



**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*

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**Agenda Item 9a (Discussion)**

**TO:** Local Agency Formation Commission

**PREPARED BY:** Brendon Freeman, Executive Officer

**MEETING DATE:** June 5, 2017

**SUBJECT:** Draft Municipal Service Review and Sphere of Influence Update for the Congress Valley Water District

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**RECOMMENDATION**

It is recommended the Commission discuss the attached draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Congress Valley Water District (CVWD) and provide direction for possible further development of the draft report prior to public hearing and action on a final report at a future meeting.

**BACKGROUND AND SUMMARY**

In accordance with its adopted Work Program, staff has prepared a draft report representing its scheduled MSR and SOI Update for CVWD. The draft report succeeds the last MSR prepared for CVWD that was completed as part of the Central County Region MSR in April 2014. The most recent SOI Update for CVWD was completed in February 2008.

The draft report provides information regarding CVWD's formation, population and growth, organizational structure, municipal service provision, financial standing, and study areas for possible inclusion or exclusion from the District's SOI. The draft report includes determinations addressing the factors required for the MSR and SOI Update mandates as well as a recommendation to remove approximately 10.6 acres of non-jurisdictional territory from CVWD's SOI. A copy of the draft report was made available to the public for review on May 24, 2017. Comments on the draft report are welcome through June 26, 2017.

Commissioners are encouraged to provide feedback to staff on the scope and contents of the draft report. This may include requesting additional analysis. Unless otherwise directed, staff anticipates presenting a final report, with or without revisions, to the Commission for consideration at its August 7, 2017 meeting.

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Juliana Inman, Commissioner  
Councilmember, City of Napa

Margie Mohler, Commissioner  
Councilmember, Town of Yountville

Kenneth Leary, Alternate Commissioner  
Councilmember, City of American Canyon

Brad Wagenknecht, Chair  
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Representative of the General Public

Gregory Rodeno, Alternate Commissioner  
Representative of the General Public

Brendon Freeman  
*Executive Officer*

### ***SOI Study Areas***

The SOI Update for CVWD is predicated on adhering to the policies of the Commission when considering the District's role in providing water service in support of rural residential, agricultural, and winery uses in the unincorporated Congress Valley community. This involves considering the community's current and future need for public water service from CVWD relative to the District's ability to provide service efficiently and in a manner consistent with sensible land uses. Accordingly, the SOI Update for CVWD identifies and evaluates three study areas for potential inclusion within, or removal from, CVWD's SOI. The three study areas are described below along with preliminary staff recommendations for each area.

- ***Buhman Avenue Study Area***

The Buhman Avenue Study Area consists of nine unincorporated parcels located along Buhman Avenue south of Congress Valley Road. The area is approximately 131.6 acres in size and entirely within CVWD's defined water service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the area. Existing land uses within the area include three single-family residences, one winery, and planted vineyards. John Stewart, representing the landowner of three parcels within the area referred to as the "Forloine properties", has submitted a letter that summarizes groundwater deficiencies in the area and includes a request for the area to be added to CVWD's SOI (Attachment Two).

Before the Commission could add the area to CVWD's SOI, additional environmental analysis in the form of an initial study and likely a negative declaration would be needed to satisfy the requirements of the California Environmental Quality Act (CEQA). A categorical exemption could potentially be available if any parcels added to CVWD's SOI are first entered into easements that restrict future development of a winery on any of the properties.

Additionally, inclusion of the area within CVWD's SOI is arguably inconsistent with the Commission's adopted policies regarding inclusion of lands designated for an agricultural land use within a special district's SOI for purposes of urban development through the extension of essential public services. Based on these factors, staff recommends no changes to CVWD's SOI for the area.

- ***Old Sonoma Road Study Area***

The Old Sonoma Road Study Area consists of 34 unincorporated parcels located along Old Sonoma Road south of Congress Valley Road. The area is approximately 67.0 acres in size and outside of CVWD's defined water service area. The County of Napa has assigned an *Agricultural Resource* General Plan land use designation and *Agricultural Watershed, Commercial Limited, and Planned Development* zoning standards for the area. Existing land uses within the area include the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes.

Before the Commission can add the area to CVWD's SOI, additional environmental analysis in the form of an initial study and likely a negative declaration would need to be prepared to satisfy the requirements of CEQA.

Additionally, inclusion of the area within CVWD's SOI is arguably inconsistent with the Commission's adopted policies regarding inclusion of lands designated for an agricultural land use within a special district's SOI for purposes of urban development through the extension of essential public services. Based on these factors, staff recommends no changes to CVWD's SOI for the area.

- ***Southeast Study Area***

The Southeast Study Area consists of a 10.6-acre portion of one unincorporated parcel located outside CVWD's jurisdictional boundary and water contract service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the area. The area is currently undeveloped and there are no existing plans for development of the property. Further, the area does not receive water service from CVWD. The area was previously added to CVWD's SOI in 2008 in error as a result of confusion regarding the extent of the District's jurisdictional boundary. Based on these factors, staff recommends the Commission take formal action to remove the area from CVWD's SOI.

## **ATTACHMENTS**

- 1) Draft Municipal Service Review and Sphere of Influence Update for CVWD
- 2) Letter from John Stewart (Dated November 29, 2016)

# Attachment One



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

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

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**CONGRESS VALLEY WATER DISTRICT**  
**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**  
Prepared in accordance with Government Code Sections 56425 and 56430

**Draft Report**  
May 24, 2017



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

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**Commissioners**

Brad Wagenknecht, Chair, County Member  
Brian J. Kelly, Vice Chair, Public Member  
Diane Dillon, Commissioner, County Member  
Juliana Inman, Commissioner, City Member  
Margie Mohler, Commissioner, City Member  
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## **I. INTRODUCTION**

### **A. Local Agency Formation Commissions**

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California and are responsible for administering a section of Government Code known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCOs are located in all 58 counties in California and delegated regulatory and planning responsibilities to coordinate the logical formation and development of local governmental agencies and their services while protecting agricultural and open space resources.

### **B. Municipal Service Reviews**

As part of the aforementioned Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, LAFCOs are required to prepare municipal service reviews in conjunction with updating each local agency's sphere of influence ("sphere") every five years as needed. The legislative intent of municipal service reviews is to inform LAFCOs with regard to the availability and sufficiency of governmental services provided within their respective jurisdictions prior to making sphere determinations. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic region. Municipal service reviews may also lead LAFCO to take other actions under its authority, such as initiating a reorganization involving two or more special districts. All municipal service reviews, however, must include written statements making determinations pursuant to Government Code (G.C.) Section 56340.

### **C. Sphere of Influence Updates**

A central planning responsibility for LAFCO is the determination of a sphere for each city and special district under its jurisdiction. LAFCO establishes, amends, and updates spheres to designate the territory it believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. All jurisdictional changes, such as annexations and detachments, as well as outside service extensions, must be consistent with the spheres of the affected local agencies with limited exceptions. In making a sphere determination, LAFCO must prepare written statements pursuant to G.C. Section 56425. The intent in preparing the written statements is to capture the legislative intent of the sphere determination with regard to coordinating the sensible development of each local agency consistent with the anticipated needs of the affected community.

### **D. Congress Valley Water District**

This report represents LAFCO of Napa County's ("Commission") scheduled municipal service review and sphere update for the Congress Valley Water District (CVWD). The report is organized into two principal sections. The first section is an executive summary that includes determinations addressing the factors required for both the municipal service review and sphere update mandates. The second section provides a comprehensive review of CVWD in terms of its formation, population and growth, organizational structure, municipal service provision, and financial standing.



## **II. EXECUTIVE SUMMARY**

### **A. Municipal Service Review**

The municipal service review indicates CVWD has generally established adequate administrative, service, and financial capacities to provide an appropriate level of public water services within the unincorporated Congress Valley community. These capacities appear relatively sufficient to continue providing effective services in the near term based on local needs and conditions. Importantly, the adequacy of these capacities is predicated on CVWD's ability to maintain its current contractual relationship with the City of Napa, which currently provides the District's water supply. CVWD serves an important role in terms of providing reliable water service in support of existing rural residential and agricultural development in Congress Valley.

The following statements address the factors prescribed for consideration as part of the municipal service review process under G.C. Section 56430. These statements are based on information collected and analyzed in the agency review provided on pages 10 to 21.

#### **1. Growth and population projections for the affected area.**

- a) CVWD's permanent resident population growth rate over the next five years will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous five years, rising from 3.3% to 4.8%. The substantive result of these assumptions would be a permanent resident population of 261 by 2022.
- b) The County's General Plan Housing Element anticipates a growth rate correlated to the growth of jobs in Napa County. Recent public information provided by the Director of Planning, Building, and Environmental Services established that the County is well below projected housing growth rates. This fact indicates that there is an increasing disparity between planned and actual housing availability in the unincorporated areas. While there are some parcels within CVWD that do not currently contain developed housing units, there are not a significant number of such undeveloped parcels.
- c) CVWD's population density is estimated at 113 residents for every square mile. This amount represents 218% of the average density rate for all unincorporated lands. Comparatively, CVWD's population density represents only 3% of the average density rate for the adjacent incorporated community of the City of Napa. These density estimates suggest CVWD's population characteristics are significantly more aligned with unincorporated Napa County as opposed to the City.

#### **2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

- a) No disadvantaged unincorporated communities have been identified within or contiguous to CVWD's sphere.

**3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

- a) The City of Napa provides water supply on a contractual basis within the CVWD service area through 2022. CVWD's water distribution system has been improved to the City of Napa's standards in recent years. The City of Napa's sources of water supply are sufficient to continue to provide service to CVWD's service area and other areas served by the City of Napa.
- b) The water supply contract anticipated that certain areas would be served by CVWD that are not currently within the District's sphere. The intended service area is depicted on the map attached to the water supply contract. Based on recent water demands, there is sufficient water supply available to serve all properties located within the water supply contract, including existing and anticipated development.
- c) The Buhman Avenue Study Area has a present need for water service. Adding all or portions of the Buhman Avenue Study Area to CVWD's sphere would allow for annexations and future connections to the District's public water distribution system. Connecting to the water system would likely require a looped water supply system that would enhance system reliability as well as provide the ability to improve and maintain water quality in the southern portion of the service area.
- d) The Carneros Resort and Spa, Carneros Cottages, and Carneros Homes have a present need for water service. Adding these properties to CVWD's sphere may not be feasible based on ambiguity regarding the Commission's adopted policies. However, CVWD could provide public water service to these properties that are located outside CVWD's jurisdictional boundary and sphere in the future pursuant to G.C. Section 56133.5. The extension of water service to these properties would support existing uses in a manner that would not result in either (1) adverse impacts on open space or agricultural lands or (2) growth inducing impacts. The extension of water service under G.C. Section 56133.5 would need to be authorized by the Commission. This process would require CVWD and the City of Napa to amend the water supply contract to allow the District to provide water service to commercial properties and amend the contract service area map to include the area to be served.

**4. Financial ability of agencies to provide services.**

- a) Effective January 1, 2018, water rate charged by the City of Napa within CVWD will be equal to the City of Napa's rate for customers outside the City of Napa's jurisdiction. This water rate is sufficient to support CVWD's operating expenditures into the immediate future.
- b) CVWD has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2013-2014 fiscal year marked the largest end-of-year surplus at \$59,501.

**5. Status and opportunities for shared facilities.**

- a) CVWD shares facilities and services with the City of Napa, which operates all of the District's facilities pursuant to the water supply contract.

**6. Accountability for community service needs, including governmental structure and operational efficiencies.**

- a) The City of Napa provides water service within CVWD. There are no alternative sources of public water service currently available to CVWD. The CVWD Board of Directors does not control provision of water service within its boundaries beyond the terms of the water supply contract with the City of Napa. Like all other water customers in unincorporated areas served by the City of Napa, CVWD residents are not eligible to run for office or vote in elections in the City of Napa. The CVWD governing board can work with the City of Napa as a locally elected organization on behalf of its residents on an advocacy basis.
- b) The primary function of CVWD, and the cause for its formation over half a century ago, was to provide water service to an area of known groundwater deficiency. The water supply contract between the City of Napa and CVWD, developed in the late 1980's, provided water supply availability for the area envisioned by the then Board of Directors of the CVWD. As local residents, CVWD's Board had a unique perspective with respect to the needs of their community. The water contract service area was established in the current configuration based on these community needs.
- c) CVWD does not currently have a website. CVWD should consider developing a website that would include meeting agendas, minutes, Board of Directors information, Board meeting details, annual budgets, and basic financial statements.
- d) CVWD, the City of Napa, the County of Napa, and LAFCO should convene no later than 2020 for purposes of determining the appropriate long-term service arrangement for the Congress Valley community. This includes determining whether it would be appropriate for CVWD to initiate dissolution proceedings and transition formal service responsibility to the City of Napa.

**7. Relationship with regional growth goals and policies.**

- a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of CVWD with regional growth.

## **B. Sphere of Influence Update**

G.C. Section 56425 requires the Commission to review and update each local agency's sphere every five years as needed. It has been the practice of the Commission to review and update each local agency's sphere in a manner that emphasizes a probable five-year service area. Based on information identified and evaluated in this report, one change to CVWD's sphere appears warranted. The recommended change involves the removal of approximately 10.6 acres of non-jurisdictional lands identified in this report as the Southeast Study Area. The Southeast Study Area was previously added to CVWD's sphere in 2008 in error as a result of confusion at that time regarding the extent of the District's jurisdictional boundary. This recommended sphere update is supported by the following statements.

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

- a) The County of Napa General Plan designates all lands within CVWD's sphere as *Agriculture, Watershed and Open Space*. The County has zoned all lands within CVWD's sphere as *Agricultural Watershed*. These designations are consistent with the present and planned land uses in CVWD's sphere.
- b) The Southeast Study Area comprises a portion of an unincorporated parcel located in the southeast portion of CVWD's sphere. The Southeast Study Area is approximately 10.6 acres in size and located outside CVWD's jurisdictional boundary and water contract service area. The area is currently undeveloped and there are no existing plans for development of the property.

### **2. Present and probable need for public facilities and services in the area.**

- a) Lands with CVWD's existing sphere currently receive a rural residential level of public water service from the District. The probable need for new public water service includes two distinct categories. First, lands located within CVWD's sphere and outside the District's jurisdictional boundary are expected to eventually annex and connect to the water distribution system. Second, certain lands located outside CVWD's sphere have communicated a need for public water service to supplement or replace existing groundwater supplies that are deficient in terms of quality and quantity. There is no present or probable need for public facilities or services for the Southeast Study Area.
- b) Lands within CVWD's sphere currently receive a rural level of public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, and are considered adequate to meet the needs of the area. There are no existing plans to extend an urban level of other public services into CVWD. However, additional services CVWD could directly provide in the future include sewage collection and disposal, fire protection, emergency medical, storm drainage, land reclamation, and hydroelectric power generation and transmission. These additional services are currently latent and would require Commission approval to activate. CVWD currently does not have any plans or the capacity to supply such services.

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

- a) CVWD presently provides public water service to the majority of lands within its sphere. CVWD has established adequate service capacities and administrative controls to continue to provide and/or extend new water services within its sphere without constructing significant infrastructure or impacting service to existing customers.
- b) CVWD's water distribution system is presently inadequate to serve the Southeast Study Area. The nearest potential point of connection is approximately 2,000 feet to the northwest at Old Sonoma Road. Future connection would require annexation and infrastructure improvements that are not currently being contemplated by CVWD or the property owner.

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

- a) Lands within CVWD's sphere are part of a distinct community separated from the City of Napa by hills to the north and east. The area shares similar social, economic, geographic, and land use characteristics with the Carneros region located south of the Sonoma Highway. Lands within CVWD's sphere include similar agricultural and rural residential land uses that strengthen communities of interests with the District.
- b) The Southeast Study Area shares social and economic ties with CVWD to a certain degree. The Southeast Study Area is contiguous to CVWD's jurisdictional boundary and consists of agricultural land uses. However, the Southeast Study Area is undeveloped with no permanent residents and comprises a portion of a larger parcel that is divided by CVWD's existing sphere.

**5. The present and probable need for public water service of any disadvantaged unincorporated communities within the existing sphere.**

- a) No disadvantaged unincorporated communities have been identified within or contiguous to CVWD's sphere.

### III. AGENCY REVIEW

#### 1.0 Agency Profile

District Name:	Congress Valley Water District
Type of District:	County Water District
Principal Act:	CA Water Code Section 30000 (County Water District Act)
Functions/Services:	Agricultural and residential water service
Main Office:	None
Website:	None
District Secretary:	Kiersten Bjorkman
Email:	<a href="mailto:kierstenlarae@yahoo.com">kierstenlarae@yahoo.com</a>
Phone No.:	(707) 256-0344
Governing Body:	Five Member Board (registered resident-voter system)
Meeting Schedule:	Second Monday of every month at 5:30 p.m.
Meeting Location:	Napa County Land Trust 1700 Soscol Avenue, #20 Napa, CA 94559
Date of Formation:	1949
Principal County:	Napa County
District Boundary:	1,398 acres
District Sphere:	1,580 acres
2016-2017 Budget:	\$112,600
District Board Members:	Tim Josten, President Jeanine Layland, Vice President Cindy Colo Ginger Lee Peter Edridge

## **2.0 Overview**

CVWD was formed in 1949 and provides water service through a contract with the City of Napa (“the City”) to the unincorporated community of Congress Valley; an agricultural and rural residential area located immediately west of the City. CVWD’s formation was directly followed by the City agreeing to provide annual water supplies so long as the District constructed its own distribution system with an intertie to the City. CVWD is an independent special district governed by five elected members residing within the District. Staffing services are limited to one part-time secretary. CVWD’s jurisdictional boundary includes 1,398 acres of unincorporated lands with an estimated resident service population of 249. The adopted operating budget for 2016-2017 is \$112,600 with an unrestricted fund balance of \$704,108 as of June 30, 2016.

