



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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June 6, 2011

Agenda Item No. 6a (Public Hearing)

June 1, 2011

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Stanly Ranch Annexation to the Napa Sanitation District

The Commission will consider an application from landowners to annex 472 acres of incorporated territory to the Napa Sanitation District. The underlying purpose of the annexation is to establish public sewer and recycled water services to four lots comprising a planned 245-unit resort. An additional twelve lots are also included in the proposal to establish recycled water service as well as expedite future sewer service. Staff recommends proposal approval with standard conditions along with adopting an addendum to a previously prepared final environmental impact report.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to Government Code (G.C.) Section 56375. LAFCOs are authorized with broad discretion in establishing conditions in approving changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

A. Proposal Summary

LAFCO of Napa County (“Commission”) has received an application from four landowners (Bridge View Land, Ranch Vineyards, TVL Carneros, and Merryvale) requesting the annexation of approximately 472 acres of incorporated territory lying in the City of Napa (“City”) to the Napa Sanitation District (NSD). The affected territory is non-contiguous to NSD and includes 16 of the 18 lots comprising an area commonly referred to as “Stanly Ranch”; the two remaining lots are owned by the State of California and dedicated for seasonal wetlands. Adjacent public and private right-of-ways are also proposed for annexation. Close to three-fourths of the affected territory is currently cultivated as vineyards with the remaining area containing a single-family residence and public winery. As detailed in the succeeding section, the main purpose of the proposal is to establish public sewer and recycled water services to four lots that comprise a planned 245-unit resort know as “St. Regis.” The other twelve lots have been added to the proposal to

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County of Napa Supervisor, 1st District

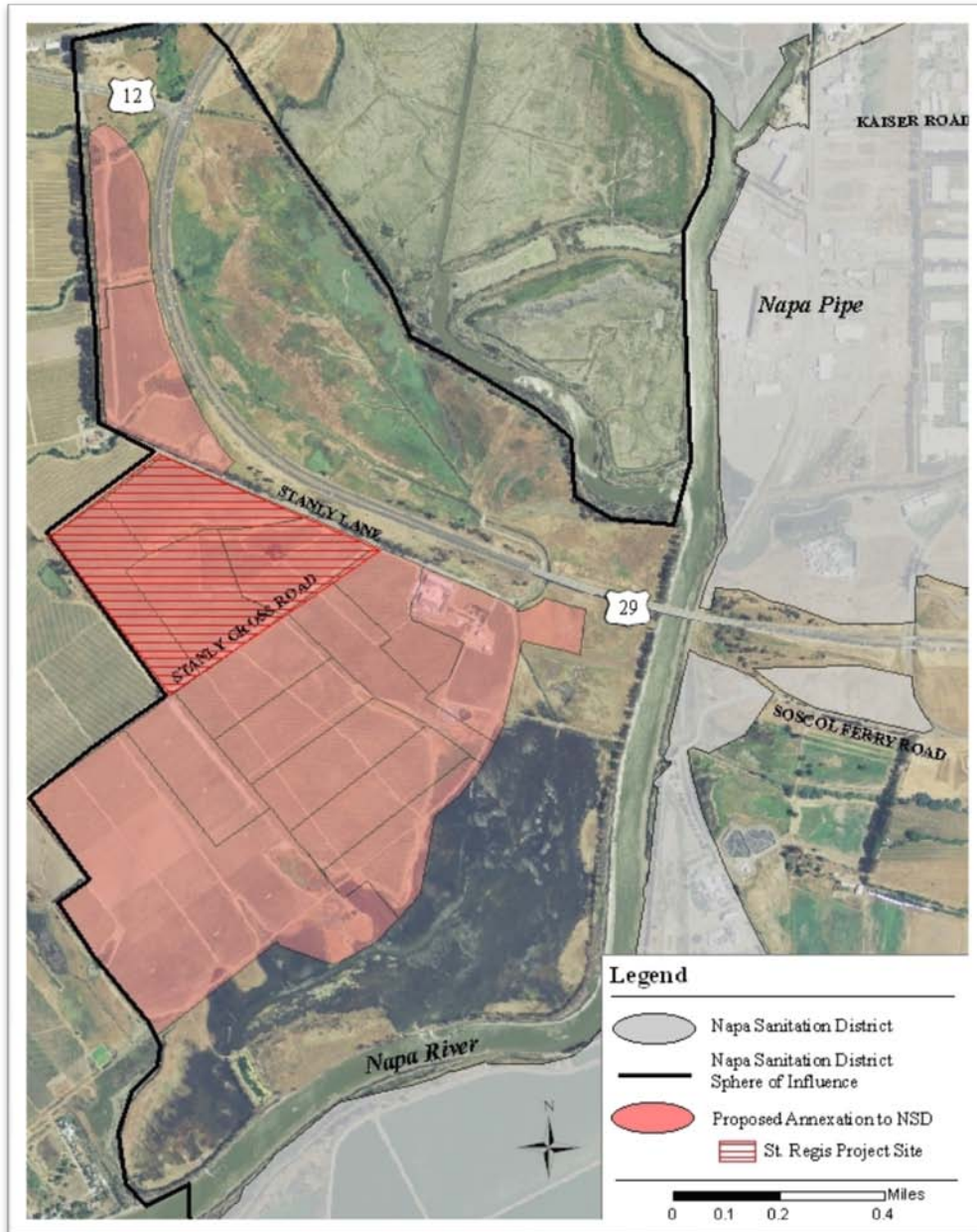
Mark Luce, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

