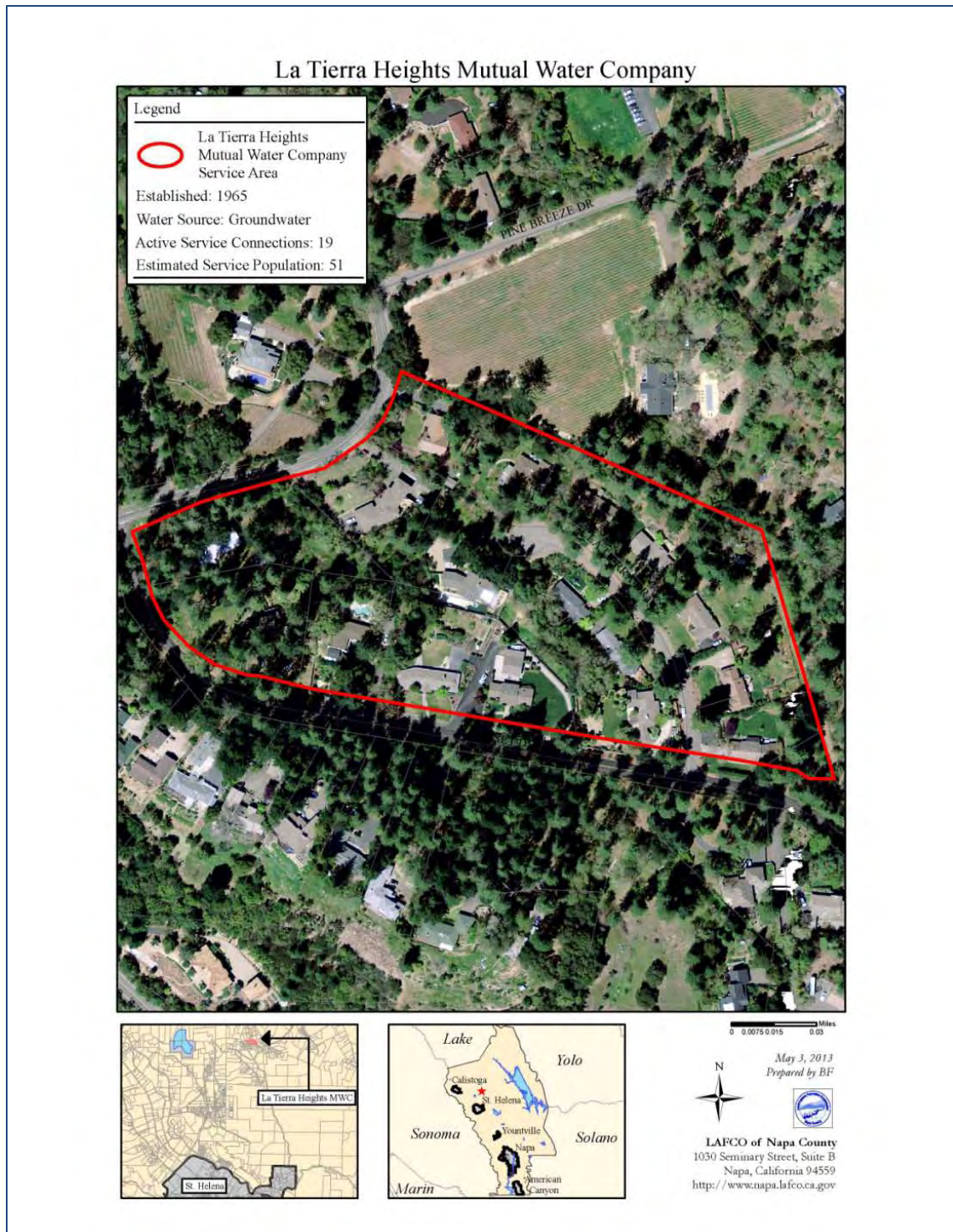
3.0 Espinoza Water System

This mutual water company was formed in 1984 with an approximate service area of 0.9 acres located in the City of Napa. They currently provide domestic water service for commercial and residential uses with 11 total connections resulting in an estimated resident service population of 30. Water is drawn from one groundwater well.