### ***2.1 Water Supply Contract***

CVWD’s existing water supply contract with the City was finalized in 1987 and coincided with a water distribution system upgrade that was completed in 1989.<sup>1</sup> The contract, which was amended by both parties in April 2017, provides CVWD with an annual allocation of 100 acre-feet of potable water through July 1, 2022 while limiting service to no more than 140 service connections to parcels of legal record at the time the contract was initiated. Water service may only be provided for domestic, agricultural, and winery purposes. The City agrees to charge CVWD a water usage fee concurrent with its rate for outside-city customers.<sup>2</sup> The City is responsible for the complete operation, maintenance, and eventual replacement of the distribution system as well as direct billing to CVWD customers. The contract specifies, no later than two years prior to the termination of the contract, CVWD shall initiate and facilitate discussions with the City, LAFCO, the County, and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within the District.

## **3.0 Adopted Boundaries**

CVWD’s adopted boundaries include the District’s jurisdictional boundary, sphere, and service area as defined in its contract with the City. Lands located within these boundaries generally share common economic and social interdependencies that are distinct from the City. Unincorporated lands within CVWD are primarily characterized by agricultural and rural residential uses. Lands to the immediate north of CVWD are incorporated and under the land use authority of the City. These incorporated lands include moderately dense residential uses in the “Browns Valley” neighborhood of the City. The City’s adopted growth boundary, the rural urban limit line, does not include any lands located in CVWD’s boundaries. CVWD’s jurisdictional boundary, sphere, and water contract service area are depicted in Figure One on page 14 and summarized below.

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<sup>1</sup> The water supply contract between CVWD and the City is included as Appendix A.

<sup>2</sup> CVWD applied a surcharge on water sales between 1987 and 1998. The District ended this practice following a recommendation by an outside consultant that it amend its rate schedule to be identical to the rate charged by the City to its inside-city customers. The consultant’s recommendation was prompted by a Napa County Grand Jury report highlighting the discrepancy between the two agencies’ water rates. As part of the contract amendments in 2017, the water rate will increase effective January 1, 2018 to be identical to the rate charged by the City to outside-city customers.

### 3.1 Jurisdictional Boundary

CVWD’s jurisdictional boundary is 2.2 square miles or 1,398 acres in size and includes 113 total assessor parcels. The Commission has approved only one boundary change to CVWD since 1963 involving the addition of 11.5 unincorporated acres; an amount representing less than one percent of the current jurisdictional boundary. This lone annexation occurred in 2010 and involved a developed lot located off of Old Sonoma Road.

CVWD Jurisdictional Boundary	
(Source: Napa LAFCO)	
Total Jurisdictional Acreage.....	1,398
Total Jurisdictional Parcels.....	113

### 3.2 Sphere of Influence

CVWD’s sphere was adopted by the Commission in 1985. The original sphere spanned 1.7 square miles or 1,090 acres and was the result of the Commission emphasizing three planning factors: service obligations, projected distribution system capacity, and need for future service.<sup>3</sup> The Commission adopted its first comprehensive update to CVWD’s sphere in 2008.<sup>4</sup> This update resulted in an expansion of CVWD’s sphere totaling 491 acres that comprised two distinct areas. The first area – approximately 316 acres in size – consisted of lands already within CVWD’s jurisdictional boundary that had been previously excluded from the sphere due to the capacity limitations associated with the District’s old distribution system.<sup>5</sup> The second area – approximately 175 acres in size – consisted of lands outside CVWD’s jurisdictional boundary and directly adjacent to the distribution system.<sup>6</sup> CVWD’s current sphere remains entirely unchanged from the 2008 update and presently encompasses 2.5 square miles or 1,580 acres and includes 118 total assessor parcels. Of this amount, there are four entire non-jurisdictional parcels and one portion of a non-jurisdictional parcel totaling 183 acres currently within the sphere that are eligible for annexation.

CVWD Sphere of Influence	
(Source: Napa LAFCO)	
Total Sphere Acreage.....	1,581
Total Sphere Parcels.....	118

<sup>3</sup> The original sphere included all jurisdictional lands with the exception of two parcels located at the western and southern border of CVWD, which were determined to be outside the range and capacity of the distribution system as it existed at that time. Certain parcels outside CVWD were also included based on their close proximity to the distribution system.

<sup>4</sup> The Commission approved one sphere amendment prior to the 2008 update, but it was later terminated. The approval was made in 1995 and involved two parcels located on the northeast side of Buhman Avenue south of its intersection with Congress Valley Road. Approval was conditioned on the affected property owners entering into an outside service agreement with CVWD. The outside service agreement was not executed within the one year deadline established by the Commission and the amendment was therefore terminated.

<sup>5</sup> As part of the sphere update in 2008, the Commission added a 10.6-acre portion of a parcel to CVWD’s sphere that was believed to be included in the District’s jurisdictional boundary. Staff has recently confirmed this portion of the parcel is not included in the tax rate area assigned to CVWD. Further, State Board of Equalization records indicate this portion of the parcel is located outside the District’s jurisdictional boundary.

<sup>6</sup> All but 37 acres included in the second area added to the sphere were also included in the “service area” established as part of CVWD’s contract with the City in 1987. Accordingly, the Commission also took action as part of the update to formally encourage CVWD and the City to review the contract and consider amending the defined service area to include the addition of the affected 37 acres.



### 3.3 Water Contract Service Area

The primary function of CVWD, and the cause for its formation over half a century ago, was to provide water service to an area of known groundwater deficiency. The water supply contract between the City of Napa and CVWD, developed in the late 1980’s, provided water supply availability for the area envisioned by the then Board of Directors of the CVWD. As local residents, CVWD’s Board had a unique perspective with respect to the needs of their community. The water contract service area was established in the current configuration based on these community needs.

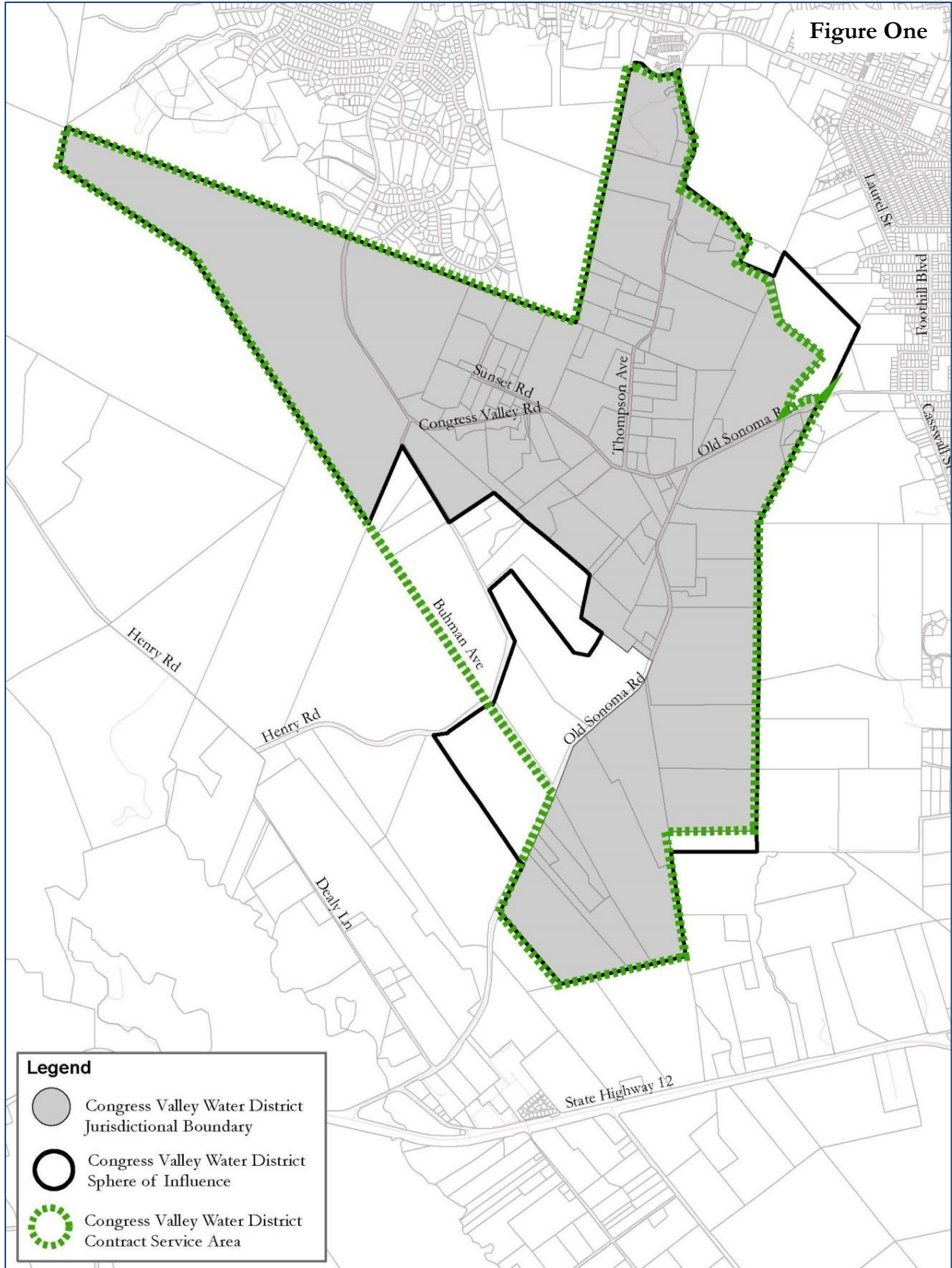
CVWD’s water supply contract with the City includes a service area that is distinct from the District’s jurisdictional boundary and sphere. CVWD’s contract service area presently encompasses 2.5 square miles or 1,620 acres and includes 124 total assessor parcels. Of this amount, there are a total of nine parcels located near Buhman Avenue that are currently outside CVWD’s boundary and sphere. CVWD and the City contemplated the extension of public water service to these nine parcels at the time the contract was initiated. However, these nine parcels are ineligible for annexation given that they are located outside CVWD’s sphere. Further, there are two entire parcels and a portion of a third parcel collectively totaling 92.8 acres currently within the sphere that are located outside the contract service area; all of which were added to the sphere as part of the comprehensive update in 2008. There have been no changes to the service area since it was originally included in the water supply contract.

CVWD/City of Napa Contract Service Area (Source: Napa LAFCO)	
Total Contract Service Area Acreage.....	1,620
Total Contract Service Area Parcels.....	124

### 3.4 Land Use Authority

Current land uses within CVWD include agriculture (i.e. pasture and vineyards), single-family residences, and wineries. Congress Valley is under the land use authority of the County of Napa, which has designated all lands within CVWD’s boundary, sphere, and contract service area as *Agriculture, Watershed, and Open Space*, which requires a minimum parcel size of 160 acres. Further, the County has assigned an *Agricultural Watershed* zoning within the entire area. Notable land use allowances based on these land use regulations without requiring a permit from the County include the following:

- Agriculture
- One single-family dwelling unit per legal lot
- One second unit either attached to, or detached from, an existing legal residential dwelling unit
- One guest cottage
- Wineries and related accessory uses and structures which legally existed prior to July 31, 1974



## 4.0 Population and Growth

### 4.1 Population Trends

CVWD’s current resident population is estimated at 249 based on the total number of residential units within the District coupled with household population data published by the California Department of Finance for unincorporated Napa County. The overall resident population within CVWD has risen by 3.3% over the last five years, representing an annual 0.6% population increase. The following table depicts resident population estimates for CVWD over the last five years.

<b>CVWD Resident Population Estimates</b> (CA Department of Finance)					
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Trend</b>
241	243	245	247	249	3.3%

The County’s General Plan Housing Element anticipates a growth rate correlated to the growth of jobs in Napa County. Recent public information provided by the Director of Planning, Building and Environmental Services established that the County is well below projected housing growth rates. This fact indicates that there is an increasing disparity between planned and actual housing availability in the unincorporated areas. While there are some parcels within CVWD that do not currently contain developed housing units, there are not a significant number of such undeveloped parcels. With this in mind, and for purposes of this review, it is reasonable to assume CVWD’s resident population growth rate over the next five years will remain low with the addition of approximately one new single-family residence per year. These assumptions suggest CVWD’s resident population growth rate will minimally increase relative to the previous five years, rising from 3.3% to 3.6%. These projections represent an annual 0.7% population increase over the next five years. The substantive result of these projections would be a resident population of 261 by 2022.

<b>Projected CVWD Population Growth</b> (Napa LAFCO)					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Projected Trend</b>
251	254	256	259	261	3.6%

## 4.2 Population Density

CVWD’s population density is estimated at 113 residents for every square mile. This amount represents 218% of the average density rate for all unincorporated lands. Comparatively, CVWD’s population density represents only 3% of the average density rate for the adjacent incorporated community of the City of Napa. These density estimates suggest CVWD’s population characteristics are significantly more aligned with unincorporated Napa County as opposed to the City.

Population Density (CA Department of Finance / Napa LAFCO)			
Category	Population	Land Area (Square Miles)	Density (Pop. / Sq. Mi.)
CVWD	249	2.2	113.2
Unincorporated Napa County	26,907	756.8	35.6
City of Napa	80,576	18.2	4,427.3

## 5.0 Organizational Structure

### 5.1 Governance

CVWD’s governance authority is provided under California Water Code, Division 12, Section 30000 – the County Water District Act (“principal act”). CVWD has been governed since its formation in 1949 by a five-member Board whom are elected at large or appointed in lieu of candidate filings by the County Board of Supervisors. All Board members serve staggered four year terms with a President and Vice President annually selected among peers. CVWD elections are based on a registered resident-voter system. The principal act specifies operations can be financed through user charges, general taxes, and voter-approved assessments. Regular meetings are held on the second Monday of each month at 5:30 P.M. at the Napa County Land Trust’s Administrative Office.

### 5.2 Administration

CVWD appoints an at-will and part-time District Secretary to oversee all agency activities, including providing accounting services and coordinating service requests with the City’s Water Division. The current District Secretary – Kiersten Bjorkman – operates out of a home office. The Water Division serves as General Manager for CVWD with designated staff continuously on-call to respond to reported emergencies. Legal services are provided by Coombs and Dunlap, LLP.

## 6.0 Municipal Services

CVWD provides one active service at this time: domestic water service. The following analysis focuses on evaluating the authority, availability, demand, and performance of CVWD’s water services relative to the Commission’s assessment of current and anticipated community needs.

### 6.1 Authorized Services

CVWD’s active municipal service provision is currently limited to any act necessary to furnish sufficient water in the District for any present or future beneficial use, including the storage, conservation, and operation of water works (Water Code Sections 31020-31022). All other municipal services that CVWD is authorized to provide pursuant to the principal act are latent and would require Commission approval to activate. The following municipal services are currently latent:

- The collection, treatment, and disposal of sewage, waste, and storm water
- Drain and reclaim lands within the district for any beneficial use
- Provide fire protection authorized under the Fire Protection Law of 1987
- Construct, maintain, or operate works or facilities for recreational activities
- Acquire, construct, or operate facilities for the collection and disposal of garbage and waste
- Construct, maintain, or operate hydroelectric power plants

### 6.2 Water Services

CVWD provides water services by way of a contract arrangement for water supplies and delivery with Napa’s Water Division. It is estimated CVWD currently serves an overall permanent resident population of 249.

#### Water Supply

CVWD’s water supply is generated from the supply of the City of Napa. Pursuant to its water supply contract with Napa, the District is annually allocated 100 acre-feet of potable water through July 1, 2022. Napa’s water supply is commingled between three sources: Lake Hennessey, Milliken Reservoir, and the State Water Project.

<b>CVWD’s Available Water Supplies</b>				
Amounts Shown in Acre-Feet (Source: Napa Water Division)				
<b>Water Source</b>	<b>Maximum (Assumes 100%)</b>	<b>Normal (Assumes 59%)</b>	<b>Multiple Dry Year (Assumes 38%)</b>	<b>Single Dry Year (Assumes 26%)</b>
City of Napa	100	59	38	26

#### Treatment Facilities

CVWD does not own, lease, or operate treatment facilities. Water delivered to CVWD is treated by the City. The City provides treatment of raw water drawn from its three surface sources at separate facilities; all of which are entirely owned and operated by the City and connected through a common distribution system. Although rarely operated all at once due to costs, the three water treatment plants’ combined maximum daily output totals 44 million gallons or 135 acre-feet.

Distribution System and Storage Facilities

CVWD’s distribution system receives and delivers potable water generated from the City’s distribution system. CVWD’s system consists of 8- to 12-inch water lines that are served by two connection points to the City’s water distribution system at Thompson Road and Stonebridge Drive/Sunset Road. CVWD is located within Napa’s “Browns Valley – Zone Four” in which water supply and pressure is served by the City’s 1.0 million gallon storage capacity B-Tank.

Service Connections

CVWD currently reports there are 99 active connections to the water system. Of this amount, six connections are located outside CVWD’s jurisdictional boundary. Total connections have increased by three percent over the last five calendar years. The following table summarizes recent and current service connections.

<b>Trend in Napa’s Water Connections</b> (Source: Napa Water Division)					
2012	2013	2014	2015	2016	Trend
96	96	97	98	99	3.1%

Recent Water Demands

CVWD currently provides water service to 99 total connections. Of this amount, 92 connections are residential and seven connections are agricultural. CVWD reports its current total water demand for the last completed calendar year was 42.4 acre-feet. This amount marks a 10.1 acre-foot decrease in annual demand over the last five years and represents an overall 19% water savings.<sup>7</sup> The reduction in water demands appears to be attributable to the City’s water conservation and rebate programs that are also directly applicable to CVWD customers.<sup>8</sup> Similar to trends in annual water demand, peak day usage has also decreased over the last five years from 0.29 to 0.23 acre-feet with the ratio between peak day and average day demand remaining constant at two-to-one. The following table summarizes recent trends in water demands over the last five years.

