



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

Agenda Item 6a (Public Hearing)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: October 2, 2017

SUBJECT: Revised Final Municipal Service Review and Sphere of Influence Update for the Congress Valley Water District

RECOMMENDATION

It is recommended the Commission take the following actions:

- 1) Open the public hearing and take testimony;
- 2) Close the public hearing;
- 3) Receive and file the revised final Municipal Service Review and Sphere of Influence Update for the Congress Valley Water District (Attachment One);
- 4) Adopt the draft resolution confirming the determinative statements contained therein, updating the Congress Valley Water District's sphere of influence with two changes as described in this report, and making CEQA findings (Attachment Two).

BACKGROUND AND SUMMARY

The Commission will review and consider taking actions on a final Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Congress Valley Water District (CVWD). Specific areas of interest to the Commission relative to its MSR mandates and policy interests are memorialized in the determinations section of the revised final report (Attachment One) and included in the draft resolution (Attachment Two).

At its June 5, 2017 meeting, the Commission discussed a draft MSR and SOI Update for CVWD.

At its August 7, 2017 meeting, the Commission held a public hearing and considered the approval of a final MSR and SOI Update for CVWD. The Commission continued the public hearing to today's meeting due to the need for revisions to the final report.

Juliana Inman, Commissioner
Councilmember, City of Napa

Margie Mohler, Commissioner
Councilmember, Town of Yountville

Kenneth Leary, Alternate Commissioner
Councilmember, City of American Canyon

Brad Wagenknecht, Chair
County of Napa Supervisor, 1st District

Diane Dillon, Commissioner
County of Napa Supervisor, 3rd District

Ryan Gregory, Alternate Commissioner
County of Napa Supervisor, 2nd District

Brian J. Kelly, Vice Chair
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

DISCUSSION

The revised final report includes determinations addressing the mandated MSR and SOI factors pursuant to California Government Code (G.C.) Sections 56430 and 56425, respectively. The revised final report includes several changes to the final report that was presented at the Commission's August 7, 2017 meeting. These changes to the final report are summarized below.

Revisions to the Final Report

- A new section (Section 6.4) was added that evaluates the potential for alternative water service providers in close proximity to CVWD to provide service.
- A new section (Section 6.5) was added that evaluates organizational alternatives, including possible future dissolution of CVWD.
- A new appendix (Appendix C) was added that provides information about recycled water service provided by the Los Carneros Water District (LCWD). Notably, this new appendix confirms LCWD is unable to extend recycled water service to additional customers at this time.
- Additional information about the trucked water arrangement involving the City of Napa and the Carneros Mutual Water Company has also been included.

SOI Study Areas

The revised final report identifies and evaluates three study areas for potential addition to, or removal from, CVWD's SOI. The study areas are summarized below.

- ***Buhman Avenue Study Area (Potential Addition to SOI)***
The Buhman Avenue Study Area consists of nine unincorporated parcels located along Buhman Avenue south of Congress Valley Road. This area is approximately 131.6 acres in size and located outside CVWD's jurisdictional boundary and SOI. This area is entirely within CVWD's "service area" as defined in the water supply contract between the District and the City of Napa. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for this area. Existing land uses include planted vineyards on five parcels and one rural residence on a separate parcel.

On September 26, 2016, CVWD submitted a formal request for the Commission to amend the District's SOI to include three parcels within the Buhman Avenue Study Area referred to as the "Forloine properties" (Attachment Three).

On November 29, 2016, Mr. John Stewart, the representative for the landowner of the Forloine properties, submitted correspondence summarizing groundwater deficiencies in the area along with a request for the Forloine properties to be added to CVWD's SOI (Attachment Four).

It is important to note an expansion of CVWD's SOI to include any parcels that are 10 acres or larger in size would be problematic due to the requirements of the California Environmental Quality Act (CEQA). In contrast, a CEQA exemption is available for any Commission action that would expand CVWD's SOI to include parcels that are less than 10 acres in size.¹

Mr. Stewart subsequently submitted a letter dated September 12, 2017 that describes various attempts to either voluntarily restrict future land uses on the Forloine properties, process a lot line adjustment, or prepare the necessary CEQA analysis (Attachment Five). These options were being pursued by Mr. Stewart to enable the Commission to add the Forloine properties to CVWD's SOI and find this action exempt from CEQA. All of these options proved cost prohibitive or otherwise infeasible. Mr. Stewart's September 12, 2017 letter concludes with a request for only the 5.4-acre parcel within the Forloine properties to be added to CVWD's SOI. The 5.4-acre parcel is identified as Assessor Parcel Number (APN) 047-030-023.

Staff recommends the Commission expand CVWD's SOI to include APN 047-030-023 based on the parcel's longstanding inclusion within the District's "service area" as defined in its water supply contract with the City. In addition, CVWD has formally requested that the parcel be included in the District's SOI.

In order to expand CVWD's SOI to include this parcel, the Commission must determine that the addition of APN 047-030-023 is consistent with LAFCO's adopted policies on Special District Spheres of Influence (*General Policy Determinations* Section III(D)). Staff believes that the proposed addition of the named parcel is consistent with the adopted policy. While the policy restricts the Commission's ability to include land designated agricultural, as it would promote urban development, the policy also reflects that the Commission has the discretion to find that there are "limited exceptions" to this general rule. In this case, staff believes it is clear that the recommended expansion would not promote urban development given that the original contract between the City and CVWD included the area, and that CVWD's ability to provide water to the parcel is ultimately limited by its contract with the City, which provides that water service can only be provided for domestic, agricultural, and winery connections. As stated above, given the parcel size of 5.4 acres, no winery connection would be permitted. Given these restrictions, no urban development will result from the proposed sphere expansion.

¹ The Commission would be lead agency under CEQA for any actions involving changes to CVWD's SOI. In order to satisfy the requirements of CEQA for an expansion to CVWD's SOI involving parcels that are 10 acres or larger in size, the Commission would need to prepare an initial study and adopt (at a minimum) a negative declaration. There are no available CEQA exemptions for this type of action. Conversely, a CEQA exemption would be available if the Commission expands CVWD's SOI to include parcels that are less than 10 acres in size. This distinction is due to the County of Napa's minimum parcel size of 10 acres for winery development.

- **Old Sonoma Road Study Area (Potential Addition to SOI)**

The Old Sonoma Road Study Area consists of 34 unincorporated parcels located along Old Sonoma Road south of Congress Valley Road. This area is approximately 67.0 acres in size and outside of CVWD's jurisdictional boundary and SOI. This area is also entirely outside CVWD's "service area" as defined in the water supply contract between the District and the City of Napa. The County of Napa has assigned an *Agricultural Resource* General Plan land use designation and *Agricultural Watershed, Commercial Limited*, and *Planned Development* zoning standards for this area. Existing land uses within this area include the Carneros Resort & Spa, Carneros Cottages, and Carneros Homes.

Before the Commission can add this area to CVWD's SOI, additional environmental analysis in the form of an initial study and at a minimum a negative declaration would need to be prepared and adopted to satisfy the requirements of CEQA. Additionally, the Commission would need to consider whether the addition of this area would be consistent with LAFCO's adopted policies on Special District Spheres of Influence (*General Policy Determinations*, Section III(D)) or whether an exception is warranted. Staff believes the referenced policy is clear in terms of the Old Sonoma Road Study Area, and that an expansion to CVWD's SOI to include this area would be inconsistent. Further, staff believes an exception to the policy is not warranted. Therefore, staff recommends that the Old Sonoma Road Study Area not be included in CVWD's SOI at this time.

It is important to note that the revised final report evaluates the capacity of CVWD and the City of Napa to provide water to this area through an outside service agreement pursuant to G.C. Section 56133.5. If an outside service agreement is approved by the Commission in the future, this area could receive public water service from CVWD or the City without requiring an SOI expansion and annexation.²

² A formal request from CVWD or the City of Napa to provide outside water service to the developed portions of the Old Sonoma Road Study Area would need to be considered by the Commission as part of a separate public hearing in which specific determinations must be made by the Commission pursuant to G.C. Section 56133.5.

- ***Southeast Study Area (Potential Removal from SOI)***

The Southeast Study Area consists of a 10.6-acre portion of one unincorporated parcel located within CVWD's SOI but outside the District's jurisdictional boundary. The area is also located outside CVWD's service area as defined in the water supply contract between the District and the City of Napa. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for this area. This area is currently undeveloped and there are no existing plans for development of the property.

The Southeast Study Area does not currently receive water service from CVWD and there is no expectation that water service will be needed in the foreseeable future. This area was previously added to CVWD's SOI in 2008 in error as a result of confusion regarding the extent of the District's jurisdictional boundary. Based on these factors, staff recommends the Commission take formal action to remove this area from CVWD's SOI; an action that would be exempt from CEQA.

SOI Recommendation Summary

Staff recommends the following two changes to CVWD's SOI:

- 1) Expand CVWD's SOI to include approximately 5.4 acres of non-jurisdictional territory comprising one parcel within the Buhman Avenue Study Area identified as APN 047-030-023.
- 2) Remove approximately 10.6 acres of non-jurisdictional territory from CVWD's SOI comprising the entire Southeast Study Area.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

If the Commission chooses to take formal action at today's meeting consistent with Alternative Action One, as outlined below, the MSR component of the final report is exempt from further environmental review under CEQA pursuant to California Code of Regulations Section 15306. This finding would be based on the Commission determining with certainty the MSR is limited to basic data collection, research, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.

The recommended SOI update to include the two changes described above would be exempt from further review under CEQA pursuant to California Code of Regulations Section 15061(b)(3). This finding would be based on the Commission determining with certainty that the recommended update to CVWD's SOI would have no possibility of significantly affecting the environment given no new land use or municipal service authority would be granted.

ALTERNATIVES FOR COMMISSION ACTION

Staff has identified two alternatives for Commission consideration, as summarized below:

Alternative Action One (Recommended):

Take the following actions:

- 1) Receive and file the revised final MSR and SOI Update for CVWD (Attachment One); and
- 2) Adopt the draft resolution confirming the determinative statements contained therein, updating CVWD's SOI as recommended in this report, and making CEQA findings (Attachment Two).

Alternative Action Two:

Continue the public hearing to the Commission's December 4, 2017 meeting and provide direction to staff regarding any additional changes to the revised final report.

ATTACHMENTS

- 1) Revised Final MSR and SOI Update for CVWD
- 2) Draft Resolution Approving Determinative Statements, Updating CVWD's SOI, and Making CEQA Findings
- 3) Letter from CVWD (Dated September 26, 2016)
- 4) Letter from John Stewart (Dated November 29, 2016)
- 5) Letter from John Stewart (Dated September 12, 2017)

Attachment One



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

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

CONGRESS VALLEY WATER DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE
Prepared in accordance with Government Code Sections 56425 and 56430

Revised Final Report
October 2017



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

Commissioners

Brad Wagenknecht, Chair, County Member
Brian J. Kelly, Vice Chair, Public Member
Diane Dillon, Commissioner, County Member
Juliana Inman, Commissioner, City Member
Margie Mohler, Commissioner, City Member
Kenneth Leary, Alternate Commissioner, City Member
Ryan Gregory, Alternate Commissioner, County Member
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I. INTRODUCTION

A. Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California and are responsible for administering a section of Government Code known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCOs are located in all 58 counties in California and delegated regulatory and planning responsibilities to coordinate the logical formation and development of local governmental agencies and their services while protecting agricultural and open space resources.

B. Municipal Service Reviews

As part of the aforementioned Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, LAFCOs are required to prepare municipal service reviews in conjunction with updating each local agency's sphere of influence ("sphere") every five years as needed. The legislative intent of municipal service reviews is to inform LAFCOs with regard to the availability and sufficiency of governmental services provided within their respective jurisdictions prior to making sphere determinations. Municipal service reviews vary in scope and can focus on a particular agency, service, or geographic region. Municipal service reviews may also lead LAFCO to take other actions under its authority, such as initiating a reorganization involving two or more special districts. All municipal service reviews, however, must include written statements making determinations pursuant to Government Code (G.C.) Section 56340.

C. Sphere of Influence Updates

A central planning responsibility for LAFCO is the determination of a sphere for each city and special district under its jurisdiction. LAFCO establishes, amends, and updates spheres to designate the territory it believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. All jurisdictional changes, such as annexations and detachments, as well as outside service extensions, must be consistent with the spheres of the affected local agencies with limited exceptions. In making a sphere determination, LAFCO must prepare written statements pursuant to G.C. Section 56425. The intent in preparing the written statements is to capture the legislative intent of the sphere determination with regard to coordinating the sensible development of each local agency consistent with the anticipated needs of the affected community.

D. Congress Valley Water District

This report represents LAFCO of Napa County's ("Commission") scheduled municipal service review and sphere update for the Congress Valley Water District (CVWD). The report is organized into two principal sections. The first section is an executive summary that includes determinations addressing the factors required for both the municipal service review and sphere update mandates. The second section provides a comprehensive review of CVWD in terms of its formation, population and growth, organizational structure, municipal service provision, and financial standing.

II. EXECUTIVE SUMMARY

A. Municipal Service Review

The municipal service review indicates CVWD has generally established adequate administrative, service, and financial capacities to provide an appropriate level of public water services within the unincorporated Congress Valley community. These capacities appear relatively sufficient to continue providing effective services in the near term based on local needs and conditions. Importantly, the adequacy of these capacities is predicated on CVWD's ability to maintain its current contractual relationship with the City of Napa, which currently provides the District's water supply. CVWD serves an important role in terms of providing reliable water service in support of existing rural residential and agricultural development in Congress Valley.

The following statements address the factors prescribed for consideration as part of the municipal service review process under G.C. Section 56430. These statements are based on information collected and analyzed in the agency review provided on pages 10 to 24.