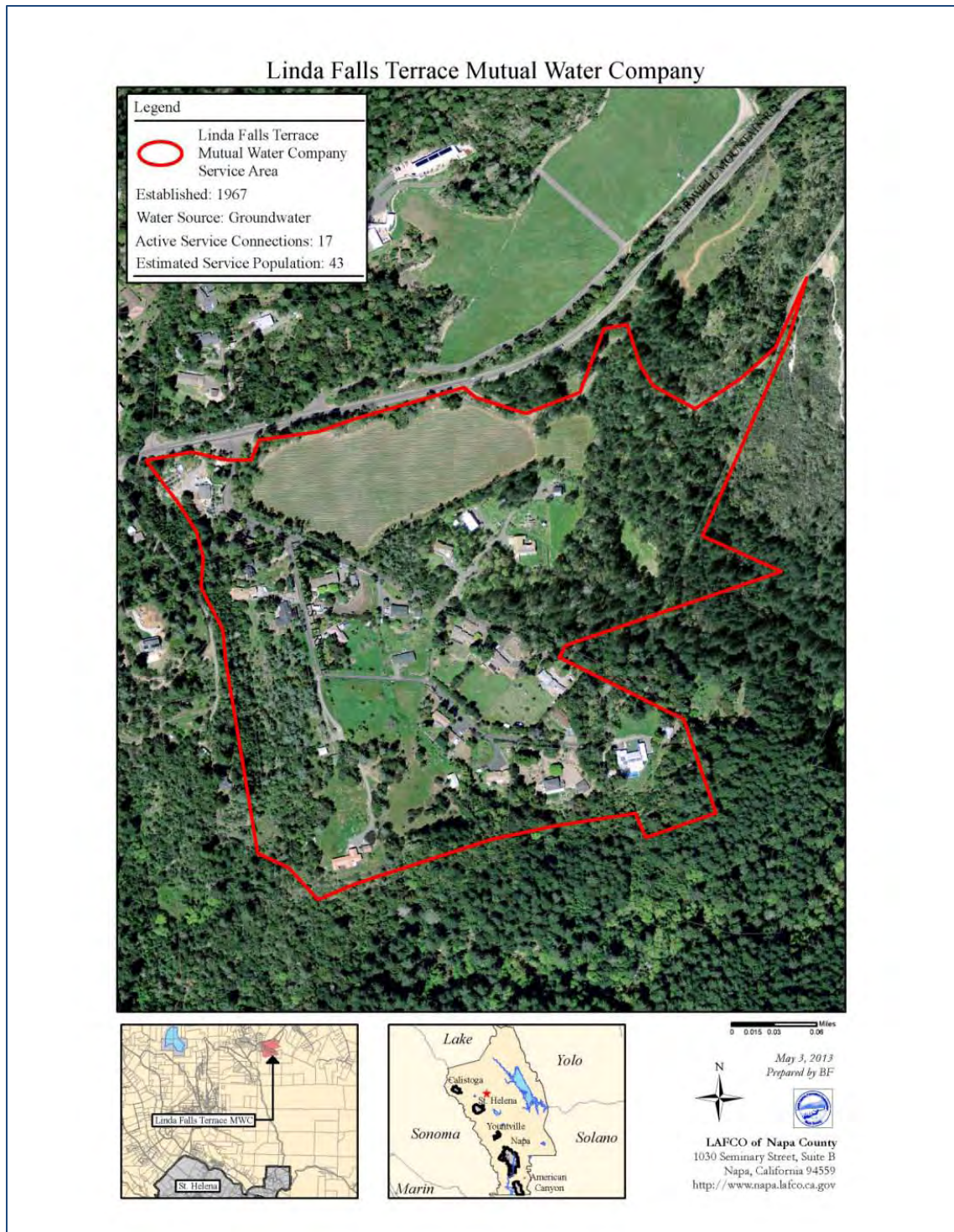
5.0 La Tierra Heights Mutual Water Company

This mutual water company was formed in 1965 with an approximate service area of 11.9 acres located in the unincorporated community of Angwin. They currently provide domestic water service entirely for residential uses with 19 total connections resulting in an estimated resident service population of 51. Water is drawn from two groundwater wells.



