



**Local Agency
Formation Commission**
LAFCO of Napa County

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AUGUST 7, 2006
AGENDA ITEM NO. 8a

July 26, 2006

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Comprehensive Study of Sanitation/Wastewater Treatment Providers
(Discussion)**

The Commission will review draft determinations regarding the sewer service operations for the four municipalities included in the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. The draft determinations are being presented for a first-reading and address the nine service factors the Commission is required to consider as part of its service review mandate.

On October 3, 2005, staff presented the first phase of the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. This initial phase included a written report, which was prepared for the Commission by P&D Consultants, evaluating the 10 public agencies providing wastewater services in Napa County. Following the meeting, a 30-day notice of review was circulated to each affected agency for their review and comment on the written report. No substantive comments were received during the review period.

Based on the written report prepared by P&D Consultants, staff has initiated the second phase of the study – the preparation of determinations for each affected agency. Determinations are required of the Commission as part of its service review mandate under Government Code §56430 and must be adopted prior to the update of the affected agency's sphere of influence. Determinations for the six special districts included in the study were presented to the Commission at its April and June 2006 meetings.

As a continuation of the second phase of the study, staff has prepared draft determinations for the four municipalities included in the study, which are the Cities of American Canyon, Calistoga, St. Helena, and the Town of Yountville. These draft determinations are being presented for a first-reading and are accompanied by overview sections for each agency. Following today's meeting, staff will circulate the draft determinations to each affected agency for their review and comment. Staff anticipates presenting final determinations, with or without revisions, to the Commission for consideration at its October 2, 2006 regular meeting.

Dr. Andrew Alexander, Vice-Chair
Mayor, City of Calistoga

Kevin Block, Commissioner
Councilmember, City of Napa

Cindy Coffey, Alt. Commissioner
Councilmember, City of American Canyon

Bill Dodd, Chair
Supervisor, 4th District

Brad Wagenknecht, Commissioner
Supervisor, 1st District

Mark Luce, Alt. Commissioner
Supervisor, 2nd District

Guy Kay, Commissioner
Representative of the General Public

Brian Kelly, Alt. Commissioner
Representative of the General Public

Keene Simonds
Executive Officer

CITY OF AMERICAN CANYON

Overview

The City of American Canyon was incorporated in 1992 and operates under a council-manager form of government. American Canyon is approximately 3.6 square miles in size and is located in southern Napa County north of the City of Vallejo (Solano County). American Canyon is governed by a five-member city council that includes a directly elected mayor. The mayor and four council members serve staggered four-year terms and are elected by general vote. A city manager is appointed to oversee and implement the policies adopted by the council.

City of American Canyon	
Incorporation Date	1992
Enabling Legislation	California Gov. Code §34000-45345
Estimated Resident Population	14,306

American Canyon currently provides sewer service to 4,221 residential and 166 non-residential connections. A small portion of these sewer connections are located outside American Canyon. The majority of these outside service connections were previously served by the American Canyon County Water District, which merged with American Canyon at the time of its incorporation. Due to the merger, American Canyon's sewer service area extends north of its incorporated boundary to Fagan Creek and includes the Napa County Airport and surrounding industrial area. The California Department of Finance estimates that American Canyon has a resident population of 14,306.

Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission's *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for American Canyon as part of Commission's service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Study of American Canyon* and the *Comprehensive Water Service Study* regarding the City of American Canyon remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The City of American Canyon's sewer system collects and provides tertiary treatment of wastewater before it is discharged into tidal wetlands that adjoin the North Slough. This is an advanced level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the City of American Canyon has adequate collection, treatment, and discharge capacities to meet current service demands. It is expected that these capacities are sufficient to accommodate future demands within the timeframe of this review.

The City of American Canyon's sewer system has a daily design capacity of 2.5 million gallons. In 2005, American Canyon's average daily flow amount was approximately 1.34 million gallons.