also establish recycled water service for agricultural irrigation as well as expedite the future connection to the public sewer line when and if more intense development is proposed. The County of Napa Assessor's Office identifies the 16 subject lots as 047-230-049, 047-230-050, 047-230-051, 047-230-052, 047-230-053, 047-230-054, 047-240-017, 047-240-018, 047-240-019, 047-240-020, 047-240-021, 047-240-022, 047-240-023, 047-240-033, 047-240-034, and 047-240-035. An aerial map of the affected territory follows.



B. Discussion/Summary

Agency Profile

NSD was formed in 1945 as a dependent enterprise district to provide public sewer service for the City and the surrounding unincorporated area. NSD presently provides sewer service to most of the City along with several surrounding unincorporated areas, including Silverado, Napa State Hospital, and the Napa County Airport. NSD currently serves 31,283 residential customers with an estimated resident service population of 81,961.¹

Proposal Purpose

The underlying purpose of the proposal is to facilitate the planned development of the St. Regis project on four of the sixteen subject lots. The St. Regis project was conditionally approved by the City in April 2010 and will be anchored by a 150-room hotel. Other uses will include 95 private vacation units, dining, event, health, and recreational amenities, and a public winery with an annual production of 25,000 cases. Markedly, approval conditions include annexing the project site to NSD for purposes of establishing public sewer service. Annexation would also facilitate the extension of NSD's recycled water service to St. Regis for landscape and vineyard irrigation. Notably, NSD's recycled water service currently does not extend west beyond the Napa River.

The landowner/developer for the St. Regis project (Bridge View Land) has expanded the annexation proposal to NSD to also include 12 adjacent lots at the request of the neighboring landowners.² The reason for the expansion is two-fold. First, the neighboring landowners are interested in establishing recycled water service from NSD for landscaping and irrigation purposes and have agreed to proportionally share in the costs tied to constructing the necessary infrastructure. Second, the neighboring landowners all desire the opportunity to expedite future connection to NSD for purposes of establishing public sewer when and if they choose to develop their lands; annexation now would avoid future costs tied to processing separate annexation proposals with the Commission.

Staff Summary

Staff recommends the Commission approve the proposal as submitted with standard conditions. It is important to note proposal approval – specifically as it relates to the non-St. Regis lots – is inconsistent with the Commission's adopted policy discouraging annexation of undeveloped/underdeveloped lands to cities or special districts that provide municipal services without known development projects. Nevertheless, as detailed on page nine of this report, including the non-St. Regis lots helps fund the sensible expansion of municipal services in the form of recycled water relative to local conditions. Specifically,

¹ The resident service projection based on the 2011 California Department of Finance population per household estimate (2.62) assigned to Napa County and multiplied by the number of residential sewer connections within NSD (31,283). NSD also serves 4,182 non-residential customers, including industrial and commercial users.

² Bridge View Land is represented by Beth Painter with Balance Planning Inc. and Kevin Teague with Holman Teague Roche Anglin LLP.

the proposal expansion facilitates a cost-sharing agreement between all of the landowners within the affected territory in proportionately funding the approximate \$3.8 million expense tied to extending recycled water service to the area. Further, extending recycled water service to the affected territory provides two key benefits deserving special consideration by the Commission. First, recycled water serves as a superior alternative to the current use of potable water in irrigating vineyards. Second, the Los Carneros Water District benefits under the premise that establishing recycled water service in the affected territory serves as a conduit for eventually extending service to the adjacent lands lying within the District; adjacent lands currently dependent on depleting groundwater and sporadic surface runoff to support extensive agricultural uses. Towards this end, staff believes deferring to these two benefits in waiving the referenced policy is an appropriate use of discretion for the Commission in administering its policies and procedures as contemplated under G.C. Section 56375.