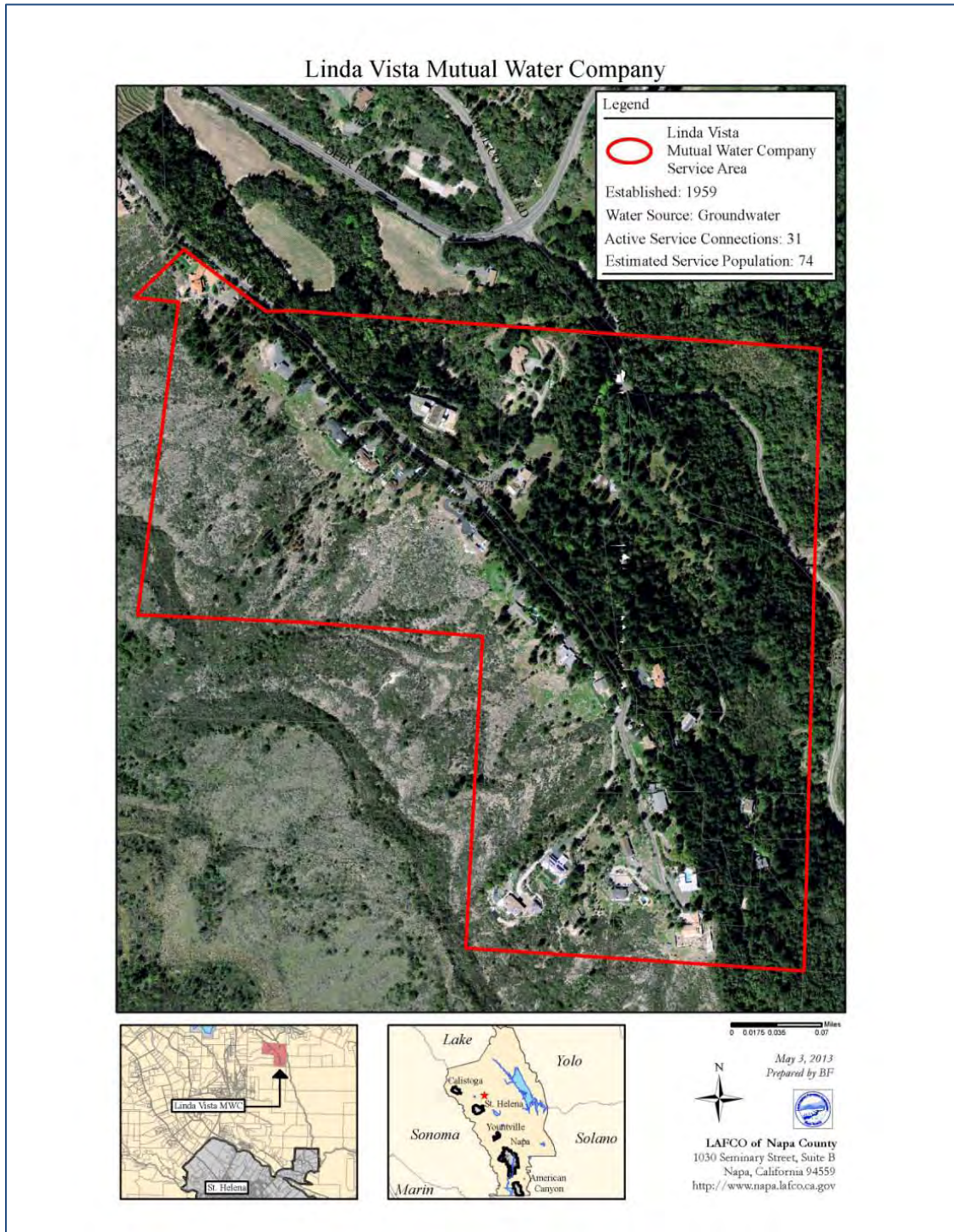
6.0 Linda Falls Terrace Mutual Water Company

This mutual water company was formed in 1967 with an approximate service area of 62.7 acres located in the unincorporated community of Angwin. They currently provide domestic water service entirely for residential uses with 17 total connections resulting in an estimated resident service population of 43. Water is drawn from two groundwater wells.