<b>Recent Trends in CVWD Water Demands</b> Amounts Shown in Acre-Feet (Source: Napa Water Division)						
Category	2012	2013	2014	2015	2016	Trends
Annual	52.5	61.6	56.4	46.3	42.4	(19.2%)
Average Day	0.14	0.17	0.15	0.13	0.12	(19.2%)
Average per Capita	0.22	0.25	0.23	0.19	0.17	(22.7%)
Peak Day	0.29	0.34	0.29	0.25	0.23	(19.2%)

<sup>7</sup> The five-year average annual water demand was 51.8 acre-feet.

<sup>8</sup> Pursuant to the water supply contract, CVWD agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by Napa.

Projected Water Demands

With respect to projecting future demands, and based on the preceding analysis, a reasonable and conservative assumption is to project CVWD’s water demand increasing by 0.7% annually over the next five years. This projection directly corresponds with the amount of new permanent resident population growth anticipated within CVWD and assumes the current ratio between peak day and average day demands will remain constant at two-to-one. The results of these assumptions would be a total annual water demand of 43.9 acre-feet with a peak day demand of 0.24 acre-feet in 2021. The following table summarizes projected water demands over the next five years.

<b>Projected CVWD Water Demands</b>						
Amounts Shown in Acre-Feet						
(Source: Napa LAFCO)						
<b>Category</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Trends</b>
Annual	42.7	43.0	43.3	43.6	43.9	2.8%
Average Day	0.12	0.12	0.12	0.12	0.12	2.8%
Average per Capita	0.17	0.17	0.17	0.17	0.17	(1.7%)
Peak Day	0.23	0.24	0.24	0.24	0.24	2.8%

**6.3 Service Needs and Deficiencies**

All properties within CVWD with existing water service connections are adequately served based on the previous discussion of available supply, current and future demands, and capacity. However, certain properties located within close proximity of CVWD but outside the District’s sphere have communicated a need for water service. The present need for public water service involving existing land uses near CVWD is further discussed in the sphere update section of this report.

Assembly Bill (AB) 402 was signed by Governor Jerry Brown in 2015 and became effective on January 1, 2016. AB 402 is codified under G.C. Section 56133.5 and created a five-year pilot program for Napa and San Bernardino LAFCOs that allows these two Commissions to authorize cities and special districts within their respective counties to provide services outside their boundaries and spheres to serve existing or planned uses.<sup>9</sup> A key prerequisite to utilizing AB 402 is for LAFCO to identify and evaluate the extension of service or services deficiency as part of a municipal service review prior to authorizing a new outside service agreement under this statute. AB 402 also requires LAFCO to determine pursuant to G.C. Section 56430 that the extension of service will not result in either (1) adverse impacts on open space or agricultural lands or (2) growth inducing impacts. Further, AB 402 requires LAFCO to determine that a sphere change involving the subject territory and its affected agency is not feasible under the provisions of the Cortese-Knox-Hertzberg Act or desirable based on the adopted policies of the Commission.

<sup>9</sup> AB 402 will be repealed in 2021.

## 7.0 Financial

### 7.1 Assets, Liabilities, and Equity

CVWD contracts with a private consulting firm to prepare an annual report following the end of each fiscal year summarizing the agency’s overall financial standing. The most recent report was prepared by Charles W. Pillon and includes audited financial statements identifying CVWD’s assets, liabilities, and net position as of June 30, 2016. These audited financial statements provide quantitative measurements in assessing CVWD’s short and long-term fiscal health and are summarized below.

#### ***Assets***

CVWD’s assets at the end of the 2015-2016 fiscal year totaled \$1.40 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented four-fifths of the total amount with the majority tied to cash and investments.<sup>10</sup> Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable capital assets.<sup>11</sup>

Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Current Assets	\$907,337	\$953,636	\$1,017,045	\$1,065,126	\$1,128,081
Non-Current Assets	\$366,393	\$342,639	\$319,165	\$295,690	\$272,215
Total Assets	\$1,273,730	\$1,296,275	\$1,336,210	\$1,360,816	\$1,400,296

#### ***Liabilities***

CVWD’s liabilities at the end of the 2015-2016 fiscal year totaled \$0.05 million. Current liabilities representing obligations owed within a year accounted for two-fifths of the total amount and primarily tied to debt payments due within the fiscal year. Non-current liabilities accounted for the remaining amount and are entirely tied to long-term debt.

Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Current Liabilities	\$19,088	\$20,343	\$20,018	\$21,223	\$21,784
Non-Current Liabilities	\$110,489	\$91,881	\$72,640	\$52,750	\$32,175
Total Liabilities	\$129,577	\$112,224	\$92,658	\$73,973	\$53,959

#### ***Equity***

CVWD’s equity, or net assets, at the end of the 2015-2016 fiscal year totaled \$1.35 million and represents the difference between the District’s total assets and liabilities. The end of year equity amount incorporates a \$0.94 million balance in unrestricted funds. This unrestricted fund balance is partially attributed to a 6% increase in CVWD’s cash in treasury over the last fiscal year.

Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Capital Assets Funds	\$234,695	\$229,479	\$225,146	\$221,445	\$218,393
Restricted Funds	\$221,392	\$208,940	\$196,487	\$203,925	\$192,158
Unrestricted Funds	\$688,066	\$745,632	\$821,919	\$861,473	\$935,786
Total Net Position	\$1,144,153	\$1,184,051	\$1,243,552	\$1,286,843	\$1,346,337

<sup>10</sup> Current assets include cash in treasury (\$1,095,972), taxes receivable (\$10,138), prepaid insurance (\$1,396), and restricted asset – cash – debt service (\$20,575).

<sup>11</sup> Non-current assets include depreciable assets (\$271,143), and loan administration costs (\$1,072).



CVWD’s financial statements for 2015-2016 reflect a positive change in its fiscal standing as its overall equity, or fund balance, increased by 4.6%. This increase in the overall fund balance is directly attributed to consistent increases in current assets paired with reductions in long-term liabilities over each of the last five years. No significant deficiencies or material weaknesses were identified with respect to CVWD’s financial statements.

Calculations performed assessing CVWD’s liquidity, capital, and profitability indicate the District finished 2015-2016 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given CVWD finished the fiscal year with sufficient current assets to cover its current liabilities nearly 52-to-one.<sup>12</sup> CVWD finished the fiscal year with minimal long-term debt as its net assets exceeded its non-current liabilities by a ratio of 42-to-one, reflecting a strong capital structure. An expanded discussion on revenues-to-expenses is provided in the following section.

**7.2 Revenue and Expense Trends**

A review of CVWD’s available audited revenues and expenses shows the District has finished each of the last five fiscal years with surpluses. CVWD finished the 2015-2016 fiscal year with a positive operating margin as revenues exceeded expenses by a ratio of 2.6-to-one. The 2013-2014 fiscal year marked the largest end-of-year surplus at \$59,501. The 2012-2013 fiscal year marked the smallest end-of-year surplus at \$39,898.

Category	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Revenues	\$87,964	\$84,880	\$99,310	\$85,683	\$97,171
Expenses	\$40,792	\$44,982	\$39,809	\$42,392	\$37,677
Difference	\$47,172	\$39,898	\$59,501	\$43,291	\$59,494

**7.3 Adopted Budget**

CVWD operates as an enterprise fund with user charges and other related customer fees explicitly intended to cover 100% of all operating costs. CVWD’s adopted budget for the 2016-2017 fiscal year includes \$112,600 in total operating expenses. Budgeted operating expenses have increased by 145% over the last five fiscal years – an increase that is attributed to a \$45,000 increase in professional legal services. Total revenues are budgeted at \$81,498 and primarily expected to be drawn from property tax proceeds. Water capacity (i.e. connection) fees represent the second largest revenue source for CVWD accounting for \$7,683 or 9.4% of the total budgeted amount. The following table depicts CVWD’s budgeted revenues and expenses in each of the last five years.

Category	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Budgeted Revenues	\$78,825	\$78,815	\$75,315	\$77,998	\$81,498
Budgeted Expenses	\$46,000	\$71,100	\$63,700	\$64,700	\$112,600
Difference	\$32,825	\$7,715	\$11,615	\$13,298	(\$31,102)

<sup>12</sup> CVWD also finished with cash reserves sufficient to cover 8.3 years of operating expenses based on the District’s most recent adopted budget.

## IV. SPHERE OF INFLUENCE UPDATE

### A. Study Areas

Three study areas were developed by staff in the course of considering areas to add to, or remove from, CVWD's sphere as part of this comprehensive sphere update. The study areas were selected based on the following factors: (1) written request from property owners or CVWD to add the properties to the District's sphere; (2) known water service deficiencies for developed properties in the vicinity of CVWD's sphere; and/or (3) consistency with the water contract service area. Inclusion of a study area within CVWD's sphere would enable annexation proposals involving the affected lands to allow for future connection to the water distribution system. Analysis of each study area is organized to address the five planning factors the Commission is required to consider anytime it makes sphere determinations under G.C. Section 56425(e). These planning factors are:

- 1) Present and planned land uses
- 2) Present and probable need for public facilities and services
- 3) Present adequacy and capacity of public services
- 4) Existence of any social or economic communities of interest
- 5) Present and probable need for public services for disadvantaged unincorporated communities

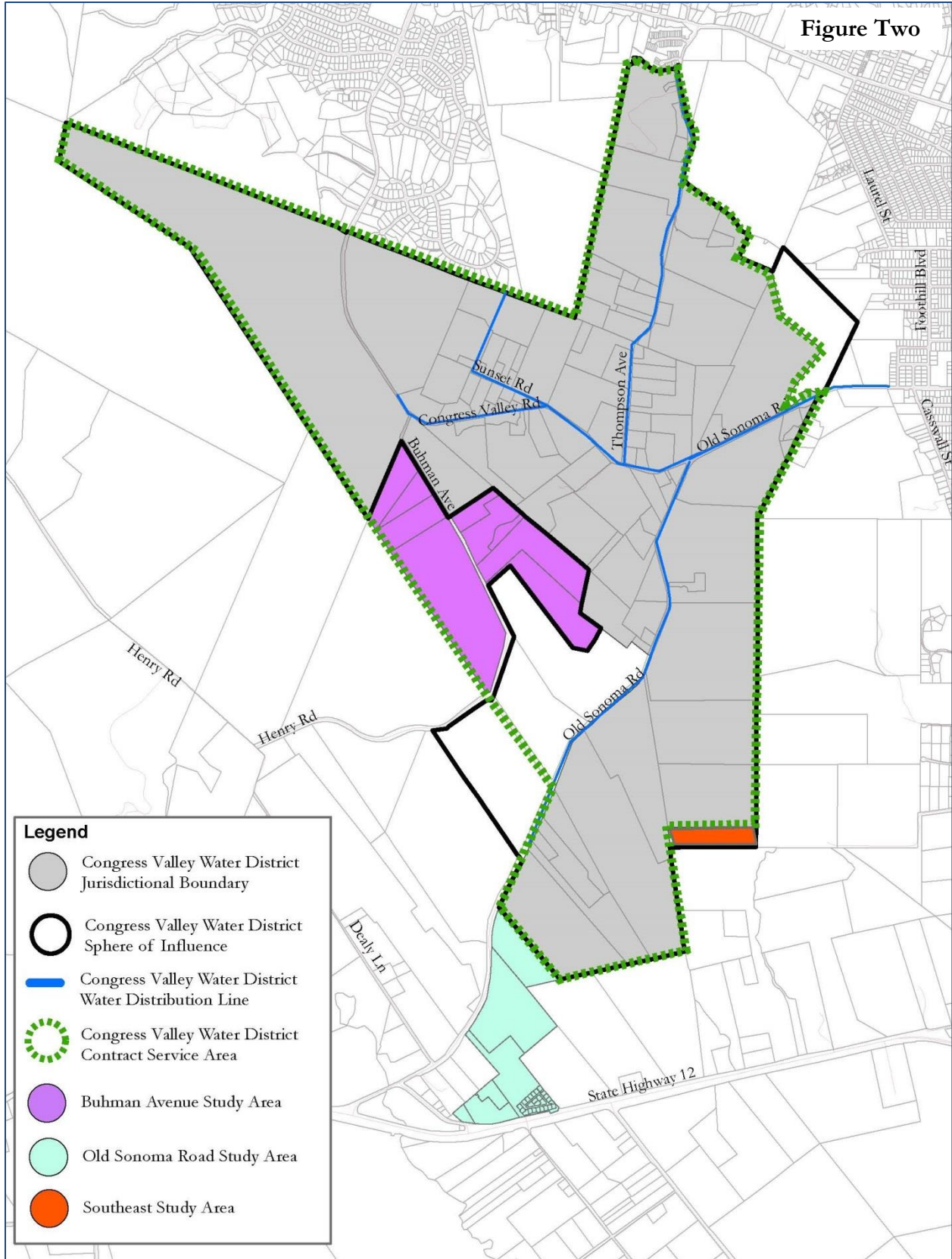
Recommendations are offered for each study area with respect to whether a modification to CVWD's sphere is appropriate at this time. A map of depicting CVWD's sphere, water distribution line, contract service area, and the three study areas is included on the following page as Figure Two.

It is important to note the Commission's adopted policies relating to special district spheres discourage any expansions of CVWD's existing sphere based on current land use designations of lands located within close proximity to the District. The Commission's General Policy Determinations include two related policies that are particularly relevant to CVWD's sphere.<sup>13</sup> Specifically, General Policy Determinations Section III(D)(1) states it shall be a basic policy of the Commission that the establishment, amendment, or update of a special district's sphere serves to promote urban development with limited exceptions. General Policy Determinations Section III(D)(3) states land designated for an agricultural or open-space use by the applicable land use authority shall not be approved for inclusion within any special district's sphere for purposes of urban development through the extension of essential public services.<sup>14</sup> As previously identified, all lands located outside CVWD's sphere and within close proximity to the District are designated for agricultural or open-space land uses under the County General Plan. Urban development is not contemplated within these lands and therefore an expansion of CVWD's sphere would arguably be inconsistent with the aforementioned policies.

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<sup>13</sup> The Commission's General Policy Determinations are included as Appendix B.

<sup>14</sup> The Commission may consider exceptions to General Policy Determinations Section III(D)(3) based on evidence provided by the affected special district demonstrating all of the following: (1) the expansion is necessary in order to provide potable water or sewer to the territory to respond to a documented public health or safety threat; (2) the affected special district can provide adequate potable water or sewer service to the affected territory without extending any mainline more than 1,000 feet; and (3) the expansion will not promote the premature conversion of agricultural or open-space land to urban use.



## 1.0 Buhman Avenue Study Area



### ***Present and Planned Land Use***

The Buhman Avenue Study Area comprises nine unincorporated parcels located along Buhman Avenue south of Congress Valley Road. The Buhman Avenue Study Area is approximately 131.6 acres in size and located outside CVWD’s jurisdictional boundary but is within the District’s water contract service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the Buhman Avenue Study Area. Present land uses include three single-family residences, one winery, and planted vineyards. There are currently no existing plans to further develop any properties within the Buhman Avenue Study Area.

The expansion of CVWD’s sphere to include the Buhman Avenue Study Area would enable future annexation and potentially induce further development of the parcels in a manner consistent with the County of Napa’s contemplated land use allowances.<sup>15</sup> It is important to note five of the parcels within the Buhman Avenue Study Area are 10 acres or more in size, potentially allowing for the future development of a winery subject to a discretionary use permit being obtained.<sup>16</sup> If the properties do not currently have access to an adequate amount of groundwater to serve a winery, connection to CVWD’s water distribution system could potentially remove an existing barrier to winery development. Three of the parcels within the Buhman Avenue Study Area totaling approximately 26.3 acres are collectively referred to as the “Forloine properties” and have a common property owner. One of the three parcels within the Forloine properties includes a single-family residence located at 2205 Buhman Avenue. The other two parcels are undeveloped. Two of the three parcels are 10 or more acres in size. A representative for the Forloine properties has communicated that the property owners are willing to enter into an agreement with the County to eliminate any discretionary development ability relating to wineries.

If the Commission expands CVWD’s sphere to include the Buhman Avenue Study Area, additional environmental analysis in the form of an initial study and negative declaration would likely need to be prepared to satisfy the requirements of the California Environmental Quality Act (CEQA) based on the potential removal of a barrier to intensified development within the area.

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<sup>15</sup> Contemplated land uses are limited to agriculture, one single-family residence dwelling unit per legal lot, one second unit, one guest cottage, and wineries.

<sup>16</sup> The minimum parcel size required for development of a winery under the County of Napa’s land use authority is 10 acres. In order for a winery to be approved and developed, the property owner would be required to demonstrate the availability of an adequate supply of water.

### ***Present and Probable Need for Public Facilities and Services***

There is a present need for public water service within the Buhman Avenue Study Area based on enduring groundwater deficiencies. The Buhman Avenue Study Area was excluded from CVWD's sphere at the time the sphere was established in 1985 after the Commission concluded the area was outside the range and capacity of the distribution system as it existed at the time. However, the Buhman Avenue Study Area is located within the water contract service area and indicates the City and CVWD contemplated the eventual extension of water service to the area.

CVWD and a representative for the Forloine properties have both submitted written requests for the three Forloine properties to be added to the District's sphere to facilitate future annexation and connection to the District's water distribution system. The request from the representative for the Forloine properties states the existing residence at 2205 Buhman Avenue relies on groundwater that is deficient in quality and quantity. The groundwater deficiencies also apply to the remaining six parcels located within the Buhman Avenue Study Area. Expanding CVWD's sphere to include these nine parcels would allow for the water supply needs of the area to be addressed. Parcels within the Buhman Avenue Study Area are located approximately 1,000 to 3,500 feet from the nearest potential point of connection with CVWD's water distribution system.

The Buhman Avenue Study Area currently receives a rural level of other public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, all of which are considered adequate to meet the needs of the area. There are currently no plans to extend an urban level of other public services into the Buhman Avenue Study Area.

### ***Present Capacity and Adequacy of Public Services***

The water service contract anticipates additional areas will be served by CVWD. The intended service area is depicted on the map attached to the water supply contract. Based on recent water demands, there is sufficient water supply available to serve all properties located within the water supply agreement, including existing and anticipated development. Adding the Buhman Avenue Study Area to CVWD's sphere would allow for annexation and future connection to the District's public water distribution system. Connecting to the water system would likely require a looped water supply system that would enhance system reliability as well as provide the ability to improve and maintain water quality in the southern portion of the service area.

