



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

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

MUNICIPAL SERVICE REVIEW
CENTRAL COUNTY REGION

Final Report
April 2014

Agencies Evaluated:

City of Napa
Napa Sanitation District
Congress Valley Water District
Silverado Community Services District



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

Commissioners

Brian J. Kelly, Chair, Public Member
Joan Bennett, Vice-Chair, City Member
Bill Dodd, Commissioner, County Member
Gregory Pitts, Commissioner, City Member
Brad Wagenknecht, Commissioner, County Member
Juliana Inman, Alternate Commissioner, City Member
Mark Luce, Alternate Commissioner, County Member
Gregory Rodeno, Alternate Commissioner, Public Member

Staff / Administrative Office

Peter Banning, Interim Executive Officer
Jacqueline M. Gong, Counsel
Brendon Freeman, Staff Analyst
Kathy Mabry, Commission Secretary

1030 Seminary Street, Suite B
Napa, California 94559

www.napa.lafco.ca.gov

This page has been left intentionally blank for photocopying

TABLE OF CONTENTS

Section	Page
I. INTRODUCTION	
1.0 Local Agency Formation Commissions.....	4
2.0 LAFCO of Napa County.....	7
II. EXECUTIVE SUMMARY	
1.0 Overview.....	8
2.0 Determinations.....	8
III. AGENCY REVIEWS	
A. City of Napa	10
1.0 Overview.....	10
2.0 Formation and Development.....	10
3.0 Jurisdictional Boundary.....	13
4.0 Sphere of Influence.....	14
5.0 Demographics.....	16
6.0 Organizational Structure.....	19
7.0 Municipal Services.....	24
8.0 Finances.....	53
9.0 Agency Specific Determinations.....	57
B. Napa Sanitation District	64
1.0 Overview.....	64
2.0 Formation and Development.....	64
3.0 Jurisdictional Boundary.....	67
4.0 Sphere of Influence.....	68
5.0 Demographics.....	69
6.0 Organizational Structure.....	70
7.0 Municipal Services.....	73
8.0 Finances.....	75
9.0 Agency Specific Determinations.....	77
C. Congress Valley Water District	80
1.0 Overview.....	80
2.0 Formation and Development.....	80
3.0 Jurisdictional Boundary.....	82
4.0 Sphere of Influence.....	83
5.0 Demographics.....	84
6.0 Organizational Structure.....	85
7.0 Municipal Services.....	87
8.0 Finances.....	89
9.0 Agency Specific Determinations.....	91

D. Silverado Community Services District	94
1.0 Overview.....	94
2.0 Formation and Development.....	94
3.0 Jurisdictional Boundary.....	96
4.0 Sphere of Influence.....	96
5.0 Demographics.....	97
6.0 Organizational Structure.....	98
7.0 Municipal Services.....	101
8.0 Finances.....	102
9.0 Agency Specific Determinations.....	104

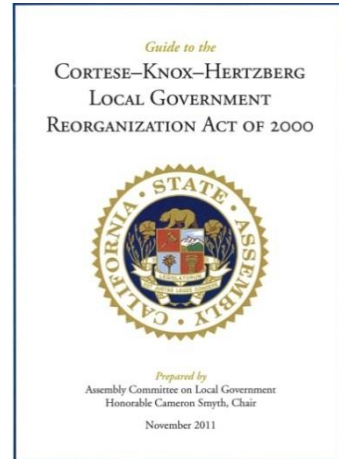
APPENDICES	No.
Map of Recent Annexation Approvals to the City of Napa	A
Map of Recent Annexation Approvals to NSD	B
Map of Current Boundary and SOI for NSD	C
Map of Current Boundary and SOI for CVWD	D
Map of Current Boundary and SOI for SCSD	E

I. INTRODUCTION

1.0 Local Agency Formation Commissions

1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 as political subdivisions of the State of California and are responsible for providing regional growth management services under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”).¹ LAFCOs are located in all 58 counties in California and are delegated regulatory and planning powers to coordinate and encourage the logical formation and development of local governmental agencies and their municipal services. Towards this end, LAFCOs are commonly referred to as the Legislature’s “watchdog” for local governance issues. Underlying LAFCOs regulatory and planning powers 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. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility includes approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and special districts within their jurisdictions.² LAFCOs are also provided broad discretion to condition jurisdictional changes as long as they do not directly regulate land use, property development, or subdivision requirements. LAFCOs generally exercise their regulatory authority in response to applications submitted by local agencies, landowners, or registered voters. Recent amendments to CKH, however, now empower and encourage LAFCOs to initiate on their own jurisdictional changes to form, merge, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs’ regulatory authority as of January 1, 2014.

LAFCOs’ Regulatory Authority

- | | |
|--|--|
| • City Incorporations and Disincorporations | • City and District Annexations |
| • District Formations and Dissolutions | • City and District Detachments |
| • City and District Consolidations | • Merge/Establish Subsidiary Districts |
| • City and District Outside Service Extensions | • District Service Activations or Divestitures |

¹ Reference California Government Code Section 56000 et seq.

² CKH defines “city” to mean any incorporated chartered or general law city. This includes any city the name of which includes the word “town”. CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

1.3 Planning Responsibilities

LAFCOs inform their regulatory actions through two central and interrelated planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a central planning function of LAFCOs since 1971 and effectively serve as the Legislature’s version of “urban growth boundaries” with regard to delineating the appropriate interface between urban and non urban uses. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted in 2001 as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

Sphere Determinations

LAFCOs establish, amend, and update spheres for all cities and special districts to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.³ 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. LAFCO must review and update each local agency’s sphere every five years as necessary. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors 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. The five planning factors are summarized in the following table.

Sphere Determinations: Mandatory Written Statements

1. Present and planned land uses in the area, including agricultural and open space.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

³ Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies’ spheres include annexations of State correctional facilities or annexations to cities involving city owned lands used for municipal purposes.

Municipal Service Reviews

Municipal service reviews are comprehensive studies of the availability and sufficiency of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Municipal service reviews culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven service factors are summarized in the following table.

Municipal Service Reviews: Mandatory Written Statements

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.⁴
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Any matter related to effective or efficient service delivery as required by LAFCO policy.

1.4 Composition

LAFCOs are generally governed by an eight-member board comprising three county supervisors, three city councilmembers, and two representatives of the general public.⁵ Members are divided between “regulars” and “alternates” and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements for California public officials and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and its decisions are not subject to an outside appeal process.

All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the members.

⁴ This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of “disadvantaged unincorporated community” is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income.

⁵ Several LAFCOs also have two members from independent special districts within their county.

1.5 Funding

CKH prescribes local agencies fund LAFCOs' annual operating costs. Counties are generally responsible for one-half of LAFCO's annual operating costs with the remainder proportionally allocated among cities based on a calculation of tax revenues and population.⁶ LAFCOs are also authorized to collect fees to offset local agency contributions.

2.0 LAFCO of Napa County

LAFCO of Napa County ("Commission") was first established in 1963 as a department within the County of Napa. Consistent with pre CKH provisions, the County was entirely responsible for funding the Commission's annual operating costs over the first three decades. Further, the duties of the Executive Officer were first performed by the County Administrator and later the County Planning Director.

CKH's enactment in 2001 changed the Commission's funding to assign one-half of its operating costs to the County with the other one-half assigned to the Cities of American Canyon, Calistoga, Napa, St. Helena, and the Town of Yountville. CKH's enactment also facilitated a number of organizational changes highlighted by the Commission entering into a staff support services agreement with the County; an agreement allowing the Commission, among other things, to appoint its own Executive Officer. The Commission's current member roster is provided below.

Napa LAFCO's Commission Roster		
Appointing Agency	Regular Members	Alternative Members
County of Napa: Supervisors	Bill Dodd Brad Wagenknecht	Mark Luce
City Selection Committee: Mayors	Joan Bennett Gregory Pitts	Juliana Inman
Commissioners: City and County	Brian J. Kelly	Gregory Rodeno

Staffing for the Commission currently consists of 2.5 full-time equivalent employees. This includes a full-time Executive Officer and Analyst along with a part-time Secretary.⁷ Legal services are provided by the County Counsel's Office. All other staffing related services, such as accounting, human resources, information technology, are provided by the County as needed. The Commission's adopted budget for 2013-2014 totals \$0.448 million with an unreserved/undesigned fund balance of \$0.119 million as of June 30, 2013.

⁶ The funding formula for LAFCOs with special district representation provides that all three appointing authorities (county, cities, and special districts) are responsible for one-third of LAFCOs' annual operating costs.

⁷ The Commission contracts with the County for staff support services. The Executive Officer and all support personnel are County employees. The Commission, however, appoints and removes the Executive Officer on its own discretion.

II. EXECUTIVE SUMMARY

1.0 Overview

The central county region is home to three-fifths of the total population in Napa County. Nearly all of this population resides within the City of Napa.

Governmental services in the region are broad and include potable water, public safety, reclaimed water, roads, sanitation, sidewalk maintenance, street lighting, street sweeping, and waste disposal.

2.0 Determinations

As mentioned, as part of the municipal service review process, the Commission must prepare written determinations addressing the service factors enumerated under G.C. Section 56430. The service factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as statements or conclusions and are based on information collected, analyzed, and presented in the individual agency reviews.

This page has been left intentionally blank for photocopying

III. AGENCY REVIEWS

A. City of Napa

1.0 Overview



The City of Napa (“Napa”) was incorporated in 1872 and is governed by a five-member city council whose members are elected at large.⁸ Napa provides a relatively full range of municipal services directly and highlighted by operating its own fire, police, and public works departments. Napa also contracts with outside agencies to provide certain municipal services, such as garbage collection and street cleaning. The Napa Sanitation District (NSD), a dependent special district, provides wastewater collection and disposal services within most of Napa’s incorporated boundary.^{9,10}

Napa is the largest of the five municipalities in Napa County with a current estimated population of 77,881; an amount representing over one-half of the overall county total.¹¹ The rate of new growth and development within Napa has measurably slowed over the last several years, and is reflected by the City’s most recent

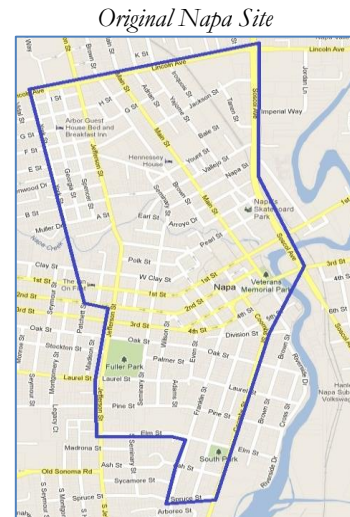
City of Napa	
Date Incorporated	1872
Enabling Legislation	California Constitution XI
Service Categories	Community Services Public Safety Public Works
Estimated Residents:	77,881

annual change in population growth rate of 0.5% compared to the 1.2% change four years earlier from 2008 to 2009. The current operating budget is \$66.4 million. The total number of budgeted full-time equivalent employees is 475 and has increased by one-tenth over the last 10 years. Napa’s current unrestricted/unreserved fund balance was \$9.3 million as of June 2012 and sufficient to cover 1.7 months of general operating expenses.

2.0 Formation and Development

2.1 Community Settlement

Napa’s modern era development formally began in the 1840s and is generally attributed to the purchase of approximately 715 acres of land near the juncture of the Napa River and Napa Creek by two local businessmen, Nathan Coombs and John Grigsby. This area, commonly referred to as “Napa Abajo,” was purchased immediately prior to the community’s planned layout and facilitated the development of a commercial district and in step with the establishment of regular ferry service with San Francisco by 1850. Napa’s growth continued into the following decades as it became a commercial center for the northern valley areas as well as a popular second-home location for San Franciscans.



⁸ Napa was incorporated on March 23, 1872 as a general-law city and then later reincorporated as a charter-law city in 1914. As part of the reincorporation proceedings, voters approved a city charter outlining specific municipal responsibilities and obligations that became effective June 7, 1915.

⁹ “Dependent district” includes any special district with a legislative body consisting, in whole or part, of ex officio members who are officers of a county or another local agency, or who are appointees of those officers, and who are not appointed to fixed terms.

¹⁰ Special districts overlapping Napa include five countywide entities that provide mosquito abatement, flood control, park and open space, farmworker housing, and resource conservation services.

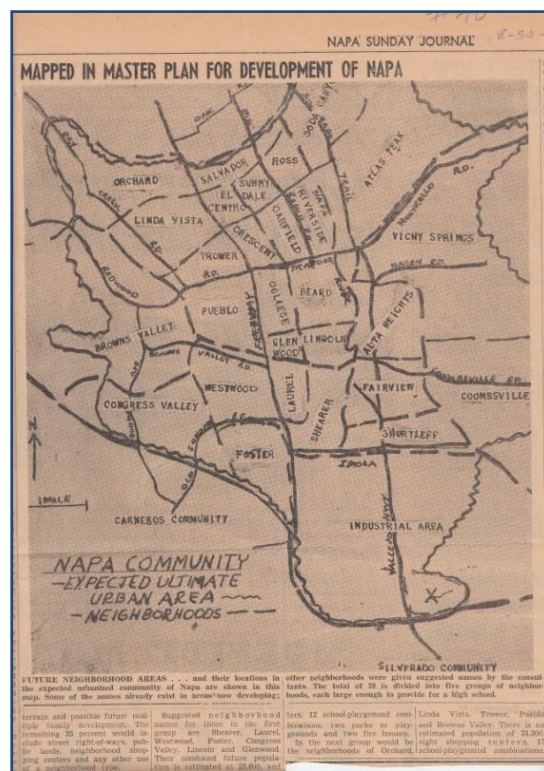
¹¹ Estimate provided by the California Department of Finance.

2.2 Incorporation and Initial Development

An increasing demand for home rule among an estimated and growing population of 3,500 led to Napa's first incorporation as a general-law municipality in 1872. The original boundaries spanned approximately 1.1 square miles in size and generally extended clockwise from Lincoln Avenue, Soscol Avenue, Elm Street, and York Street. Napa's population grew steadily, albeit modestly, thereafter through the turn of the new century while the City's economy transitioned towards more industrial uses, evidenced by several tanneries and flour mills. This gradual growth eventually expanded Napa's boundary by 1940 to extend from Pueblo Avenue to the north and Imola Avenue to the south with the estimated citywide population reaching 7,700.

2.3 Early Growth Expectations

Significant changes in political and economic factors beginning in the 1940s proved significant for Napa in purposefully directing resources towards becoming a large regional metropolitan community in step with growth trends throughout the San Francisco Bay Area. Markedly, and over the next forty years, Napa's population growth rate continually exceeded the statewide average as wartime operations at nearby Basalt Rock and Mare Island created thousands of new jobs and a demand for new housing. The need for housing was addressed by Napa annexing and developing Westwood in the 1940s followed by the Bel Aire and Devita areas in the 1950s, all of which culminated in a population of 22,200 by 1960. Napa anticipated additional growth through the end of the century and adopted its first General Plan in 1969. The first General Plan paralleled the growth expectations made a decade earlier by the County of Napa and contemplated Napa expanding north to Ragatz Lane and east to Wooden Valley Road by 1990 and produce a total population of 150,000.



2.4 Revised Growth Expectations

Napa's growth management policies aimed at becoming a large metropolitan community proved to be relatively short-lived. A cascading shift towards slower growth materialized and resulted in Napa issuing an advisory ballot requesting residents to identify a preferred population total for 2000. The results of the advisory ballot led Napa to adopt a new General Plan in 1975 reducing the population projection to 75,000 by 2000 as well as establishing an urban growth boundary or rural urban limit line (RUL). Subsequent updates to Napa's General Plan were adopted in 1982, 1986, and 1998 with the latter codifying policies and standards with respect to land use and development over the succeeding two decade period. Pertinently, the 1998 General Plan contemplates a total buildout population for Napa of 90,000 by 2020.

2.5 Redevelopment and Flood Control

Napa's growth and development in the latter part of the 20th Century became marked by two seminal events. The first occurred when the Napa City Council formed the Napa Community Redevelopment Agency (NCRA) in 1962 to help facilitate economic growth and expansion in Napa by utilizing State law to secure a dedicated stream of property tax revenues for investments in blighted areas. The principal project undertaken by NCRA was the Parkway Plaza, which took form in 1969 to redevelop a 32 square-block area comprising most of the Downtown area and anchored by the new Town Center development. The establishment of the Parkway Plaza project, notably, signaled a concerted effort on the part of Napa to begin directing new development within its urban core; a marked distinction compared to the outward expansion characterizing Napa in the preceding decades and has continued going forward.¹²

The second seminal event occurred in 1986 when the Napa River flooded and caused approximately \$100 million in property damages with the majority occurring in the Downtown and Oxbow areas. Napa responded by working with the Napa County Flood Control and Water Conservation District and other stakeholders in re-engaging a stalled flood control project that had been turned down twice at elections. Consensus on a new project design, however, proved challenging and it was not until 1997 when a final design was adopted and approved for funding through the 20-year half-cent sales tax passage of Measure A in 1998. The Napa River/Napa Creek Flood Projection Project – the principal activity funded by Measure A – centered around construction of seven bridge replacements over the Napa River as well as a new bypass channel where the Napa River and Napa Creek converge. This project is scheduled to be completed in 2018 and is designed to direct flood waters away from the Downtown and Oxbow areas.

2.6 Previous Municipal Service Review

The Commission's inaugural municipal service review on Napa was completed in 2005 as part of an agency-specific study. The municipal service review concluded Napa had developed policies and service plans that appear to have adequately addressed the service needs of current and future residents within the following five year period and did not require any additional infrastructure improvements or address other relevant issues with four notable exceptions. First, it was noted Napa required the immediate addition of potable water storage capacity to meet existing and anticipated peak day demands. Second, it was noted maintenance of Napa's roadways had been significantly underfunded and operating well below regional standards. Third, it was noted Napa should be more proactive in working to eliminate the 20 islands within its sphere of influence. Fourth, it was noted Napa needed to revisit its outside water service program and comply with a new requirement for cities and special districts to only provide new or extended services beyond their boundaries after receiving approval from LAFCO.

¹² California Legislature dissolved all redevelopment agencies in 2011.

3.0 Jurisdictional Boundary

3.1 Current Composition

Napa's existing jurisdictional boundary is approximately 18.2 square miles in size and covers 11,650 acres. There are 23,830 parcels with a current overall assessed value of \$8.8 billion; the latter representing a decrease in value of 2.1% over the last five years. Infill opportunities exist given one-fifth of the jurisdictional boundary – 920 lots covering 1,844 acres – remain entirely undeveloped.¹³

Jurisdictional Characteristics (Source: Napa LAFCO)	
Total Acreage.....	11,650
Total Assessor Parcels.....	23,830
Acreage Tied to Existing Development.....	84%
Acreage Entirely Undeveloped.....	16%
Assessed Value.....	\$8,762,545,193
Assessed Value/Acre.....	\$752,150
Registered Voters.....	38,673

3.2 Annexation Trends

In terms of the timing of jurisdictional growth, nearly one-half of Napa's current boundary has been established over the last 50 years and is highlighted by the Commission approving and recording a total of 490 annexations covering 5,150 acres since 1963. The majority of these annexations occurred in the late 1960s and early 1970s consistent with overall growth trends in Napa County.

The Commission has approved 490 recorded annexations to Napa since 1963 and has expanded the City's jurisdictional size by nearly one-half.

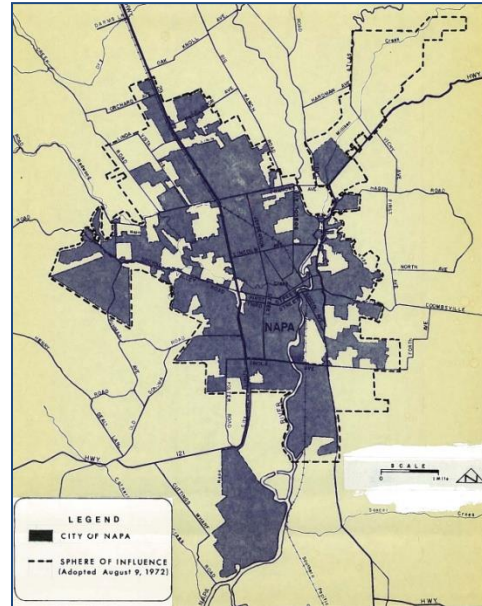
Approved annexations measurably slowed throughout the 1980s and 1990s and averaged 6.4 annually during this period. Recent annexations to Napa since the last municipal service review was completed in 2005 have been less frequent with an average of 1.1 approved annually. Annexations since 2005 have added a total of 126 acres. All of the recent annexation approvals have involved uninhabited and underdeveloped lands with the notable exception of the annexation of the Pines Mobile Home Park as part of a reorganization on Silverado Trail. A map showing all approved annexations during this latter period is provided as Appendix A.

¹³ An analysis of the database maintained by the County Assessor's Office indicates 22,910 out of the 23,830 jurisdictional lots have been developed in some form as measured by the assignment of situs addresses and represent 84% of the total land acres.

4.0 Sphere of Influence

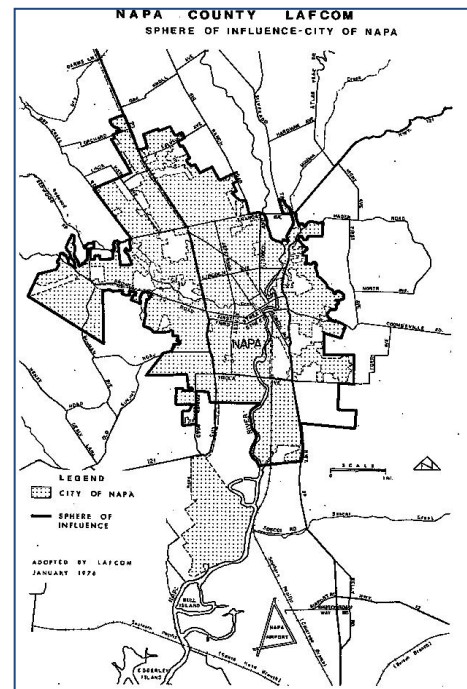
4.1 Establishment

Napa's sphere was established by the Commission in 1972 to include nearly its entire 8,000 acre then-incorporated boundary – minus the Stanly Ranch area – along with approximately 5,200 acres of unincorporated land. The unincorporated sphere area included the Napa State Hospital site, Monticello Road area, and Silverado. The principal planning factor used by the Commission in establishing the sphere was to pair the availability of water and sewer service with expected and reasonable demand for service within a five to ten year period. Markedly, the adoption of the inaugural sphere culminated a four year process in which the Commission effectively included only about one-half of the total area that had been requested by Napa. The City's requested sphere included unincorporated lands extending as far north as Ragatz Lane and west into Carneros.



4.2 Update in 1976

The Commission initiated an update to Napa's sphere in 1976 to review and address new land use policies codified in the City's new General Plan. The update was unanimously adopted by the Commission and reduced the amount of unincorporated land within the sphere by approximately 2,400 acres or nearly one-fifth and marked by the removal of Silverado and the adjacent Monticello Road areas. The underlying criterion used by the Commission in redesignating the sphere was to generally align – although not uniformly – with Napa's recently established RUL. The establishment of an RUL coincided with the County of Napa establishing a corresponding zoning assignment for all affected lands requiring annexation to Napa as an alternative to processing any new development applications. Notable examples of lands within the RUL excluded from the sphere included Stanly Ranch, Stewart Dairy, and Big Ranch Road.¹⁴



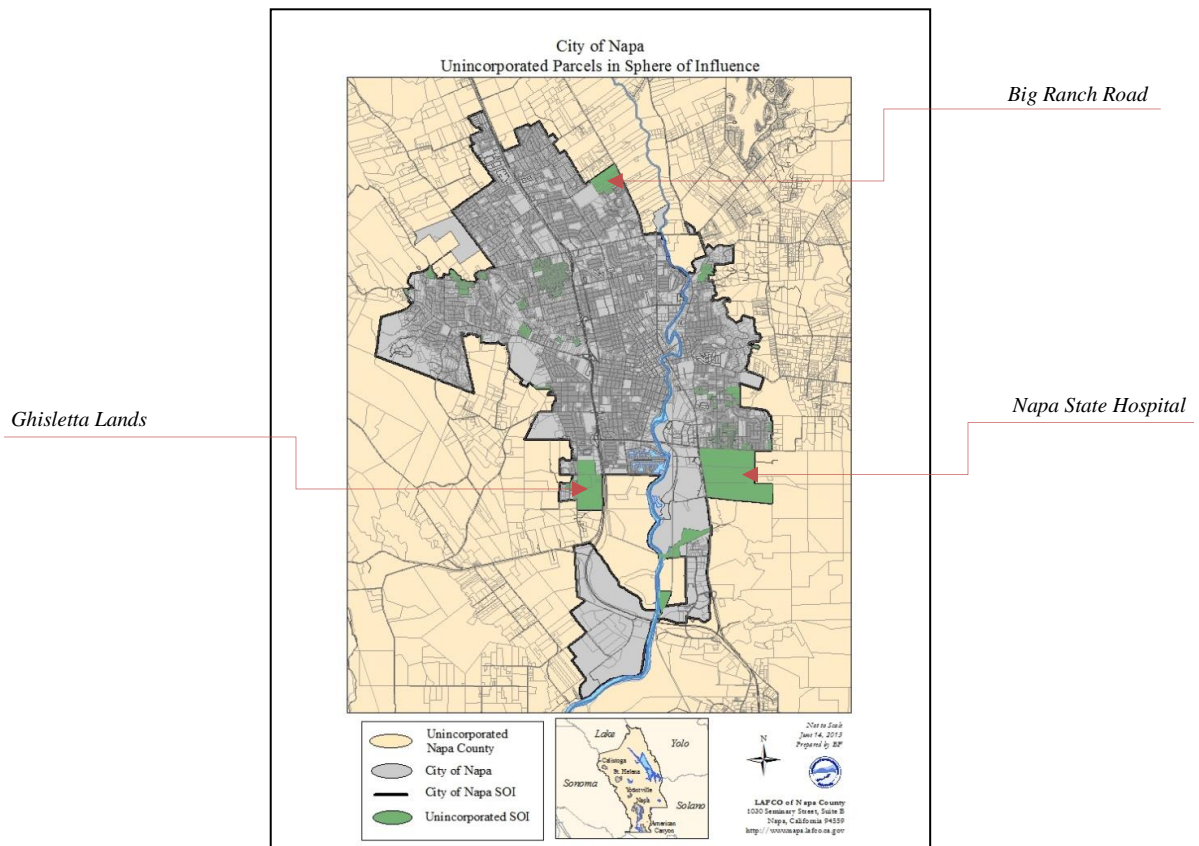
¹⁴ The 1976 update immediately facilitated 18 separate amendments through 2005. The majority of these amendments were initiated by petitions of property owners to facilitate residential development as part of concurrent annexation proposals. Notably, in approving these amendments, the Commission determined that there were consistencies between the general plans of the County and the City of Napa with respect to the planned land uses of the affected territory.

4.3 Update in 2005

The Commission adopted a second comprehensive update to Napa's sphere in 2005. This update, prompted by the earlier enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) and its cornerstone requirement that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter, expanded Napa's sphere to include an additional 1,090 acres to be further aligned with the RUL. These additional acres comprised six distinct study areas and added Stewart Dairy (also known as "Ghisletta" lands), Big Ranch Road, and Stanly Ranch. The substantive result of the second update was general consistency between the sphere and the RUL with the lone difference involving the Commission's continued inclusion of the Napa State Hospital given its reliance on City water services.

4.4 Current Composition

Napa's sphere presently encompasses 19.7 square miles or 12,624 acres.¹⁵ The unincorporated territory within Napa's sphere is comprised of 967 entire lots and portions of five additional lots covering 974 acres currently in the sphere and eligible for annexation or outside service extensions; the latter amount meaning 7.7% of acreage within the sphere remains unincorporated. The majority of these unincorporated lands lie within the 20 islands that are either entirely or substantially surrounded by Napa. A map highlighting the unincorporated lands already within the sphere is provided below.



¹⁵ The Commission's General Policy Determination III(B)(2) discourages proposals for amendment of adopted spheres from residents, landowners, and agencies proposing amendments to spheres of influence unless justified by special conditions and circumstances.

5.0 Demographics

5.1 Population Trends

Napa's current and permanent resident population is estimated at 77,881 by the California Department of Finance. This amount represents overall population growth of 5.3% over the last 10 year period – or 0.5% annually – and marks the highest rate change among all six land use authorities in Napa County with the exception of the City of American Canyon.¹⁶ Napa's recent growth is characterized by two distinct episodes. Growth within the first half of the 10 year period was 1.7% before more than doubling to 3.6% over the second half. Further, this overall growth rate was significantly lower than the growth rate for the previous 10 year period, which was 13.3% or 1.3% annually between 1993 and 2003.

Recent Population Growth Comparables (California Department of Finance / Napa LAFCO)				
Jurisdiction	2003	2013	Difference	Annual Percentage
Napa	73,959	77,881	3,922	0.5
American Canyon	13,003	19,862	6,859	5.3
Calistoga	5,161	5,194	33	0.1
St. Helena	5,968	5,854	-114	-0.2
Yountville	3,179	2,983	-196	-0.6
Unincorporated	27,413	26,609	-804	-0.3

With respect to projections, and for purposes of this review, it is reasonable to assume Napa's annual population growth rate over the next 10 years within the existing sphere of influence will match the growth rate from the previous decade and remain at 0.5%. Two factors provide substantive support for applying this projected annual growth rate. First, staff has not identified internal or external factors that would clearly affect the current rate of growth. Second, the rate is consistent with local employment and household estimates jointly prepared by ABAG and the Metropolitan Transportation Commission (MTC) as part of Plan Bay Area, a regional planning document aimed at integrating transportation, land use, and housing decision-making consistent with Senate Bill 375 and its provisions to curb greenhouse gas emissions. Plan Bay Area, notably, anticipates an overall annual population growth rate for the entire region of 1.0% over the next 30 years with the majority – over four-fifths – occurring in locally-defined priority development areas (PDAs) and infill-oriented areas near existing transportation corridors.¹⁷ There is only one PDA in Napa and it is located along Soscol Avenue between First Street and Imola Avenue and anchored by the Gasser Specific Plan that anticipates – among other things – building 500 housing units. If the preceding assumptions hold, Napa's permanent population is expected to increase to 79,828 by 2018 and 81,775 by 2023; the latter amount remaining below the 90,000 build-out population estimate implicit in Napa's existing RUL.

It is reasonable to assume Napa's growth rate over the next 10 years will match the City's growth rate from the prior decade at 0.5%; the majority of which will likely be concentrated within the Soscol corridor area. This projection would result in a permanent population total of 81,775 by 2023.

¹⁶ American Canyon's population growth rate over the affected period was 52.7% and marked third among all 101 cities in the San Francisco Bay Area. (Brentwood and San Ramon, both in Contra Costa County, ranked first and second among all Bay Area cities in population growth during this period at 58.1% and 56.1%, respectively).

