



Local Agency Formation Commission
LAFCO of Napa County

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December 6, 2010
Agenda Item No. 7a (Action)

November 29, 2010

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

SUBJECT: Proposed Reorganization to Annex the Town Center Site to the City American Canyon and American Canyon Fire Protection District

The Commission will consider a joint proposal from the City of American Canyon and the American Canyon Fire Protection District to annex unincorporated territory designated under the City General Plan as Town Center. The affected territory represents one contiguous area totaling 315.3 acres. Staff recommends approval of the proposal with a modification to concurrently detach a significant portion of the affected territory from County Service Area No. 4. Standard approval conditions are also recommended with options to include special terms.

Local Agency Formation Commissions (LAFCOs) are responsible under California Government Code (G.C.) 56375 to approve, with or without modifications, city and special district boundary changes consistent with adopted written policies and procedures. The Commission is also authorized to establish conditions in approving boundary changes as long as they do not directly regulate land uses. Underlying the Commission's determination in reviewing boundary changes is to consider the logical and timely development of the affected agencies in context with local circumstances and needs.

A. Summary

Proposal Description

LAFCO of Napa County ("Commission") has received a joint proposal from the City American Canyon and the American Canyon Fire Protection District (ACFPD) to annex certain unincorporated territory designated under the City General Plan as "Town Center." The affected territory totals 315.3 contiguous acres and includes six entire parcels along with portions of three additional parcels. Nearly half (160 acres) of the affected territory already lies within ACFPD; the remaining half is being proposed for annexation as part of this proposal. The affected territory is uninhabited and all subject landowners have provided their written consent to the annexation.

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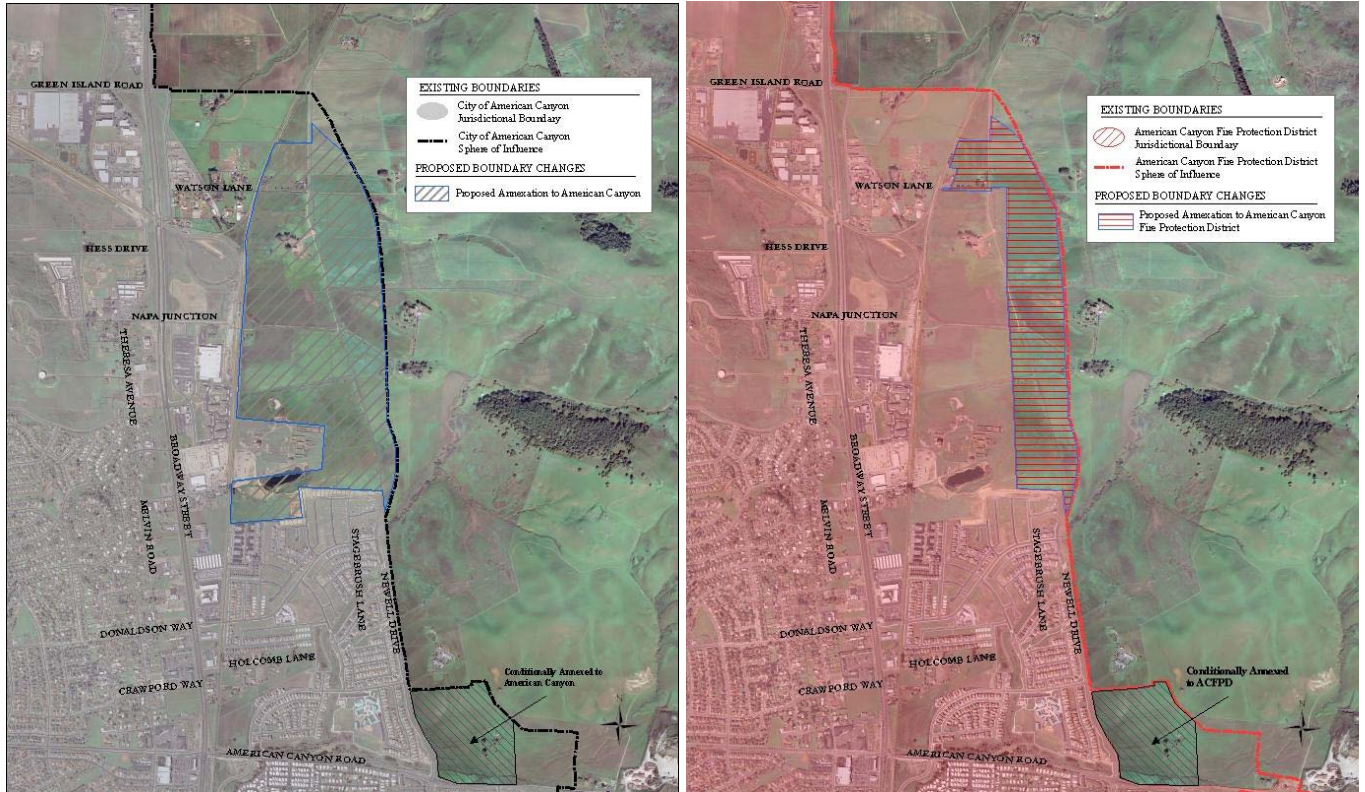
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Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Keene Simonds
Executive Officer



Proposal Purpose

The underlying purpose of the proposal is to facilitate the future division and development of the affected territory under land use authority of American Canyon. No specific development projects exist at this time. However, in conjunction with filing the proposal, American Canyon has formally entered into a preannexation/development agreement with the principal landowner, Jamcan, LLC. This agreement specifies, among other issues, the affected territory shall be primarily developed for single-family and multi-family residential use with a not-to-exceed limit of 1,600 units.

Proposal Review

Staff recommends approval of the proposal with a discretionary modification to expand the scope of the action to include concurrently detaching nearly all of the affected territory from County Service Area (CSA) No. 4. The recommended action would be consistent with the Commission's policies and practices in supporting the orderly growth and development of southeast region relative to local circumstances. Special approval terms are also identified for Commission consideration. A summary of key issues addressed in the review of the proposal follow.

- Concurrently annexing the affected territory to both American Canyon and ACFPD would coordinate the extension of public safety services consistent with the planned urban development of the affected territory. This type of reorganization is explicitly contemplated under Policy Determination V/D/2.

- It is appropriate to assume for purposes of assessing service impacts the affected territory will develop consistent with the preannexation/development agreement between American Canyon and the principal landowner, Jamcan, LLC. This would involve the majority of the affected territory – specifically 290 acres – developing into 1,600 residential units. It is also assumed the remainder would develop for a mix of urban uses ranging from retail to office space and produce a one-to-one service demand equivalent to residential uses.
- Concurrently detaching nearly all of the affected territory from CSA No. 4 is appropriate given the discontinuity between these lands' current and planned uses paired with the role of the District in providing public farmworker housing services. Retaining the 2.1 acres belonging to Gary and Teri Clarke within CSA No. 4 is appropriate given the lands currently include a commercial vineyard.
- Expanding the annexation boundary for American Canyon to include an adjacent 75.3 acre unincorporated area to the west along Watson Lane lying in the City's sphere of influence is not appropriate at this time. Annexation of this area appears premature given landowner opposition tied to uncertainties regarding the impact on maintaining legal non-conforming residential uses.
- Applying a special term to require American Canyon exercise its right to purchase additional annual water supply entitlements from Vallejo to address projected shortfalls has equal merits in terms of including or excluding from proposal approval. Staff believes either option (inclusion or exclusion) would be appropriate depending on Commissioner preferences.
- Applying a special term to require American Canyon complete lot-line adjustments to ensure the annexation boundary does not split legal or assessor lines is not recommended. This special term would be difficult for American Canyon to fulfill within LAFCO's prescribed one year deadline and appears premature given the uncertainties regarding the exact boundaries of the future Newell Road extension; a key component of the proposal.

B. Discussion

Agency Profiles

American Canyon provides a range of municipal services directly or through contracts with outside entities within its approximate 4.9 square mile jurisdictional boundary. This includes water, sewer, and law enforcement services. American Canyon's current resident population is estimated at 16,836. The adopted operating budget is \$15.3 million and intended to cover all discretionary expenditures in 2010-11. American Canyon's unreserved/undesignated fund balance totaled \$3.0 million as of July 1, 2010.

ACFPD directly provides fire protection, rescue, and emergency medical services within an approximate 6.0 square mile jurisdictional boundary. The jurisdictional boundary includes all of American Canyon and surrounding unincorporated lands extending as far north as Fagan Creek. The estimated resident service population is approximately

16,877. The adopted operating budget is \$4.2 million and intended to cover all discretionary expenditures in 2010-11. ACFPD's unreserved/undesignated fund balance totaled \$1.2 million as of July 1, 2010.

Potential Proposal Modifications

In reviewing the application materials, staff has identified two potential modifications to the proposal warranting discussion and consideration by the Commission given its policies and practices. The first potential modification identified involves concurrently detaching the majority of the affected territory from CSA No. 4. Staff recommends approving this modification. The second potential modification identified involves expanding the annexation boundary for American Canyon to include an additional 75.2 acres of contiguous unincorporated territory in the Watson Lane area to avoid creating a substantially surrounded island. Staff recommends against approving this modification. An expanded discussion on both potential modifications is provided below.