- c) The City of American Canyon's sewer service operations are guided by a master facilities plan that informs a capital improvement program. This facilities plan provides American Canyon with an appropriate guide to maintain and sequence upgrades to the sewer system to meet current and future service demands.
- d) The City of American Canyon has budgeted approximately 1.6 million dollars over the next two years to make improvements to its sewer collection system. These improvements will help American Canyon address suspected deficiencies concerning excessive storm water intrusion, which will enhance the overall efficiency of the sewer system.

Growth and Population Projections:

- a) The population projections issued by the California Department of Finance are appropriate estimates of the resident population of the City of American Canyon. Making use of the current projection, the estimated resident population of American Canyon is 14,306.
- b) The majority of the City of American Canyon's resident sewer customers are located within its incorporated boundary and are accounted for in the population projection issued by the California Department of Finance.
- c) There are a number of development projects currently under construction in the City of American Canyon. The completion of these projects will contribute to a significant increase in population for American Canyon.

Notable development projects approved by the City of American Canyon that are under construction include the Vintage Ranch (765 unit residential subdivision) and the Napa Junction (216 unit multiple-family complex).

Financing Constraints and Opportunities:

- a) In the fiscal year evaluated (FY03-04), operating expenses for the City of American Canyon's sewer system exceeded revenues. This revenue shortfall is primarily attributed to the operating cost of American Canyon's wastewater treatment plant, which was designed to accommodate system demands at build-out. Until development approaches build-out, it is expected that sewer service costs will continue to exceed revenues.

In FY03-04, the City of American Canyon experienced total expenses (including depreciation) of \$2,733,449 compared to total revenues of \$2,025,932 relating to the operation of its sewer system. This shortfall was funded by operating reserves.

Cost Avoidance Opportunities:

- a) The City of American Canyon emphasizes preventive maintenance with respect to the operation of its sewer system. American Canyon's emphasis on preventive maintenance helps to preserve and extend the effective operation of its sewer system and protects against capital depreciation.

Opportunities for Rate Restructuring:

- a) Sewer service operations for the City of American Canyon are predominately funded by monthly usage charges. As a result, it is necessary for American Canyon to continually monitor the cost of its sewer service operations to ensure the usage charges recover these costs while helping to fund reserves.
- b) The City of American Canyon's largest segment of sewer service customers are single-family residential users, which are currently charged a flat monthly rate of \$33.60. This charge represents the median sewer rate for single-family residences among the five incorporated communities in Napa County.
- c) As revenues increase from its recycled water service program, the City of American Canyon should identify appropriate reinvestment opportunities to its sewer system. In this way, American Canyon will recognize the funding contribution of sewer service customers to the recycled water system.

Opportunities for Shared Facilities:

- a) The City of American Canyon participates in a number of cost-sharing arrangements with other local government agencies. These arrangements, which include pooled insurance and purchasing programs, enable American Canyon to share operational costs with other agencies in a manner that enhances regional service coordination.
- b) The City of American Canyon and the Vallejo Sanitation and Flood Control District have an agreement to accept one another's excessive wastewater flows through interconnections between their respective sewer systems. This agreement provides American Canyon with a viable service alternative in the event of an interruption to its sewer system.
- c) The City of American Canyon should continue to consult with the Napa County Mosquito Abatement District regarding the operation and expansion of its sewer system. This will help to control vectors and vector-borne diseases in American Canyon and its vicinity.

Government Structure Options:

- a) The City of American Canyon is the only public agency authorized to provide sewer service within its incorporated boundary. There are no viable or warranted reorganization options concerning American Canyon and its sewer service operations.
- b) The City of American Canyon's sewer service area extends outside of its incorporated boundary to include unincorporated territory that overlaps with the jurisdictional boundary of County Service Area No. 3. County Service Area No. 3 has elected not to provide sewer service, and has expressed no intentions of doing so in the foreseeable future.
- c) It has been the practice of LAFCO to recognize that the City of American's sewer service area extends outside its incorporated boundary to include the former jurisdictional boundary of the American Canyon County Water District. LAFCO, American Canyon, and the County of Napa should establish a local policy that formalizes this practice while addressing the provisions of California Government Code §56133 that restricts an agency from serving outside its adopted sphere of influence.