¹⁷ There are a total of 169 PDAs in the Bay Area as of June 1, 2013.

Projected Population Growth in Napa within Existing Sphere (Napa LAFCO)				
2013	2018	2023	Difference	Annual Percentage
77,881	79,828	81,775	3,894	0.5

5.2 Population Density

Napa has the highest population density in Napa County with 4,279 residents for every square mile. American Canyon has the second highest density of residents per square mile at 3,611. The most densely populated areas within Napa based on census data – which generally follow neighborhood designations as outlined in the City General Plan – are the Westwood Planning Area and Beard Planning Area at 11,840 and 9,010, respectively, for every square mile. The Central Napa Planning Area, conversely, has the lowest resident density within the City at 3,470 for every square mile.

Trends in Population Density Comparables Table IV/E; Source: California Department of Finance/Napa LAFCO			
Jurisdiction	Population	Land Area (Square Miles)	Permanent Residents Per Square Mile
Napa	77,881	18.2	4,279
American Canyon	19,862	5.5	3,611
Yountville	2,983	1.5	1,989
Calistoga	5,194	2.6	1,998
St. Helena	5,854	5.1	1,148
Unincorporated	26,609	755.4	35
<i>Average</i>	<i>23,064</i>	<i>131.4</i>	<i>176</i>

5.3 Housing Trends

The increase in Napa’s population growth over the last 10 year period has been effectively accommodated by an equal share of new single-family and multi-family residential units collectively totaling 1,873 units. New single-family construction during the period totaled 1,037 units – representing a net supply increase of 5.2% – and primarily attributed to over two dozen subdivision approvals and highlighted most recently by Sheveland Ranch (180), Hidden Hills (72), and Greystone Estates (50), all three of which represent infill projects. New multi-family residential construction during the period totaled 830 units and represented a net supply increase of 11.5%. The corresponding ratio in residential construction trends in Napa over the last 10 year period is five-to-four in terms of single-family to multi-family units; the closest ratio among all six land use authorities in Napa County.¹⁸

Napa has increased its total residential housing stock by 1,873 units over the last 10 years; a net increase of 6.6%. This new housing has largely been divided equally between single-family and multi-family. The new housing has also been infill oriented and not concentrated in any one particular area.

¹⁸ Housing ratios for the other five land use authorities in terms of newly constructed single-family to multi-family units over the last 10 year period are as follows: American Canyon at eleven-to-one; Calistoga at (three)-to-two; St. Helena at nineteen-to-one; Yountville at one-to-ten; and the County at nine-to-ten.

Two additional factors underlying housing trends merit notice. First, the average of number persons for every household has increased by two percent and is currently at 2.71. Second, the vacancy rate for all residential units has increased by two-thirds and is currently at 6.6%, the largest percentage change among all local jurisdictions.

Trends in Housing Comparisons (California Department of Finance / Napa LAFCO)						
Jurisdiction	2003		2013		Difference	
	Housing Units	Vacancy Rate (%)	Housing Units	Vacancy Rate (%)	Housing Units	Vacancy Rate (%)
Napa	28,422	4.0	30,295	6.6	+1,873	+65%
American Canyon	4,197	3.3	6,061	5.4	+1,864	+64%
Calistoga	2,253	10.2	2,319	12.9	+66	+26%
St. Helena	2,744	12.5	2,774	13.5	+30	+8%
Yountville	1,177	10.4	1,276	16.1	+99	+55%
Unincorporated	11,715	16.7	12,351	22.0	+636	+32%
Total	50,508	7.8	55,076	10.7	+4,568	+37%

Napa reports there are currently 102 residential projects approved and pending construction over the next five year period. This includes three affordable housing apartment projects – Alexander Crossing with 134 units, Napa Creekside with 57 units, and Oak Creek Terrace with 40 units – and Napa Oaks II, a single-family subdivision that has been approved for 54 detached residences. These approved projects would increase Napa’s resident population alone by approximately 3,000 and are consistent with the anticipated development uses codified under the City’s current Housing Element covering years 2007 through 2014. This document ultimately provides for the potential development of up to 2,106 new housing units as required by the Association of Bay Area Governments (ABAG).¹⁹

5.4 Visitor Population

Visitors are an increasingly integral component in supporting and expanding Napa’s economy and have increased by over one-third over the last ten years as measured by the number of licensed guestrooms in the City. Specifically, Napa has added 518 transient guestrooms during the last decade, raising the citywide total from 1,489 to 2,007; a percentage change of 35% and the largest aggregate increase among all six local jurisdictions. Further, at full occupancy, Napa’s existing overnight visitor population within its 38 lodging establishments (hotels, resorts, motels, and bed and breakfast inns) is estimated at 5,018, equivalent to over six percent of the current resident population. Further, there are two approved hotel projects – Ritz Carleton and St. Regis – that would add 526 guestrooms and raise Napa’s overall total to 2,533, producing an estimated overnight visitor population at full occupancy of 6,333 or eight percent of the current population.

Napa has increased its visitor guestroom total by 35% over the last 10 years; more than any other local jurisdiction. At full occupancy, Napa’s overnight visitor population is estimated at over 5,000.

Trends in Overnight Guestrooms in Napa (Napa LAFCO)				
2003	2013	Difference	Est. Overnight Population	Population Percent
1,489	2,007	518	5,018	6.4

¹⁹ Consistent with a regional effort to direct new urban uses towards existing and planned transportation corridors, Napa’s assigned housing need allocation for the 2014-2022 period has been decreased to 835 total housing units; a reduction of over three-fifths.

5.5 Social and Economic Indicators

A review of recent demographic information indicates Napa's residents have collectively experienced a marked decline in economic prosperity over the last five years based on demographic information collected by the United States Census Bureau as part of its American Communities Survey program. This decline is highlighted by two specific economic factors: a three-fourths increase in unemployment and close to a one-sixth decrease in homeownership. Additionally, the effects of the economic downturn are reflected in the one-fourth increase in median rent while household income has decreased by nearly five percent. In terms of regional comparisons, Napa has a markedly higher percentage of renters and persons living below the poverty rate relative to averages for all of Napa County.

Trends in Social and Economic Indicators for Napa
(American Community Surveys 2007 and 2011 / Napa LAFCO)

Category	2007	2011	% Change	County Average
Median Household Income	\$58,472	\$55,719	(4.7)	\$68,641
Owner-Occupied Residences	61.0%	51.6%	(15.4)	63.3%
Renter-Occupied Residences	39.0%	48.4%	24.1	36.7%
Median Housing Rent	\$1,068	\$1,330	24.5	\$1,279
Median Age	37.9	36.3	(4.2)	39.5
Prime Working Age (25-64)	53.4	55.3	3.6	52.9%
Unemployment Rate (Labor Force)	3.4%	6.0%	76.5	5.2%
Persons Living Below Poverty Rate	12.6%	13.6%	7.9	9.8%
Adults with Bachelor Degrees or Higher	19.7%	22.1%	12.2	28.0%

6.0 Organizational Structure

6.1 Governance

Napa is a charter-law municipality operating under the council-manager system of government. Decision-making authority under this system is equally distributed among Napa's five-member City Council, which includes a directly elected mayor. The Mayor and members of the Council are elected at-large to four-year terms. A Vice-Mayor is selected on an annual rotation schedule. Key duties of the City Council include adopting an annual budget, establishing and amending policies and ordinances, making committee and advisory appointments, and directly hiring three senior staff members: City Manager, City Clerk, and City Attorney. Meetings are currently conducted on the first and third Tuesday of each month and broadcast on local public access television. The current average experience on the City Council is 5.2 years. The Mayor is completing her 10th year on the Council.

Current City Council Roster
(Napa / Napa LAFCO)

Member	Position	Background	Years on Council
Jill Techel	Mayor	Educator	10
Pete Mott	Vice Mayor	Businessman	7
Juliana Inman	Councilmember	Architect	7
Alfredo Pedroza	Councilmember	Banker	1
Scott Sedgley	Council Member	Fire Captain	1
<i>Average Years of Council Experience</i>			5.2

With respect to addressing governance issues of particular interest and/or importance, the City Council has established over one dozen supplemental governance bodies or separate legal entities to advise in its decisions or, in the case of some of these entities, to make decisions. The 13 bodies generally – but not exclusively – consist of between three and seven members appointed by the City Council at public meetings. The majority of appointees must be registered voters residing in Napa and generally possess either educational and/or professional expertise within the affected field. Specific responsibilities and powers for these bodies are summarized below.

Bicycle and Trails Advisory Commission

The Bicycle and Trails Advisory Commission (“Commission”) consists of seven appointed members as well as one non-voting student representative and meets on the second Thursday of each even-numbered month in the Council Chambers. The Commission is responsible for making written recommendations to the Public Works Director and City Council regarding transportation, bicycle, and recreational issues. This includes performing an annual review to assess possible changes regarding the City’s Bike Plan. Staffing is provided by the Parks and Recreation Services Department.

Building and Fire Code Board of Appeals

The Building and Fire Code Board of Appeals (“Board”) consists of five appointed members and meets as needed in the Council Chambers. The Board meets as items are called. The Board considers formal appeals on behalf of the City Council with respect to building and fire code violations. Staffing is provided by the Community Development Department’s Building Division.

Civil Service Commission

The Civil Service Commission (“CS Commission”) consists of five members and meets on the third Monday of each month in the Council Chambers. The CS Commission – whose authority and powers are established in the City Charter – is responsible for making recommendations to the City Council on employee classifications and salaries. It also certifies lists of qualified candidates for employment and hears disputes relating to conditions of employment. Appointments to the CS Commission are distinct from other bodies given that two members are selected by members of Napa’s employee bargaining units, and one is appointed by the other four members. The CS Commission appoints the Personnel Director, who provides staffing services.

Community Development Block Grant Citizen’s Advisory Committee

The Community Development Block Grant Citizen’s Advisory Committee (CDBG) consists of seven appointed members and meets on the last Monday of each month as needed in the Council Chambers. CDBG plans, implements, and amends – as needed – service programs that are directly funded by the State of California’s Department of Housing and Community Development. Staffing is provided by the Community Development Department’s Housing Division.

Cultural Heritage Commission

The Cultural Heritage Commission (“CH Commission”) consists of five appointed members and meets on the first Thursday of each month in the Council Chambers. The CH Commission reviews and makes recommendations to the City Council with regard to historical preservation matters, including the designation of historical landmarks in Napa. Staffing is provided by the Community Development Department’s Planning Division.

Disability Access Board of Appeals

The Disability Access Board of Appeals (“Board”) consists of five appointed members – two of whom must be physically handicapped persons and three of whom must serve concurrently on the Building and Fire Code Board of Appeals – and meets as needed in the Council Chambers, typically holding three to four meetings a year. On behalf of the City Council, the Board considers formal appeals with respect to determinations or violations of the Americans with Disabilities Act made by the Chief Building Official or Fire Marshall. Staffing is provided by the Community Development Department’s Building Division.

Housing Authority of the City of Napa

The Housing Authority of the City of Napa (HACN) is a separate legal entity established under State law (Health and Safety Code Section 34200 et. seq.). It consists of all five Councilmembers plus two program participants appointed by the Council. HACN meets on the first Tuesday of each month in the Council Chambers. HACN provides rental assistance to very low-income families in Napa through Federal rental subsidy programs and develops affordable housing for low and moderate-income families. Staffing is provided by the Community Development Department’s Housing Division.

Napa Redevelopment Successor Agency Oversight Board

The Napa Redevelopment Successor Agency Oversight Board (“Board”) consists of two representatives appointed by the City Council along with five other members appointed by other agencies as provided under Health and Safety Code Section 34179. The Board meets on the third Wednesday of each even-numbered month, as needed, in the Council Chambers, typically three to four times a year. The Board directs the activities of the Successor Agency to the Napa Community Redevelopment Agency. The Board monitors and directs staff of the Successor Agency as part of the dissolution process, including the disposition of properties, contracts, leases, books and records, buildings and equipment, existing fund balances, and other obligations of the former NCRA. Staffing is provided by the Community Development Department Economic Development Division.

Parks and Recreation Advisory Commission

The Parks and Recreation Advisory Commission (“PRA Commission”) consists of seven appointed members as well as one non-voting high school student representative and meets on the second Wednesday of every other month in the Council Chambers. The PRA Commission reviews and makes recommendations to the City Council with regard to acquisition, development, and maintenance of City parks as well as matters involving public recreation programs and cultural activities. Staffing is provided by the Parks and Recreation Services Department.

Planning Commission

The Planning Commission consists of five appointed members and meets on the first and third Thursday of each month in the Council Chambers. The Planning Commission is responsible for hearing development proposals, approving modifications to approved projects, design permits, conditional use permits, parcel maps, and variances. The Planning Commission also makes recommendations to the City Council on general plan amendments, zoning changes, and development agreements. All actions are subject to appeal to the City Council. Staffing is provided by the Community Development Department's Planning Division.

Public Art Steering Committee

The Public Art Steering Committee ("Committee") consists of five appointed members and meets on the fourth Tuesday of each month in the Community Development Building's Conference Room. The Committee reviews and makes recommendations to the City Council on selecting, funding, and placement of public art in Napa. Staffing is provided by the Community Development Department's Administrative and Planning Divisions.

Senior Advisory Commission

The Senior Advisory Commission ("SA Commission") consists of seven appointed members and meets quarterly at the Senior Center. The SA Commission reviews and makes recommendations to the City Council with regard to services, facility uses, and recreational activities at the Senior Center along with other citywide programs aimed at serving residents that are 50 years of age or older. Staffing is provided by the Parks and Recreation Services Department.

Tree Advisory Commission

The Tree Advisory Commission consists of five appointed members and meets every other month in the Council Chambers. The Tree Advisory Commission reviews and makes recommendations to the City Council with regard to tree ordinances, policies, and programs. Staffing is provided by the Parks and Recreation Services Department.

6.2 Administration

The City Manager serves at-will to the City Council and is principally responsible for administering Napa's day-to-day governmental operations and its 475 currently budgeted full-time equivalent employees. The current City Manager was appointed in 2006 and is delegated broad authority to appoint and remove all Department heads with limited exceptions. Key duties include preparing an annual budget and enforcing all ordinances and policies enacted by the City Council. The City Manager is assisted in overseeing Napa's day-to-day operations by the City Clerk and City Attorney; both of whom are directly appointed by the City Council. The basic composition and functions of Napa's five municipal service departments are summarized below.

Community Development

Community Development includes divisions for Administration, Building, Code Enforcement, Economic Development, Housing, and Planning. These divisions are responsible for implementing land use policies and procedures adopted by the City Council and Planning Commission. Specific tasks include reviewing parcel and subdivision maps, issuing building permits, enforcing codes, updating the zoning code, facilitating local economic growth, maintaining the General Plan, and serving as the liaison with other local and regional planning agencies. Community Development currently budgets for 35 full-time equivalent employees and accounts for 7% of agency-wide staffing. The current Director was promoted in 2012.

Fire

Fire includes divisions for Administration, Operations, and Prevention. These divisions are responsible for providing structural fire protection and emergency medical response services throughout Napa and consistent with goals and objectives codified in the Community Services Element of the General Plan. Fire currently budgets for 65 full-time equivalent employees and accounts for 14% of agency-wide staffing. The current Chief was promoted in 2012.

Parks and Recreation

Parks and Recreation includes divisions for Administration, Maintenance and Operations, Parks, and Recreation. These divisions are responsible for providing and maintaining parks, public facilities, and related recreational activities and programs consistent with goals and objectives codified in the Parks and Recreation Element of the General Plan. Parks and Recreation currently budgets for 67 full-time equivalent employees and accounts for 14% of agency-wide staffing although a considerable portion are part-time and only employed during summer months. The current Director was hired in 2006.

Police

Police includes divisions for Administration, Operations, and Support Services. These divisions are responsible for providing a full range of law enforcement services throughout the City with the limited exception of contracting with the County of Napa for animal control services. Police currently budgets for 129 full-time equivalent employees divided between 74 sworn and 55 support personnel and accounts for 27% of agency-wide staffing. The current Chief was hired in 2004.

Public Works

Public Works includes divisions for Administration, Construction, Development Engineering, Engineering, Fleet Management, Maintenance, Materials Diversion Services, Real Property, and Water. These divisions are responsible for providing a full range of services aimed at constructing, designing, and maintaining Napa's public-serving infrastructure. Services generally pertain to bridges, electrical facilities, fleet vehicles, materials diversion, sidewalks, storm drains, streets, and water transmission. Public Works currently budgets for 124 full-time equivalent employees and accounts for 26% of agency-wide staffing. The current Public Works Director was hired in 2007.

7.0 Municipal Services

Napa provides a full range of municipal services either directly or through outside contractors to support urban uses within and adjacent to its jurisdictional boundary. This review classifies Napa's municipal services into four broad categories: 1) community services; 2) public safety; 3) public works; and 4) miscellaneous. The succeeding analysis assesses the municipal services provided within each of these categories in terms of resources and demands with the specific goal of providing a reasonable snapshot of existing and anticipated conditions going forward. General conclusions are also provided specific to the factors the Commission is required to consider under G.C. Section 56340. Further, and consistent with the current municipal service review cycle, the analysis covers a 10-year period; five years back and five years ahead of this report.

The preceding analysis is intended to provide a reasonable and independent "snapshot" of the current resources, demands, and identifiable outcomes of specific municipal services of interest to the Commission.

7.1 Community Services

Napa provides four specific types of community services pertinent to the Commission's interests and objectives tied to the municipal service review process. These services are (a) planning, (b) building, (c) housing, and (d) parks and recreation, and are evaluated as follows.

*Planning
Building
Housing
Parks/Recreation*

Planning

Nearly all of Napa's planning services are provided directly by the Community Development Department's Planning Division and most frequently involve processing general plan amendments, rezoning requests, permit applications, and parcel and subdivision map applications. Napa also contracts as needed with outside consultants to assist in special projects or prepare environmental reviews for development applications. All planning services – whether provided directly or indirectly – are oriented to comply with Napa's General Plan, which was comprehensively updated in 1998 and codifies land use and development policies for the City through 2020.²⁰ The current General Plan addresses the seven mandatory elements required of all cities – land use, housing, circulation, conservation, open-space, noise, and safety – as well as four optional elements: administration, economic development, historic preservation, and parks and recreation; all of which reflect areas of particular local policy interest.

²⁰ The Housing Element was updated in 2009.

Major and explicit land use objectives within the current General Plan include engendering a small town atmosphere and enhancing the residential character of existing neighborhoods, paired with considerable focus on economic growth. The General Plan also emphasizes a commitment to contain urban development within the RUL; an urban growth boundary that was established by the City Council in 1975 that has remained relatively unchanged over the last four decades. The City Council approved a Charter amendment in 1999 to require changes to the RUL be submitted to the voters for approval. The lone exception involves a provision that allows the City Council with at least four affirmative votes to amend the RUL in order to comply with a state or federal law or to facilitate a public service facility, such as a municipal park.

Staff and Budget

Planning Division staff is currently budgeted at 7.5 full-time equivalent employees within Community Development. This budgeted staff amount essentially matches levels from five years earlier with the qualifier there had been the addition of two additional full-time employees that were later retracted as of the last fiscal year. The relatively unchanged staff levels coupled with the increase in Napa's population directly ties to a two percent increase in the per capita staffing ratio for planning services during this period from .094 to .096 for every 1,000 residents.

Current operating expenses for planning services are budgeted at \$1.049 million and have decreased by two percent from five years earlier. It is projected nearly four-fifths of budgeted operating expenses will be covered by the General Fund in the current fiscal year with the remaining one-fifth to be drawn from user fees and charges, grants, and other operating transfers. Actual demands on the General Fund to support planning services over the previous four fiscal years average approximately 77%. The following tables display budgeted staffing and financial resources for planning services over the last five years followed by actual and projected demands on the General Fund.

Trends in Budgeted Planning Division Staff

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Budgeted Staff	7.23	7.23	9.48	9.48	7.46	3.2%
Staffing Per 1,000 Capita	0.094	0.094	0.122	0.122	0.096	1.8%

Trends in Budgeted Operating Expenses for Planning Services

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	\$1.074	\$1.117	\$1.275	\$1.290	\$1.049	(2.3%)

Amounts in millions

Trends in Operating Expenses for Planning Services Relative to General Fund

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Expenses Covered by G.F.	58.4%	74.0%	77.2%	76.4%	79.0%	35.3%
% of Overall G.F.	1.0%	1.4%	1.5%	1.6%	1.2%	24.0%

* Fiscal years 2009-12 reflect actual amounts. Fiscal year 2012-13 reflects projected amounts. Fiscal year 2013-14 reflects budgeted amounts.

Application Activity

A review of the trend and volume of applications show Napa's planning services are rebounding consistent with the end of the recession and increasingly attributed to new development activity. This includes a one-fifth increase in applications over the last five years. The total volume of applications has also generally increased in each of the last five years with the most recent calendar year achieving the largest year-end total at 175.

Trends in Planning Division Applications					
<small>(Napa / Napa LAFCO)</small>					
2008	2009	2010	2011	2012	Trend
144	127	128	148	175	21.5%

Housing Production

A tangible measurement of outcomes for planning services – especially within a suburban community – involves tracking the number and type of housing units produced. Towards this end, there are currently 30,243 housing units in Napa divided between single-family comprising 69%, multi-family comprising 27%, and mobile homes comprising four percent. Housing units overall have increased by one percent over the last five years rising by 338 in total since 2008. Napa has also experienced a sizable increase in unoccupied residences having increased by 14% during this period.

Trends in Housing Inventory						
<small>(Department of Finance / Napa LAFCO)</small>						
Type	2008	2009	2010	2011	2012	Trend
Total	29,905	30,019	30,150	30,176	30,243	1.1%
-Single-Family	20,566	20,641	20,708	20,735	20,802	1.1%
-Multi-Family	8,034	8,084	8,074	8,076	8,076	0.5%
-Mobile	1,305	1,294	1,368	1,365	1,365	4.6%
Vacant (%)	5.77	6.13	6.48	6.58	6.58	14.0%

Building

Nearly all of Napa's building services are provided directly by Community Development Department's Building Division and most frequently involve regulating the construction and use of buildings and structures through the application of adopted codes and ordinances. The purpose of codes and ordinances is to provide minimum standards to safeguard health, property, and public welfare by regulating the design, construction, quality of materials, use and occupancy, location, and maintenance of all buildings and structures in Napa. The Building Division reviews construction plans, issues permits, and performs inspections to ensure building projects are built safely and in compliance with applicable codes and regulations. The Division will investigate complaints of illegal construction or use of structures in conjunction with the Code Enforcement and Planning Divisions; it does not patrol for violations. A key function of the services provided by the Building Division is assisting businesses and homeowners, construction professionals, and the public by explaining requirements and provisions governing development regulations and methods.

Staff and Budget

Building Division staff is currently budgeted at 7.0 full-time equivalent employees. This budgeted staff amount marks a one-fifth decrease over the last five year period with the elimination of two full-time positions in the last fiscal year. The reduction in staff coupled with the increase in Napa's population directly ties to the nearly a one-fourth decrease in the per capita staffing ratio for building services during this period from .117 to .090 for every 1,000 residents.

Current operating expenses for building services are budgeted at \$1.077 million and represent approximately a one-fifth decrease in funding compared to the City's budget five years earlier. The Division has been entirely self-sufficient over the last two years as a result of permit and license fee revenues and is expected to continue in this fashion in the current fiscal year. Actual demands on the General Fund in the two earlier fiscal years – 2010 and 2011 – average close to 15%. The following tables display budgeted staffing and financial resources for building services over the last five years followed by actual and projected demands on the General Fund.

Trends in Budgeted Building Division Staff (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Budgeted Staff	9.00	9.00	9.00	9.00	7.00	(22.2%)
Staffing Per 1,000 Capita	0.117	0.117	0.116	0.116	0.090	(23.2%)

Trends in Budgeted Operating Expenses for Building Division Services (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	\$1.311	\$1.353	\$0.980	\$0.989	\$1.077	(17.9%)

Amounts in millions

Trends in Operating Expenses for Building Services Relative to General Fund (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Expenses Covered by G.F.	28.8%	0.8%	0.0%	0.0%	0.0%	(100%)
% of Overall G.F.	0.6%	0.0%	0.0%	0.0%	0.0%	(100%)

* Fiscal years 2009-12 reflect actual amounts. Fiscal year 2012-13 reflects projected amounts. Fiscal year 2013-14 reflects budgeted amounts.

Permit Activity

The volume and trend of building permit issuances serve as reasonable indicators in quantifying both demand and outcomes for the Building Division's resources. A review of building permit issuances over the last five years shows an overall increase of nearly one-sixth in year-end volume. The review also shows fluctuating trends in permits issued in each of the five years with the high year-end total occurring in 2010 at 2,807.

Trends in Building Division Permit Issuances (Napa / Napa LAFCO)					
2008	2009	2010	2011	2012	Trend
2,250	2,110	2,807	2,667	2,618	16.3%

Housing

Napa's housing services are directly provided by Community Development Department's Housing Division. Housing services are primarily guided by objectives and standards codified in the updated Housing Element of the Napa General Plan (2009) and most recently supplemented by the City's 2009-2015 Housing Strategic Plan. Housing services involve working in various partnerships to operate a variety of programs aimed at providing decent, safe, affordable housing to qualified residents. Other key objectives include establishing safe, viable, attractive neighborhoods as well as creating employment opportunities and economic growth. The Housing Division supports and staffs the Housing Authority of the City of Napa (HACN) and administers various federal, state, and local programs to assist the community by providing housing and supportive services at all levels of affordability. With the exception of a contribution from the General Fund for the operation of the Homeless Shelter, all Housing Division costs are funded by designated federal, state, and local funds.²¹

Napa's housing services are divided between six distinct programs: (a) the federally funded Community Development Block Grant program, (b) the state funded CalHome program, (c) the Affordable Housing Program, (d) the First Time Homebuyers Program, (e) Section 8 Rental Assistance, and (f) Napa's Inclusionary Fund. These programs are summarized as follows.²²

- The Community Development Block Grant program offers funding assistance and project oversight to local non-profit agencies to rehabilitate non-profit agency facilities serving very low and low income Napa residents. Each year, the program assists an average of six projects and typically provides an approximately \$100,000 allocation.
- Napa's Down Payment Assistance Program is funded through grants received from the State of California's Department of Housing and Community Development. Currently, there are two funding sources available to prospective home buyers earning no more than 80% of the median household income for Napa County.
- The Affordable Housing Development section of HACN manages programs that increase and preserve the number of affordable housing units available in Napa. These programs vary annually regarding number of persons served or annual budget figures.
- HACN offers a variety of programs to assist first time homebuyers in purchasing their first home. Programs include a down payment assistance program, below market rate new homes resulting from Napa's Inclusionary Housing Ordinance. HACN's minimum annual budget for these programs is \$500,000 and assists at least 12 families each year.

²¹ The Shelter Plus Care Program is a rental assistance program available to homeless and disabled individuals. Shelter Plus Care requires support services be provided to clients by a referring supportive service agency. The Shelter Plus Care Program is a component of the Napa County Continuum of Care Strategy for the Homeless. HACN was awarded \$250,000 over a five year period and assists approximately nine individuals.

²² Napa's Inclusionary Fund is funded from affordable housing impact fees on commercial and residential development.

- The Section 8 Rental Assistance Program is designed to assist eligible low-income families throughout Napa County. The Section 8 program is funded by the U.S. Department of Housing and Urban Development (HUD). The purpose of the program is to provide rental subsidy to very low-income families. A portion of the family's monthly rent is paid in the form of a subsidy directly to the landlord by the Housing Authority. Participants pay approximately thirty percent of their adjusted gross income to the landlord for rent. The balance of the rent is paid by HACN.
- The Federal Department of Housing and Urban Development (HUD) sponsored Continuum of Care for the Homeless garners funding each year to assist with providing housing and needed services to the homeless population. HACN serves as the lead agency, applying to HUD on behalf of various project sponsors. Continuum of Care is a countywide collaboration between homeless housing and social service providers. The annual budget varies, as do the number of persons assisted with the various projects.

Staff and Budget

Housing Division staff is currently budgeted at 12.75 full-time equivalent employees. This budgeted amount marks a 5.4% decrease over the last five years with the elimination of one full-time position in the last fiscal year. The reduction in staff coupled with the increase in Napa's population directly ties to the nearly seven percent decrease in the per capita staffing ratio for housing services during this period from .175 to .164 for every 1,000 residents.

Current operating expenses for housing services are budgeted at \$13.997 million and represent a 13.4% increase in funding compared to five years earlier. All Housing costs are funded by designated federal, state, and local funds with the exception of a contribution from the General Fund for operation of the Napa Homeless Shelter.²³ The following tables display budgeted staffing and financial resources for housing services over the last five years.

Trends in Budgeted Housing Division Staff (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Budgeted Staff	13.48	13.48	13.75	13.75	12.75	(5.4%)
Staffing Per 1,000 Capita	0.175	0.175	0.177	0.177	0.164	(6.7%)

Trends in Budgeted Operating Expenses for Housing Division Services (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	\$12.345	\$15.912	\$14.337	\$13.333	\$13.997	13.4%

Amounts in millions

²³ Actual General Fund demands associated with the Homeless Shelter have decreased by over one-fourth over the last five years.

Application Activity

The Housing Division administers federal funds including Section 8 Housing vouchers, Mainstream Vouchers, and Continuum of Care funds throughout the County. The Division also administers the Housing Set-Aside Fund, the Local Housing Fund, and the management of properties owned by the Housing Authority.²⁴ Pursuant to California Health and Safety Code Section 33418(c), redevelopment agencies are required to publish and annually update a database of affordable housing units funded through the Low and Moderate Income Housing Fund. A review of recent existing and substantially rehabilitated housing units developed or otherwise assisted with low and moderate-income Housing funds reveals a total of 366 affordable units have been added by Napa over the last five years; an amount representing a 29% increase during this period.²⁵ These new units are associated with the rehabilitation of the Concordia Manor and Rohlffs Manor Senior Apartment projects.²⁶

The Housing Division reports it has received a total of 10,842 housing and rental assistance applications over the last five years; an amount representing 2,168 annual applications received. This includes reaching the Division's maximum allowable application submittals for the Section 8 Rental Assistance Program and resulting in the closure of its waitlist as of March 29, 2013. The Division reports the waiting list for the Section 8 Rental Assistance Program includes approximately 9,620 individuals with funding available for only 1,300, suggesting a significant countywide need for an elevated level of Housing Division services.²⁷ A review of housing and rental assistance applications over the last four completed calendar years shows an overall increase of over four-fifths in year-end volume. Applications have generally experienced steady annual increases with the high year-end total occurring in 2012 at 2,936 housing and rental applications received by the Housing Division.