It is also important to note the Commission's standard conditions help provide important safeguards in ensuring the logical and solvent extension of public sewer and recycled water services to the affected territory. In particular, it is Commission practice to require applicants satisfy NSD's approval terms prior to recordation as specified by the District. Pertinent NSD terms for this proposal that must be satisfied prior to recordation include requiring the applicants secure bonds to cover the construction cost of all infrastructure needed to extend public sewer and recycled water services to the affected territory. NSD's approval terms also require the applicants submit sewer and recycled water master plans approved by the District to guide infrastructure planning and construction prior to recordation. Further, although not subject to the recordation process, NSD's approval terms include a trigger for the District to negotiate new conditions if any of the subject lands are redesignated or rezoned by the City to help ensure appropriate cost recovery for additional service commitments.

C. Analysis

G.C. Section 56375 delegates LAFCOs the responsibility to approve or disapprove, with or without amendment, proposals for change of organization or reorganization consistent with its adopted written policies, procedures, and guidelines. LAFCOs are also authorized to establish conditions in approving proposals as long as they do not directly regulate land uses. Underlying LAFCOs' determination in approving or disapproving proposals for change of organization or reorganization is to consider the logical and timely development of the affected agencies in context with statutory objectives and local circumstances.

Required Factors for Review

G.C. Sections 56668 and 56668.3 require the Commission consider 16 specific factors anytime it reviews proposals for change of organization or reorganization involving special districts. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.

Close to four-fifths of the affected territory currently comprise commercial vineyards. A commercial winery with public tastings (Starmont) is also located within the affected territory with several auxiliary structures. There is also a single-family residence with a current resident population of two along with a 10-bed bunkhouse for seasonal farmworkers. The current assessed value of the affected territory totals \$57,398,940.

Topography within in the affected territory contains moderately rolling terrain with slopes in excess of 15%. The peak terrain point is estimated at 74.5 feet above sea-level. The affected territory lies near the western shoreline of the Napa River with adjacent lands immediately to the west under public ownership and dedicated for seasonal wetlands. Primary access to the affected territory is provided by Stanly Lane, which is a public road traversing the northern perimeter with internal connections to Ranch Road and Stanly Crossroad with ingress/egress to State Highways 12/121.

The likelihood of significant growth within the affected territory during the next 10 years appears limited to the 93-acre portion comprising the planned development of St. Regis. As mentioned, St. Regis is expected to accommodate the development of 150 guest rooms and 95 private vacation units. Some new growth – albeit non-significant – is probable over the next 10 years within the remaining portion of the affected territory given the City’s existing land use policies. Any new growth within this remaining portion will presumably be limited to the construction of single-family residences and/or public/private wineries for each of the 12 subject lots with the caveat that one of the subject parcels could be further subdivided into a total of six. Accordingly, it is possible the remaining portion could be developed within the next 10 years to include 14 single-family residences and 17 public/private wineries. The total estimated population tied to the construction of the 14 single-family residences would be 38.³ A summary of likely/probable development within the entire affected territory by 2011 follows.

³ Staff has calculated the total resident population amount for the affected territory based on the California Department of Finance’s population per household estimate for the City of 2.75 multiplied by the 14 single-family residences.

Assumed Land Uses	
St. Regis	245-Room Resort <ul style="list-style-type: none"> • 150 Keyed Guest Rooms • 95 Unit Vacation/Vineyard Units • Resort Auxiliary Facilities Public/Private Winery <ul style="list-style-type: none"> • 25,000 Annual Cases • Lots 3-4 and 9-10
Single-Family Residence (5-Bedroom)	14 Total <ul style="list-style-type: none"> • Lots 1-2, 5-7, 11-12, and 16-17* (* lot 17 dividable into six new lots)
Public/Private Wineries	17 Total <ul style="list-style-type: none"> • Lots 1-2, 5-7, and 11-17* (* lot 17 dividable into six new lots)

With respect to the likelihood of growth in adjacent areas, lands to the north and east of the affected territory are incorporated and could be developed for relatively low-intensity uses (i.e. 20-acre lot single-family residences) consistent with existing City land use policies. However, these adjacent incorporated lands are all currently under public ownership and dedicated as seasonal wetlands. Adjacent lands to the west of the affected territory are unincorporated and predominately developed with private vineyards. Significant urban intensification of these adjacent unincorporated lands is not expected given existing County land use policies as memorialized by 40-acre minimum lot size requirements.

2) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The present need for organized services within the affected territory is primarily tied to the 93-acre portion comprising the planned development of St. Regis. Proposal approval would directly facilitate the extension of NSD’s public sewer and recycled water service to St. Regis; all other municipal services needed to support St. Regis (i.e. water, roads, and public safety) are already available from the City by virtue of the site’s incorporated status and outside the scope of this review. There is also a secondary present need for recycled water for the remaining 379-acre portion of the affected territory for landscape and irrigation purposes to offset potable uses.

With the preceding factors incorporated, a review of projected sewer and recycled water demands for the affected territory based on the land use assumptions outlined in the preceding paragraph indicates NSD has adequate supply capacities. The estimated average day and peak day sewer demands within the affected territory at

present-planned buildout are 0.104 and 0.250 million gallons, respectively. These estimates would correspondingly consume only 1.2% and 0.3% of NSD’s available capacities.⁴ Similarly, the estimated annual recycled water demand within the affected territory at present-planned buildout is 196 acre-feet and would be slightly less than the 200 acre-feet amount previously allocated by NSD to the Stanly Ranch area.⁵ These estimated demands relative to available NSD supply capacities are summarized in the following two tables.

User	Average Day Sewer (million gallons)	Peak Day Sewer (million gallons)
St. Regis lots	0.064	0.147
Non-St. Regis lots	0.039	0.102
	0.104¹	0.250²
NSD		
Current Capacity	15.4	126.2 ³
NSD		
Current Demand	6.6	33.4
NSD		
Available Capacity	8.9	92.8

¹ Assumes 0.08 million gallons for domestic and 0.02 million gallons for winery.
² Assumes 0.124 million gallons for domestic, 0.03 million gallons for winery, and 0.09 million gallons for infiltration/inflow.
³ Capacity during peak-day incorporates 340 acres of adjacent pond storage.

User	Recycled Water (acre-feet)
St. Regis lots	46
Non-St. Regis lots	150
	196
NSD	
Current Allocation to Affected Territory	200
NSD	
Current Demand in Affected Territory	0

⁴ It is estimated the affected territory will generate average daily flow demands of 0.105 million gallons at buildout. Peak day sewer flow demand is expected to increase to 0.251 million gallons. The estimated average day and peak day sewer demand for the St. Regis lots is 64,661 and 147,895 gallons, respectively. The estimated average day and peak day sewer demand for the non-St. Regis lots is 39,687 and 102,800 gallons, respectively.

⁵ It is estimated the affected territory will generate an annual demand of 196 acre-feet of recycled water at buildout. This amount is consistent with NSD’s policy defining annual commitments of recycled water adopted in April 2011, which allocates 200 annual acre-feet to the Stanly Ranch area.

Irrespective of available capacities, significant infrastructure construction would be needed to extend both NSD's sewer and recycled water to the affected territory. Most notably, this includes constructing approximately 1.2 to 1.5 miles of sewer collection lines as well as recycled water distribution lines with both improvements requiring sub-surface crossings under the Napa River. The estimated sewer and recycled water infrastructure costs are \$5.0 and \$3.3 million, respectively.⁶

All necessary infrastructure improvements will be guided by separate master plans prepared by civil engineers pursuant to NSD's own approval conditions for the proposal, which staff recommends the Commission incorporate as its own. Importantly, the master plans must be approved by NSD and completed before the annexation is recorded. This condition provides reasonable assurances all necessary infrastructure improvements will be appropriately designed to accommodate estimated demands within the affected territory without adversely effecting NSD's existing ratepayers.

3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The proposal would recognize and strengthen existing social and economic ties between NSD and the affected territory. These ties were initially established in the late 1950s and early 1960s when the affected territory was annexed into the City as part of two separate proposals. In particular, annexation into the City marked an implicit expectation the affected territory would ultimately be developed for an urban-type use that would necessitate public sewer from the region's sole service provider, NSD. The Commission recognized these social and economic ties in adding the affected territory to NSD's sphere of influence in August 2006 as part of a comprehensive update. The Commission also recognized the collateral benefits of eventually extending public sewer to the affected territory with respect to adjacent lands as memorialized in the following statement from page 14 of the written report prepared for the sphere of influence update:

"It is also noteworthy that the extension of sewer to the area would likely be accompanied by the delivery of reclaimed water by NSD. If established, the extension of reclaimed water to the area could serve as a catalyst to extend reclamation services to adjacent agricultural lands, including the Carneros region."