Modification One: Concurrent Detachment of the Majority of the Affected Territory from County Service Area No. 4 (Recommended)

CSA No. 4 was formed in 2002 and includes all unincorporated territory along with certain incorporated territory located in the Cities of Calistoga, Napa, St. Helena, and Yountville. The intent and function of CSA No. 4 is to sponsor a voter-approved special assessment on all assessor parcels in its jurisdiction containing one acre or more of vineyards for the purpose of funding farmworker housing services. CSA law has historically included a provision requiring land be automatically detached from a CSA upon its annexation to a city unless waived by LAFCO based on specific findings. This automatic detachment provision was deleted effective January 1, 2009 as part of a comprehensive rewrite of CSA law. The legislative intent in deleting the provision is to broaden LAFCO's discretion in determining whether it believes land should be detached from a CSA upon annexation to a city.

With regards to this proposal, all nine parcels constituting the affected territory are in CSA No. 4, but only three parcels lie in the District's special assessment zone. These three parcels are identified by the County Assessor as 059-020-032 (Gary Clarke), 059-020-009 (Jamcan, LLC), and 059-020-030 (Jamcan, LLC). Only the first listed assessor parcel, however, currently has a bearing vineyard. The latter two assessor parcels' vineyards are either located on land lying outside the proposed annexation boundary or have been recently removed. Based on these circumstances, it would be appropriate for the Commission to modify the proposal to concurrently detach the entire affected territory with the exception of 059-020-032 from CSA No. 4. No objections have been raised concerning this modification.

Modification Two: Expanding the Annexation Boundary for American Canyon to Include an Additional 75.2 Unincorporated Acres in the Watson Lane Area to Avoid Creating a Substantially Surrounded Island (Not Recommended)

The annexation of the affected territory as proposed would create an approximate 75.2 acre unincorporated island in the Watson Lane area substantially surrounded by American Canyon.¹ Creating substantially surrounded unincorporated islands is not explicitly prohibited, but inconsistent with the Commission's legislative mandate to facilitate the sensible development of local agencies given the inherent service and governance inefficiencies they often perpetuate. Most notably, islands undermine public safety services by designating first-responders to incident sites based on jurisdiction and not proximity to available resources.

Previous outreach efforts to date suggest a substantial number of landowners in the Watson Lane area oppose annexation to American Canyon. This opposition is primarily attributed to concerns regarding property owner rights due to the prevalence of legal non-conforming residential uses in the area that conflicts with Napa County Airport Land Use Commission's policies and requirements. Expansion would trigger a protest hearing and likely result in the outright termination of annexation proceedings. With this in mind, LAFCO and American Canyon staffs agree extended and coordinated outreach efforts are needed to address the underlying concerns before proposing annexation to help eliminate or minimize opposition within the area.

C. Analysis

G.C. Section 56375 delegates LAFCOs the responsibility to approve or disapprove with or without amendment proposals for changes of organization 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 proposed changes of organization 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. Section 56668 requires the Commission to consider certain factors anytime it reviews proposed changes of organization. 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.**

¹ It is the Commission's policy to define "substantially surrounded" as it relates to an unincorporated island that is (a) within the city's sphere of influence and (b) contiguous to the city by no less than 66.7%. If approved, the proposal would create an unincorporated island within the Watson Lane area that is 76% surrounded by American Canyon.

The affected territory is 315.3 acres in size and predominantly undeveloped. Exceptions include two single-family residences located at 320 and 360 Watson Lane with a total population of four with one registered voter.² There is also a portion of a commercial vineyard located at 1250 Watson Lane. A constructed pond approximately one acre-foot in size also lies in the far south portion of the affected territory commonly referred to as the “horseshoe.” This pond was formerly utilized as part of a nearby rock quarry operation until its closure in the late 1970s. Total assessed value is \$3,508,532.³

Topography within the affected territory is relatively flat with the exception of a significant knoll at the southeast corner with an approximate 15% slope according to the application materials. There are no rivers, streams, or creeks. Drainage flows in a southwest direction and overlays two American Canyon-defined watershed boundaries: Rio Del Mar and North Slough.

It is reasonable to assume the proposal, if approved, would result in significant urban growth within the affected territory in the next 10 years. Urban development is contemplated under both American Canyon’s General Plan and Zoning Ordinance and recently memorialized as part of a preannexation agreement between the City and principal landowner (Jamcan, LLC). Significantly, the preannexation agreement anticipates the affected territory will predominantly be developed for residential uses and include up to 1,600 units, which would produce an estimated population of 4,776.⁴ Other urban uses, such as retail, commercial, professional offices, and visitor serving facilities, are also contemplated, although no specific densities are known at this time.

No new significant urban growth is expected in adjacent lands regardless of proposal approval. Unincorporated lands to the north and east are both outside American Canyon’s sphere of influence and subject to the restrictive County land use policies. Unincorporated lands to the northwest lie within American Canyon’s sphere of influence, but are designated and rezoned by the City for low-density uses. Incorporated lands to the southwest and south are built-out.

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.

² The lone registered voter resides at 360 Watson Lane. There are additional residents and registered voters associated with parcels tied to the proposed annexation. Only portions of these parcels, however, are proposed for annexation. The single-family residences on these parcels lie outside the proposed annexation boundary and therefore their registered voters do not apply to the overall tally.

³ This amount reflects a revised calculation by the applicant and applies only to the portions of the nine parcels proposed for annexation.

⁴ Population estimate based on applying a factor of 2.985 persons per household consistent with recent demographic projections as issued by the California Department of Finance for American Canyon.

The present need for organized public services within the affected territory is limited given the majority of the lands are undeveloped. Further, the organized public services that are currently available are generally considered basic. This includes a basic level of law enforcement directly provided by the County vector control, soil conservation, and flood control services indirectly provided by several countywide special districts. An elevated level of fire protection from ACFPD is available to approximately one-half of the affected territory as a result of an earlier annexation to the District.⁵ American Canyon, as successor agency to the American Canyon County Water District (ACCWD), also provides potable water service to the two single-family residences located off of Watson Lane.

The future need for organized public services in the affected territory extending beyond the current baseline would *only* be triggered if the proposal is approved given the County's restrictive land use policies for the lands (emphasis added). Specifically, if the proposal is approved, there would be an impending need for elevated organized public services throughout the affected territory to accommodate the planned and expected urban intensification of uses to include, most notably, the aforementioned 1,600 residential units. For purposes of this review, staff assumes all 1,600 residential units would be developed within 90% of the affected territory; a ratio reflecting the remaining 10% is ineligible for residential use due to the restrictions of the Napa County Airport Land Use Commission. It is also assumed the remaining 10% would be developed to include a mix of urban uses ranging from retail to office space and produce a one-to-one service demand equivalent to residential uses. This latter assumption provides a conservative approach in measuring demands in the remaining 10% in the absence of specific land use and density standards.

With the preceding assumptions incorporated, a review of projected demands for the affected territory at the time of its development indicate American Canyon and ACFPD – as the principal public service providers – have sufficient capacities and controls to reasonably accommodate future needs. This statement is predicated on information collected and analyzed in the Commission's recent municipal service review on the southeast county region and supplemented by the application materials. An expanded review of the availability and capacity of American Canyon and ACFPD to provide core governmental services – law enforcement, fire protection, water, and sewer – to the affected territory relative to expected needs follows.

Law Enforcement

American Canyon would assume full law enforcement service responsibilities for the affected territory from the County upon proposal approval with the City's police administrative/operation facility located less than one mile away. American Canyon already serves as a second-responder to the affected territory as part a mutual aid agreement with the County. American Canyon's

⁵ The remaining portion of the affected territory lying outside ACFPD receives a basic level of fire protection from the County with its closest facility located off of Airport Road west of Highway 29 (Greenwood Ranch Station).

police department comprises contracted sworn officers from the County Sheriff and provides regular patrol, traffic enforcement, vehicle abatement, and criminal investigations. A lieutenant or captain with County Sheriff is mutually selected by the Sheriff-Coroner and City Council to serve as Police Chief. The current ratio of sworn officers for every 1,000 residents is 1.4.⁶

The Commission's recent municipal service review on the southeast county region noted American Canyon's average response time for all high-priority law enforcement calls was approximately two minutes from dispatch to arrival. This average response time satisfies American Canyon's five minute performance standard for all high-priority police calls established under the City General Plan. The municipal service review also noted annual reported crimes in American Canyon have slightly declined over the previous five years from 2,352 to 2,013 despite an approximate one-third increase in population. The municipal service review primarily attributed the decline in reported crimes to enhanced community policing practices, such as coordinating neighborhood watch programs.

In terms of assessing proposal impacts, information collected in the municipal service review does not identify any immediate deficiencies with respect to American Canyon's ability to respond to *high-priority calls* within the affected territory (emphasis added). This statement reflects the close proximity of American Canyon's police station and assumes the volume of calls (high-priority and low-priority) would increase incrementally over time as the affected territory is developed. It is reasonable to assume the majority of new demands tied to the affected territory would be generated by residential uses. It is also reasonable to assume additional police resources needed to accommodate new residential uses will be based on maintaining its current standard of 1.4 sworn officers per 1,000 residents. In order to maintain this standard, the residential buildout of the affected territory would necessitate American Canyon increase its sworn officers from its current total of 23 to 30. The estimated cost to fund one new sworn officer totals \$0.17 million based on current personnel expenditures and would be dependent on available discretionary revenues.

Fire Protection and Emergency Medical

ACFPD presently is responsible for providing fire protection and emergency medical services to approximately one-half of the affected territory located near the Watson Lane area. ACFPD would assume service responsibilities for the remaining half from the County upon proposal approval with its administrative/operation facility located less than one mile away. ACFPD is a subsidiary district of American Canyon with the City Council serving as *ex officio* District Board members. ACFPD comprises both paid and volunteer

⁶ American Canyon's contract with the County provides the City Council flexibility to annually increase or decrease the number of sworn officers as needed.

firefighters and is licensed to administer basic life support, which consists of providing emergency first aid and cardiopulmonary resuscitation.⁷ The current ratio of paid firefighters for every 1,000 residents within the jurisdictional boundary is 1.0.