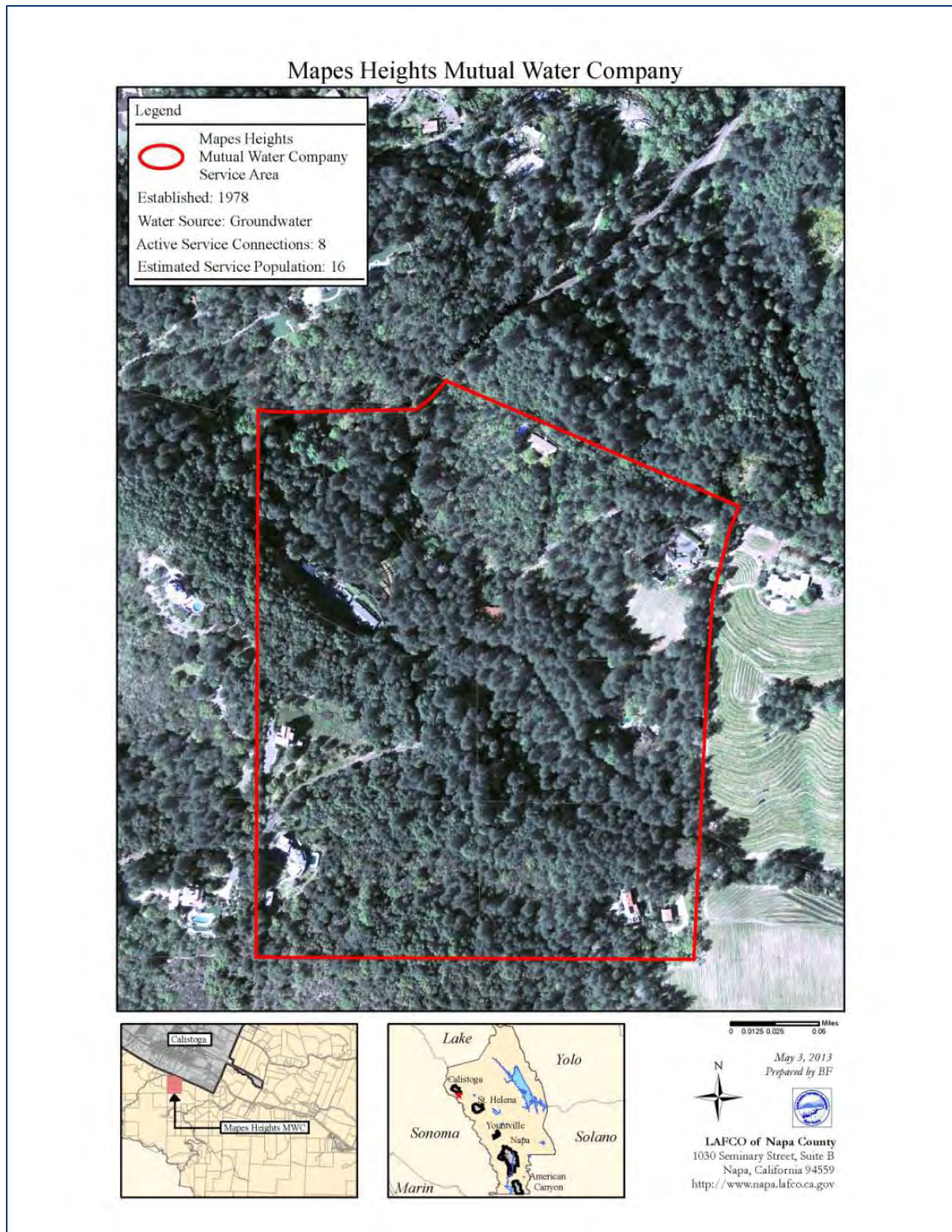
7.0 Linda Vista Mutual Water Company

This mutual water company was formed in 1959 with an approximate service area of 120.3 acres located in the unincorporated community of Angwin. They currently provide domestic water service entirely for residential uses with 31 total connections resulting in an estimated resident service population of 74. Water is drawn from two groundwater wells.



8.0 Mapes Heights Mutual Water Company

This mutual water company was formed in 1978 with an approximate service area of 47.3 acres located immediately southwest of the City of Calistoga. They currently provide domestic water service entirely for residential uses with eight total connections resulting in an estimated resident service population of 16. Water is drawn from two groundwater wells.



9.0 Milton Road Water Company

This mutual water company was formed in 1993 with an approximate service area of 3.7 acres located west of the City of American Canyon. They currently provide domestic water service entirely for residential uses with 26 total connections resulting in an estimated resident service population of 55. Water is drawn from one groundwater well.