Evaluation of Management Efficiencies:

- a) The City of American Canyon provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. American Canyon's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) The City of American Canyon is in excellent standing with the California Regional Water Quality Control Board with respect to complying with all applicable regulatory standards regarding its sewer service operations. American Canyon's status with the Regional Water Quality Control Board reflects the effective and efficient management of its sewer system.
- c) The City of American Canyon would benefit from adopting a policy to dedicate a specific amount or percentage of wastewater revenues to reserves. This policy would help to ensure that sufficient working capital is available for American Canyon to fund planned improvements and protect against unanticipated shortfalls in revenues.

Local Governance and Accountability:

- a) The City of American Canyon is governed by a mayor and four council members that are elected by and accountable to voters residing in American Canyon.
- b) The City of American Canyon makes reasonable efforts to maintain public dialogue with its constituents regarding the operation of its sewer system. These efforts strengthen American Canyon's accountability and contribute towards public involvement in local government.
- c) As part of its sewer service operations, the City of American Canyon participates in the restoration of approximately 500 acres of tidal wetlands by discharging tertiary treated wastewater into the North Slough. American Canyon's participation in this restoration project serves the public's interest by helping to enhance the health and quality of the local environment.
- d) The City of American Canyon's sewer service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate strong working relationships with members of the public as well as other local agencies.

CITY OF CALISTOGA

Overview

The City of Calistoga was incorporated in 1886 and operates under a council-manager form of government. Calistoga is approximately 2.6 square miles in size and is located at the northwestern border of the Napa Valley. Calistoga is governed by a five-member city council that includes a directly elected mayor. The mayor serves a two-year term while the four council members serve staggered four-year terms. Both the mayor and council members are elected by general vote. A city manager is appointed to oversee and implement the policies adopted by the council.

City of Calistoga	
Incorporation Date	1886
Enabling Legislation	California Gov. Code §34000-45345
Estimated Resident Population	5,223

Calistoga currently provides sewer service to 1,046 residential and 199 non-residential connections. All sewer connections are located within Calistoga's incorporated boundary. The California Department of Finance estimates that Calistoga has a resident population of 5,223.

Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission's *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for Calistoga as part of Commission's service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the City of Calistoga remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The City of Calistoga's sewer system collects and provides tertiary treatment of wastewater before it is discharged into the Napa River or used for landscape irrigation. This is an advanced level of sewer service that is regulated by the California Regional Water Quality Control Board.

- b) The sewer system for the City of Calistoga has adequate collection, treatment, and discharge capacities to meet current service demands. It is expected that these capacities are sufficient to accommodate future demands within the timeframe of this service review.

The City of Calistoga's sewer system has a daily design capacity of 0.84 million gallons. In 2005, Calistoga's average daily flow amount was approximately 0.74 million gallons.

- c) The City of Calistoga's sewer service operations are guided by a master facilities plan that informs a capital improvement program. This facilities plan provides Calistoga with an appropriate guide to maintain and sequence upgrades to the sewer system to meet current and future service demands.

Growth and Population Projections:

- a) The population projections issued by the California Department of Finance are appropriate estimates of the resident population of the City of Calistoga. Making use of the current projection, the estimated resident population of Calistoga is 5,223.
- b) The City of Calistoga has adopted policies that collectively restrict and sequence population growth to no more than 1.35% per year by establishing an annual allocation system for all development projects. This allocation system, which is intended to preserve public service levels and maintain community character, helps to ensure that future sewer service demands will increase at a nominal rate.

Financing Constraints and Opportunities:

- a) In the fiscal year evaluated (FY03-04), operating expenses for the City of Calistoga's sewer system exceeded revenues. Calistoga has subsequently made a concerted effort to examine its sewer service operations to avoid future shortfalls as reflected by its recent completion of a wastewater revenue program.