⁶ The 1.2 mile estimate includes the length of sewer line running from NSD to the Stanly Ranch area that will be considered "public" lines and includes the length under the Napa River, which is about 2,900 lineal feet. NSD is requiring the principal applicant (Bridge View Land) design and install the public lines before any service is provided. There will be additional private lines and pump stations, which will be required to be installed at a later date. The 1.5 mile estimate includes the length of public recycled water line running from NSD to the Stanly Ranch area.

No alternative boundaries – specifically as it relates to expansions – appear warranted. All remaining non-jurisdictional lands in proximity to the affected territory that also lie within NSD’s sphere of influence are publicly owned and not expected to require public sewer or recycled water service.

4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.

The proposal is inconsistent with the Commission’s General Policy Determination II/B/3 as it relates to prescribing the timing of urban development. Specifically, the referenced policy discourages the annexation of undeveloped or underdeveloped lands to cities or special districts that provide potable water, sewer, fire protection and emergency response, or police protection services. The 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. Significantly, only one-fifth of the affected territory is subject to a known project (St. Regis) while the remainder is undeveloped or underdeveloped.

One of the non St. Regis landowners requesting annexation (Stanly Ranch Vineyards) has provided a letter outlining reasons for the Commission to exercise discretion in waiving General Policy Determination II/B/3 and approve the expanded proposal. Staff has reviewed the letter and believes sufficient justification exists to with respect to waiving the referenced policy. This includes:

- The proposal will promote and require the use of recycled water as a substitute for potable water that is currently being used to irrigate vineyards throughout the affected territory.
- Annexing all of the affected territory would facilitate a cost-sharing agreement between the landowners in proportionally funding the approximate \$3.8 million expense tied to constructing the necessary recycled water improvements.
- The Los Carneros Water District would directly benefit from establishing recycled water service within the affected territory by serving as a conduit for eventually extending service to adjacent lands lying within the District; adjacent lands that are currently dependent on depleting groundwater and sporadic surface runoff to support extensive agricultural uses.

The affected territory qualifies as “open-space” and “prime agricultural land” under LAFCO law.⁷ The Commission is therefore directed to consider a range of policies and priorities aimed at mitigating open-space losses under G.C. Section 56377. This includes (a) directing development towards areas containing nonprime agricultural lands and (b) encouraging first the development of nonprime agricultural lands before developing prime agricultural lands. In applying these statutory policies and procedures to the proposal, staff believes G.C. Section 56377 is sufficiently muted given the planned and probable urban development of the affected territory would be orderly relative to local conditions and circumstances. In particular, the affected territory is already incorporated and receives elevated municipal services, including potable water. Furthermore, proposal approval is not expected to establish a new precedent leading to the annexation of other prime agricultural lands to municipal service agencies given the combination of the Commission’s restrictive growth policies and the unique circumstances tied to the affected territory (i.e., the site’s incorporated status).

5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.

Nearly all of the affected territory qualifies as “agricultural lands” under LAFCO law given its use for producing an agricultural commodity for commercial purposes.⁸ Close to one-tenth of these agricultural lands are expected to be converted for urban type uses upon proposal approval as part of the planned construction of the St. Regis project.⁹ It is reasonable to assume, however, the economic integrity of the remaining agricultural lands in the affected territory will be strengthened as a result of proposal approval with the establishment of recycled water service in the area, which will provide a more cost-effective irrigation supply.

6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

A draft map has been prepared by a licensed surveyor as part of the application materials and adequately depicts the boundary of the affected territory to include 16 legal lots and associated public and private right-of-ways. All 16 legal lots conform with established lines of assessment. Proposal approval would include a standard term requiring the principal landowners prepare a final map and geographic description in conformance with the requirements of the Board of Equalization.

⁷ Reference G.C. Sections 56060 and 56064.

⁸ Approximately 350 of the 472 acres comprising the affected territory are currently cultivated as vineyards. There are no Williamson Act contracts within the affected territory.

⁹ Approximately 40 of the 93 acres tied to the St. Regis project will be occupied by the resort itself. St. Regis EIR Mitigation Measure AG-1 requires preservation of “Important Farmland” at a 1:1 ratio. Approximately 50 acres of the resort site will be preserved as vineyard and open space.

7) Consistency with the city or county general plans, specific plans, and adopted regional transportation plan.