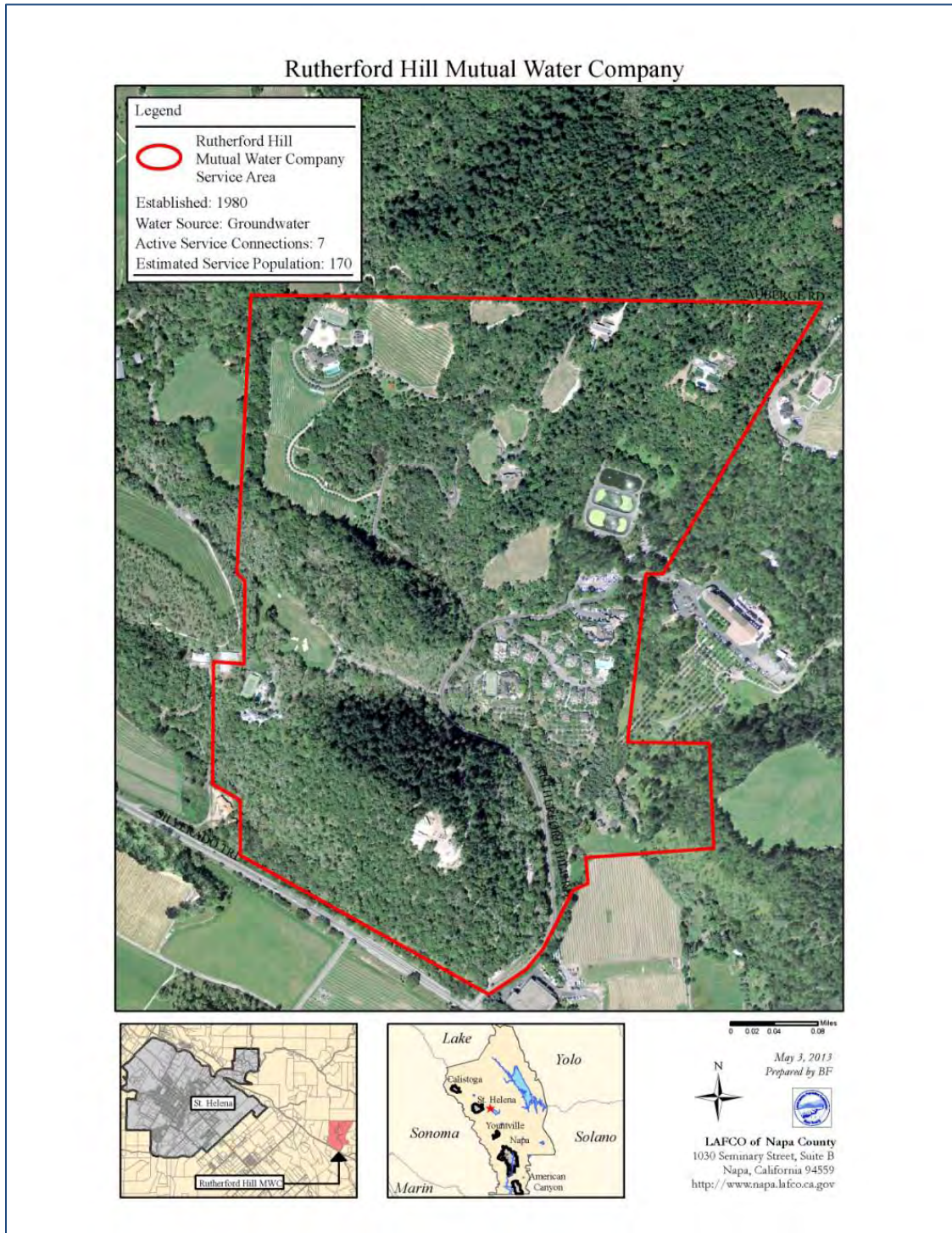
10.0 Moore's Resort Water System

This mutual water company was formed in 2002 with an approximate service area of 38.1 acres located immediately southwest of the City of Napa. They currently provide domestic water service entirely for residential uses with 20 total connections resulting in an estimated resident service population of 70. Water is drawn from one groundwater well.