Current annual water demand within the Forloine properties is approximately 0.3 acre-feet and would increase to 2.7 acre-feet if all three parcels are built out with single-family residences, second units, and guest cottages. CVWD can adequately extend service to the Forloine properties with minimal infrastructure improvements in a manner that would not impact service to existing customers. Annual water demand information for the remaining six parcels is currently unavailable.

### ***Social and Economic Communities of Interest***

The Buhman Avenue Study Area has strong social and economic ties to CVWD. The Buhman Avenue Study Area is contiguous to CVWD's jurisdictional boundary and generally shares similar agricultural and rural residential land uses.

### ***Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities***

No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

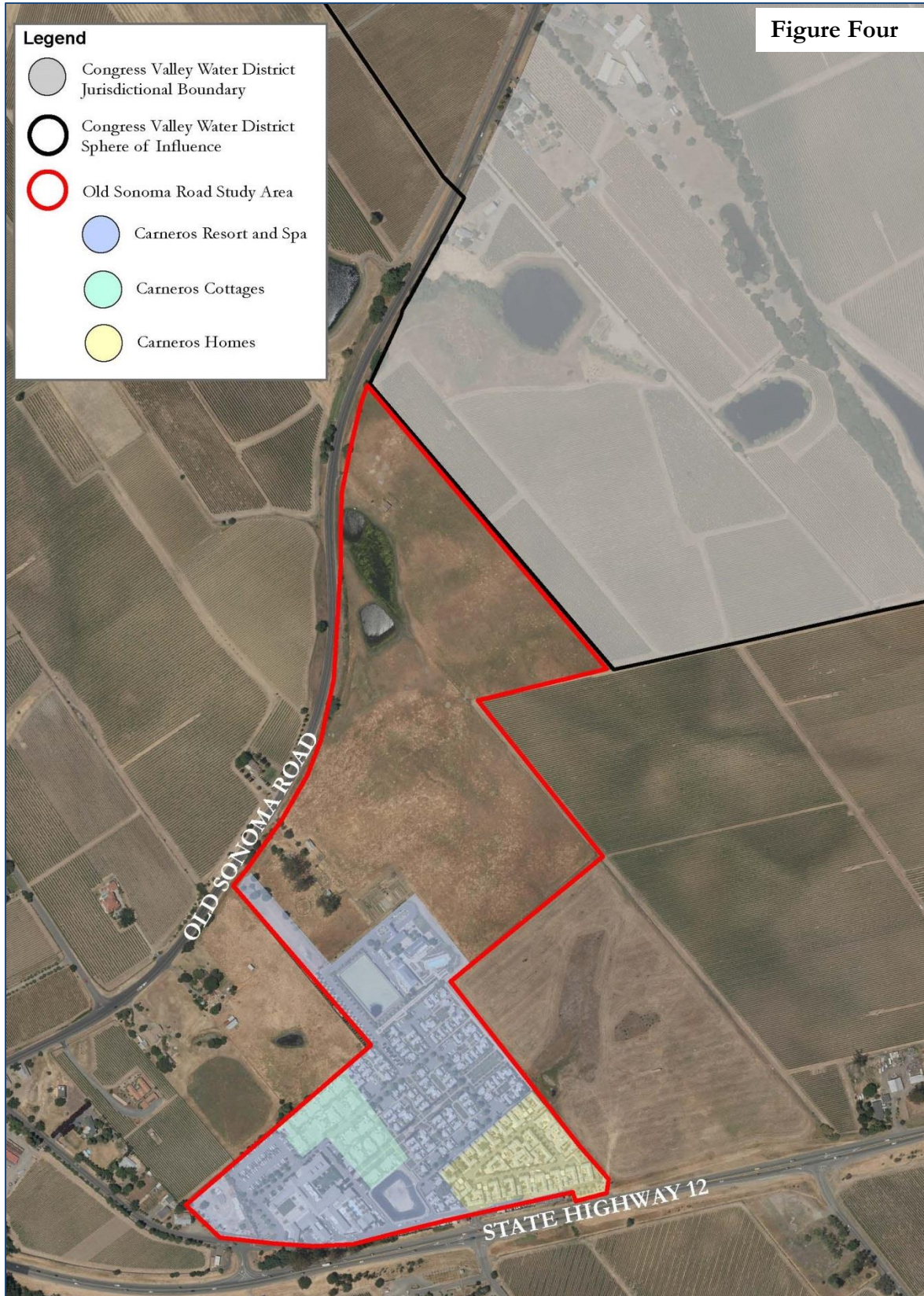
### ***Sphere Recommendation***

Any future action involving the expansion of CVWD's sphere to include the Buhman Avenue Study Area would require the Commission to make findings consistent with the requirements of CEQA. Absent an available categorical or statutory exemption, this would likely involve at a minimum the preparation of an initial study and adoption of a negative declaration.<sup>17</sup> Additionally, an expansion of CVWD's sphere to include the Buhman Avenue Study Area would arguably be inconsistent with the Commission's adopted policies relating to lands designated as agriculture and their potential inclusion within special district spheres for purposes of urban development through the extension of essential public services. Based on these factors, it is recommended that the Commission continue to exclude the Buhman Avenue Study Area from CVWD's sphere. However, CVWD and the City have maintained a contract for 30 years that contemplates the extension of public water service to the Buhman Avenue Study Area. Therefore, an exception to the aforementioned Commission policies may be appropriate at such time that the requirements of CEQA have been addressed for an expansion of CVWD's sphere to include some or all of the Buhman Avenue Study Area.

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<sup>17</sup> If the property owners of the parcels that are 10 acres or more in size enter the parcels into easements or deed restrictions that eliminate the potential for winery development, a categorical exemption would be available to the Commission with respect to adding the parcels to CVWD's sphere.

## 2.0 Old Sonoma Road Study Area





### ***Present and Planned Land Use***

The Old Sonoma Road Study Area comprises 34 unincorporated parcels located along Old Sonoma Road south of Congress Valley Road. The Old Sonoma Road Study Area is approximately 67.0 acres in size and located outside CVWD’s jurisdictional boundary and water contract service area. Four of the parcels within the Old Sonoma Road Study Area totaling approximately 23.8 acres comprise the Carneros Resort and Spa, which includes 17 fractional ownership homes referred to as the “Carneros Cottages”. 28 of the parcels totaling 3.3 acres are referred to as “Carneros Homes” and include 24 residential units. The remaining two parcels total 39.9 acres and are generally undeveloped with the exception of four vacant structures that include a single-family residence, barns, and storage. The County of Napa General Plan includes an *Agricultural Resource* land use designation for the entire Old Sonoma Road Study Area. The County has zoned the Old Sonoma Road Study Area as follows: (1) *Agricultural Watershed* for the two rural residential parcels and a portion of the Carneros Resort and Spa; (2) *Commercial Limited* for the Carneros Cottages and remaining portion of the Carneros Resort and Spa; and (3) *Planned Development* for the Carneros Homes.

An expansion of CVWD’s sphere to include the Old Sonoma Road Study Area would support existing commercial and residential land uses, but would be inconsistent with the area’s agricultural land use designation under the County of Napa General Plan. There are no current plans to further develop any properties or intensify uses within the Old Sonoma Road Study Area.<sup>18</sup>

It is important to note three of the parcels within the Old Sonoma Road Study Area are 10 acres or more in size, potentially allowing for the future development of a winery. If the property owners do not currently have access to an adequate amount of groundwater to serve a winery, connection to CVWD’s water distribution system could potentially remove an existing barrier to winery development. If the Commission expands CVWD’s sphere to include the Old Sonoma Road Study Area, additional environmental analysis in the form of an initial study and negative declaration would likely need to be prepared to satisfy the requirements of CEQA based on the potential removal of a barrier to intensified development within the area.

### ***Present and Probable Need for Public Facilities and Services***

There is a present need for public water service within the Old Sonoma Road Study Area based on persistent groundwater deficiencies. Specifically, annual water demands within the Old Sonoma Road Study Area total approximately 42.0 acre-feet. Water supplies are derived from (1) the Carneros Inn Mutual Water Company and (2) trucked water from the City of Napa. The Carneros Inn Mutual Water Company was established in 2007 and sources its water supply from two groundwater wells. However, groundwater quality and quantity are both inadequate to meet demands associated with existing land uses.

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<sup>18</sup> An application for a use permit modification has been submitted to the County that would reconfigure existing uses involving the Carneros Resort and Spa and Carneros Homes. However, there would be no intensification of land uses or service demands.

Annual groundwater withdrawals for the Carneros Inn Mutual Water Company to serve the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes total approximately 28.0 acre-feet. To augment groundwater supplies, the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes annually receive approximately 14.0 acre-feet of trucked water from the City of Napa.<sup>19</sup>

CVWD could potentially provide public water service to existing development within the Old Sonoma Road Study Area in the future pursuant to G.C. Section 56133.5. The extension of water service to these properties would support existing land uses in a manner that would not result in either (1) adverse impacts on open space or agricultural lands or (2) growth inducing impacts. The extension of public water service under G.C. Section 56133.5 would require authorization from the Commission. In order for CVWD to provide water service to any portion of the Old Sonoma Road Study Area, the District and the City of Napa would need to amend the water supply contract to specifically allow for the connection of commercial land uses.<sup>20</sup> Further, an infrastructure planning and review process would be required given that existing development within the Old Sonoma Road Study Area is located approximately 5,000 feet from the nearest potential point of connection with CVWD's water distribution system.

The Old Sonoma Road Study Area currently receives a rural level of other public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, all of which are considered adequate to meet the needs of the area. There are currently no plans to extend an urban level of other public services into the area.

### ***Present Capacity and Adequacy of Public Services***

Current annual water demand within the Old Sonoma Road Study Area, including both groundwater and trucked water sources, totals approximately 42.0 acre-feet and would increase to 43.8 acre-feet if the two undeveloped parcels are built out with single-family residences, accessory dwellings, and guest cottages. Given that CVWD's maximum annual water supply is 100 acre-feet, extending water service to the Old Sonoma Road Study Area would eliminate most of CVWD's available water supply and therefore could impact existing and future customers. Further, any future reductions in local water conservation efforts could result in overall water demand increases within CVWD's existing sphere, which would have the direct impact of reducing the District's available water supply. However, it is important to note that connection to CVWD's public water system would provide a benefit to the Congress Valley community in terms of reducing overall pressures on the groundwater aquifer. Additional planning and environmental review is needed to inform the extent of infrastructure improvements and environmental impacts associated with CVWD extending public water service to the Old Sonoma Road Study Area.

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<sup>19</sup> A private onsite water treatment and storage system is utilized to serve the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes. Groundwater and trucked water are blended to produce water of adequate quality and quantity.

<sup>20</sup> The water supply contract between CVWD and the City specifies that the District may only provide water service for domestic, agricultural, and winery connections. A new water contract service area map would also be required.

### ***Social and Economic Communities of Interest***

The Old Sonoma Road Study Area does not currently share direct social and economic ties with the majority of CVWD. Land uses within the Old Sonoma Road Study Area include a hotel, a restaurant, and relatively high density single-family residences that are distinct from the rural and agricultural characteristics of the Congress Valley community.

### ***Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities***

No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

### ***Sphere Recommendation***

Any future action involving the expansion of CVWD's sphere and/or extension of water service to the Old Sonoma Road Study Area would require the Commission to make findings consistent with the requirements of CEQA. Absent an available categorical or statutory exemption, this would likely involve at a minimum the preparation of an initial study and adoption of a negative declaration. Further, an expansion of CVWD's sphere to include the Old Sonoma Road Study Area would arguably be inconsistent with the Commission's adopted policies relating to lands designated as agriculture and their potential inclusion within special district spheres for purposes of urban development through the extension of essential public services. Inclusion within CVWD's sphere would also be inconsistent with the District's water contract service area and contemplated land uses. Based on these factors, it is recommended that the Commission continue to exclude the Old Sonoma Road Study Area from CVWD's sphere.

### 3.0 Southeast Study Area



### ***Present and Planned Land Use***

The Southeast Study Area comprises a portion of an unincorporated parcel located in the southeast portion of CVWD's sphere. The Southeast Study Area is approximately 10.6 acres in size and located outside CVWD's jurisdictional boundary and water contract service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the Southeast Study Area. The Southeast Study Area is currently undeveloped and there are no existing plans for development of the property.

### ***Present and Probable Need for Public Facilities and Services***

The Southeast Study Area was previously added to CVWD's sphere in 2008 in error as a result of confusion regarding the extent of the District's jurisdictional boundary. The Southeast Study Area currently receives a rural level of law enforcement and fire protection services from the County of Napa, which are considered adequate to meet the needs of the area. There is no present or probable need for public facilities or services for the Southeast Study Area.

### ***Present Capacity and Adequacy of Public Services***

CVWD's existing water distribution system is inadequate to serve the Southeast Study Area. The nearest potential point of connection is approximately 2,000 feet to the northwest at Old Sonoma Road. Future connection would require annexation and infrastructure improvements that are not currently being contemplated by CVWD or the property owner.

### ***Social and Economic Communities of Interest***

The Southeast Study Area shares social and economic ties with CVWD to a certain degree. The Southeast Study Area is contiguous to CVWD's jurisdictional boundary and consists of agricultural land uses. However, the Southeast Study Area is undeveloped with no permanent residents and comprises a portion of a larger parcel that is divided by CVWD's existing sphere. The Southeast Study Area was added to CVWD's sphere in 2008 based on erroneous information with respect to the extent of the District's jurisdictional boundary.

### ***Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities***

No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

### ***Sphere Recommendation***

It is recommended the Commission take formal action to remove the Southeast Study Area from CVWD's sphere. This recommendation would recognize current and probable future land uses and service needs within the area. This recommendation would also reconcile a previous error in which the Southeast Study Area was added to CVWD's sphere in 2008 based on confusion regarding the District's jurisdictional boundary.

## **V. ENVIRONMENTAL REVIEW**

### **A. Municipal Service Review**

The municipal service review on CVWD is a project under the California Environmental Quality Act (CEQA) given it may reasonably result in a future indirect physical change to the environment. The municipal service review is categorically exempt from further environmental review under Code of Regulations Section 15306. This exemption applies to basic data collection, research, and resource evaluation activities, which do not result in any serious or major disturbance to any environmental resource. This exemption applies to the municipal service review on CVWD given it is strictly for information gathering purposes that may lead to an action which LAFCO has not approved, adopted, or funded.

### **B. Sphere of Influence Update**

The sphere update for CVWD is a project under CEQA given it may reasonably result in a future indirect physical change to the environment. The sphere update is exempt from further environmental review under Code of Regulations Section 15061(b)(3). This exemption is referred to as the “general rule” and applies to projects in which it can be seen with certainty there is no possibility the action may have a significant effect on the environment. This exemption applies to the sphere update for CVWD given it can be seen with certainty the removal of non-jurisdictional lands comprising the Southeast Study Area from the District’s sphere will not result in any physical changes to the environment.

## VI. SOURCES

### Agency Contact

- Kiersten Bjorkman, District Secretary

### Documents

- Association of Bay Area Governments, “Projections and Priorities,” 2013
- CVWD “Baseline Report Sphere of Influence Establishment,” 1985 (Napa LAFCO)
- CVWD “Basic Financial Statements for the Fiscal Years Ended June 30, 2011 and 2012,” (Charles W. Pillon, C.P.A.)
- CVWD “Basic Financial Statements for the Fiscal Years Ended June 30, 2013 and 2014,” (Charles W. Pillon, C.P.A.)
- CVWD “Basic Financial Statements for the Fiscal Years Ended June 30, 2015 and 2016,” (Charles W. Pillon, C.P.A.)
- CVWD “Budget for Fiscal Year 2012-2013”
- CVWD “Budget for Fiscal Year 2013-2014”
- CVWD “Budget for Fiscal Year 2014-2015”
- CVWD “Budget for Fiscal Year 2015-2016”
- CVWD “Budget for Fiscal Year 2016-2017”

### Websites

- Association of Bay Area Governments, <http://www.abag.org/>
- California Department of Finance, <http://www.dof.ca.gov/>
- California Special Districts Association, <http://www.csda.net/special-districts/>
- California State Controller’s Office, <http://sco.ca.gov/>
- California State Water Resources Control Board, <http://www.waterboards.ca.gov/>

WATER SUPPLY CONTRACTBETWEENTHE CITY OF NAPA AND THE CONGRESS VALLEY WATER DISTRICT

The CITY OF NAPA, a municipal corporation in the County of Napa, State of California, hereinafter called "City", agrees to sell, and the CONGRESS COUNTY WATER DISTRICT, a county water district, hereinafter called "District", agrees to buy water under the following terms and conditions:

RECITALS

A. The City is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the supply and distribution of water to customers inside and outside of the corporate limits of said City.

B. The District is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the distribution of water to customers within the boundaries of said District.

C. The District is currently purchasing its water supply from the City under an existing agreement dated October 30, 1951, the term of which having expired has been extended by mutual agreement of the District and City until this replacement agreement is executed.

D. The District has no developed water supply resources and no storage facilities.



Appendix A

E. The District has requested that the City continue to furnish a supply of water to the District, but under different terms and conditions than provided for in the original agreement.

F. The City is willing to furnish a supply of water to the District.

THEREFORE, the parties hereby agree to the following:

1. TERM OF AGREEMENT. This Agreement shall become effective upon its execution by both parties and shall run for a term of thirty (30) years, or to July 1, 2017, whichever shall occur first.

2. SERVICE AREA. The District shall deliver the water furnished under this Contract to consumers only within the territory shown and described on attached "EXHIBIT B", entitled "Congress County Water District Service Area", and no other or additional territory. No water service shall be provided by the District to any parcel within said service area as shown on attached "EXHIBIT B", until said parcel has been annexed to the District.

