



Local Agency Formation Commission
LAFCO of Napa County

1700 Second Street, Suite 268
Napa, California 94559
Telephone: (707) 259-8645
Facsimile: (707) 251-1053
<http://napa.lafco.ca.gov>

August 2, 2010
Agenda Item No. 7c (Action)

July 26, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Island Annexation Program

The Commission will receive a report summarizing staff's activities to date in developing an island annexation program aimed at eliminating unincorporated pockets within the City of Napa. The report is being presented to the Commission for discussion and possible action with respect to providing additional staff direction.

Local Agency Formation Commissions (LAFCOs) are responsible for regulating the formation and development of local governmental agencies and their municipal services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH"). This includes approving, with or without amendments, boundary changes proposed by local agencies, landowners, and residents. All boundary changes approved by LAFCOs must be consistent with their written policies and procedures. LAFCOs may also condition approval as long as they do not directly regulate land use.

A. Background

Legislation

On January 1, 2001, Assembly Bill 2838 (Hertzberg) was enacted and significantly expanded the objectives, powers, and procedures underlying LAFCOs and their ability to coordinate logical growth and development while preserving agricultural and open space resources. This included establishing an expedited process for cities to annex unincorporated pockets that are either entirely or substantially surrounded by their jurisdictional boundaries, which are commonly referred to as "islands." This expedited process is currently codified under Government Code Section 56375.3 and allows cities to annex unincorporated islands under certain conditions while avoiding protest proceedings. The expedited process also curtails LAFCOs' discretion by directing annexation approval if the island – among other conditions – is less than 150 acres, does not comprise prime agricultural land, and is substantially developed or developing. The sunset date for cities to make use of the expedited process is January 1, 2014.

Juliana Inman, Chair
Councilmember, City of Napa

Lewis Chilton, Commissioner
Councilmember, Town of Yountville

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Bill Dodd, Vice Chair
County of Napa Supervisor, 4th District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

Islands in Napa County

There are a total of 22 islands in Napa County. This includes islands meeting LAFCO of Napa County's ("Commission") definition of "substantially surrounded," which applies to land located within the affected city's sphere of influence with at least 66.7% of its perimeter bordered by its jurisdiction. All but three of the islands are entirely (ten) or substantially (nine) surrounded by the City of Napa. Staff estimates there are 2,308 residents residing within these 19 islands. This amount represents nearly 3.0% of Napa's current resident population. A map depicting the islands in Napa is attached.

B. Discussion

On December 7, 2009 the Commission conducted a biannual workshop in which it received a presentation from staff outlining a proposed island annexation program; a program predicated on educating landowners and residents with respect to the benefits, costs, and related issues tied to annexation.¹ The Commission expressed support for moving forward with implementing the initial phases of the program with direction to reduce the scale to only focus on outreach within the ten entirely surrounded islands. The Commission also directed staff to economize resources by grouping the ten islands into regions in the course of performing outreach. Staff commented it would return mid-year with an update on its outreach efforts and seek further direction from the Commission.

To date, staff has prepared and mailed informational packets to all landowners within eight of the ten entirely surrounded islands in Napa. The informational packets include letters to the landowners explaining the Commission's duties and responsibilities along with outlining the governance and service inefficiencies tied to islands. The letters invite landowners to contact staff to discuss their interest in annexation and are accompanied by flyers summarizing key benefits. Packets were mailed in two distinct phases. The first mailing was sent in March 2010 to landowners in five islands in southeast Napa identified in the attached map as 6 through 10. The second mailing was sent in June 2010 to landowners in three islands in central Napa identified in the attached map as 3 through 5. Results of the two mailings are summarized below.

Category	First Mailing (Islands Nos. 6-10)	Second Mailing (Islands Nos. 3-5)
Total Landowners	18	26
Positive Responses	0	1
Negative Responses	4	1

¹ The genesis for the presentation followed the Commission's review earlier in the year of a proposal from Napa to annex portions of an existing island entirely surrounded by the City near Silverado Trail's intersection with Soscol Avenue. In processing the proposal, staff explored the possible expansion to eliminate the entire island; a modification consistent with previous comments by Commissioners to proactively eliminate islands in Napa. The modification, however, would have triggered conducting authority proceedings and caused uncertainty as to whether annexation would be terminated as a result of sufficient protests due to a lack of earlier outreach. Upon deliberation, the Commission agreed to approve the annexation as submitted with Napa agreeing to collaborate on an island annexation program.