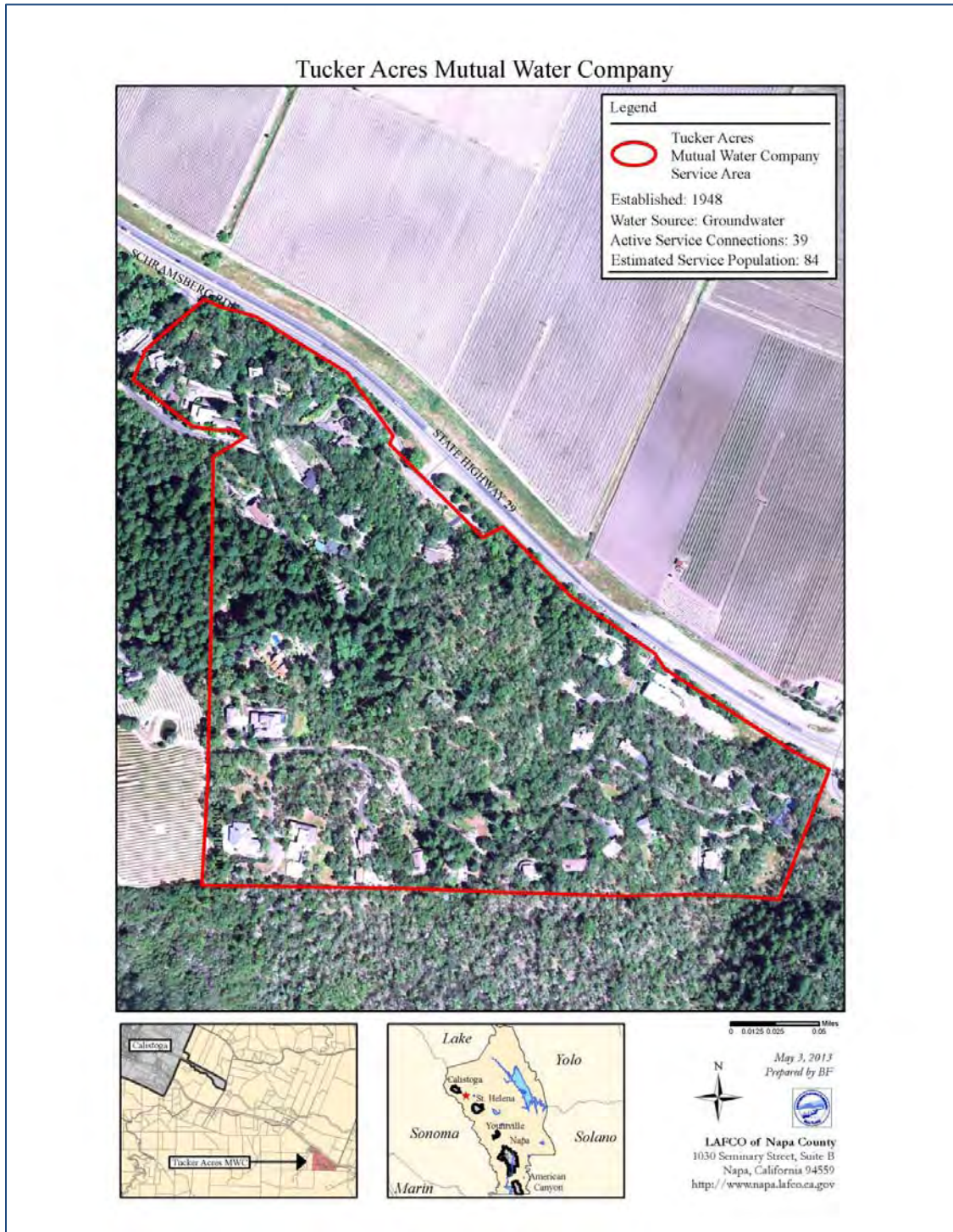
11.0 Rutherford Hill Mutual Water Company

This mutual water company was formed in 1980 with an approximate service area of 151.3 acres located in the unincorporated community of Rutherford. They currently provide domestic water service for agricultural and residential uses with seven total connections resulting in an estimated resident service population of 170. Water is drawn from two groundwater wells.