3. QUANTITY OF WATER. The City shall furnish water to the District, as it may need to supply its customers only in accordance with the terms and conditions of this Agreement, in an amount not to exceed a total of one hundred (100) acre feet in any calendar year, at a reasonable rate of flow at the delivery point or points.

4. CONDITIONS OF SERVICE. The District shall deliver water it receives under this Agreement to a maximum of 140 service connections to serve existing parcels of record as described below and no others, for domestic, agricultural, and winery purposes only. (For the purposes of this Contract, a winery is defined as a facility appurtenant to the manufacture of wine or similar products. Additionally, fifty percent (50%) of the grapes processed must be grown in the service area. Additionally, no items other than the product manufactured at site of the winery may be sold.) The District shall deliver water it receives under this Agreement only to service connections existing or approved on the effective date of this agreement, and to parcels of land existing within the District Service Areas as defined in "EXHIBIT B", on the effective date of this Agreement.

5. ANNEXATION TO CITY. City agrees that if any portion of the District is annexed to the City during the term of this Agreement, City shall annually reimburse the District up to an amount equal to the average annual revenue that would have been derived from the sale of water to that portion of the District so annexed had that portion of the District remained in the District. Such payment shall be applied to any bond redemption, interest payment, or reserve accounts, therefor, which are then an existing obligation of the District. No such payment shall be required, if no such obligations then exist.

6. PRICE AND PAYMENT. The District shall pay to the City the sum of one dollar and twenty-three cents (\$1.23) per one thousand (1,000) gallons. Said quantity rate charge shall be adjusted administratively from time to time, concurrent with adjustments in the quantity rate and service charge applicable

to retail domestic customers inside the City limits. The adjusted quantity rate applicable to the District shall be identical to the quantity rate applicable to retail domestic customers inside the City limits.

7. COLLECTION AND DISBURSEMENT OF FUNDS. City agrees to bill District's customers at the rate specified by the District (subject to change on an annual basis). District's rate structure shall be similar to City's structure. City will collect all proceeds in a fashion consistent with its own procedures and deposit same in a separate account. Periodically the proceeds so collected and deposited shall be released to an entity as directed in writing by District.

Any connection fees, special assessment fees, or mitigation fees designated by the District shall not be collected by City. It shall be the responsibility of the District to collect such fees.

Any work done by City, such as to install new services or to make modifications as requested by District shall be on a fixed fee basis or time and materials basis, as is appropriate. City requires a deposit for such work in accordance with its codes, and the City will collect and retain same.

8. MEASUREMENTS AND CONTROL OF WATER DELIVERED. The water delivered pursuant to this Agreement shall be measured by meters at the points of delivery hereinafter referred to as the customers meter connection. On any new customer meter connection, the city shall install the necessary meters, valves, and appurtenances appropriate to operate and maintain such connection. Said meters, valves, and appurtenances shall be maintained in good repair and replaced when

necessary by the City. Each party shall have the right to test any meter at its own expense, or the parties may share the cost as mutually agreed. City reserves the right to replace any meter at any time.

9. CONSERVATION MEASURES. District agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by the City or which may be adopted by the City.

10. QUALITY OF WATER. The quality of water at the point of delivery furnished to the District will be the same as that furnished to other City customers under the permit from the State of California Department of Health Services or its successor agency.

11a. NON-RESPONSIBILITY OF THE CITY. Neither the City nor any of its officers, agents or employees, shall be liable for any loss or damage direct or indirect, arising from shortages in the amount of water to be made available for delivery, interruption of delivery or failure of any kind caused by drought or any other cause beyond the control of the City.

11b. RESPONSIBILITY OF THE CITY. The City shall be responsible, during the term of this Contract, for the complete operation, maintenance (and later replacement) of the District's water system.

City agrees to make the District whole for additional costs incurred in installing the twelve inch (12") waterline stipulate in the section of this Agreement entitled "Responsibility of District".

## Appendix A

The amount of the make whole cost is to be determined by multiplying the number of feet of waterline so oversized by the difference in cost obtained by subtracting the contract cost of a twelve inch (12") waterline in this area from a theoretical contract cost for an eight inch (8") waterline in the same work area. The theoretical contract cost is assumed to be the contract cost for eight inch (8") waterline installed elsewhere in the District during the replacement project.

City shall reimburse District within thirty (30) days of submission of each of the successive contract progress payments submitted by District's Contractor during the replacement project, showing the number of feet of the oversized line installed.

City agrees to install, at its cost, a twelve-inch (12") main from the City limits on Old Sonoma Road to the point of connection with the transmission line in Foothill Boulevard when the need for such installation is established.

12a. NON-RESPONSIBILITY OF THE DISTRICT. Neither the District nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water, nor for any damage of any nature whatsoever, including but not limited to property damages, personal injury or death, arising out of or connected with the same.

12b. RESPONSIBILITY OF THE DISTRICT. It shall be the responsibility of the District to, during year 30, pass title for all improvements and assets of

Appendix A

the District to the City for the sum of one dollar (\$1.00). The Board of Directors of District shall during year 30, initiate proceedings to dissolve the District pursuant to the District Reorganization Act or as it may be amended.

Additionally, District agrees to cause the size of the waterline to be installed in Thompson Avenue, in Congress Valley Road, from Thompson Avenue to Old Sonoma Road, and in Old Sonoma Road, from Congress Valley Road easterly to City's corporate boundary (to the extent that the waterline will be replaced) to be installed as 12-inch waterline. This is herein referred to as the oversized waterline.

Additionally, District will allow City to "wheel" water through said waterline at no additional compensation.

13. BACKFLOW PREVENTION: District agrees to require its water service customers to comply with City's backflow prevention device program.

14. ASSIGNMENTS. No assignment of this Agreement or of any right or obligation of any part hereunder, in whole or in part, can be made without the express written consent of all parties hereto, which consent shall not be unreasonably withheld.

15. MODIFICATIONS. Modification to this Agreement shall be specific amendment, executed by all parties hereto.

Appendix A

16. APPLICABLE LAW. The law of California then existing shall govern the interpretation of this Contract.

17. NOTICES. All notices required under this Contract shall be sent to:

City of Napa

P.O. Box 660

Napa, CA 94559

Congress County Water District

P.O. Box 3023

Napa, CA 94558

CITY OF NAPA,  
a municipal corporation

CONGRESS COUNTY WATER DISTRICT,  
a County Water District

By: Brad Weyer  
MAYOR

By: Robert A. Oslak  
PRESIDENT

ATTEST:

ATTEST:

Pamela Means  
CITY CLERK

Dorothy L. Strick  
SECRETARY

APPROVED AS TO FORM:

Joe Oran  
CITY ATTORNEY

R. Hygg Rock  
CONGRESS COUNTY  
WATER DISTRICT ATTORNEY

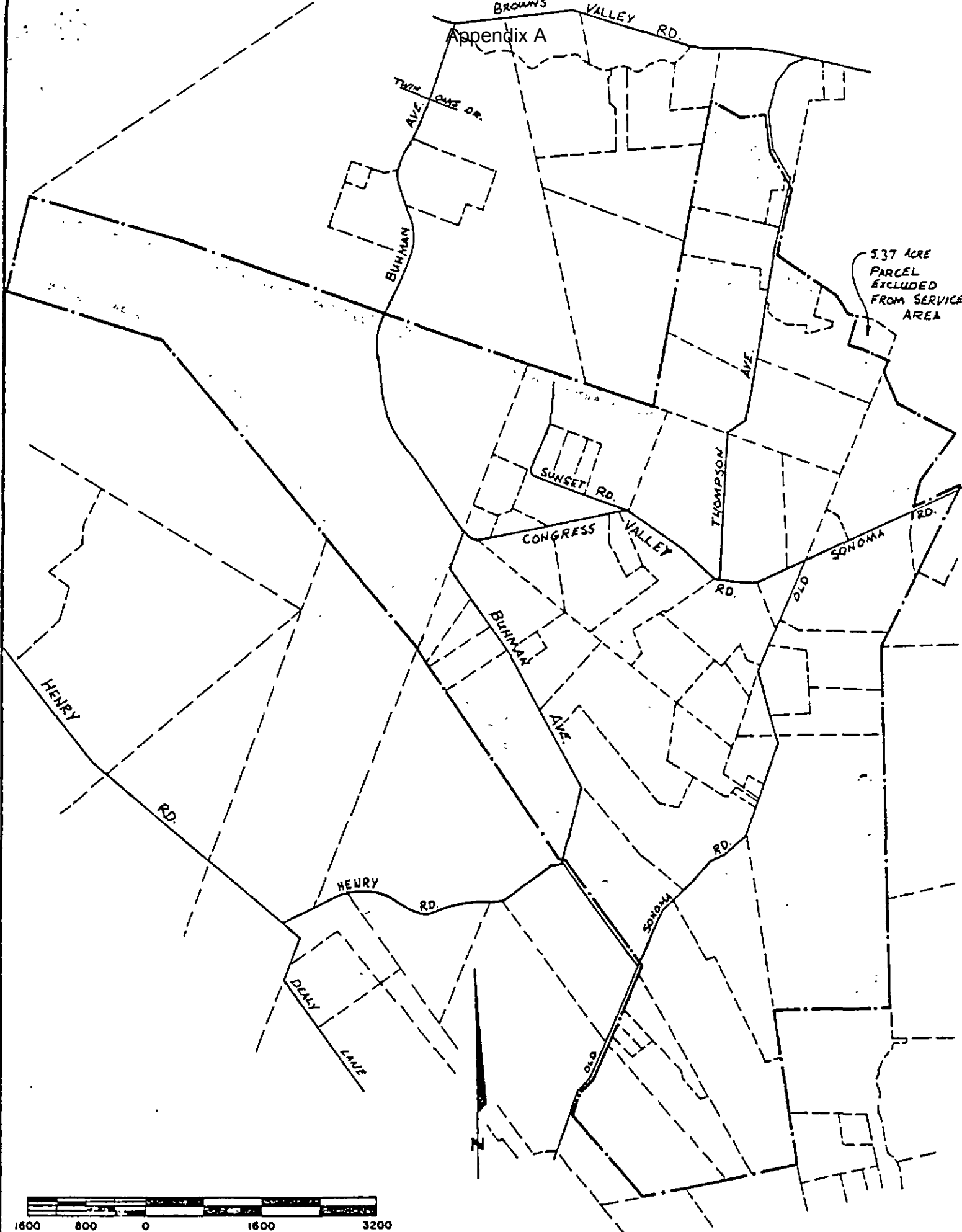
COUNTERSIGNED:

[Signature]  
CITY AUDITOR

Paul A. King  
DISTRICT AUDITOR



Appendix A



5.37 ACRE  
PARCEL  
EXCLUDED  
FROM SERVICE  
AREA

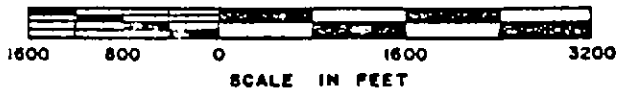


EXHIBIT "B"

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TIME JUN 11:51:20

FORMATTED QUERY LISTING FOR FILE TAXMST.APALIB

Appendix A

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NO LONGER EXISTS

TOTAL # RECORDS PRINTED 101

Appendix A

CONGRESS VALLEY WATER DISTRICT  
P.O. BOX 3023  
NAPA, CALIFORNIA 94558

NOTICE OF DETERMINATION

TO: (X) OFFICE OF PLANNING AND RESEARCH (X) COUNTY CLERK  
1400 TENTH STREET, ROOM 121 COUNTY OF NAPA  
SACRAMENTO, CA. 95814

PROJECT TITLE: Waterline Rejuvenation FILE # \_\_\_\_\_  
(SCH# 85120302)

PROJECT DESCRIPTION AND LOCATION:

The 1,330 acre District is applying for \$1,000,000 from the 1984 Safe Drinking Water Bond Fund for the replacement of in excess of 20,000 feet of 35 year old two inch (+) galvanized iron pipe. The existing lines would be replaced with eight inch, six inch and 12 inch diameter waterlines. The project also calls for the placement of at least 60 water services and 10 fire hydrants. It lies along Congress Valley and Old Sonoma Roads 1/2 mile southwest of the City of Napa.

THIS IS TO ADVISE THAT THE BOARD OF DIRECTORS HAS APPROVED THE PROJECT AND MADE THE FOLLOWING DETERMINATIONS ON January 22, 1986.

1. THE PROJECT ( ) WILL, (X) WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
2. AN ( ) ENVIRONMENTAL IMPACT REPORT, (X) NEGATIVE DECLARATION WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF CEQA. A COPY OF THIS DOCUMENT MAY BE EXAMINED AT THE OFFICE OF THE NAPA COUNTY CONSERVATION, DEVELOPMENT AND PLANNING DEPARTMENT.
3. A STATEMENT OF OVERRIDING CONSIDERATIONS ( ) WAS, (X) WAS NOT ADOPTED FOR THIS PROJECT.

CONTACT PERSON: \_\_\_\_\_ CHUCK W. SHINNAMON  
(707) 252-3301

BY Robert a Osterberg  
ROBERT OSTERBERG, President

DATE: 22 Jan 86

Appendix A

COUNTY OF NAPA  
CONSERVATION, DEVELOPMENT AND PLANNING DEPARTMENT  
1195 Third St., Rm. 210  
Napa, California 94559  
(707) 253-4416/4376

INITIAL STUDY

**PROJECT NAME:** Congress County Water District  
**FILE NO:** Waterline Revitalization Project

**PROJECT DESCRIPTION:** The 1,330 acre District is applying for \$1,000,000 from the 1984 Safe Drinking Water Bond Fund for the replacement of in excess of 20,000 feet of 35 year old two inch (+) galvanized iron pipe. The existing lines would be replaced with eight inch, six inch and 12 inch diameter waterlines. The project also calls for the placement of at least 60 water services and 10 fire hydrants. It lies along Congress Valley and Old Sonoma Roads 1/2 mile southwest of the City of Napa.

**JURISDICTIONAL BACKGROUND:**

Public Plans and Policies

Based on an initial review completed by the Environmental Protection Section, the following findings were made for the purpose of the Initial Study and do not constitute a final finding by the County in regard to the question of consistency.

	YES	NO	N/A
Is the project consistent with:			
a) Regional and Subregional Plans and Policies?	<u>X</u>	---	---
b) LAFCOM Plans and Policies?	<u>X</u>	---	---
c) The County General Plan?	<u>X</u>	---	---
d) Appropriate City General Plans?	<u>X</u>	---	---
e) Adopted Environmental Plans and Goals of the Community?	<u>X</u>	---	---
f) Pertinent Zoning?	<u>X</u>	---	---

Responsible Agencies

Napa County Division of Environmental Health  
Napa County Department of Public Works  
City of Napa

**ENVIRONMENTAL SETTING:** Steeply to moderately sloping area (slopes typically 5 - 30%) between an elevation of 100' and 480' MSL. Located ~~west~~ east of the Sonoma notch between Browns Valley and Carneros areas. Foundation material consists of Sonoma Volcanic Series, Domengine sandstone, mudstones and siltstones overlain by soils of shallow alluvium. The project is located within the West Napa Fault Zone. A few landslides have been noted in the hilly portions. Portions of the project lie within the designated floodplain of Carneros Creek. Vegetative cover is primarily grassland and agricultural uses. Existing land uses include scattered single-family residences, vineyards and livestock raising. Surrounding land uses include dense residences easterly in City of Napa, vineyards of the Carneros application southerly and westerly, a wooded ridge and suburban Browns Valley northerly.

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Page 2

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**ENVIRONMENTAL EFFECTS:**

Normally Significant Individual Impacts

YES	NO	
	<u>X</u>	<b>(Geology)</b>
<u>   </u>		1. Exposure of new site users to substantial life and/or property hazards from geologic processes (eg., severe settlement, sliding, faulting, intense seismically induced ground shaking, seismically-induced ground failures, etc.).
<u>   </u>	<u>X</u>	2. Exposure of existing area occupants to substantially increased life and/or property hazards from geologic processes.
<u>   </u>	<u>X</u>	3. Damage, destruction or burial of any unique or scientifically important geologic or geomorphologic feature.
	<u>X</u>	<b>(Meteorology)</b>
<u>   </u>		4. Substantial modification of climatic or microclimatic conditions (eg., temperature, rainfall, wind, shadow patterns, etc.).
	<u>X</u>	<b>(Hydrology)</b>
<u>   </u>		5. Exposure of new site users to substantial life and/or property hazards from flooding (eg., stream flooding, tsunamis, seiches, dam or levee failure, etc.).
<u>   </u>	<u>X</u>	6. Exposure of existing area occupants to substantially increased life and/or property hazards from flooding.
<u>   </u>	<u>X</u>	7. Substantial temporary construction period increase in erosion and/or sedimentation.
<u>   </u>	<u>X</u>	8. Substantial permanent increase in erosion and/or sedimentation.
<u>   </u>	<u>X</u>	9. Substantial depletion of groundwater resources or significant interference with groundwater recharge.
	<u>X</u>	<b>(Water Quality)</b>
<u>   </u>		10. Substantial degradation of the quality of waters present in a stream, lake, or pond.
<u>   </u>	<u>X</u>	11. Substantial degradation of the quality of groundwater supplies.
<u>   </u>	<u>X</u>	12. Substantial contamination of a public or private water supply.
	<u>X</u>	<b>(Air Quality)</b>
<u>   </u>		13. Exposure of new site users to substantial health hazards from breathing polluted air.
<u>   </u>	<u>X</u>	14. Exposure of existing area occupants to substantially increased health hazards from breathing polluted air.
<u>   </u>	<u>X</u>	15. Substantial degradation of local or regional air quality.
<u>   </u>	<u>X</u>	16. Exposure of new site users or existing area occupants to annoyance from dust and/or highly objectionable odors.
	<u>X</u>	<b>(Noise)</b>
<u>   </u>		17. Exposure of new site users to health hazards from noise levels in excess of those recognized as necessary to protect public health and welfare.