Trends in Housing and Rental Assistance Applications				
<i>(Napa / Napa LAFCO)</i>				
2009	2010	2011	2012	Trend
1,601	2,641	2,621	2,936	83.4%

Parks and Recreation

Napa provides a range of community park and recreational services directly through its Parks and Recreation Services Department (NPRSD). NPRSD services are primarily guided by objectives and standards codified in the Parks and Recreation Element of the Napa General Plan (1998) and most recently supplemented by the City's Park and Facilities Master Plan (2010). NPRSD is comprised of four distinct Divisions: Administration; Recreation; Parks; and Maintenance. The composition and principal duties of each division follows.

²⁴ The Housing Authority owns and manages a 50-unit affordable senior apartment project identified as "Laurel Manor" as well as Housing's administrative office building located on Seminary Street in Napa.

²⁵ The Housing Division reports there are 1,613 total affordable housing units overall in Napa.

²⁶ Concordia Manor (145 units) and Rohlffs Manor (211 units) provide a combined total of 366 affordable units to senior citizens divided between 220 studios, 128 one-bedroom units, and eight two-bedroom units.

²⁷ The Housing Division has also reported experiencing an increase in demand for the First Time Homebuyer Affordable Housing Program. Homebuyer education workshops are scheduled to educate first time homebuyers on the home buying and mortgage loan process and to inform them of the CalHome program eligibility criteria. The workshops will be held on September 12th and 17th at the Housing office located at 1115 Seminary Street in Napa.

- Administration Divisions
This unit is directly managed by the NPRSD Director and responsible for overall service operations as well as budget planning, inventory control, and managing vendor contracts; it also manages special event permitting process and provides staffing for the Parks and Recreation Commission. Administration is currently budgeted with 5.0 full-time equivalent employees and located at 1100 West Street in Napa.
- Recreation Division
This unit is managed by a Recreation Supervisor appointed by the Director and responsible for managing all senior, adult, and child recreational programs as well as planning and staffing special community events. Recreation is the second largest unit within NPRSD and is currently budgeted with 24.4 full-time equivalent employees with the majority tied to seasonal and part-time positions.
- Parks and Trees Division
These units are managed by a Parks, Trees, and Facilities Manager appointed by the Director and responsible for managing all Napa parklands, trees, and their ancillary facilities. These units also provide formal review as part of the Community Development Department's review of development applications. Parks is the largest unit within NPRSD and is currently budgeted with 30.1 full-time equivalent employees.
- Facilities Division
This unit is also managed by the Parks, Trees, and Facilities Manager appointed by the Director. This unit is responsible for providing custodial, maintenance, and repair services for all Napa owned facilities. This includes servicing Napa's administrative buildings, parks, community facilities, and parking garages. Maintenance is currently budgeted with 7.2 full-time equivalent employees.

Staff and Budget

NPRSD staff is currently budgeted at a total of 66.7 full-time equivalent employees. This budgeted staff amount marks a three percent decrease over the last five fiscal years with reductions occurring in three of the four Divisions with the largest proportion in Administration. The reduction in staff coupled with the increase in Napa's population directly ties to a decrease in the per capita staffing ratio during this period from .898 to .856 for every 1,000 residents.

Current operating expenses are budgeted at \$7.007 million and mark nearly a one-tenth decrease over the last five years. It is projected that close to four-fifths of this budgeted amount will be drawn from the General Fund to support operating expenses in the current fiscal year with the remaining one-fifth to be drawn from user fees and charges, grants, and other operating transfers. Actual demands on the General Fund over the previous four fiscal years averages approximately 79%. The following tables display budgeted staffing and financial resources for park and recreation services over the last five years followed by actual and projected demands on the General Fund.

Trends in Budgeted Parks and Recreation Staffing by Division

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NPRSD Overall	69.04	69.18	58.83	57.40	66.69	(3.4%)
Administration	6.33	6.33	5.00	5.00	5.00	(21.0%)
Recreation	27.75	27.89	21.75	21.85	24.35	(12.3%)
Parks	25.96	25.96	25.05	24.15	30.11	16.0%
Maintenance	9.00	9.00	7.03	6.41	7.23	(19.7%)
Staffing Per 1,000 Capita	0.898	0.896	0.759	0.737	0.856	(4.7%)

Trends in Budgeted Operating Expenses for Parks and Recreation by Division

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NPRSD Overall	\$7.675	\$7.992	\$6.577	\$6.634	\$7.007	(8.7%)
Administration	\$0.818	\$0.849	\$0.653	\$0.656	\$0.854	4.3%
Recreation	\$1.959	\$1.991	\$1.588	\$1.578	\$1.675	(14.5%)
Parks	\$3.580	\$3.787	\$3.230	\$3.290	\$3.291	(8.1%)
Maintenance	\$1.317	\$1.364	\$1.104	\$1.108	\$1.187	(9.9%)

*Amounts in millions***Trends in Operating Expenses for Parks and Recreation Relative to General Fund (G.F.)**

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Expenses Covered by G.F.	81.4%	81.6%	76.7%	76.8%	80.0%	(1.7%)
% of Overall G.F.	10.0%	11.1%	7.9%	8.2%	8.4%	(15.8%)

* Fiscal years 2009-12 reflect actual amounts. Fiscal year 2012-13 reflects projected amounts. Fiscal year 2013-14 reflects budgeted amounts.

Park Facilities

A considerable portion of NPRSD's resources are tied to operating Napa's existing 52 public parklands located throughout the City's incorporated area. These parklands collectively comprise approximately 820 acres, all of which are incorporated lands and range in scope from large community parklands that include various recreational amenities – including an 18-hole public golf course at Kennedy Park – to small mini-parklands that serve particular neighborhoods. Parkland development in Napa has been moderate over the last five years and attributed to funding provided through grants and by the former redevelopment agency with five new facilities opening to the public: Trancas Crossing Park, Oxbow Preserve, Opera House Plaza, Riverfront Green, and the 9/11 Memorial Garden. The ratio measuring the amount of open parklands for every 1,000 residents, nonetheless, has slightly increased over the last five years from 9.09 to 10.32. This existing ratio, notably, falls below Napa's adopted standard of 12 acres for every 1,000 residents.

Trends in Public Parklands

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Total Napa Parks	50	51	51	52	53	6.0%
Total Napa Park Acres	764	798	798	803	804	5.2%
- Per 1,000 Capita	9.09	10.24	10.24	10.31	10.32	13.5%

Napa currently owns four additional sites that are identified in the Park and Facilities Master Plan for future public parklands. These four sites collectively total 66.6 acres with the majority in a 57.3 acre area located at the southern terminus of Jefferson Street south of Imola Avenue; a property that currently lies outside Napa and its existing sphere of influence. Napa's Park and Facilities Master Plan also identifies an additional 15 acre site for future public parkland near the Napa Oxbow. Funding for this parkland is expected to be drawn from federal funds tied to the ongoing construction of the Napa River/Napa Creek Flood Project. If all five sites were to be developed and opened for public use, Napa's total parkland acres would increase by eight percent and raise the per capita ratio from 10.32 to 11.17 acres for every 1,000 residents.²⁸

Recreational Programs and Community Facilities

NPRSD operates over two-dozen ongoing recreational programs throughout Napa. Many of these programs include self-funded activities provided in partnership with the Napa Valley Unified School District. Examples of the latter include youth sport leagues, summer camps, dances, and educational classes. Recreational activities significantly expand during the summer to include additional youth activities and services and typically employ between 50 and 60 seasonal workers. NPRSD also operates four community facilities that serve a mix of uses for both Napa government and made available to the general public for community meetings and events. These four community facilities – Las Flores Center, Senior Center, Pelusi Building, and the Fuller Building – collectively provide Napa with 28,000 square feet of public meeting space.

7.2 Public Safety Services

Napa provides three specific types of public safety services pertinent to the Commission's interests and objectives tied to the municipal service review process. These services are (a) fire protection / emergency medical, (b) police protection, (c) animal control and are evaluated as follows.

*Fire / EMS
Police
Animal Control*

Fire Protection / Emergency Medical Services

Napa provides structural fire protection and emergency medical services within its jurisdictional boundary directly through the Napa Fire Department (NFD). NFD also provides services as needed to surrounding or nearby unincorporated and incorporated lands through reciprocal agreements with other neighboring service providers. This includes a formal automatic aid agreement with the County in which NFD immediately responds to service calls in the island community of Pueblo Park while the County immediately responds to service calls in the Hagan Road/Silverado Trail area. NFD also maintains standing mutual aid agreements with the Cities of American Canyon and Vallejo to provide support services as needed. In all, NFD estimates the portion of its responses that occur outside Napa is three percent of total calls for service.²⁹

²⁸ Ratio assumes current population (77,881).

²⁹ NFD is also a signatory to the California Master Mutual Aid Agreement as part of the California State Emergency Management Authority by housing and staffing a State fire engine that can respond to large emergency incidents throughout California. Finally, NFD participates in three separate joint powers agreements. These agreements establish terms for cooperative response to emergency incidents involving hazardous materials, maintenance and sharing of a fire-safe demonstration trailer, and use of the County's fire training facilities near the Town of Yountville.

NFD is comprised of three Divisions: Administration; Operations; and Prevention. The composition and principal duties of each Division follows.

- Administration Division
This unit is directly managed by the Fire Chief and is responsible for policy development and implementation, budget planning, inventory control, records management, and labor relations. Administration is currently budgeted with 2.7 full-time equivalent employees and marks nearly a one-half reduction following a recent consolidation with the Police Department in which the two Departments now share office space and related administrative resources at Napa's Public Safety Administration Building located at 1539 First Street in Napa.
- Operations Division
This unit is managed by a Division Chief appointed by the Fire Chief and responsible for providing response to all reported structural fires, traffic incidents, and emergency medical service (EMS) calls. The Division also utilizes a Fire Captain and an EMS Specialist to organize fire and EMS training. Operations is the largest Division within NFD and currently budgeted with 56.8 full-time equivalent employees that are assigned to four stations located throughout Napa.
- Prevention Division
This unit is managed by a Division Chief appointed by the Fire Chief and responsible for performing investigations, conducting plan review for development and construction projects, and inspecting existing structures for code compliance. Prevention is currently budgeted with 6.0 full-time equivalent employees and works out of the Community Service Building at 1600 First Street in Napa.

Staff and Budget

NFD staff is currently budgeted at 65.5 full-time equivalent employees.³⁰ This budgeted staff amount marks nearly an eight percent decrease over the last five years with reductions occurring in all three Divisions from eliminating vacant and unfilled positions. The reduction in staff coupled with the increase in Napa's population directly ties to the nearly one-tenth decrease in the per capita staffing ratio during this period from 0.92 to 0.84 for every 1,000 residents.

Current operating expenses for NFD are budgeted at \$13.24 million. This amount effectively matches budgeted costs from five years earlier. Four-fifths of budgeted operating costs are expected to be covered by monies from the General Fund. The resulting per capita cost has decreased by one percent from \$172 to \$170 over the last five years. The following tables display NFD's recent budgeted staffing and financial resources by individual Division.

³⁰ NFD staffing is comprised of one fire chief, one administrative service manager, two division chiefs, three battalion chiefs, 16 captains, one emergency medical services (EMS) specialist, 24 firefighter/paramedic combination positions, 10 firefighters, nine reserve firefighters, two secretaries, and three prevention inspectors.

Recent Trends Budgeted Staffing for NFD by Division

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NFD Overall	70.93	70.86	66.07	66.10	65.51	(7.6%)
Administration	3.16	3.16	2.67	2.67	2.67	(15.5%)
Prevention	7.31	7.31	6.25	6.28	6.05	(17.2%)
Operations	60.46	60.39	57.15	57.15	56.79	(6.1%)
Per 1,000 Capita	0.923	0.881	0.852	0.849	0.841	(8.9%)

Trends in Budgeted Operating Expenses for NFD by Division

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NFD Overall	\$13.198	\$13.646	\$13.360	\$13.491	\$13.241	0.3%
Administration	\$0.563	\$0.585	\$0.481	\$0.485	\$0.504	(10.4%)
Prevention	\$1.078	\$1.118	\$0.900	\$0.914	\$0.886	(17.8%)
Operations	\$11.557	\$11.943	\$11.979	\$12.092	\$11.852	2.5%
Per Capita Cost	\$171.72	\$176.75	\$172.35	\$173.23	\$170.02	(1.0%)

Amounts in millions

Trends in Operating Expenses for NFD Relative to General Fund (G.F.)

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Expenses Covered by G.F.	82.2%	82.8%	83.1%	81.0%	80.6%	(1.9%)
% of Overall G.F.	17.4%	19.2%	17.3%	17.6%	16.1%	(7.7%)

* Fiscal years 2009-12 reflect actual amounts. Fiscal year 2012-13 reflects projected amounts. Fiscal year 2013-14 reflects budgeted amounts.

Primary Facilities and Equipment

NFD currently operates four fire stations throughout Napa. Each station has a strategically assigned service area and staffed with three companies or shifts identified as “A,” “B,” and “C.” Each shift consists of 17 personnel responsible for staffing four engines (hoses and water supplies) and one truck (ladders and rescue equipment and a command vehicle). Each shift is on duty for 48 consecutive hours before going off duty for 96 consecutive hours. NFD is also unique from other local fire protection service providers in that each engine company also provides advanced life support or paramedic services with funding specifically derived from a 1977 ballot measure affixing a flat tax on each jurisdictional parcel.³¹

Current totals for the most recently completed calendar year show three distinct patterns within NFD in terms of responses. Fire Station One – which serves the Downtown and western neighborhoods and includes a separate ladder truck company – generated the most activity and accounted for 35% of all responses. Fire Stations Two and Three – which predominately serve the central and northern neighborhoods – accounted for 23% and 25% of all responses, respectively. Fire Station Four – which primarily serves the southern neighborhoods – generated the fewest responses at 17%.

³¹ Napa’s current paramedic tax for a single-family residential lot is \$15 annually.

Current Fire Stations

(Napa / Napa LAFCO)

Station	Built	Location	Service Area	2012 Total Responses	Portion of Total Responses
One	1962	930 Seminary Street	West / Central	2,689	35.2%
Two	1950	1501 Park Avenue	North / Central	2,270	23.1%
Three	1987	2000 Trower Avenue	North / East	2,130	25.1%
Four	2004	251 Gasser Drive	South / East	1,445	16.7%

* Fire Station One includes a second company to operate NFD's Ladder Truck. In addition to the four front engines and one ladder truck, NFD maintains four reserve engines, a heavy rescue and multiple utility vehicles. NFD also maintains a significant amount of specialized tools and equipment used for incidents such as: trench and confined space rescues, hazardous materials response, and building collapse.

Service Calls

NFD reports it has received a total of 35,739 incident calls over the last five completed calendar years; an amount representing an annual average of nearly 7,150 incidents or one call for every 11 residents or 0.82 calls for every hour. Total incidents have increased by nine percent overall during this period; an amount that exceeded Napa's growth rate by nearly six percent. The majority of this increase in call volume is attributed to medical emergencies. Comparatively, the number of fire related calls during this period decreased by 16%. Good intent incidents experienced the greatest percentage increase at over one-fourth. Investigations, conversely, experienced the greatest percentage decrease at three-fifths. A summary of service demands on NFD in terms of service-related incidents over the last five completed calendar years follows.

Trends in Service Calls

(NFD / Napa LAFCO)

Category	2008	2009	2010	2011	2012	Average	Trend
Total Incidents	7,002	6,953	6,941	7,197	7,646	7,147.8	9.2%
Structure	67	38	38	51	62	51.2	(7.5%)
Grass	40	35	36	26	27	32.8	(32.5%)
Vehicle	37	27	18	22	27	26.2	(27.0%)
Other (Fires)	88	74	74	72	78	77.2	(11.4%)
Rupture/Explosion	13	9	12	7	14	11.0	7.7%
Medical/Rescue	4,731	4,807	4,661	4,988	5,305	4,898.4	12.1%
Hazardous Condition	208	209	179	177	153	185.2	(26.4%)
Service Call	787	739	798	824	814	792.4	3.4%
Good Intent	637	670	736	614	817	694.8	28.3%
False Call	389	332	388	415	347	374.2	(10.8%)
Natural Disaster	0	5	0	0	0	1.0	0.0%
Investigation	5	8	1	1	2	3.4	(60.0%)
Miscellaneous	0	0	0	0	0	0.0	0.0%

Response Times

NFD's overall response times for the most recent available year – 2011 – as measured from dispatch to arrival averaged 4:32 and meets the Napa General Plan minimum response standard of 5:00; the latter amount representing a recognized national minimum standard for fire and emergency medical providers. A review of response times for individual stations showed Station Two – which serves the central neighborhoods off of Park Drive – had the shortest response time average at 4:17. Station Four – which serves the southern neighborhoods and industrial park – had the longest average response time of 4:48.

Average Response Times by NFD Station (Napa / Napa LAFCO)		
Station	Neighborhoods	Average Response Time
One	Downtown; Browns Valley	4:36
Two	Central Napa	4:17
Three	North Napa	4:28
Four	South and East Napa	4:48

Current ISO Rating

NFD is currently assigned a split rating of 3-9 by the Insurance Service Office (ISO); a split rating that has remained constant since the Commission's last municipal service review on Napa in 2005.³² An assignment of three applies to most of Napa's jurisdictional territory and represent areas within 1,000 feet of a hydrant and within five road miles of a responding station. The remaining areas that lie outside of these two criteria and assigned a rating of nine by ISO include portions of the Browns Valley neighborhood west of Buhman Avenue.

Police Protection

Napa provides a range of police protection services within its jurisdictional boundary directly through the Napa Police Department (NPD) with the exception of contracting with the County for animal control services. NPD also provides police protection services as needed to surrounding unincorporated and incorporated lands through reciprocal agreements with other neighboring service providers. This includes a formal automatic aid agreement with the County in which NPD responds to service calls in the unincorporated island communities and in turn County Sheriff responds to service calls in the Hagan Road/Silverado Trail area. In all, NPD estimates the portion of its responses that occur outside Napa is less than one percent annually. NPD also provides dispatch services to County Sheriff.³³

³² The Insurance Service Office (ISO) evaluates municipal fire protection efforts nationwide. Given a community's investment in fire mitigation is a proven and reliable predictor of future fire-related losses, insurance companies utilize ISO information to help establish premiums for fire insurance. ISO ratings provide a benchmark for measuring the effectiveness of fire-protection services with respect to fire insurance premiums. It is important to note, however, ISO benchmarking is not designed to specifically address property loss prevention or life safety purposes.³² An ISO officer uses Fire Suppression Rating Schedules (FSRS) to review a city's firefighting capability. The FSRS incorporates nationally-accepted standards and subsequent revisions developed by the National Fire Protection Association, American Water Works Association, and other professional organizations. ISO rates each community's fire protection service on a scale ranging from Class 1 to Class 10. Class 1 represents exemplary public protection from dangers of fire hazards and fires, while Class 10 indicates that the area's fire-suppression program does not meet ISO minimum criteria.

³³ County Sheriff utilizes NPD's dispatch services in responding to calls in the City of American Canyon, Town of Yountville, as well as fire protection and EMS throughout the County.

NPD currently comprises three Divisions: Administration; Operations; and Support Services. The composition and principal duties of each division follows.

- Administration Division
This unit is managed by a Captain appointed by the Police Chief and responsible for overseeing all NPD activities including developing and implementing policies, procedures, and community relations. Other pertinent duties include primary public information officer, task contracts, claims, legal liaison, training, and volunteers. Administration is currently budgeted with 15.0 full-time equivalent employees.
- Operations Division
This unit is managed by a Captain appointed by the Police Chief and is the second largest of the three Divisions within NPD. Operations is primarily tasked with providing patrol services, traffic enforcement, investigations, youth services, homeless outreach, crime prevention, and special investigations. Operations is currently budgeted with 56.5 full-time equivalent employees.
- Support Services Division
This unit is managed by a Civilian Manager appointed by the Police Chief who also provides administrative support to NFD. Support Services includes records management, budget (for both NPD and NFD), emergency communications center, hiring, purchasing, and clerical support. Support Services is currently budgeted with 57.6 full-time equivalent employees.

Staff and Budget

Total NPD staff is currently budgeted at 129.0 full-time equivalent employees and divided between 74 sworn and 55 non-sworn personnel. The majority of non-sworn personnel are dispatchers.³⁴ The current budgeted staff amount marks nearly a three percent decrease over the last five years. This decrease is attributed to the reduction of three police officer positions, two community service officer positions, one records clerk position, and the consolidation of administrative support services between NFD and NPD. The per capita staffing ratio during the period has also decreased from 1.73 to 1.66 for every 1,000 residents.

Current operating expenses are budgeted at \$22.21 million, representing over a four percent increase over the last five year period. The majority of operating costs is covered by monies from the General Fund. The resulting per capita cost has increased by close to three percent from \$277 to \$285 over the last five years. The following tables display NPD's budgeted staffing and financial resources by individual division during this period.

³⁴ NPD sworn personnel include a police chief, two captains, two lieutenants, 10 sergeants, and 57 officers. Support personnel include 29 dispatchers. NPD's approved operating expenses in 2013-2014 total \$22.21 million.

Trends in Budgeted Staffing for NPD by Division (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NPD Overall	132.79	132.78	125.19	124.53	129.03	(2.8%)
Administration	45.26	45.74	14.36	14.36	15.00	(66.9%)
Support Services	31.07	30.58	53.36	52.71	57.58	85.3%
Operations	56.46	56.46	57.46	57.46	56.46	0.0%
Per 1,000 Capita	1.728	1.720	1.615	1.599	1.657	(4.1%)

Trends in Operating Expenses for NPD by Division (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
NPD Overall	\$21.333	\$22.135	\$20.977	\$21.382	\$22.208	4.1%
Administration	\$5.463	\$5.689	\$1.936	\$1.938	\$1.757	(67.8%)
Support Services	\$5.515	\$5.737	\$8.865	\$9.189	\$10.395	88.5%
Operations	\$10.644	\$11.107	\$10.176	\$10.255	\$10.056	(5.5%)
Per Capita Cost	\$277.57	\$286.69	\$270.63	\$274.54	\$285.15	2.7%

Amounts in Millions

Trends in Operating Expenses for NPD Relative to General Fund (G.F.) (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Expenses Covered by G.F.	85.1%	82.9%	86.5%	81.8%	84.3%	(0.9%)
% of Overall G.F.	29.1%	31.1%	28.3%	28.1%	28.2%	(3.2%)

Fiscal years 2009-12 reflect actual amounts. Fiscal year 2012-13 reflects projected amounts. Fiscal year 2013-14 reflects budgeted amounts.

Facilities and Equipment

NPD operates out of a joint administrative/operations facility with NFD located in Downtown Napa. The facility was built in 1959 and comprehensively remodeled in 1993. Total office space dedicated to NPD is estimated at 10,400 square feet and produces a square feet-to-personnel ratio of 81 square feet.

NPD divides its motor pool between marked and un-marked sedans, sport utilities, and motorcycles. Marked vehicles are largely dedicated to patrol services and represent the largest group in Napa with a total of 30. Unmarked vehicles are generally dedicated to administrative and special investigations services and currently total 23. NPD reports it replaces vehicles after three years or between 85,000 to 100,000 miles. Overall, there are 53 law enforcement motor vehicles currently operating in Napa. This overall number represents an average of 0.7 law enforcement vehicles for every 1,000 residents served or one vehicle for every 2.9 square miles of jurisdiction. The measurement of motor vehicle resources relative to sworn staff results in a ratio of 0.7 for every officer.

NPD Motor Vehicle Pool (NPD / Napa LAFCO)			
Motor Vehicles	Per 1,000 Residents	Per Square Mile	Per Sworn Officer
53	0.68	2.91	0.69

Patrol services are divided between four coverage areas, which were established by calls for service, population, and geographical barriers. Each coverage area includes several reporting districts representing defined areas that are used to evaluate trends and activities within Napa. NPD prioritizes calls for service based on urgency. Each call is assigned a priority level by dispatch on a scale of one (high) to nine (low). Calls deemed critical with regard to life and safety are assigned a high priority level, while non-emergency calls, such as patrol checks, are assigned a low priority. All patrols are one-person units. NPD organizes patrol to include a minimum of four one-person units between (a) 12:00 AM and 3:00 AM, (b) three patrol units between 3:00 AM and 6:30 AM, (c) four patrol units between 6:30 AM and 1:30 PM, and (d) five patrol units between 1:30 PM and 12:00 AM. Patrol personnel work either four 10-hour shifts or three 12.5-hour shifts to offer seven day coverage and 40 hours total each week.

Service Calls

NPD reports it received 300,943 total service calls within its jurisdiction over the last five available years ending in 2011; an amount representing nearly four service calls per resident over the five-year period. Reported service calls in 2011 totaled 63,616; an amount representing a 2.6% increase from 61,996 reported service calls in 2007. The average annual call volume during this period was 60,189 and translates to one call for every 1.3 residents. A summary of call demands follows.

Trends in NPD Service Calls						
<small>(Napa / Napa LAFCO)</small>						
Category	2007	2008	2009	2010	2011	Trend
Reported Service Calls	61,996	55,786	56,600	62,945	63,616	2.6%
Service Calls Per Capita	0.83	0.74	0.74	0.82	0.82	(0.7%)

Reported Crimes

Total reported crimes within NPD's jurisdiction decreased by one-fourth overall during this period and can be primarily attributed to a corresponding one-fourth decline in property crimes over the last five years. The number of violent and simple assault crimes also declined during this period by one-third and one-fifth, respectively. Total clearances remained relatively steady by increasing one percent.³⁵ Clearances for individual types of reported crimes, however, experienced some fluctuation as evidenced by a one-fourth decrease in violent crime clearances paired with a two-fifths increase in property crime clearances. NPD's overall clearance rate for all reported crimes during the five year period increased by over one-third and can be attributed to a concerted effort to allocate additional resources to clearing property crimes.³⁶ Additional analysis within reported crimes follows.

³⁵ "Clearance" is commonly used term by law enforcement agencies to mean an offense is cleared or "solved" for crime reporting purposes. In certain situations a clearance may be counted by "exceptional means" when the law enforcement agency definitively identifies the offender, has enough information to support an arrest, and knows the location of the offender but – for various reasons – cannot take the offender into custody.

³⁶ NPD's clearance rate for property crimes increased from 11.3% in 2007 to 21.2% in 2011, representing an 87.6% change. Clearance rates for violent and simple assault crimes also increased during the period at 8.9% and 16.0%, respectively.

- Trends in Reported Crimes**
 Approximately 91% of all reported crimes in Napa between 2007 and 2011 are classified as non-violent and involve either property or simple assault offenses. Property offenses account for nearly three-fourths of the total non-violent crime amount with the largest contributor involving larceny/theft offenses followed by burglaries.³⁷ Non-violent crimes overall have declined during the period by 24%.
- Trends in Violent Crimes**
 Violent crimes represent a relatively small portion of the overall offense totals at nine percent and have significantly decreased in Napa by one-third between 2007 and 2011. Aggravated assault offenses constitute 68% of all violent crimes during this period. Murders in Napa during this period totaled six and represent exactly one-half of all countywide homicides.
- Trends in Clearance Rates**
 Clearance rates overall have generally increased between 2007 and 2011 from a low of 31% in 2007 to a high of 42% in 2010 before leveling off in terms of reported crimes resulting in an arrest or determined to be unfounded. The average overall clearance rate during the period is 36%. The clearance rate for violent crimes averages 64% and is comparable to all local law enforcement agencies.

Trends in NPD Service Demands
 (NPD / United States Department of Justice)

Category	2007	2008	2009	2010	2011	Average	Trend
Service Calls	61,996	55,786	56,600	62,945	63,616	60,189	2.6%
Total Reported Crimes	3,348	3,509	2,896	2,502	2,518	2,954.6	(24.8%)
Violent Crimes	336	288	249	245	224	268.4	(33.3%)
Simple Assault Crimes	829	860	731	700	679	759.8	(18.1%)
Property Crimes	2,183	2,361	1,916	1,557	1,615	1,926.4	(26.0%)
Total Clearances	1,035	1,092	992	1,055	1,046	1,044.0	1.1%
Violent Crimes	204	172	151	172	148	169.4	(27.5%)
Simple Assault Crimes	585	579	528	562	556	562.0	(5.0%)
Property Crimes	246	341	313	321	342	312.6	39.0%
Clearances to Crimes %	30.9	31.1	34.3	42.2	41.5	36.0	34.3%
Violent Crimes	60.7	59.7	60.6	70.2	66.1	63.5	8.9%
Simple Assault Crimes	70.6	67.3	72.2	80.3	81.9	74.5	16.0%
Property Crimes	11.3	14.4	16.3	20.6	21.2	16.8	87.6%

³⁷ Larceny/theft offenses in Napa between 2007 and 2011 accounted for 49% of all non-violent crimes. Burglaries during this period accounted for 14% of all non-violent crimes.

Animal Control Services

The County of Napa Sheriff's Office ("Sheriff") is responsible for providing animal control services within Napa by way of a contract with the City. Primary functions of animal control include capturing strayed or abandoned animals as well as investigating dog bites, dangerous animal sightings, and animal neglect.³⁸ Animal control is staffed seven days a week with one or more officers available between 6:00 AM and 10:00 PM. An on-call officer will respond to emergencies between 10:00 PM and 6:00 AM. The contract also provides Napa with access to holding services provided at the County Animal Shelter facility located at 942 Hartle Court in south Napa.

Staff and Budget

Napa's contract for animal control services currently budgets for \$0.222 million in expenses. This contracted amount marks nearly a one-fourth decrease over the last five years and is attributed to the elimination of the answering service contract for off-hours calls for service. Funding the cost of the contract is entirely dependent on the General Fund and currently represents a per capita expense of \$2.85; a reduction of nearly one-fourth over the five-year period.

Resources: Animal Control Services Contract with County Sheriff						
<i>(Napa / Napa LAFCO)</i>						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Contract Amount	\$288,000	\$398,000	\$210,000	\$216,000	\$222,000	(22.9%)
Per Capita Expense	\$3.75	\$5.15	\$2.71	\$2.77	\$2.85	(23.9%)

Service Calls / Pick Ups

Information regarding service calls and pick-ups specific to Napa is not currently available.

7.3 Public Works Services

Napa provides three specific types of public works services pertinent to the Commission's interests and objectives tied to the municipal service review process. These services are (a) water, (b) road/street, (c) storm drainage and are evaluated as follows.