The Commission's recent municipal service review on the southeast county region noted ACFPD's average response time for emergency calls as measured by dispatch to arrival averaged just over four minutes for incidents within its jurisdictional boundary. ACFPD also responded to all emergency calls within its jurisdiction within five minutes at a rate of 90%, which satisfies its adopted response standard. Of significance, the municipal service review noted ACFPD has been able to satisfy its adopted response time standard despite an approximate 10% increase in total emergency calls over the previous five years from 1,237 to 1,365.

No immediate deficiencies are identified through information collected in the municipal service review with respect to assessing ACFPD's ability to respond to emergency calls within its adopted response time standard to the affected territory. This statement reflects the close proximity of ACFPD's station and assumes the volume of emergency calls would incrementally increase over time as the affected territory is developed. It is reasonable to assume the majority of new demands tied to the affected territory would be generated by residential uses. It is also reasonable to assume additional firefighter resources needed to accommodate new residential uses will be based on maintaining ACFPD's current benchmark of 1.0 firefighter per 1,000 residents. Maintaining this benchmark relative to the residential buildout of the affected territory would necessitate ACFPD increase its paid firefighters from its current total of 17 to 22. The estimated cost to fund one new firefighter totals \$0.11 million based on current personnel expenditures and would be dependent on available discretionary revenues.

Water Service

American Canyon would be responsible for providing water to the entire affected territory in support of its planned and expected urban development. American Canyon, as successor agency to ACCWD, already provides water service to two of the nine subject parcels comprising single-family residences. The remaining subject parcels are either dry or have established groundwater wells. In assessing current and future water service needs for the affected territory, it is assumed demands will be entirely dependent on potable supplies given non-potable supplies are not currently available to the site.⁸ Specific

⁷ ACFPD coordinates its emergency medical services with Piner Ambulance Service, which is contracted by the County to provide ambulatory services throughout the south county region.

⁸ American Canyon has established a recycled water service program providing tertiary treated supplies for landscape irrigation. This program currently provides 100 acre-feet per year to one customer, Green Island Vineyards. It is expected the affected territory will receive recycled water as part of American Canyon's planned expansions, although no timetable currently exists.

analysis relating to the availability and adequacy of water service within the affected territory is summarized below.

Supply and Demand

American Canyon's contracted potable water supplies currently provide a reliable annual yield of 5,316 acre-feet under normal conditions.⁹ The current annual demand recorded for 2009 and adjusted to account for conditionally approved annexations totals 4,242 acre-feet.¹⁰ These existing demands result in an available surplus of 1,074 acre-feet. The adjusted peak day demand is 18.0 acre-feet.¹¹

If the proposal is approved, and based on previously outlined assumptions, the affected territory's buildout under American Canyon would generate an additional annual water demand of 398.2 acre-feet under normal conditions.¹² This demand is approximately 100 acre-feet greater than the annual amount specifically contemplated for the "Town Center" project under American Canyon's Urban Water Management Plan (UWMP). The difference is directly attributed to the expansion of the Town Center project site following the UWMP publication. American Canyon notes the deintensification of planned development for the Oat Hill/Eucalyptus Grove area effectively covers the added demands tied to the Town Center project.¹³ Buildout would also be expected to increase American Canyon's peak day demand from 18.0 to 19.7 acre-feet.¹⁴

As outlined in the preceding paragraphs, American Canyon's existing water supplies are sufficient to accommodate projected demands within the affected territory at its expected buildout under normal conditions. The additional demands, however, would intensify American Canyon's existing supply shortfall to (1,118) acre-feet and (601) acre-feet under single dry and multiple dry years, respectively, as summarized below.¹⁵

⁹ American Canyon contracts for annual water supplies with Napa County Flood Control and Water Conservation District and City of Vallejo. The reliable yield estimate assumes American Canyon will receive 70% of its entitlement through the State Water Project and 100% of its entitlement from Vallejo.

¹⁰ The recorded total water demand for 2009 was 3,953 acre-feet. This amount has been adjusted to account for estimated water demands associated with recent annexation approvals that are expected to generate an additional annual water demand of 289 acre-feet.

¹¹ American Canyon's recorded peak day demand in 2009 was 16.8 acre-feet. This amount has been adjusted to account for additional demands associated with recent annexation approvals that are expected to raise the peak day demand from 16.8 to 18.0 acre-feet.

¹² Estimate projects a daily (a) residential use factor of 200 gallons per unit (1,600) and (b) non-residential use factor of 1,125 gallons per acre (31.5).

¹³ The Oat Hill/Eucalyptus Grove area was previously planned for a mix urban-use project which would have included the construction of 1,300 to 1,600 residential units. This project was terminated in 2008. The development of the area has been subsequently parsed with the Eucalyptus Grove area now expected to be developed for private or public commercial recreational uses.

¹⁴ Estimate incorporates a peak factor of 1.55 based on the difference between average and peak day demands in 2009.

¹⁵ Existing and projected shortfalls during single dry and multiple dry years incorporate delivery estimates prepared by the Department of Water Resources for the State Water Project as of August 2010.

Baseline Conditions

(Amounts in Acre-Feet)

Category	Normal	Single Dry Year	Multiple Dry Year
Annual Supply	5,316	2,594	3,529
Annual Demand	4,242	3,394	3,775
	1,074	(800)	(246)

Post-Annexation With Buildout of the Affected Territory

(Amounts in Acre-Feet)

Category	Normal	Single Dry Year	Multiple Dry Year
Annual Supply	5,316	2,594	3,529
Annual Demand	4,640	3,712	4,130
	676	(1,118)	(601)

Supply Factors/Assumptions

- * Normal supply assumes 70% of SWP entitlement and 100% of Vallejo entitlement
- * Single dry year supply assumes 7% of SWP entitlement and 100% of Vallejo entitlement
- * Multiple dry year supply assumes 34% of SWP entitlement and 100% of Vallejo entitlement
 (SWP entitlement assumptions based on DWR 2009 Reliability Report)

Demand Factors/Assumptions

- * Normal reflects current demand adjusted to incorporate recent conditionally approved annexations
- * Single dry year demand reflects a 20% overall reduction
- * Multiple dry year demand reflects a 11% overall reduction
 (Demand reductions based on American Canyon's UWMP 2005 Report)

With regards to immediate steps to address the supply shortfall, American Canyon has recently established a four-tiered conservation plan to further reduce demands during dry years through volunteer and mandatory measures. American Canyon's application materials also believe the extent of the shortfall during single dry years will be measurably diminished and eliminated during multiple dry years based on forecasting an overall 20% decline in demands due to declining consumption rates. This latter assumption appears reasonable, but dependent on several external and unknown factors relative to the review of this proposal.

In terms of long-term steps to address the supply shortfall, American Canyon is authorized to purchase additional annual entitlements from Vallejo through 2021 totaling 1,855 acre-feet. This additional entitlement is available in three incremental purchases beginning with 723 acre-feet by May 2011.¹⁶ Notably, exercising this initial increment purchase would entirely mitigate the projected shortfall calculated by staff under multiple dry year conditions while addressing three-fifths of the projected shortfall under single dry year conditions.

¹⁶ Subsequent annual supply entitlement purchases from Vallejo would be available to American Canyon in the amount of 566 acre-feet by May 2016 and 566 acre-feet by May 2021.

Treatment and Storage

American Canyon is responsible for treating three-fourths of its contracted water supplies at its treatment facility located off of Jamieson Canyon Road. (The remaining one-fourth amount is pre-treated by Vallejo.) The treatment facility was recently upgraded and is capable of treating up to 16.8 acre-feet of water daily. Treated water enters and pressurizes American Canyon’s distribution system by collecting within one of four reservoir tanks with a combined storage capacity of 14.4 acre-feet.

American Canyon’s treatment and storage capacities are sufficient in independently meeting current and projected average day water demands at buildout of the affected territory. These capacities, however, are insufficient in meeting American Canyon’s current peak day demand of 18.0 acre-feet, which is expected to increase to 19.7 acre-feet with the buildout of the affected territory. Storage shortfalls are expected to be addressed with the budgeted construction of a new 2.0 million gallon steel storage tank to be located adjacent to the American Canyon High School property. Construction of the new storage tank will increase American Canyon’s available storage capacity to 20.5 acre-feet; an amount that will satisfy the City’s projected peak day demands upon buildout of the affected territory. American Canyon anticipates completing construction of the new storage tank no later than 2014. The following table summarizes current and post-annexation demands relative to American Canyon’s treatment and storage capacities.

Baseline Conditions
 (Amounts in Acre-Feet)

Treatment Capacity	Storage Capacity	Average Day Demand	Peak Day Demand
16.8	14.4	11.6	18.0

Post-Annexation with Buildout of the Affected Territory
 (Amounts in Acre-Feet)

Treatment Capacity	Storage Capacity	Average Day Demand	Peak Day Demand
16.8	20.5	12.7	19.7

* Storage capacity assumes American Canyon will complete construction on a new 2.0 million gallon storage tank by buildout of the affected territory.

Sewer Service

American Canyon would be responsible for providing sewer to the entire affected territory in support of its planned and expected urban development. All nine subject parcels are currently dry or on septic systems. Specific analysis relating to the availability and adequacy of sewer service in the affected territory is summarized below.