C. Analysis

Outreach efforts to date have generated responses from less than one-seventh of the contacted island landowners. A supermajority of the responding landowners have expressed opposition to annexation. None of these landowners cited specific reasons for their opposition other than to express general misgivings regarding being subject to additional government.

The relatively low number of responses to the mailings seemingly indicates the majority of island landowners contacted are indifferent towards annexation. This neutrality suggests proceeding with annexation applications for the islands contacted would be successful in terms of minimizing and managing any public backlash. A key exception involves the island located near the intersection of Shurtleff Avenue and Lexington Court given two of the four landowners oppose annexation.

In discussing the results of the outreach efforts with Napa, staff believes it would be appropriate to prepare a third mailing for the two remaining entirely surrounded islands residing in the West Pueblo Park area. This third mailing would occur at the end of the calendar year and complete the Commission's initial outreach efforts targeting landowners within Napa's ten entirely surrounded islands. Notably, scheduling the third mailing to the end of the calendar year responds to the recent turnover in Napa's Community Development Department and the anticipated arrival of new planning staff beginning in the next few months. This schedule would also position the Commission and Napa to discuss possible next phases ranging from additional community outreach to initiating annexation applications in early 2011.

D. Alternative Actions for Commission Consideration

Staff has identified three broad options for Commission consideration with respect to receiving this update. These options are summarized below.

- Option One:** Receive and file the staff report and direct staff to continue working on the island annexation program as planned. This includes scheduling a third mailing to the West Pueblo Park area at the end of the calendar year along with any additional direction from the Commission. Direct staff to return to the Commission with a second update in early 2011.
- Option Two:** Receive and file the staff report and direct staff to suspend work on the island annexation program. Direct staff to return to the Commission to possibly resume the program at a specified date.
- Option Three:** Receive and file the staff report and direct staff to stop work on the island annexation program.

E. Recommendation

It is recommended the Commission receive and file the report and direct staff to continue work on the island annexation program, which is identified in the preceding section as Option One.