Water
Roads / Streets
Storm Drainage

Water

Napa's Water Division is responsible for providing retail water services to the majority of incorporated lands. The Water Division also serves select unincorporated property near City limits. Most of the unincorporated areas served by the Water Division are residential in nature. These unincorporated customers were generally granted water service in exchange for easements in the 1920s for the construction of Napa's first transmission line (Milliken) and during construction of the other two transmission lines – Conn and Jameson – later in the century before becoming restricted to the City's jurisdiction and contractual obligations by the 1980s. Lands outside Napa's service area

³⁸ Captured strayed or abandoned animals are delivered to the County's animal shelter, which is run by the County Environmental Management Department.

along the transmission mains that receive water service extend north to Rutherford, east to Silverado, west to Old Sonoma, and south to Soscol Ridge.³⁹ Napa provides retail water service to the City of St. Helena through a separate contract. In addition, Napa provides treat and wheel services to the Cities of American Canyon and Calistoga who either don't have the capacity or the infrastructure to treat and convey their existing State Water Project water entitlements. It is estimated Napa's water system currently serves an overall permanent resident population of 81,883 with 95% within the City limits.

Staff and Budget

The Water Division is currently budgeted at 54.2 full-time equivalent employees and divided between three subunits: Engineering, Treatment, and Distribution and Administration. This budgeted staff amount marks a one percent decrease over the last five years, attributed to more stringent water quality regulations and a heavy focus on implementing capital improvement projects. The changes in staffing levels coupled with an increase in Napa's population results in a two percent decrease in the per capita staffing ratio during this period from 0.71 to 0.69 for every 1,000 residents.

The Water Division operates as an enterprise fund with user charges and other related customer fees explicitly intended to cover 100% of all operating costs with General Fund allocations provided on a limited and as-needed basis. Budgeted operating costs have decreased by one-fifth over the last five years through the elimination of one full-time Engineering position and one part-time water facility worker.

Trends in Budgeted Staffing by Division (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Water Division	54.57	54.57	53.23	54.17	54.17	(0.7%)
Engineering	10.46	10.46	9.46	9.46	9.46	(9.6%)
Treatment	22.76	22.76	22.23	22.23	22.23	(2.3%)
Distribution/Admin	21.35	21.35	22.48	22.48	22.48	5.3%
Per 1,000 Capita	0.710	0.707	0.687	0.696	0.696	(2.0%)

Trends in Budgeted Water Division Operating Expenses (Napa / Napa LAFCO)						
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	\$33.255	\$25.851	\$25.667	\$26.258	\$27.811	(16.4%)

Amounts in millions

³⁹ California Government Code Section 56133 now requires LAFCO approval for cities and special district to provide new or extended services beyond their jurisdictions as of January 1, 2001. Napa LAFCO has received and approved only one request from Napa to establish an outside service connection since this statute was enacted.

Water Supplies

Napa's water supplies are derived from three distinct surface sources: Lake Hennessey, Milliken Reservoir, and the State Water Project. The former two – Hennessey and Milliken – are local sources owned and operated by Napa and draw on tributaries to the Napa River with perennial annual water rights secured by separate licensees with the State Resources Control Board.⁴⁰ The State Water Project – a statewide public works project – conveys raw water from the Sacramento-San Joaquin Delta into Napa County through the North Bay Aqueduct with water rights through 2025 issued by the State Department of Water Resources.⁴¹ The maximum collective yield – and absent of any climate or infrastructure based reductions – of these three sources is 51,600 acre-feet.

As required under State law, Napa recently published an update to its Urban Water Management Plan (UWMP) in 2011. The UWMP calculates probable annual yields from Napa's three water sources based on historical patterns and specific to certain climate conditions. Using standards issued by the State and updated in 2012, Napa projects its annual water yield under normal year conditions will match 59% of its maximum yield and totals 31,559 acre feet. This annual yield is reduced under multiple-dry year conditions to 38% and totals 20,115 acre-feet. This annual yield is further reduced under critical single-dry year conditions to 26% and totals 13,971 acre-feet. These yield projections are summarized in the following table.

Napa's Available Water Supplies				
Amounts Shown in Acre-Feet or AF				
(Source: Napa Water Division)				
Water Source	Maximum (Assumes 100%)	Normal (Assumes 59%)	Multiple Dry Year (Assumes 38%)	Single Dry Year (Assumes 26%)
Hennessey	31,000	17,500	11,717	11,500
Milliken	700	700	733	500
State Water *	21,900	13,359	7,665	1,971
Total Yield	53,600 AF	31,559 AF	20,115 AF	13,971 AF

* Napa's contracted annual entitlement to the State Water Project – which includes its original allocation (Table A) and subsequent purchases (Kern County, St. Helena, and Yountville) currently totals 21,900 acre-feet through 2025 when all contracts expire.

* Supplies from Hennessey and Milliken during multiple dry years includes anticipated new yields from the watersheds as well as proportionally drawing down on the actual reservoirs over a five year period.

Treatment Facilities

Napa provides treatment of raw water drawn from its three surface sources at separate facilities; all of which are entirely owned and operated by the City and connected through a common distribution system. Although rarely operated all at once due to costs, if necessary the three water treatment plants (WTPs) combined maximum daily output would total 44 million gallons or 135 acre-feet. A summary description of each WTP is provided below.

⁴⁰ Milliken Reservoir was formed with the construction of a dam on Milliken Creek in 1923. Lake Hennessey was formed within the construction of a dam on Conn Creek in 1946.

⁴¹ The State Water Project was built beginning in the early 1960s and is a statewide conveyance system that transports captured and stored raw water in the Sierra Foothills to areas throughout Central and Southern California. It currently delivers an annual average of 2.5 million acre-feet of raw water to 29 regional contractors who in turn subcontract with local providers.

- Hennessey WTP

This facility was constructed in 1981 and receives raw water from Lake Hennessey through an above-ground intake pump system. Treatment commences as potassium permanganate (disinfectant), alum and polymer (coagulants) are injected into the raw water before entering a flash mixer. Solids are removed as raw water passes through flocculation and sedimentation basins. Settled water is filtered and injected with chlorine (disinfectant) and caustic soda (controls acidity) before flowing into a 5.0 million gallon underground clearwell tank. The clearwell tank completes the disinfection process by facilitating the necessary contact time between the chlorine and treated water. Finished water remains in the clearwell tank until storage levels within the distribution system require recharge.⁴² The Hennessey WTP is typically run between the months of March and November depending on system demands and has a current treatment capacity of approximately 13,888 gallons a minute, resulting in a daily maximum total of 20 million gallons or 61.4 acre feet.

Hennessey WTP (Source: Napa Water Division)		
Water Source	Treatment Capacity	Clearwell Tank Capacity
Lake Hennessey	20 million gallons / 61.4 acre-feet	5 million gallons / 15.3 acre-feet

- Milliken WTP

This facility was constructed in 1976 and receives raw water from Milliken Reservoir through an above-ground transmission line connecting to Milliken Creek. Treatment commences as chlorine, alum, and polymer are injected as raw water is detained in a contact/reaction tank. Solids are removed as the settled water is filtered and pumped to a 2.0 million gallon clearwell tank. The clearwell tank completes the disinfection process and stores finished water until storage levels in the distribution system require recharge.⁴³ The Milliken WTP typically runs only as needed and has a current treatment capacity of approximately 2,777 gallons per minute, resulting in a daily maximum total 4.0 million gallons or 12.3 acre feet.

Milliken WTP (Source: Napa Water Division)		
Water Source	Treatment Capacity	Clearwell Tank Capacity
Milliken Reservoir	4 million gallons / 12.3 acre-feet	2 million gallons / 6.1 acre-feet

⁴² Treated water from Hennessey WTP enters Napa’s central distribution system byway of travelling 20 approximate miles within a 36-inch line along easements and public right-of-ways Conn Creek, Highway 128, and Highway 29.

⁴³ Treated water from Milliken WTP enters Napa’s central distribution system byway of traveling three approximate miles along a 36-inch line underlying the public right-of-way on Monticello Road.

- Barwick Jamieson Canyon WTP

This facility was constructed in 1968 and receives raw water from the State Water Project through the North Bay Aqueduct and its regional end-point, the Napa Turnout Reservoir. The treatment process at Barwick Jamieson Canyon WTP begins as raw water is injected with ozone, alum, and polymer before entering a flash mixer. Solids are then removed as raw water passes through flocculation and sedimentation basins. Settled water is filtered and injected with chlorine and caustic soda before entering a 5.0 million gallon storage clearwell tank. The clearwell tank stores finished water until storage levels in the distribution system require recharge. The Barwick Jamieson Canyon WTP typically runs year-round and was recently upgraded to include ozone treatment, wash water clarifiers, and raise the treatment capacity to approximately 13,888 gallons per minute, resulting in a daily maximum total of 20 million gallons or 61.4 acre feet.

Barwick Jamieson Canyon WTP

(Source: Napa Water Division)

Water Source	Treatment Capacity	Clearwell Tank Capacity
State Water Project	20 million gallons / 61.4 acre-feet	5 million gallons / 15.3 acre-feet

Distribution System and Storage Facilities

Napa's distribution system overlays five pressure zones and relies on recharge and pressure from three clearwell tanks and eleven storage tanks identified as Zones "One," "Two," "Three," "Four," and "Five." The majority of the distribution system lies within Zone Three and covers the northwest, northeast, and south portion of the service area. All three transmission lines (Conn, Milliken, and Barwick Jamieson) gravity feed directly into Zone Three. Zones One and Two lie on lower elevations and receive water from Zone Three; Zone One underlays the Downtown area while Zone Two underlays the remaining portion of central neighborhoods. The three pressure zones collectively constitute the majority of the distribution system and include 11 pressure reducing stations to regulate pressure between interchanges. Zones Four and Five comprise eight independent subzones serving residential customers in Napa's outlying water service areas. Zone Four underlays Browns Valley, Alta Heights, and Hillcrest and is served by booster pumps tied to Zone Three. Zone Five underlays a small portion of Alta Heights and Silverado and is served by booster pumps tied to Zone Three.

Napa's distribution system operates on a supply and demand basis and responds to storage levels within Zone Three. When storage levels within Zone Three require recharge, potable water is released from the designated clearwell tank in accordance to Napa's water supply schedule and into one of three transmission lines that connect to the distribution system. A summary description of the three transmission lines follows.

- Conn Transmission Line
This line delivers potable water from the Hennessey WTP. The 36-inch line is approximately 20 miles long and runs parallel to Conn Creek, State Highway 128, and State Highway 29. The Conn Line travels along easements and right-of-ways before connecting to the Jamieson Line in northwest Napa. The two transmission lines connect near the intersection of West Pueblo Avenue and Solano Avenue. A second connection is made as the Conn Line continues east from its original connection point to the Lakeside Reservoir in east Napa. A third connection point is near the intersection of East Avenue and Evans Avenue.
- Milliken Transmission Line
This line delivers potable water from the Milliken WTP. The line varies in size between 16 and 14 inches and is approximately three miles long and connects to the distribution system near the intersection of Silverado Trail and Monticello Road. The Milliken Line also provides water service to the Silverado and Hillcrest areas.
- Barwick Jamieson Transmission Line
This line delivers potable water from the Barwick Jamieson Canyon WTP. The Jamieson Line is comprised of a 42-inch line running parallel along Jameson Canyon Road and State Highway 29. The line splits into 36-inch and 24-inch lines near the intersection of State Highways 29 and 221. The 36-inch line continues northwest along State Highway 29 and underneath the Napa River before connecting to the Conn Line near the intersection of West Pueblo Avenue and Solano Avenue. The 24-inch line continues north from the split along State Highway 221 before connecting to the Conn Line near the intersection of East Avenue and Evans Avenue.

Napa maintains pressure within its distribution system by operating 11 treated storage tanks and four pressure tanks that are strategically located throughout the City's service area. These storage tanks range in beginning service dates from 1963 to 2006 and collectively provide Napa with 28.2 million gallons or 86.4 acre-feet of system storage. The following table summarizes the location and size of the treated storage tanks.

Napa's Treated Storage Tanks (Source: Napa Water Division)		
Name	Service Areas	Capacities
Imola Tank	Southeast	5.0 million gallons or 15.3 acre-feet
Distribution Tank A	Northeast	4.0 million gallons or 12.3 acre-feet
Distribution Tank B	Browns Valley	1.0 million gallons or 3.1 acre-feet
Distribution Tank C	Southeast	2.0 million gallons or 6.2 acre-feet
Alta Heights Tank 1	Lower Alta Heights	.08 million gallons or 0.3 acre-feet
Alta Heights Tank 2	Upper Alta Heights	.06 million gallons or 0.2 acre-feet
Falcon Ridge Tank	Falcon Ridge Subdivision	.25 million gallons or 0.8 acre-feet
Lakeview Reservoir	Central	5.0 million gallons or 15.3 acre-feet
Silverado Tank	Silverado / Hillcrest	.01 million gallons or 0.03 acre-feet
		17.4 million gallons / 53.5 acre-feet

* Total does not include storage capacity within Napa's three clearwell tanks (12.0 million gallons or 36.8 acre-feet).

Service Connections

Napa currently reports there are 25,018 active connections to the water system that are approximately divided between 22,918 residential and 2,100 non-residential users. Total connections have been relatively stagnant over the last five years and have increased only by 286 or 1.2% during this period; an amount that is significantly less than the corresponding population growth rate for Napa.⁴⁴ All of these new connections have occurred within Napa's jurisdictional boundary and are subject to an internal reclassification update completed in 2011 that deleted over 100 false and/or inactive accounts. The following table summarizes recent and current service connections.

Trends in Napa's Water Connections					
(Source: Napa Water Division)					
2008	2009	2010	2011	2012	Trends
24,732	24,802	24,836	24,697	25,018	1.2%

* The decrease in water connections reflected in 2011 is attributed to Napa updating its accounting system and eliminating approximately 100 false/inactive accounts.

Current Usage

Napa reports its current total water demand for the last completed calendar year was 14,062 acre-feet. This amount – which excludes retail and treat/wheel sales to other agencies – marks a 1,735 acre-foot decrease in annual demand over the last five years, an overall 11% water savings. This decrease reflects corresponding decline in annual per capita water use, which has gone from an estimated 0.20 acre-feet in 2008 to 0.17 acre-feet in 2012. The reduction in water demand appears attributed to two distinct factors. The biggest factor appears to be tied to conversion practices ranging from efficient irrigation systems to indoor plumbing fixtures, many of which are attributed to Napa's own water conservation programs. The second factor is tied NSD's expansion of its recycled water service program into lands formerly served only by Napa water. Notably, it is estimated NSD currently delivers 300 acre-feet of recycled water annually for irrigation purposes to customers who were previously dependent on potable supplies provided by Napa. Similar to trends in annual water demands, peak day usage has also decreased over the last five years from 83.3 to 73.5 acre-feet; a difference of 12%. The ratio between peak day demand and average day demand has also decreased – albeit at a lesser rate – during this period from 1.93-to-one to 1.91-to-one. The following table summarizes recent trends in water demands over the last five years.

Recent Trends in Water Demands						
Amounts Shown in Acre-Feet						
(Source: Napa Water Division)						
Category	2008	2009	2010	2011	2012	Trends
Annual	15,797.0	14,865.0	13,596.0	13,323.0	14,062.0	(11.0%)
Average Day	43.16	40.72	37.25	36.50	38.42	(11.0%)
Average Capita	0.20	0.18	0.17	0.16	0.17	(12.7%)
Peak Day	83.32	73.41	78.32	68.62	73.50	(11.8%)

⁴⁴ Napa's overall growth rate between 2008 and 2012 was 1.3%.

Projected Usage

With respect to projecting future demand, and based on the preceding analysis, a reasonable and conservative assumption is to project Napa’s annual water demand increasing by 2.5% over the next five years within the existing sphere of influence. This projection directly corresponds with the amount of new population growth anticipated within Napa’s water service area and assumes the current per capita usage – 0.172 acre-feet – remains constant. This assumption is conservative and is likely to prove to be an over-estimate given Napa’s 2020 per capita targets under the State’s Water Conservation Law, but may be appropriate for planning purposes. It is also assumed the current ratio between average day and peak day demand – 1.91-to-one – will remain constant. The corresponding results of these assumptions proving accurate would be a total annual water demand of 14,486 acre-feet with a peak day demand of 75.70 acre-feet in 2018. This projected annual demand is approximately one percent greater than the total annual demand of 14,303 acre-feet in 2020 as estimated in the UWMP. The following table summarizes projected demands in the service area over the next five years.

Projected Trends in Water Demands							
Amounts Shown in Acre-Feet (Source: Napa LAFCO)							
Category	2013	2014	2015	2016	2017	2018	Trends
Annual	14,129	14,200	14,271	14,343	14,414	14,486	2.5%
Average Day	38.70	38.90	39.09	39.29	39.49	39.68	2.5%
Average Capita	0.17	0.17	0.17	0.17	0.17	0.17	0.0%
Peak Day	73.84	74.22	74.58	74.96	75.34	75.70	2.5%

* Estimates for 2013 serve as the baseline going forward.

Road / Street

Napa’s road and street services are provided by the Maintenance Division within the Public Works Department and most frequently involve (a) managing the construction, repair and maintenance of City roads, bridges, and storm drainage facilities; (b) installation and repair of electrical systems traffic signal systems, street lights, signs and markings; (c) managing the design, acquisition, installation, operation, maintenance, repair and replacement of City-wide radio; and (d) assisting in the development and control of the Division’s budgets. Maintenance is the largest division within Public Works and provides street maintenance service throughout Napa’s incorporated area along with maintaining all public roads within Napa to avoid failure pursuant to California Streets and Highway Code Section 1806.⁴⁵ The primary service objective of Maintenance is to keep Napa’s roadway system serviceable through repairs, such as patching potholes, sealing cracks, and correcting road depressions. Other Maintenance activities include street sweeping, debris removal, and storm drainage repair and cleaning.

⁴⁵ California Government Code Section 57385 states that once unincorporated territory has been incorporated, all roads in the territory that had been accepted into the county road system shall become city streets on the effective date of the incorporation. G.C. Section 57329 also states that all roads of unincorporated territory that had been accepted into the county road system shall become city streets upon annexation to the city upon LAFCO’s filing of a Certificate of Completion. Both code sections specify that a city is not required to improve any newly incorporated or annexed road to city standards.

Staff and Budget

Maintenance staff is currently budgeted at 18.5 fulltime equivalent employees, an amount marking an approximate one-fifth decrease over the last five years. Current budgeted expenses total \$3.8 million, representing a one-fifth decrease over the last five year period and accounting for 53% of Napa’s overall Public Works allocations.⁴⁶ The following table displays Maintenance’s staffing and financial resources over the last five years.

Trends in Maintenance Division Staff and Budget					
<i>(Napa / Napa LAFCO)</i>					
Budgeted Staff			Operating Budget		
2008	2013	Trend	2008	2013	Trend
23.7	18.5	(21.9%)	\$4.763	\$3.808	(20.1%)

Amounts in millions

Maintenance

Road maintenance in Napa is primarily guided by the City’s Pavement Management Program. This program utilizes a software system that collects, stores, and analyzes road conditions within the City. As part of the program, a triennial report is prepared by an outside consultant to evaluate the overall roadway system and to prioritize needed repairs and improvements based on existing surface conditions. For cost and safety purposes, arterial and collector roads receive a higher priority than local residential roads. Scheduling for significant road improvements or repair projects is guided by available funding and must be worked into the biennial budget. Scheduling for less significant road improvements or repair projects is also guided by available funding along with connectivity to the Pavement Management Program. With regard to addressing minor repairs, which are typically reported by the public, Maintenance retains an informal policy to repair all reported potholes within a 24-hour period. Maintenance also budgets an annual citywide sealing program aimed at addressing roadway cracks to prevent further surface degradation. Other factors affecting the ability of Maintenance to schedule roadway improvements and repairs include federal and state restrictions involving public agencies performing their own projects.⁴⁷ Napa’s roadway system requires substantial investment to address years of deferred maintenance due to past and present budget and resource allocation. The most recent update to the Pavement Management Plan concluded Napa needed to allocate additional budgeted resources to Maintenance to address issues pertaining to long-term surface conditions and other needed maintenance related projects.

⁴⁶ The percentage of Napa’s Public Works allocations dedicated to Maintenance was 59% for the 2008-2009 fiscal year.

⁴⁷ California Public Contract Code Section 22032 requires most public agencies to send out to bid all projects that exceed \$25,000. Napa Ordinance 2.94.030 permits the awarding of contracts not exceeding \$100,000 by an informal bid procedure as allowed by P.C.C. Section 22032. As a result, Napa is subject to higher project costs due to the costs associated with using outside labor.

The Metropolitan Transportation Commission (MTC) recently issued an update to its annual report evaluating the Bay Area’s transportation system. Included in the update, MTC evaluates and ranks current pavement conditions for all local agencies within the nine county region. Using a pavement condition index (PCI) that measures road vibrations using special equipment, MTC issued Napa an overall average surface rating of “at-risk.” Napa’s PCI rating in comparison to other local jurisdictions in the Bay Area was the 18th lowest among all 109 agencies. This rating reflects a need for additional resources to be invested with respect to Napa’s roadway system to improve drive quality and drainage. Maintenance has developed a program to address Napa’s need to raise its PCI rating.⁴⁸

Pavement Condition

A common mechanism to determine the performance of road and street services is to review trends in an agency’s PCI rating. MTC publishes an annual document detailing pavement conditions for all 109 Bay Area cities and counties titled *Pavement Condition of Bay Area Jurisdictions* with the most recent version released in 2011. MTC reports Napa’s road and street system is considered “at-risk” given that the City most recently scored a PCI rating of 58 out of a maximum of 100 points.⁴⁹ Notably, Napa has increased its PCI rating for its 465 total road miles by one-tenth over the last five years and can be primarily attributed to Maintenance’s 10-Mile-a-Year Paving Program. The following table summarizes recent PCI ratings for Napa.

Recent PCI Ratings for Napa (MTC / Napa LAFCO)						
Category	2007	2008	2009	2010	2011	Trend
Napa PCI Rating	53	54	55	57	58	9.4%

Storm Drainage

Napa’s storm drainage services are provided by the Maintenance and Development Engineering Divisions within the Public Works Department and are intended to capture and control rain and urban runoff through a network of ditches, culverts, and underground pipelines. The storm drainage system covers Napa’s entire incorporated area along with portions of adjacent unincorporated areas that drain into the City. The primary objective of the storm drainage system is to reduce the risk of flooding and to limit the discharge of pollutants from urban runoff into open water bodies as required by the State Resources Water Quality Control Board (SWQCB).^{50 51}

⁴⁸ Napa’s 10-Mile-a-Year Paving Program was established in 2009 for purposes of paving at a minimum 10 miles of residential streets each year. This program utilizes Public Works employees who can pave residential streets more efficiently and at a lower cost than outsourcing with contractors. In the first two years of the program, the 10-mile-a-year objective has been met and Napa’s Pavement Condition Index (PCI) has been consistently rising. It is anticipated the program will continue until Napa’s remaining 140 miles of residential streets and 79 miles of collectors and arterials in need of repair have been repaved. The program is funded entirely by the General Fund.

⁴⁹ MTC categorizes each Bay Area city and county based on their annual PCI ratings. A rating between 25 and 49 denotes “poor” pavement conditions. Ratings between 50 and 59 are associated with “at-risk” pavement conditions. Ratings between 60 and 69 are associated with “fair” pavement conditions. Ratings between 70 and 79 are associated with “good” pavement conditions. Ratings between 80 and 89 are associated with “very good” pavement conditions. Ratings between 90 and 99 are associated with “excellent” pavement conditions.

⁵⁰ SWQCB is responsible for administering the U.S. Environmental Protection Agency’s National Pollutant Discharge Elimination System (NPDES), which is a federal permit required of all agencies discharging pollutants into open waters.

Drainage services are guided by Napa’s Storm Drainage Master Plan (SDMP) dated April 2006. The SDMP states drainage within and around Napa flows towards the Napa River by way of nine distinct basin areas; Browns Valley, Napa Creek, Napa East, Napa South, Napa Southwest, Redwood Creek, Salvador, Trancas – Soscol, and Tulocay Creek. The SDMP concludes that further development within Napa will not significantly increase peak drainage flows within the nine existing basin areas given that the watersheds are sufficiently capacitated to accommodate new demands into the foreseeable future. The SDMP also identifies existing problem areas, evaluates potential solutions, recommends a capital improvement program, and develops hydrologic, hydraulic, and water quality criteria for current and future management of Napa’s storm drainage system.

Staff and Budget

Similar to roads services, Napa’s Public Works Department is responsible for operating, maintaining, and improving storm drainage services within the City. Public Works utilizes the Maintenance and Development Engineering Divisions for various storm drainage service functions. Storm drainage services are fully supported through an annual \$12 per parcel stormwater assessment applied to each incorporated property and therefore do not directly impact Napa’s overall General Fund.

Maintenance staff is currently budgeted at 18.5 fulltime equivalent employees, an amount marking an approximate one-fifth decrease over the last five years. Current budgeted expenses total \$3.8 million, representing a one-fifth decrease over the last five year period and accounting for 53% of Napa’s overall Public Works allocations.⁵² The following table displays Maintenance’s staffing and financial resources over the last five years.

Trends in Maintenance Division Staff and Budget					
<i>(Napa / Napa LAFCO)</i>					
Budgeted Staff			Operating Budget		
2008	2013	Trend	2008	2013	Trend
23.7	18.5	(21.9%)	\$4.763	\$3.808	(20.1%)

Amounts in millions

Development Engineering staff is currently budgeted at 7.2 fulltime equivalent employees and reflects a three percent increase over the last five years. Current budgeted expenses total \$1.127 million, representing a four percent decrease over the last five year period and accounting for 16% of Napa’s overall Public Works allocations.⁵³ The following table displays Development Engineering’s staffing and financial resources over the last five years.

Trends in Development Engineering Division Staff and Budget					
<i>(Napa / Napa LAFCO)</i>					
Budgeted Staff			Operating Budget		
2008	2013	Trend	2008	2013	Trend
7.0	7.2	3.0%	\$1.175	\$1.127	(4.1%)

Amounts in millions

⁵¹ Napa is registered as a “Phase II” community by SWQCB and is subject to a general storm water discharge permit assigned to municipalities with fewer than 100,000 residents. This permit requires Napa to develop and enforce a storm water management program aimed at reducing pollutant discharge to open water bodies through preventive measures.

⁵² The percentage of Napa’s Public Works allocations dedicated to Maintenance was 59% for the 2008-2009 fiscal year.

⁵³ The percentage of Napa’s Public Works allocations dedicated to Development Engineering was 14% for the 2008-2009 fiscal year.

Additional Programs

Napa's Sidewalk Repair Program was established in 1990 for purposes of expediting repair of frontage improvements that have been damaged by street trees. The program is overseen by Development Engineering and allows property owners to replace street trees, sidewalk, curb, gutter, and driveway and receive a partial reimbursement from Napa. The program is funded entirely through the General Fund.

Napa has also joined the County of Napa and Cities of American Canyon, St. Helena, Calistoga, and the Town of Yountville to establish a countywide program aimed at reducing storm water pollution in the Napa River watershed. The Napa County Stormwater Management Program (NCSWMP) is a joint effort intended to prevent storm water pollution, protect and enhance water quality in creeks and wetlands, preserve beneficial uses of local waterways, and comply with State and Federal regulations.⁵⁴

8.0 Finances

8.1 Audited Statements

Napa contracts with an independent auditing firm to audit the City's financial statements each fiscal year in accordance with established governmental accounting and auditing standards. These audited statements provide quantitative measurements in assessing Napa's short and long-term fiscal health and are summarized below with added distinctions made with respect to governmental activities, which are generally tax supported functions (i.e., police, fire, etc.), and business activities, which are generally supported by user fee and charges (water, housing, etc). The audited statements also show trends in specific fund units of particular interest to the Commission in the municipal service review process.

Napa's most recent report was prepared for the 2011-2012 fiscal year by Maze & Associates and provides audited financial statements for the City's assets, liabilities, and equity as of June 30, 2012. These financial statements show Napa experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by three percent from \$528.60 to \$543.05 million. This increase in the overall fund balance is primarily attributed to decreased liabilities from the dissolution of the Napa County Redevelopment Agency. Markedly, Napa's general tax revenues have increased by \$5.8 million or 17.4% over the last five audited fiscal years. A summary of year-end totals and corresponding trends in assets, liabilities, and equity during this period are shown in the following tables.

2011-2012	
Audited Financial Statements	
Assets	\$645.275 million
Liabilities	\$102.221 million
Equity	\$543.054 million

⁵⁴ NCSWMP is funded by the member agencies and is administered by the Napa County Flood Control and Water Conservation District. Though the County and each of the five cities carry out their own individual storm water pollution prevention programs, NCSWMP provides the coordination and consistency of approaches between the individual participants and documents their efforts in annual reports.

Assets

Napa's agency-wide assets – divided between governmental and business activities – totaled \$645.3 million at the end of the fiscal year and marked a slight decrease over the prior fiscal year of (2.0%), but still finished with a positive 0.8% increase over the last five years. Assets classified as current with the expectation they could be liquidated into currency within one year represented 23.7% of the total amount with the majority tied to cash and investments.⁵⁵ Assets classified as non-current represented the remaining amount – 76.3% – with the largest portion associated with depreciable structures.⁵⁶

Categories	2007-08	2008-09	2009-10	2010-11	2011-12	Trends
Current Assets	208.505	180.571	162.737	162.114	152.845	(26.7%)
- Governmental Activities	114.002	107.668	101.162	103.659	99.731	(12.5%)
- Business Activities	94.502	72.903	61.573	58.453	53.113	(43.8%)
Non-Current Assets	436.264	470.300	483.997	490.973	492.430	12.9%
- Governmental Activities	337.539	348.189	129.969	357.021	356.475	0.6%
- Business Activities	98.723	122.110	354.027	133.951	135.954	37.7%
Total Assets	\$644.769	\$650.871	\$646.733	\$653.087	\$645.275	0.8%

Amounts in millions

Liabilities

Napa's agency-wide liabilities – divided between governmental and business activities – totaled \$102.22 million at the end of the fiscal year and marked a sizeable decrease over the prior fiscal year of 17.9% and total 26.9% over the last five years. Current liabilities representing obligations owed within a year accounted for one-fourth of the total amount and primarily tied to accounts payable at \$25.56 million. Non-current liabilities accounted for the remaining three-fourths with the majority tied to long-term debt at \$76.66 million.

Categories	2007-08	2008-09	2009-10	2010-11	2011-12	Trends
Current Liabilities	16.593	19.987	20.716	18.279	25.556	54.0%
- Governmental Activities	11.631	12.747	12.841	12.804	19.432	67.1%
- Business Activities	4.962	7.239	7.874	5.474	6.123	23.4%
Non-Current Liabilities	123.228	119.780	116.578	106.211	76.665	(37.8%)
- Governmental Activities	36.027	34.919	34.293	26.815	0.164	99.5%
- Business Activities	87.200	84.863	82.284	79.815	76.500	12.3%
Total Liabilities	\$139.822	\$139.767	\$137.294	\$124.490	\$102.221	(26.9%)

Amounts in millions

Equity/Net Assets

Napa's agency-wide equity – which represents the difference between assets and liabilities – totaled \$543.05 million at the end of the fiscal year and marked a sizeable increase over the prior fiscal year of 27.5% and a total of 38.1% over the last five years. These increases are attributed to improving general tax revenues coupled with a sizable reduction in liabilities tied to the recent dissolution of NCRA and its long-term debt re-assigned to a successor agency.⁵⁷ The end of year equity amount also incorporates an

⁵⁵ Current assets totaled \$152.85 million and include cash investments (\$102.84 million), loans receivable (\$23.21 million), accounts receivable (\$13.69 million), and Federal/state/other receivables (\$11.99 million).

⁵⁶ Non-current assets totaled \$492.43 million and include roads (\$185.65 million), construction in progress (\$144.24 million), transmission and distribution lines (\$56.34 million), land (\$30.28 million), bridges (\$18.68 million), and vehicles (\$7.10 million).

⁵⁷ Napa Redevelopment Agency was dissolved on February 1, 2012 by the Napa City Council in compliance with State legislation.

\$88.90 million balance in unrestricted funds including \$9.347 million in unassigned General Fund monies. The unassigned General Fund monies represent a 115% increase over the previous fiscal year. Unassigned General Fund monies, however, have decreased overall by 47.0% during the last five years as Napa has drawn down on its reserves to help support services while operating through consecutive deficits.

Categories	2007-08	2008-09	2009-10	2010-11	2011-12	Trends
Net Assets	\$504.947	\$511.104	\$509.439	\$528.596	\$543.054	38.1%
- Invested in Capital	399.707	415.504	424.496	399.085	418.683	4.7%
- Restricted	52.663	48.072	39.299	33.576	35.475	(32.6%)
- Unrestricted	52.577	47.528	45.644	95.935	88.896	69.1%
↳ Unassigned General Fund Monies	17.651	8.235	3.457	4.342	9.347	(47.0%)

Amounts in millions

8.2 Liquidity, Capital, and Margin

A review of the last five audit reports covering fiscal years 2007-2008 through 2011-2012 shows that the City has made progress in improving its overall fiscal standing. This progress is highlighted by Napa having nearly eliminated an operating margin loss of (12.8%) in 2008 to (1.4%) in 2012; nearly a 90% improvement. Further, Napa's liquidity and capital ratios remain relatively strong and indicate good short and long-term projections. This includes noting that Napa has sufficient current assets to cover its near-term liabilities nearly six-fold. Napa also operates with manageable debt obligations as its net assets exceed its long-term liabilities by seven-to-one. A summary of year-end liquidity, capital, and operating margin ratios are shown in the following table.

Recent Trends in Liquidity, Capital, and Margin			
<i>(Source: Napa Audit Reports / Napa LAFCO)</i>			
Fiscal Year	Current Ratio (Liquidity)	Debt-to-Net Assets (Capital)	Operating Margin (Profitability)
2007-2008	12.56 to 1	24.40%	(12.87%)
2008-2009	9.03 to 1	23.43%	9.8%
2009-2010	8.06 to 1	14.11%	(13.58%)
2010-2011	8.86 to 1	20.09%	(0.85%)
2011-2012	5.98 to 1	22.88%	(1.36%)
Trends	(52.38%)	(6.23%)	89.4%

8.3 Pension Obligations

Napa provides a defined retirement benefit plan to its employees through a service contract with the California Public Employees Retirement Systems (CalPERS). Active miscellaneous and public safety employees are required to contribute 8.0% and 9.0%, respectively, of their annual salary to their retirement account with Napa's annual contributions set by actuarial estimates determined by CalPERS. Napa currently administers different pension tiers based on employee type (miscellaneous, public safety/fire, and public safety/police) and date of hire as summarized below.

Defined Pension Benefit Tiers			
<i>(Source: Napa / CalPERS)</i>			
Category	Miscellaneous	Public Safety/Fire	Public Safety/Police
Tier One (Pre August 2012)	2.7% at 55	3.0% at 50	3.0% at 50
Tier Two (Post August 2012)	2.0% at 60	3.0% at 55	no change

Like other local governments in California, Napa's total annual pension contributions and liabilities are on the rise. Napa has increased its total annual pension contributions by 22.8% from \$7.4 million to \$9.1 million over the last five reported years; a difference directly corresponding with the City's escalating contribution share for miscellaneous and public safety employees going from 16.7% and 28.6% to 20.9% and 31.7%, respectively. Irrespective of the changes in contribution levels, Napa's funded ratio – the difference between the pension plan's assets and liabilities – has decreased over the corresponding five years from 80.6% to 75.4%. Napa's unfunded liability – pension monies owed that are not covered by assets – has also increased from \$49.9 million to \$84.5 million; a difference of 69.2%. Again, this trend is not unusual among California local governments enduring a recession and is largely tied to CalPERS' investment returns.

Trends in Pension Measurements			
<small>(Source: Napa / CalPERS)</small>			
Category	2006-2007	2010-2011	Difference
Funded Ratio	80.6%	75.4%	(6.5%)
Unfunded Liability	\$49.9 million	\$84.5 million	\$34.5 million

8.4 Operating Budget

Napa's General Fund operating expenses for the 2013-2014 fiscal year are budgeted at \$66.4 million; an amount representing a per capita expenditure of \$853. The largest discretionary operating expenses are dedicated to police (\$22.2 million / 33.4%) and fire protection services (\$13.2 million / 19.9%). General Fund operating revenues are budgeted at \$66.8 million with more than one-third (\$23.8 million / 35.6%) expected to be drawn from property tax proceeds. Notably, only American Canyon collects more in property taxes than Napa as measured on a per acre basis.⁵⁸ Sales tax revenues are projected to represent the second largest discretionary revenue source for Napa accounting for over one-fifth (\$14.8 million / 22.2%) of the total budgeted amount.

General Fund Revenues and Expenses					
<small>(Source: Napa Adopted Budgets)</small>					
2011-2012		2012-2013		2013-2014	
Actual Revenues	Actual Expenses	Budgeted Revenues	Budgeted Expenses	Budgeted Revenues	Budgeted Expenses
\$63.065	\$63.315	\$59.062	\$63.263	\$66.833	\$66.411

Amounts in millions

⁵⁸ The State Controller's most recently published *Cities Annual Report* notes Napa's per acre property tax collection was \$1,244. This amount is second locally to American Canyon's per acre collection total of \$2,169 and surpassed the collection total amounts for St. Helena at \$762, Calistoga at \$716, Yountville at \$560, and County of Napa at \$105.

9.0 Agency Specific Determinations

The following determinations address the service and governance factors enumerated for consideration by the Commission under G.C. Section 56430 as well as required by local policy. These factors range in scope from infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as independent conclusions of the Commission on the key issues underlying growth and development within the affected community and are based on information collected, analyzed, and presented in this report. Determinations for the other agencies in this municipal service review are provided in their corresponding sections.

9.1 *Growth and Population Projections*

- a) The growth and population changes occurring in Napa over the last 30 years have been consistent with its adopted growth management policies initially established in the early 1980s as part of an update to the City General Plan. This consistency has produced predictable growth and development in a manner allowing Napa to effectively plan and fund necessary infrastructure and facility improvements in a timely fashion.
- b) Napa's current resident population within its jurisdictional boundary is estimated at 77,881. This amount represents moderate overall growth of 5.3% over the last 10 period – or 0.5% annually – and is the second highest rate change among all six land use authorities in Napa County following the City of American Canyon.
- c) It is reasonable to assume Napa's population growth rate within the existing sphere of influence will remain similar to the overall rate during the previous 10 year period as well as remain consistent with the last three years at 0.5% annually. This projection would result in a population total of 81,771 by 2023; an amount that falls nearly 10% below the 90,000 contemplated in the Napa General Plan for 2020.
- d) The projected population growth for Napa within its existing sphere of influence over the next 10 years is expected to be largely infill development with the majority occurring in the Soscol Avenue corridor, which is Napa's lone priority development area. Other areas within the sphere of influence likely to be subject to development in subsequent years – although requiring annexation approval – include the Ghisletta lands located off of Foster Road.
- e) The total housing supply in Napa has increased modestly by 1,873 units over the last 10 years; a net change of 6.6%. The new housing has been equally divided between single-family and multi-family. The new housing stock, and distinct from growth patterns in other municipalities, has also been infill in character and not concentrated in any one particular area within the City.
- f) Housing supply within Napa has exceeded demand over the last 10 years as measured by the City's vacancy rate, which has increased by over one-third from 7.8% to 10.7%. This increase in the vacancy rate, however, remains relatively low compared to changes experienced by other similarly sized cities in the San Francisco Bay Area and suggests Napa is relatively well positioned with regard to balancing its housing supply and demand.

- g) Napa has experienced a sizeable increase in its licensed visitor guestroom total by 35% over the last 10 years; an amount that exceeds any other local jurisdiction in Napa County. Napa's overnight guest-serving establishments at full occupancy generate approximately 5,000 visitors, the equivalent of an additional 6.4% of the City's resident population.
- h) It is reasonable to assume the sizeable increase in Napa's overnight visitors, though difficult to quantify, are creating impacts on services, and in particular demands on public safety. These presumed service impacts will likely intensify within the next 10 years given there are two entitled hotel project approvals – Ritz Carleton and St. Regis – that would add an additional 500-plus guestrooms and raise the overnight visitor population to nearly 6,400 at full occupancy.

9.2 Present and Planned Capacity of Napa's Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies.

- a) Napa has made a concerted effort to anticipate and address the municipal service needs of unincorporated lands located within its existing sphere of influence in preparing and updating service plans. These efforts have proven successful over the last five years in positioning Napa to efficiently extend services to annexed territory without diminishment of service to existing constituents.
- b) Development activity within Napa is steadily increasing as measured by the one-fifth increase in applications filed with the Planning Division over the last five years. This trend suggests Napa's economy is improving, and as such, the recent and sizeable decrease in budgeted staffing within the Planning and Building Divisions may need to be revisited by the City to help ensure adequate resources are available to appropriately accommodate and guide development going forward.
- c) Napa has established a relatively high ratio of 10.5 acres of open parkland for every 1,000 residents. This ratio – while falling short of Napa's adopted standard of 12 acres for every 1,000 residents – is significantly higher than the average ratio of five acres for every 1,000 residents existing within the other four cities in Napa County.
- d) Napa has been effective in establishing and managing diversified sources of potable water supplies that provide the City with multiple sources of supply in accommodating demands within its service area.
- e) Existing water supplies appear collectively reliable in meeting Napa's current and projected annual usage demands under normal and multiple dry year conditions with the latter assuming water savings due to conservation practices.
- f) Napa's water supplies appear collectively insufficient in meeting annual demands under single dry year conditions. As a result, Napa is subject to either declaring a water emergency and/or incurring cost uncertainties tied to purchasing supplies from outside retailers during an extreme dry season when state and local precipitation falls below 30 percent of normal.

- g) Considerable improvements have been made by Napa to its water system over the last five years including expanding treatment and storage capacities to help meet existing and future demands. Notwithstanding these recent improvements, Napa still needs to increase potable storage by an additional 20 acre-feet to independently meet current and projected maximum day demand to help protect against pressure losses and against service interruptions during high usage periods.
- h) Napa has achieved a one-tenth decrease in annual water demand over the last five years despite an underlying rise in its service population. This accomplishment – which is attributed to effective conservation programs and increased usage of recycled water from the Napa Sanitation District — advantageously positions Napa to meet its obligation under the Water Conservation Act of 2009 to reduce its overall consumption by one-fifth by 2020.
- i) Napa has established effective overall fire protection and emergency medical services within its jurisdictional boundary as measured by current response times, which average less than five minutes from dispatch to arrival. This average response time, which is within the local and national standard of five minutes and achieved despite an overall decrease in staffing, demonstrates Napa is meeting service demand in an effective and timely manner.
- j) Service calls for fire protection and emergency medical have increased by nearly one-tenth over the last five years; a percentage change well in excess of Napa’s population growth rate over the same period. The increase in service calls paired with a sizeable reduction – eight percent – in staffing while still meeting targeted response times demonstrates Napa is providing more service with fewer resources in meeting existing fire protection and emergency medical service demands.
- k) Fire Station One – first responder to Downtown and western neighborhoods – is currently responsible for a disproportionately higher volume of service calls and is approaching the local average response time of five minutes.
- l) It appears incorporated lands located in Browns Valley and west of Buhman Avenue are prone to fire protection and emergency medical response times exceeding five minutes due to distance from Fire Station One, a key factor used by the Insurance Service Office in setting consumer rates. Peak traffic conditions along First Street and Browns Valley Road appear to adversely affect response times beyond the five minute standard in other areas of Browns Valley.
- m) Napa previously purchased an undeveloped lot at the corner of Browns Valley Road and Laurel Street with the expectation of constructing a new fire station to serve the western neighborhoods and to mitigate excessive response times in the Browns Valley area. Construction of the fire station has been delayed, however, due to a lack of resources and it appears reasonable to assume a new fire station will not be funded and built within the timeframe of this review.

- n) Napa has averaged a ratio of 20 service calls for every reported crime over the last five reported years. This ratio is exceptionally low compared to other jurisdictions in Napa County and can be attributed to a combination of proactive police services and discipline on the part of the community to refrain from unnecessary incident reporting.
- o) Overall crime in Napa has decreased by one-fourth over the last five years. The ratio of crime to residents, however, remains relatively high in comparison to other local jurisdictions.
- p) Napa has produced a high overall clearance rate of 36% over the last five reported years and has demonstrated steady improvement as evidenced by the clearance rate increasing by one-third during the referenced period. The clearance rate remains relatively high in comparison to other local jurisdictions and indicates Napa has provided effective law enforcement services in terms of processing crimes from the reporting stage to adjudication.

9.3 *Financial Ability to Provide Services*

- a) Napa has demonstrated effective financial planning over the last five years as the City has utilized previously accumulated reserves to help offset operating losses attributed to the recent national economic recession without noticeable impacts on service levels.
- b) Napa has taken proactive measures in limiting budgeted cost increases within its two largest General Fund expenses, police and fire protection services, to fall below the consumer price index for the San Francisco Bay Area region. These measures – highlighted by combining administrative functions within the two departments and eliminating a combined nine full-time positions – appears to have significantly aided Napa in controlling its operating losses during and through the recent recession.
- c) Napa finished the last fiscal year in good financial standing as measured by having relatively high liquidity and capital ratios. These ratios provide reasonable assurances Napa has sufficient resources to adequately address short and near term financial obligations as indicated by net assets exceeding long-term liabilities by a ratio of seven-to-one.
- d) Napa has made considerable progress in reconciling its structural budget deficit over the last five years as underscored by nearly eliminating a previously high negative operating margin of (12.8%) in 2008 to (1.4%) in 2012; an improvement of nearly 90%.
- e) Napa's unassigned General Fund monies have significantly decreased by nearly one-half from \$17.6 to \$9.3 million over the last five completed fiscal years as the City has drawn down on these resources to offset consecutive operating losses. Recent trends, however, have been positive as Napa has added to its unassigned General Fund monies in each of the last two years with the current balance sufficient to cover almost two months of budgeted operating costs.

- f) Napa's ability to finance new public infrastructure or facilities through increased fees or new tax assessments appears constrained at the present time given the marked decline in residents' income over the last five years. This decline is highlighted by a 77% increase in unemployment and 15% decrease in homeownership and suggests significant improvements – including the needed construction of a fire station to serve Browns Valley – will need to be delayed and/or principally financed by private developers if they are to occur within the next five years.
- g) Pension obligations represent a significant and growing financial constraint given Napa's unfunded liability (money owed over assets) has increased by over two-thirds in the last five reported fiscal years rising from \$49.9 million to \$84.5 million. It is unclear whether this trend is primarily attributable to structural problems or is a function of the economic recession, but should be monitored by the Commission and revisited in the next scheduled review.

9.4 Status and Opportunities for Shared Facilities

- a) Napa actively pursues opportunities to partner with other local public and private entities to share various resources. These efforts, which include Napa recently agreeing to provide temporary management of public works services for the City of American Canyon as they recruit a new director, strengthens economic and social ties throughout the region.
- b) Napa and the County should explore opportunities to share existing and future resources going forward with respect to both administrative and service facilities in Napa Valley. This includes the potential of combining resources in designing, funding, constructing, and operating a joint-use board chamber facility to address both entities need to accommodate and encourage more public attendance at public meetings.

9.5 Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

- a) Napa utilizes over one dozen advisory committees to assist in making informed decisions involving a range of governance issues of particular interest and/or importance to the community. Napa's use of advisory committees – which is measurably higher than any surrounding municipality – reflects a concerted effort to proactively engage and utilize expertise within the community. This approach to governance also serves as an effective measure in cultivating and training future leaders on and off the City Council.
- b) Napa has been successful in limiting turnover in senior staff over the last five years. Continuity in senior staff marks a distinct change from the high turnover Napa had experienced at the time of the last municipal service review and has provided the community with more accountable and predictable management of their governmental services.

- c) Napa has maintained consistent land use and growth management policies for the last 40 years. These policies are predicated on emphasizing slow and infill oriented development and protection of surrounding open-space and agricultural lands.
- d) An existing governance disconnect exists between the jurisdictional area of the City of Napa and the City's water service area given that the water service area extends beyond the current sphere of influence to include several unincorporated areas that extend south to Soscol Ridge, east to Silverado, and north to Rutherford. This service area, which is borne from historical service practices predating the Commission, does not conform with the legislative intention of a sphere of influence in demarking an agency's existing and probable service area. The Commission should consider options to reconcile this existing disconnect relative to local conditions as part of a future sphere of influence review either in the pending or a subsequent update cycle.
- e) There are an estimated 2,500 unincorporated residents residing within the 20 islands either entirely or substantially sounded by Napa's existing incorporated limits. The continued existence of these islands undermines orderly growth by creating service inefficiencies for both Napa and the County as well as disenfranchising residents given they are substantively effected by City Council decisions while precluded from participating in elections. Accordingly, and with the assistance of the Commission, Napa should allocate and prioritize resources in annexing these islands utilizing the expected extension of the expedited proceedings currently provided under G.C. Section 56375.3.

9.6 *Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Spheres of Influence.*

- a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within Napa's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.
- b) It is reasonable to assume one or more of the existing unincorporated islands within Napa's sphere of influence share similar economic and social characteristics to disadvantaged unincorporated communities. This assumption underscores the public policy importance for Napa, the County, and the Commission to proceed in partnering to proactively eliminate the existing islands in a timely manner.

9.7 *Relationship with Regional Growth Goals and Policies (Local Policy)*

- a) Napa recently reached a tentative agreement with the County on proposed land use and service provision for the Napa Pipe project site located at the former Kaiser Steele shipyard. While it remains tentative and implementation is subject to additional approvals – including outside service extension and/or annexation from the Commission – the agreement includes a commitment in which Napa agrees to assume 80% of the County's future housing need allocations through the life of Measure P. This commitment, if realized as part of this and or other agreements, would help protect unincorporated agricultural and open-space resources while advantageously directing new growth into an existing urban center.

This page has been left intentionally blank for photocopying

B. Napa Sanitation District

1.0 Overview



The Napa Sanitation District (NSD) was formed in 1945 to provide public wastewater service for the City of Napa (“Napa”) and surrounding unincorporated urban areas. Actual service began in 1949 following the completion of NSD’s first wastewater treatment plant (Imola WTP) and an initial collection system covering most of the then-incorporated area extending between Pueblo Avenue to the north and Kaiser Road to the south. NSD’s formation coincided with significant land use change between 1940 and 1950 when subdivision activity intensified to accommodate a population that was rapidly increasing. In the 1960s and into the 1970s, the District invested in separating storm drainage from sanitary sewer facilities in order to reduce demand on the treatment plant during winter storms. NSD expanded its services in the 1970s to include retail recycled water following the completion of a new wastewater treatment plant (Soscol WTP).

NSD currently has an estimated resident service population of 81,448 with a jurisdictional boundary covering nearly all of the City of Napa as well as most surrounding unincorporated development, including the Silverado area and the Napa Valley Gateway Business Park. NSD is organized as a “dependent” special district, meaning that its five-member Board is not

directly elected, but consists of appointed officials from the Napa City Council and County Board of Supervisors. NSD’s revenues consist of user fees; the District does not collect or share in property taxes revenues. The current NSD operating budget is approximately \$18.4 million. The total number of budgeted fulltime equivalent employees is 50 and has increased by five positions over the last ten years. NSD’s current unrestricted/unreserved fund balance is \$13.6 million.

Napa Sanitation District

Date Formed	1945
Enabling Legislation	Health and Safety Code 4700 et. seq.
Active Services	Wastewater Reclaimed Water
Estimated Residential Service Population	81,448

2.0 Formation and Development

2.1 Community Need

The central county region – anchored by Napa – began experiencing significant increases in growth in the early 1940s and aided by the dual factors of proximity to wartime operations at Basalt Rock and Mare Island and accommodating land use policies aimed at becoming a large metropolitan community; the latter highlighted by the first Napa County General Plan anticipating a City population of 150,000 by 1990. Accelerated population growth in the Napa region required a transition from its previous state as a rural area served by small wastewater and storm collection systems discharging to local ponds (or directly to the Napa River) to a more densely populated community in need of a sewage collection system and treatment facility.⁵⁹

⁵⁹ Napa and the County had also established public collection systems within their respective jurisdictions. These collection systems, however, were jointly used to capture and convey both wastewater and storm water to local drainage ponds/fields that were located throughout the region.

2.2 Formation and Initial Development

NSD's formation was completed in November 1945 through an agreement between the City of Napa and County of Napa to provide wastewater services for existing and planned urbanized areas throughout the central county region. Two-thirds of the District's initial 5,000 acre jurisdiction covered the incorporated area of the City and one-third extended over unincorporated lands. The NSD governing Board accordingly consisted of three appointed members: two from the Napa City Council and one from the County Board of Supervisors. The service population of the District at inception was approximately 22,000.

Upon formation, and drawing on funds collected from the property tax roll, NSD hired a general manager to oversee the design of an initial collection and secondary treatment system. These efforts ultimately led to a final design approval by the NSD Board in June 1946 followed by a successful special assessment election in August 1946 authorizing the District to sell \$1.0 million in bonds to help fund the construction of the Imola WTP along the eastern shoreline of the Napa River and an initial collection system.⁶⁰ An additional \$0.3 million towards construction costs were also contributed by the State of California for NSD agreeing to serve the Napa State Hospital. The Imola WTP commenced operations in September 1949 with a daily design capacity of 4.0 million gallons.⁶¹

2.3 Growth Impacts

Napa's growth between 1950 and 1960 – the City's population increased by 63% from 13,579 to 22,170 – proved taxing to NSD's infrastructure as average day flows began to reach and occasionally exceed the design capacity of the Imola WTP. Overflows of raw wastewater into the Napa River became more common and promoted NSD to adopt restrictions on new connections in October 1963 and call for a new special assessment to fund needed capital improvements.⁶² The vote for a new special assessment, however, was rejected by voters in February 1964. This election defeat was followed by a cease and desist order by State regulators banning any new connections in November 1964 until specific improvements were made in order to protect the Napa River against dry-weather overflows. The cease and desist order was eventually lifted following voter approval of a new special assessment in October 1965 authorizing NSD to sell \$8.0 million in additional bonds. Revenues generated from the second special assessment, notably, funded the expansion of the Imola WTP to raise the daily capacity to 5.0 million gallons, increase storage capacity within its oxidation ponds, and install new trunk line to handle sewer flows in north Napa.

⁶⁰ The special assessment election in 1946 also authorized NSD to purchase the referenced collection systems that had been constructed earlier by Napa and the County for specific development projects.

⁶¹ The Imola WTP was constructed to provide both primary and secondary treatment with the latter being subsequently eliminated due to demands and costs.

⁶² These restrictions included a moratorium on new connections located north of the Napa Creek and west of the Napa River unless previously entitled byway of an earlier contract.

2.4 New Wastewater Treatment Standards

A series of new Federal and State regulations beginning in the late 1960s and into the early 1970s established higher treatment thresholds for all public wastewater agencies and enacted significant restrictions on agencies – such as NSD – to discharge into surface waters during dry-weather seasons. These new regulations were highlighted by the Clean Water Act of 1972 and the resulting permit program known as the National Pollutant Discharge Elimination System (NPDES) aimed at regulating the treatment and timing of wastewater discharges into surface waters. The introduction of new treatment and discharge regulations prompted NSD to enter into a joint-powers agreement within the American Canyon County Water District known as the Napa-American Canyon Wastewater Management Authority (“Authority”) in 1975. The Authority, which paralleled an existing service arrangement between the two affected parties in which NSD was already providing treatment through a common force main located near the Napa County Airport, facilitated the construction of the Soscol WTP in 1978 to supplement ongoing operations at the Imola WTP.⁶³ The construction of the Soscol WTP, provided NSD the ability to begin treating wastewater to a standard allowing for dry-season irrigation of pastures, orchards, and fodder which lessened the District’s demand on its oxidation storage ponds and need for dry-season discharges into the Napa River.⁶⁴

A second series of new regulations enacted by the State Resources Water Quality Control Board (the administrator of NPDES) in the 1980s mandated elimination of dry-season discharges into surface waters by the end of the decade. This prompted NSD to reorient its operations to focus on expanding its recycled water projects. Towards this end, NSD completed the Kirkland Pipeline project that included the purchase of additional agricultural property for dry-season irrigation as well as connection to the Chardonnay Golf Club, the District’s first external paying customer for recycled wastewater. NSD also completed work on a comprehensive upgrade to the Soscol WTP to expand the scope of its recycled water program by raising treatment standards from secondary to tertiary in 1997.⁶⁵

2.5 Governance Reviews

There have been at two separate reviews over the last 20 years with regard to considering the merits of reorganizing NSD. The first formal review was initiated by NSD in 1995 in response to a grand jury report. The study considered – among other items – two alternatives: reorganizing the District as an independent special district with a directly elected board or merging with Napa. This review – prepared by an NSD subcommittee and in consultation with the Commission, City of Napa, and the County – produced a recommendation that was ultimately enacted through special legislation to increase the number of appointed board members of the existing sanitation district from three to five with the two new seats belonging to members of the public, each appointed by the City or

⁶³ The Soscol WTP was initially designed with a daily capacity of 15.4 million gallons.

⁶⁴ The Authority was dissolved in 1994 following the incorporation of American Canyon.

⁶⁵ NSD reached a 20-year agreement with Napa in 1998 allowing the District to solicit and provide reclaimed water service within a specified area of the City’s water service area. Referred to as the “reuse area,” the agreement defines NSD’s recycled service area as lands east of the Napa River, south of Imola Avenue, west of Highway 221, and north of American Canyon. The agreement also allows NSD to deliver reclaimed water to the Napa State Hospital, Stanly Ranch, and the South Napa Market Place. NSD agrees to reimburse Napa for the loss of potable water sales revenue in the event customers take delivery of recycled water in lieu of potable water from the City. NSD also agrees to furnish up to 50 acre-feet per year of reclaimed water to Kennedy Park and Napa Valley College at no cost.

the County.⁶⁶ The second review was performed directly by the Commission as part of its inaugural municipal service review of NSD. This study concluded with a determination that the current governance structure appropriately balances the interests of both the City and the County while allowing NSD to remain independent in matters affecting local land use decisions.⁶⁷

3.0 Jurisdictional Boundary

3.1 Current Composition

NSD’s existing jurisdictional boundary is approximately 21.5 square miles in size and covers 13,834 acres. There are currently 25,917 parcels within the jurisdictional boundary and divided between 71.4% incorporated and 28.6% unincorporated lands. All developed parcels have established wastewater services with NSD. Since the District’s Board is appointed rather than directly elected, County Elections does not maintain a count of registered voters within NSD.

NSD’s Jurisdictional Characteristics (Source: Napa LAFCO)	
Total Jurisdictional Acreage.....	13,834
Total Jurisdictional Parcels.....	25,917
- Percent Incorporated.....	71.4%
- Percent Unincorporated.....	28.6%
Percent of Jurisdictional Parcels Connected.....	100%
Registered Voters.....	41,377
- Percent Incorporated.....	93%
- Percent Unincorporated.....	7%

3.2 Jurisdictional Trends

NSD’s jurisdictional boundary continues to evolve as a result of new annexations. The Commission has approved and recorded 420 annexations covering 7,200 acres since 1963 increasing the District’s service area by one-half. The timing of these annexations has been relatively steady during each of the last five decades with the maximum occurring in the 1980s when a total of 108 annexations were approved.

The Commission has approved and recorded 420 annexations to NSD since 1963 and has expanded the District’s jurisdictional size by one-half.

There have been a total of 15 approved and recorded annexations to NSD since the last municipal service review was completed by the Commission in late 2006. These approvals have added 37 parcels covering 495 acres with the majority involving underdeveloped lands in which the proposal was intended to facilitate a development project. A map showing all of the approved annexations during this latter period is provided as Appendix B.

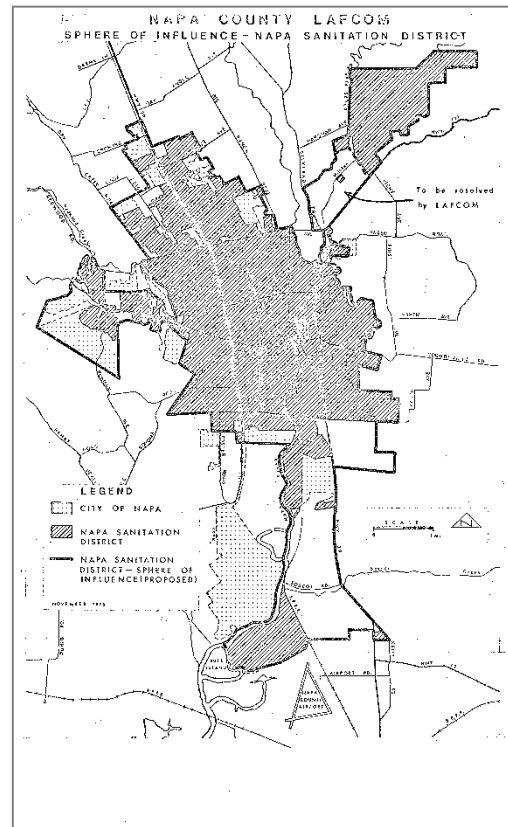
⁶⁶ Reference California State Senate Bill 156 (Thompson) in 1995.

⁶⁷ The municipal service review on NSD and the referenced determination was adopted by the Commission in April 2006.

4.0 Sphere of Influence

4.1 Establishment in 1975

NSD's sphere was established by the Commission in 1975. Principal planning factors used by the Commission in establishing the location of the sphere included assessing the service capabilities of NSD over the next five year period paired with the adopted land use policies of Napa and the County with respect to planned urban development. The result was a sphere encompassing approximately 14,510 total acres or 22.7 square miles and covering NSD's entire jurisdictional boundary along with most lands lying within Napa's RUL with the notable exception of the Stanly Ranch area. Further, and within the total amount added to the sphere, the Commission included an estimated 1,465 acres of land lying outside the RUL to reflect either existing service commitments (Kaiser Steel and Napa State Hospital) or areas expected to need sewer within the near term (Monticello Road area) based on current and planned urban land uses.