Collection and Treatment

American Canyon’s collection system is divided between three distinct basins covering the central, west, and northern portions of American Canyon’s service area. Sewage collected in the central basin is primarily generated from residential users and represents approximately four-fifths of the total average demand. The remaining amount is generated by commercial and industrial users in the western and northern basins. Each basin includes its own pump station and conveys raw sewage to American Canyon’s wastewater treatment facility located at the western terminus of Eucalyptus Drive northwest of the Eucalyptus Grove property.

American Canyon recently upgraded its wastewater treatment facility to accommodate average dry weather flows of 2.5 million gallons and peak wet weather flows of 5.0 million gallons.¹⁷ The current average dry and peak wet weather daily flows, which are adjusted to account for conditionally approved annexations, are estimated to be 1.7 and 4.3 million gallons, respectively.¹⁸ These current amounts represent 68% and 85% of the treatment plant’s design capacities.

Projected dry weather and peak wet weather flows tied to the buildout of the affected territory can be adequately accommodated through American Canyon’s existing wastewater collection and treatment capacities. Specifically, the affected territory’s buildout will leave American Canyon’s collection and treatment system with available daily dry weather and peak wet weather capacities of 0.52 and 0.39 million gallons, respectively, as summarized below.

Baseline Conditions

(Amounts in Million Gallons Per Day)

Average Dry Weather

Peak Wet Weather

Total Capacity	Total Demand	Available Capacity
2.50	1.70	0.80

Total Capacity	Total Demand	Available Capacity
5.00	4.25	0.75

Annexation With Buildout of the Affected Territory

(Amounts in Million Gallons Per Day)

Average Dry Weather

Peak Wet Weather

Total Capacity	Total Demand	Available Capacity
2.50	1.98	0.52

Total Capacity	Total Demand	Available Capacity
5.00	4.61	0.39

¹⁷ American Canyon also has an approximate 5.0 million gallon adjacent earthen basin to temporarily store excessive flows before returning for treatment.

¹⁸ The current wet weather peaking factor is 2.5 and is attributed to high inflow/infiltration in the western and northern basins due to aging infrastructure. Staff has reduced the wet weather peaking factor for the buildout of the affected territory to 1.25 given the site would be served by new collection infrastructure.

Discharge

American Canyon pumps treated wastewater into adjacent earthen storage basins with a combined capacity of 6.0 million gallons to complete the chlorination and suspension process prior to discharge. American Canyon is authorized by the California State Water Resources Control Board to discharge finished tertiary wastewater into the Napa River through the North Slough between November 1st and April 30th. American Canyon discharges finished tertiary wastewater during the remainder of the year into adjacent wetlands owned by the City. This dry-season discharge effectively provides American Canyon with unlimited *disposal capacity* and is part of a long-term effort to restore the adjacent wetlands given their prior use as salt ponds (emphasis added).

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 economic and social ties existing between the affected territory and American Canyon. These ties, which also apply to ACFPD given its subsidiary status to American Canyon, were established in 1997 when the City included all nine subject parcels into its original urban limit line (ULL).¹⁹ The addition of these parcels in the ULL marked a standing expectation the lands be eventually annexed and developed for a mix of urban-type uses and serve as a community anchor. This expectation is memorialized as Policy 1.19 in the American Canyon General Plan, which states:

“Provide for the development of a Town Center that physically and functionally serves as the symbolic and identifiable focus of community activities and events for American Canyon and which is a regional destination within Napa Valley.”

The Commission has also recognized and strengthened these ties in adding the subject parcels proposed for annexation to American Canyon and ACFPD’s spheres of influence as part of recent comprehensive updates.

With respect to the recommended modification detailed on page of four of the report, concurrently detaching the majority of the affected territory from CSA No. 4 supports mutual social and economic interests. Specifically, detaching the lands would recognize the discontinuity between their present and probable urban uses and the role of the CSA No. 4 in providing farmworker housing.

¹⁹ All nine subject parcels were retained in the revised and reduced ULL adopted by American Canyon in 2008.

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 set forth in G.C. Section 56377.

The Commission has previously determined American Canyon is the logical land use and service provider for the affected territory by previously adding the lands to the City's sphere of influence. Adding these properties to the sphere of influence marked an explicit Commission determination that the future annexation and urban development of the lands represent an orderly extension of American Canyon relative to local needs and subject to timing considerations.

All of the affected territory qualifies as open-space given the lands' designation under the County General Plan. Further, a sizeable portion of the affected territory qualifies as prime agricultural land under LAFCO law.²⁰ This potential loss of prime agricultural land was previously contemplated by the Commission in adding the lands to the sphere of influence and is deemed acceptable given local conditions and circumstances.

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

Close to one-half of the affected territory is enrolled in a Williamson Act contract and therefore qualifies as agricultural land under LAFCO law. Nearly this entire amount is tied to a Williamson Act contract (54488) that has been non-renewed and set to expire in March 2012. The remaining amount is tied to a Williamson Act contract (98086) that is under automatic renewal. American Canyon's application materials attest the City shall succeed to both contracts. This succession retains the status quo with respect to maintaining the subject lands' agricultural integrity upon proposal approval.

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 map and description of the affected territory were prepared by American Canyon as part of its property tax agreement with the County. These documents provide reasonable assurances to the Commission with respect to identifying the definitiveness of the affected territory. Proposal approval would include a standard term requiring the applicants to prepare maps and geographic descriptions depicting the affected territory in conformance with the standards of the State Board of Equalization.

²⁰ G.C. Section 56064 defines prime agricultural land to mean any area that has not been developed other than for an agricultural use and meets certain criteria. This includes land that qualifies, if irrigated, for a Class I or II rating by the United States Department of Agriculture. Staff has confirmed approximately two-fifths of the affected territory comprises Class II soil (Clear Lake Clay).

Approval as proposed would create non-conformance with lines of assessment. This non-conformance relates to the proposed annexation of portions of three assessor parcels – which parallel legal lots – identified as 059-020-032, 059-020-029, and 059-030-003. American Canyon proposes the proportional annexation of these assessor parcels consistent with its designation and rezoning standards of *Town Center*; the remaining portions of the affected assessor parcels are designated and rezoned *Special Study*. A review of options to mitigate against creating a non-conforming annexation boundary with lines of assessment is provided on page 21 of this report.

Approval as proposed would also create under Commission policy an unincorporated island substantially surrounded by American Canyon. The potential island would lie west of the affected territory in the Watson Lane area and total 75 acres. Previous outreach efforts indicate a majority of landowners and residents oppose annexation. A review of options to mitigate against creating an unincorporated island is provided on page four of this report.

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

The American Canyon General Plan designates the entire affected territory as *Town Center*. This designation contemplates a broad range of urban uses, including attached and detached single-family residential, visitor serving, retail commercial, professional offices, entertainment, and public facilities. The American Canyon General Plan specifies the location on land uses and density levels will be determined through the subsequent approval of one or more specific plans. American Canyon's designation contrasts with the County General Plan, which designates the affected territory as *Agriculture, Watershed, and Open Space* with the expectation the land be generally used for agriculture, processing of agricultural products, and single-family dwelling units on minimum lot sizes of 160 acres. In 2008, the County completed an update to its General Plan that, among other things, reconciled the referenced contrast to illustrate the entire affected area as part of American Canyon's revised ULL. This illustration reflects the County's expectation the entire affected area would be eventually developed for urban-type uses in American Canyon.

The Metropolitan Transportation Commission's regional transportation plan (RTP) was updated in April 2009 and outlines specific goals and objectives to direct public transportation infrastructure in the Bay Area through 2035. No specific projects are included in the RTP involving the affected territory. Accordingly, the proposal impact is neutral with respect to the RTP.

8) The sphere of influence of any local agency applicable to the proposal.

The affected territory was added to American Canyon and ACFPD's spheres of influence as part of comprehensive updates completed in June and August 2010, respectively. Both updates were adopted as part of noticed public hearings.

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

On October 19, 2010, LAFCO staff circulated copies of the application materials submitted by American Canyon and ACFPD for review and comment to local governmental agencies, including the County, CSA No. 4, and the Napa Valley Unified School District. One written comment was received from County Conservation, Development, and Planning signed by Director Hillary Gitelman. The letter outlines the County's support for the proposal consistent with its 2008 agreement with American Canyon. The letter notes the agreement commits American Canyon to accept a portion of the County's Regional Housing Needs Allocation in the next two housing cycles in exchange for support for the annexation. A copy of the County's comment letter is attached.

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.

Information collected and analyzed in the Commission's recent municipal service review on the southeast county region indicates American Canyon and ACFPD have developed overall adequate financial resources and controls relative to their service commitments. Additional analysis provides reasonable assurances American Canyon and ACFPD's fiscal capacities would enable the agencies to extend services specifically to the affected territory consistent with the land use and density assumptions outlined on page seven of this report without significant adverse impacts. An expanded discussion on the financial resources and controls of the two agencies follows.

American Canyon

American Canyon's unreserved/undesignated balance in the General Fund at the beginning of the fiscal year totaled \$3.0 million and equals one-fifth of its adopted operating costs in 2010-2011.²¹ This balance has been significantly reduced over the end of the last fiscal year by close to one-third due to budgeted operating shortfalls caused by declining property and sales tax revenues. At the time of budget adoption, American Canyon anticipated a (\$0.8 million) shortfall in operating costs, which would further reduce the City's unreserved/undesignated fund balance to \$2.2 million.

²¹ American Canyon's adopted amended general fund expenses in 2010-2011 total \$16.4 million.