Respectfully submitted,

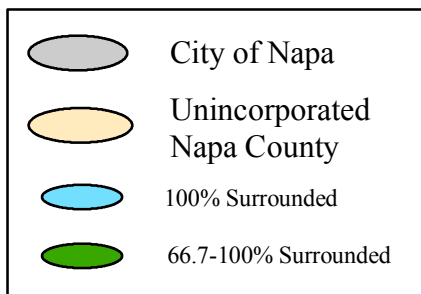
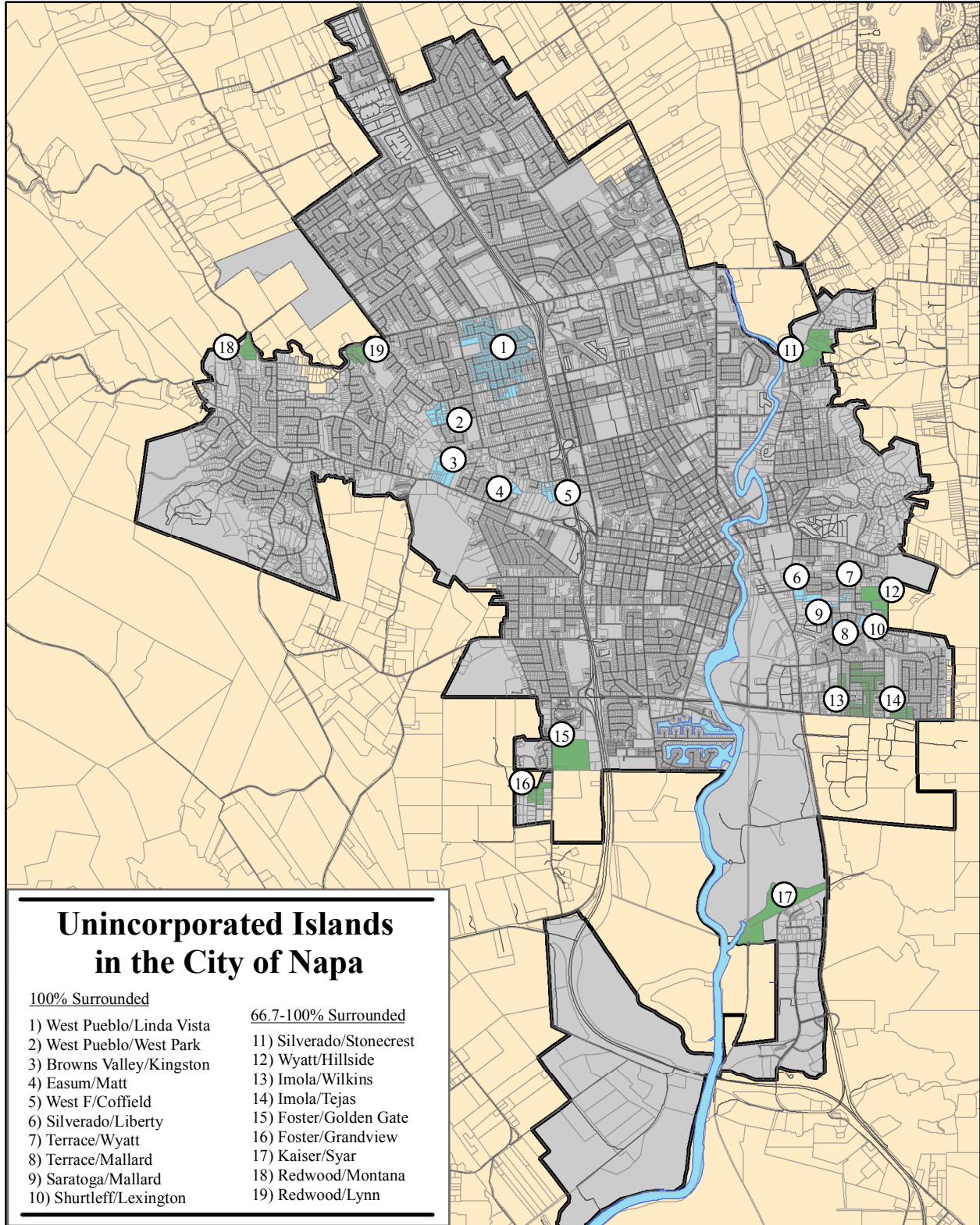
Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) Map of Napa Islands
- 2) Informational Packet Mailed to Island Landowners, March and June 2010
- 3) Letter From City of Napa Regarding Island Annexation Program, October 30, 2008
- 4) Article in Napa Valley Register Regarding Islands, January 6, 2010

City of Napa
Unincorporated Islands
150 Acres or Less



Not to Scale
March 12, 2010
Prepared by BF



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June 10, 2010

Landowner or Resident
 1234 Main Street
 Napa, California 94558

SUBJECT: Information Regarding Island Annexation Program

Dear Citizen:

A review of the County of Napa records indicates you are either a landowner or resident at 1234 Main Street. As you may know, this property is part of an unincorporated "island" entirely surrounded by the City of Napa's jurisdictional boundary. This unincorporated designation means the property is generally dependent on the County for providing key municipal services, such as public safety, public works, and community development.

The Local Agency Formation Commission (LAFCO) of Napa County is a political subdivision of the State of California. LAFCO is responsible for coordinating the orderly formation and development of governmental agencies and municipal services within its county jurisdiction. This includes regulating all boundary changes involving local cities and special districts. Most commonly, this involves annexing unincorporated lands for purposes of accommodating orderly development and or enhanced municipal services. LAFCO's composition includes a total of eight members; three board of supervisors, three city councilmembers, and two public representatives.

The California Legislature encourages LAFCO to work with local cities to proactively eliminate islands and the governance inefficiencies they often perpetuate. In particular, islands commonly lack equitable municipal service provision and create additional expenses for both citizens and government. For example, island properties are charged 40 percent more by Napa for an equivalent amount of water usage than neighboring incorporated properties. Island properties also create a funding inequity for Napa given several statewide tax revenues that support general services, such as roads and parks, are apportioned on a per-capita basis. As a result, Napa is not equitably compensated for providing certain municipal services enjoyed by island residents. Further, annexing islands enhances public safety service by eliminating confusion and helping to ensure first-responders are the closest to the incident site with regards to available resources.