4.2 Update in 1976

The Commission initiated an update to NSD's sphere one year later in 1976 at the request of NSD to address the District's objection to including the Monticello Road area. NSD asserted that the collection line traversing the area – Milliken Trunk Line – was not capable of serving the residential uses in the Monticello Road area given the majority of available capacity had been contractually reserved to accommodate additional development in development of the Silverado area. The Commission unanimously adopted the second update highlighted by the removal of the approximate 900 acre Monticello Road area from the sphere.⁶⁸

4.3 Update in 2006

The Commission adopted a third update to NSD's sphere in 2006. This update – which was required by the earlier enactment of CKH and its cornerstone provision that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter – resulted in a net increase to the NSD sphere of 1,950 acres, an expansion of 13%. These additional acres comprised 16 separate areas and highlighted by Foster Road, Big Ranch Road, and Stanly Lane. A key result of this third update was to ensure all lands within Napa's RUL (which had been revised in 1982 and not reflected in the earlier update) are in NSD's sphere.

⁶⁸ The Commission adopted 29 amendments to the NSD sphere adding 1,150 acres after the 1976 update through 2005. The majority of these amendments involved lands located in the Napa RUL and involved concurrent annexations to the City. The remaining portion of the amendments involved unincorporated lands located south of the Soscol Ridge and north of the City of American Canyon, including the Napa County Airport and surrounding industrial area.

The third update also added unincorporated lands lying outside the RUL that had established service through outside service agreements prior to becoming subject to LAFCO oversight, such as Eagle Vines and Chardonnay Golf Clubs. These amendments to the District’s sphere did not include the Monticello unincorporated area.

4.4 Current Composition

NSD’s sphere – which includes two distinct and non-contiguous areas centering on the City of Napa and the Silverado area – has not been further amended since the last update completed in 2006. The District’s sphere presently encompasses 26.1 square miles or 16,710 acres. Of this amount, there are a total of 367 parcels covering 2,577 acres currently within the sphere eligible for annexation or outside service extensions. In other words, 15% of the sphere acreage remains outside the NSD jurisdictional boundary. A map showing lands in the sphere and eligible for annexation or outside service extensions is provided as Appendix C.

There are 367 parcels covering approximately 2,500 non-jurisdictional acres in NSD’s existing sphere eligible for annexations or outside service extensions.

5.0 Demographics

5.1 Population

NSD’s current resident population is estimated at 81,448. This estimate represents an overall population growth rate of 3.9% over the last 10 year period or 0.4% annually. Almost all of the projected growth within NSD is attributed to new residential development within Napa. Residents of the City currently account for 96% of the District’s total population. The remainder of the population is divided between three unincorporated areas with the bulk lying within 20 islands surrounded by Napa but served by NSD followed by the Silverado and Penny Lane areas.

Recent Population Growth (California Department of Finance / Napa LAFCO)				
Jurisdiction	2003	2013	Difference	Annual Percentage
NSD	78,286	81,448	3,162	0.4%

Division of NSD’s Current Population (California Department of Finance / Napa LAFCO)				
Service Area	2003	2013	Difference	Percentage
Napa	74,736	77,881	3,145	4.2
Island Properties	2,181	2,181	-	-
Silverado	1,325	1,342	17	1.3
Penny Lane	44	44	-	-
Total	78,286	81,448	3,162	0.4%

* LAFCO does not measure any new residential growth within the unincorporated islands or Penny Lane over the last 10 years based on information available on GIS.

* Silverado’s estimated population accounts only for permanent residences. An additional population base consisting of vacation/ second homes totals 561 and – when occupied – would increase the population within the community from an estimated 1,342 to 2,745.

With respect to projections, and for purposes of this review, it is reasonable to assume NSD’s permanent resident population over the next 10 years within the existing sphere will generally match its principal service area – Napa – and modestly supplemented by a minimal increase in new residential development in Silverado. The assumptions suggest NSD’s permanent resident population within its existing sphere designation will modestly increase relative to the previous decade and rise on average from 0.4% to 0.5%. The substantive result of these assumptions would be an agency-wide permanent resident population of 85,355 by 2023.

It is reasonable to assume NSD’s growth rate in permanent residents will generally follow its principal service area – Napa – and increase over the next 10 years from 0.4% to 0.5%. This assumption would result in an agency-wide population of 85,355 by 2023.

Projected Population Growth within Existing Sphere
(Napa LAFCO)

Jurisdiction	2013	2018	2023	Difference	Annual Percentage
NSD	78,286	83,401	85,355	7,069	0.9

5.2 Population Density

NSD’s permanent population density is estimated at 3,788 residents for every square mile. This amount is 13% less than Napa’s overall population density and is primarily attributable to uninhabited industrial lands comprising NSD’s southern jurisdictional area. The following table depicts densities estimates within NSD’s four distinct service areas.

NSD’s permanent population density is estimated at 3,788 residents for every square mile.

Population Densities within NSD’s Service Areas
(Napa LAFCO)

Jurisdiction	Population	Land Area (Square Miles)	Permanent Residents Per Square Mile
Napa	77,881	18.2	4,279
Island Properties	2,181	0.29	7,520
Silverado	1,342	2.0	671
Penny Lane	44	.0625	704
Total	81,448	20.55	3,963

6.0 Organizational Structure

6.1 Governance

NSD’s governance authority is provided under the County Sanitation District Act of 1923 (Health & Safety Code 4700 et seq.) and empowers the District to provide the following four specific services:

- Collect, treat, and dispose of wastewater (active)
- Treat, store and distribute water supplies (active)
- Operate a refuse transfer or disposal system; collection is prohibited (latent)
- Provide street cleaning and street sweeping (latent)

NSD was originally established in 1945 with a three-member Board consistent with the standard provisions outlined in its principal act consisting of two appointed members from the Napa City Council and one appointed member from the County Board of Supervisors. NSD's Board composition was later expanded by special legislation to include two public members; one additional member appointed by the City of Napa and one by the County Board. NSD Board members serve staggered four year terms and hold regular meetings on the first and third Wednesdays of each month. The current average tenure on the Board is 8.6 years.

Current NSD Board Roster (NSD)			
Member	Position	Background	Years on Board
Jill Techel	City Member	Educator	9
Pete Mott	City Member	Business	1
Mark Luce	County Member	Chemical Engineer	14
Charles Gravett	Public – Napa	Attorney	13
Charles Shinnamon	Public – County	Engineer	6
<i>Average Years of Board Experience</i>			8.6

As a “dependent” special district with appointed board members, NSD has no elections. Board members serve different terms of office, depending on the agencies they represent. One of the two City members is the Mayor of the City of Napa, the other City member serves at the pleasure of the Mayor. The County member is appointed or re-appointed annually by the County Board of Supervisors. The public member appointed by the City is appointed to a four-year term. The public member appointed by the County Board of Supervisors is appointed to a two-year term of office.

6.2 Administration

NSD appoints a District Manager to oversee all day-to-day operations and the District's current budgeted employee total of 50. The current District Manager – Tim Healy – was appointed in 2010 and has worked within the agency for a total of 23 years. Employees are divided between five divisions briefly described below:

- **Administration:** includes the Board of Directors, General Manager, Safety and Training, and Pollution Prevention functions along with finance and accounting services, human resources, risk management, safety and training, fleet management, pollution prevention and outreach, and general administrative functions.
- **Wastewater Treatment Plant:** includes operation and maintenance of the wastewater treatment plant and laboratory services.
- **Collection System Maintenance:** includes preventive and corrective maintenance and operation of the sewage collection system.
- **Water and Biosolids Reclamation:** includes recycled water system management and disposal of biosolids through land application.
- **Engineering:** includes development review, capital project management, project design/engineering and inspection.

6.3 Organizational Alternatives

As described above, there have been two studies of the possible reorganization of NSD in recent years. The first led to special legislation that created the present expanded NSD governing board. The second study gave a more complete review of the range of legal organizational alternatives to the present sanitation district

This report, *Napa Sanitation District: Options and Opportunities for Governance* (Napa LAFCO, 2004) examines the implications of reorganizing NSD as an independently governed special district (such as a *sanitary* district [under Health and Safety Code Section 6400 et seq.]) or as a county service area (CSA) governed by the County Board of Supervisors as its *ex officio* governing board or as a subsidiary district of the City of Napa with the Napa City Council serving as its *ex officio* governing board.

The study concluded that the present sanitation district governance structure appropriately balances the various advantages and disadvantages of the alternatives to the status quo, saying:

.... it does not seem likely that either customers or local governments would be better served by the transformation of the Napa Sanitation District into another entity, specifically a City or County department. Further, because there are no overlapping special district boundaries or overlapping service deliveries or inefficiencies within the NSD's geographical areas, the NSD does not meet the State's criteria under the mandate to collapse and/or restructure special districts whenever it is efficient and reasonable to do so.

The characteristic of NSD that is most central to the discussion of organizational alternatives is that the District serves both incorporated and unincorporated areas with the preponderance of its service area within the City of Napa. The sanitation district structure, with its board members appointed from the boards of the affected and under-lying agencies, maintains connections between the governance of local government service functions through inter-locking board members.

While it can be said that the existing sanitation district structure of NSD may be less accountable than a directly elected special district board, this consideration may be less important (relative to other municipal services) to the provision of sewer service, which is subject to stringent regulatory authorities and where there is little variation in the desires or expectations of ratepayer consumers. As previously mentioned, over 70% of the territory and over 90% of the registered voters in the District are in the City of Napa. If reorganized as an independent *sanitary* district, it would not be surprising if all of the district's directly elected board members were residents of the City and none from the unincorporated area.⁶⁹ The balance of interests between incorporated and unincorporated residents could be lost.

Other than the debatable advantage of greater accountability from a directly elected independent governing board in this case, the report did not identify any gain in cost or efficiency to be derived from reorganization of NSD as a sanitary district. The 2004 report does not include alternatives that do not require LAFCO approval, such as a contract

⁶⁹ The enabling legislation for sanitary districts has no provision for establishing electoral districts for representation of different areas within the sanitary district.

between the existing Sanitation District and the City of Napa, representing a “functional consolidation” rather than a “political consolidation.” Under this alternative, Board representation would not be affected. Present employees of the District would become employees of the City. The presumed advantages in cost and efficiency would relate to elimination of duplication in some administrative functions, such as legal counsel, coordination of capital projects and clerical support. The magnitude of the cost savings cannot be estimated without detailed study.

Both of the other types of organizational alternatives – subsidiary district of Napa and county service area – are simply other forms of dependent special districts, one governed exclusively by the County Board of Supervisors and the other governed exclusively by the City Council. Since neither of these alternatives is likely to generate significant cost savings, the governance of the existing sanitation district would remain as a clear advantage as more fairly representative of both city and unincorporated residents.

The purpose of the sanitation district enabling statute is to balance representation between otherwise awkward configurations of city and county jurisdiction. The existing organization of the District accomplishes this objective. In addition, the NSD governing board meets twice per month, a greater workload that could normally be expected of the County Board of Supervisors or the City Council meeting as an *ex officio* governing board for sewer service. Reorganizing NSD to become another form of dependent district would imply reduced board oversight of District operations.

As was the case with the previous study in 2004, staff has not identified significant advantages to reorganization of NSD in terms of cost efficiency, accountability or governance.

7.0 Municipal Services

NSD provides two municipal services at this time: wastewater and recycled water. The majority of the following analysis will focus on NSD’s wastewater services given its explicit tie to supporting existing and planned urban uses within its sphere of influence. A more limited review of NSD’s recycled water services is offered to document existing and planned activities. The decision to limit the focus of this review with regards to NSD’s recycled water service reflects the current limitations on LAFCO authority under Government Code Section 56133; a statute that exempts agencies from needing LAFCO approval prior to extending recycled water service by contact beyond their boundaries.

The focus of the preceding analysis is provides a reasonable and independent “snapshot” of the current availability, demand, and performance of NSD’s wastewater services. A cursory review of NSD’s recycled water service program is offered for purposes of documenting current and planned activities.

The District provides sewage collection, treatment and disposal services to its service population through approximately 36,000 connections and 270 miles of collection system pipelines. Upgraded treatment facilities have a dry weather treatment design capacity of 15.4 million gallons per day. As described in the District’s Annual Report:

The wastewater is treated and discharged in various manners, depending on the source of the wastewater and the time of year. The District's regulating body, the Regional Water Quality Control Board, permits discharge to the Napa River from November 1 through April 30 (the wet season period). The average discharge of treated water to the Napa River is approximately 14.7 MGD. The District provides full secondary treatment at its wastewater facility whenever discharging to the Napa River.

From May 1 through October 31 (the dry season period) discharge to the Napa River is prohibited and wastewater is either stored in stabilization ponds or treated to the tertiary level and beneficially reused for irrigation in industrial parks, golf courses, pasturelands and vineyards. High quality "Title 22 Unrestricted Use" recycled water is provided to all recycled water users.

The District seeks to ensure that the above services are and will remain adequate and safe for current and future customers through an adopted Master Plan and a State-mandated Sewer Service Management Plan. As described by the District's published information,

In 2007, Napa Sanitation District completed a Collection System Master Plan. The plan evaluates the condition and performance of the sewer pipe collection system under both current and future (year 2030) buildout conditions. The Master Plan concluded that while the collection system has adequate dry weather capacity to handle anticipated growth, it has inadequate capacity for existing wet-weather peak flows due to excessive inflow and infiltration (I/I) entering the system. I/I occurs where there are cracks or breaks in the sewer main and lateral pipes that allow rainwater or groundwater to enter the sewer pipe system. Inflow can also come from other connections such as rain downspouts or sump pumps that are illegally connected to the sewer system.

The Master Plan concludes that the most cost-effective solution is a combination of I/I reduction projects and capacity upgrades to handle peak flows, as opposed to wholesale capacity upgrades to the system. Based on this recommendation, the District has initiated pilot projects to determine the sources of and best approaches for reducing I/I to the collection system.

NSD also works with other organizations to enhance service or gain efficiencies. The District staff's recent activity reports include the following efforts involving shared services or outreach efforts:

- Coordinated with City of Napa Stormwater staff on the development of BMPs for mobile cleaners;
- Worked with members of the Environmental Education Coalition of Napa County (EECNC) to plan and present Earth Day activities in April;
- Outreach meetings with winery managers and representatives regarding proposed Board action to enforce Industrial User requirements on all winery operations;
- Attended the Bay Area Pollution Prevention Groups bimonthly meeting, with an effort toward getting more involved in shared efforts at pollution prevention;

- Monthly meetings with NSD and County senior staff to coordinate the Milliken-Sarco-Tulocay Pipeline design and construction projects, including providing staff support in outreach efforts and at public meetings;
- Coordinated with Clinic Ole and Napa Can Do volunteers on monthly collection and disposal of unused medications. Worked with other area pharmacy owners and managers to expand the program;
- Leadership role in North Bay Water Reuse Authority Technical Advisory Committee and Finance Committee;
- Discussions with Real Energy, to support the project of reducing solid waste going to landfill by incorporating this waste into new energy-capturing processes;
- Continuation of partnership with City of Napa's Recycle More program that includes curbside collection of cooking oil;
- Continued collaboration with the Los Carneros Water District and the developers of Stanly Ranch area to install a recycled water pipeline under the Napa River and distribution system in the Carneros area.

8.0 Finances

8.1 Assets, Liabilities, and Equity

NSD's financial statements are prepared by the District's Finance Department and included in its annual report at the conclusion of each fiscal year. The most recently issued annual report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying NSD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing NSD's short and long-term fiscal health and are summarized below.

Assets

NSD's assets at the end of the fiscal year totaled \$172.3 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented one-eighth of the total amount with the majority tied to cash and investments.⁷⁰ Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable structures.⁷¹

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	20.132	20.429	22.537	22.645	21.847
Non-Current Assets	149.455	150.494	148.456	148.786	150.483
Total Assets	\$169.587	\$170.923	\$170.993	\$171.431	\$172.330

Amounts in millions

Liabilities

NSD's liabilities at the end of the fiscal year totaled \$38.4 million. Current liabilities representing obligations owed within a year accounted for one-eighth of the total amount and primarily tied to accounts payable at \$1.8 million. Non-current liabilities accounted for the remaining amount with the majority tied to long-term debt at \$33.6 million.

⁷⁰ Current assets totaled \$21.9 million and include cash investments (\$17.4 million), accounts receivable (\$1.3 million), assessments receivable (\$0.3 million), and inventory (\$0.1 million).

⁷¹ Non-current assets totaled \$150.5 million and include buildings and improvements (\$102.8 million), donated sewer lines (\$20.4 million), land (\$7.4 million), and equipment (\$5.9 million) minus accumulated depreciation (\$0.6 million).

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	3.094	3.145	3.441	4.250	4.601
Non-Current Liabilities	37.099	37.097	37.744	35.831	33.751
Total Liabilities	\$40.193	\$40.242	\$41.185	\$40.081	\$38.352

Amounts in millions

Equity/Net Assets

NSD's equity, or net assets, at the end of the fiscal year totaled \$134.0 million and represents the difference between the District's total assets and liabilities. The end of year equity amount incorporates a \$13.7 million balance in unrestricted funds. This unrestricted fund balance is attributed to a net operating surplus of \$1.0 million.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	114.093	115.483	112.467	114.273	117.505
Restricted Funds	9.957	4.114	3.014	3.388	2.758
Unrestricted Funds	5.344	11.084	14.326	13.689	13.716
Total Equity	\$129.394	\$130.681	\$129.807	\$131.350	\$133.979

Amounts in millions

NSD's financial statements for 2011-2012 show that the District experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by two percent from \$131.4 to \$134.0 million. This increase in the overall fund balance is directly attributed to NSD's operating surplus in which operating revenues surpassed operating expenditures in recent years. No significant deficiencies or material weaknesses were identified with respect to NSD's financial statements.

Calculations performed assessing NSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given NSD finished the fiscal year with sufficient current assets to cover its current liabilities nearly five-to-one.⁷² NSD also finished with manageable long-term debt as its net assets exceeded its non-current liabilities by four-to-one, reflecting a strong capital structure.⁷³ NSD also finished the fiscal year with a positive operating margin as revenues exceeded expenses by five percent.⁷⁴

8.2 Revenue and Expense Trends

A review of NSD's audited revenues and expenses identifies the District has finished four of the last five completed fiscal years with operating surpluses reflecting a balanced financial structure. The 2007-2008 fiscal year marked the largest end-of-year surplus at \$0.9 million and is primarily tied to operating revenues exceeding expenses by nearly one-tenth. NSD's revenues and expenses are segregated into two broad fund categories: (a) operating and (b) non-operating. An expanded review of NSD's audited end-of-year revenues and expenses in the two fund categories follows.

⁷² NSD also finished with cash reserves sufficient to cover 318 days of operating expenses.

⁷³ NSD's debt-to-equity ratio as of June 30, 2012 was 0.25.

⁷⁴ NSD's operating margin as of June 30, 2012 was 0.05.

Fund Category	2007-08	2008-09	2009-10	2010-11	2011-12
Operating					
Revenues	17.215	17.922	18.211	19.204	19.515
Expenses	15.935	17.153	17.894	17.621	18.486
Non-Operating					
Revenues	1.392	1.978	0.617	0.409	0.257
Expenses	1.794	1.923	1.906	1.151	1.105
Total					
Revenues	18.607	19.900	18.828	19.613	19.772
Expenses	17.729	19.076	19.800	18.772	19.591
	\$0.878	\$0.824	(\$0.972)	\$0.841	\$0.181

Amounts in millions

** All information reflects audited financial statements in CAFRs and based on GAAP accrual basis accounting.*

8.3 Current Budget

NSD's adopted budget for the 2013-2014 fiscal year totals \$20.0 million. This amount represents NSD's total approved expenses or appropriations for the fiscal year. An expanded review of budgeted expenses and revenues follows.

Operating

NSD's operating budget unit supports basic District sewer service activities. Approved expenses total \$13.6 million with three-fifths of the appropriation dedicated to salaries and benefits. Estimated revenues are projected at \$19.2 million with proceeds expected to be nearly entirely generated from sewer service related fees and charges. NSD is projected to experience a \$5.6 million operating surplus and would further increase its budgeted unreserved/unrestricted fund balance from \$9.5 million to \$15.1 million.

Capital Improvement

NSD's capital improvement budget unit supports the replacement and rehabilitation of existing capital assets as well as the acquisition or construction of new capital assets. Approved expenses are estimated at \$29.8 million and allocated to projects including mainline sewer rehabilitation, a manhole raising program, and inflow/infiltration reduction programs. New revenues are budgeted at \$24.8 million and will be drawn from development capacity charges, interest earnings, Federal grants, and intra-governmental transfers.

9.0 Agency Specific Determinations

The following determinations address the service and governance factors enumerated for consideration by the Commission under G.C. Section 56430 as well as required by local policy. These factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as independent conclusions of the Commission on the key issues underlying growth and development within the affected community and are based on information collected, analyzed, and presented in this report and are specific only to NSD. Determinations for the other agencies in this municipal service review are provided in their corresponding sections.

9.1 Growth and Population Projections

- a) NSD's permanent resident population over the next 10 years within the existing sphere will generally match its principal service area – the City of Napa – and supplemented by a minimal increase in new residential development in Silverado. The assumptions suggest NSD's permanent resident population within its existing sphere designation will modestly increase relative to the previous decade and rise on average from 0.4% to 0.5%. The substantive result of these assumptions would be an agency-wide permanent resident population of 85,355 by 2023.

9.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Spheres of Influence

- a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within NSD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 Present and Planned Capacity of Napa Sanitation District's Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies

- a) The capacities of the District's collection and treatment facilities are sufficient to service the existing service population. Planned facility upgrades, with ongoing District plans and monitoring programs, are expected to be sufficient to serve a slowly expanding service population.

9.4 Financial Ability to Provide Services

- a) Sewer service rates charged by NSD are sufficient to support the District's capital and operating expenditures into the immediate future.
- b) Approved capital expenditures are estimated at \$29.8 million and allocated to projects including mainline sewer rehabilitation, a manhole raising program, and inflow/infiltration reduction programs. New revenues are budgeted at \$24.8 million and will be drawn from development capacity charges, interest earnings, Federal grants, and intra-governmental transfers.
- c) The District has finished four of the last five completed fiscal years with operating surpluses reflecting a balanced financial structure. NSD's overall equity has increased from \$131.4 to \$134.0 million. The increase in equity is attributable to NSD's operating surpluses in which operating revenues have surpassed operating expenditures in recent years.

9.5 Status and Opportunities for Shared Facilities

- a) NSD engages with other agencies in frequent and diverse programs to share programs and facilities enhancing public services. These efforts include educational activities, public outreach, reuse of resources, pollution prevention, and coordination of capital projects and extension of the use of recycled wastewater.

9.6 Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

- a) NSD's governance as a sanitation district - by a board of directors appointed by the City and the County with additional appointed members according to special legislation – appropriately balances the interests of residents of incorporated and unincorporated areas.
- b) Detailed study of NSD's organizational structure as a sanitation district and the alternatives to that structure has found that the present sanitation district governance structure functions as well or better than alternatives to the current form of the Districts organization as a sanitation district. Services provided by NSD are primarily to the City of Napa. 71.4% of the District's jurisdictional area and 91% of the District's registered voters lie within the City's boundary, thus meeting the minimum requirements for the District to become a subsidiary district of the City. However, no significant change in underlying conditions of jurisdiction or net advantage for the alternative structures has been identified since study was completed in 2006.
- c) NSD's accountability to the public is enhanced by an informative website, educational programs, facility tours, pollution prevention and other programs that seek to actively report to and engage its customers.

9.7 Relationship with Regional Growth Goals and Policies (Local Policy)

- a) Special districts have no authority over land use and hence no direct participation on the policy level that would connect the activities of the district with regional growth. NSD's policies specifically state that the District will neither act to encourage or discourage growth, but will facilitate growth as planned by agencies responsible for growth policy.

C. Congress Valley Water District

1.0 Overview



The Congress Valley Water District (CVWD) was formed in 1949 to provide water service to the unincorporated community of Congress Valley; a rural residential area located immediately west of Napa. CVWD's formation was engendered by area landowners in response to diminishing groundwater supplies principally attributed at the time to the development and irrigation of vineyards throughout the surrounding areas. The completion of formation proceedings – and as intended – immediately preceded CVWD entering into an agreement with the City of Napa for its water supply in conjunction with the District constructing a distribution system with an intertie to the City. The distribution system was rebuilt in 1987 and coincided with a new 30-year water supply agreement. The agreement stipulates that CVWD agrees to dissolve and turn over all assets to Napa in July 2017. LAFCO was not a party to the agreement even though the Commission's approval will be necessary to several aspects of its implementation and the continuation of service by the City thereafter.

CVWD currently has an estimated resident service population of 241 spanning an approximate 2.2 square mile jurisdictional area. CVWD is organized as an independent special district with a directly elected five-member board of directors that serve staggered four-year terms. A part-time administrator oversees the District's activities, including providing accounting services and coordinating service requests with Napa's Water Division. The current operating budget is \$71,100. CVWD's current unrestricted/unreserved fund balance is \$63,283 which is sufficient to cover nearly 11 months of operating expenses.

Congress Valley Water District

Date Formed	1949
Enabling Legislation	California Water Code 3000 et. seq.
Active Services	Water
Estimated Residential Service Population	241

2.0 Formation and Development

2.1 Community Need

Rural residences in Congress Valley began to develop in the late 1800s in step with agricultural development in the area with grapes as a prevailing crop. Accessing reliable groundwater, however, proved challenging due to the underlying soil composition as it was reportedly common for landowners to make several drill attempts at depths of hundreds of feet on their properties before finding a source. High mineral content in the groundwater also required that landowners replace plumbing and irrigation fixtures on a regular basis. These challenges intensified as Congress Valley and the surrounding areas developed with groundwater shortages becoming pervasive by the 1940s during summer months.

2.2 Formation and Initial Development

CVWD's formation was completed in 1949 and directly followed by Napa agreeing to provide annual water supplies so long as the District constructed its own distribution system with an intertie to the City. Towards this end, CVWD voters approved a special assessment in 1950 authorizing the District to sell \$100,000 in bonds to construct an initial distribution system. Napa reciprocated and agreed to a contract with CVWD one year later providing the District with up to 368 acre-feet of potable water annually through 1975. Low assessed

values, however, limited CVWD to selling only \$38,000 in bonds to fund the distribution system to serve the then-estimated population of 80. The substantive result was the construction of an initial distribution system limited to one pump station, two- to four-inch water lines, and two storage tanks with a combined capacity of 15,000 gallons.

2.3 Growth Challenges

Limited subdivision development beginning in the 1960s led to an influx of new service connections and by 1970 CVWD's service population had nearly doubled to an estimated 150. This growth proved taxing to the distribution system and it began experiencing consistent pressure losses during peak usage periods by the middle of the decade. CVWD responded by contracting with an engineering firm to assess the distribution system and identify possible improvements to improve pressure performance going forward. The engineering firm concluded the distribution system was unable to generate an adequate amount of pressure during peak demand periods due to friction caused by undersized water lines. The study recommended CVWD not allow new service connections until distribution capacity is improved by either replacing and enlarging water lines or requiring each customer to develop their own storage facility to provide adequate pressure. CVWD declared an emergency water shortage following the study's release and adopted an ordinance restricting additional water connections. CVWD also successfully requested the County Board of Supervisors rezone territory located within the District to limit further subdivision; the end result was increasing the minimum lot sizes in the area from 10 to 160 acres.

2.4 New Distribution System

CVWD's moratorium on new water service connections remained in effect between 1975 and 1989 and ended only when the District completed reconstruction of its distribution system. The new distribution system was financed entirely through a combination grant and low-interest loan from the State of California with existing property tax proceeds providing for repayment. The completion of the new distribution system coincided with implementation of a new water supply agreement with Napa, which had been finalized two years earlier in 1987. This agreement provides CVWD with an annual allocation of 100 acre-feet of potable water through 2017 while limiting service to no more than 140 service connections to parcels of legal record at the time of the agreement. Napa agrees to charge CVWD a water usage fee concurrent with its rate for inside-city customers while charging District customers at a rate specified by the District.⁷⁵ Napa is responsible for the complete operation and maintenance of the distribution system. The agreement specifies CVWD shall voluntarily dissolve and turn over all assets to Napa at the conclusion of the agreement. Napa LAFCO has never evaluated the implications of the dissolution of CVWD and is not in any way committed to approving the dissolution.

⁷⁵ CVWD applied a surcharge on water sales between 1987 and 1998. The District ended this practice following a recommendation by an outside consultant that it amend its rate schedule to be identical to the rate charged by Napa to its inside-city customers. (Consultant's recommendation was prompted by a Napa County Grand Jury report highlighting the discrepancy between the two agencies' water rates.)

2.5 Previous Municipal Service Review

The Commission’s inaugural municipal service review on CVWD was completed in 2004 as part of a countywide study on water service provision. The municipal service review concluded CVWD was operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The municipal service review also noted additional information was needed to substantiate the merit for CVWD to voluntarily seek its own dissolution in June 2017 as part of an earlier water supply agreement with Napa.

3.0 Jurisdictional Boundary

3.1 Current Composition

CVWD’s existing jurisdictional boundary is approximately 2.2 square miles in size and covers 1,407 acres. There are currently 115 parcels within the jurisdictional boundary with a total assessed value of \$88.2 million. All jurisdictional parcels have established water service. County Elections reports there are a total of 136 registered voters within CVWD.

CVWD’s Jurisdictional Characteristics (Source: Napa LAFCO)	
Total Jurisdictional Acreage.....	1,407
Total Jurisdictional Parcels.....	115
Percent of Jurisdictional Parcels Connected.....	100%
Registered Voters.....	136
Assessed Value.....	\$88,206,640

3.2 Jurisdictional Trends

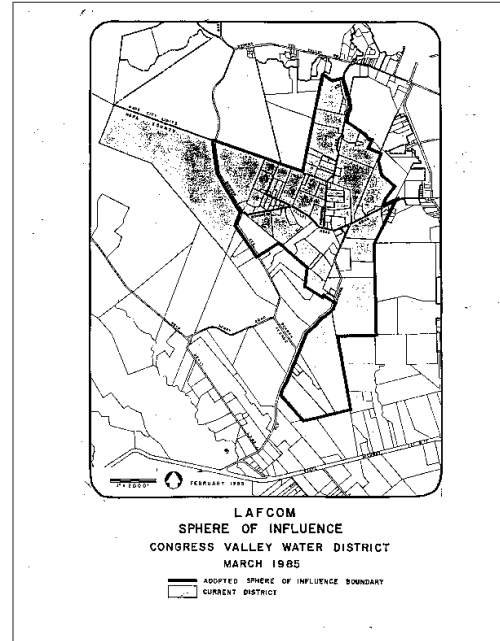
CVWD jurisdictional boundary has remained almost unchanged over the last several decades. The Commission has approved only one boundary change to CVWD since 1963 involving the addition of 11.5 unincorporated acres; an amount representing less than one percent of the current jurisdictional boundary. This lone annexation occurred in 2010 and involved a developed lot located off of Old Sonoma Road.