1. Growth and population projections for the affected area.

- a) CVWD's permanent resident population growth rate over the next five years 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 five years, rising from 3.3% to 4.8%. The substantive result of these assumptions would be a permanent resident population of 261 by 2022.
- b) The County's General Plan Housing Element anticipates a growth rate correlated to the growth of jobs in Napa County. Recent public information provided by the Director of Planning, Building, and Environmental Services established that the County is well below projected housing growth rates. This fact indicates that there is an increasing disparity between planned and actual housing availability in the unincorporated areas. While there are some parcels within CVWD that do not currently contain developed housing units, there are not a significant number of such undeveloped parcels.
- c) CVWD's population density is estimated at 113 residents for every square mile. This amount represents 218% of the average density rate for all unincorporated lands. Comparatively, CVWD's population density represents only 3% of the average density rate for the adjacent incorporated community of the City of Napa. These density estimates suggest CVWD's population characteristics are significantly more aligned with unincorporated Napa County as opposed to the City of Napa.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

- a) No disadvantaged unincorporated communities have been identified within or contiguous to CVWD's sphere.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

- a) The City of Napa provides water supply on a contractual basis within the CVWD service area through 2022. CVWD's water distribution system has been improved to the City of Napa's standards in recent years. The City of Napa's sources of water supply are sufficient to continue to provide service to CVWD's service area and other areas served by the City of Napa.
- b) The water supply contract anticipated that certain areas outside CVWD's sphere would be served by the District. The intended service area is depicted on the map attached to the water supply contract. Based on recent water demands, there is sufficient water supply available to serve all properties located within the water supply contract, including existing and anticipated development.
- c) The Buhman Avenue Study Area has a present need for water service. Adding all or portions of the Buhman Avenue Study Area to CVWD's sphere would allow for annexations and future connections to the District's public water distribution system. Connecting to the water system would likely require a looped water supply system that would enhance system reliability as well as provide the ability to improve and maintain water quality in the southern portion of the service area.
- d) The portion of the Old Sonoma Road Study Area comprising the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes has a present need for water service. Adding these properties to CVWD's sphere may not be feasible based on the Commission's adopted policies due to the designation of the land as agricultural. Any extension of water service under G.C. Section 56133.5 would need to be authorized by the Commission as a separate action in response to a formal request from a water provider.

4. Financial ability of agencies to provide services.

- a) Effective January 1, 2018, the water rate charged by the City of Napa within CVWD will be equal to the City of Napa's rate for customers located outside the City of Napa's jurisdictional boundary. Despite this increased charge by the City of Napa, the water rates will remain sufficient to support CVWD's operating expenditures into the immediate future.
- b) CVWD has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2013-2014 fiscal year marked the largest end-of-year surplus at \$59,501.

5. Status and opportunities for shared facilities.

- a) CVWD shares facilities and services with the City of Napa, which operates all of the District's facilities pursuant to the water supply contract.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

- a) The City of Napa provides water service within CVWD. There are no alternative sources of potable public water service currently available to CVWD. The CVWD Board of Directors does not control provision of water service within its boundaries beyond the terms of the water supply contract 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.
- b) The primary function of CVWD, and the cause for its formation over half a century ago, was to provide water service to an area of known groundwater deficiency. The water supply contract between the City of Napa and CVWD, developed in the late 1980's, provides water supply availability for the area envisioned by the then Board of Directors of CVWD. As local residents, CVWD's Board has a unique perspective with respect to the needs of their community. The water contract service area was established in the current configuration based on these community needs.
- c) CVWD does not currently have a website. CVWD should consider developing a website that would include meeting agendas, minutes, Board of Directors information, Board meeting details, annual budgets, and basic financial statements.
- d) CVWD, the City of Napa, the County of Napa, and LAFCO should convene no later than 2020 for purposes of determining the appropriate long-term service arrangement for the Congress Valley community. This includes determining whether it would be appropriate for CVWD to initiate dissolution proceedings and transition formal service responsibility to the City of Napa.

7. Relationship with regional growth goals and policies.

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

B. Sphere of Influence Update

G.C. Section 56425 requires the Commission to review and update each local agency's sphere every five years as needed. It has been the practice of the Commission to review and update each local agency's sphere in a manner that emphasizes a probable five-year service area. Based on information identified and evaluated in this report, two changes to CVWD's sphere appear warranted. The recommended changes involve (1) the addition of a portion of the Buhman Avenue Study Area representing approximately 5.4 acres of non-jurisdictional lands and (2) the removal of approximately 10.6 acres of non-jurisdictional lands identified in this report as the Southeast Study Area. This recommended sphere update is supported by the following statements.

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

- a) The County of Napa General Plan designates all lands within CVWD's sphere as *Agriculture, Watershed and Open Space*. The County has zoned all lands within CVWD's sphere as *Agricultural Watershed*. These designations are consistent with the present and planned land uses in CVWD's sphere.

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

- a) Lands with CVWD's existing sphere currently receive a rural residential level of public water service from the District. The probable need for new public water service includes two distinct categories. First, lands located within CVWD's sphere and outside the District's jurisdictional boundary are expected to eventually annex and connect to the water distribution system. Second, certain lands located outside CVWD's sphere need public water service to supplement or replace existing groundwater supplies that are deficient in terms of quality and quantity.
- b) Lands within CVWD's sphere currently receive a rural level of public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, and are considered adequate to meet the needs of the area. There are no existing plans to extend an urban level of other public services into CVWD. However, additional services that CVWD could potentially provide in the future include sewage collection and disposal, fire protection, emergency medical, storm drainage, land reclamation, and hydroelectric power generation and transmission. These additional services are currently latent and would require Commission approval to activate. CVWD currently does not have any plans or the capacity to supply such services.

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

- a) CVWD presently provides public water service to the majority of lands within its sphere. CVWD has established adequate service capacities and administrative controls to continue to provide and/or extend new water services within its sphere without constructing significant infrastructure or impacting service to existing customers.

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

- a) Lands within CVWD's sphere are part of a distinct community separated from the City of Napa by hills to the north and east. The area shares similar social, economic, geographic, and land use characteristics with the Carneros region located south of the Sonoma Highway. Lands within CVWD's sphere include similar agricultural and rural residential land uses that strengthen communities of interests with the District.

5. The present and probable need for public water service of any disadvantaged unincorporated communities within the existing sphere.

- a) No disadvantaged unincorporated communities have been identified within or contiguous to CVWD's sphere.

III. AGENCY REVIEW

1.0 Agency Profile

| | |
|-------------------------|---|
| District Name: | Congress Valley Water District |
| Type of District: | County Water District |
| Principal Act: | CA Water Code Section 30000 (County Water District Act) |
| Functions/Services: | Agricultural and residential water service |
| Main Office: | None |
| Website: | None |
| District Secretary: | Kiersten Bjorkman |
| Email: | kierstenlarae@yahoo.com |
| Phone No.: | (707) 256-0344 |
| Governing Body: | Five Member Board (registered resident-voter system) |
| Meeting Schedule: | Second Monday of every month at 5:30 p.m. |
| Meeting Location: | Napa County Land Trust 1700 Soscol Avenue, #20 Napa, CA 94559 |
| Date of Formation: | 1949 |
| Principal County: | Napa County |
| District Boundary: | 1,398 acres |
| District Sphere: | 1,580 acres |
| 2016-2017 Budget: | \$112,600 |
| District Board Members: | Tim Josten, President Jeanine Layland, Vice President Cindy Colo Ginger Lee Peter Edridge |

2.0 Overview

CVWD was formed in 1949 and provides water service through a contract with the City of Napa (“the City”) to the unincorporated community of Congress Valley; an agricultural and rural residential area located immediately west of the City. CVWD’s formation was directly followed by the City agreeing to provide annual water supplies so long as the District constructed its own distribution system with an intertie to the City. CVWD is an independent special district governed by five elected members residing within the District. Staffing services are limited to one part-time secretary. CVWD’s jurisdictional boundary includes 1,398 acres of unincorporated lands with an estimated resident service population of 249. The adopted operating budget for 2016-2017 is \$112,600 with an unrestricted fund balance of \$704,108 as of June 30, 2016.

2.1 Water Supply Contract

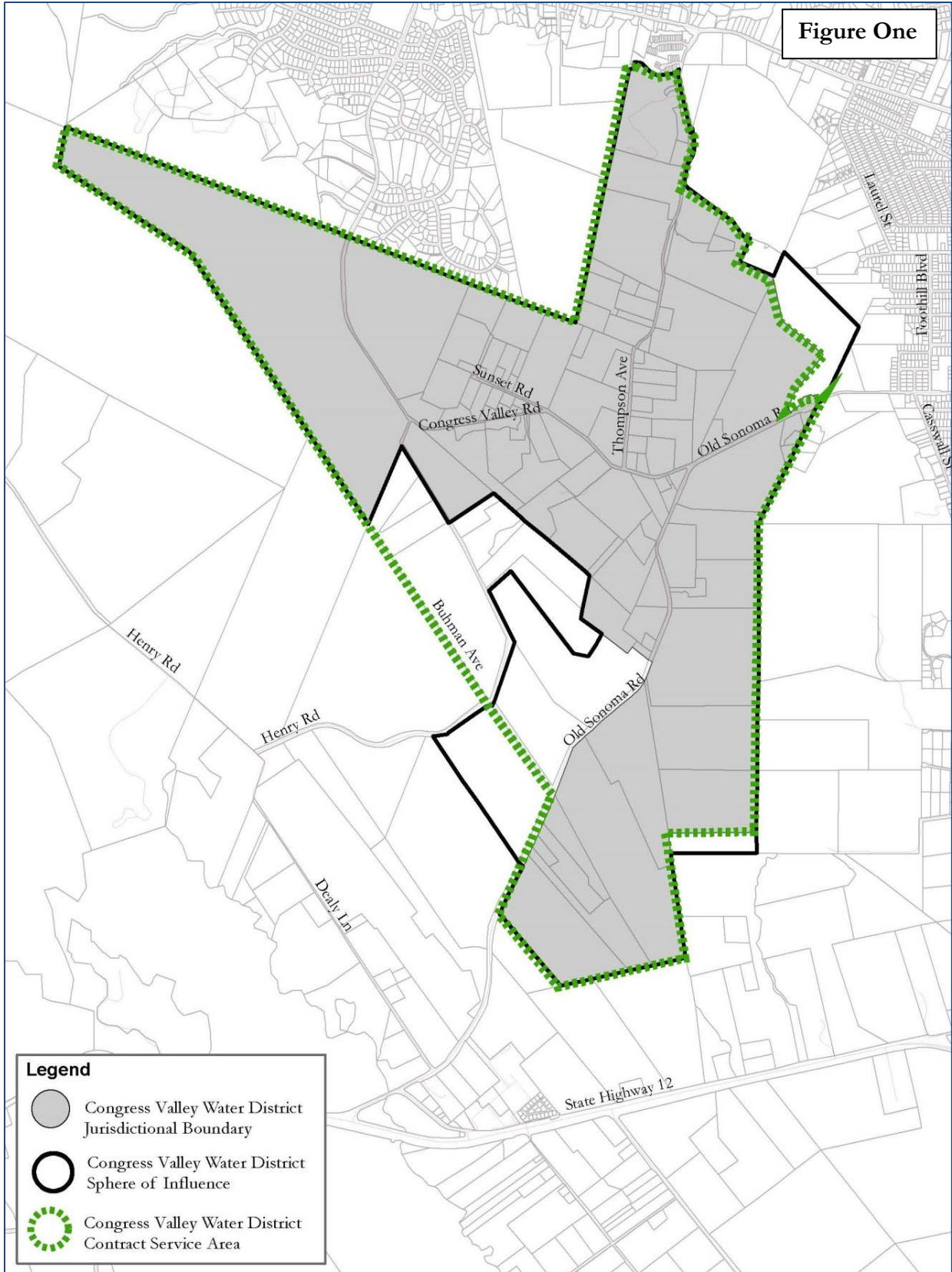
CVWD’s existing water supply contract with the City was finalized in 1987 and coincided with a water distribution system upgrade that was completed in 1989.¹ The contract, which was amended by both parties in May 2017, provides CVWD with an annual allocation of 100 acre-feet of potable water through July 1, 2022, while limiting service to no more than 140 service connections to parcels of legal record at the time the contract was initiated. Water service may only be provided for domestic, agricultural, and winery purposes. The City agrees to charge CVWD a water usage fee concurrent with its rate for outside-city customers.² The City is responsible for the complete operation, maintenance, and eventual replacement of the distribution system as well as direct billing to CVWD customers. The contract specifies, no later than July 1, 2020 (two years prior to the termination of the contract), CVWD shall initiate and facilitate discussions with the City, LAFCO, the County, and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within the District. Given LAFCO’s schedule for Municipal Service Reviews, it is unlikely that another MSR will be completed prior to those discussions. For that reason, Section 6.5 below includes a discussion of the potential impacts should water service be transitioned to the City, and should CVWD dissolve.

3.0 Adopted Boundaries

CVWD’s adopted boundaries include the District’s jurisdictional boundary, sphere, and service area as defined in its contract with the City. Lands located within these boundaries generally share common economic and social interdependencies that are distinct from the City. Unincorporated lands within CVWD are primarily characterized by agricultural and rural residential uses. Lands to the immediate north of CVWD are incorporated and under the land use authority of the City. These incorporated lands include moderately dense residential uses in the “Browns Valley” neighborhood of the City. The City’s adopted growth boundary, the rural urban limit line, does not include any lands located in CVWD’s boundaries. CVWD’s jurisdictional boundary, sphere, and water contract service area are depicted in Figure One on page 12 and summarized below.

¹ The water supply contract between CVWD and the City is included as Appendix A.