In FY03-04, the City of Calistoga experienced total expenses (including depreciation) of \$1,791,852 compared to total revenues of \$1,638,391 relating to the operation of its sewer system. The resulting shortfall was funded by operating reserves.

Cost Avoidance Opportunities:

- a) The City of Calistoga is in the process of developing a preventative maintenance program as part of its sewer service operations. The implementation of a preventive maintenance program will help Calistoga preserve and extend the effective operation of its sewer system and protect against capital depreciation.

Opportunities for Rate Restructuring:

- a) Sewer service operations for the City of Calistoga are predominately funded by monthly usage charges. These charges, which vary between residential and non-residential customers, are scheduled to be increased over the next three years to more effectively recover operational costs and to increase funding for reserves.
- b) The City of Calistoga's largest segment of sewer service customers are single-family residential users, which are currently charged a flat monthly rate of \$39.75. This charge is above the median sewer usage rate for single-family residences within the five incorporated communities in Napa County.

The median monthly sewer usage rate for single-family residences among the five incorporated communities in Napa County is \$33.60.

Opportunities for Shared Facilities:

- a) The City of Calistoga participates in a number of cost-sharing arrangements with other local government agencies. These arrangements, which include pooled insurance and purchasing programs, enable Calistoga to share operational costs with other agencies in a manner that enhances regional service coordination.
- b) The City of Calistoga should continue to consult with the Napa County Mosquito Abatement District regarding the operation and expansion of its sewer system. This will help to control vectors and vector-borne diseases in Calistoga and its vicinity.

Government Structure Options:

- a) The City of Calistoga is the only public agency authorized to provide sewer service within its incorporated boundary. There are no viable or warranted reorganization options concerning Calistoga and its sewer service operations.

Evaluation of Management Efficiencies:

- a) The City of Calistoga provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. Calistoga's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) The City of Calistoga is in excellent standing with the California Regional Water Quality Control Board with respect to complying with all applicable regulatory standards regarding its sewer service operations. Calistoga's relationship with the Regional Water Quality Control Board reflects the effective and efficient management of its sewer system.
- c) The City of Calistoga has a policy that dedicates 20% of its sewer operating expenses to reserves. This policy reflects prudent management by providing Calistoga with sufficient working capital to fund infrastructure improvements and protect against unanticipated shortfalls in revenues.

Local Governance and Accountability:

- a) The City of Calistoga is governed by a mayor and four council members that are elected by and accountable to voters residing in Calistoga.
- b) The City of Calistoga makes reasonable efforts to maintain public dialogue with its constituents regarding the operation of its sewer system. These efforts strengthen Calistoga's accountability and contribute towards public involvement in local government.
- c) The City of Calistoga's sewer service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate strong working relationships with members of the public as well as other local agencies.

CITY OF ST. HELENA

Overview

The City of St. Helena was incorporated in 1876 and operates under a council-manager form of government. St. Helena is approximately 5.1 square miles in size and is located in the Napa Valley between the City of Calistoga and Town of Yountville. St. Helena is governed by a five-member city council that includes a directly elected mayor. The mayor serves a two-year term while the four council members serve staggered four-year terms. Both the mayor and council members are elected by general vote. A city manager is appointed to oversee and implement the policies adopted by the council.

City of St. Helena	
Incorporation Date	1876
Enabling Legislation	California Gov. Code §34000-45345.
Estimated Resident Population	6,006

St. Helena currently provides sewer service to 1,480 residential and 175 non-residential connections. All sewer connections are located within St. Helena's incorporated boundary. The California Department of Finance estimates that St. Helena has a resident population of 6,006.

Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission's *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for St. Helena as part of Commission's service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the City of St. Helena remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The City of St. Helena's sewer system collects and provides secondary treatment of wastewater before it is discharged into the Napa River or sprayed on City-owned land. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.