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 Councilmember, City of Napa

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Keene Simonds
 Executive Officer

Island Annexation Letter

June 10, 2010

Page 2 of 2

With the preceding comments in mind, LAFCO is interested in discussing the benefits of annexation with island landowners and residents. If you are interested, LAFCO staff would like the opportunity to meet with you and other island neighbors to discuss the annexation process in detail. Towards this end, I have prepared an informational flyer outlining key governance distinctions between island and non-island properties. This flyer is enclosed for your review.

I respectfully ask you review the enclosed information and contact me at your earliest convenience to discuss interest in participating in an island annexation. I would also be interested in hearing from you if you are not interested in participating in an island annexation to better inform our understanding of key concerns or objections. I am available by telephone at (707) 259-8645 or by e-mail at ksimonds@napa.lafco.ca.gov.

Sincerely,

Keene Simonds
Executive Officer

Enclosures: as stated

cc: Cassandra Walker, City of Napa
Hillary Gitelman, County of Napa



Island Annexations

Local Agency Formation Commission of Napa County

What are islands?

Islands are county lands that are surrounded by a city and are typically created as a result of leap-frog development. Islands are located throughout California and are often older communities with limited and aging public infrastructure relative to neighboring city lands. Most islands were created many decades ago, leaving the residents unaware that they're part of the county and not the city.

More information: contact LAFCO

Robert Louis Stevenson Building
1700 Second Street, Suite 268
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www.napa.lafco.ca.gov

What's the problem with islands?

- disorderly growth (densities, connectivity)
- inefficient public service provision (police, fire)
- unfunded demands on city services (parks, roads)
- representation (non-participation in city elections)

Myths regarding annexation

A common misconception regarding annexation is that it costs more to be in the City of Napa; this is not true. Check out the annual cost comparison below between Napa and the County.

Category	Napa	County	Cost Difference Post Annexation
Paramedic Tax	\$37.50	N/A	(\$37.50)
Storm Fee	\$12.00	N/A	(\$12.00)
Water Charge	\$369.56	\$521.95	\$153.59
Sewer Charge	\$421.00	\$421.00	\$0.00
Garbage Charge	\$395.28	\$296.64	(\$98.64)
Totals	\$1,235.34	\$1,239.59	\$4.25

What's LAFCO's role in eliminating islands?