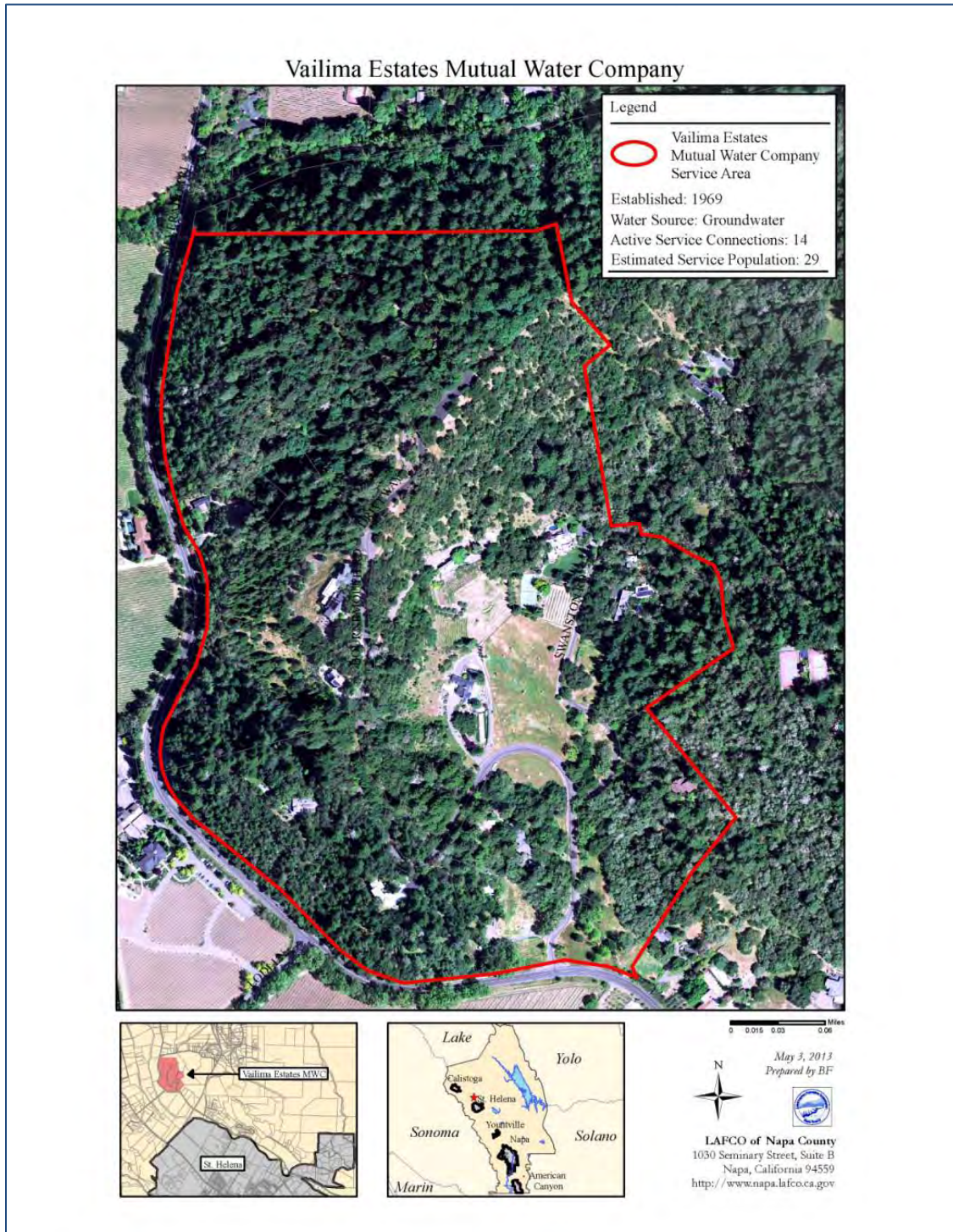
12.0 Tucker Acres Mutual Water Company

This mutual water company was formed in 1948 with an approximate service area of 38.3 acres located southeast of the City of Calistoga. They currently provide domestic water service for agricultural and residential uses with 39 total connections resulting in an estimated resident service population of 84. Water is drawn from two groundwater wells.



13.0 Vailima Estates Mutual Water Company

This mutual water company was formed in 1969 with an approximate service area of 81.2 acres located north of the City of St. Helena. They currently provide domestic water service entirely for residential uses with 14 total connections resulting in an estimated resident service population of 29. Water is drawn from one groundwater well.



14.0 Woodland Ridge Mutual Water Company

This mutual water company was formed in 1985 with an approximate service area of 47.3 acres located in the City of St. Helena. They currently provide domestic water service entirely for residential uses with nine total connections resulting in an estimated resident service population of 22. Water is drawn from two groundwater wells.