The proposal is consistent with the City General Plan. The portion of the affected territory tied to the St. Regis project is designated under the City General Plan as *Tourist Commercial*. This designation explicitly contemplates the lands will be used for commercial retail and service uses oriented towards tourists and other visitors to the community.¹⁰ The floor-area ratio shall not exceed 1.00.¹¹ The remaining portion of the affected territory is designated under the City General Plan as *Resource Area*. This designation is explicitly applied to sensitive lands lying inside the City's rural urban limit line requiring special standards due to viewshed, resource, habitat, geotechnical or other considerations. Low-intensity uses are permitted and include one dwelling unit per 20 acres.

8) The sphere of influence of any local agency affected by the proposal.

The affected territory is located entirely within NSD's sphere of influence, which was comprehensively updated by the Commission in August 2006.

9) The comments of any affected local agency or other public agency.

LAFCO staff circulated copies of the application materials for review and comment to affected local governmental agencies in December 2010. All written comments received are summarized below.

- **Napa Sanitation District**
NSD has adopted a resolution consenting to the annexation and waiver of protest proceedings subject to the inclusion of special approval conditions. These special conditions are reflected in Exhibit "B" to the attached draft resolution of approval.
- **County of Napa**
The County's Environmental Management Department has provided written support of the proposed annexation as submitted with the condition that all private septic systems must be properly destroyed under permit prior to any clearing, grubbing, or grading on the affected lot.
- **Los Carneros Water District**
Los Carneros Water District notes its long-standing interest in establishing recycled water service on behalf of their constituents. The District further notes it is in their best interest for the proposal to be approved given the planned installation of a recycled water line in the affected territory.

¹⁰ The designation includes destination – resort hotels, motels, and their recreational amenities such as golf courses and tennis courts. The designation also includes visitor-serving commercial, retail, entertainment, restaurants, service stations, and similar compatible uses. Wineries and wine centers are also permitted.

¹¹ A specific plan guiding the development of the St. Regis project was adopted by the City in April 2010.

10) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The applicants will be required pursuant to NSD's terms of approval to construct all public and private infrastructure necessary to extend sewer and recycled water service to the affected territory. This includes installing gravity and force mains, pump stations, and sewer and recycled water crossings under the Napa River. All public improvements will be dedicated to NSD. The applicants are also required to pay capacity charges for each equivalent dwelling unit located within the affected territory. NSD's terms of approval also include a trigger allowing the District to negotiate new service-related fees in the event the affected territory is redesignated or rezoned by the City. These preceding factors provide reasonable assurances the establishment of public sewer and recycled water services to the affected territory will be sufficiently funded without adversely affecting existing ratepayers.

Information collected in the Commission's recent municipal service review on NSD indicates the District has established adequate administrative controls and capacities in maintaining appropriate service levels. Supplemental information collected and analyzed as part of this proposal shows NSD's current operating budget is \$15.3 million. NSD anticipates collecting \$19.4 million in general revenues resulting in an operating surplus of \$4.1 million. NSD's fund balance as of the beginning of the fiscal year totaled \$8.8 million.¹² Markedly, this unrestricted fund balance is sufficient to cover over six months of operating expenses.

11) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.

G.C. Section 65352.5 addresses the adequacy of applicable urban water management plans. Consideration of this factor is not applicable to the proposal given potable water supplies have already been established in the affected territory.

12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

The affected territory is located entirely within the City. All potential development units associated with the site are already assigned to the City as part of the Association of Bay Area Governments regional housing needs allocation system.

¹² NSD expects its operating fund balance to increase at the end of the fiscal year from \$8.8 to \$9.5 million following all budgeted transfers.

13) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

All affected landowners have signed the proposal petition. No comments have been received from residents.

14) Any information relating to existing land use designations.

See analysis on page 11 of this report.

15) The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.

There is no documentation or evidence suggesting the proposed annexation will have a measurable effect with respect to promoting environmental justice.

16) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

The proposed annexation will benefit current and future landowners and residents associated with the affected territory by providing access to both (a) public sewer service and (b) reclaimed water for irrigation purposes. The provision of reclaimed water use will offset all potable water demands generated within the affected territory under its planned development.

Property Tax Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a change of organization. This statute states jurisdictional changes affecting the service areas or service responsibilities of districts must be accompanied by a property tax exchange agreement, which shall be negotiated by the affected county on behalf of the districts.