The Commission has approved and recorded one annexation to CVWD since 1963 involving 11.5 acres; an amount equaling less than one percent of the current jurisdictional boundary.

4.0 Sphere of Influence

4.1 Establishment in 1985

CVWD's sphere was established by the Commission in 1985. The original sphere spanned 1,119 acres or 1.8 square miles and was the result of the Commission emphasizing three planning factors: existing service obligations, the projected distribution system capacity, and need for future service. The original sphere included all existing jurisdictional lands with the exception of two parcels located at the western and southern border of CVWD, which were determined to be outside the range and capacity of the distribution system as it then existed. Certain parcels outside CVWD were also included based on their close proximity to the distribution system.



4.2 Update in 2008

The Commission adopted its first comprehensive update to CVWD's sphere in 2008.⁷⁶ This update – which was necessitated by the enactment of CKH and its cornerstone requirement that LAFCOs review and update each agency's sphere by 2008 and every five years thereafter – resulted in a net increase to the CVWD's sphere of 491 acres or 44%. The additions to the sphere comprised two distinct areas. The first area – approximately 316 acres in size – consisted of lands already in CVWD that had been previously excluded from the sphere due to the capacity limitations associated with the District's old distribution system. The second area – approximately 175 acres in size – consisted of lands directly adjacent to the distribution system.⁷⁷

4.3 Current Composition

CVWD's sphere remains entirely unchanged from the last update completed in 2008 and presently encompasses 2.5 square miles or 1,610 acres. Of this amount, there are a total of four non-jurisdictional parcels covering 172 acres currently within the sphere eligible for annexation or outside service extensions; the latter amount meaning 11% of the sphere acreage remains outside CVWD. A map showing the non-jurisdictional lands already in the sphere and eligible for annexation or outside service extensions is provided as Appendix D.

There are four parcels covering approximately 172 non-jurisdictional acres in CVWD's existing sphere eligible for annexations or outside service extensions.

⁷⁶ The Commission approved one amendment prior to the 2008 update, but it was later terminated. The approval was made in 1995 and involved two parcels located on the northeast side of Buhman Avenue south of its intersection with Congress Valley Road. Approval was conditioned on the affected property owners entering into an outside service agreement with CVWD. The outside service agreement was not executed within the one year deadline established by the Commission and the amendment was therefore terminated.

⁷⁷ All but 37 acres included in the second area added to the sphere were also included in the "service area" established as part of CVWD's contract with Napa in 1987. Accordingly, the Commission also took action as part of the update to formally encourage CVWD and Napa to review their contract and consider amending the defined service area to include the addition of the affected 37 acres located on the hilltop of Old Sonoma Road.

5.0 Demographics

5.1 Population Growth

CVWD's current and permanent resident population is estimated at 241, representing a 5.2% increase over the last 10 years as summarized below.

Recent Population Growth within CVWD (Napa LAFCO)				
Jurisdiction	2003	2013	Difference	Annual Percentage
CVWD	229	241	12	0.52%

With respect to projections, and for purposes of this review, it is reasonable to assume CVWD's permanent resident population growth rate over the next 10 years within the existing sphere will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous decade, rising from 5.2% to 5.4%. The substantive result of these assumptions would be a permanent resident population of 254 by 2023.

It is reasonable to assume CVWD's growth rate in permanent residents will be minimal due to the lack of new development expected within its boundary. No more than five new residences are expected within the next 10 years, which if materialized, would increase CVWD's population to 254 by 2023.

Projected Population Growth within Existing CVWD Sphere (Napa LAFCO)					
Jurisdiction	2013	2018	2023	Difference	Annual Percentage
CVWD	241	247	254	13	0.54%

5.2 Population Density

CVWD's population density is estimated at 110 residents for every square mile. This amount is 211% greater than the average density rate for all unincorporated lands while falling 97% below the average density rate for the adjacent community of Napa.

CVWD's population density is estimated at 110 residents for every square mile.

5.3 Social and Economic Indicators

A review of recent demographic information compiled by the United States Census Bureau indicates CVWD serves a significantly older community given the median age within the District is 52 and is nearly one-third higher than the median rate for all of Napa County. CVWD residents also appear on average to be more likely to be retired and reliant on a fixed income given comparatively low unemployment – 2.4% – coupled with relatively high number of persons' – 10.4% – with incomes below the poverty rate. Other discernible distinctions include nearly one-half of all CVWD residents have a bachelor's degree or higher, an amount nearly double the average rate for all of Napa County.

Social and Economic Indicators Within CVWD

(American Community Surveys: Five Year Averages Between 2007-2011 / Napa LAFCO)

Category	Northern Area	Southern Area	Weighted Average	Napa County Average
Median Household Income	\$46,917	\$88,409	\$63,514	\$68,641
Owner-Occupied Residences	57.2%	71.2%	62.8%	63.3%
Renter-Occupied Residences	42.8%	28.8%	37.2%	36.7%
Median Housing Rent	\$968	\$861	\$925	\$1,279
Median Age	49.3	55.5	51.8	39.5
Prime Working Age (25-64)	54.8%	57.7%	56.0%	52.9%
Unemployment Rate (Labor)	2.1%	3.9%	2.8%	5.2%
Persons Below Poverty Rate	14.7%	3.9%	10.4%	9.8%
Adults with Bachelor Degrees	46.1%	36.7%	42.3%	28.0%

* North Area is identified by the Census as Tract No. 200803 and covers approximate 60% of the estimated residents within CVWD. Non-exclusive and includes a small portion of Browns Valley.

* South Area is identified by the Census as Tract No. 201102 and covers approximately 40% of the estimated residents within CVWD. Non-exclusive and includes small portion of Westwood Hills.

6.0 Organizational Structure

6.1 Governance

CVWD's governance authority is provided under California Water Code Section 30000 – the County Water District Act (“principal act”) – and empowers the District to provide the following six specific services:

- Treat, store, and distribute water supplies (active)
- Collect, treat, and dispose of sewage, waste, and storm water (latent)
- Drain and reclaim lands (latent)
- Provide fire protection (latent)
- Acquire, construct, and operate facilities ancillary to recreational use of water (latent)
- Generate and sell electric power in connection with a waterworks project (latent)

CVWD has been governed since its formation in 1949 by a five-member Board whom are elected at large or appointed in lieu of candidate filings by the County Board of Supervisors. All Board members serve staggered four year terms with a President and Vice President annually selected among peers. Regular meetings are held on the second Monday of each month at 5:30 P.M. at the Napa County Land Trust's Administrative Office.

Current CVWD Board Roster (Provided by CVWD)	
Member	Position
Tim Josten	President
Jeanine Layland	Vice President
Cindy Colo	Member
Ginger Lee	Member
Mary Lou Rushing	Member

CVWD elections are based on a registered resident-voter system. The principal act specifies operations can be financed through user charges, general taxes, and voter-approved assessments.

6.2 Administration

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

6.3 Organizational Alternatives

As noted above, a service agreement between CVWD and the City of Napa specifies that CVWD will voluntarily dissolve and turn over all assets to Napa at the conclusion of the agreement in 2017. The terms of the agreement cannot accomplish the dissolution; instead the Board of CSWD would have to apply to LAFCO which would approve or deny dissolution under GSC 56375 and 56021. The potential problem with the agreement and its provision for dissolution of CVWD is that the City may lack a legal basis for continuing provision of water service if CVWD is dissolved and if so, LAFCO might not be able to approve the proposed dissolution. The purpose of this discussion is to identify a potential legal issue in the implementation of an important service agreement three years in advance of its implementation date.

The CVWD service area is outside of the City's sphere of influence. Without the existence of CVWD or another public agency to contract with, the area is not eligible to receive water service from the City under an outside service agreement (there is no counter-party for an outside service agreement unless it is each individual landowner receiving water service on the basis of the protection of public health and safety). The Commission could amend the City's sphere of influence to enable extension of outside service. However, the CVWD service area is a low-density rural residential area and therefore might not appropriately be included in the "... *probable boundary* and service area ..." of the City of Napa.

There is some possibility of new legislation that would alter the limitations placed on outside service agreements under GSC 56133, but its effect on the circumstances of CVWD is completely uncertain. Additionally, another government entity (such as a county service area) could be established to replace CVWD and act as the counter-party for a contract for water service with the City, but no advantage can be identified in doing so. Under current law, LAFCO may not be able to approve the dissolution of CVWD as called for in the agreement without being able to designate an appropriate public agency to assume the service responsibilities of CVWD or without another basis for the City's extension of service outside its boundaries.

7.0 Municipal Services

CVWD provides one active service at this time: domestic water service. The following analysis focuses on evaluating the availability, demand, and performance of CVWD's water services relative to the Commission's assessment of current and anticipated community needs within the existing sphere of influence. This analysis is also oriented to cover a 10-year period; five years back and five years ahead.

The focus of the preceding analysis is to provide a reasonable and independent "snapshot" of the current availability, demand, and performance of CVWD's water services.

Water Services

CVWD provides water services by way of a contract arrangement for water supplies and delivery with Napa's Water Division. It is estimated CVWD currently serves an overall permanent resident population of 241.

Budget

CVWD operates as an enterprise fund with user charges and other related customer fees explicitly intended to cover 100% of all operating costs. Budgeted operating costs have increased by one-fourth over the last five years – an increase attributable to a one-fourth increase in annual loan payments amounts.

Trends in Budgeted CVWD Operating Expenses

(Napa / Napa LAFCO)

Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trend
Adopted Budget	\$56,578	\$67,500	\$67,000	\$71,000	\$71,100	25.7%

Water Supplies

CVWD's water supply is provided through a contract with the City of Napa. As previously stated, Napa's water supplies are derived from three surface sources: Lake Hennessey, Milliken Reservoir, and the State Water Project. The water supply contract with Napa specifies CVWD is annually allocated a maximum of 100 acre-feet of potable water through July 1, 2017.

CVWD's Available Water Supplies

Amounts Shown in Acre-Feet or AF

(Source: Napa Water Division)

Water Source	Maximum (Assumes 100%)	Normal (Assumes 59%)	Multiple Dry Year (Assumes 38%)	Single Dry Year (Assumes 26%)
Napa	100	59	38	26

Treatment Facilities

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

Distribution System and Storage Facilities

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

Service Connections

CVWD currently reports there are 95 active connections to the water system. Total connections have remained constant over the last five years despite an overall 2.6% increase in CVWD's permanent resident population. The following table summarizes recent and current service connections.

Trends in Napa's Water Connections					
(Source: Napa Water Division)					
2008	2009	2010	2011	2012	Trends
95	95	95	95	95	0.0%

Current Usage

CVWD reports its current total water demand for the last completed calendar year was 52.5 acre-feet. This amount marks an 8.1 acre-foot decrease in annual demand over the last five years and represents an overall 13% water savings. This decrease is further highlighted in the corresponding decline in annual agency-wide per capita water use, which has gone from an estimated 0.26 acre-feet in 2008 to 0.22 acre-feet in 2012. The reduction in water demands appears to be attributable to two factors; (1) the City's water conservation and rebate programs that are also directly applicable to CVWD customers and (2) the expansion of NSD's recycled water service program into lands formerly served only by Napa water.⁷⁸ Similar to trends in annual water demand, peak day usage has also decreased over the last five years from 0.33 to 0.29 acre-feet; a difference of 13.4% with the ratio between peak day and average day demand remaining constant at two-to-one. The following table summarizes recent trends in water demands over the last five years.

Recent Trends in CVWD Water Demands						
Amounts Shown in Acre-Feet						
(Source: Napa Water Division)						
Category	2008	2009	2010	2011	2012	Trends
Annual	60.6	60.7	49.8	45.3	52.5	(13.4%)
Average Day	0.17	0.17	0.14	0.12	0.14	(13.4%)
Average Capita	0.26	0.26	0.21	0.19	0.22	(15.4%)
Peak Day	0.33	0.33	0.27	0.25	0.29	(13.4%)

⁷⁸ Pursuant to the water supply contract, CVWD agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by Napa.

Projected Usage

With respect to projecting future demands, and based on the preceding analysis, a reasonable and conservative assumption is to project CVWD's annual water demand increasing by 0.54% over the next five years within the existing sphere of influence. This projection directly corresponds with the amount of new permanent resident population growth anticipated within CVWD's water service area and assumes the current per capita usage – 0.218 acre-feet – remains constant. It is also assumed the current ratio between peak day and average day demands – two-to-one – will remain constant. The corresponding results of these assumptions proving accurate would be a total annual water demand of 54.2 acre-feet with a peak day demand of 0.3 acre-feet in 2018. The following table summarizes projected water demands in CVWD's service area over the next five years. Clearly, drought conditions that may be emerging as this report is being written would be likely to alter water demand temporarily through mandatory restrictions on use. No such restrictions have been directed as of the date of this report.

Projected Trends in CVWD Water Demands							
Amounts Shown in Acre-Feet							
(Source: Napa LAFCO)							
Category	2013	2014	2015	2016	2017	2018	Trends
Annual	52.8	53.1	53.4	53.6	53.9	54.2	2.7%
Average Day	0.14	0.15	0.15	0.15	0.15	0.15	2.7%
Average Capita	0.22	0.22	0.22	0.22	0.22	0.22	0.0%
Peak Day	0.29	0.29	0.29	0.29	0.30	0.30	2.7%

8.0 Finances

8.1 Assets, Liabilities, and Equity

CVWD's financial statements are prepared by Certified Public Accountant Charles W. Pillon. The most recent issued report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying CVWD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing CVWD's short and long-term fiscal health and are summarized below.

Assets

CVWD's assets at the end of the fiscal year totaled \$1.3 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented three-fourths of the total amount with the majority tied to cash and investments.⁷⁹ Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable capital assets.⁸⁰

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	721,942	756,152	802,297	855,244	907,337
Non-Current Assets	461,411	437,657	413,903	390,148	366,393
Total Assets	\$1,183,353	\$1,193,809	\$1,216,200	\$1,245,392	\$1,274,730

⁷⁹ Current assets totaled \$907,337 and include cash in treasury (\$868,274), taxes receivable (\$19,255), prepaid insurance (\$1,803), and restricted asset – cash – debt service (\$18,005).

⁸⁰ Non-current assets totaled \$366,393 and include depreciable assets (\$363,190), and loan administration costs (\$3,203).

Liabilities

CVWD's liabilities at the end of the fiscal year totaled \$0.1 million. Current liabilities representing obligations owed within a year accounted for nearly one-fifth of the total amount and primarily tied to debt payments due within the fiscal year at \$19,088. Non-current liabilities accounted for the remaining amount with the majority tied to long-term debt at \$110,489.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	24,732	18,834	19,294	19,916	19,088
Non-Current Liabilities	179,001	162,722	145,889	128,495	110,489
Total Liabilities	\$203,733	\$181,556	\$165,183	\$148,411	\$129,577

Equity/Net Assets

CVWD's equity, or net assets, at the end of the fiscal year totaled \$1.1 million and represents the difference between the District's total assets and liabilities. The end of year equity amount incorporates a \$688,066 balance in unrestricted funds. This unrestricted fund balance is attributed to a seven percent increase in CVWD's cash in treasury over the last fiscal year.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	261,317	253,852	246,910	240,521	234,695
Restricted Funds	271,384	258,751	246,298	233,845	221,392
Unrestricted Funds	446,919	499,650	557,809	622,615	688,066
Total Equity	\$979,620	\$1,012,253	\$1,051,017	\$1,096,981	\$1,144,153

CVWD's financial statements for 2011-2012 reflect a positive change in its fiscal standing as its overall equity, or fund balance, increased by four percent. This increase in the overall fund balance is directly attributed to consistent increases in current assets paired with reductions in long-term liabilities over each of the last five years. No significant deficiencies or material weaknesses were identified with respect to CVWD's financial statements.

Calculations performed assessing CVWD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given CVWD finished the fiscal year with sufficient current assets to cover its current liabilities nearly 47-to-one.⁸¹ CVWD also finished with manageable long-term debt as its net assets exceeded its non-current liabilities by a ratio of nine-to-one, reflecting a strong capital structure.⁸² CVWD also finished the fiscal year with a positive operating margin as revenues exceeded expenses by over one-half.⁸³ An expanded discussion on revenues-to-expenses is provided in the following section.

⁸¹ CVWD also finished with cash reserves sufficient to cover 21.7 years of operating expenses.

⁸² CVWD's debt-to-equity ratio as of June 30, 2012 was 0.11.

⁸³ CVWD's operating margin as of June 30, 2012 was 0.54.

8.2 Revenue and Expense Trends

A review of CVWD's available audited revenues and expenses shows the District has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2011-2012 fiscal year marked the largest end-of-year surplus at \$47,172 and is primarily tied to higher than expected increases in property tax revenues.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues	95,511	83,039	86,331	94,999	87,964
Expenses	63,861	50,404	47,567	49,034	40,792
	\$31,650	\$32,635	\$38,764	\$45,965	\$47,172

* All information reflects audited financial statements in CAFRS

8.3 Current Budget

CVWD's adopted budget for the 2013-2014 fiscal year totals \$71,100. This amount represents CVWD's total approved expenses or appropriations for the fiscal year. Revenues are budgeted at \$78,815 and primarily expected to be drawn from property tax proceeds. Interest earned on investments represents the second largest revenue source for CVWD accounting for \$6,000 or nearly eight percent of the total budgeted amount. As reflected in the following table, CVWD had sustained an operating surplus in each of the last several years.

CVWD's Budgeted Revenues and Expenses (CVWD)					
2011-2012		2012-2013		2013-2014	
Actual Revenues	Actual Expenses	Actual Revenues	Actual Expenses	Budgeted Revenues	Budgeted Expenses
\$71,745	\$47,000	\$63,283	\$37,540	\$78,815	\$71,100

9.0 Agency Specific Determinations

The following determinations address the service and governance factors enumerated for consideration by the Commission under G.C. Section 56430 as well as required by local policy. These factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as independent conclusions of the Commission on the key issues underlying growth and development within the affected community and are based on information collected, analyzed, and presented in this report and are specific only to CVWD. Determinations for the other agencies in this municipal service review are provided in their corresponding sections.

9.1 Growth and Population Projections

- a) CVWD's permanent resident population growth rate over the next 10 years within the existing sphere will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest CVWD's permanent resident population growth rate will minimally increase relative to the previous decade, rising from 5.2% to 5.4%. The substantive result will be an estimated permanent resident population of 254 by 2023.

9.2 *Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Spheres of Influence*

- a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within CVWD's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 *Present and Planned Capacity of Congress Valley Water District Public Facilities, Adequacy of Public Services and Infrastructure Needs of Deficiencies.*

- a) The City of Napa provides water service on a contractual basis within the CVWD service area. The City and the District have agreed that the City's role in providing service will extend beyond the District's planned dissolution in 2017. The District's water distribution system has been improved to the City's standards in recent years. The City's sources of supply are sufficient to continue to provide service to the District's service area and other areas served by the City.

9.4 *Financial Ability to Provide Services*

- a) Water rates charged by the City of Napa within the CVWD service area are equal to the City's rates for customers in the City's jurisdiction and are sufficient to support the District's operating expenditures into the immediate future.
- b) The District has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2011-2012 fiscal year marked the largest end-of-year surplus at \$47,172 and is primarily tied to higher than expected increases in property tax revenues.

9.5 *Status and Opportunities for Shared Facilities*

- a) CVWD shares facilities and services with the City of Napa, which operates all CVWD facilities under contract with CVWD.

9.6 *Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies*

- a) The City of Napa provides water service within the CVWD service area. There are no alternative sources of water service available to CVWD. The CVWD Board of Directors does not control provision of water service within its boundaries beyond the terms of their agreement with the City of Napa. Like all other water customers in unincorporated areas served by the City of Napa, CVWD residents are not eligible to run for office or vote in elections in the City of Napa. The CVWD governing board can work with the City of Napa as a locally elected organization on behalf of its residents on an advocacy basis.

9.7 *Relationship with Regional Growth Goals and Policies (Local Policy)*

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

This page has been left intentionally blank for photocopying

D. Silverado Community Services District

1.0 Overview

The Silverado Community Services District (SCSD) was formed in 1967 and originally authorized to provide a full range of municipal services to the Silverado area, consisting largely of a planned resort community located northeast of the City of Napa. Services actually activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. SCSD ceased providing water in 1977 when Napa purchased and assumed full control of the District's water distribution system. SCSD expanded its services in 2010 with the approval of the Commission to include sidewalk improvements and maintenance; activities previously the responsibility of property owners.

SCSD currently has an estimated permanent resident service population of 1,321 within an approximate 1.8 square mile jurisdictional area. Given the majority of the community is used as vacation/second homes, it is estimated the resident service population more than doubles to 2,829 when fully occupied. An additional 870 guests add to the overnight population when the Silverado Resort is fully occupied.⁸⁴

Silverado Community Services District

Date Formed	1967
Enabling Legislation	Government Code 6100 et. seq.
Active Services	Street Lighting Street Sweeping Street Landscaping Sidewalk Improvements
Estimated Residential Service Population	1,321 (year-round) 2,829 (with second homes)

SCSD is presently organized as a dependent special district with the County Board of Supervisors serving as the official governing authority. However, and as provided under the principal act, the Board of Supervisors has established a municipal advisory committee (MAC) consisting of appointed registered voters to provide input and – in some areas – assume decision-making authority. County Public Works provides administrative services on behalf of SCSD and oversees all contracts with outside vendors for authorized services. The current operating budget is \$186,192. SCSD's current unrestricted/unreserved fund balance is \$60,159 and is sufficient to cover nearly four months of general operating expenses.

2.0 Formation and Development

2.1 Community Need

Silverado was relatively undeveloped with the exception of a small number of adobe residential structures dating back to the early 1800s. A large residential estate was later built and served exclusively as a residence for various owners until it was purchased in the early 1950s by the Markovich Family for purposes of developing an 18-hole golf course on the surrounding grounds. The golf course was completed by the end of the decade and the residence converted to a clubhouse. The Markovich Family later sold the property – which at this date included the clubhouse and golf course – to Westgate Factors in early 1966 in anticipation of submitting a development plan with the County for subdivision of the remaining grounds into single-family residences. The subsequent development plan was approved by the County later the same year and provided for the construction of 1,393 private residential units. At the time of development, residential units were expected to be evenly divided between fulltime and seasonal occupancy along with the addition of extensive

⁸⁴ The Silverado Resort currently includes 435 overnight guestrooms.

commercial uses anchored by a year-round guest resort. The existing golf course was also reconfigured as part of the development plan to include two separate 18-hole sites: “North Course” and “South Course.”

2.2 Formation Proceedings

SCSD’s formation was approved by the Commission in January 1967 to facilitate the planned development of the Silverado area. The District was initially authorized to provide a wide range of municipal services including by water, sewer, and fire protection. Actual services activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. Sewer service was extended to the community through subsequent annexations to NSD as phases of the development were completed. As part of the formation proceedings, the County Board of Supervisors agreed to serve as the initial governing body of the District and assign Department Public Works staff to oversee service delivery within SCSD by entering into contracts with outside providers.⁸⁵ This included entering into an agreement with the City of Napa to furnish potable water supplies by means of an intertie between the two agencies’ distribution systems. This contract was later amended in 1970 to allow the City to assume full control of the water distribution system within SCSD.

2.3 Development Activities

Silverado’s planned development commenced in phases beginning in the late 1960s. Ten years after SCSD’s formation, there were an estimated 700 private residential units divided between single-family residences and condominiums with a projected fulltime resident population of 910. The Silverado Resort and its 435 guestrooms had also been constructed and officially opened in 1967. Subsequent revisions to the original development plan – which has changed twice over the last two decades – were approved at the request of the landowners and have reduced the total number of private residential units permitted for development from 1,393 to 1,095.

2.4 Previous Municipal Service Review

The Commission’s inaugural municipal service review on SCSD was completed in 2005 as part of a countywide lighting and landscaping services study. The municipal service review concluded SCSD appeared to be operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The municipal service review also noted the unique governance structure of SCSD with the Board of Supervisors serving as the District Board while ultimately concluding the arrangement – while not traditional for these types of special districts – appears satisfactory given the active involvement of the MAC.

⁸⁵ Records also indicate the Napa County Flood Control and Water Conservation District provided staffing services on behalf of SCSD.

3.0 Jurisdictional Boundary

3.1 Current Composition

SCSD’s existing jurisdictional area is approximately 1.8 square miles in size or about 1,159 acres. Average parcel size within the District is approximately 1.0 acre. The jurisdictional boundary is nearly at build-out based on local records showing only five privately owned parcels spanning 46 acres that remain undeveloped.⁸⁶ Since the District’s governing board (the County Board of Supervisors) is not directly elected by voters in SCSD, registered voter statistics for the District are unavailable. The District’s revenues are derived from special assessments and are not based on the assessed value of property. SCSD does not participate in the 1% general property tax.

SCSD’s Jurisdictional Boundary Characteristics	
(Source: Napa LAFCO)	
Total Jurisdictional Acreage.....	1,159
Total Jurisdictional Parcels.....	1,158
Percent of Jurisdictional Boundary Developed.....	96%
Registered Voters.....	(not applicable)
Assessed Value.....	(not applicable)

3.2 Jurisdictional Trends

SCSD’s jurisdictional boundary has remained relatively constant over the last several decades. The Commission has approved only one boundary change since formation involving the addition of 28 acres, an amount representing less than three percent of the current jurisdictional boundary. This lone annexation occurred in 1990 and involved 35 residential parcels located off of Silver Trail.

The Commission has approved and recorded one annexation to SCSD since its formation involving 28 acres; an amount equaling less than three percent of the current jurisdictional boundary.

4.0 Sphere of Influence

4.1 Establishment

SCSD’s sphere of influence was established by the Commission in 1976. The original sphere spanned 1,131 acres or 1.8 square miles and included SCSD’s entire jurisdictional area.

4.2 Update in 2006

The Commission adopted its first comprehensive update to SCSD’s sphere in 2006.⁸⁷ This update – necessitated by the earlier enactment of CKH and its requirement that LAFCOs review and update each agency’s sphere by 2008 and every five years thereafter – resulted in the Commission affirming SCSD’s sphere designation with no changes.

⁸⁶ There are also 57 undeveloped lots within SCSD that are corporate or non-profit owned.

⁸⁷ The Commission approved one amendment prior to the 2006 update involving the current annexation of approximately 28 acres located off of Silver Trail in 1990.

4.3 Current Composition

SCSD’s sphere remains entirely intact from the last update completed in 2006 and is coterminous with the District’s jurisdictional boundary. Accordingly, there are no parcels outside the District’s boundary that are currently eligible for annexation or outside service extensions absent a public health or safety threat. A map of the District’s current boundary is included as Appendix E.

SCSD’s sphere is coterminous with its jurisdictional boundary.

5.0 Demographics

5.1 Population Growth

SCSD’s current permanent resident population is estimated at 1,321.⁸⁸ (It is estimated there are a total of 2,829 residents in SCSD when accounting for both primary and second-home residences.) This estimate of permanent residents represents an overall projected growth rate of 1.2% over the last 10 year period or 0.1% annually. All of the new population growth within SCSD is directly attributed to the conversion of six residential units from secondary to primary use based on a comparison of earlier landowner records compiled by Commission staff. The overall estimate of permanent residents in SCSD currently represents 5.0% of the total County unincorporated population.⁸⁹

Recent Permanent Population Growth within SCSD (Napa LAFCO)				
Jurisdiction	2003	2013	Difference	Annual Percentage
SCSD	1,305	1,321	16	0.1

With respect to projections, and for purposes of this review, it is reasonable to assume SCSD’s permanent resident population over the next 10 years within the existing sphere will incrementally increase consistent with the last decade. This presumption – if accurate – would draw on a matching number of conversions of existing residential units from secondary to primary used and result in a permanent resident population within SCSD of approximately 1,336 by 2023.

It is reasonable to assume SCSD’s growth rate in permanent residents will be minimal and follow recent patterns over the last 10 years. This assumption would result in a total permanent resident population within SCSD of 1,337 by 2023.

Projected Permanent Population Growth within SCSD (Napa LAFCO)					
Jurisdiction	2013	2018	2023	Difference	Annual Percentage
SCSD	1,321	1,329	1,337	16	0.1

⁸⁸ This estimate is based on the total number of developed residential parcels (508) within SCSD that have matching situs and mailing addresses according to current Assessor Office records.

⁸⁹ The estimated resident population within the entire unincorporated area is 26,609 as of January 1, 2013.

5.2 Population Density

SCSD's population density is estimated at 739 permanent residents per square mile. (Density increases to 1,572 when accounting for both primary and secondary residences.) This amount exceeds the average density rate for the entire unincorporated area of Napa County by twenty-fold while falling 83% below the average density rate for the City of Napa.

SCSD's population density is estimated at 739 residents for every square mile.

5.3 Social and Economic Indicators

A review of recent demographic information compiled by the United States Census Bureau indicates SCSD serves a significantly wealthier community given the median household income is \$151,000 and is more than double the median household income for all of Napa County. SCSD residents are also predominately homeowners with less than one-fifth currently renting. Further, residents are older with greater educational attainment than the population of the County as a whole based on a median age rate of 63 and a bachelor's degree completion rate of 70%.

Social and Economic Indicators within SCSD (American Community Surveys: Five Year Averages Between 2007-2011 / Napa LAFCO)		
Category	SCSD	County Average
Median Household Income	\$151,000	\$68,641
Owner-Occupied Residences	82.8%	63.3%
Renter-Occupied Residences	17.2%	36.7%
Median Housing Rent	n/a	\$1,279
Median Age	63.1	39.5
Prime Working Age (25-64)	43.6	52.9%
Unemployment Rate (Labor)	6.4%	5.2%
Persons Below Poverty Rate	0.0%	9.8%
Adults with Bachelor Degrees	70.0%	28.0%

* SCSD's jurisdictional boundary lies entirely within a stand-alone census designated place, Silverado CDP

6.0 Organizational Structure

6.1 Governance

SCSD's governance authority is provided under the Community Services District Act of 2006 ("principal act") and empowers the District to provide a full range of municipal services with the notable exception of exercising land use control.⁹⁰ The following list identifies the most common services community service districts are authorized to provide under the principal act with accompanying notations – active or latent – with regards to SCSD.

- Acquire, construct, improve, maintain and operate street lighting (active)
- Acquire, construct, improve, maintain, and operate street landscaping (active)
- Provide street cleaning (active)
- Acquire, construct, improve, and maintain streets, roads, bridges, curbs, drains, and sidewalks (active specific to sidewalks only)

⁹⁰ The principal act was originally enacted in 1951.