In order to help eliminate the structural imbalance within the General Fund, American Canyon has implemented a 36-month strategy to reduce discretionary expenses highlighted by eliminating nine full-time positions and instituting 15 staff furlough days. The strategy also assumed successful passage of an increase in the transient-occupancy tax from 10 to 12%. The tax increase was approved in November 2010 and is expected to generate an additional \$120,000 in discretionary revenues. A summary of American Canyon’s General Fund balance over the last five fiscal years follows.

American Canyon’s General Fund Balance

(Source: City of American Canyon)

Category	2005-06	2006-07	2007-08	2008-09	2009-10
Reserved	1.376	2.913	2.077	2.990	4.287
Unreserved/Designated	5.569	3.795	4.020	4.040	2.762
Unreserved/Undesignated	1.174	1.255	4.880	4.297	3.024
<i>Total</i>	<i>\$8.119</i>	<i>\$7.963</i>	<i>\$10.977</i>	<i>\$11.327</i>	<i>\$10.074</i>

Dollars in Millions / Amounts as of July 1st

Proposal approval and the anticipated buildout of the affected territory would have a measurable impact on American Canyon with respect to additional demands on the City’s discretionary revenues. It is reasonable to assume the additional demands on discretionary revenues would primarily involve funding additional law enforcement personnel for American Canyon to maintain a ratio of sworn officers to residents equal to current levels. As detailed on page eight of this report, the present-day cost to American Canyon to annually fund the seven new sworn officer positions needed to maintain the current police-to-resident ratio totals \$1.19 million. It is presumed three-fifths of this discretionary cost could be drawn from annual revenues generated from sales and property taxes directly tied to the residential buildout of the affected territory, which are expected to total \$0.74 million in present-day values.²² It is also reasonable to assume the remaining two-fifths, or \$0.45 million, in new annual discretionary costs to American Canyon would be adequately covered by other tax and fee revenues tied to the non-residential buildout and uses of the affected territory.

Additionally, other services needed within the affected territory upon buildout, such as water and sewer, are self-funded through (a) connection fees and (b) usage charges. These revenue sources serve as American Canyon’s buy-in charge for new customers to contribute their fair share for existing and future facilities necessary to receive water and sewer services as well as fund ongoing maintenance expenses. Accordingly, these other services would not generate any new unfunded demands on American Canyon.

²² Staff calculates the affected territory’s residential buildout would generate approximately \$0.69 million for American Canyon in new annual sales tax revenues based on applying the per capita sales tax ratio of \$144.21, which reflects the average amount collected between 2007-08 and 2008-09. The affected territory’s buildout would also generate approximately \$0.05 million in new annual property tax revenues based on the negotiated property tax agreement between American Canyon and the County applied to the current per housing unit value of \$0.30 million.

ACFPD

ACFPD’s unreserved/undesignated balance supporting general operations at the beginning of the fiscal year totaled \$1.2 million and equals one-third of its adopted operating costs in 2010-2011.²³ This balance has been reduced over the end of the last fiscal year by two-fifths due to budgeted operating shortfalls. At the time of budget adoption, ACFPD anticipated a (\$0.3 million) shortfall in operating costs, which would further reduce the undesignated/unreserved fund balance to \$0.9 million. A summary of the General Operations Fund balance over the last five fiscal years follows.

ACFPD’s General Operations Fund Balance

(Source: ACFPD)

Category	2005-06	2006-07	2007-08	2008-09	2009-10
Unreserved/Designated	0.000	0.000	2.228	2.201	1.447
Unreserved/Undesignated	2.134	2.228	0.940	2.130	1.204
<i>Total</i>	<i>\$2.134</i>	<i>\$2.228</i>	<i>\$3.168</i>	<i>\$4.332</i>	<i>\$2.651</i>

Dollars in Millions / Amounts as of July 1st

Similar to American Canyon, proposal approval and the anticipated buildout of the affected territory would have a measurable impact on ACFPD with respect to additional demands on the District’s discretionary revenues supporting general operations. It is reasonable to assume the additional demands on discretionary revenues would primarily involve funding additional personnel for ACFPD to maintain a ratio of firefighters to residents equal to current levels. As detailed on page nine of this report, the present-day cost to ACFPD to annually fund the five new firefighter positions needed to maintain the current firefighter-to-resident ratio totals \$0.55 million.

Unlike American Canyon, it is reasonable to assume ACFPD will not recover a substantial portion of its added discretionary cost tied to the residential buildout of the affected territory through new tax revenues. Close to four-fifths of ACFPD’s general operations are funded through property taxes. The residential buildout of the affected territory is expected to only generate less than one percent of the estimated cost to fund five new firefighter positions.²⁴ The lack of expected discretionary revenues tied to residential buildout highlights the relevance of ACFPD’s track record in negotiating impact fees with developers to reduce the District’s allocation of general revenues to fund capital projects, such as equipment purchases. This track record coupled with current financial resources provides reasonable assurances ACFPD has sufficient revenues and administrative controls to serve the affected territory.

²³ ACFPD’s adopted amended general operating expenses in 2010-2011 total \$4.3 million.

²⁴ Staff calculates the affected territory’s residential buildout would generate approximately \$2,648 for ACFPD in new annual property taxes based on the negotiated property tax agreement between ACFPD, American Canyon, and the County applied to the current per housing unit value of \$0.30 million.

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

An expanded discussion on American Canyon’s water supplies is provided on pages 9 to 11 of this report.

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 of Chapter 3 of Division 1 of Title 7.

The proposal will have a positive impact on the County in meeting its future regional housing needs as determined by the Association of Bay Area Governments (ABAG). This impact is tied to a 2008 agreement in which American Canyon agreed to assume a substantial portion of the County’s near-term regional housing needs assignments in exchange for the County’s support for the annexation of the affected territory.²⁵ It is reasonable to assume the proposal will increase American Canyon’s future regional housing needs due to the job creation potential tied to the affected territory. The increase and the extent of the impact on American Canyon are not known at this time.²⁶

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

All subject landowners have consented to the proposal.

14) Any information relating to existing land use designations.

The County designates the entire affected territory as *Agriculture, Watershed, and Open Space*. American Canyon designates the entire affected territory as *Town Center*. The following table summarizes contemplated land uses and densities within these respective designations.

Designations for Affected Territory		
	City of American Canyon	County of Napa
Designation	Town Center	Agriculture, Watershed, and Open Space
General Uses	Government and community services, retail commercial, offices, entertainment, cultural facilities, visitor-serving facilities, transit, attached or detached residential	Agriculture, processing of agricultural products, single-family dwellings
Lot Density	TBD by Specific Plan	Minimum: 160 acres

²⁵ The agreement commits American Canyon to assume 368 total housing units from the County over the next two planning cycles (2014 and 2021). The County’s current housing unit assignment is 651.

²⁶ American Canyon does not currently have a certified housing element for the 2008-2014 cycle. American Canyon reports it is working with Housing Community Development and anticipates receiving certification within the next several months.

15) The extent to which the proposal will promote environmental justice.

There is no documentation or evidence suggesting the proposal would 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 affected district and within the territory proposed to be annexed to the district.

The proposed annexation of the affected territory to ACFPD will benefit current and future landowners and residents by providing an elevated of fire protection and emergency medical service consistent with the lands' planned urban uses.

Terms and Conditions

Standard Terms

The Commission's standard terms would apply to the proposal if approved. This includes requiring the applicants to prepare final maps and geographic descriptions identifying the approved boundary changes for (a) American Canyon and (b) ACFPD consistent with the requirements of the State Board of Equalization. Other standard terms include the applicants submitting signed indemnification agreements and paying all outstanding fees tied to the proposal.

Additionally, as detailed on page 14 of this report, close to one-half of the affected territory's acreage is enrolled in a Williamson Act contract. American Canyon attests it will succeed to both Williamson Act contracts tied to the affected territory. Accordingly, the Commission shall include a standard approval term to state American Canyon will succeed to all rights, duties, and powers of the County in administering the contracts consistent with G.C. Section 56243.

Special Terms

Staff has identified two potential special approval terms the Commission may consider applying to the proposal as summarized below.

Purchase of Additional Water Supplies

The Commission may consider conditioning approval to require American Canyon exercise its right to purchase an additional 722 acre-feet of entitlement water from the City of Vallejo. This special term would substantially address the projected water supply shortfalls associated with the annexation and planned development of the affected territory as outlined on pages 9 to 11 of this report. This special term would also establish an explicit and proactive connection between expanding American Canyon's incorporated boundary and the need for additional water supplies rather than implicitly assume the City will increase supplies post-annexation.²⁷ Staff believes there is *equal merit* to include or exclude this special approval term based on the preference of the Commission (emphasis added).

²⁷ This Commission is authorized to incorporate this type of special condition under G.C. Section 56886(v).

Lot Line Adjustments

The Commission may also consider conditioning approval to require American Canyon to process lot-line adjustments for three of the nine subject parcels to ensure the annexation does not split legal lots or assessor parcels. This issue is detailed on page 15 of the report and originally raised by the County Assessor. However, after careful review and discussion with American Canyon, staff *recommends against* including this special term given two specific conditions underlying the proposal (emphasis added). First, it would be difficult for American Canyon to complete all necessary lot lines within the LAFCO required one-year timeframe given the unknown level of availability and cooperation from landowners. Second, a key underlying goal of the proposal is to facilitate the northern extension of Newell Drive. The exact location of the extension, however, is not known at this time. Consequently, pursuing lot-line adjustments appears premature until a specific plan is completed and the exact location of the extension is identified. Staff has conveyed these conclusions to the County Assessor and no objections in proceeding accordingly have been raised.

Prezoning Assignment

G.C. Section 56375(3) requires cities prezone territory as a precondition to annexation. Accordingly, American Canyon has prezoned the affected territory *Town Center* consistent with a successful voter initiative implemented in November 2008.

Property Tax Agreement

Revenue and Taxation Code Section 99(b)(6) requires adoption of a property tax exchange agreement by affected local agencies before LAFCO can consider a change of organization. This statute applies regardless of private or public ownership. With respect to this proposal, American Canyon and the County have previously agreed by resolution to a property tax exchange agreement applicable to the affected territory. The agreement was adopted in 2010 and specifies American Canyon and ACFPD shall receive 47.5% and 5% of the County's existing portion of property tax revenues, respectively.

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. 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.

In adopting a resolution of application, American Canyon designated the County of Napa as lead agency with respect to assessing the environmental impacts tied to the proposal. American Canyon found the Final Environmental Impact (FEIR) prepared for the 2008 County General Plan Update adequately addresses the environmental effects of the proposal and no subsequent review was needed under CEQA. This included the FEIR anticipating the cumulative impacts tied to annexing lands in American Canyon's ULL on agricultural lands, population and housing, traffic, air quality, biological resources, geology and soils, hydrology and water quality, cultural and paleontology resources, public resources and utilities, and visual resources. American Canyon also adopted and incorporated by reference the County's findings in declaring overriding considerations and establishing mitigation measures associated with the General Plan Update.

The Commission serves as responsible agency for the proposal. Staff has reviewed the addendum prepared by American Canyon and believes the City has made an adequate determination in considering the impacts tied to the proposal. Specifically, this involves finding the County's General Plan Update FEIR adequately contemplates the impacts tied to the affected territory's annexation. If the Commission approves the proposal, staff will file a notice of determination with the County Clerk-Recorder's Office.

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. Options for Commission Action

Staff has identified five broad options for Commission consideration with respect to the proposal. These options are summarized below.

- Option One:** Approve the proposal as submitted with standard conditions.
- Option Two:** Approve the proposal as modified to include concurrent detachment From CSA No. 4 with standard conditions.
- Option Three:** Approve the proposal as outlined under Option Two with a special condition requiring American Canyon to purchase additional water supplies from the City of Vallejo as detailed on page 20.
- Option Four:** Continue consideration of the item to a future meeting if more information is required.
- Option Five:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.

E. Recommendation

Staff recommends the Commission approve the proposal consistent with Option Two or Option Three as outlined in the preceding section. Option Two would reflect a general practice of the Commission in terms of requiring concurrent detachment from CSA No. 4 in anticipation of urban uses as well as incorporating standard conditions of approval such as requiring signed indemnification agreements. Option Three would expand on this general practice to also include a special condition to proactively direct American Canyon to make an infrastructure improvement in conjunction with proposal approval rather than rely on the agency to independently address the matter at a later date. Staff believes either option is appropriate depending on the level of oversight the Commission wishes to incorporate in fulfilling its regulatory duties and objectives.

Respectfully submitted,

Keene Simonds
Executive Officer

Brendon Freeman
Analyst

Attachments:

- 1) Draft Resolution of Approval (Option Two; Modification with Standard Conditions)
- 2) Draft Resolution of Approval (Option Three; Modification with Special Conditions)
- ~~3) Application Materials, Submitted October 6, 2010~~
- 4) Supplemental Application Materials: Spreadsheet Listing Affected Territory
- 5) Supplemental Application Materials: Preannexation/Development Agreement, Submitted November 17, 2010
- 6) Supplemental Application Materials: Succession to Williamson Act Contracts, Submitted November 17, 2010
- 7) Comment Letter from the County of Napa, Submitted November 4, 2010

RESOLUTION NO. _____**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS****TOWN CENTER REORGANIZATION**

WHEREAS, the City of American Canyon and American Canyon Fire Protection District, hereafter referred to as “City” and “District,” have filed a proposal by resolutions of application with the Executive Officer of the Local Agency Formation Commission of Napa County, hereinafter referred to as the “Commission,” pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000;

WHEREAS, the proposal seeks annexation of certain territory to the City and District, referred to as the “Town Center;”

WHEREAS, the Executive Officer reviewed the proposal and prepared a report with recommendations;

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

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

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

WHEREAS, the Commission, in accordance with California Environmental Quality Act (CEQA), has considered the adopted determinations of the ~~lead agency~~, County of Napa, deferred to as the lead agency by the City of American Canyon, concerning the potential environmental impacts associated with the proposal.

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

1. The Commission, as responsible agency, certifies it has reviewed and considered the environmental determinations prepared by the County of Napa in conjunction with certifying a Final Environmental Impact Report (FEIR) for its General Plan Update on June 3, 2008. The FEIR considered the impacts of future annexation of areas within the City’s adopted urban limit line (ULL), including the Town Center. The ULL was described as part of the “preferred plan” in the FEIR and anticipated the cumulative impacts related to annexation on agricultural lands, population and housing, traffic, air quality, biological resources, geology and soils, hydrology and water quality, cultural and paleontology resources, public resources and utilities, and visual resources. The FEIR is codified in County Resolution No. 08-86 and includes incorporated mitigation measures to help limit significant impacts along with a statement of overriding considerations to address certain significant and unavoidable effects. The Commission

hereby makes and incorporates by reference the County's determinations set forth in the referenced resolution, including approval to incorporate associated mitigation measures for the affected territory. The Commission's findings are based on its independent judgment and analysis. 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 with the following modification:
 - a) The affected territory is concurrently detached from County Service Area No. 4 with the exception of the property identified by the County of Napa Assessor's Office as 059-020-032.

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

TOWN CENTER REORGANIZATION

4. The affected territory annexed to the City is shown in the draft map and geographic description provided in Exhibit "A."
5. The affected territory annexed to the District is shown in the draft map and geographic description provided in Exhibit "B."
6. The affected territory is uninhabited as defined in Government Code Section 56046.
7. The City utilizes the regular assessment roll of the County of Napa.
8. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the City and District. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the City and District.
9. The Commission authorizes conducting authority proceedings to be waived in accordance with Government Code Section 56663(c).
10. The Commission determines American Canyon shall succeed to the rights, duties, and powers of the County of Napa with respect to administering the two Williamson Act contracts within the affected territory pursuant to Government Code Section 51243.
11. Recordation is contingent upon receipt by the Executive Officer of the following:
 - (a) Final maps and geographic descriptions of the affected territory annexed to the (1) City and (2) District, determined by the County Surveyor to conform to the requirements of the State Board of Equalization.
 - (b) Payment of any outstanding fees owed to the Commission and/or other agencies involved in the processing of this proposal.
 - (c) Indemnification agreements signed by the City and District in a form provided by the Commission Counsel.

12. All terms and conditions shall be satisfied within one calendar year [of the proposal's approval](#) unless a request [for extension of time](#) is received and approved by the Commission.

13. 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 public meeting held on December 6, 2010, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

RESOLUTION NO. _____**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS****TOWN CENTER REORGANIZATION**

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WHEREAS, the proposal seeks annexation of certain territory to the City and District, referred to as the “Town Center;”

WHEREAS, the Executive Officer reviewed the proposal and prepared a report with recommendations;

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

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

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

WHEREAS, the Commission, in accordance with California Environmental Quality Act (CEQA), has considered the adopted determinations of the ~~lead agency~~, County of Napa, deferred to as the lead agency by the City of American Canyon, concerning the potential environmental impacts associated with the proposal.

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hereby makes and incorporates by reference the County's determinations set forth in the referenced resolution, including approval to incorporate associated mitigation measures for the affected territory. The Commission's findings are based on its independent judgment and analysis. The records upon which these findings are made are located at the Commission office at 1700 Second Street, Suite 268, Napa, California.

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TOWN CENTER REORGANIZATION

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7. The City utilizes the regular assessment roll of the County of Napa.
8. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the City and District. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of the City and District.
9. The Commission authorizes conducting authority proceedings to be waived in accordance with Government Code Section 56663(c).
10. The Commission determines American Canyon shall succeed to the rights, duties, and powers of the County of Napa with respect to administering the two Williamson Act contracts within the affected territory pursuant to Government Code Section 51243.
11. The approval of the proposal is conditioned on the City providing written verification to the Commission that it has exercised its right to purchase an additional 722 acre-feet of annual water entitlement supplies from the City of Vallejo. ~~Written verification shall be provided in writing to the Commission.~~
12. Recordation is contingent upon receipt by the Executive Officer of the following:
 - (a) Final maps and geographic descriptions of the affected territory annexed to the (1) City and (2) District, determined by the County Surveyor to conform to the requirements of the State Board of Equalization.
 - (b) Payment of any outstanding fees owed to the Commission and/or other agencies involved in the processing of this proposal.

(c) Indemnification agreements signed by the City and District in a form provided by the Commission Counsel.

13. All terms and conditions shall be satisfied within one calendar year of the proposal's approval unless a request for extension of time is received and approved by the Commission.

14. 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 public meeting held on December 6, 2010, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

ATTEST: Keene Simonds
Executive Officer

Recorded by: _____
Kathy Mabry
Commission Secretary

Study Area E
LAFCO Summary Information
Annexation Application
November 11, 2010

CBG Ref #	APN	TC Zoned Acres	Total Acres	Owner	AmCan Address	Assessed Value (**)	Writ & Consent	Current Use	Resident?	Registered Voter?	Voter Name
2	59-020-011	10.13	10.13	Steve Clerci	360 Watson Lane	\$142,766	Yes	House	Yes	Yes	Naysta Stacks
3	59-020-010	1.05	1.05	Jon/Margaret Roche	320 Watson Lane	\$73,264	Yes	House	Yes	No	N/A
	59-020-032 (*)	2.07	51.8	Gary Clarke	1250 Watson Lane	\$67,616	Yes	Vineyard	Yes	Yes	Teri Clarke
6	59-020-029 (*)	45.3	582	Jamcan (L Watson)	1000 Watson Lane	\$508,147	Yes	Raw Land	Yes	Yes	Jamie Lopez
7	59-020-009 (***)	126.59	126.59	Jamcan (L Watson)	1000 Watson Lane	\$1,736,135	Yes	Raw Land	No	No	N/A
8	59-020-008	7.19	7.19	Jamcan (L Watson)	1000 Watson Lane	\$79,590	Yes	Raw Land	No	No	N/A
9	59-030-003 (*)	52.51	160	Pamela Smith	570 S. Napa Junction Rd	\$328,527	Yes	Raw Land	No	No	N/A
10	059-020-026	37.53	37.53	Jamcan (Horseshoe)	425 Napa Junction Rd	\$302,847	Yes	Raw Land	No	No	N/A
11	059-020-030	<u>32.97</u>	32.97	Jamcan (Horseshoe)	425 Napa Junction Rd	\$269,640	Yes	Raw Land	No	No	N/A

(*) Only a portion of the parcel is being annexed.

(**) Calculated based on the percentage of land being annexed.

(***) Our calculations for the total acreage are different than the assessor's records.

RESOLUTION 2010- 118

**A RESOLUTION OF THE CITY COUNCIL OF AMERICAN CANYON
APPROVING A PREANEXATION AGREEMENT FOR TOWN CENTER**

WHEREAS, in 2008, the area proposed for annexation was designated as "Town Center" in the City's General Plan and pre-zoned to the "Town Center Zone District" through a citizen's initiative;

WHEREAS, in May 2010, the City of American Canyon and County of Napa entered into a property tax sharing and RHNA transfer agreement regarding the Town Center area;

WHEREAS, in June 2010, Napa County LAFCO amended the City's Sphere of Influence to include the Town Center area;

WHEREAS, in August 2010, LAFCO amended the Fire District's Sphere of Influence to include the Town Center area; and

WHEREAS, on October 5, 2010, the City Council approved the submittal of an application to LAFCO for the annexation of the Town Center; and

WHEREAS, A preannexation agreement is a common tool to help build consensus between the applicant and the City on the expectations for development intensities in the annexation area; and

WHEREAS, The proposed preannexation agreement identifies a maximum of homes and density ranges for the annexation area; and

WHEREAS, on November 16, 2010, the City Council conducted a duly noticed public meeting considered all of the written and oral testimony presented at the public meeting in making its decision.

NOW THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE AS FOLLOWS:
Approve the Preannexation Agreement for Town Center as shown on Exhibit A.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of American Canyon on November 16, 2010 by the following vote:

Mayor Garcia:	<u>yes</u>
Vice Mayor West:	<u>yes</u>
Council Member Bennett:	<u>yes</u>
Council Member Callison:	<u>yes</u>
Council Member Coffey:	<u>absent</u>

Leon Garcia
Leon Garcia, Mayor

ATTEST:
Rebekah Barr
Rebekah Barr, CMC, City Clerk

APPROVED AS TO FORM:
William D. Ross
William D. Ross, City Attorney

**Pre-Annexation Memorandum of Understanding for the Town Center Property Between
the City of American Canyon and American Canyon I, LLC**

This Memorandum of Understanding (MOU) dated as of Nov. 16, 2010 is entered into by and between the City of American Canyon (City) and American Canyon I, LLC (ACI) (collectively, the Parties) and summarizes certain of the basic assumptions for the future preparation of a development proposal for certain real property located in Napa County and proposed for annexation to the City of American Canyon (City), more particularly described in Attachment A (the Town Center Property). This MOU is intended to be the basis for preparation of a Specific Plan, a Development Agreement, and other necessary entitlement and transaction documents (collectively, the Project Documents). The Parties acknowledge that, as of the date specified above, neither ACI nor the City has prepared, proposed, applied for, or otherwise undertaken any specific development proposal with respect to the Town Center Property. Consequently, at this time there is no specific information available with respect to a specific development project for the Town Center Property. Once ACI proposes, and files the appropriate applications with the City for, a specific development project for the Town Center Property, and subject to compliance with the California Environmental Quality Act (CEQA), the public review process, and the processes for obtaining all required governmental approvals, as further provided below, the Parties shall in good faith prepare and negotiate the Project Documents in accordance with the following principles:

1. **Property to be Included in the Specific Plan:** The Specific Plan will likely include the real property described in Attachment A.
2. **Specific Plan:** The City and ACI will prepare the Specific Plan in accordance Government Code sections 65450-65456. In accordance with the Town Center Zone District, Chapter 19.12 of the City's Municipal Code, the Specific Plan will include a range of densities not to exceed twenty (20) units per acre for areas designated for multifamily uses and not less than six (6) units per acre for areas designated for single family uses for a total unit count of 1600 residential dwelling units; other uses consistent with the purpose of the town center zone district; a transportation element, including funding mechanisms and obligations; an infrastructure element that identifies specific on-site and off-site improvements necessary to serve the proposed development with water, wastewater, drainage, solid waste disposal, energy and other essential infrastructure services and facilities, including funding mechanisms and obligations; development and performance standards; and a phasing plan. It is contemplated that community benefits and obligations associated with development in accord with the Specific Plan shall be spread to all the properties included in Attachment A.
3. **Environmental Review:** The County of Napa's General Plan Update EIR analyzed the impacts of annexation of the Town Center Property at a program level of analysis. At this time, no specific development proposal for the Town Center Property is available and, consequently, there is no information on which to base additional project level environmental review. The Parties agree that, once a specific development proposal is prepared for the Town Center Property and the appropriate planning applications for such development proposal are properly filed with the City, the environmental review of the Specific Plan will consist of a

project Environmental Impact Report (EIR). No discretionary approval by the City shall be granted for the Project Documents unless and until the City has prepared and certified an EIR pursuant to the requirements of CEQA, including full consideration of project alternatives and mitigation measures. The EIR will be prepared in accordance with the City's Procedures for Cost Recovery and Environmental Review. The City will have responsibility for directing the preparation of the EIR and nothing in this MOU is intended, or shall be deemed, to affect the City's independent judgment and analysis as required by CEQA.

4. **Costs of Specific Plan and EIR Preparation:** ACI will fund the preparation of the Specific Plan and EIR in accordance with the City's Procedures for Cost Recovery. ACI may elect to seek a pro rata contribution from other benefited property owners included in the Specific Plan for the costs of the Specific Plan and EIR.

5. **School Site:** The Specific Plan will include the location of a school site.

6. **Development Agreement:** The Parties agree that they will enter into negotiations for a Development Agreement in connection with the Specific Plan. The Parties anticipate that should a Development Agreement be successfully negotiated the Development Agreement will contain the following provisions, among others: (a) a term allowing for the long-term, phased build-out of the Specific Plan; (b) special terms and conditions related to City fees and exactions; (c) vesting of all City entitlements; (d) City cooperation in diligently processing subsequent planning and permit approvals; (e) provisions related to the costs of the backbone transportation and other infrastructure that will serve the Specific Plan area; (f) terms related to implementing the City/County of Napa RHNA agreement; (g) reservation of capacity for the Specific Plan at the City's Wastewater Treatment plan and (h) provisions related to water supply for the Specific Plan. Both Parties reserve the right to add additional provisions to the Development Agreement and all Project Documents.

7. **Term Sheet and Project Schedule:** Prior to initiating work on the Project Documents or the EIR, the Parties will prepare a mutually acceptable Term Sheet and major milestone schedule for preparing the Project Documents and EIR and processing the required entitlements (the Term Sheet/Project Schedule). The Parties agree to use their best good faith efforts to complete the Project Documents, the EIR, and the entitlements in accordance with the Term Sheet/Project Schedule and any amendments thereto that may be mutually agreed to by the Parties.

8. **Interim Uses:** The Parties acknowledge that ACI may, in accordance with all applicable City requirements including Section 19.12.030 of the City Municipal Code, apply for permits and other necessary authorizations to use portions of the property owned by ACI for recreational use or commercial enterprises on an interim or temporary basis pending the City's processing of, and determinations with respect to, the Project Documents.

9. **MOU Effect:** While this MOU summarizes certain essential terms related to the proposed Project Documents, it does not set forth all of their material terms and conditions. This MOU is not intended to be and shall not become contractually binding on the City or MPI, and no legal obligation shall exist unless and until the Parties have negotiated, executed and delivered mutually acceptable Project Documents consistent with the requirements of CEQA,


and those Project Documents have been subject to the public review and hearing processes required by applicable law and received all applicable governmental approvals.

10. **ACI Discretion:** This MOU is not intended to and shall not require ACI to pursue any specific development plan for the Town Center Property now or in the future.

11. **City Discretion:** This MOU is not intended to and shall not in any way limit the City's discretion to approve, approve with conditions, or disapprove any of the Project Documents or approve an alternative considered in the EIR. The City reserves its right to exercise its full discretion in connection with any future proposed Project Documents and this MOU does not and shall not be interpreted to obligate the City to approve the Project Documents.

AMERICAN CANYON I, LLC

By: McGrath Properties American Canyon LLC,
its Manager

By: 
Terrence M. McGrath

CITY OF AMERICAN CANYON

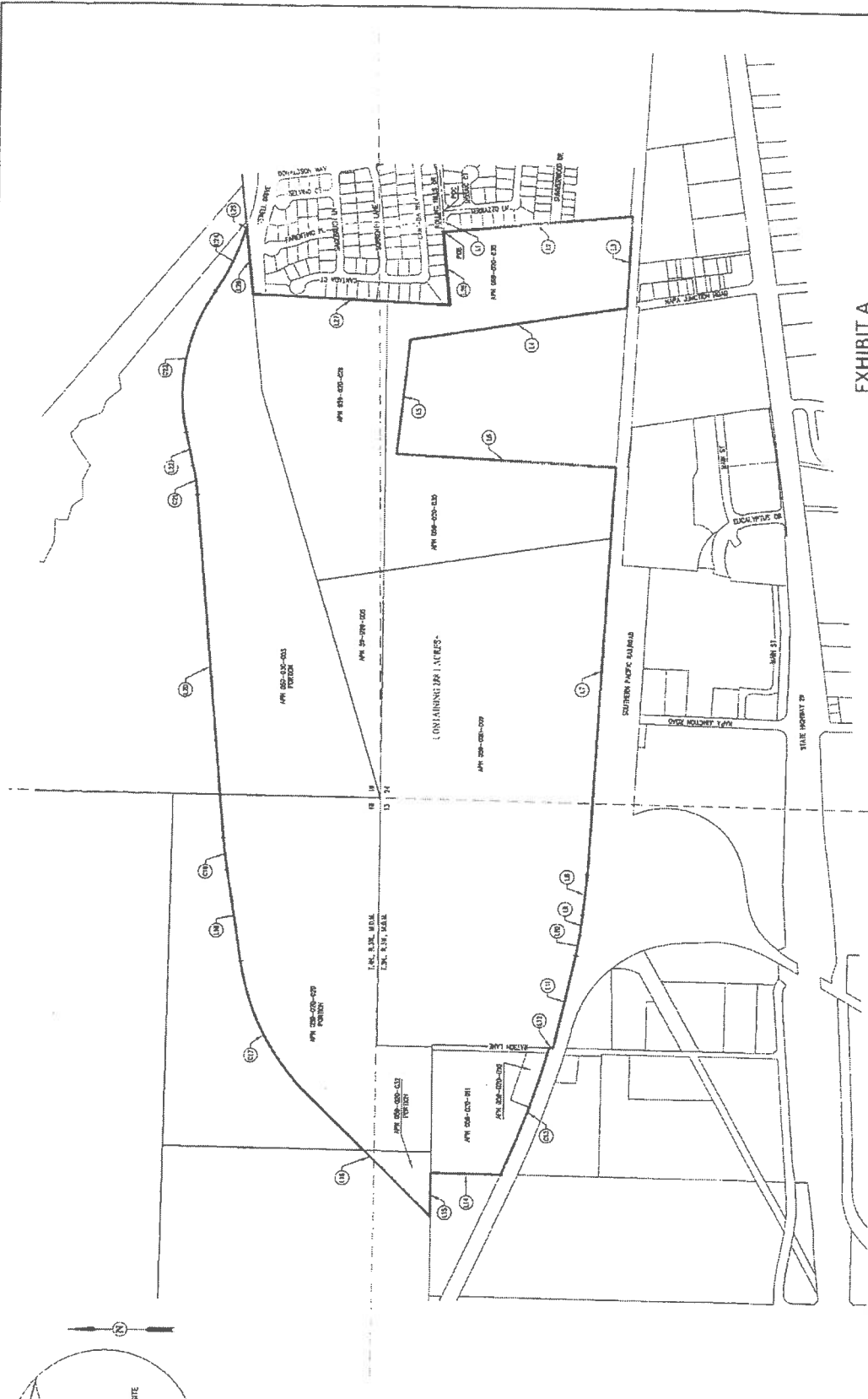
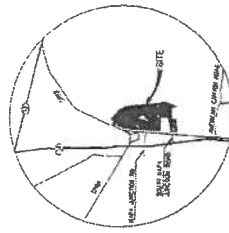
By: 
Leon Garcia, Mayor

APPROVED AS TO FORM
WILLIAM D. ROSS, City Attorney

By: 

ATTEST:
Rebekah Barr, CMC, City Clerk

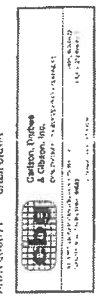
By: 



LOT	AREA	PERCENT
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100	102,522.21	1.26

EXHIBIT A

EXHIBIT A
PROPERTY TAX REVENUE SHARING AGREEMENT
FOR LOWER WATSON TOWN CENTER PROPERTIES
AMERICAN CANYON, SANTA CRUZ COUNTY, CALIFORNIA



NOVEMBER 2010
SCALE: 1" = 200'



LEGEND
PROPERTY BOUNDARY
EXISTING LOT
PROPOSED LOT
POINT OF BEGINNING

DATE PLOTTED: 11/10/10

RESOLUTION 2010- 109

A RESOLUTION OF THE CITY COUNCIL OF AMERICAN CANYON SUCCEEDING THE TWO WILLIAMSON ACT CONTRACTS TIED TO THE PROPOSED TOWN CENTER ANNEXATION PURSUANT TO GOVERNMENT CODE 56752

WHEREAS, in 2008, the area proposed for annexation was designated as "Town Center" in the City's General Plan and pre-zoned to the "Town Center Zone District" through a citizen's initiative;

WHEREAS, in May 2010, the City of American Canyon and County of Napa entered into a property tax sharing and RHNA transfer agreement regarding the Town Center area;

WHEREAS, in June 2010, Napa County LAFCO amended the City's Sphere of Influence to include the Town Center area;

WHEREAS, in August 2010, LAFCO amended the Fire District's Sphere of Influence to include the Town Center area; and

WHEREAS, on October 5, 2010, the City Council approved the submittal of an application to LAFCO for the annexation of the Town Center; and

WHEREAS, in accordance with Government Code 56752, when this property is annexed, administrative duties associated with these contracts will transfer from the County of Napa to the City of American Canyon; and

WHEREAS, on November 16, 2010, the City Council conducted a duly noticed public meeting considered all of the written and oral testimony presented at the public meeting in making its decision.

NOW THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE AS FOLLOWS: Approve the succession of the two Williamson Act contracts tied to the proposed Town Center annexation pursuant to Government Code 56752.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of American Canyon on November 16, 2010 by the following vote:

Mayor Garcia:	<u>yes</u>
Vice Mayor West:	<u>yes</u>
Council Member Bennett:	<u>yes</u>
Council Member Callison:	<u>yes</u>
Council Member Coffey:	<u>absent</u>

Leon Garcia
Leon Garcia, Mayor

ATTEST:
Rebekah Barr
Rebekah Barr, CMC, City Clerk

APPROVED AS TO FORM:
William D. Ross
William D. Ross, City Attorney

ATTACHMENT SEVEN



A Tradition of Stewardship
A Commitment to Service

Conservation, Development and Planning

1195 Third Street, Suite 210
Napa, CA 94559
www.co.napa.ca.us

Main: (707) 253-4417
Fax: (707) 253-4336

Hillary Gitelman
Director

November 4, 2010

Keene Simonds
Napa County LAFCO
1700 Second Street, Suite 268
Napa, CA 94559

RE: American Canyon Annexation Application Referral

Dear Keene,

Thank you for requesting the County's review of the City of American Canyon's proposal to annex the 291 acre Town Center site. We understand there would be concurrent annexation to the American Canyon Fire Protection District and detachment for County Service Area Number 4.

We respectfully provide the following comments:

- The entirety of the Town Center site was included in the Urban Limit Line described in the County's General Plan (adopted June 2008) and in the 2008 MOU between the County and the City of American Canyon (Napa County Agreement No. 7070). Thus the proposed annexation is consistent with the County's General Plan.
- Revenue sharing was the subject of a subsequent agreement between the City and the County adopted by the Board of Supervisors on May 25, 2010 (Napa County Agreement No. 7046). This agreement established a revenue sharing formula and also included a commitment that the City will accept a portion of the County's Regional Housing Needs Allocation (RHNA) in the next two housing cycles. Adoption of the revenue sharing agreement cleared the way for annexation of the property pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
- The 2010 agreement between the City and the County further provided that the County "will support the City's... request that LAFCO use its 'Southeast Napa: Municipal Service Review, June 2009' as the basis for its consideration of the Sphere of Influence and annexation and that LAFCO not require supplemental studies regarding infrastructure, services and finances except as such studies are required by California law." With this letter, the County is supporting the City's request.

- County staff has not reviewed the City's application packet in detail, but we understand the City has used the County's General Plan EIR (SCH# 2005102088, certified June 28, 2008) in its decision making process, and is proposing that LAFCO do the same.

The City's view is that annexation is simply a reorganization of boundary lines that would have impacts largely consistent with those identified by the County in its program level EIR. Certainly this is true for issues such as the conversion of agricultural land to urban uses, which was analyzed in the County's EIR and addressed by the findings adopted by the Board of Supervisors in conformance with State law. In addition, since the County's EIR used Association of Bay Area Governments (ABAG) projections to estimate likely development outside of County jurisdiction between 2005 and 2030, it should be relatively easy to confirm that the type and intensity of development facilitated by annexation is consistent with those projections.

Presumably the City will be conducting a detailed project-level environmental review prior to further local actions (e.g. rezoning, development agreements, project entitlements). We look forward to reviewing the City's project-level analysis and providing our comments on potential impacts and mitigation measures at that time.

Please let me know if I can answer further questions with regard to the pending application.

Regards,



Hillary Gitelman

cc. Nancy Watt, County CEO
Napa County Board of Supervisors
Larry Florin/File
Brent Cooper, American Canyon Community Development Director