In 1980, the County adopted a resolution on behalf of NSD specifying no adjustment in the allocation of property taxes shall occur as a result of jurisdictional changes involving the District. This resolution has been applied to all subsequent changes of organization involving NSD. In processing this proposal, staff provided notice to the affected agencies the Commission would again apply this resolution unless otherwise informed. No comments were received.

Environmental Review

Discretionary actions by public agencies are subject to the California Environmental Quality Act (CEQA) any time an underlying activity will result in a direct or indirect physical change to the environment. A lead agency has the principal responsibility for carrying out or approving a project consistent with the provisions of CEQA. This includes determining whether the underlying activity qualifies as a project under CEQA. If the activity is determined to be a project, the lead agency must determine if an exemption applies or if additional environmental review is needed, such as preparing an initial study. A responsible agency is accountable for approving an associated aspect of the underlying activity and must rely on the lead agency's determination in making its own CEQA finding.

The City serves as lead agency for considering the environmental impacts tied to proposal given it has principal authority for carrying out and approving the underlying project: St. Regis. The City previously contemplated the potential impacts tied to this aspect of the proposal in preparing the St. Regis Napa Valley Final Environmental Impact Report (FEIR), which was certified in April 2010. As responsible agency, an addendum has been prepared to the FEIR for the Commission to contemplate the environmental impacts tied to the annexation of the additional 12 lots partied to the proposal that are not associated with St. Regis. The addendum concludes the expansion of the proposal to include the additional lots will not result in any new significant or substantially more severe impacts on the environment not already addressed in the FEIR. Accordingly, the addendum finds there is no new information of substantial importance that requires a subsequent or supplement to the FEIR.

Copies of the Draft and Final EIRs prepared by the City have been transmitted to Commissioners under separate cover. A copy of the addendum prepared for the Commission is attached to this staff report.

Conducting Authority Proceedings

The affected territory qualifies as uninhabited and the affected landowners have consented to the proposal. No subject agency has requested a protest hearing. Conducting authority proceedings, accordingly, are waived under G.C. Section 56663.

D. Alternatives for Commission Action

Staff has identified the following alternative actions for Commission consideration.

- Option One:** Adopt the draft resolution identified as Attachment One approving the proposed annexation as submitted with standard terms and conditions. This includes adopting an addendum prepared as responsible agency under CEQA.
- Option Two:** Take actions prescribed under Option One with any changes to the proposal boundary or approval conditions as specified by the Commission.
- Option Three:** Continue the public hearing to a future meeting and request additional information as needed.
- Option Four:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission proceed with Option One as outlined in the preceding section.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) Draft Resolution Approving the Proposal with Standard Conditions
- ~~2) Addendum to St. Regis Napa Valley EIR (Commissioners Only; Copies Available Upon Request)~~
- ~~3) Application Materials~~
- ~~4) NSD Resolution of Approval~~
- ~~5) Letter from Stanly Ranch Vineyards, dated May 26, 2011~~
- ~~6) Letter from Los Carneros Water District, December 28, 2010~~

RESOLUTION NO. __

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**STANLY RANCH ANNEXATION
NAPA SANITATION DISTRICT**

WHEREAS, an application received by landowners Bridgeview Land LLC, Stanly Ranch Vineyards LLC, TVL Carneros, and Merryvale Vineyards et. al., proposing the annexation of territory to the Napa Sanitation District has been filed with the Executive Officer (hereinafter referred to as “Executive Officer”) of the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) pursuant to Title 5, Division 3, commencing with Section 56000 of the California Government Code; and

WHEREAS, the Executive Officer reviewed said proposal and prepared a report, including his recommendations thereon; and

WHEREAS, said proposal and the Executive Officer’s report have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting held on said proposal; and

WHEREAS, the Commission considered all the factors required by law under Section 56668 of the California Government Code; and

WHEREAS, the Commission found the proposal consistent with the sphere of influence established for the Napa Sanitation District and with the Commission’s adopted policy determinations; and

WHEREAS, the Commission determined to its satisfaction that all owners of land included in said proposal consent to the subject annexation; and

WHEREAS, in accordance with applicable provisions of the California Environmental Quality Act (hereinafter “CEQA”), the Commission considered the determinations of the City of Napa, Lead Agency under CEQA, based on its final environmental impact report for the St. Regis Napa Valley Project, certified on April 20, 2010 (hereinafter “FEIR”), and further considered the findings in the Addendum to the FEIR, dated May 27, 2011, prepared for the Commission as Responsible Agency under CEQA, to provide further evaluation of the environmental impact of the proposal before the Commission (hereinafter “Addendum”) in accordance with Section 15164 of Title 14 of the California Code of Regulations (hereinafter “CEQA Guidelines”); and