- b) The sewer system for the City of St. Helena is nearing capacity with regard to meeting existing service demands. Improvements are needed to help solidify the ability of St. Helena to adequately collect, treat, and discharge existing service demands as well as to accommodate future service demands.

The City of St. Helena's sewer system has a daily design capacity of 5.0 million gallons. In 2005, St. Helena's average daily flow amount was approximately 0.48 million gallons.

- c) The City of St. Helena is in the process of developing a comprehensive recycled water program for the purpose of providing tertiary treatment of wastewater for unrestricted irrigation use. The development of a recycled water program will require a substantial capital investment in new wastewater treatment facilities.
- d) The City of St. Helena would benefit by preparing a comprehensive sewer facilities plan. This plan should evaluate the adequacy of existing facilities to meet present and future system demands and offer recommendations as part of a long-term capital improvement program.
- e) The ability of the City of St. Helena to effectively quantify its capacity to serve new customers would be measurably strengthened by preparing a comprehensive sewer facilities plan.

Growth and Population Projections:

- a) The population projections issued by the California Department of Finance are appropriate estimates of the resident population of the City of St. Helena. Making use of the current projection, the estimated resident population of St. Helena is 6,006.
- b) The City of St. Helena has adopted a policy that restricts and sequences annual residential growth to no more than 2.0%. This policy, which limits the annual number of available residential building permits to nine, helps to ensure that future sewer service demands will increase at a nominal rate.

Financing Constraints and Opportunities:

- a) In the fiscal year evaluated (FY02-03), operating expenses for the City of St. Helena's sewer system exceeded revenues. St. Helena should make a concerted effort to examine its sewer service operations to rectify its cost-to-income relationship to avoid future shortfalls.

In FY02-03, the City of St. Helena experienced total expenses (including depreciation) of \$1,070,984 compared to total revenues of \$832,239 relating to the operation of its sewer system. The resulting shortfall was funded by operating reserves and contributions from the St. Helena General Fund.

Cost Avoidance Opportunities:

- a) The City of St. Helena emphasizes preventive maintenance with respect to the operation of its sewer system. St. Helena's emphasis on preventive maintenance helps to preserve and extend the effective operation of its sewer system and protects against capital depreciation.

Opportunities for Rate Restructuring:

- a) Sewer service operations for the City of St. Helena are predominately funded by bimonthly usage charges. This necessitates that St. Helena continually monitor the cost of its sewer service operations to ensure the usage charges recover these costs while helping to fund reserves.
- b) The City of St. Helena's largest segment of sewer service customers are single-family residential users, which are currently charged a flat bimonthly rate of \$46.59. This rate, which is scheduled to increase by 10% annually through 2009, is less than the median sewer rate for single-family residences among the five incorporated communities in Napa County.

The median monthly usage sewer rate for single-family residences among the five incorporated communities in Napa County is \$33.60. (If spread out over two months, St. Helena's usage sewer rate is \$23.30 per month.)

- c) As part of a planned improvement to its sewer system, the City of St. Helena is in the process of developing a recycled water service program. As revenues develop from a recycled water program, St. Helena should identify appropriate reinvestment opportunities to its sewer system. In this way, St. Helena will recognize the funding contribution of its sewer service customers to the recycled water system.

Opportunities for Shared Facilities:

- a) The City of St. Helena participates in a number of cost-sharing arrangements with other local government agencies. These arrangements, which include pooled insurance and purchasing programs, enable St. Helena to share operational costs with other agencies in a manner that enhances regional service coordination.

- b) The City of St. Helena should continue to consult with the Napa County Mosquito Abatement District regarding the operation and expansion of its sewer system. This will help to control vectors and vector-borne diseases in St. Helena and its vicinity.

Government Structure Options:

- a) The City of St. Helena is the only public agency authorized to provide sewer service within its incorporated boundary. There are no viable or warranted reorganization options concerning St. Helena and its sewer service operations.