² 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 the City to its inside-city customers. The consultant’s recommendation was prompted by a Napa County Grand Jury report highlighting the discrepancy between the two agencies’ water rates. As part of the contract amendments in 2017, the water rate will increase effective January 1, 2018, to be identical to the rate charged by the City to outside-city customers.



3.1 Jurisdictional Boundary

CVWD’s jurisdictional boundary is 2.2 square miles or 1,398 acres in size and includes 113 total assessor parcels. 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.

| CVWD Jurisdictional Boundary | |
|-----------------------------------|-------|
| (Source: Napa LAFCO) | |
| Total Jurisdictional Acreage..... | 1,398 |
| Total Jurisdictional Parcels..... | 113 |

3.2 Sphere of Influence

CVWD’s sphere was adopted by the Commission in 1985. The original sphere spanned 1.7 square miles or 1,090 acres and was the result of the Commission emphasizing three planning factors: service obligations, projected distribution system capacity, and need for future service.³ The Commission adopted its first comprehensive update to CVWD’s sphere in 2008.⁴ This update resulted in an expansion of CVWD’s sphere totaling 491 acres that comprised two distinct areas. The first area – approximately 316 acres in size – consisted of lands already within CVWD’s jurisdictional boundary that had been previously excluded from the sphere due to the capacity limitations associated with the District’s old distribution system.⁵ The second area – approximately 175 acres in size – consisted of lands outside CVWD’s jurisdictional boundary and directly adjacent to the distribution system.⁶ CVWD’s current sphere remains entirely unchanged from the 2008 update and presently encompasses 2.5 square miles or 1,580 acres and includes 118 total assessor parcels. Of this amount, there are four entire non-jurisdictional parcels and one portion of a non-jurisdictional parcel totaling 183 acres currently within the sphere that are eligible for annexation.

| CVWD Sphere of Influence | |
|---------------------------|-------|
| (Source: Napa LAFCO) | |
| Total Sphere Acreage..... | 1,581 |
| Total Sphere Parcels..... | 118 |

³ The original sphere included all 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 existed at that time. Certain parcels outside CVWD were also included based on their close proximity to the distribution system.

⁴ The Commission approved one sphere 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.

⁵ As part of the sphere update in 2008, the Commission added a 10.6-acre portion of a parcel to CVWD’s sphere that was believed to be included in the District’s jurisdictional boundary. Staff has recently confirmed this portion of the parcel is not included in the tax rate area assigned to CVWD. Further, State Board of Equalization records indicate this portion of the parcel is located outside the District’s jurisdictional boundary.

⁶ 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 the City in 1987. Accordingly, the Commission also took action as part of the update to formally encourage CVWD and the City to review the contract and consider amending the defined service area to include the addition of the affected 37 acres.

3.3 Water Contract Service Area

The primary function of CVWD, and the cause for its formation over half a century ago, was to provide water service to an area of known groundwater deficiency. The water supply contract between the City of Napa and CVWD, developed in the late 1980’s, provided water supply availability for the area envisioned by the then Board of Directors of the CVWD. As local residents, CVWD’s Board had a unique perspective with respect to the needs of their community. The water contract service area was established in the current configuration based on these community needs.

CVWD’s water supply contract with the City includes a service area that is distinct from the District’s jurisdictional boundary and sphere. CVWD’s contract service area presently encompasses 2.5 square miles or 1,620 acres and includes 124 total assessor parcels. Of this amount, there are a total of nine parcels located near Buhman Avenue that are currently outside CVWD’s boundary and sphere. CVWD and the City contemplated the extension of public water service to these nine parcels at the time the contract was initiated. However, these nine parcels are ineligible for annexation given that they are located outside CVWD’s sphere. Further, there are two entire parcels and a portion of a third parcel collectively totaling 92.8 acres currently within the sphere that are located outside the contract service area; all of which were added to the sphere as part of the comprehensive update in 2008. There have been no changes to the service area since it was originally included in the water supply contract.

| CVWD/City of Napa Contract Service Area | |
|--|-------|
| (Source: Napa LAFCO) | |
| Total Contract Service Area Acreage..... | 1,620 |
| Total Contract Service Area Parcels..... | 124 |

3.4 Land Use Authority

Current land uses within CVWD include agriculture (i.e. pasture and vineyards), single-family residences, and wineries. Congress Valley is under the land use authority of the County of Napa, which has designated all lands within CVWD’s boundary, sphere, and contract service area as *Agriculture, Watershed, and Open Space*, which requires a minimum parcel size of 160 acres. Further, the County has assigned an *Agricultural Watershed* zoning within the entire area. Notable land use allowances based on these land use regulations without requiring a permit from the County include the following:

- Agriculture
- One single-family dwelling unit per legal lot
- One second unit either attached to, or detached from, an existing legal residential dwelling unit
- One guest cottage
- Wineries and related accessory uses and structures which legally existed prior to July 31, 1974

4.0 Population and Growth

4.1 Population Trends

CVWD’s current resident population is estimated at 249 based on the total number of residential units within the District coupled with household population data published by the California Department of Finance for unincorporated Napa County. The overall resident population within CVWD has risen by 3.3% over the last five years, representing an annual 0.6% population increase. The following table depicts resident population estimates for CVWD over the last five years.

| CVWD Resident Population Estimates (CA Department of Finance) | | | | | |
|--|------|------|------|------|-------|
| 2013 | 2014 | 2015 | 2016 | 2017 | Trend |
| 241 | 243 | 245 | 247 | 249 | 3.3% |

The County’s General Plan Housing Element anticipates a growth rate correlated to the growth of jobs in Napa County. In its 2016 Annual Housing Element Progress Report submitted to the California Department of Housing and Community Development, the County reports it has issued permits for a total of 107 housing units during the 2015-2023 Regional Housing Needs Allocation cycle.⁷ While there are some parcels within CVWD that do not currently contain developed housing units, there are not a significant number of such undeveloped parcels. With this in mind, and for purposes of this review, it is reasonable to assume CVWD’s resident population growth rate over the next five years will remain low with the addition of approximately one new single-family residence per year. These assumptions suggest CVWD’s resident population growth rate will minimally increase relative to the previous five years, rising from 3.3% to 3.6%. These projections represent an annual 0.7% population increase over the next five years. The substantive result of these projections would be a resident population of 261 by 2022.

| Projected CVWD Population Growth (Napa LAFCO) | | | | | |
|--|------|------|------|------|-----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | Projected Trend |
| 251 | 254 | 256 | 259 | 261 | 3.6% |

⁷ The Association of Bay Area Governments issued a 2015-2023 Regional Housing Needs Allocation (RHNA) of 180 total residential units for the County of Napa. Actual permits issued represent 59.4% of the RHNA amount.

4.2 Population Density

CVWD’s population density is estimated at 113 residents for every square mile. This amount represents 218% of the average density rate for all unincorporated lands. Comparatively, CVWD’s population density represents only 3% of the average density rate for the adjacent incorporated community of the City of Napa. These density estimates suggest CVWD’s population characteristics are significantly more aligned with unincorporated Napa County as opposed to the City.

| Population Density (CA Department of Finance / Napa LAFCO) | | | |
|---|------------|-----------------------------|-----------------------------|
| Category | Population | Land Area (Square Miles) | Density (Pop. / Sq. Mi.) |
| CVWD | 249 | 2.2 | 113.2 |
| Unincorporated Napa County | 26,907 | 756.8 | 35.6 |
| City of Napa | 80,576 | 18.2 | 4,427.3 |

5.0 Organizational Structure

5.1 Governance

CVWD’s governance authority is provided under California Water Code, Division 12, Section 30000 – the County Water District Act (“principal act”). 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. 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. 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.

5.2 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 the City of Napa. The current District Secretary – Kiersten Bjorkman – operates out of a home office. Legal services are provided by Coombs and Dunlap, LLP.

6.0 Municipal Services

CVWD provides one active service at this time: domestic water service. The following analysis focuses on evaluating the authority, availability, demand, and performance of CVWD’s water services relative to the Commission’s assessment of current and anticipated community needs.

6.1 Authorized Services

CVWD’s active municipal service provision is currently limited to any act necessary to furnish sufficient water in the District for any present or future beneficial use, including the storage, conservation, and operation of water works (Water Code Sections 31020-31022). All other municipal services that CVWD is authorized to provide pursuant to the principal act are latent and would require Commission approval to activate. The following municipal services are currently latent:

- The collection, treatment, and disposal of sewage, waste, and storm water
- Drain and reclaim lands within the district for any beneficial use
- Provide fire protection authorized under the Fire Protection Law of 1987
- Construct, maintain, or operate works or facilities for recreational activities
- Acquire, construct, or operate facilities for the collection and disposal of garbage and waste
- Construct, maintain, or operate hydroelectric power plants

6.2 Water Services

CVWD provides water services by way of a contract arrangement with the City of Napa for water supplies and delivery. It is estimated CVWD currently serves an overall permanent resident population of 249.

Water Supply

CVWD’s water supply is generated from the supply of the City of Napa. Pursuant to its water supply contract with Napa, the District is annually allocated 100 acre-feet of potable water through July 1, 2022. Napa’s water supply is commingled between three sources: Lake Hennessey, Milliken Reservoir, and the State Water Project.

| CVWD’s Available Water Supplies | | | | |
|---|-----------------------------------|---------------------------------|--|--|
| Amounts Shown in Acre-Feet (Source: Napa Water Division) | | | | |
| Water Source | Maximum (Assumes 100%) | Normal (Assumes 59%) | Multiple Dry Year (Assumes 38%) | Single Dry Year (Assumes 26%) |
| City of 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. The City 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. The three water treatment plants’ combined maximum daily output totals 44 million gallons or 135 acre-feet.

Distribution System and Storage Facilities

CVWD’s distribution system receives and delivers potable water generated from the City’s distribution system. CVWD’s system consists of 8 to 12-inch water lines that are served by three connection points to the City’s water distribution system at Old Sonoma Road, 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 99 active connections to the water system. Of this amount, two connections are located outside CVWD’s jurisdictional boundary. Total connections have increased by three percent over the last five calendar years. The following table summarizes recent and current service connections.

| Trend in Napa’s Water Connections (Source: Napa Water Division) | | | | | |
|---|------|------|------|------|-------|
| 2012 | 2013 | 2014 | 2015 | 2016 | Trend |
| 96 | 96 | 97 | 98 | 99 | 3.1% |

Recent Water Demands

CVWD currently provides water service to 99 total connections. Of this amount, 92 connections are residential and seven connections are agricultural. CVWD reports its current total water demand for the last completed calendar year was 42.4 acre-feet. This amount marks a 10.1 acre-foot decrease in annual demand over the last five years and represents an overall 19% water savings.⁸ The reduction in water demands appears to be attributable to the City’s water conservation and rebate programs that are also directly applicable to CVWD customers.⁹ Similar to trends in annual water demand, peak day usage has also decreased over the last five years from 0.29 to 0.23 acre-feet 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 | 2012 | 2013 | 2014 | 2015 | 2016 | Trends |
| Annual | 52.5 | 61.6 | 56.4 | 46.3 | 42.4 | (19.2%) |
| Average Day | 0.14 | 0.17 | 0.15 | 0.13 | 0.12 | (19.2%) |
| Average per Capita | 0.22 | 0.25 | 0.23 | 0.19 | 0.17 | (22.7%) |
| Peak Day | 0.29 | 0.34 | 0.29 | 0.25 | 0.23 | (19.2%) |

⁸ The five-year average annual water demand was 51.8 acre-feet.

⁹ 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 Water Demands

With respect to projecting future demands, and based on the preceding analysis, a reasonable and conservative assumption is to project CVWD’s water demand increasing by 0.7% annually over the next five years. This projection directly corresponds with the amount of new permanent resident population growth anticipated within CVWD and assumes the current ratio between peak day and average day demands will remain constant at two-to-one. The results of these assumptions would be a total annual water demand of 43.9 acre-feet with a peak day demand of 0.24 acre-feet in 2021. The following table summarizes projected water demands over the next five years.

| Projected CVWD Water Demands | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| Amounts Shown in Acre-Feet (Source: Napa LAFCO) | | | | | | |
| Category | 2017 | 2018 | 2019 | 2020 | 2021 | Trends |
| Annual | 42.7 | 43.0 | 43.3 | 43.6 | 43.9 | 2.8% |
| Average Day | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 2.8% |
| Average per Capita | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | (1.7%) |
| Peak Day | 0.23 | 0.24 | 0.24 | 0.24 | 0.24 | 2.8% |

6.3 Service Needs and Deficiencies

All properties within CVWD with existing water service connections are adequately served based on the previous discussion of available supply, current and future demands, and capacity. However, certain properties located within close proximity of CVWD but outside the District’s sphere have communicated a need for water service. The present need for public water service involving existing land uses near CVWD is further discussed in the sphere update section of this report.

6.4 Alternative Service Providers

CVWD is located within close proximity to two public water service providers – the City of Napa and the Los Carneros Water District (LCWD). A map depicting the jurisdictional boundaries and spheres of influence for CVWD, the City, and LCWD is included as Figure Two on page 21. A brief summary for each alternative service provider follows.