WHEREAS, the Addendum finds the St. Regis Napa Valley Project as changed by the Commission proposal results in no new significant or substantially more severe impacts on the environment, and further finds there is no new information of substantial importance that requires a subsequent or supplement to the FEIR.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. (a) The Commission, as responsible agency, certifies it has reviewed and independently considered the environmental findings adopted by the City of Napa as set forth in City Resolution No. R2010 48 in conjunction with the certification of a Final Environmental Impact Report for the St. Regis Napa Valley Project (“St. Regis Project”, “FEIR”). The City’s environmental findings in Resolution No. R2010 48 identifies potentially significant impacts of the St. Regis Project that could be mitigated to less than significant levels, certain significant unavoidable impacts that could not be mitigated to less than significant levels even with the implementation of all feasible mitigation measures, and mitigation measures and alternatives that were rejected as infeasible. The Commission concurs with and incorporates by reference the City’s findings as set forth in Resolution No. R2010 48 as to the identified potentially significant impacts, associated mitigation measures and unavoidable significant impacts for the St. Regis Project, including the statements of overriding consideration relating to unavoidable significant impacts, to the extent they are relevant to this proposal: including those findings relating to agricultural resources, public services for water and waste treatment, and potential cumulative impacts of population, housing and employment. .

(b) The Commission, as responsible agency, further certifies it has reviewed and independently considered the Addendum to the FEIR and finds, based upon the FEIR and Addendum analysis, that the changes to the St. Regis Project that form part of the proposal will not result in any direct substantial population growth, nor any additional need for public utilities than already contemplated under the FEIR, nor convert any additional farmland to non-agricultural uses beyond the acreage considered in the FEIR. There are no presently known applications on file to develop the territory to be annexed, other than St. Regis Project. Other planned and approved projects would be required to evaluate the potential for growth inducement and mitigation of such impacts, if necessary. As such, the proposed project would not have a cumulatively considerable contribution. In addition any future development is subject to existing mitigation measures adopted by the City of Napa as part of its General Plan Amendment relating to population growth and development, public utility impacts and agricultural resources as set forth in the Addendum, as well as other mitigation measures that can be adopted by City of Napa and other agencies. The Commission recognizes that such measures are within the responsibility and jurisdiction of those agencies and that the measures should be adopted by those agencies as appropriate. The Commission further finds that any future intensification of designated land use would require zoning and/or General Plan amendments and be subject to further environmental review.

(c) The Commission finds, based upon the FEIR and Addendum analysis, that the proposal will not result in any new significant impacts nor result in substantially more severe significant impacts than previously identified. It further finds there is no new information of substantial importance nor any changes in the significant and unavoidable impacts previously identified for the St. Regis Project. The Commission finds that no subsequent or supplemental environmental impact report is required as a result.

(d) The Commission's findings are based on its independent judgment and analysis. The official custodian of the record is the LAFCO Executive Officer, Keen Simonds. The records upon which these findings are made are located at the Commission office at 1700 Second Street, Suite 268, Napa, California.

2. The proposal is APPROVED.
3. This proposal is assigned the following distinctive short-term designation:

**STANLY RANCH ANNEXATION
NAPA SANITATION DISTRICT**

3. The affected territory is shown on the attached map provided as attached Exhibit "A".
4. The affected territory so described is uninhabited as defined in California Government Code Section 56046.
5. The Napa Sanitation District utilizes the regular assessment roll of the County of Napa.
6. The affected territory will be taxed for existing general bonded indebtedness of the Napa Sanitation District.
7. The proposal shall be subject to the terms and conditions adopted by the Napa Sanitation District as specified in the attached Exhibit "B."
8. The Commission authorizes conducting authority proceedings to be waived in accordance with California Government Code Section 56663(c).
9. Recordation is contingent upon receipt by the Executive Officer of the following:
 - (a) A final map and geographic description of the affected territory determined by the County Surveyor to conform to the requirements of the State Board of Equalization.
 - (b) Payment of any and all outstanding fees owed to the Commission and/or other agencies involved in the processing of this proposal.
 - (c) An indemnification agreement signed by the landowners in a form provided by the Commission.
 - (d) Written confirmation by Napa Sanitation District that its terms and conditions outlined in Exhibit "B" have been satisfied.
10. The effective date shall be the date of recordation of the Certificate of Completion.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on the June 6, 2011, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary