



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

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

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Agenda Item No. 8a (Discussion)

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TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer
Brendon Freeman, Analyst

**SUBJECT: Municipal Service Review on the Central County Region:
Draft Section on City of Napa**

The Commission will review a draft section of its scheduled municipal service review on the central county region specific to the City of Napa. The draft section examines the availability and adequacy of municipal services provided by Napa relative to the Commission's mandates to facilitate orderly growth and development and will serve as the source document to inform a pending sphere of influence update. The draft section is being presented for discussion and feedback in anticipation of preparing a final version for future action.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") directs Local Agency Formation Commissions (LAFCOs) to prepare municipal service reviews every five years to inform their other planning and regulatory activities. This includes, most notably, preparing and updating all local agencies' spheres of influence as needed. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic region as defined by LAFCOs. Municipal service reviews may also lead LAFCOs to take other actions under its authority such as forming, consolidating, or dissolving one or more local agencies. Municipal service reviews culminate with LAFCOs making determinations on a number of governance-related factors that include addressing infrastructure needs or deficiencies, growth and population trends, and financial standing consistent with California Government Code (G.C.) Section 56430.

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Keene Simonds
Executive Officer

A. Discussion

Central County Region Study

Consistent with LAFCO of Napa County's ("Commission") adopted study schedule, staff has initiated work on a municipal service review focusing on the central county region; an area defined by the Executive Officer to encompass all lands extending south to Soscol Ridge, west to Congress Valley, north to Oak Knoll, and east to Silverado. The principal objective of the municipal service review is to develop and expand the Commission's knowledge and understanding of the current and planned provision of municipal services provided within the region relative to present and projected needs throughout the county. This includes, in particular, evaluating the availability and adequacy of municipal services provided – directly or indirectly – by the four principal local service providers operating in the central county region subject to Commission oversight. These agencies include: (a) City of Napa; (b) Napa Sanitation District; (c) Congress Valley Water District; and (d) Silverado Community Services District. The Commission will use the municipal service review to inform its decision-making as it relates to performing future individual sphere updates for each of the affected agencies as well as evaluating future jurisdictional changes throughout the county.

Preparation of Central County Region Study

It was staff's original intention to prepare a complete draft report on the municipal service review – including a regional overview paired with individual profiles on all four affected agencies – for Commission and public review. However, and in consultation with the affected agencies, staff has revised its initial intentions to prepare and present the report in two distinct and sequential phases. The first phase involves preparing the municipal service review section specific to Napa. The second phase involves preparing the municipal service review sections specific to Napa Sanitation District, Congress Valley Water District, and Silverado Community Services District. The underlying purpose in phasing the municipal service review as referenced is to enable the Commission to focus its attention first on the service and governance issues tied to Napa given its subsequent sphere of influence update will presumably help inform the updates of the other three regional agencies included in the study. This referenced phasing also accommodates an anticipated joint request from the County and Napa to add the Napa Pipe site to the City's sphere of influence by or near the new calendar year.

Draft Section on Napa

Consistent with the preceding comments, the first phase of the municipal service review is attached to this agenda report and represents the draft section on Napa. The draft section is divided into eight distinct sections – overview, formation and development, adopted jurisdictional boundary, sphere of influence, demographics, organizational structure, municipal services, and financial standing – and culminating with determinative statements addressing all of the factors required for consideration under CKH. The draft section is being presented to the Commission for their initial review and feedback before a formal public review period commences and a final document is presented for action as early as the next regular meeting.

B. Analysis/Summary

With regards to central issues identified the draft section, information independently collected and analyzed indicates Napa's municipal services appear effectively managed and largely responsive to meeting current and projected community needs. Specific areas of interest to the Commission relative to its mandates and interests are memorialized in the determinations section and include the following pertinent conclusions.

- Napa has experienced a moderate growth rate of 5.3% over the last 10 years and producing an overall population of 77,881. It is reasonable to assume this recent rate will continue going forward and raise Napa's population to 81,771 by 2023; an amount that falls nearly 10% below the 90,000 amount contemplated in the Napa General Plan by 2020.
- Napa's housing supply has exceeded demand over the last 10 years based on the one-third increase in its vacancy rate from 7.8% to 10.7%. This escalating vacancy rate, nonetheless, remains relatively low compared to similarly sized cities in the greater region and suggests Napa has a reasonable balance in its housing supply and demand.
- Development activity in Napa is steadily rising as measured by the one-fifth increase in applications filed with the Planning Division over the last five years. This increase in activity suggests Napa will need to revisit its earlier decision to decrease staffing within its Planning and Building Divisions to appropriately accommodate and guide development going forward.
- Napa's existing water supplies appear collectively reliable in meeting the City's current and projected demands under normal and multiple dry year conditions, but insufficient during critical single dry year conditions with the current annual deficit estimated at 158 acre-feet or 51.5 million gallons.

- Napa requires the addition of 20 acre-feet or 6.5 million gallons of potable storage capacity to independently meet current and projected maximum day demands in its service area to protect against pressure losses and service interruptions during high usage periods.
- Public safety service provision appears adequately provided based on response times and other quantifiable measurements detailed in the draft section. Notable exceptions involve fire and emergency medical responses where service demands in the outer Browns Valley area are approaching and – depending on traffic demands – exceeding the five minute standard adopted by the City Council.
- Napa has finished the last fiscal year in relatively good financial standing as measured by its high liquidity and capital ratios. These ratios provide assurances Napa has sufficient resources to meet short- and near-term financial obligations and highlighted by net assets exceeding long-term liabilities by over seven-to-one.
- Napa has reduced its structural budget deficit over the last five years by 90% as evident by reducing its operating margin from (12.8%) in 2008 to (1.4%) in 2012.
- There is an existing governance disconnect between Napa and its historical water service area given the latter extends significantly beyond the City’s sphere of influence. 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 subsequent update cycle.

C. Commission Review

Commissioners are encouraged to discuss and provide feedback on the draft section prepared on Napa. Specific feedback is respectfully requested as it relates to areas of additional analysis. Unless otherwise directed, staff will initiate a 30-day public comment period on the Napa section with the expectation of returning with a complete and final section for approval by the Commission as early as its next regular meeting.

Attachment:

- ~~1) Draft Napa Section~~
- ~~Central County Region Study~~