

LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

COUNTY SERVICE AREA NO. 4: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

**Final Report
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Committed to serving the citizens and government agencies of its jurisdiction by encouraging the preservation of agricultural lands and open-space and coordinating the efficient delivery of municipal services.

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I. INTRODUCTION

A. Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California and are responsible for administering a section of Government Code now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”). LAFCOs are located in all 58 counties and are delegated regulatory responsibilities to coordinate the logical formation and development of local governmental agencies and services. Specific regulatory duties include approving or disapproving proposals involving the establishment, expansion, and reorganization of cities and special districts. LAFCOs inform their regulatory duties through a series of planning activities, namely preparing municipal service reviews and sphere of influence updates. Underlying LAFCOs regulatory and planning responsibilities is fulfilling specific objectives outlined by the California Legislature under Government Code (G.C.) Section 56301, which states:

“Among the purposes of the commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.”

LAFCOs are generally governed by a five-member commission comprising two county supervisors, two city councilmembers, and one representative of the general public.¹ Members must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

B. Planning Responsibilities

A central planning responsibility for LAFCO is the determination of a sphere of influence (“sphere”) for each city and special district under its jurisdiction.² LAFCO establishes, amends, and updates spheres to designate the territory it believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. All jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.³ LAFCO must review and update each local agency’s sphere every five years as necessary.

“Sphere” means a plan for the probable physical boundary and service area of a local agency, as determined by LAFCO.

There are several important and distinct policy considerations underlying sphere determinations. For example, inclusion within a multiple-purpose agency’s sphere, such as a city or community services district, generally indicates an expectation by LAFCO the territory should be developed for urban uses. Alternatively, inclusion of territory within a limited-purpose agency’s sphere, such as a hospital or mosquito abatement district, may be

¹ Several LAFCOs also have two members from independent special districts within their county. Each category represented on LAFCO has one alternate member.

² LAFCOs have been required to determine spheres for cities and special districts within its jurisdiction since 1972.

³ A prominent exception involves land owned and used by cities for municipal purposes that are non-contiguous to their incorporated boundary (G.C. Section 56742).

intended to support both urban and non-urban uses. It is also important to note inclusion within a sphere does not provide any guarantees the territory will be annexed. Jurisdictional changes must be considered on their own merits with particular attention focused on assessing whether the timing of the proposed action is appropriate.

Sphere determinations are guided by preparing written statements addressing four specific planning factors that range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to focus LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. Sphere determinations may also lead LAFCO to take other actions under its authority. This may include initiating the formation, consolidation, or dissolution of local agencies. Further, an increasingly important role involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties and cities, which must be addressed by the agencies in their housing elements.

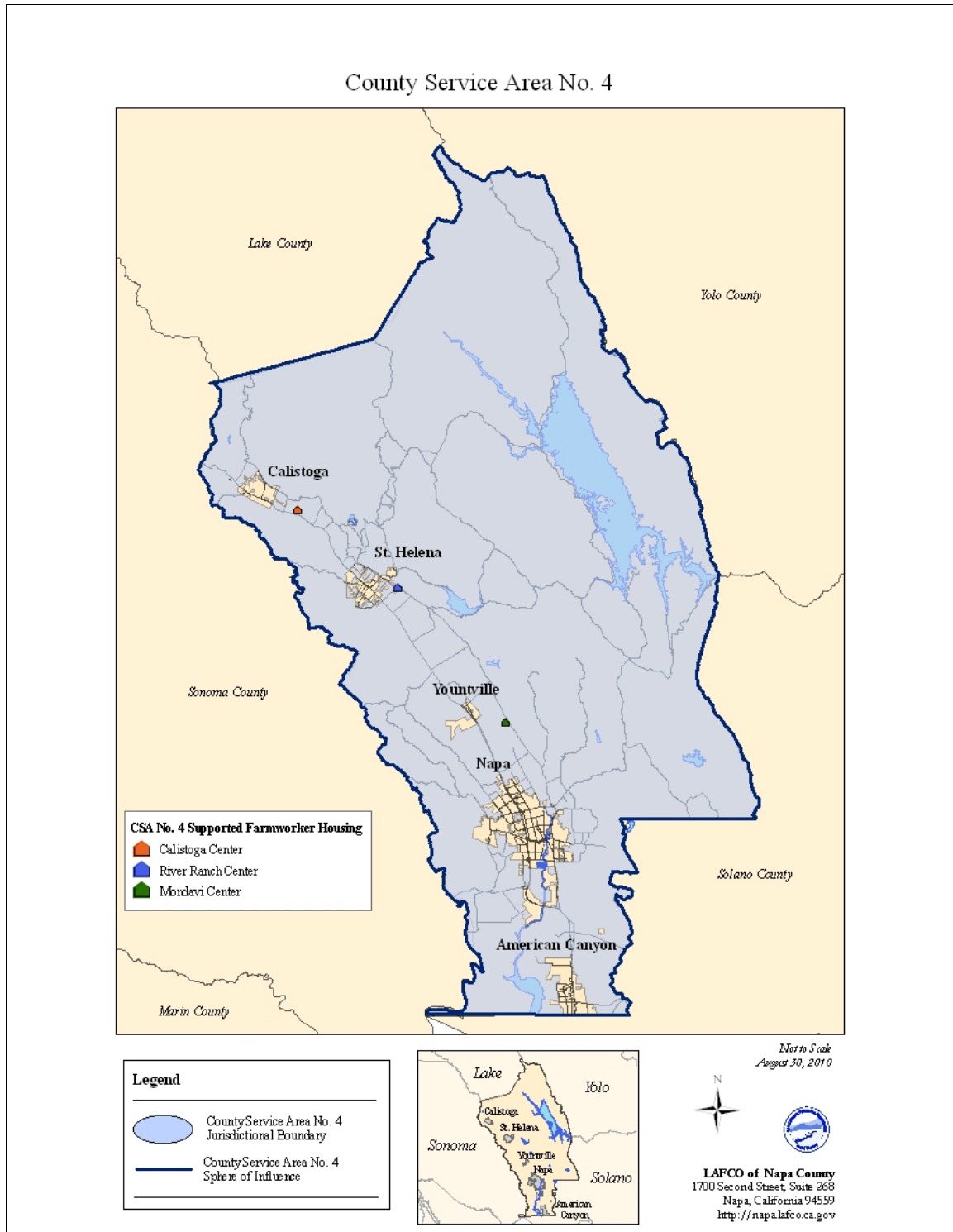
As referenced, LAFCOs inform their sphere determinations by preparing municipal service reviews to evaluate the level and range of governmental services provided in the region. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic area as deemed appropriate. Municipal service reviews culminate with LAFCO making determinations on a number of governance-related factors. This includes addressing infrastructure needs or deficiencies, growth and population projections, and financial standing. LAFCOs may also consider other factors if required by local policy. LAFCOs must complete the municipal service review process prior to making related sphere determinations.

A municipal service review is a comprehensive evaluation of the availability and adequacy of one or more services within a defined area or of the range and level of services provided by one or more agencies.

C. County Service Area No. 4

This report represents LAFCO of Napa County’s (“Commission”) scheduled municipal service review and sphere update of County Service Area (CSA) No. 4. The report marks the first municipal service review and sphere update prepared on CSA No. 4 since the District was formed in 2002.⁴ The report has been prepared in a manner consistent with the Commission’s *Policy on Municipal Service Reviews* and is organized into two key sections. The first section is an executive summary that includes determinations addressing the factors required for both the municipal service review and sphere update mandates. The second section provides a comprehensive review of CSA No. 4 in terms of its formation and development, relevant growth trends, organizational structure, municipal service provision, and financial standing. Standard service indicators are incorporated into the review when appropriate to help contextualize and evaluate service levels.

⁴ With respect to addressing G.C. Section 56430(a), the geographic area of the municipal service review is defined to include all lands within Napa County.



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II. EXECUTIVE SUMMARY

A. Municipal Service Review

The municipal service review indicates CSA No. 4 has established sufficient administrative and financial capacities to provide an appropriate level of public farmworker housing services within its jurisdictional boundary based on current and projected demands as well as local conditions. The sufficiency of these capacities is prefaced on CSA No. 4's present and relatively limited role as a governmental sponsor of a special assessment on vineyards with proceeds supporting farmworker housing services provided by the Napa County Housing Authority. Other services for which CSA No. 4 was formed to provide, such as acquiring, building, and leasing farmworker housing facilities, have not been undertaken by the agency. The municipal service review concludes, among other things, CSA No. 4 should work with stakeholders in generating support to increase the special assessment through new legislation to help sustain current and future public farmworker housing. In particular, increasing the special assessment would help address future cost increases tied to inflation and allow rents at the farmworker housing facilities to remain competitive with private housing alternatives, which often are subject to overcrowded and unsafe conditions.

The following statements address the factors prescribed for consideration as part of the municipal service review process under G.C. Section 56430. These statements are based on information collected and analyzed in the agency review provided on pages 13 to 23.

1. With respect to growth and population projections for the affected area, the Commission determines:

- a) Vineyard growth serves as a key service indicator for CSA No. 4 in addressing current and future demands as it relates to its statutory-defined duties and powers. Overall vineyard growth has risen by nearly one-fifth within CSA No. 4 from 37,072 to 43,031 planted acres since formation, representing an annual increase of 2.2%.
- b) Notwithstanding an overall increase, the rate of new vineyard growth in CSA No. 4 has begun to measurably decelerate by averaging less than 0.7% annually since 2006. This trend appears directly tied to the downturn in the national economy and suggests near-term vineyard growth will remain relatively constant to current levels.
- c) CSA No. 4's resident population generally parallels growth projections for the unincorporated area of Napa County and has slightly increased since the District's formation from an estimated 28,071 to 28,653. This increase in resident population measures 0.3% annually and is seven times less than the overall annual growth rate for vineyards.
- d) It is reasonable to assume the low rate of recent population growth in CSA No. 4 will remain comparatively consistent over the next 10 years rising to 29,600 by 2020. This assumption is predicated on residential gains in the Berryessa Estates and Berryessa Highlands communities continuing to slightly outpace losses primarily tied to the annexation of inhabited lands to the Cities of American Canyon and Napa.

2. With respect to present and planned capacity of public facilities and adequacy of public services, including infrastructure needs and deficiencies, the Commission determines:

- a) The three public farmworker housing centers receiving funding from CSA No. 4 are collectively capable of accommodating up to 180 daily occupants. This capacity exceeds the current peak-day average demand of 161 for public farmworker housing and is adequate to meet projected demands within the timeframe of this review.
- b) The annual demand for public farmworker housing services as measured by daily occupancies has declined by 4.0% over the last three years from 39,416 to 37,857. It is reasonable to assume this decline will continue in the near-term before stabilizing and is largely attributed to the recent increase to the daily room rate; an increase that widens the existing cost-difference relative to private housing options available to migrant farmworkers by an estimated two-fifths.
- c) It is reasonable to assume demand within the three farmworker housing centers receiving funding from CSA No. 4 is principally tied to the current daily room charge; raising the rate will decrease demand while lowering the rate will increase demand.

3. With respect to the financial ability of agency to provide services, the Commission determines:

- a) CSA No. 4 has developed effective administrative controls to help ensure the District remains solvent as measured by its liquidity and capital. Markedly, CSA No. 4 has no long-term liabilities and sufficient cash reserves to cover approximately one-fifth of its adopted budget expenditures.
- b) Revenues from CSA No. 4's special assessment generates funding sufficient to cover nearly one-half of the current annual operating costs supporting public farmworker housing services for which the agency was formed. This dynamic necessitates the farmworker housing centers operate as quasi-enterprise operation given their need to collect an adequate amount of rent during the fiscal year.
- c) Reliance on rent to substantially support public farmworker housing services within CSA No. 4 highlights a key challenge underlying the role of the District given the need to remain competitive with private housing options.
- d) CSA No. 4's special assessment supporting public farmworker housing services is presently levied at the maximum amount allowed under statute. Any future cost increases – including inflationary – would need to be drawn from other public or private sources. Consequently, it would be appropriate for CSA No. 4 to engage stakeholder to seek legislative support in increasing the special assessment rate to provide a viable option in addressing future funding gaps.
- e) The practice of the Board of Supervisors to operate CSA No. 4 as an administrative unit of the County of Napa underlies the District's lack of capital assets in land, buildings, and equipment.

4. With respect to the status and opportunities for shared facilities, the Commission determines:

- a) CSA No. 4 represents a creative cross-sectoral partnership between public and private stakeholders to pool resources for purposes of coordinating and providing public farmworker housing services in Napa County. Importantly, this partnership has been effective in developing cost-efficiencies through pursuing shared priorities and objectives in making available safe and clean housing alternatives for migrant workers necessary to support the local economy.

5. With respect to accountability for community service needs, including governmental structure operational efficiencies, the Commission determines:

- a) CSA No. 4's organizational structure as a dependent special district governed by the County of Napa Board of Supervisors is appropriate given the District's present function to sponsor a special assessment for purposes of funding farmworker housing services, which primarily support the unincorporated area.
- b) The County of Napa's Community Intergovernmental Affairs Division effectively administers CSA No. 4 at minimal costs to the District. The savings attributed to the low administrative overhead, which currently account for less than 4.0% of total expenses, economizes funding resources supporting the actual delivery of farmworker housing services.
- c) CSA No. 4 is accountable to landowners within the District's jurisdictional boundary owning one acre or more of planted vineyards. These constituents directly influence service levels consistent with their needs by choosing whether to approve extensions on CSA No. 4's special assessment.
- d) CSA No. 4 is also accountable to citizens utilizing the farmworker housing services funded by the District. These constituents indirectly influence service levels consistent with their needs by choosing whether to patronize the facilities.
- e) Opportunities exist for CSA No. 4 to establish more direct methods of communication with its farmworker constituents to help ensure services funded by the District adequately reflect current and future needs in a timely manner.

6. With respect to the relationship with regional growth goals and policies, the Commission determines:

- a) CSA No. 4 serves a unique and pertinent role in supporting the agricultural land use policies that are pervasive throughout Napa County by contributing to the delivery of safe and clean public farmworker housing services.

B. Sphere of Influence Update

No changes to CSA No. 4's sphere appear warranted. This affirmation confirms the current sphere designation demarks CSA No. 4's appropriate service boundary consistent with its available and planned capacities. This determination is supported by the following statements addressing the factors prescribed for consideration as part of the sphere update process under G.C. Section 56425.

1. Present and planned land uses in the area, including agriculture and open-space.

The present and planned land uses within CSA No. 4's sphere are outlined in the general plans prepared and adopted by the five overlapping land use authorities: County of Napa and the Cities of Calistoga, Napa, St. Helena, and Yountville. The exercise of CSA No. 4's service powers relating to the provision of public farmworker housing supports the predominant policy orientations of these five land use authorities with regard to protecting and promoting agriculture as the community's principal commerce.

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

CSA No. 4's provision of public farmworker housing services within the sphere is an integral component in supporting the local economy.

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

The Commission has confirmed through the municipal service review process CSA No. 4 has adequate controls and capacities to provide an appropriate level of public farmworker housing services in the sphere based on local needs and conditions.

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

As previously declared by the Legislature, the growing of wine grapes represents the principal agricultural crop in Napa County. It is vital to public interest for a governmental agency to own and maintain farmworker resident centers to assure the availability of safe and clean housing to support Napa County's principal crop.

III. AGENCY REVIEW

A. County Service Area No. 4

1.0 Overview

CSA No. 4 is a dependent special district formed in 2002 and authorized to provide a specific range of municipal services relating to the provision of public farmworker housing in Napa County. These authorized municipal services involve (a) acquiring, (b) building, (c) leasing, and (d) operating public farmworker housing. CSA No. 4 presently helps fund the operation of three farmworker housing centers with a combined capacity of 180 beds through a voter-approved special assessment on vineyards that are one acre or more in size. Funding is channeled through the Napa County Housing Authority (NCHA), which subcontracts the day-to-day operations of the three farmworker centers with the California Human Development Corporation (CHDC). CSA No. 4's current adopted operating budget is \$451,469 with an undesignated fund balance of \$86,711 as of June 30, 2010.

2.0 Formation and Development

2.1 Preexisting Service Conditions

CSA No. 4's formation was prompted in the late 1990s through the collaborative efforts of public and private stakeholders to improve and coordinate housing for migrant farmworkers supporting local winegrower operations in Napa County. At the time, organized farmworker housing services in Napa County were limited to four centers operated by the Napa Valley Housing Authority (NHVA), a joint-powers existing between the County and the Cities of American Canyon, Calistoga, St. Helena, and Yountville. The four preexisting farmworker housing centers, referred to as "Calistoga," "Mondavi," "Beringer," and "Silverado," operated seasonally around planting (March through June) and harvesting (September through October) with a combined capacity of 177 beds. Markedly, a steady rise in new winery development and increasing community pressure to adequately accommodate present and future field labor led County officials to establish an oversight committee comprising local stakeholders to pool resources for purposes of improving farmworker housing services. The stakeholders ultimately agreed special legislation was needed to empower the County to assume a more direct role in generating revenues to adequately provide farmworker housing services – specifically the ability to establish a special assessment on vineyards.

2.2 Special Legislation

In 2001, on behalf of the County, Assemblymember Patricia Wiggins sponsored special legislation to amend the principal act governing CSAs to define the maintenance and operation of farmworker housing as an extended municipal service in Napa County. The special legislation was drafted in coordination with the County Counsel's Office, Napa Valley Vintners Association, and the Napa County Farm Bureau. It included a provision authorizing the Board of Supervisors to levy an annual assessment of no more than \$10 on each acre of planted vineyard land to fund the extended services. The special legislation was codified as part of Assembly Bill (AB) 1550 and signed by Governor Gray Davis and became effective on January 1, 2002.

2.3 Formation Proceedings

AB 1550’s enactment directly preceded approval by the Commission of the County’s proposal to form CSA No. 4 in March 2002. CSA No. 4’s boundary was established to include all unincorporated lands as well as certain incorporated lands planted with vineyards lying within Calistoga, Napa, St. Helena, and Yountville. The Commission also tied approval to require passage of a special assessment no later than June 2003; failure to complete this condition would trigger the Commission to consider initiating dissolution proceedings. CSA No. 4 satisfied this condition in May 2002 by establishing an annual special assessment over a five year period on each acre of planted vineyard within its boundary with 80% of the affected landowners responding affirmatively.⁵

2.4 Development

CSA No. 4’s formation coincided with the County voluntarily agreeing to transmit nearly all revenues generated from the special assessment to NVHA to support their existing and current farmworker housing operations.⁶ In June 2003, NVHA completed construction on a new 60-bed farmworker housing center known as “River Ranch” located directly southeast of St. Helena on land donated by the Joseph Phelps Winery. State grants and private donations covered the approximate \$3.6 million construction cost while CSA No. 4 voluntarily assumed responsibility for contributing to River Ranch’s annual operational costs.⁷ In August 2006, NVHA completed comprehensive renovations of the 60-bed Calistoga and 60-bed Mondavi farmworker housing centers at a combined cost of \$4.3 million. Construction costs were entirely covered by private donations and grant awards with operating funding voluntarily provided by CSA No. 4.

Summary Timeline

2001farmworker housing established as an extended CSA service in Napa County by AB 1550
2002formation of CSA No. 4
2002landowners approve CSA No. 4 assessment
2002CSA No. 4 establishes funding relationship with NVHA to support farmworker housing
2003	...construction completed on the River Ranch center with operational funding provided by CSA No. 4
2006renovations completed on the Mondavi and Calistoga centers with operational funding provided by CSA No. 4
2007NVHA dissolved; NCHA reinstated to assume funding partnership with CSA No. 4
2007landowners renew CSA No. 4 assessment

In June 2007, the County assumed direct control of farmworker housing services previously provided by NVHA after the joint-powers dissolved following a critical grand jury report on the agency’s administrative management. The County memorialized its control of farmworker housing services by activating NCHA, which assumed ownership of three of the five preexisting housing centers, Calistoga, Mondavi, and River Ranch. (The remaining two housing centers, Silverado and Beringer, reverted to private use.) NCHA also established its own contract with CHDC to continue to administer the day-to-day operations of the farmworker centers and established an 11-member appointed housing commission to advise the Board – among other things – on CSA No. 4 special assessment allocations. These actions also coincided with landowners approving a five-year extension on the special assessment through 2012.

⁵ The initial annual assessment approved by affected landowner was \$7.76 for each acre of planted vineyard with a maximum cap of \$10.

⁶ The agreement is not binding; there was/is no requirement for the County to fund NVHA or NCHA.

⁷ The development and operation of River Ranch was facilitated by an earlier ballot measure allowing unincorporated land designated for agricultural and open-space use to be divided and dedicated for farmworker housing use.

3.0 Adopted Commission Boundaries

3.1 Jurisdictional Boundary

CSA No. 4’s jurisdictional boundary is approximately 488,100 acres in size and includes all unincorporated land within Napa County. It also includes approximately 2,120 acres of incorporated lands lying within the Cities of Calistoga, Napa, St. Helena, and Yountville.

Jurisdictional Boundary Totals

(Source: LAFCO/County GIS)

Unincorporated Acres	Incorporated Acres	Total Acres
485,980	2,120	488,100
99%	1%	100%

The Commission has approved and recorded 22 jurisdictional changes involving CSA No. 4. All jurisdictional changes have involved detachments affecting 603 total acres and engendered in conjunction with annexations to either the Cities of American Canyon or Napa. A list of all detachments involving CSA No. 4 is provided below.

Recorded Jurisdictional Changes

(Source: LAFCO)

Proposal Name	Action	Acres	Completion Date
Pueblo Place (Napa)	Detachment	0.3	August 19, 2002
Soscol Ave/Silverado Trail No. 3 (Napa)	Detachment	3.2	November 4, 2002
Big Ranch Road/Griffen Lane (Napa)	Detachment	5.7	October 4, 2002
Saratoga Avenue/Terrace Drive (Napa)	Detachment	6.7	April 1, 2003
American Canyon/Flosden (American Canyon)	Detachment	4.8	April 25, 2003
McKenzie Drive/Silverado Trail (Napa)	Detachment	8.6	April 10, 2003
Imola Avenue/Shurtleff Avenue No. 2 (Napa)	Detachment	2.7	April 29, 2003
Hillside Avenue/Stonecrest Drive (Napa)	Detachment	0.6	March 22, 2004
Green Island Road No. 2 (American Canyon)	Detachment	7.5	July 6, 2004
Wyatt Avenue/Shurtleff Avenue (Napa)	Detachment	13.0	August 19, 2004
Wilkins Avenue/Shetler Drive (Napa)	Detachment	0.8	September 29, 2004
Sewer Treatment Plant (American Canyon)	Detachment	58.5	March 3, 2005
Green Island Road No. 3 (American Canyon)	Detachment	358.1	April 6, 2005
Wine Country Avenue (Napa)	Detachment	4.8	July 14, 2005
West F Street (Napa)	Detachment	8.8	November 1, 2005
Juanita Street (Napa)	Detachment	2.9	March 1, 2006
El Centro Avenue No. 8 (Napa)	Detachment	4.5	June 12, 2007
Laurel Avenue (Napa)	Detachment	26.3	June 25, 2007
El Centro Avenue No. 9 (Napa)	Detachment	0.8	October 29, 2007
Big Ranch Road No. 1 (Napa)	Detachment	21.5	July 21, 2009
Silverado Trail (Napa)	Detachment	29.9	July 21, 2009
Trancas Crossing Park (Napa)	Detachment	33.3	June 4, 2010

* Until January 1, 2009, State law required 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 as part of a comprehensive rewrite of CSA law completed in 2008. 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 based on local conditions.

** None of the lands detached from CSA No. 4 were part of the District’s special assessment.

3.2 Sphere of Influence

CSA No. 4's sphere was established by the Commission in 2002 at the time of formation to include all of Napa County. The sphere totals 506,500 acres in size and is 96.3% coterminous with the jurisdictional boundary. The difference between the sphere and jurisdictional boundary confirms there are 18,400 incorporated acres eligible for annexation.

Sphere of Influence Totals

(Source: LAFCO/County GIS)

Jurisdictional Acres	Non Jurisdictional Acres	Total Acres
485,980	18,400	506,500
96%	3%	100%

4.0 Population and Growth

4.1 Population Trends

CSA No. 4's current resident population is estimated at 28,653 based on demographic information published by the California Department of Finance and adjusted to exclude inhabitants of the five cities in Napa County.⁸ The resident population overall has risen slightly by 582 since formation, equaling a 0.26% annual increase. The following table summarizes past and current resident population projections in CSA No. 4.

Past and Present Population Projections

(Source: Department of Finance and LAFCO)

Category	2002	2004	2006	2008	2010	Change
Population	28,071	28,023	28,067	28,732	28,653	2.1%

It is reasonable to assume the rate of the recent rise in resident population within CSA No. 4 will remain relatively consistent over the next 10 years. This assumption is predicated on residential gains in Berryessa Estates and Berryessa Highlands continuing to slightly outpace residential losses primarily tied to the annexation of inhabited lands to the Cities of American Canyon and Napa. The assumption, which may become significantly low if the proposed development of Napa Pipe is approved, is also consistent with recent demographic estimates prepared by the Association of Bay Area Governments (ABAG) projecting an unincorporated population will increase by 0.27% annually through 2020. The following table summarizes ABAG's projections for the unincorporated area.

Future Resident Population Projections

(Source: Association of Bay Area Governments and LAFCO)

Category	2010	20120	2014	2016	2018	2020	Change
Population	28,800	28,960	29,121	29,283	29,446	29,600	2.7%

⁸ For purposes of this review and update, it is reasonable to assume the 2,120 acres of incorporated lands lying within Calistoga, Napa, St. Helena and Yountville that are in CSA No. 4 have minimal residents associated with the properties.

4.2 Growth Trends Relating to Vineyards

Vineyard growth serves as the key service indicator for CSA No. 4 as it relates to current and future demands given its statutory-defined responsibilities and powers. Data cataloged by the County of Napa Agricultural Commissioner’s Office illustrates there has been close to a one-fifth increase in planted vineyards within CSA No. 4 since 2002.⁹ Notably, the most recent report issued by the Agricultural Commissioner identifies 8.5% of Napa County comprises vineyards compared to 7.3% at the time CSA No. 4 was formed, which translates into an additional 5,800 acres. The intensity of vineyard uses as measured by the ton-to-acre totals has remained relatively constant during this period. The rate of new vineyard growth, though, has measurably decelerated beginning in 2006 as reflected in the following table.

Past and Present Vineyard Growth

(Source: County of Napa Agricultural Commissioner’s Office)

Category	2002	2003	2004	2005	2006	2007	2008	2009
Acres	37,072	39,106	40,439	41,910	42,338	42,338	42,870	43,031
% Change	-----	5.4	3.4	3.6	1.0	0.0	1.3	0.4
Tons	130,098	128,813	119,874	181,025	152,776	145,111	115,864	142,976
Tons/Acre	3.5	3.3	3.0	4.3	3.6	3.4	2.7	3.3

5.0 Organizational Structure

5.1 Governance

CSA No. 4 is organized under the “County Service Area Law” (California Government Code Sections 25210 to 25217.4). This legislation was established in 1953 with the specific intent to empower counties with alternative organizations and methods to directly finance and provide needed public services to residents and landowners in unincorporated areas. CSAs are generally provided broad municipal powers and can provide nearly all governmental services, such as water and sewer, with the key exception of exercising land use control.¹⁰ However, as mentioned, CSA No. 4 was formed pursuant to a special amendment enacted in 2002 for the sole purpose of (a) acquiring, (b) constructing, (c) leasing, or (d) operating farmworker housing. CSA No. 4 is not eligible to activate any other service power unless authorized by future legislation and approved by the Commission.

CSA No. 4 operates as an extended unit of County government. The Board of Supervisors conducts business for CSA No. 4 as needed during regular meetings, which are scheduled every Tuesday at the County Administration Building. A review of recent agendas indicates the Board of Supervisor’s involvement in CSA No. 4 have been limited to annually setting the special assessment on planted vineyards and adopting an operating budget. Further, in addition to the direct governance provided by the Board of Supervisors, CSA No. 4 is subject to the oversight of an 11-member appointed housing commission of the NCHA. The housing commission is scheduled to meet monthly and its responsibilities include making recommendations on allocating CSA No. 4’s annual special assessment proceeds and

⁹ This statement assumes all new vineyard development in Napa County has occurred within the unincorporated area or within the portions of Calistoga, Napa, St. Helena, and Yountville that lie within CSA No. 4.

¹⁰ The State Controller’s Office reports there are currently 883 CSAs in California.

preparing an audit on the farmworker housing centers every two years. Appointments are made by the Board of Supervisors and must comprise the following representation:

- Member of the Napa County Farm Bureau (1)
- Member of the Napa Valley Grapegrowers (1)
- Member of the Napa Valley Vintners Association (1)
- Member selected by the City Selection Committee (1)
- Member of the general public representing farmworker interests (1)
- Member of the general public familiar with the winery industry finances (1)
- Farmworker tenant (2)¹¹
- Farmworker (1)
- Farm labor contractor (1)
- Member of the general public (1)

* Appointees must be subject to the CSA No. 4 special assessment with limited exceptions

5.2 Administration

CSA No. 4's administration is the principal responsibility of the County's Community and Intergovernmental Affairs (CIA) Division of the County Executive Office. CIA provides both direct and indirect administrative services in support of CSA No. 4, which are billed at an hourly rate. Direct services include contracting with an outside consultant to prepare an annual engineers report in conjunction with setting and approving the District's special assessment. Indirect services include managing NCHA's contract with CHDC to administer day-to-day operations at the farmworker housing centers. Indirect services also include preparing annual audits to identify the need for any changes as it relates to the operations within each farmworker housing enter. Additionally, legal and accounting services for CSA No. 4 are provided by County's Counsel and Auditor Offices, respectively.

6.0 Municipal Services

CSA No. 4's municipal services are statutorily defined to acquire, construct, lease, and operate public farmworker housing in Napa County. CSA No. 4 is currently organized to focus only on providing funding in support of NCHA's activities as relates to operating three farmworker housing centers: Calistoga; Mondavi; and River Ranch. Accordingly, for the purposes of this review, it is appropriate to assess the (a) availability, (b) demand, and (c) adequacy tied to NCHA's farmworker housing services given its use of CSA No. 4 special assessment funds; funds currently covering close to one-half of the combined operating costs of the three farmworker housing centers.¹²

¹¹ One farmworker tenant must be over the age of 62 if NCHA has such a tenant.

¹² As a measuring point, to fully fund current public farmworker housing service costs, CSA No. 4's special assessment would need to be increased from \$10.00 to \$22.41.

6.1 Availability

The Calistoga, Mondavi, and River Ranch farmworker housing centers each have 60 beds in double-occupancy dormitory style rooms, resulting in a combined daily tenant capacity of 180. All three facilities are located north of the City of Napa on the Napa Valley floor and are uniformly managed by CHDC with staggered operating dates to ensure at least one center is available throughout the year. Only workers who provide documentation confirming they are employed as farmworkers are eligible to stay in the centers. The actual location and operating dates for the three facilities follows.

- **Calistoga Farmworker Housing Center**

This facility includes 60 beds and operates generally between the months of December and October. In 2009-2010, the center was open for a total of 309 days. The center was built in 1991 and comprehensively remodeled in 2006. It is located approximately 1.5 miles south of the City of Calistoga along State Highway 29 south of its intersection with Dunaweal Lane.



- **Mondavi Farmworker Housing Center**

This facility includes 60 beds and operates generally between the months of February and October. In 2009-2010, the center was open for a total of 260 days. The center was built in 1993 and comprehensively remodeled in 2006. It is located approximately 4.9 miles northeast of the City of Napa along the Silverado Trail north of its intersection with Oak Knoll Avenue.



- **River Ranch Farmworker Housing Center**

This facility includes 60 beds and operates generally between the months of February and December. In 2009-2010, the center was open for a total of 330 days. The center was completed in 2003 and is located approximately 0.8 miles southeast of the City of St. Helena along the Silverado Trail north of its intersection with Zinfandel Lane.



NCHA collaborates with CHDC in determining a daily room charge, which was increased from \$11.50 to \$12.00 beginning in 2008-2009. The room charge is collected on a daily basis, eliminating the need for security deposits. The room charge includes providing tenants three meals and access to the center's shared bathrooms, coin-operated laundry machines, and lounge facilities. A key consideration in setting the room charge is to remain competitive with the private housing options – albeit often subject to crowded and substandard conditions – available to farmworkers that range from sharing apartment rentals

to staying with family, friends, or other acquaintances. With this in mind, NCHA contracted with the California Institute for Rural Studies to prepare a study to assess farmworker housing trends in Napa County. The study was completed in February 2007 and concluded unaccompanied migrant workers pay a monthly average of \$250 for private sector housing accommodations. This average amount equates to \$8.34 a day over a 30-day period, which is two-fifths less than the cost to stay at a farmworker housing center. The cost difference, however, is relatively comparable *if* food expenses are accounted (emphasis added). Consequently, it is reasonable to assume availability within the three farmworker housing centers is tied more so than any other factor to the current daily room charge; raising the rate will increase availability while lowering the rate will decrease availability.

6.2 Demand

NCHA has tracked occupancy statistics within each of the three farmworker housing centers since assuming ownership from NVHA beginning in 2007-2008. The combined average occupancy rate for all three housing centers is currently 70%. There has been an overall 4.0% decrease in demand within the three farmworker housing centers over the last three years as the total day-occupants have decreased from 39,416 to 37,857. A key factor in this decrease appears to be attributed with the rise in the daily room rate enacted in 2008-2009.

Individual demand for farmworker housing is highest at River Ranch by averaging 15,213 in annual day-occupants over the last three years. This amount outpaces Calistoga and Mondavi’s average annual day-occupants by one-tenth and one-third respectively, and is presumably tied to River Ranch’s central accessibility to both Napa and Chiles Valleys. Mondavi’s average annual day-occupants over the last three years is by far the lowest at 10,225 and likely the result of its close proximity to other housing options available in the City of Napa. Summaries of past and current occupancy trends within each farmworker housing center follows.

Annual Demands for Public Farmworker Housing

(Source: NCHA/CHDC)

	Calistoga	Mondavi	River Ranch	Total
2007-2008				
Available Accommodations/ Days Open	18,600 310	16,500 275	18,180 303	53,280 888
Actual Day-Occupants	14,126	9,757	15,533	39,416
Occupancy Rate	76%	67%	85%	74%
2008-2009				
Available Accommodations/ Days Open	18,960 316	15,600 260	19,800 330	54,360 906
Actual Day-Occupants	13,047	10,272	15,669	38,988
Occupancy Rate	69%	66%	79%	72%
2009-2010				
Available Accommodations/ Days Open	18,540 309	15,600 260	19,800 330	53,940 899
Actual Day-Occupants	12,776	10,645	14,436	37,857
Occupancy Rate	69%	68%	73%	70%

Monthly demands change seasonally and are typically highest during early spring and late summer months due to traditional planting and harvesting activities. The month of May serves as the peak-demand period given the daily occupancy amount averages 161 over the last three years. Comparatively, the month of December serves as the low-demand period based on an average daily occupancy amount of 40 during the past three years.

Monthly Demand for Public Farmworker Housing

(Source: NCHA/CHDC)

Month	Average Daily Demand	Month	Average Daily Demand
January	51	July	136
February	67	August	130
March	91	September	149
April	123	October	117
May	161	November	49
June	156	December	40

* Reflects the average monthly occupancy amounts since 2006-2008

The relatively limited record of occupancy statistics in the three farmworker housing centers makes projecting future demands increasingly speculative. Nonetheless, for purposes of this review, it is reasonable to assume demands for public farmworker housing services will continue to decrease at a 1.3% annual rate over the next few years before stabilizing. This assumption is predicated on the earlier statement that the current decline in occupancy is principally attributed to the recent increase to the daily room rate; an increase that widens the existing cost-difference to two-fifths compared to private housing accommodations. Assuming all other factors remain constant, such as the demand for labor, the projected trend will change if either there is an (a) increase in private housing cost and or (b) decrease in the farmworker housing center’s daily room rate. The following table incorporates these assumptions in projecting overall future demands in the three farmworker housing centers.

Projected Future Annual Demands for Public Farmworker Housing

(Source: LAFCO)

Fiscal Year	2010-11	2011-12	2012-13	2013-14	2014-15
Actual Day-Occupants	37,365	36,879	36,400	35,927	35,460
Occupancy Rate	69%	68%	67%	66%	65%

* Assumes a flat annual decrease of 1.3% and operating hours remain constant

6.3 Adequacy

Available capacity appears to be the key factor in considering the adequacy of farmworker housing services provided by CSA No. 4 through NCHA. As outlined in the preceding section, there is sufficient capacity to accommodate an additional 30% overall increase in day-occupants within the three farmworker housing centers. The available capacity is adequate to meet projected demands in the timeframe of this review.

7.0 Financial

7.1 Assets, Liabilities, and Equity

CSA No. 4’s financial statements are prepared by the County and included in its annual report issued at the conclusion of each fiscal year. The most recent issued report was prepared for the 2008-2009 fiscal year and includes audited financial statements identifying CSA No. 4’s total assets, liabilities, and equity as of June 30, 2009. These audited financial statements provide quantitative measurements in assessing CSA No. 4’s short and long term fiscal standing and are summarized below.