Evaluation of Management Efficiencies:

- a) The City of St. Helena provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. St. Helena's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
- b) The City of St. Helena is in excellent standing with the California Regional Water Quality Control Board with respect to complying with all applicable regulatory standards regarding its sewer service operations. St. Helena's status with the Regional Water Quality Control Board reflects the effective and efficient management of its sewer system.
- c) The City of St. Helena has a policy that dedicates 15% of its sewer operating expenses to reserves. This policy reflects prudent management by providing St. Helena with sufficient working capital to fund infrastructure improvements and protect against unanticipated shortfalls in service revenues.

Local Governance and Accountability:

- a) The City of St. Helena is governed by a mayor and four council members that are elected by and accountable to voters residing in St. Helena.
- b) The City of St. Helena makes reasonable efforts to maintain public dialogue with its constituents regarding the operation of its sewer system. These efforts strengthen St. Helena's accountability and contribute towards public involvement in local government.
- c) The City of St. Helena's sewer service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate strong working relationships with members of the public as well as other local agencies.

TOWN OF YOUNTVILLE

Overview

The Town of Yountville was incorporated in 1965 and operates under a council-manager form of government. Yountville is approximately 1.5 square miles in size and is located in the Napa Valley north of the City of Napa. Yountville is governed by a five-member town council that includes a directly elected mayor. The mayor serves a two-year term while the four council members serve staggered four-year terms. Both the mayor and council members are elected by general vote. A town administrator is appointed to oversee service operations and implement the policies adopted by the council.

Town of Yountville	
Incorporation Date	1965
Enabling Legislation	California Gov. Code §34000-45345
Estimated Resident Population	3,257

Yountville currently provides sewer service to 590 residential and 74 non-residential connections. All sewer connections are located within Yountville's incorporated boundary. This includes a single service connection to the State of California's Veterans Home, which has a resident population of approximately 1,200. Yountville and the State of California share equal ownership in the wastewater treatment plant, but maintain separate collection systems. The California Department of Finance estimates that Yountville has a resident population of 3,257.

Written Determinations

The following written determinations have been prepared by staff and are drawn from information collected as part of the Commission's *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the service factors prescribed for consideration for Yountville as part of Commission's service review mandate under California Government Code §56430. When warranted, some determinations include supplemental information listed in italics to provide context to the underlying service factor.

General Policies:

- a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the Town of Yountville remain valid and appropriate.

Infrastructure Needs or Deficiencies:

- a) The Town of Yountville's sewer system collects and provides secondary treatment of wastewater before it is discharged to the Napa River or used for restricted landscape irrigation. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
- b) The sewer system for the Town of Yountville has adequate collection, treatment, and discharge capacities to meet current service demands. It is expected that these capacities are sufficient to accommodate future demands within the timeframe of this service review.

The Town of Yountville's sewer system has a daily design capacity of 0.55 million gallons. In 2005, Yountville's average daily flow amount was approximately 0.42 million gallons.

- c) The Town of Yountville would benefit by preparing a comprehensive sewer facilities plan. This plan should evaluate the adequacy of existing facilities to meet present and future system demands and offer recommendations as part of a long-term capital improvement program.
- d) The ability of the Town of Yountville to effectively quantify its capacity to serve new customers would be measurably strengthened by preparing a comprehensive sewer facilities plan.
- e) The Town of Yountville is in the process of developing a comprehensive recycled water program to provide tertiary treatment of wastewater for unrestricted irrigation uses. The expansion of Yountville's recycled water program will require a substantial capital investment in new wastewater treatment facilities.

Growth and Population Projections:

- a) The population projections issued by the California Department of Finance are appropriate estimates of the resident population of the Town of Yountville. Making use of the current projection, the estimated resident population of Yountville is 3,257.
- b) Approximately one-third of the Town of Yountville's resident population resides at the State of California's Veterans Home. It is expected that the resident population at the Veterans Home will remain stagnant within the foreseeable future.