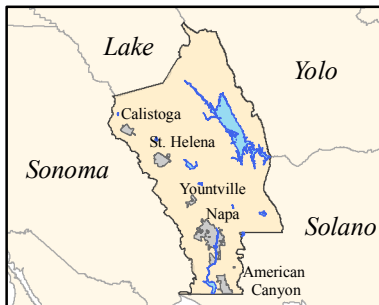
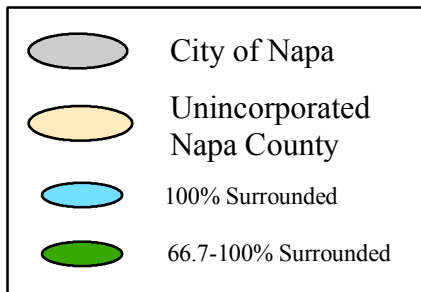
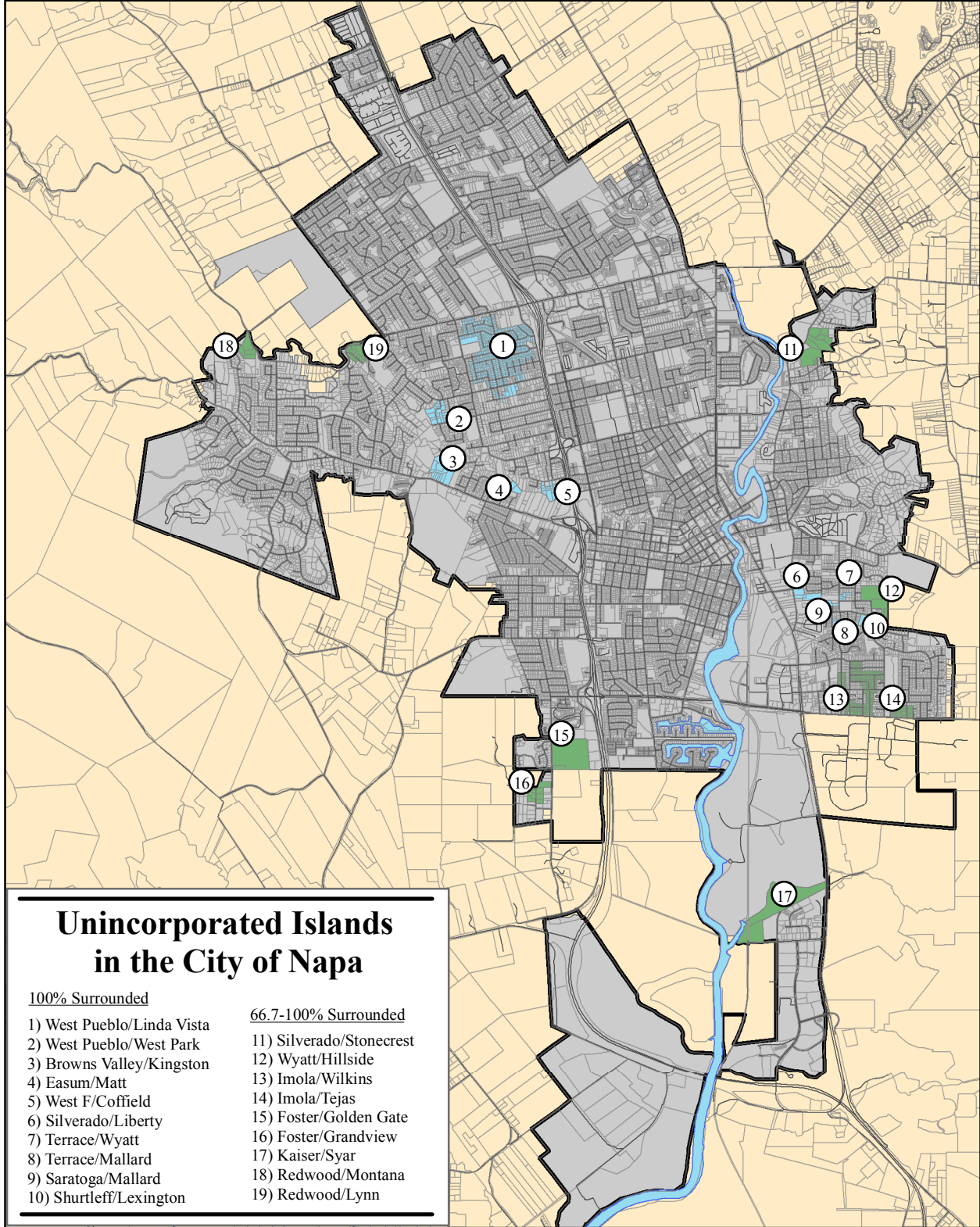
LAFCOs are political subdivisions of the State of California responsible for regulating city and special district boundaries. LAFCOs are located in all 58 California counties and tasked with coordinating the logical formation and expansion of local agencies and their services while preventing urban sprawl.

In 2000, special legislation was passed streamlining the annexation proceedings for islands. This includes establishing an expedited review process and significantly reduced application costs. The special legislation is scheduled to expire January 1, 2014.

How many islands are in the City of Napa?

There are 19 islands entirely or substantially surrounded by the City of Napa. These islands comprise 905 parcels and 339 acres and have an estimated population of over 2,300. Are you in an island? Check out the map on the other side!

City of Napa Unincorporated Islands 150 Acres or Less



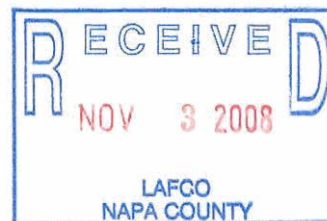
*Not to Scale
March 12, 2010
Prepared by BF*



LAFCO of Napa County
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Napa, California 94559
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Dana Smith
ASSISTANT CITY MANAGER
Development Services
955 School Street, P.O. Box 660
Phone: (707) 257-9530 FAX 707-257-9522
Napa, CA 94559-0660



October 30, 2008

Mr. Keene Simons
LAFCO of Napa County
1700 Second Street, Suite 268
Napa, California 94559

Dear Keene,

Thank you for your recent letter requesting the City to participate with you on an island annexation program. I applaud your proactive approach and believe the goal of eliminating unincorporated islands is beneficial to the County, the City, and ultimately to the residents themselves through enhanced service provision and in some cases lower utility rates – such as water.

The City Manager's office is committed to pursuing opportunities with LAFCO and the County to develop a comprehensive islands educational program designed towards developing accurate service information, identifying benefits for citizens, and how land use provisions might change for residents who now live in the islands. We would like to explore with you creative incentives that would encourage residents to consider initiation of annexation on their own. After the first of the year, the City will be in a better position to commit staff time to work with you on the development of a comprehensive islands program. And, following fruitful discussions and direction from the LAFCO Commission, Council and Board, we would direct further resources towards this worthwhile effort.

Again, I appreciate your forward thinking and we look forward to working with you on this islands program.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dana M. Smith".

Dana M. Smith

CC: Michael Parness, City Manager
Mayor and Council

1,500 Napers now live in pockets of unincorporated land

Effort to bring county 'islands' within city limits

By KEVIN COURTNEY

Register Staff Writer | Posted: Wednesday, January 6, 2010 12:00 am

Do you want curbs and sidewalks? Reliably fast paramedic and fire response?

Then how about joining the city of Napa? Such civic amenities can be yours if you are willing to annex your property.

Such a sales pitch touting the benefits of city residency will be made to people who live on islands of unincorporated county land surrounded by city.

The Napa County Local Agency Formation Commission, which oversees municipal annexation of county lands, authorized the outreach in December after agreeing that Napa's 10 unincorporated islands don't make planning sense.

This is a politically sensitive subject. Residents and landowners often prefer the status quo and fear change, Keene Simonds, LAFCO's executive officer, said Tuesday afternoon. LAFCO staff will tread cautiously, selecting a handful of unincorporated pockets in central Napa for outreach this spring.

Residents and landowners will be invited to neighborhood meetings and encouraged to voice their concerns, Simonds said. At subsequent meetings, LAFCO will bring in city and county officials to lay out the pluses and minuses of annexation.

"Islands are just bad governance and bad planning," Simonds said. It can be confusing when houses on one side of the street get city services, but those on the other side depend on Napa County, he said.

The most common concern of county residents is that coming into the city will cost them more, Simonds said. In reality, it probably won't, he said.

In LAFCO's hypothetical example, a homeowner would pay more for paramedic service, garbage service and a storm water fee. This would be more than offset by the less expensive city water, he said.

The city would pick up the cost of applying for annexation so that residents face no out-of-pocket expenses, LAFCO officials said.

1,500 near Napers

There are 1,573 people living in 10 unincorporated islands that are 100 percent surrounded by city. The biggest of these is the area of West Pueblo and Linda Vista avenues, where 1,411 people live, LAFCO said.

Another 736 people live in nine pockets that are at least two-thirds surrounded by city, but not 100 percent. The largest is near Wilkins Street and Imola Avenue, with 569 residents.

If all 19 areas were annexed, the city's population would top 80,000.

In most of these areas, generations of homeowners have come and gone without being asked to consider annexation. For most, this will be the first time the subject has come up, Simonds said.

"Some people may not realize they don't live in the city of Napa," Napa Councilwoman Juliana Inman, a LAFCO commissioner, said.

For those who favor staying in the county, there are a variety of arguments for doing so beyond taxes and fees, Simonds said.

Some fear the city will do a better job of enforcing its codes, making it difficult, say, to store a RV on the street. Some say the county has more lenient building codes.

LAFCO wants to persuade residents of some of the smaller pockets — those with just a dozen or two dozen residents — to accept annexation in 2010. They could serve as examples for residents of larger pockets.

If residents are in agreement, LAFCO would ask the City Council to apply to LAFCO for annexation. "The city has to be the trigger," Simonds said.

For political reasons, the Napa County Board of Supervisors also needs to bless these annexations, he said.

"We don't want to be in the business of forcing anything," Simonds said. If LAFCO staff can't gain resident cooperation, the commission is likely to back away from the effort, he said.

The commission is composed of Inman; two county supervisors, Bill Dodd and Brad Wagenknecht; Yountville Councilman Lewis Chilton; and public member Brian Kelly.

Wagenknecht said it made planning sense to eliminate unincorporated islands, but "it's not an issue we live or die by."

Because of strong mutual aid agreements between the city and county, residents of unincorporated pockets generally get equally fast emergency services, Wagenknecht said.

There is no easy explanation as to why Napa has so many unincorporated pockets, Inman said. Many of these county clusters were built before the city expanded into their neighborhoods, she said.