\* Mitigated (see Mitigation Measures below)

o Cumulatively Significant Only

Appendix A

Initial Study  
Page 3

YES NO

- \* 18. Exposure of existing area occupants to health hazards from noise levels in excess of those recognized as necessary to protect public health and welfare.
- \* 19. Exposure of people to high construction noise levels for substantial periods of time.
- 20. Exposure of existing area occupants to annoyance from substantially increased ambient noise levels.

**(Ecosystem)**

- 21. Substantial reduction in the number of a rare or endangered species of plant or animal or damage or restriction of the habitat of such a species.
- 22. Destruction of or substantial damage to a unique, scarce, or particularly productive biological area (eg., marshes, riparian galleries, vernal pools, etc.).
- 23. Substantial reduction in habitat for plants, fish, and/or wildlife.
- 24. Substantial modification in the number or diversity of plant or animal species present.
- 25. Substantial interference with the movement of a resident or migratory fish or wildlife species.

**(Social)**

- 26. Disruption or division of an established community.
- 27. Displacement of a large number of people.

**(Aesthetic)**

- 28. Blockage or substantial degradation of important public or private views.
- 29. Exposure of new site users or existing area occupants to annoyance from increased nighttime light levels or glare.
- 30. Creation of a litter problem.

**(Cultural)**

- \* 31. Destruction of or substantial damage to a recognized archaeological site.
- 32. Destruction of or substantial damage to the historical character of a recognized historical structure, facility, or feature.
- 33. Elimination of or conflict with the established recreational, educational, religious, or scientific uses of the project site or surrounding properties.

**(Traffic)**

- 34. Exposure of new site users to substantial life and/or property hazards from traffic accidents.
- 35. Exposure of the existing users of the roads providing access to the project site to substantially increased life and/or property hazards from traffic accidents.
- 36. Exposure of the users of the roadways providing access to the project site to annoyance from noticeably increased traffic congestion.

Appendix A

Initial Study

Page 4

YES NO

         X   37. Increase in traffic on the roadways providing access to the project site which is substantial in relation to the existing traffic load and capacity of the street system.

         X   38. Creation of a substantial local parking problem.

**(Energy)**

         X   39. Increase in the demand for energy which is substantial in relation to the existing energy demands of the area.

         X   40. Creation of a facility or development which will use fuel or energy in a wasteful manner.

         X   41. Creation of a facility or development which will use substantially higher than average amounts of fuel or energy for transportation purposes.

**(Public Health)**

         X   42. Exposure of new site users to substantial health hazards from contaminated drinking water, inadequately treated sewage and/or insect or rodent pests.

         X   43. Exposure of existing area occupants to substantially increased health hazards from contaminated drinking water, inadequately treated sewage and/or insect or rodent pests.

         X   44. Exposure of new site users to substantial life and/or property hazards from fire.

         X   45. Exposure of existing area occupants to substantially increased life and/or property hazards from fire.

         X   46. Exposure of new site users to substantial life and/or property hazards from air crashes.

         X   47. Exposure of existing area occupants and/or existing air or heliport users to substantially increased life and/or property hazards from air crashes.

         X   48. Exposure of new site users or existing area occupants to substantial annoyance from insect or rodent pests.

**(Community Services)**

         X   49. Increase in the demand for a community service (eg., sewer, water, fire protection, schools, etc.) which is substantial in relation to the currently existing uncommitted capacity of the agency involved to provide such a service.

**(Commercial Resources)**

         X   50. Perclusion of the development of aggregate, rock product, or mineral resources of current or potential importance.

         X   51. Removal of a substantial amount of agricultural or grazing land from current or potential production.

**(Fiscal)**

         X   52. Creation of a development to which it would cost the community substantially more to provide services than it would return in taxes.

**(Growth Induction)**

         X   \* 53. Induction of substantial residential, commercial, or industrial development.



Mandatory Findings of Significance

	YES	NO
Does the project:		
a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	—	<u>X</u>
b) Have the potential to achieve short-term, to the disadvantage of long-term, environmental goals?	—	<u>X</u>
c) Have possible environmental effects which are individually limited but cumulatively considerable?	—	<u>X</u>
d) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	—	<u>X</u>

Impact Discussion (Optional)

- a) From a hydraulic analysis perspective, the waterlines are sized to handle design fire flows rather than sized for domestic flows. For example a comparison of 60 homes at the end of 5000 foot run of line vs. a normal fire flow (at a 60 psi pressure drop) would yield say 250 gpm vs. 1000 gpm and approximately a 4 inch line vs. a 8 inch line, respectively.
- b) In the tentative agreement with the City on a long term water supply contract, the District has agreed that the only parcels eligible for service are those existing at the date the contract is signed and only newly created parcels if they are 40 acres or more in size.
- c) The zoning of the area is AW in which any new parcel would have to be a minimum of 40 acres in size.
- d) The County's General Plan provides for a County-wide growth rate of 1% per year.

MITIGATION MEASURES:

Included By Applicant As Part of Project

See Attachment 1

Identified By This Study

DETERMINATION:

Agency Staff Participating in the Initial Study:

Resource Evaluation:	_____ JAMES O'LOUGHLIN _____	Date: <u>Oct. 10, 1985</u>
Site Review By:	_____	Date: _____
Planning/Zoning Review By:	_____	Date: _____

Initial Study  
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On the basis of this preliminary evaluation:

\_\_\_\_\_ I find that the project COULD NOT have a significant effect on the environment, and adoption of a NEGATIVE DECLARATION is recommended.

  X   I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described above have been added to the project. Adoption of a MITIGATED NEGATIVE DECLARATION is therefore recommended.

\_\_\_\_\_ I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

DATE: \_\_\_\_\_ BY:           JAMES O'LOUGHLIN

Appendix A  
ATTACHMENT 1  
Mitigation Measures for Congress County  
Waterline Revitalization Project

NOISE

1. Limitation of all construction activities proposed to weekdays between 7:30 A.M. and 5:30 P.M.
2. Installation or reinstallation as needed of the state-of-the-art muffler systems required by current law on the construction equipment used. Proper maintenance of said muffler systems shall be provided.
3. Requiring proper maintenance of the construction equipment including mufflers.
4. Selection of construction techniques, staging plans, and equipment designed to produce a minimum amount of noise.
5. Existing truck roads, tractor trails and stream crossings shall be used during the operation to maximum extent possible.

ARCHAEOLOGY

6. For the site NAP516, a testing procedure of borings should be undertaken along the route of the proposed waterline prior to preparation of the construction drawings. These borings would aid in assessing the areal and vertical dimensions of the site only in its relation to proposed waterline location. A sample surface collection should also be made in the area. The surface material should then be compared to material recovered from the borings. If ~~no~~ archaeological materials are found, the District may relocate the proposed waterline to a different route that is found not to contain archaeological materials; or, at its discretion, the District may retain the services of an archaeologist to perform a salvage excavation if the materials are deemed important enough; or the District could retain the services of an archaeologist to be present during the excavation of the trench to assure that any archaeological material or human remains would be handled properly in the event they were discovered during the trenching.

If no materials are found during the testing along the proposed route, all construction shall be ceased only if any archaeological materials are found during excavation. Work could not recommence until a qualified archaeologist has reviewed the materials and developed an appropriate mitigation to cover these materials.

7. Inasmuch as spoils at site ARS 80-18-2 were found under previous testing to have minimal significance, the following shall be the only mitigation measure required. If any archaeological materials are discovered in the course of excavation in the vicinity of site ARS 80-18-2 all work shall stop until such time as a qualified archaeologist is retained to review the material and come up with an appropriate mitigation measure.

HYDROLOGY

8. Restriction of all ground disturbing activities ( i.e., grading in areas off improved roads) to the dry season between April 15 and October 15.

Appendix A

9. Replanting of all areas disturbed by grading and construction activities prior to the beginning of the rainy season (by Mid-October) to the satisfaction of the Resource Conversation District. It is recommended that topsoil be stockpiled to be redistributed on cut and fill slopes for more successful revegetation efforts.
10. Use for West Napa Fault crossing and slide area crossing the same techniques as City of Napa, i.e. restrained joint, metal waterline through the risk area crossing as shown on attached sketch.
11. Preliminary design of the project shall be reviewed with the County Public Works Department to assure structural integrity of the County Roads and the traveling safety of the general public during construction.
12. Construction within the County Roads right-of-way shall be under the terms of an encroachment permit issued by County Public Works Department.

4 Dec 1985

DATE

Robert A Osterberg

ROBERT OSTERBERG  
President

**FIRST AMENDMENT TO  
WATER SUPPLY CONTRACT BETWEEN  
THE CITY OF NAPA AND  
THE CONGRESS VALLEY WATER DISTRICT  
(CITY AGREEMENT NO. 5387)**

THIS FIRST AMENDMENT to the Water Supply Contract (hereinafter "First Amendment") between the CITY OF NAPA, a California charter city (hereinafter referred to as the "City") and CONGRESS VALLEY WATER DISTRICT, a County Water District (formerly the Congress County Water District, and hereinafter referred to as "District") is entered into as of the 23<sup>rd</sup> day of May, 2017.

**RECITALS**

- A. On or about July 1987, the City and District entered into the Water Supply Contract (City Agreement No. 5387, hereinafter referred to as "Agreement"), which describes the terms by which the City supplies water to the District.
- B. Pursuant to the Agreement, the District is responsible to initiate proceedings to dissolve the District during the final year of the Agreement, prior to expiration on July 1, 2017.
- C. The District has requested to extend the term of the Agreement in order to allow for the ongoing provision of water service to properties within the District.
- D. Accordingly, the parties now desire to amend the terms of the Agreement to extend the term for a period of five years, and to modify other terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained in this First Amendment, and for other good and valuable consideration, the parties agree as follows:

**ARTICLE 1. TERM**

Section 1 of the Agreement is hereby deleted and replaced with the following:

"This Agreement shall become effective upon its execution by both parties. The term of this Agreement shall end on July 1, 2022, unless terminated earlier in accordance with the terms of this Agreement."

**ARTICLE 2. ANNEXATION TO CITY**

Section 5 of the Agreement is hereby deleted in its entirety. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 5 of the Agreement.

**ARTICLE 3. PRICE AND PAYMENT**

Section 6 of the Agreement is hereby deleted and replaced with the following:

**“6. PRICE AND PAYMENT.**

6a. In return for all water provided by the City to the District, and customers within the District, in accordance with the terms of this Agreement, effective January 1, 2018, the District shall pay the City at the rates and fees in effect for “Outside City” customers, including the fees to cover the City’s costs to install or modify water services. The City shall establish the amount of the “Outside City” rates and fees in accordance with all requirements of State law, including Proposition 218. Each rate and fee identified in this Section 6 (6a through 6d) shall be as defined by resolution adopted by the City Council.

6b. In lieu of the City collecting rates and fees from the District (pursuant to Section 6a), the District hereby authorizes the City to directly bill and collect from each customer within the District the rates and fees that would otherwise be owed by the District, under the terms set forth in Sections 6c through 6e.

6c. The City shall establish an individual account with each customer (property owner or other responsible party) within the District in order to directly bill and collect the Outside City water rates and fees from each customer.

6d. As a condition of the City providing any new or modified water service: (1) the District shall provide written approval to the City, and (2) the customer has paid the City a water capacity fee (formerly called “connection fee”).

6e. Any customer receiving City water under the terms of this Agreement shall be subject to the requirements imposed on any other person receiving City water service in accordance with Napa Municipal Code Title 13.

6f. This Agreement does not prohibit the District from establishing separate fees or charges, in addition to the Outside City water fees and rates described above, to be imposed on customers and collected by the District.”

**ARTICLE 4. COLLECTION AND DISBURSEMENT OF FUNDS**

Section 7 of the Agreement is hereby deleted in its entirety.

**ARTICLE 5. RESPONSIBILITY OF THE CITY**

Section 11b of the Agreement is hereby deleted and replaced with the text set forth below. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 11b of the Agreement.

“The City shall be responsible for the complete operation, maintenance and later replacement of the distribution system serving the properties within the District. The City’s responsibility ends at the meter connection to each property.”

**ARTICLE 6. RESPONSIBILITY OF THE DISTRICT**

Section 12b of the Agreement is hereby deleted and replaced with the following:

“No later than two (2) years prior to the termination of this agreement, the District shall initiate and facilitate discussions with the City, LAFCO, Napa County and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within the District. The plan may include some combination of the District’s initiation of dissolution proceedings, the City otherwise taking over the District’s responsibilities to provide water service, a longer term commitment by the District to continue to provide water service, or another option mutually agreeable by the District and the City.

In consideration of the services provided by the City under the terms of this Agreement, the District shall: (i) convey to the City title to all physical system assets of the District, and (ii) pay to the City any “connection fees, special assessment fees, or mitigation fees” collected by the District under the terms of former section 7 of City Agreement No. 5387, to the extent those fees were not spent by the District on physical system assets. The District shall satisfy its obligation under the preceding sentence no later than thirty (30) days prior to the earlier to occur of: (x) termination of this Agreement, or (y) dissolution of the District. The District’s physical system assets estimated to be in place at the end of this Agreement are as described on Exhibit “C,” attached hereto and incorporated herein by reference.

The District hereby authorizes the City to “wheel” water through District pipelines at no additional compensation.

The District shall be responsible for giving notice to property owners within the District of the increase in rates and fees under Proposition 218.”

**ARTICLE 7. TERMINATION**

Section 18 of the Agreement is hereby added as follows:

## Appendix A

Upon thirty (30) days prior written notice to the City, the District may terminate this Agreement. If this Agreement is terminated, the District acknowledges that the City shall have no obligation to provide water service to any property within the District without a subsequent application to the City, and approval by the City Council in accordance with City Charter Section 180(B).

### **ARTICLE 8. FULL FORCE AND EFFECT**

Except as expressly modified by this First Amendment, all terms and conditions contained in the original Agreement (City Agreement No. 5387) shall remain in full force and effect.





IN WITNESS WHEREOF, City and District have executed this First Amendment as of the day and year first above written.

**CITY OF NAPA:**

**CONGRESS VALLEY WATER DISTRICT, A COUNTY WATER DISTRICT:**

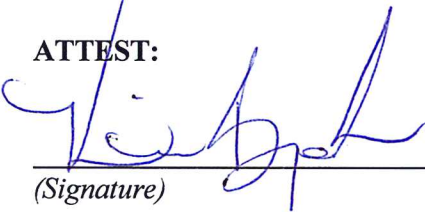
By:   
(Signature)

By:   
(Signature)

 Jacques R. LaRochelle, Public Works Director  
(Type Name and Title)  
Eric B. Whan, Deputy Public Works Director

Timothy Josten, President  
(Type Name and Title)

**ATTEST:**  
  
(Signature)

**ATTEST:**  
  
(Signature)

Dorothy Roberts, City Clerk  
(Type Name and Title)

Kiersten Bjorkman, Board Secretary  
(Type Name and Title)

**COUNTERSIGNED:**

**COUNTERSIGNED:**

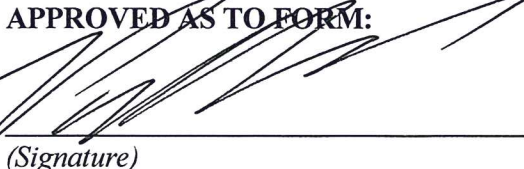
  
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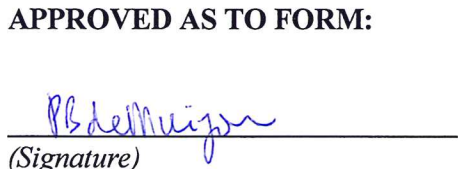
  
(Signature)

For Desiree Brun, City Auditor  
(Type Name and Title)

Janine Layland, Vice President  
(Type Name and Title)

SASHA PAYASLIAN, Deputy City Auditor

**APPROVED AS TO FORM:**  
  
(Signature)

**APPROVED AS TO FORM:**  
  
(Signature)

Michael Barrett, City Attorney  
(Type Name and Title)

Priscillia de Muizon, Attorney  
(Type Name and Title)

## Appendix A

**EXHIBIT C**  
**to First Amendment to the Water Supply Contract Between**  
**The City of Napa and the Congress Valley Water District**  
**(City Agreement No. 5387)**

### Description of District's Physical System Assets

The Congress Valley Water District's physical system assets estimated to be in place at the end of this Agreement are described as all water pipelines, service lines, valves, fire hydrants, meters and other appurtenances within the District's boundaries that are associated with the conveyance, operation, maintenance, monitoring and/or control of the of water supply from the City of Napa.

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## LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

### *General Policy Determinations*

Adopted on August 9, 1972  
Last Amended on October 3, 2011

#### **I. Background**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 specifies the Commission's principal objectives are discouraging urban sprawl, preserving open-space and agricultural resources, and encouraging the orderly formation and development of cities and special districts and their municipal services based on local conditions. Regulatory duties include approving or disapproving proposals involving the formation, reorganization, expansion, and dissolution of cities and special districts. The Commission's regulatory actions must be consistent with its adopted written policies and procedures. The Commission must also inform its regulatory duties through a series of planning activities, which includes establishing and updating spheres of influence.

#### **II. General Policies**

The intent of these policies is to serve as the Commission's constitution with regards to outlining clear goals, objectives, and requirements in uniformly fulfilling its prescribed duties. The Commission reserves discretion in administering these policies, however, to address special conditions and circumstances as needed.

##### **A) Legislative Declarations**

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

- (1) The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. (G.C. §56000)

## Appendix B

- (2) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures, and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns. (G.C. §56300)
- (3) In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:
  - a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
  - b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.  
(G.C. §56377)

### **B) Commission Declarations**

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

- (1) Use of County General Plan Designations:  
In evaluating a proposal, the Commission will use the Napa County General Plan to determine designated agricultural and open-space lands. The Commission recognizes that inconsistencies may occur between the County General Plan and the affected city general plan with respect to agricultural and open-space designations. Notwithstanding these potential inconsistencies, the Commission will rely on the Napa County General Plan in recognition of the public support expressed in both the incorporated and unincorporated areas of Napa County for the County's designated agricultural and open-space lands through enactment of Measure "J" in 1990 and Measure "P" in 2008.