- Treat, store, and distribute water supplies (latent)
- Collect, treat, and dispose of sewage and storm water (latent)
- Drain and reclaim lands (latent)
- Provide police protection (latent)
- Provide fire protection (latent)
- Acquire, construct, improve, and operate recreation facilities and related services (latent)
- Collect, transfer, and dispose of solid waste (latent)
- Provide for the prevention, abate, and control of vectors and vector diseases (latent)
- Provide animal control services (latent)

SCSD has been governed since its formation in 1967 as a dependent special district with the County Board of Supervisors serving as its governing body. This arrangement – which is relatively unusual among community services districts – results in SCSD residents only electing one of the five District Board members given County Supervisors are elected by district. Regular meetings of the District Board are held quarterly on the first Tuesday of each applicable month and during scheduled adjournments of the Board of Supervisors at the County Administration Building. A current listing of Board members along with respective years experience follows.

Current SCSD Board Roster (Provided by SCSD)			
Member	Position	Background	Years on Board
Brad Wagenknecht	President	Educator	14
Mark Luce	Vice President	Chemical Engineer	7
Keith Caldwell	Member	Public Safety	5
Diane Dillon	Member	Attorney	10
Bill Dodd	Member	Business	12
<i>Average Years of Board Experience</i>			<i>10</i>

SCSD elections are based on a registered resident-voter system. The principal act specifies operations can be financed through user charges, general taxes, and voter-approved assessments.

As referenced in the preceding sections, SCSD has established a municipal advisory committee (MAC) to assist and inform the Board's decisions with respect to District finances, policies, programs, and operations. The SCSD MAC includes 33 members, each of whom are appointed by a corresponding homeowner association within Silverado. SCSD MAC holds regular quarterly meetings open to the public on the third Friday at the Silverado Clubhouse. While not exercising any independent authority, in practice the SCSD MAC has significant influence with their recommendations generally followed by the Board of Supervisors acting as the SCSD Board. A current listing of SCSD MAC members follows.

Current SCSD MAC Roster (Provided by SCSD)		
Category	Member	Member
A Cottages	Joe Russoniello	John Davis
B/C Cottages	Veronica Faussner	Marlene Kniveton
D Cottages	Thomas Fine	Paula Schultz
OCE	Robert Andresen	Tony Marko
Fairways	A. Robert Fisher	Mary Sandbulte
Creekside	Ella Gates	Eleanor Kimbrough
Silverado Oaks	Vanessa Braun	Don Russell
Unit 1	Linda Hewitt	Leandra Stewart
Units 2 A/B/C	Andy Kirmse	Christine Marek
Unit 4	Bill Trautman	John Hagerty
Units 5 A/B	Bill Jovick	Cathy Enfield
Silver Trail	Deenie Woodward	Dr. Glen Duncan
Springs	Bob Butler	Don Peterson
The Grove	Harry Matthews	Wayne Mohn
Silverado Crest	Howard Wahl	Paul Roberts
Silverado Highlands	Jim Wilson	Peter Young
SCC Resort	John Evans	n/a

* Information regarding members' years of experience serving on SCSD MAC not available

6.2 Administration

SCSD contracts with the County for administrative services with the Department of Public Works providing the majority of management duties and supplemented as needed by the Auditor and County Counsel's Offices. Accordingly, the County Public Works Director formally serves as SCSD General Manager and is responsible for overseeing all day-to-day activities ranging from coordinating service provision with contracted vendors to addressing constituent inquiries. Other administrative duties performed by Public Works include budgeting and purchasing. It is estimated Public Works staff collectively dedicates the equivalent of 0.25 fulltime employees to SCSD administrative activities.

6.3 Organizational Alternatives

The services provided to the Silverado community by SCSD will continue to require the continuation of a special tax and the programming of maintenance and improvement activities in the specific area defined by the District's boundary. The current reliance on the County Board of Supervisors and the County Department of Public Works for governance and operations functions is aimed at minimizing overhead costs of District activities, including the cost of elections. The relationship between the County Board and the District's Municipal Advisory Council appears to function smoothly. If there lacked a high level of agreement on the allocation of district resources and/or dissatisfaction with the implementation of the community's service priorities expressed by the MAC, the obvious organizational alternative would be to revert to the standard operation of the district as an independently governed district with a locally elected and independent governing board as is the case with most community services districts in California.

7.0 Municipal Services

SCSD currently provides four active services: street lighting; street sweeping; landscape maintenance; and sidewalk improvements and maintenance. The following analysis focuses on evaluating the availability, demand, and performance these active services relative to the Commission's assessment of current and anticipated community needs within the existing sphere of influence and potential for expansion. This analysis is also oriented to cover a 10-year period; five years back and five years ahead.

The focus of the preceding analysis is to provide a reasonable and independent "snapshot" of the current availability, demand, and performance of SCSD services.

Description of Services

SCSD's provision of improvement and maintenance services typically involves the, general maintenance of streets and sidewalks, landscaping and appurtenant facilities. This includes the repair, removal, or replacement of damaged landscaping and appurtenant facilities that are vital to the life, health, and beauty of the Silverado community.⁹¹ SCSD also furnishes water for landscaping irrigation purposes. Maintenance of SCSD's public lighting facilities, however, is provided by Pacific Gas and Electric ("PG&E").⁹²

SCSD reports its annual activities relating to improvements and repairs are generally provided as needed and thus regular periodic measurements of service trends are not included in this report given they may prove inaccurate or misleading. Project or service requests are proposed by the SCSD MAC and administratively processed by the Public Works. This includes selecting a contract vendor to implement the phases of the project.

Recent Expansion of Services

In 2009, LAFCO approved a proposal from SCSD for the activation of latent powers allowing the District to provide services relating to the improvement and maintenance of sidewalks, walking paths, and incidental works. This action was requested by SCSD MAC for purposes of improving the safety of sidewalk and walking path users within District boundaries.⁹³

Special Tax

SCSD levies an annual special tax on each parcel within the District in a manner paralleling ad valorem property taxes for purposes of funding the costs associated with the District's operations. For each fiscal year, SCSD determines the total tax requirement for the District based on the required level of services to be provided. The total tax requirement cannot exceed the established maximum tax for a given fiscal

⁹¹ SCSD most commonly provides landscaping services in the form of cultivation, irrigation, trimming, spraying, fertilizing, and treating for disease or injury. SCSD also provides the removal of trimmings, rubbish, debris, and other solid waste.

⁹² A monthly fee is paid to PG&E for the maintenance of street lights and the electric energy used in their operation.

⁹³ Due to budgetary constraints, sidewalks and walking paths within Napa County are not maintained by the County unless they are located on, or adjacent to, property owned or leased by the County. The sidewalks and walking paths within SCSD are utilized by District residents, guests of the Silverado Country Club and Resort, and the Napa County community at large.

year.⁹⁴ Once the total tax requirement has been determined, SCSD sets the special tax rate for each category of parcel. The following table shows trends in SCSD's maximum tax amounts along with corresponding changes in the CPI for the San Francisco Bay Area for each of the last 10 fiscal years.

SCSD Maximum Tax (Provided by SCSD)			
Fiscal Year	CPI	% Change	Maximum Tax
2012-2013	236.9	3.0	\$150,019.00
2011-2012	230.0	1.7	\$145,649.78
2010-2011	226.1	1.8	\$143,220.39
2009-2010	222.2	1.2	\$140,700.44
2008-2009	219.6	2.8	\$139,082.96
2007-2008	213.7	3.2	\$135,331.22
2006-2007	207.1	2.9	\$131,158.96
2005-2006	201.2	1.6	\$127,422.41
2004-2005	198.1	0.2	\$125,459.15
2003-2004	197.7	3.3	\$125,205.82

Each parcel in SCSD is assigned to one of six special tax categories based upon the property's development intensity: vacant residential lots are assigned one tax unit; condominiums and single family residences with limited services are assigned two units; properties on Silver Trail are assigned two and one-half units; and single family residences with full service are assigned four units. The remaining amount is apportioned among the seven large, vacant land parcels, including the Silverado Resort, based on their acreage. The following table shows the special tax rate per parcel for each category.

SCSD Maximum Tax (Provided by SCSD)	
Parcel Category	Special Tax Rate
A	15.64% of Total Tax Requirement*
B	\$39.08
C	\$78.16
D	\$78.16
E	\$97.70
F	\$156.32

* Ordinance No. T-1, page 3, section (d) indicates the Category A tax will be decreased in the same proportion that the Divisor for the year has decreased from the Divisor for the previous fiscal year until the percentage is decreased to 15% and will remain

8.0 Finances

8.1 Assets, Liabilities, and Equity

SCSD's financial statements are prepared by Gallina LLP. The most recent issued report was prepared for the 2011-2012 fiscal year and includes audited financial statements identifying SCSD's total assets, liabilities, and equity as of June 30, 2012. These audited financial statements provide quantitative measurements in assessing SCSD's short and long-term fiscal health and are summarized as follows.

⁹⁴ The maximum tax was set at \$100,000 for the 1997-1998 fiscal year. The maximum tax increases annually by the percentage increase in the Consumer Price Index (CPI) for the San Francisco Bay Area (all urban consumers). No adjustments are made to the maximum tax for decreases in the Consumer Price Index.

Assets

SCSD's assets at the end of the fiscal year totaled \$88,959. Assets classified as current with the expectation they could be liquidated into currency within a year represented nearly the entire total amount and are tied to cash and investments.⁹⁵ Assets classified as non-current represented the remaining amount and are associated with special assessments.⁹⁶

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Assets	53,732	69,630	76,934	99,905	86,888
Non-Current Assets	65	2,255	2,816	2,201	2,071
Total Assets	\$53,797	\$71,885	\$79,750	\$102,106	\$88,959

Liabilities

SCSD's liabilities are all considered current and totaled \$16,920 at the end of the fiscal year. Current liabilities consist solely of accounts payable.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Current Liabilities	2,308	3,671	6,591	30,049	16,290
Non-Current Liabilities	---	---	---	---	---
Total Liabilities	\$	\$3,671	\$6,591	\$30,049	\$16,290

Equity/Net Assets

SCSD's equity, or net assets, at the end of the fiscal year totaled \$72,039 and represents the difference between the District's total assets and liabilities. The end of year equity amount comprises only non-spendable or restricted funds.⁹⁷

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Asset Funds	4,418	9,512	15,303	---	---
Restricted Funds	870	870	870	72,057	72,039
Unrestricted Funds	46,201	57,832	56,986	---	---
Total Equity	\$51,489	\$68,214	\$73,159	\$72,057	\$72,039

SCSD's financial statements for 2011-2012 reflect the District experienced a positive change in its fiscal standing as its overall equity, or fund balance, increased by three-fourths. This increase in the overall fund balance is directly attributed to a one-fifth reduction in capital expenditures over the prior fiscal year. No significant deficiencies or material weaknesses were identified with respect to SCSD's financial statements.

Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Specifically, short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities over five-to-one. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.⁹⁸

⁹⁵ Current assets consist solely of cash investments and totaled \$86,888.

⁹⁶ Non-current assets consist solely of special assessments and totaled \$2,071.

⁹⁷ SCSD no longer maintains an unrestricted fund balance.

⁹⁸ SCSD's operating margin as of June 30, 2012 was (0.0001).

8.2 Revenue and Expense Trends

A review of SCSD's audited revenues and expenses shows that the District has finished three of the last five completed fiscal years with operating shortfalls with the largest deficit occurring in the 2007-2008 fiscal year at (\$13,764). The 2008-2009 fiscal year marked the largest end-of-year surplus at \$16,725 and is primarily tied to an increase in charges for services from the prior year. An expanded review of SCSD's audited end-of-year revenues and expenses in the two fund categories follows.

Category	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues	105,611	128,495	126,085	126,197	126,745
Expenses	119,375	111,770	121,140	127,299	126,763
	(13,764)	16,725	4,945	(1,102)	(18)

* All information reflects audited financial statements in CAFRs

8.3 Current Budget

SCSD's adopted budget for the 2013-2014 fiscal year totals \$186,192. This amount represents SCSD's total approved expenses or appropriations for the fiscal year. Revenues are budgeted to match expenses at \$186,192 and are to be drawn from charges for services. Interest earned on investments represents the second largest revenue source for SCSD accounting for less than one percent of the total budgeted amount. As reflected in the following table, SCSD has maintained a balanced budget in each of the last several years.

SCSD's Budgeted Revenues and Expenses (SCSD)					
2011-2012		2012-2013		2013-2014	
Actual Revenues	Actual Expenses	Budgeted Revenues	Budgeted Expenses	Budgeted Revenues	Budgeted Expenses
\$126,745	\$126,763	\$194,301	\$194,301	\$186,192	\$186,192

9.0 Agency Specific Determinations

The following determinations address the service and governance factors enumerated for consideration by the Commission under G.C. Section 56430 as well as required by local policy. These factors range in scope from considering infrastructure needs and deficiencies to relationships with growth management policies. The determinations serve as independent conclusions of the Commission on the key issues underlying growth and development within the affected community and are based on information collected, analyzed, and presented in this report and are specific only to SCSD. Determinations for the other agencies in this municipal service review are provided in their corresponding sections.

9.1 Growth and Population Projections

- a) SCSD's permanent resident population over the next 10 years within the District's existing sphere of influence will increase primarily due to conversions of existing residential units from secondary to primary used and result in an increase in permanent resident population of approximately 1,336 by 2023.

9.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities within or Contiguous to the Existing Spheres of Influence.

- a) A review of available economic data compiled as part of the most recent American Communities Survey does not identify any distinct areas within Napa's existing sphere of influence meeting the definition of a disadvantaged unincorporated community.

9.3 Present and Planned Capacity of Silverado Community Services District's Public Facilities, Adequacy of Public Services and Infrastructure Needs or Deficiencies.

- a) Sidewalk facilities within the District are undergoing repair and improvement. Other maintenance activities are conducted on an as-needed basis at the direction of the District's Municipal Advisory Committee. Charges for street lighting and lighting maintenance are paid to Pacific Gas and Electric Company. The District has not identified specific deficiencies in infrastructure requiring action beyond periodic maintenance.

9.4 Financial Ability to Provide Services

- a) The District has finished three of the last five completed fiscal years with operating shortfalls with the largest deficit occurring in the 2007-2008 fiscal year at (\$13,764).
- b) Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished 2011-2012 with sufficient resources to remain operational into the foreseeable future. Short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities over five-to-one. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.

9.5 Status and Opportunities for Shared Facilities

- a) SCSD shares facilities and services with the County of Napa, which both governs SCSD as a dependent special district and operates SCSD facilities under various contracts with private vendors. The purpose of these arrangements for governance and provision of service is cost efficiency gained from elimination of election costs and the ability to provide service on an as-needed, contractual basis rather than through permanent staff.

9.6 Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies

- a) The Napa County Board of Supervisors and County Department of Public Works provides all District services within the SCSD service area at the direction of the SCSD Municipal Advisory Committee (MAC), which is composed of seventeen members representing small sub-areas within SCSD. Although the District is formally governed by the County Board of Supervisors, governance authority could alternatively revert to an independent board similar to nearly all other community services districts in California by election.

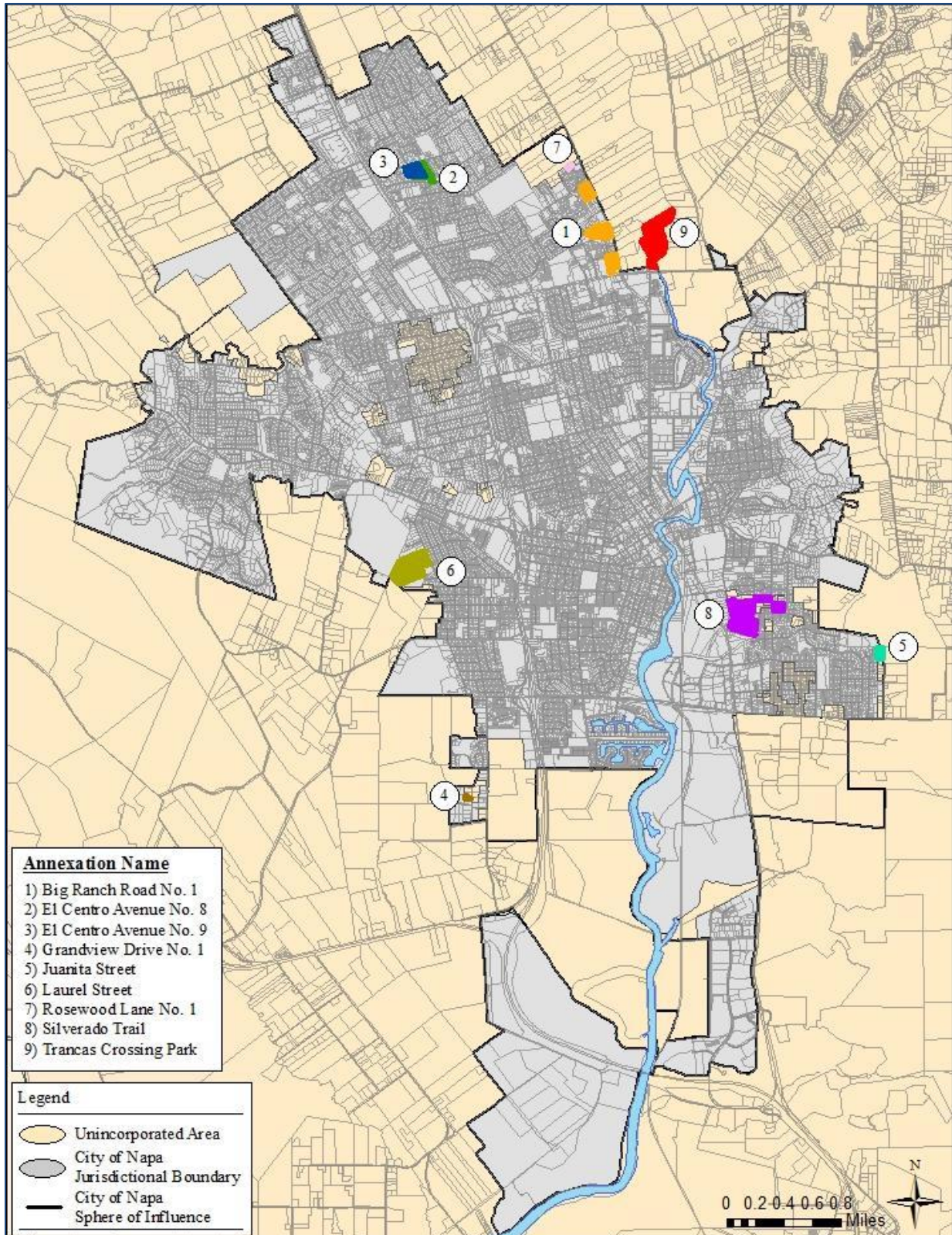
- b) The District's existing form as a dependent special district is aimed at maximizing efficiency through the use of County DPW staff and avoidance of election costs. The efficacy of the existing governance arrangement depends on low cost and the County's responsiveness to the direction the SCSD MAC. There are alternative sources of both governance and service available to the Silverado community if the County's performance with respect to the maintenance of streets, sidewalks, paths and landscaping were to fall short of community expectations.

9.7 Relationship with Regional Growth Goals and Policies (Local Policy)

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

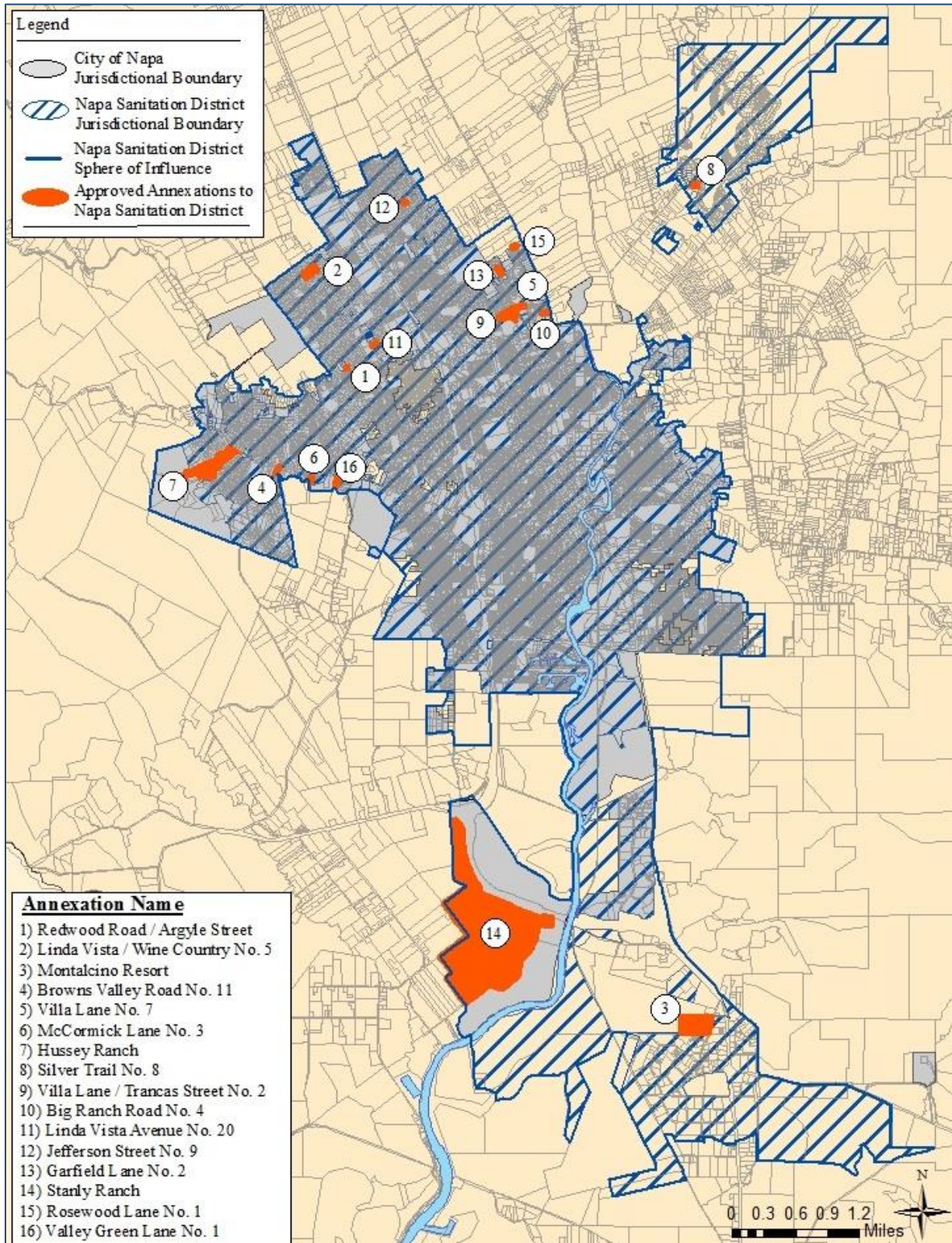
APPENDIX A

RECENT ANNEXATION APPROVALS TO NAPA



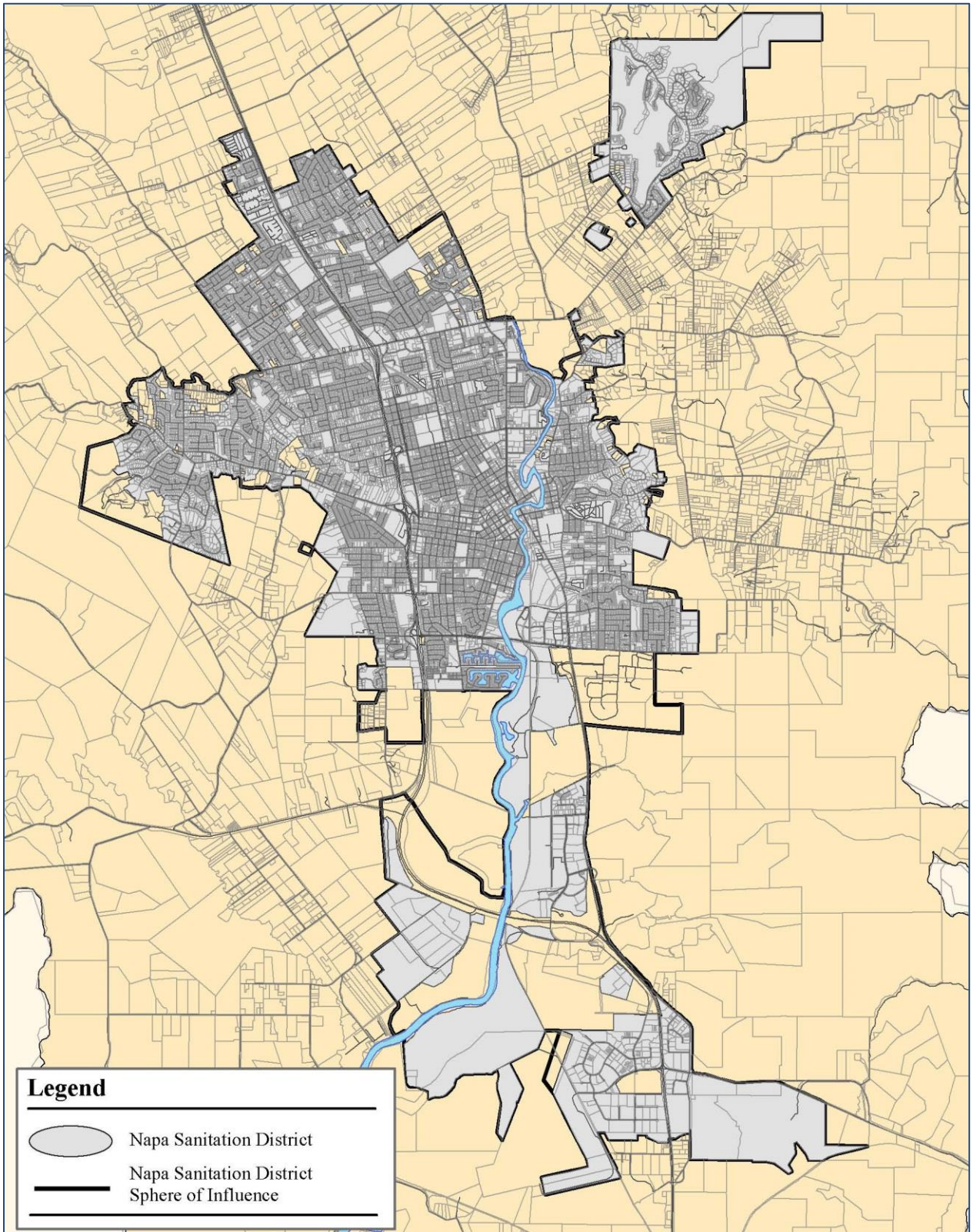
APPENDIX B

RECENT ANNEXATION APPROVALS TO NSD



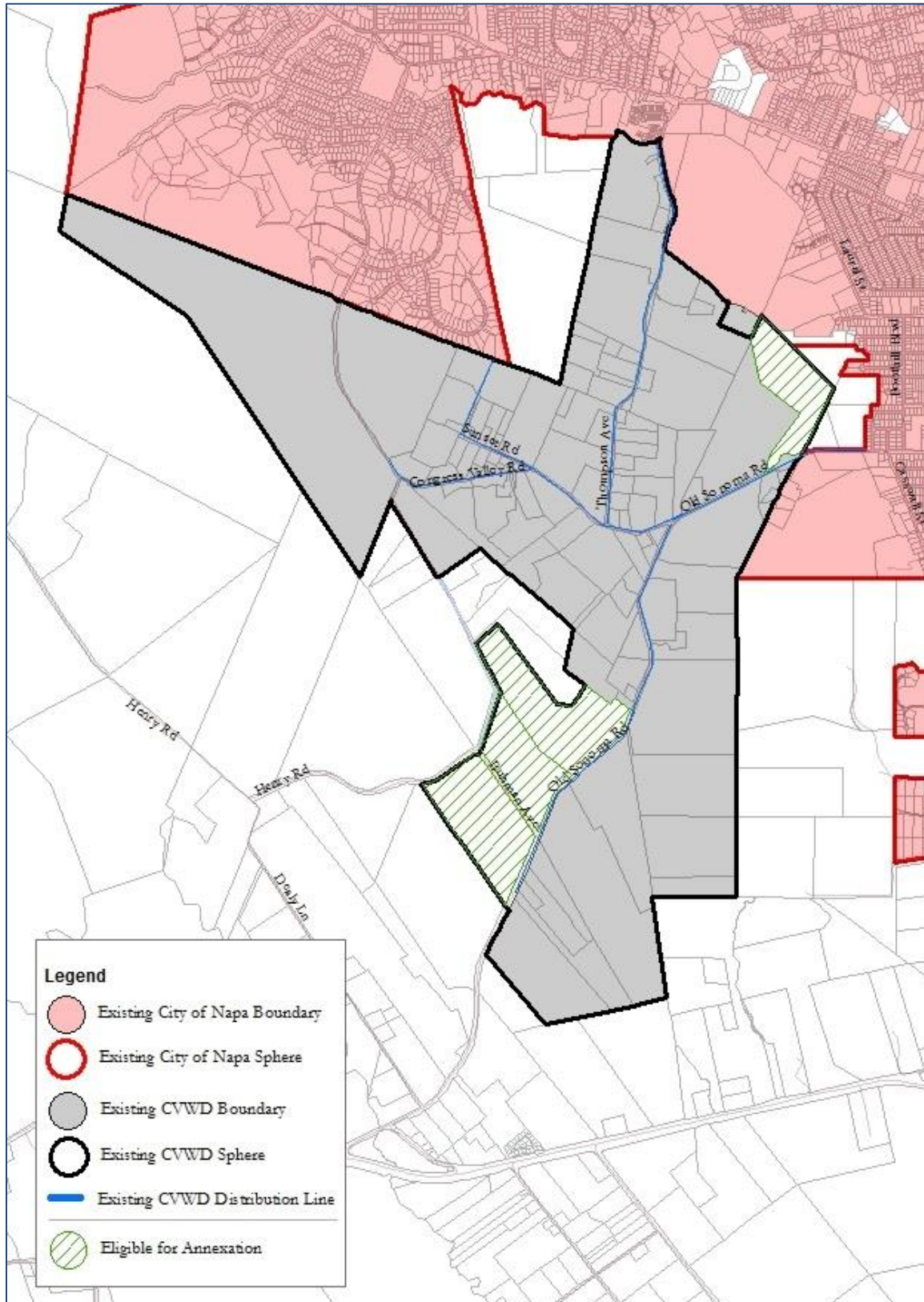
APPENDIX C

NSD CURRENT BOUNDARY AND SOI



APPENDIX D

CVWD CURRENT BOUNDARY AND SOI



APPENDIX E

SCSD CURRENT BOUNDARY AND SOI