- c) Growth within the Town of Yountville has been constrained over the last several decades by persistent concerns regarding its available water supply. The recent lifting of an eight-year moratorium on water service connections signals that these supply concerns have been addressed and that Yountville is prepared to serve new development.

Financing Constraints and Opportunities:

- a) In the fiscal year evaluated (FY03-04), operating expenses for the Town of Yountville's sewer system exceeded revenues. Yountville should make a concerted effort to examine its sewer service operations to rectify its cost-to-income relationship to avoid future shortfalls.

In FY03-04, the Town of Yountville experienced total expenses (including depreciation) of \$744,900 compared to total revenues of \$611,881 relating to the operation of its sewer system. Yountville funded this shortfall with operating reserves and contributions from its General Fund.

- b) The ability of the Town of Yountville to generate revenues for its sewer system is constrained by its relatively small resident population. This population size diminishes Yountville's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
- c) The Town of Yountville is scheduled to prepare a feasibility study for the upgrade of the wastewater treatment plant to provide tertiary treatment for unrestricted irrigation uses. This project underscores the need for Yountville to develop additional revenue in order to fund all associated improvements.

Cost Avoidance Opportunities:

- a) The Town of Yountville emphasizes preventive maintenance with respect to the operation of its sewer system. Yountville's emphasis on preventive maintenance helps to preserve and extend the effective operation of its sewer system and protects against capital depreciation.

Opportunities for Rate Restructuring:

- a) Sewer service operations for the Town of Yountville are predominately funded by monthly usage charges. This necessitates that Yountville continually monitor the cost of its sewer service operations to ensure the usage charges recover these costs while helping to fund reserves.

- b) The Town of Yountville's largest segment of sewer service customers are single-family residential users, which are currently charged a flat monthly rate of \$38.19. This rate is above the median sewer rate for single-family residences among the five incorporated communities in Napa County.

The median monthly usage sewer rate for single-family residences among the five incorporated communities in Napa County is \$33.60.

Opportunities for Shared Facilities:

- a) The Town of Yountville participates in a number of cost-sharing arrangements with other local government agencies. These arrangements, which include pooled insurance and purchasing programs, enable Yountville to share operational costs with other agencies in a manner that enhances regional service coordination.
- b) The Town of Yountville and the State of California maintain joint-ownership of the wastewater treatment plant serving Yountville and the Veterans Home. This relationship provides cost-savings for both agencies and is an example of the benefits of shared costs and resources.
- c) The Town of Yountville should continue to consult with the Napa County Mosquito Abatement District regarding the operation and expansion of its sewer system. This will help to control vectors and vector-borne diseases in Yountville and its vicinity.

Government Structure Options:

- a) The Town of Yountville is the only public agency authorized to provide sewer service within its incorporated boundary. There are no viable or warranted reorganization options concerning Yountville and its sewer service operations.

Evaluation of Management Efficiencies:

- a) The Town of Yountville provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. Yountville's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.

- b) The Town of Yountville is in excellent standing with the California Regional Water Quality Control Board with respect to complying with all applicable regulatory standards regarding its sewer service operations. Yountville's status with the Regional Water Quality Control Board reflects the effective and efficient management of its sewer system.

- c) The Town of Yountville would benefit from adopting a policy to dedicate a specific amount or percentage of wastewater revenues to reserves. This policy would help to ensure that sufficient working capital is available for Yountville to fund planned improvements and protect against unanticipated shortfalls in revenues.

Local Governance and Accountability:

- a) The Town of Yountville is governed by a mayor and four council members that are elected by and accountable to voters residing in Yountville.

- b) The Town of Yountville makes reasonable efforts to maintain public dialogue with its constituents regarding the operation of its sewer system. These efforts strengthen Town of Yountville's accountability and contribute towards public involvement in local government.

- c) The Town of Yountville's sewer service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate strong working relationships with members of the public as well as other local agencies.