## Appendix B

- (2) Location of Urban Development:  
The Commission shall guide urban development away from designated agricultural or open-space lands until such times as urban development becomes an overriding consideration as determined by the Commission.
- (3) Timing of Urban Development:  
The Commission discourages proposals involving the annexation of undeveloped or underdeveloped lands to cities and special districts that provide potable water, sewer, fire protection and emergency response, or police protection services. This policy does not apply to proposals in which the affected lands are subject to a specific development plan or agreement under consideration by a land use authority. This policy does not apply to city annexation proposals in which the affected lands are part of an unincorporated island.
- (4) Factors for Evaluating Proposals Involving Agricultural or Open-Space Lands:  
The Commission recognizes there are distinct and varying attributes associated with agricultural and open-space designated lands. A proposal which includes agricultural or open-space designated land shall be evaluated in light of the existence of the following factors:
- a) "Prime agricultural land", as defined by G.C. §56064.
  - b) "Open-space", as defined by G.C. §56059.
  - c) Land that is under contract to remain in agricultural or open-space use, such as a Williamson Act Contract or Open-Space Easement.
  - d) Land which has a County General Plan agricultural or open-space designation (Agricultural Resource or Agriculture, Watershed and Open-Space).
  - e) The adopted general plan policies of the County and the affected city.
  - f) The agricultural economic integrity of land proposed for conversion to urban use as well as adjoining land in agricultural use.
  - g) The potential for the premature conversion of adjacent agricultural or open-space designated land to urban use.
  - h) The potential of vacant non-prime agricultural land to be developed with a use that would then allow the land to meet the definition of prime agricultural land under the Williamson Act.

## Appendix B

(5) Encouragement of Reorganizations:

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

### **III. Policies Concerning Spheres of Influence**

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

#### **A) Legislative Declarations**

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

- (1) "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission. (G.C. §56076)
- (2) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. (G.C. §56425(a)).
- (3) The Commission encourages cities and the County to meet and agree to sphere of influence changes. The Commission shall give "great weight" to these agreements to the extent they are consistent with its policies. (G.C. §56425(b) and (c))
- (4) On or before January 1, 2008, and every five years thereafter, the Commission shall, as necessary, review and update each sphere of influence. (G.C. §56425(g))

**B) General Guidelines for the Review of Spheres of Influence**

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

- (1) The Commission incorporates the following definitions:
  - a) An “establishment” refers to the initial development and determination of a sphere of influence by the Commission.
  - b) An “amendment” refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency.
  - c) An “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.
- (2) The Commission discourages proposals from residents, landowners, and agencies proposing amendments to spheres of influence unless justified by special conditions and circumstances.
- (3) The Commission shall consider the following land use criteria in establishing, amending, and updating spheres of influence:
  - a) The present and planned land uses in the area, including designated agricultural and open-space lands.
  - b) Consistency with the County General Plan and the general plan of any affected city.
  - c) Adopted general plan policies of the County and of any affected city that guide future development away from designated agricultural or open-space land.
  - d) Adopted policies of affected agencies that promote infill of existing vacant or underdeveloped land.
  - e) Amount of existing vacant or underdeveloped land located within any affected agency’s jurisdiction and current sphere of influence.
  - f) Adopted urban growth boundaries by the affected land use authorities.

## Appendix B

- (4) The Commission shall consider the following municipal service criteria in establishing, amending, and updating spheres of influence:
  - a) The present capacity of public facilities and adequacy of public services provided by affected agencies within the current jurisdiction and the adopted plans of these agencies to improve any municipal service deficiency, including adopted capital improvement plans.
  - b) The present and probable need for public facilities and services within the area proposed for inclusion within the sphere of influence and the plans for the delivery of services to the area.
- (5) The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission, however, shall consider removal of land from an agency's sphere of influence if any of the two conditions apply:
  - a) The land is outside the affected agency's jurisdictional boundary but has been within the sphere of influence for 10 or more years.
  - b) The land is inside the affected agency's jurisdictional boundary, but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

### **C) City Spheres of Influence**

The Commission shall adhere to the following policies in the establishment, amendment, or update of a city's sphere of influence.

- (1) Location of Urban Development:  
It shall be a basic policy of the Commission is that the sphere of influence shall guide and promote the affected city's orderly urban growth and development.
- (2) Sphere of Influence to Reflect Service Capacities:  
A city's sphere of influence should reflect existing and planned service capacities based on information collected by, or submitted to, the Commission.
- (3) Use of County General Plan Agricultural and Open-Space Designations:  
The Commission shall use the most recently adopted County General Plan as the basis to identify designated agricultural and open-space lands in establishing, amending, and updating a city's sphere of influence.



## Appendix B

- (4) Avoidance of Inclusion of Agricultural and Open-Space Lands:  
Land specifically designated as agricultural or open-space lands shall not be approved for inclusion within any city's sphere of influence for purposes of urban development unless exceptions are warranted based on the criteria outlined in Section B(3) and (4).
- (5) Preference for Infill:  
The Commission will consider the amount of vacant land within the established sphere of influence of a city when considering amendments and updates. The Commission encourages sphere of influence proposals that promote the infill of existing vacant or underdeveloped land thereby maximizing the efficient use of existing city services and infrastructure as well as discouraging urban sprawl. Conversely, the Commission discourages sphere of influence proposals involving vacant or underdeveloped land that requires the extension of urban facilities, utilities, and services where infill is more appropriate.
- (6) Spheres of Influence as Guides for City Annexations:  
A city's sphere of influence shall generally be used to guide annexations within a five-year planning period. Inclusion of land within a sphere of influence shall not be construed to indicate automatic approval of an annexation proposal; an annexation will be considered on its own merits with deference assigned to timing.
- (7) Joint Applications:  
When an annexation is proposed outside a city's sphere of influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting. The change to the sphere of influence to include the affected territory, however, shall be considered and resolved prior to Commission action on the annexation.
- (8) Cooperative Planning and Development:  
Spheres of influence shall be developed by the Commission in cooperation with input from the cities and the County.
  - a) The urban areas as delineated by the spheres of influence or other boundary adopted by the Commission should be recognized and considered as part of planning and development programs of the affected cities as well as any affected special districts and the County.
  - b) The Commission shall encourage cities to first develop existing vacant and underdeveloped infill lands located within their jurisdictions and spheres of influence to maximize the efficient use of available services and infrastructure and discourage the premature conversion of agricultural and open-space lands to urban uses. The Commission shall encourage the development of vacant or underdeveloped infill

## Appendix B

lands located within cities' jurisdictions before the annexation of lands requiring the extension of urban facilities, utilities, and services.

- c) No urban development should be permitted by the County to occur on unincorporated lands within a city's sphere of influence. If approval of urban development in such areas is legally required of the County, such development should conform to applicable city standards and be the subject of a joint city-County planning effort.

### **D) Special District Spheres of Influence**

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

- (1) Urbanizing Effect of Services:  
It shall be a basic policy of the Commission that the establishment, amendment, or update of a special district's sphere of influence serves to promote urban development with limited exceptions.
- (2) Sphere of Influence to Reflect Service Capacities:  
A special district's sphere of influence should reflect existing and planned service capacities based on information collected by, or submitted to, the Commission.
- (3) Exclusion of Agricultural and Open-Space Lands:  
Land designated agricultural or open-space by the applicable city or County general plan shall not be approved for inclusion within any special district's sphere of influence for purposes of urban development through the extension of essential public services. Such designations shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. The Commission may consider exceptions to this policy based on evidence provided by the affected special district demonstrating all of the following:
  - a) The expansion is necessary in order to provide potable water or sewer to the territory to respond to a documented public health or safety threat.
  - b) The affected special district can provide adequate potable water or sewer service to the affected territory without extending any mainline more than 1,000 feet.
  - c) The expansion will not promote the premature conversion of agricultural or open-space land to urban use.

## Appendix B

- (4) Sphere of Influence as a Guide to Special District Annexations:  
A special district's sphere of influence shall generally be used to guide annexations within a five-year planning period. Inclusion of land within a sphere of influence shall not be construed to indicate automatic approval of an annexation proposal; an annexation will be considered on its own merits with deference assigned to timing.
- (5) Joint Applications:  
When an annexation is proposed outside a special district's sphere of influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting. The change to the sphere of influence to include the affected territory, however, shall be considered and resolved prior to Commission action on the proposed annexation.
- (6) Cooperative Planning and Development Programs:  
Spheres of influence shall be developed by the Commission in cooperation with any affected cities and the County.
  - a) The service area of a special district as delineated by the sphere of influence or other boundary adopted by the Commission should be recognized and considered as part of the planning and development programs of any affected district, city, and the County.

### **IV. Policies Concerning the County Of Napa**

#### **A) Location of Urban Development**

- (1) Development of an urban character and nature should be located within areas designated as urban areas by the County General Plan in close proximity to a city or special district which can provide essential public services.
- (2) Urban development should be discouraged if it is apparent that essential services necessary for the proposed development cannot readily be provided by a city or special district.
- (3) The Commission shall review and comment, as appropriate, on the extension of services or the creation of new service providers to furnish services into previously unserved territory within unincorporated areas.

**B) Use of County Service Areas and Community Services Districts**

- (1) In those unincorporated urban areas where essential urban services are being provided by the County, the Board of Supervisors should consider the establishment of county service areas or community services districts so that area residents and landowners pay their fair and equitable share for the services received.

**V. Policies Concerning Cities**

**A) Incorporations**

- (1) The Commission discourages proposals to incorporate communities unless substantial evidence suggests the County and any affected special district are not effectively meeting the needs of the community.
- (2) The Commission discourages proposals to incorporate communities involving land that is not already receiving essential public services from a special district.
- (3) Any community proposed for incorporation in Napa County shall have at least 500 registered voters residing with the affected area at the time proceedings are initiated with the Commission as required under G.C. §56043.

**B) Outside Service Agreements**

- (1) Commission approval is needed for a city to provide new or extended services outside its jurisdictional boundary by contracts or agreements. A Request by a city shall be made by resolution of application and processed in accordance with G.C. §56133.
- (2) The Commission shall incorporate the following definitions in administering these policies:
  - a) “Services” shall mean any service provided by a city unless otherwise exempted under G.C. 56133.
  - b) “New” shall mean the actual extension of a municipal service to previously unserved non-jurisdictional land. Exceptions include non-jurisdictional land in which the city or County has adequately contemplated the provision of the subject service on or before January 1, 2001 as determined by the Commission.

## Appendix B

- c) “Extended” shall mean the intensification of an existing municipal service provided to non-jurisdictional land associated with a land use authority’s redesignation or rezoning after January 1, 2001 as determined by the Commission.
- (3) The Commission shall establish policies and procedures in the review of outside service agreement requests involving a city.

### **VI. Policies Concerning Special Districts**

#### **A) In Lieu of New District Creation**

- (1) Where a limited-purpose special district exists and additional services are required for an unincorporated area designated as urban by the County General Plan, the Commission encourages reorganizations to provide the extended services of the existing limited services special district.

#### **B) Preference for Districts Capable of Providing All Essential Services**

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

#### **C) Establishing New Services or Divestiture of Existing Service Powers**

- (1) Commission approval is required for a special district to establish new services or divest existing service powers within all or parts of its jurisdictional boundary. Requests by a special district shall be made by adoption of a resolution of application and include all the information required and referenced under G.C. §56824.12.
- (2) The Commission incorporates the following definitions in administering these policies:
  - a) “New” shall mean activating a latent service not previously authorized.
  - b) “Divestiture” shall mean deactivating a service power previously authorized.
- (3) The Commission shall consider the effect of the proposal in supporting planned and orderly growth within the affected territory.

**D) Outside Service Agreements**

- (1) Commission approval is needed for a special district to provide new or extended services outside its jurisdictional boundary by contracts or agreements. Requests made by special districts shall be made by resolution of application and processed in accordance with G.C. §56133.
- (2) The Commission shall incorporate the following definitions in administering these policies:
  - a) “Services” shall mean any service provided by a special district subject to the jurisdiction of the Commission unless otherwise exempted under G.C. 56133.
  - b) “New” shall mean the actual extension of a municipal service to previously unserved non-jurisdictional land. Exceptions include non-jurisdictional land in which the special district or land use authority has adequately contemplated the provision of the subject service on or before January 1, 2001 as determined by the Commission.
  - c) “Extended” shall mean the intensification of an existing municipal service provided to non-jurisdictional land associated with a land use authority’s redesignation or rezoning after January 1, 2001 as determined by the Commission.
- (3) The Commission shall establish policies and procedures in the review of outside service agreement requests involving a special district.

**VII. Policies Concerning Annexations**

**A) General Policies Concerning Annexations to a City**

- (1) Inclusion in Sphere of Influence:  
The affected territory shall be included within the affected city sphere of influence prior to issuance of the Executive Officer's certificate of filing for the subject annexation proposal. The Executive Officer may amend both a sphere of influence amendment and annexation application for Commission consideration and action at the same meeting.

## Appendix B

- (2) Substantially surrounded:  
For the purpose of applying the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act, most notably G.C. §56375, the affected territory of an annexation proposal shall be deemed “substantially surrounded” if the following two conditions apply:
- a) The affected territory lies within the city’s sphere of influence.
  - b) The affected territory is surrounded by no less than 66.6% by the city, as set forth in a boundary description accepted by the Executive Officer.

### **B) Policies Concerning Island Annexations**

- (1) Boundary of Areas Not 100% Surrounded by City:  
The outside boundary of an unincorporated island less than 100% surrounded shall be the affected city sphere of influence boundary line.
- (2) Criteria for Determining a Developed Island:  
A developed island shall substantially meet all the following criteria:
- a) The island shall have a housing density of at least 0.5 units per gross acre.
  - b) All parcels within the island can readily receive from the affected city or any affected special district basic essential services including but not limited to police protection, fire protection, potable water and sanitation.
- (3) Policy Regarding Annexations Within an Identified Island Area:  
When an annexation proposal includes territory within a developed island, the Commission shall invite the affected city to amend the boundary of the proposed annexation to include the entire island. To the extent permitted by law, the Commission reserves the right to expand the boundaries of the proposed annexation to include the entire island.

### **C) Policies Concerning Annexation of Municipally-Owned Land**

- (1) Restricted Use Lands Owned by Public Agencies:  
The Commission shall disapprove annexation of publicly-owned land designated agricultural or open-space or subject to a Williamson Act contract unless the land will be used for a municipal purpose and no suitable alternative site reasonably exists within the affected city’s sphere of influence.

## Appendix B

- (2) Facilities Exempt from Policy:  
Municipal purpose shall mean a public service facility which is urban in nature such as water and sewage treatment facilities and public buildings, but shall not include land which is vacant or used for wastewater reclamation irrigation, a reservoir, or agricultural, watershed or open-space.

### **D) Concurrent Annexation Policies**

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

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



## Appendix B

(3) County Service Area No. 4

a) Annexations to Cities:

All annexation proposals to a city shall be required to concurrently detach from County Service Area No. 4 unless the affected territory has been, or is expected to be, developed to include planted vineyards totaling one acre or more in size.

November 29, 2016

Mr. Brendon Freeman, Executive Officer  
Local Agency Formation Commission of Napa County  
1030 Seminary Street, Suite B  
Napa, California 94559

Dear Brendon:

I am writing to you to request that the Local Agency Formation Commission amend the Sphere of Influence of the Congress Valley Water District, to include several parcels that front Buhman Avenue, just south of Congress Valley Road. Water to the general area is supplied by the City of Napa through a 1987 agreement with the CVWD. The CVWD rehabilitated the water infrastructure in the late 1980's. All infrastructure is maintained by the City of Napa.

In late 2012, I had written to Keene Simonds, explaining the water supply difficulties that my wife's elderly Aunt was experiencing at her house, which is located on one of those parcels (the Forloine parcels.) For some reason, that request was never specifically acted upon (I believe it was during a staff transition period.) A copy of the letter is attached, as **Exhibit 1**.

After some recent conversations with you, in early September of this year, I wrote to the Congress Valley Water District, about my interest in getting several parcels annexed into the District, to allow severe water supply problems in the area to be addressed. A copy of that letter is attached, as **Exhibit 2**. I appeared at the September 12<sup>th</sup> CVWD Board meeting, to explain my request and make my appeal. On September 26<sup>th</sup>, Kiersten Bjorkman, CVWD Secretary, notified me that the CVWD Board had authorized that a formal request be made to LAFCO to annex several parcels (the Forloine parcels.) One major hurdle has been cleared. A copy of her letter is attached as **Exhibit 3**.

I have met with Water Department staff, and discussed with them my request. Water Department staff made clear to me that, as provided in the water supply agreement, they are in charge of supply, maintenance and billing, but they are not the ones in charge of these kinds of decisions. Likely, they will be working with CVWD in the near term on determining how water service will be provided to the parcels in question.

During a recent meeting with you, Commission Chair Dillon and Commission Member Wagenknecht, it became clear that, in order to be successful, I needed to somehow distinguish and demonstrate that the parcels in question are unique, and not just Ag parcels requesting urban services.


Last week, I met with Kim Withrow, of the Napa County Environmental Health Department, now PBES, to review with her the water shortage situation in the area. My request to her was to consider issuing a letter indicating that it would be useful to the area to have potable water supplied through the CVWD water system. She indicated that she would try to have something prepared by December 2<sup>nd</sup>.

I believe that these parcels are in a unique situation. I believe that they are unique **because it was clearly the intention** of CVWD in 1987 to include them in their service area, with their eventual annexation to CVWD. This intention to include was made explicitly clear by CVWD in 1987, when the water supply agreement between the City of Napa and the CVWD was negotiated and executed. I have attached the City – CVWD Agreement and diagram (excluding listing of then served parcels and the environmental assessment) included in the agreement, as **Exhibit 4** (City Agreement #5387, acted upon by the Council on September 1, 1987.) The diagram showing parcels eligible for water service under the terms of the agreement is called out in the Agreement as Exhibit B. **The boundary lines shown on Exhibit B of the Agreement clearly includes and incorporates the parcels in question.** In fact, the boundary line includes a number of parcels in that area that front Buhman Avenue, of which the Sinskey parcels that I reference in my September 7<sup>th</sup> letter are two. None of the parcels that front Buhman Avenue in this area are dividable according to the County's codes and ordinances.