Assets

CSA No. 4’s assets at the end of the fiscal year totaled \$0.159 million. All assets were classified as current with the expectation they could be liquidated into currency within one year with over four-fifths directly tied to cash and investments with the remaining amount associated with outstanding special assessment receipts. The total amount in 2008-2009 represents the highest asset mark since formation.

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Current Assets	0.009	0.009	0.148	0.070	0.159
Non-Current Assets	0.0	0.0	0.0	0.0	0.0
Total Assets	\$0.009	\$0.009	\$0.148	\$0.070	\$0.159

Amounts in millions

Liabilities

CSA No. 4 finished the fiscal year with no liabilities. There have been no outstanding liabilities, current or non-current, at the end of the last five audited fiscal years.

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Current Liabilities	0.00	0.00	0.00	0.00	0.00
Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
Total Liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Amounts in millions

Equity/Fund Balance

CSA No. 4’s equity at the end of the fiscal year totaled \$0.159 million. This amount represents the difference between CSA No. 4’s total assets and total liabilities and entirely unrestricted and available for any purposes. The amount is divided between designated and undesignated with the former representing 55% of the reported total.

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Restricted	0.000	0.000	0.000	0.000	0.000
Unrestricted/Designated	0.000	0.000	0.087	0.070	0.070
Unrestricted/Undesignated	0.009	0.009	0.061	0.000	0.089
Total Equity	\$0.009	\$0.009	\$0.148	\$0.070	\$0.159

Amounts in millions

CSA No. 4’s financial statements for 2008-2009 reflect the District experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by 127% from \$.070 to \$0.159 million. This increase was attributed to CSA No. 4’s funding pathology in which the District’s annual contribution to NCHA for operating the three farmworker housing centers is based on the amount needed to bridge the difference between costs and other collected revenues, most notably rent. In 2008-2009, the difference between CSA No. 4’s special assessment total (\$0.440 million) and the amount it transferred to NCHA (\$0.349 million) resulted in a surplus of \$0.088 million.

2008-2009 Financial Statements

Assets	\$0.159 million
Liabilities	\$0.0 million
Equity	\$0.159 million

Calculations performed assessing CSA No. 4’s liquidity, capital, and solvency based on the 2008-2009 audited statements indicate the District finished the fiscal year in strong financial standing. Liquidity remained high as CSA No. 4 finished with no liabilities along with 155 days cash sufficient to cover budgeted expenses. Notably, the latter figure confirmed CSA No. 4 was positioned to provide funding to NCHA sufficient to cover five months of its scheduled contribution total without collecting an additional special assessment. Capital and solvency also remained high given CSA No. 4 finished with no debt and its bottom-line was positive by close to one-fifth.¹³

7.2 Revenue and Expense Trends

A review of CSA No. 4’s actual revenues and expenses as detailed in its adopted budgets identifies the District has generally maintained positive cash flow over the last five completed fiscal years. As expected, revenues have remained relatively stagnant and increased less than a half a percentage point per year, which is consistent with new vineyard growth within CSA No. 4. Expenses have been dynamic due to changing funding needs for the three farmworker housing centers and declined on annual average by two-thirds of a percentage point.

Fiscal Year	Actual Revenues	Actual Expenses	Difference
2005-2006	436,702	436,472	230
2006-2007	417,723	278,939	138,784
2007-2008	441,373	518,952	(77,579)
2008-2009	443,110	354,557	88,553
2009-2010	448,339	421,777	26,562
Change (%)	2.7	(3.3)	---

7.3 Current Budget

CSA No. 4’s annual adopted operating budget for the 2010-2011 fiscal year totals \$0.451 million. This amount represents total approved expenses or appropriations for the fiscal year and reflects an approximate 1.7% decrease from the prior year adopted budget amount. Over 97% of all expenses are associated with transferring funds to NCHA in support of farmworker housing services. All remaining expenses are tied to administrative overhead. All adopted revenues are drawn from CSA No. 4’s special assessment and are budgeted to total \$0.442 million in 2010-2011, resulting in a slight operating deficit of 2.0%. The budgeted deficit will necessitate CSA No. 4 draw down its current unrestricted/undesignated fund balance from \$0.086 to \$0.078 million.

2010-2011 Adopted Budget

Total Expenses:	\$0.451 million
Total Revenues:	\$0.442 million
Difference:	(\$0.008 million)

¹³ CSA No. 4’s total margin equaled 19.9% based on dividing revenue less expenses (\$354,557) by revenues (\$443,110).

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IV. ENVIRONMENTAL REVIEW

A. Municipal Service Review

The municipal service review on CSA No. 4 is a project under the California Environmental Quality Act (CEQA) given it may reasonably result in a future indirect physical change to the environment. The municipal service review is categorically exempt from further environmental review under Code of Regulations Section 15306. This exemption applies to basic data collection, research, and resource evaluation activities, which do not result in any serious or major disturbance to any environmental resource. This exemption applies to the municipal service review on CSA No. 4 given it is strictly for information gathering purposes that may lead to an action which LAFCO has not approved, adopted, or funded.

B. Sphere of Influence Update

The sphere update on CSA No. 4 is a project under CEQA given it may reasonably result in a future indirect physical change to the environment. The sphere update is exempt from further environmental review under Code of Regulations Section 15061. This exemption is referred to as the “general rule” and applies to projects in which it can be seen with certainty there is no possibility the action may have a significant effect on the environment. This exemption applies to the sphere update on CSA No. 4 given it can be seen with certainty the confirmation of the existing sphere will not result in any physical changes to the environment.

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