In checking at the Napa County Assessors Office on November 2<sup>nd</sup>, I found that the three Forloine parcels existed in 1986 in the same configuration as they do today. It appears that other parcels have been reconfigured, via lot line adjustments, but no new parcels have been created.

Again, the family appreciates your assistance, and looks forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone,

Sincerely,

  
John W. Stewart, PE  
2111 Las Amigas Road  
Napa, CA 94559

CC: without Exhibits....

Commission Chair Dillon  
Commissioner Wagenknecht  
Deputy Public Works Director Phil Brun, City of Napa  
Water Department General Manager Joy Eldredge, City of Napa  
Environmental Health Supervisor Kim Withrow, County of Napa

October 19, 2012

Mr. Keene Simonds  
LAFCO Executive Officer  
County of Napa  
1030 Seminary Street, Suite B  
Napa, CA 94559

Dear Mr. Simonds:

On behalf of Virginia Forloine, my wife's aunt, I am writing to you to ask to have her three parcels, located on Buhman Avenue, included in your service area analysis that you will be conducting next calendar year. They are APN's 47-030-021, 023, and 024. The address of the residence is 2205 Buhman Avenue.

Virginia is a lifelong resident of Napa County, and is well over 90 years old. She and her late husband lived on one of the three parcels and the residence was served by a well and a spring on those parcels. This past summer, both the well and the spring ran dry, forcing her to look at alternative water supplies. In fact, she is living temporarily at the Meadows. I have taken it upon myself to locate a permanent and adequate water supply for her house.

Our request would be to be placed within the water service area of either the Congress Valley Water District or the City of Napa. These parcels appear to be on the fringe of the Water District's boundaries, with the Sinskey parcel directly across the road appearing to be within the Sphere. In the past, I have heard that Rob Sinskey was interested in receiving water from the District; it may be time to address the needs of residences that are desperate for water within a known groundwater short area.

Again, we appreciate your assistance, and look forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone,

Sincerely,

John W. Stewart, PE  
2111 Las Amigas Road  
Napa, CA 94559

EXHIBIT 1

September 7, 2016

Board of Directors  
Congress Valley Water District  
C/O Kiersten Bjorkman, Secretary  
Napa, CA 94559

RE: Requesting inclusion within the District of five parcels along Buhman

President and Members of the Board:

I am writing to you, representing both Rob Sinskey and the heirs of Virginia Forloine, to request inclusion of five Assessors Parcels within the Congress Valley Water District.

On behalf of Virginia Forloine, my wife's late aunt, I am writing to you to ask to have her three parcels, located on Buhman Avenue, included in your service area. They are APN's 47-030-021, 023, and 024. The address of the residence is 2205 Buhman Avenue.

Virginia was a lifelong resident of Napa County, and she and her late husband, Clint, lived on one of the three parcels, having built on the parcel in the early 1970's. The residence is served by a very shallow well and a spring on those parcels. During many summers, both the well and the spring run dry. Additionally, there is a water quality problem, both bacteriologically and physically. In the past, they have inquired about connecting to the Congress Valley water system, but waterlines were never installed along their portion of Buhman Avenue.

I have taken it upon myself to locate a reliable, adequate, and wholesome water supply for that house, and the other two parcels.

On behalf of Rob Sinskey, who lives directly across Buhman Avenue, I am requesting that his two parcels be included with the Congress Valley Water District as well. His parcels are 047-030-036 and 047-030-037. He is in much the same situation, namely poor groundwater area and no waterline in his portion of Buhman Avenue.

Within the last week or so, I have met with the Engineers at the City Water Department to talk about water service to these five parcels. We talked generally about the need and about possible strategies for service.

And, during the past several weeks, I have been in conversations with Brendan Freeman, Executive Officer of LAFCO, about the process that would need to be followed to include these five parcels within your District boundary.

EXHIBIT 2

My sense is that the Congress Valley Water District needs to weigh in on my request for inclusion before these other conversations can go much further.

Pretty much all of Congress Valley is notoriously groundwater short. That is why the District was formed mid last century, and that is why the water system was refurbished in the mid 1980's. These two families are in need of some help in addressing their water supply problems. Your District is the agency that can help implement solutions to their water needs.

My request is that you support, and request, having your Sphere of Influence and your District Boundary adjusted to include those five parcels.

Again, we appreciate your assistance, and look forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone,

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Stewart". The signature is fluid and cursive, with a large initial "J" and "S".

John W. Stewart, PE  
2111 Las Amigas Road  
Napa, CA 94559

**Congress Valley Water District**  
**P. O. Box 3023**  
**(707) 256-0344**

September 26, 2016

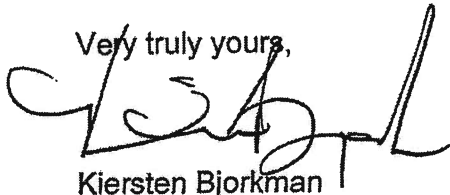
Local Agency Formation Commission of Napa County  
1030 Seminary Street, Suite B  
Napa, CA 94559

Attn: Brendon Freeman, Executive Officer

It was approved at the regularly scheduled Congress Valley Water District meeting held September 12, 2016 to formally request LAFCO to adjust the District's Sphere of Influence to include properties along Buhman Ave, APN's 47-030-021, 023 and 024.

Let me know if you have any questions.

Very truly yours,



Kiersten Bjorkman  
Secretary  
815-5240  
[kierstenlarae@yahoo.com](mailto:kierstenlarae@yahoo.com)

cc: John Stewart, Phil Brun, City of Napa Water Dept., LAFCO commissioners

EXHIBIT 3

City Clerk's copy

Attachment Two  
City Agreement No. 5381

WATER SUPPLY CONTRACT

BETWEEN

THE CITY OF NAPA AND THE CONGRESS VALLEY WATER DISTRICT

The CITY OF NAPA, a municipal corporation in the County of Napa, State of California, hereinafter called "City", agrees to sell, and the CONGRESS COUNTY WATER DISTRICT, a county water district, hereinafter called "District", agrees to buy water under the following terms and conditions:

RECITALS

A. The City is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the supply and distribution of water to customers inside and outside of the corporate limits of said City.

B. The District is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the distribution of water to customers within the boundaries of said District.

C. The District is currently purchasing its water supply from the City under an existing agreement dated October 30, 1951, the term of which having expired has been extended by mutual agreement of the District and City until this replacement agreement is executed.

D. The District has no developed water supply resources and no storage facilities.

EXHIBIT 4



E. The District has requested that the City continue to furnish a supply of water to the District, but under different terms and conditions than provided for in the original agreement.

F. The City is willing to furnish a supply of water to the District.

THEREFORE, the parties hereby agree to the following:

1. TERM OF AGREEMENT. This Agreement shall become effective upon its execution by both parties and shall run for a term of thirty (30) years, or to July 1, 2017, whichever shall occur first.

2. SERVICE AREA. The District shall deliver the water furnished under this Contract to consumers only within the territory shown and described on attached "EXHIBIT B", entitled "Congress County Water District Service Area", and no other or additional territory. No water service shall be provided by the District to any parcel within said service area as shown on attached "EXHIBIT B", until said parcel has been annexed to the District.

3. QUANTITY OF WATER. The City shall furnish water to the District, as it may need to supply its customers only in accordance with the terms and conditions of this Agreement, in an amount not to exceed a total of one hundred (100) acre feet in any calendar year, at a reasonable rate of flow at the delivery point or points.

4. CONDITIONS OF SERVICE. The District shall deliver water it receives under this Agreement to a maximum of 140 service connections to serve existing parcels of record as described below and no others, for domestic, agricultural, and winery purposes only. (For the purposes of this Contract, a winery is defined as a facility appurtenant to the manufacture of wine or similar products. Additionally, fifty percent (50%) of the grapes processed must be grown in the service area. Additionally, no items other than the product manufactured at site of the winery may be sold.) The District shall deliver water it receives under this Agreement only to service connections existing or approved on the effective date of this agreement, and to parcels of land existing within the District Service Areas as defined in "EXHIBIT B", on the effective date of this Agreement.

5. ANNEXATION TO CITY. City agrees that if any portion of the District is annexed to the City during the term of this Agreement, City shall annually reimburse the District up to an amount equal to the average annual revenue that would have been derived from the sale of water to that portion of the District so annexed had that portion of the District remained in the District. Such payment shall be applied to any bond redemption, interest payment, or reserve accounts, therefor, which are then an existing obligation of the District. No such payment shall be required, if no such obligations then exist.

6. PRICE AND PAYMENT. The District shall pay to the City the sum of one dollar and twenty-three cents (\$1.23) per one thousand (1,000) gallons. Said quantity rate charge shall be adjusted administratively from time to time, concurrent with adjustments in the quantity rate and service charge applicable

to retail domestic customers inside the City limits. The adjusted quantity rate applicable to the District shall be identical to the quantity rate applicable to retail domestic customers inside the City limits.

7. COLLECTION AND DISBURSEMENT OF FUNDS. City agrees to bill District's customers at the rate specified by the District (subject to change on an annual basis). District's rate structure shall be similar to City's structure. City will collect all proceeds in a fashion consistent with its own procedures and deposit same in a separate account. Periodically the proceeds so collected and deposited shall be released to an entity as directed in writing by District.

Any connection fees, special assessment fees, or mitigation fees designated by the District shall not be collected by City. It shall be the responsibility of the District to collect such fees.

Any work done by City, such as to install new services or to make modifications as requested by District shall be on a fixed fee basis or time and materials basis, as is appropriate. City requires a deposit for such work in accordance with its codes, and the City will collect and retain same.

8. MEASUREMENTS AND CONTROL OF WATER DELIVERED. The water delivered pursuant to this Agreement shall be measured by meters at the points of delivery hereinafter referred to as the customers meter connection. On any new customer meter connection, the city shall install the necessary meters, valves, and appurtenances appropriate to operate and maintain such connection. Said meters, valves, and appurtenances shall be maintained in good repair and replaced when

necessary by the City. Each party shall have the right to test any meter at its own expense, or the parties may share the cost as mutually agreed. City reserves the right to replace any meter at any time.

9. CONSERVATION MEASURES. District agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by the City or which may be adopted by the City.

10. QUALITY OF WATER. The quality of water at the point of delivery furnished to the District will be the same as that furnished to other City customers under the permit from the State of California Department of Health Services or its successor agency.

11a. NON-RESPONSIBILITY OF THE CITY. Neither the City nor any of its officers, agents or employees, shall be liable for any loss or damage direct or indirect, arising from shortages in the amount of water to be made available for delivery, interruption of delivery or failure of any kind caused by drought or any other cause beyond the control of the City.

11b. RESPONSIBILITY OF THE CITY. The City shall be responsible, during the term of this Contract, for the complete operation, maintenance (and later replacement) of the District's water system.

City agrees to make the District whole for additional costs incurred in installing the twelve inch (12") waterline stipulate in the section of this Agreement entitled "Responsibility of District".

The amount of the make whole cost is to be determined by multiplying the number of feet of waterline so oversized by the difference in cost obtained by subtracting the contract cost of a twelve inch (12") waterline in this area from a theoretical contract cost for an eight inch (8") waterline in the same work area. The theoretical contract cost is assumed to be the contract cost for eight inch (8") waterline installed elsewhere in the District during the replacement project.

City shall reimburse District within thirty (30) days of submission of each of the successive contract progress payments submitted by District's Contractor during the replacement project, showing the number of feet of the oversized line installed.

City agrees to install, at its cost, a twelve-inch (12") main from the City limits on Old Sonoma Road to the point of connection with the transmission line in Foothill Boulevard when the need for such installation is established.

12a. NON-RESPONSIBILITY OF THE DISTRICT. Neither the District nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water, nor for any damage of any nature whatsoever, including but not limited to property damages, personal injury or death, arising out of or connected with the same.

12b. RESPONSIBILITY OF THE DISTRICT. It shall be the responsibility of the District to, during year 30, pass title for all improvements and assets of

the District to the City for the sum of one dollar (\$1.00). The Board of Directors of District shall during year 30, initiate proceedings to dissolve the District pursuant to the District Reorganization Act or as it may be amended.

Additionally, District agrees to cause the size of the waterline to be installed in Thompson Avenue, in Congress Valley Road, from Thompson Avenue to Old Sonoma Road, and in Old Sonoma Road, from Congress Valley Road easterly to City's corporate boundary (to the extent that the waterline will be replaced) to be installed as 12-inch waterline. This is herein referred to as the oversized waterline.

Additionally, District will allow City to "wheel" water through said waterline at no additional compensation.

13. BACKFLOW PREVENTION: District agrees to require its water service customers to comply with City's backflow prevention device program.

14. ASSIGNMENTS. No assignment of this Agreement or of any right or obligation of any part hereunder, in whole or in part, can be made without the express written consent of all parties hereto, which consent shall not be unreasonably withheld.

15. MODIFICATIONS. Modification to this Agreement shall be specific amendment, executed by all parties hereto.

16. APPLICABLE LAW. The law of California then existing shall govern the interpretation of this Contract.

17. NOTICES. All notices required under this Contract shall be sent to:

City of Napa  
P.O. Box 660  
Napa, CA 94559

Congress County Water District  
P.O. Box 3023  
Napa, CA 94558

CITY OF NAPA,  
a municipal corporation

CONGRESS COUNTY WATER DISTRICT,  
a County Water District

By: Brad Weyant

MAYOR

By: Robert A. Oslawski

PRESIDENT

ATTEST:

ATTEST:

Paula Means

CITY CLERK

Dorothy L. Strick

SECRETARY

APPROVED AS TO FORM:

John ...

CITY ATTORNEY

Robert ...

CONGRESS COUNTY

WATER DISTRICT ATTORNEY

COUNTERSIGNED:

[Signature]

CITY AUDITOR

Paul D. King

DISTRICT AUDITOR



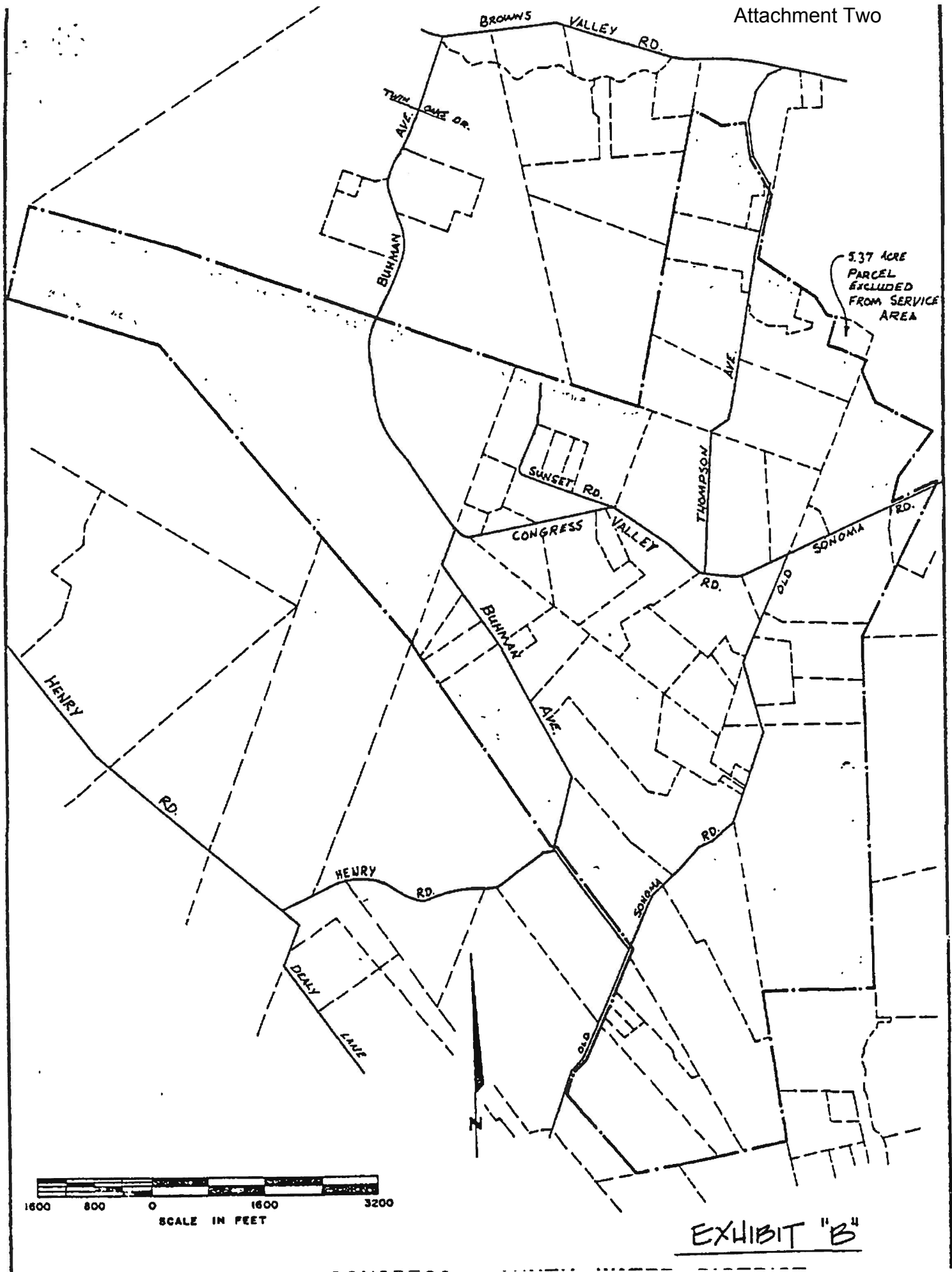


EXHIBIT "B"