City of Napa

The City provides a full range of public water services including storage, treatment, and distribution to lands within its jurisdictional boundary as well as to certain lands outside the City’s boundary, as described in the Commission’s Central County Region Municipal Service Review (MSR) adopted in 2014. The Central County Region MSR demonstrates that the City’s administrative controls, as well as public water supplies and capacities, are adequate to meet current and projected demands under normal and multiple dry year conditions into the foreseeable future.¹⁰

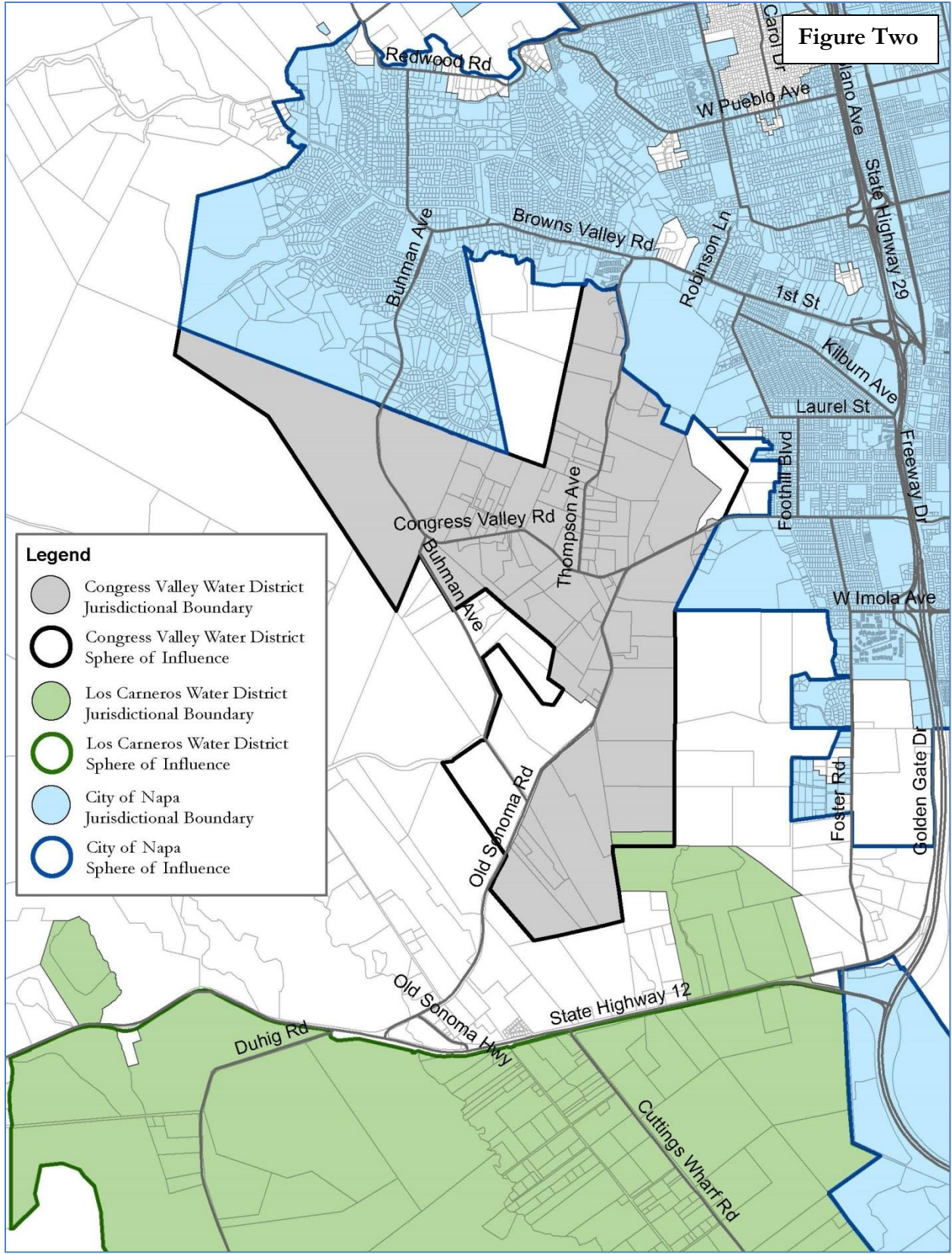
Los Carneros Water District

LCWD was formed in 1978 for the purpose of facilitating an agreement with the Napa Sanitation District (NSD) for the delivery of reclaimed water for agricultural use. The Commission’s most recent Municipal Service Review and Sphere of Influence Update for LCWD was adopted in 2016 and reflects that the agreement between LCWD and NSD provides approximately 1,300 acre-feet of tertiary treated reclaimed water from NSD’s wastewater treatment plant to LCWD customers annually.¹¹

There are two other public agencies empowered to provide water service whose jurisdictions overlap that of CVWD: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.

¹⁰ The Central County Region Municipal Service Review adopted in 2014 can be viewed at http://www.napa.lafco.ca.gov/uploads/documents/MSR_CentralCounty_FinalReport_2014.pdf.

¹¹ The Municipal Service Review and Sphere of Influence Update for LCWD adopted in 2016 can be viewed at http://www.napa.lafco.ca.gov/uploads/documents/LCWD_MSR-SOI_2016.pdf.



6.5 Organizational Alternatives

In the 2014 Municipal Service Review on the Central County Region, LAFCO noted that the service agreement between CVWD and the City of Napa at that time specified that CVWD would voluntarily dissolve and turn over all assets to the City at the conclusion of the agreement in 2017. As noted in Section 2.1 of this report, that agreement was extended through July 1, 2022 with a new requirement that the parties initiate and facilitate discussions involving the City, LAFCO, the County, and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within CVWD. The plan may include some combination of CVWD initiating dissolution proceedings, the City otherwise taking over the District's water service responsibilities, a longer term commitment by the District to continue providing water service, or another option mutually agreeable by the City and the District.

The City is responsible for providing retail water services to the majority of lands within its incorporated boundary. The City also provides water service to select unincorporated properties as far north as Rutherford, east to Silverado Trail, west to Old Sonoma Road, and south to Soscol Ridge. 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.

The 2014 Central County Region MSR notes dissolution of CVWD would be problematic given that, based on state law at the time, the City would have lacked a legal basis for continuing provision of water service to District customers. However, since the Central County Region MSR was adopted in 2014, the California legislature has adopted a pilot program, under which LAFCO could authorize the City to extend its water service to the properties already receiving water service from CVWD through an outside service agreement. This pilot program expires January 1, 2021, unless it is extended through future legislation.

As noted in Section 6.4 of this report, the 2014 MSR determines the City's existing water supplies appear collectively reliable in meeting Napa's current and projected annual usage demands under normal and multiple dry year conditions. Further, the 2014 MSR determines the City has been effective in establishing and managing diversified sources of potable water supplies that provide the City with multiple sources of supply to accommodate demands.

7.0 Financial

7.1 Assets, Liabilities, and Equity

CVWD contracts with a private consulting firm to prepare an annual report following the end of each fiscal year summarizing the agency's overall financial standing. The most recent report was prepared by Charles W. Pillon and includes audited financial statements identifying CVWD's assets, liabilities, and net position as of June 30, 2016. 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 2015-2016 fiscal year totaled \$1.40 million. Assets classified as current with the expectation they could be liquidated into currency within a year represented four-fifths of the total amount with the majority tied to cash and investments.¹² Assets classified as non-current represented the remaining amount with the largest portion associated with depreciable capital assets.¹³

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Current Assets | \$907,337 | \$953,636 | \$1,017,045 | \$1,065,126 | \$1,128,081 |
| Non-Current Assets | \$366,393 | \$342,639 | \$319,165 | \$295,690 | \$272,215 |
| Total Assets | \$1,273,730 | \$1,296,275 | \$1,336,210 | \$1,360,816 | \$1,400,296 |

Liabilities

CVWD's liabilities at the end of the 2015-2016 fiscal year totaled \$0.05 million. Current liabilities representing obligations owed within a year accounted for two-fifths of the total amount and primarily tied to debt payments due within the fiscal year. Non-current liabilities accounted for the remaining amount and are entirely tied to long-term debt.

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| Current Liabilities | \$19,088 | \$20,343 | \$20,018 | \$21,223 | \$21,784 |
| Non-Current Liabilities | \$110,489 | \$91,881 | \$72,640 | \$52,750 | \$32,175 |
| Total Liabilities | \$129,577 | \$112,224 | \$92,658 | \$73,973 | \$53,959 |

Equity

CVWD's equity, or net assets, at the end of the 2015-2016 fiscal year totaled \$1.35 million and represents the difference between the District's total assets and liabilities. The end of year equity amount incorporates a \$0.94 million balance in unrestricted funds. This unrestricted fund balance is partially attributed to a 6% increase in CVWD's cash in treasury over the last fiscal year.

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Capital Assets Funds | \$234,695 | \$229,479 | \$225,146 | \$221,445 | \$218,393 |
| Restricted Funds | \$221,392 | \$208,940 | \$196,487 | \$203,925 | \$192,158 |
| Unrestricted Funds | \$688,066 | \$745,632 | \$821,919 | \$861,473 | \$935,786 |
| Total Net Position | \$1,144,153 | \$1,184,051 | \$1,243,552 | \$1,286,843 | \$1,346,337 |

¹² Current assets include cash in treasury (\$1,095,972), taxes receivable (\$10,138), prepaid insurance (\$1,396), and restricted asset – cash – debt service (\$20,575).

¹³ Non-current assets include depreciable assets (\$271,143), and loan administration costs (\$1,072).

CVWD’s financial statements for 2015-2016 reflect a positive change in its fiscal standing as its overall equity, or fund balance, increased by 4.6%. 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 2015-2016 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 52-to-one.¹⁴ CVWD finished the fiscal year with minimal long-term debt as its net assets exceeded its non-current liabilities by a ratio of 42-to-one, reflecting a strong capital structure. An expanded discussion on revenues-to-expenses is provided in the following section.

7.2 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 surpluses. CVWD finished the 2015-2016 fiscal year with a positive operating margin as revenues exceeded expenses by a ratio of 2.6-to-one. The 2013-2014 fiscal year marked the largest end-of-year surplus at \$59,501. The 2012-2013 fiscal year marked the smallest end-of-year surplus at \$39,898.

| Category | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|------------|-----------|-----------|-----------|-----------|-----------|
| Revenues | \$87,964 | \$84,880 | \$99,310 | \$85,683 | \$97,171 |
| Expenses | \$40,792 | \$44,982 | \$39,809 | \$42,392 | \$37,677 |
| Difference | \$47,172 | \$39,898 | \$59,501 | \$43,291 | \$59,494 |

7.3 Adopted Budget

CVWD operates as an enterprise fund with user charges and other related customer fees explicitly intended to cover 100% of all operating costs. CVWD’s adopted budget for the 2016-2017 fiscal year includes \$112,600 in total operating expenses. Budgeted operating expenses have increased by 145% over the last five fiscal years – an increase that is attributed to a \$45,000 increase in professional legal services. Total revenues are budgeted at \$81,498 and primarily expected to be drawn from property tax proceeds. Water capacity (i.e. connection) fees represent the second largest revenue source for CVWD accounting for \$7,683 or 9.4% of the total budgeted amount. The following table depicts CVWD’s budgeted revenues and expenses in each of the last five years.

| Category | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
|-------------------|-----------|-----------|-----------|-----------|------------|
| Budgeted Revenues | \$78,825 | \$78,815 | \$75,315 | \$77,998 | \$81,498 |
| Budgeted Expenses | \$46,000 | \$71,100 | \$63,700 | \$64,700 | \$112,600 |
| Difference | \$32,825 | \$7,715 | \$11,615 | \$13,298 | (\$31,102) |

¹⁴ CVWD also finished with cash reserves sufficient to cover 8.3 years of operating expenses based on the District’s most recent adopted budget.

IV. SPHERE OF INFLUENCE UPDATE

A. Study Areas

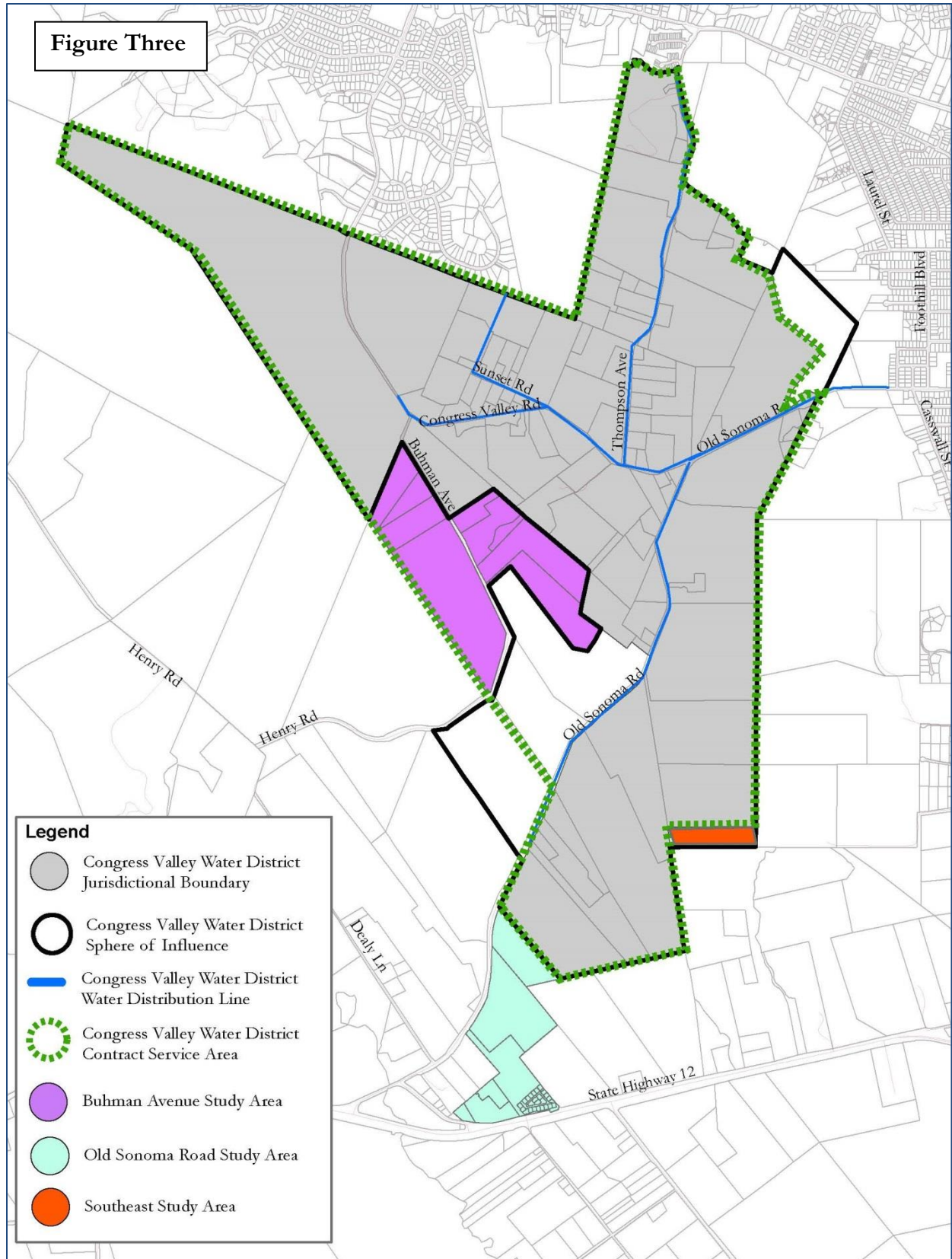
Three study areas were developed by staff in the course of considering areas to add to, or remove from, CVWD's sphere as part of this comprehensive sphere update. The study areas were selected based on the following factors: (1) written request from property owners or CVWD to add the properties to the District's sphere; (2) known water service deficiencies for developed properties in the vicinity of CVWD's sphere; and/or (3) consistency with the water contract service area. Inclusion of a study area within CVWD's sphere would enable annexation proposals involving the affected lands to allow for future connection to the water distribution system. Analysis of each study area is organized to address the five planning factors the Commission is required to consider anytime it makes sphere determinations under G.C. Section 56425(e). These planning factors are:

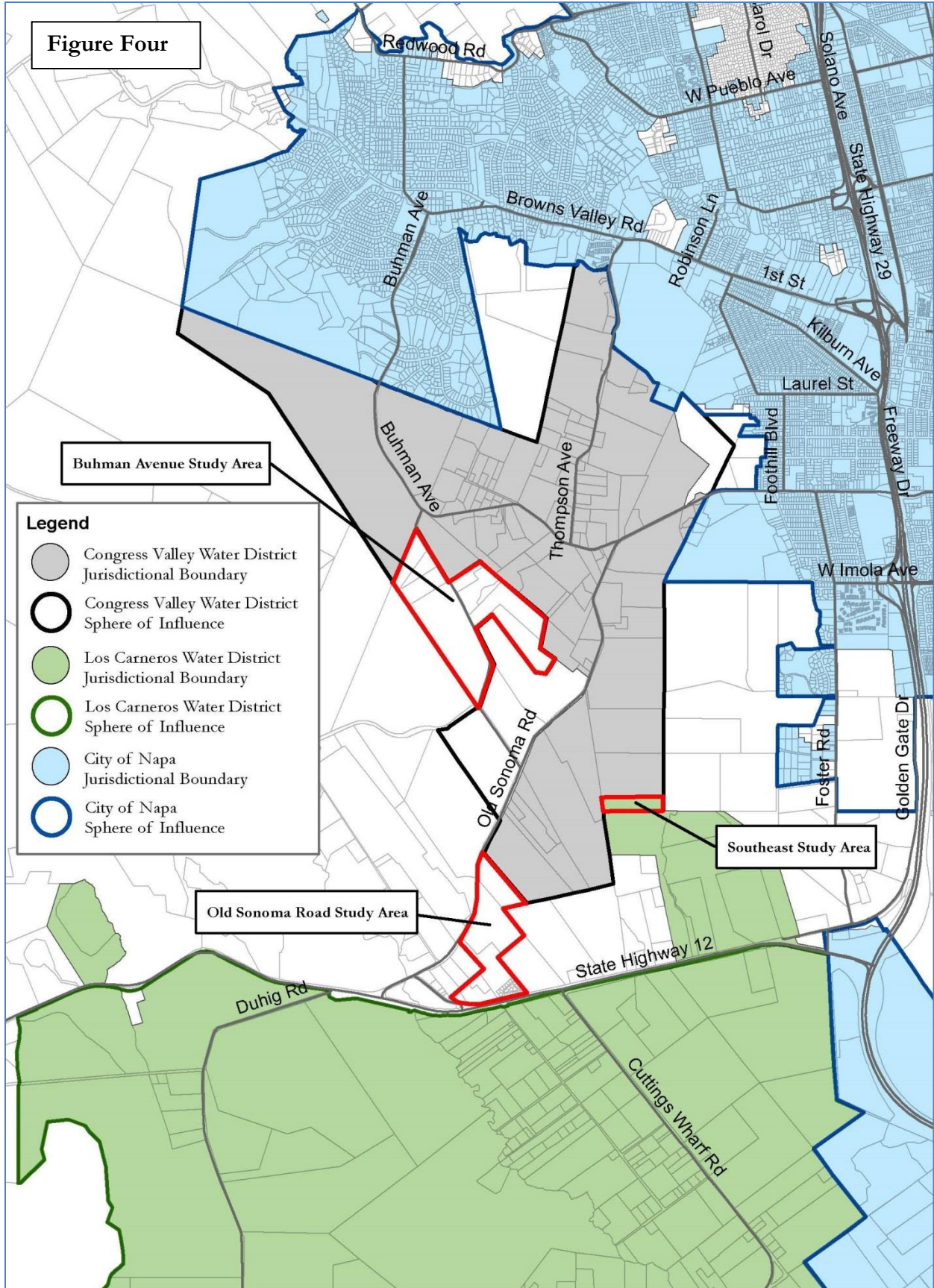
- 1) Present and planned land uses
- 2) Present and probable need for public facilities and services
- 3) Present adequacy and capacity of public services
- 4) Existence of any social or economic communities of interest
- 5) Present and probable need for public services for disadvantaged unincorporated communities

Recommendations are offered for each study area with respect to whether a modification to CVWD's sphere is appropriate at this time. A map depicting CVWD's sphere, water distribution line, contract service area, and the three study areas is included as Figure Three on page 26. Additionally, a map depicting the three study areas along with the jurisdictional boundaries and spheres for CVWD, the City, and LCWD is included as Figure Four on page 27.

It is important to note the Commission's adopted policies relating to special district spheres discourage any expansions of CVWD's existing sphere to promote urban development based on current land use designations of lands located within close proximity to the District. The Commission's General Policy Determinations include two related policies that are particularly relevant to CVWD's sphere.¹⁵ Specifically, General Policy Determinations Section III(D)(1) states it shall be a basic policy of the Commission that the establishment, amendment, or update of a special district's sphere serves to promote urban development, with limited exceptions. General Policy Determinations Section III(D)(3) states land designated for an agricultural or open-space use by the applicable land use authority shall not be approved for inclusion within any special district's sphere for purposes of urban development through the extension of essential public services. As previously identified, all lands located outside CVWD's sphere and within close proximity to the District are designated for agricultural or open-space land uses under the County General Plan.

¹⁵ The Commission's General Policy Determinations are included as Appendix B.





1.0 Buhman Avenue Study Area



Present and Planned Land Use

The Buhman Avenue Study Area comprises nine unincorporated parcels located along Buhman Avenue south of Congress Valley Road. The Buhman Avenue Study Area is approximately 131.6 acres in size and located outside CVWD's jurisdictional boundary but is within the District's water contract service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the Buhman Avenue Study Area. Present land uses include planted vineyards on five of the parcels and one rural residence. There are currently no existing plans to further develop any properties within the Buhman Avenue Study Area.

The expansion of CVWD's sphere to include the Buhman Avenue Study Area would enable future annexation and potentially induce further development of the parcels in a manner consistent with the County of Napa's contemplated land use allowances.¹⁶ It is important to note five of the parcels within the Buhman Avenue Study Area are 10 acres or more in size, potentially allowing for the future development of a winery subject to a discretionary use permit being obtained.¹⁷ If the properties do not currently have access to an adequate amount of groundwater to serve a winery, connection to CVWD's water distribution system could potentially remove an existing barrier to winery development. Three of the parcels within the Buhman Avenue Study Area totaling approximately 26.3 acres are collectively referred to as the "Forloine properties" and have a common property owner. One of the three parcels within the Forloine properties includes a single-family residence located at 2205 Buhman Avenue. The other two parcels are undeveloped. Two of the three parcels are 10 or more acres in size. The parcel that is smaller than 10 acres is undeveloped and identified as Assessor Parcel Number 047-030-023.

If the Commission expands CVWD's sphere to include the Buhman Avenue Study Area, additional environmental analysis in the form of an initial study and negative declaration would likely need to be prepared to satisfy the requirements of the California Environmental Quality Act (CEQA) based on the potential removal of a barrier to intensified development within the area. However, a CEQA exemption is available for the potential addition of any parcels that are smaller than 10 acres in size.

Present and Probable Need for Public Facilities and Services

There is a present need for public water service within the Buhman Avenue Study Area based on enduring groundwater deficiencies. The Buhman Avenue Study Area was excluded from CVWD's sphere at the time the sphere was established in 1985 after the Commission concluded the area was outside the range and capacity of the distribution system as it existed at the time. However, the Buhman Avenue Study Area is located within the water contract service area, which indicates CVWD currently contemplates the eventual extension of water service to the area.

¹⁶ Contemplated land uses are limited to agriculture, one single-family residence dwelling unit per legal lot, one second unit, one guest cottage, and wineries.

¹⁷ The minimum parcel size required for development of a winery under the County of Napa's land use authority is 10 acres. In order for a winery to be approved and developed, the property owner would be required to demonstrate the availability of an adequate supply of water.

CVWD and a representative for the Forloine properties have both submitted written requests for the three Forloine properties to be added to the District's sphere to facilitate future annexation and connection to the District's water distribution system, based on an assertion that the groundwater is deficient in quality and quantity. Parcels within the Buhman Avenue Study Area are located approximately 1,000 to 3,500 feet from the nearest potential point of connection with CVWD's water distribution system.

The Buhman Avenue Study Area currently receives a rural level of other public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, all of which are considered adequate to meet the needs of the area. There are currently no plans to extend an urban level of other public services into the Buhman Avenue Study Area.

Present Capacity and Adequacy of Public Services

The water service contract anticipates additional areas will be served by CVWD. The intended service area is depicted on the map attached to the water supply contract. Based on recent water demands, there is sufficient water supply available to serve all properties located within the water supply agreement, including existing and anticipated development. Adding the Buhman Avenue Study Area to CVWD's sphere would allow for annexation and future connection to the District's public water distribution system. Connecting to the water system would likely require a looped water supply system that would enhance system reliability as well as provide the ability to improve and maintain water quality in the southern portion of the service area.

Current annual water demand within the Forloine properties is approximately 0.3 acre-feet and would increase to 2.7 acre-feet if all three parcels are built out with single-family residences, second units, and guest cottages. CVWD can adequately extend service to the Forloine properties with minimal infrastructure improvements in a manner that would not impact service to existing customers. Annual water demand information for the remaining six parcels is currently unavailable.

As an alternative to CVWD, the City could potentially provide public water service to the Buhman Avenue Study Area in the future. As described in the Central County Region Municipal Service Review adopted in 2014, the City has established adequate administrative controls as well as public water supplies and capacities to meet current and projected demands into the foreseeable future. The City could accommodate projected water demands associated with the buildout of the Buhman Avenue Study Area without impacting service to existing connections, including in dry-year scenarios. However, LAFCO's policies would not support an amendment to the City's sphere of influence and annexation to the City to include the Buhman Avenue Study Area.

Additionally, utilizing reclaimed irrigation water in the Buhman Avenue Study Area could offset total water demands.¹⁸ However, extending reclaimed water service from LCWD to CVWD or nearby areas would require additional planning activities, which would likely involve engineering studies and analysis of potential environmental impacts. Further, LCWD has communicated the existing system is inadequate to extend service beyond its current jurisdictional boundary. Toward this end, a letter from LCWD is included as Appendix C that identifies challenges associated with further extending reclaimed water service. Therefore, it is unlikely LCWD is a viable alternative service provider at this time.

Social and Economic Communities of Interest

The Buhman Avenue Study Area has strong social and economic ties to CVWD. The Buhman Avenue Study Area is contiguous to CVWD's jurisdictional boundary and generally shares similar agricultural and rural residential land uses.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

Sphere Recommendation

Any action involving the expansion of CVWD's sphere to include the Buhman Avenue Study Area requires the Commission to make findings consistent with the requirements of CEQA. Absent an available categorical or statutory exemption, this would likely involve at a minimum the preparation of an initial study and adoption of a negative declaration.¹⁹ Additionally, an expansion of CVWD's sphere to include any or all of the Buhman Avenue Study Area would arguably be inconsistent with the Commission's adopted policies relating to lands designated as agriculture and their potential inclusion within special district spheres for purposes of urban development through the extension of essential public services unless the Commission determines an exception is warranted.

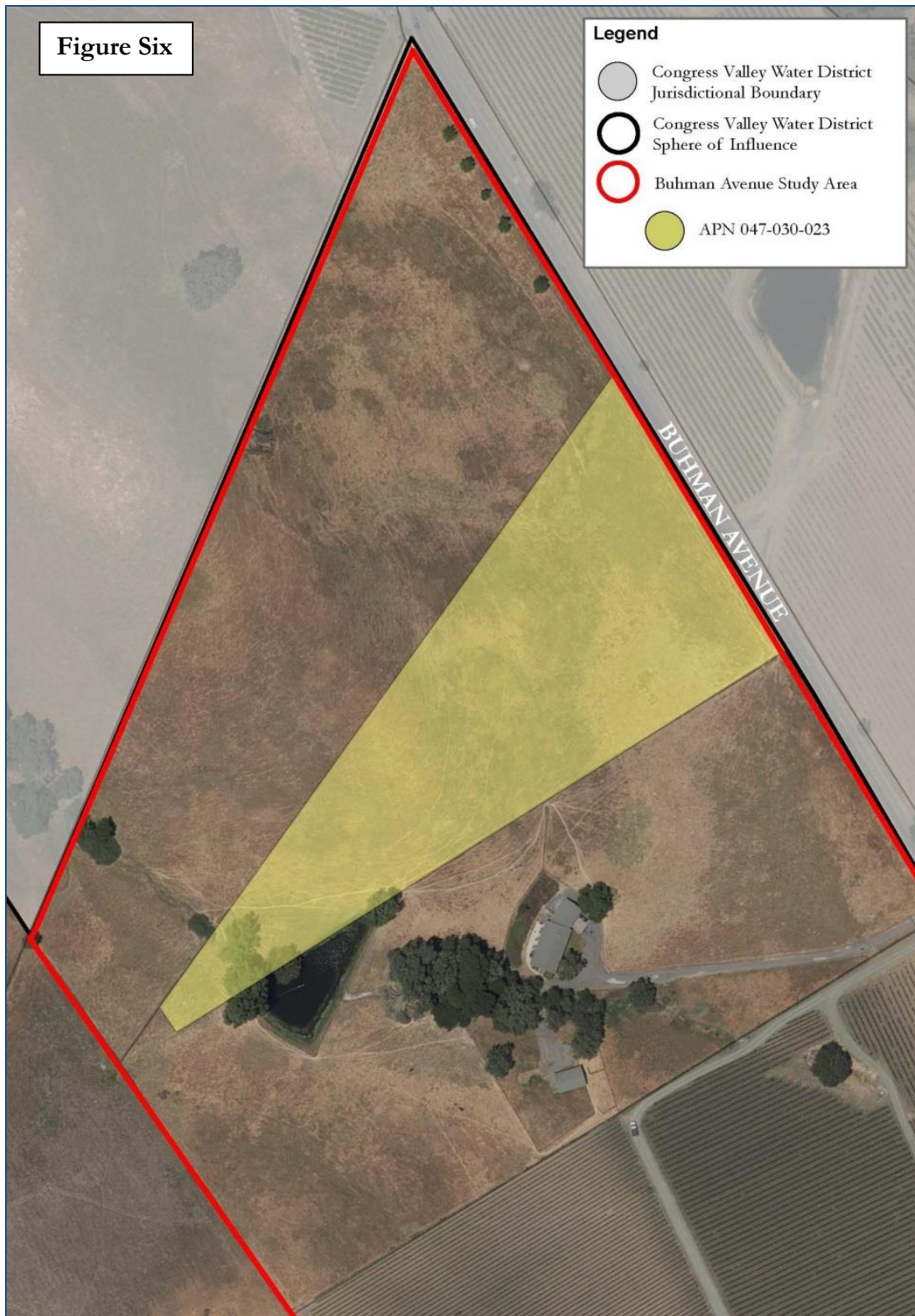
It is important to note CVWD and the City have maintained a contract for 30 years that contemplates the extension of public water service to the entire Buhman Avenue Study Area. Further, four parcels within the Buhman Avenue Study Area are under 10 acres in size and their inclusion within CVWD's sphere would be exempt from CEQA.²⁰ Additionally, CVWD and a representative for the Forloine properties have both submitted written requests for the Forloine properties to be added to the District's sphere. Based on these factors taken together, staff recommends an expansion of CVWD's sphere to include one

¹⁸ LAFCO authorization would not be required for LCWD to provide reclaimed irrigation water service outside its jurisdictional boundary and sphere given that the transfer of nonpotable or non-treated water is exempt pursuant to G.C. Section 56133(e)(2).

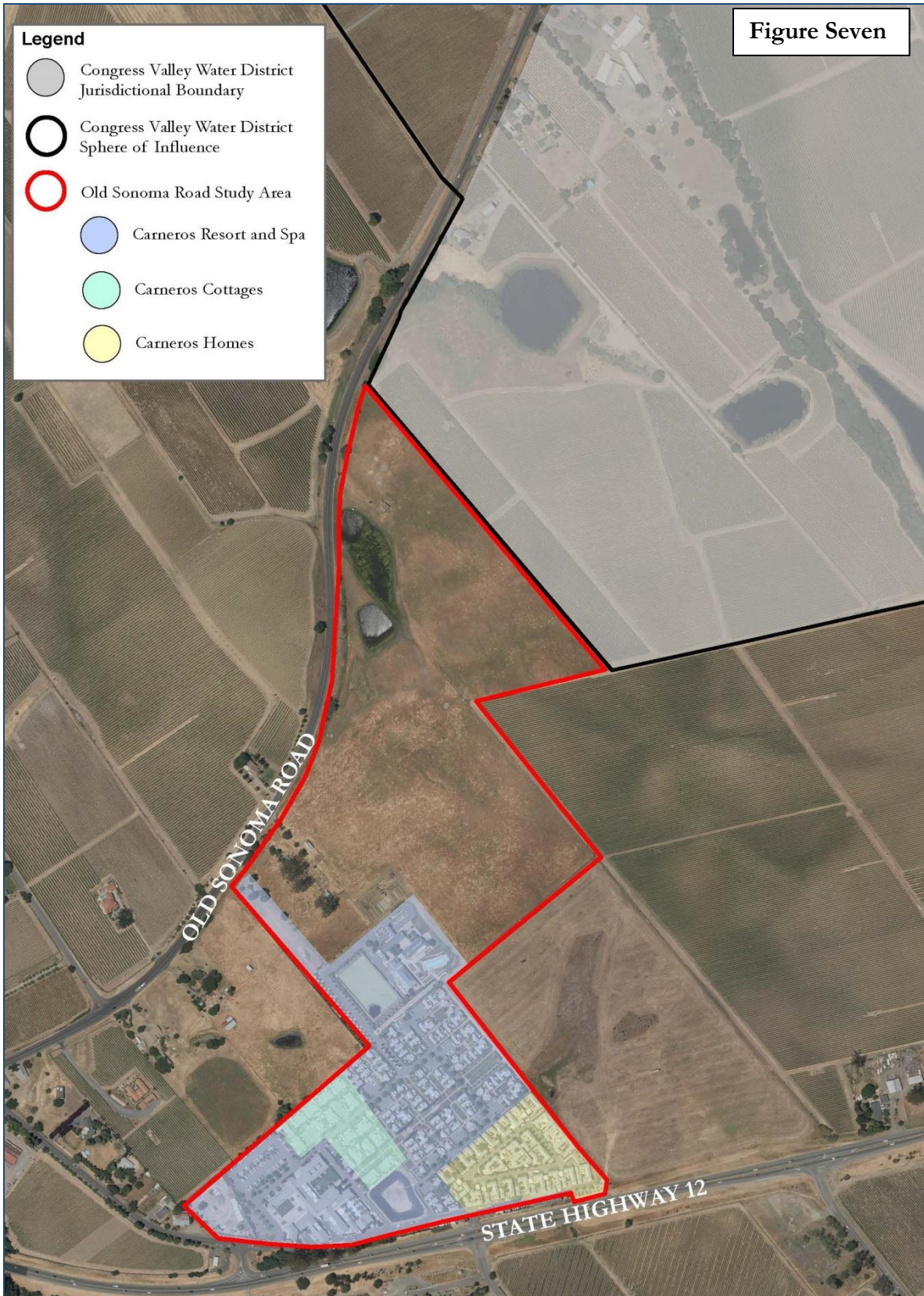
¹⁹ If the property owners of the parcels that are 10 acres or more in size enter the parcels into easements or deed restrictions that eliminate the potential for winery development, a categorical exemption would be available to the Commission with respect to adding the parcels to CVWD's sphere.

²⁰ CEQA does not apply to projects where the lead agency determines with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

parcel within the Forloine properties totaling approximately 5.4 acres identified as Assessor Parcel Number 047-030-023. A map of the recommended sphere expansion area is provided as Figure Six below.



2.0 Old Sonoma Road Study Area



Present and Planned Land Use

The Old Sonoma Road Study Area comprises 34 unincorporated parcels located along Old Sonoma Road south of Congress Valley Road. The Old Sonoma Road Study Area is approximately 67.0 acres in size and located outside CVWD's jurisdictional boundary and water contract service area. Four of the parcels within the Old Sonoma Road Study Area totaling approximately 23.8 acres comprise the Carneros Resort and Spa, which includes 17 fractional ownership homes referred to as the "Carneros Cottages". 28 of the parcels totaling 3.3 acres are referred to as "Carneros Homes" and include 24 residential units. The remaining two parcels total 39.9 acres and are generally undeveloped with the exception of four vacant structures that include a single-family residence, barns, and storage. The County of Napa General Plan includes an *Agricultural Resource* land use designation for the entire Old Sonoma Road Study Area. The County has zoned the Old Sonoma Road Study Area as follows: (1) *Agricultural Watershed* for the two rural residential parcels and a portion of the Carneros Resort and Spa; (2) *Commercial Limited* for the Carneros Cottages and remaining portion of the Carneros Resort and Spa; and (3) *Planned Development* for the Carneros Homes.

An expansion of CVWD's sphere to include the Old Sonoma Road Study Area would support existing commercial and residential land uses, but would be inconsistent with the area's agricultural land use designation under the County of Napa General Plan. There are no current plans to further develop any properties or intensify uses within the Old Sonoma Road Study Area.²¹

It is important to note three of the parcels within the Old Sonoma Road Study Area are 10 acres or more in size, potentially allowing for the future development of a winery. If the property owners do not currently have access to an adequate amount of groundwater to serve a winery, connection to CVWD's water distribution system could potentially remove an existing barrier to winery development. If the Commission expands CVWD's sphere to include the Old Sonoma Road Study Area, additional environmental analysis in the form of an initial study and negative declaration would likely need to be prepared to satisfy the requirements of CEQA based on the potential removal of a barrier to intensified development within the area.

Present and Probable Need for Public Facilities and Services

There is a present need for public water service within the Old Sonoma Road Study Area based on persistent groundwater deficiencies. Specifically, annual water demands within the Old Sonoma Road Study Area total approximately 42.0 acre-feet. Water supplies are derived from (1) the Carneros Inn Mutual Water Company and (2) trucked water from the City of Napa.²² The Carneros Inn Mutual Water Company was established in 2007 and sources its water supply from two groundwater wells. However, the Carneros Inn Mutual Water Company has communicated that groundwater quality and quantity are both inadequate to

²¹ An application for a use permit modification has been submitted to the County that would reconfigure existing uses involving the Carneros Resort and Spa and Carneros Homes. However, there would be no intensification of land uses or service demands.

²² Trucked water from the City is considered "bulk water" and is interruptible. Bulk water is treated, potable water supplied to contractors, haulers, and other users through a hydrant meter issued to each customer. The sale of bulk water can be interrupted during a water shortage situation or by change in the City's policy that limits uses.

meet demands associated with existing land uses. Specifically, the project's use permit limits groundwater extraction to approximately 28.0 acre-feet per year. Since the project uses approximately 42.0 acre-feet per year, there is a structural deficit in the quantity of available water supply, which requires the community to draw on outside sources.

Annual groundwater withdrawals for the Carneros Inn Mutual Water Company to serve the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes total approximately 28.0 acre-feet. To augment groundwater supplies, the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes annually receive approximately 14.0 acre-feet of trucked water from the City of Napa.²³

LAFCO's policies do not support extending CVWD's SOI area to include the Old Sonoma Road Study Area. In the future, however, LAFCO could consider a request to approve an outside service agreement to provide public water service to existing development within the Old Sonoma Road Study Area pursuant to G.C. Section 56133.5. However, under the current water supply contract between the City of Napa and CVWD, the District is not allowed to provide connections for commercial land uses.²⁴

The Old Sonoma Road Study Area currently receives a rural level of other public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, all of which are considered adequate to meet the needs of the area. There are currently no plans to extend an urban level of other public services into the area.

Present Capacity and Adequacy of Public Services

Current annual water demand within the Old Sonoma Road Study Area, including both groundwater and trucked water sources, totals approximately 42.0 acre-feet and would increase to 43.8 acre-feet if the two undeveloped parcels are built out with single-family residences, accessory dwellings, and guest cottages. However, if the two undeveloped parcels are built out with wineries, future annual water demands within the Old Sonoma Road Study Area would range from 48.0 to 68.0 acre-feet depending on permitted production and visitation. Given that CVWD's maximum annual water supply is 100 acre-feet, extending water service to the Old Sonoma Road Study Area would eliminate most of CVWD's available water supply and therefore could impact existing and future customers. Further, any future reductions in local water conservation efforts could result in overall water demand increases within CVWD's existing sphere, which would have the direct impact of reducing the District's available water supply. However, it is important to note that connection to CVWD's public water system would provide a benefit to the Congress Valley community in terms of reducing overall pressures on the groundwater aquifer. Additional planning and environmental review is needed to inform the extent of infrastructure improvements and environmental impacts associated with CVWD extending public water service to the Old Sonoma Road Study Area.

²³ A private onsite water treatment and storage system is utilized to serve the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes. Groundwater and trucked water are blended to produce water of adequate quality and quantity.

²⁴ The water supply contract between CVWD and the City specifies that the District may only provide water service for domestic, agricultural, and winery connections. A new water contract service area map would also be necessary.

As an alternative to CVWD, the City could potentially provide public water service to the Old Sonoma Road Study Area in the future. As further described in the Central County Region Municipal Service Review adopted in 2014, the City has established adequate administrative controls as well as public water supplies and capacities to meet current and projected demands into the foreseeable future. The City could accommodate projected water demands associated with the buildout of the Old Sonoma Road Study Area without impacting service to existing connections, including in dry-year scenarios. While LAFCO's policies would not support an amendment to the City's sphere of influence and annexation to the City to include the Old Sonoma Road Study Area, LAFCO could consider authorizing the City to provide water service pursuant to G.C. Section 56133 or G.C. Section 56133.5.

Additionally, utilizing reclaimed irrigation water in the Old Sonoma Road Study Area could offset total water demands.²⁵ However, LCWD has communicated the existing system is inadequate to extend service beyond its current jurisdictional boundary. Toward this end, a letter from LCWD is included as Appendix C that identifies challenges associated with further extending reclaimed water service. Therefore, it is unlikely LCWD is a viable alternative service provider at this time.

Social and Economic Communities of Interest

The Old Sonoma Road Study Area does not currently share direct social and economic ties with the majority of CVWD. Land uses within the Old Sonoma Road Study Area include a hotel, a restaurant, and relatively high density single-family residences that are distinct from the rural and agricultural characteristics of the Congress Valley community.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

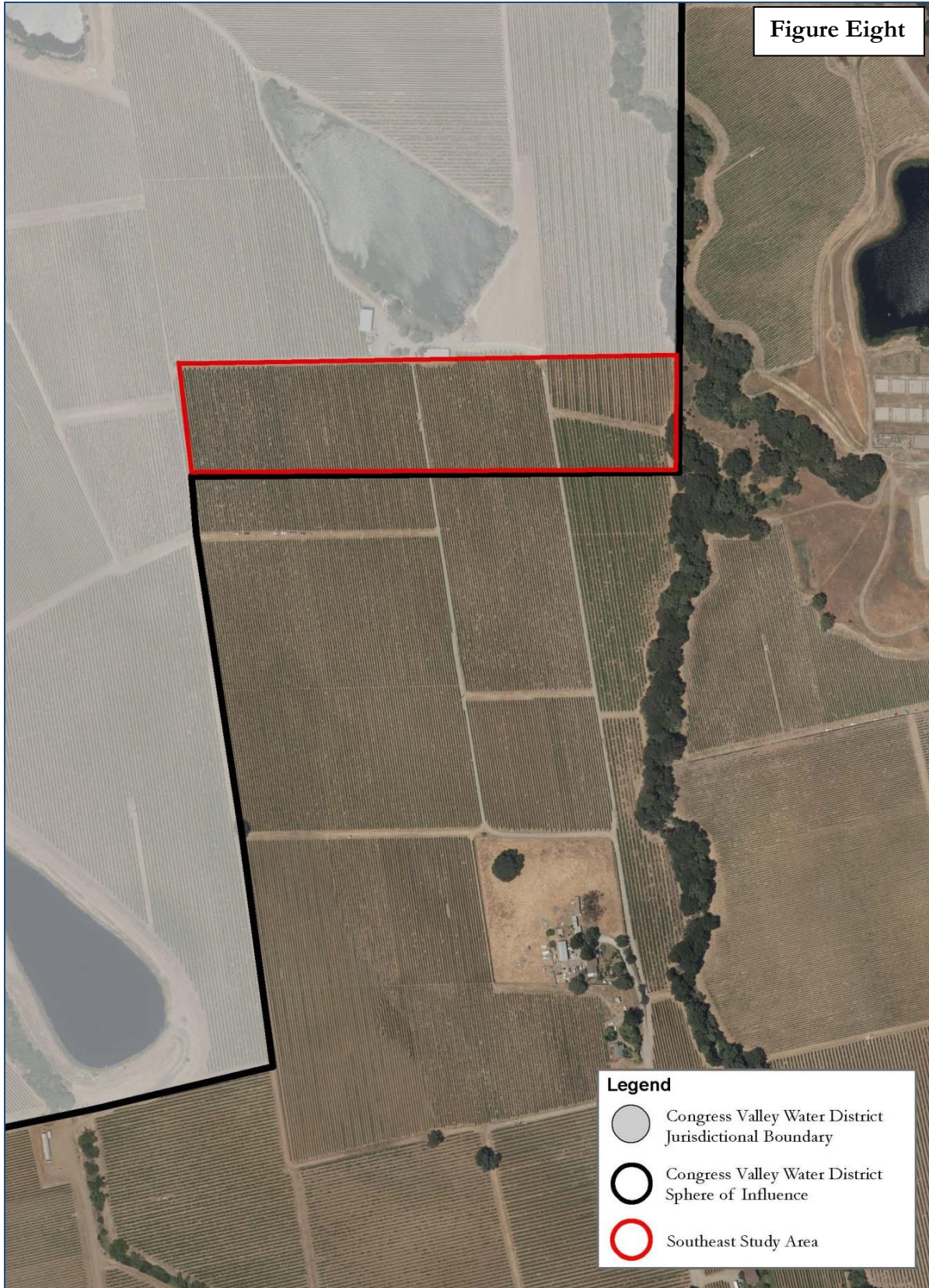
No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

Sphere Recommendation

Any future action involving the expansion of CVWD's sphere and/or extension of water service to the Old Sonoma Road Study Area would require the Commission to make findings consistent with the requirements of CEQA. Absent an available categorical or statutory exemption, this would likely involve at a minimum the preparation of an initial study and adoption of a negative declaration. Further, an expansion of CVWD's sphere to include the Old Sonoma Road Study Area would arguably be inconsistent with the Commission's adopted policies relating to lands designated as agriculture and their potential inclusion within special district spheres for purposes of urban development through the extension of essential public services unless the Commission determines an exception is warranted. Inclusion within CVWD's sphere would also be inconsistent with the District's water contract service area and contemplated land uses. Based on these factors, it is recommended that the Commission continue to exclude the Old Sonoma Road Study Area from CVWD's sphere.

²⁵ LAFCO authorization would not be required for LCWD to provide reclaimed irrigation water service outside its jurisdictional boundary and sphere given that the transfer of nonpotable or non-treated water is exempt pursuant to G.C. Section 56133(e)(2).

3.0 Southeast Study Area



Present and Planned Land Use

The Southeast Study Area comprises a portion of an unincorporated parcel located in the southeast portion of CVWD's sphere. The Southeast Study Area is approximately 10.6 acres in size and located outside CVWD's jurisdictional boundary and water contract service area. The County of Napa has assigned an *Agriculture, Watershed, and Open Space* General Plan land use designation and an *Agricultural Watershed* zoning standard for the Southeast Study Area. The Southeast Study Area is currently undeveloped and there are no existing plans for development of the property.

Present and Probable Need for Public Facilities and Services

The Southeast Study Area was previously added to CVWD's sphere in 2008 in error as a result of confusion regarding the extent of the District's jurisdictional boundary. The Southeast Study Area is located within the jurisdictional boundary of LCWD but outside LCWD's Assessment District. The Southeast Study Area currently receives a rural level of law enforcement and fire protection services from the County of Napa, which are considered adequate to meet the needs of the area. There is no present or probable need for public facilities or services for the Southeast Study Area.

Present Capacity and Adequacy of Public Services

CVWD's existing water distribution system is inadequate to serve the Southeast Study Area. The nearest potential point of connection is approximately 2,000 feet to the northwest at Old Sonoma Road. Future connection would require annexation and infrastructure improvements that are not currently being contemplated by CVWD or the property owner. In addition, the Southeast Study Area is within LCWD's jurisdictional boundary. LCWD's reclaimed water infrastructure does not currently extend to the Southeast Study Area. However, reclaimed water could be extended in the future if a need for service is established.

Social and Economic Communities of Interest

The Southeast Study Area shares social and economic ties with CVWD to a certain degree. The Southeast Study Area is contiguous to CVWD's jurisdictional boundary and consists of agricultural land uses. However, the Southeast Study Area is undeveloped with no permanent residents and comprises a portion of a larger parcel that is divided by CVWD's existing sphere. The Southeast Study Area was added to CVWD's sphere in 2008 based on erroneous information with respect to the extent of the District's jurisdictional boundary.

Present and Probable Need for Public Services for Disadvantaged Unincorporated Communities

No disadvantaged unincorporated communities meeting the definition under State law have been identified within CVWD's jurisdictional boundary, sphere, or adjacent areas.

Sphere Recommendation

It is recommended the Commission take formal action to remove the Southeast Study Area from CVWD's sphere. This recommendation would recognize current and probable future land uses and service needs within the area. This recommendation would also reconcile a previous error in which the Southeast Study Area was added to CVWD's sphere in 2008 based on confusion regarding the District's jurisdictional boundary.

V. ENVIRONMENTAL REVIEW

A. Municipal Service Review

The municipal service review on CVWD is a project under the California Environmental Quality Act (CEQA) given it may reasonably result in a future indirect physical change to the environment. The municipal service review is categorically exempt from further environmental review under Code of Regulations Section 15306. This exemption applies to basic data collection, research, and resource evaluation activities, which do not result in any serious or major disturbance to any environmental resource. This exemption applies to the municipal service review on CVWD given it is strictly for information gathering purposes that may lead to an action which LAFCO has not approved, adopted, or funded.

B. Sphere of Influence Update

The sphere update for CVWD is a project under CEQA given it may reasonably result in a future indirect physical change to the environment. The sphere update is exempt from further environmental review under Code of Regulations Section 15061(b)(3). This exemption is referred to as the “general rule” and applies to projects in which it can be seen with certainty there is no possibility the action may have a significant effect on the environment. This exemption applies to the sphere update for CVWD given it can be seen with certainty (1) the addition of one parcel within the Buhman Avenue Study Area and (2) the removal of non-jurisdictional lands comprising the Southeast Study Area from the District’s sphere will not result in any physical changes to the environment. Future annexation of the sphere expansion area would be subject to a separate CEQA process.

VI. SOURCES

Primary Agency Contact

- Kiersten Bjorkman, District Secretary

Other Agency Contacts

- Phil Brun, City of Napa Deputy Public Works Director
- David Morrison, County of Napa Planning, Building, and Environmental Services Director

Documents

- Association of Bay Area Governments, “Projections and Priorities”, 2013
- Association of Bay Area Governments, “2015-2023 Regional Housing Needs Allocation Progress Report”, 2017
- Central County Regional Municipal Service Review, 2014 (Napa LAFCO)
- County of Napa, “Annual Housing Element Progress Report”, 2016
- “CVWD Baseline Report Sphere of Influence Establishment”, 1985 (Napa LAFCO)
- “CVWD Sphere of Influence Review”, 2008 (Napa LAFCO)
- “CVWD Basic Financial Statements for the Fiscal Years Ended June 30, 2011 and 2012,” (Charles W. Pillon, C.P.A.)
- “CVWD Basic Financial Statements for the Fiscal Years Ended June 30, 2013 and 2014,” (Charles W. Pillon, C.P.A.)
- “CVWD Basic Financial Statements for the Fiscal Years Ended June 30, 2015 and 2016,” (Charles W. Pillon, C.P.A.)
- CVWD, “Budget for Fiscal Year 2012-2013”
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- CVWD, “Budget for Fiscal Year 2014-2015”
- CVWD, “Budget for Fiscal Year 2015-2016”
- CVWD, “Budget for Fiscal Year 2016-2017”
- Los Carneros Water District Municipal Service Review, 2016 (Napa LAFCO)

Websites

- Association of Bay Area Governments, <http://www.abag.org/>
- California Department of Finance, <http://www.dof.ca.gov/>
- California Special Districts Association, <http://www.csda.net/special-districts/>
- California State Controller’s Office, <http://sco.ca.gov/>
- California State Water Resources Control Board, <http://www.waterboards.ca.gov/>

WATER SUPPLY CONTRACTBETWEENTHE CITY OF NAPA AND THE CONGRESS VALLEY WATER DISTRICT

The CITY OF NAPA, a municipal corporation in the County of Napa, State of California, hereinafter called "City", agrees to sell, and the CONGRESS COUNTY WATER DISTRICT, a county water district, hereinafter called "District", agrees to buy water under the following terms and conditions:

RECITALS

A. The City is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the supply and distribution of water to customers inside and outside of the corporate limits of said City.

B. The District is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the distribution of water to customers within the boundaries of said District.

C. The District is currently purchasing its water supply from the City under an existing agreement dated October 30, 1951, the term of which having expired has been extended by mutual agreement of the District and City until this replacement agreement is executed.

D. The District has no developed water supply resources and no storage facilities.

Appendix A

E. The District has requested that the City continue to furnish a supply of water to the District, but under different terms and conditions than provided for in the original agreement.

F. The City is willing to furnish a supply of water to the District.

THEREFORE, the parties hereby agree to the following:

1. TERM OF AGREEMENT. This Agreement shall become effective upon its execution by both parties and shall run for a term of thirty (30) years, or to July 1, 2017, whichever shall occur first.

2. SERVICE AREA. The District shall deliver the water furnished under this Contract to consumers only within the territory shown and described on attached "EXHIBIT B", entitled "Congress County Water District Service Area", and no other or additional territory. No water service shall be provided by the District to any parcel within said service area as shown on attached "EXHIBIT B", until said parcel has been annexed to the District.

3. QUANTITY OF WATER. The City shall furnish water to the District, as it may need to supply its customers only in accordance with the terms and conditions of this Agreement, in an amount not to exceed a total of one hundred (100) acre feet in any calendar year, at a reasonable rate of flow at the delivery point or points.

4. CONDITIONS OF SERVICE. The District shall deliver water it receives under this Agreement to a maximum of 140 service connections to serve existing parcels of record as described below and no others, for domestic, agricultural, and winery purposes only. (For the purposes of this Contract, a winery is defined as a facility appurtenant to the manufacture of wine or similar products. Additionally, fifty percent (50%) of the grapes processed must be grown in the service area. Additionally, no items other than the product manufactured at site of the winery may be sold.) The District shall deliver water it receives under this Agreement only to service connections existing or approved on the effective date of this agreement, and to parcels of land existing within the District Service Areas as defined in "EXHIBIT B", on the effective date of this Agreement.

5. ANNEXATION TO CITY. City agrees that if any portion of the District is annexed to the City during the term of this Agreement, City shall annually reimburse the District up to an amount equal to the average annual revenue that would have been derived from the sale of water to that portion of the District so annexed had that portion of the District remained in the District. Such payment shall be applied to any bond redemption, interest payment, or reserve accounts, therefor, which are then an existing obligation of the District. No such payment shall be required, if no such obligations then exist.

6. PRICE AND PAYMENT. The District shall pay to the City the sum of one dollar and twenty-three cents (\$1.23) per one thousand (1,000) gallons. Said quantity rate charge shall be adjusted administratively from time to time, concurrent with adjustments in the quantity rate and service charge applicable

to retail domestic customers inside the City limits. The adjusted quantity rate applicable to the District shall be identical to the quantity rate applicable to retail domestic customers inside the City limits.

7. COLLECTION AND DISBURSEMENT OF FUNDS. City agrees to bill District's customers at the rate specified by the District (subject to change on an annual basis). District's rate structure shall be similar to City's structure. City will collect all proceeds in a fashion consistent with its own procedures and deposit same in a separate account. Periodically the proceeds so collected and deposited shall be released to an entity as directed in writing by District.

Any connection fees, special assessment fees, or mitigation fees designated by the District shall not be collected by City. It shall be the responsibility of the District to collect such fees.

Any work done by City, such as to install new services or to make modifications as requested by District shall be on a fixed fee basis or time and materials basis, as is appropriate. City requires a deposit for such work in accordance with its codes, and the City will collect and retain same.

8. MEASUREMENTS AND CONTROL OF WATER DELIVERED. The water delivered pursuant to this Agreement shall be measured by meters at the points of delivery hereinafter referred to as the customers meter connection. On any new customer meter connection, the city shall install the necessary meters, valves, and appurtenances appropriate to operate and maintain such connection. Said meters, valves, and appurtenances shall be maintained in good repair and replaced when

necessary by the City. Each party shall have the right to test any meter at its own expense, or the parties may share the cost as mutually agreed. City reserves the right to replace any meter at any time.

9. CONSERVATION MEASURES. District agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by the City or which may be adopted by the City.

10. QUALITY OF WATER. The quality of water at the point of delivery furnished to the District will be the same as that furnished to other City customers under the permit from the State of California Department of Health Services or its successor agency.

11a. NON-RESPONSIBILITY OF THE CITY. Neither the City nor any of its officers, agents or employees, shall be liable for any loss or damage direct or indirect, arising from shortages in the amount of water to be made available for delivery, interruption of delivery or failure of any kind caused by drought or any other cause beyond the control of the City.

11b. RESPONSIBILITY OF THE CITY. The City shall be responsible, during the term of this Contract, for the complete operation, maintenance (and later replacement) of the District's water system.

City agrees to make the District whole for additional costs incurred in installing the twelve inch (12") waterline stipulate in the section of this Agreement entitled "Responsibility of District".

Appendix A

The amount of the make whole cost is to be determined by multiplying the number of feet of waterline so oversized by the difference in cost obtained by subtracting the contract cost of a twelve inch (12") waterline in this area from a theoretical contract cost for an eight inch (8") waterline in the same work area. The theoretical contract cost is assumed to be the contract cost for eight inch (8") waterline installed elsewhere in the District during the replacement project.

City shall reimburse District within thirty (30) days of submission of each of the successive contract progress payments submitted by District's Contractor during the replacement project, showing the number of feet of the oversized line installed.

City agrees to install, at its cost, a twelve-inch (12") main from the City limits on Old Sonoma Road to the point of connection with the transmission line in Foothill Boulevard when the need for such installation is established.

12a. NON-RESPONSIBILITY OF THE DISTRICT. Neither the District nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water, nor for any damage of any nature whatsoever, including but not limited to property damages, personal injury or death, arising out of or connected with the same.

12b. RESPONSIBILITY OF THE DISTRICT. It shall be the responsibility of the District to, during year 30, pass title for all improvements and assets of

Appendix A

the District to the City for the sum of one dollar (\$1.00). The Board of Directors of District shall during year 30, initiate proceedings to dissolve the District pursuant to the District Reorganization Act or as it may be amended.

Additionally, District agrees to cause the size of the waterline to be installed in Thompson Avenue, in Congress Valley Road, from Thompson Avenue to Old Sonoma Road, and in Old Sonoma Road, from Congress Valley Road easterly to City's corporate boundary (to the extent that the waterline will be replaced) to be installed as 12-inch waterline. This is herein referred to as the oversized waterline.

Additionally, District will allow City to "wheel" water through said waterline at no additional compensation.

13. BACKFLOW PREVENTION: District agrees to require its water service customers to comply with City's backflow prevention device program.

14. ASSIGNMENTS. No assignment of this Agreement or of any right or obligation of any part hereunder, in whole or in part, can be made without the express written consent of all parties hereto, which consent shall not be unreasonably withheld.

15. MODIFICATIONS. Modification to this Agreement shall be specific amendment, executed by all parties hereto.

Appendix A

16. APPLICABLE LAW. The law of California then existing shall govern the interpretation of this Contract.

17. NOTICES. All notices required under this Contract shall be sent to:

City of Napa

P.O. Box 660

Napa, CA 94559

Congress County Water District

P.O. Box 3023

Napa, CA 94558

CITY OF NAPA,
a municipal corporation

CONGRESS COUNTY WATER DISTRICT,
a County Water District

By: Brad Weyer
MAYOR

By: Robert A. Ostala
PRESIDENT

ATTEST:

ATTEST:

Pamela Means
CITY CLERK

Dorothy L. Strick
SECRETARY

APPROVED AS TO FORM:

Joe Oran
CITY ATTORNEY

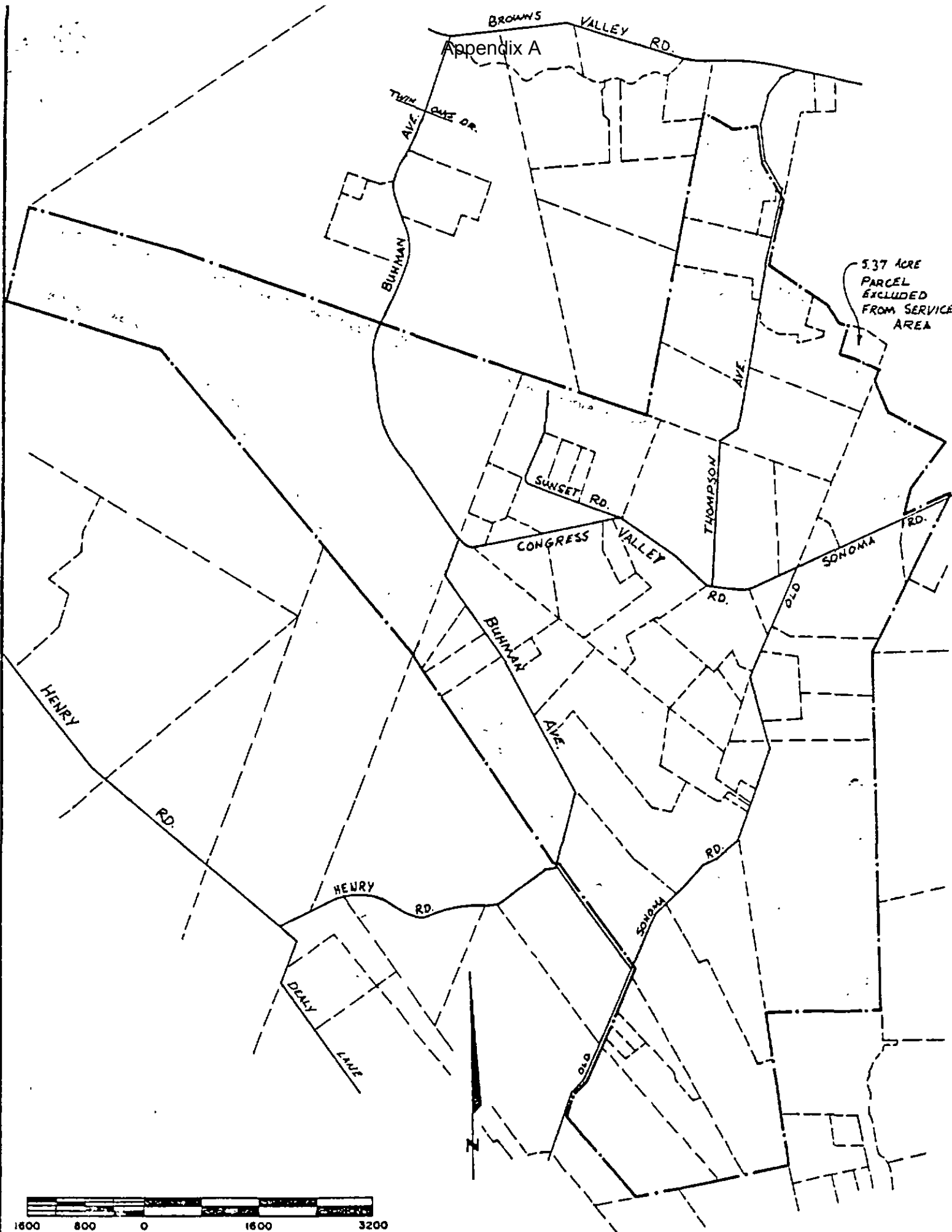
R. Hygg Rock
CONGRESS COUNTY
WATER DISTRICT ATTORNEY

COUNTERSIGNED:

[Signature]
CITY AUDITOR

Paul A. King
DISTRICT AUDITOR

Appendix A



5.37 ACRE
PARCEL
EXCLUDED
FROM SERVICE
AREA

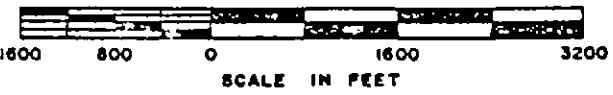


EXHIBIT "B"

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NO LONGER EXISTS

DATE JUN 9/03/87
TIME JUN 11:51:20

FORMATTED QUERY LISTING FOR FILE TAXMST.APALIB

Appendix A

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| 047+ | 03+ | 0+ | 31+ | 00+ | 072041+ |

NO LONGER EXISTS

TOTAL # RECORDS PRINTED 101

Appendix A

CONGRESS VALLEY WATER DISTRICT
P.O. BOX 3023
NAPA, CALIFORNIA 94558

NOTICE OF DETERMINATION

TO: (X) OFFICE OF PLANNING AND RESEARCH (X) COUNTY CLERK
1400 TENTH STREET, ROOM 121 COUNTY OF NAPA
SACRAMENTO, CA. 95814

PROJECT TITLE: Waterline Rejuvenation FILE # _____
(SCH# 85120302)

PROJECT DESCRIPTION AND LOCATION:

The 1,330 acre District is applying for \$1,000,000 from the 1984 Safe Drinking Water Bond Fund for the replacement of in excess of 20,000 feet of 35 year old two inch (+) galvanized iron pipe. The existing lines would be replaced with eight inch, six inch and 12 inch diameter waterlines. The project also calls for the placement of at least 60 water services and 10 fire hydrants. It lies along Congress Valley and Old Sonoma Roads 1/2 mile southwest of the City of Napa.

THIS IS TO ADVISE THAT THE BOARD OF DIRECTORS HAS APPROVED THE PROJECT AND MADE THE FOLLOWING DETERMINATIONS ON January 22, 1986.

1. THE PROJECT () WILL, (X) WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
2. AN () ENVIRONMENTAL IMPACT REPORT, (X) NEGATIVE DECLARATION WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF CEQA. A COPY OF THIS DOCUMENT MAY BE EXAMINED AT THE OFFICE OF THE NAPA COUNTY CONSERVATION, DEVELOPMENT AND PLANNING DEPARTMENT.
3. A STATEMENT OF OVERRIDING CONSIDERATIONS () WAS, (X) WAS NOT ADOPTED FOR THIS PROJECT.

CONTACT PERSON: _____ CHUCK W. SHINNAMON
(707) 252-3301

BY Robert a Osterberg
ROBERT OSTERBERG, President

DATE: 22 Jan 86

Appendix A

COUNTY OF NAPA
CONSERVATION, DEVELOPMENT AND PLANNING DEPARTMENT
1195 Third St., Rm. 210
Napa, California 94559
(707) 253-4416/4376

INITIAL STUDY

PROJECT NAME: Congress County Water District
FILE NO: Waterline Revitalization Project

PROJECT DESCRIPTION: The 1,330 acre District is applying for \$1,000,000 from the 1984 Safe Drinking Water Bond Fund for the replacement of in excess of 20,000 feet of 35 year old two inch (+) galvanized iron pipe. The existing lines would be replaced with eight inch, six inch and 12 inch diameter waterlines. The project also calls for the placement of at least 60 water services and 10 fire hydrants. It lies along Congress Valley and Old Sonoma Roads 1/2 mile southwest of the City of Napa.

JURISDICTIONAL BACKGROUND:

Public Plans and Policies

Based on an initial review completed by the Environmental Protection Section, the following findings were made for the purpose of the Initial Study and do not constitute a final finding by the County in regard to the question of consistency.

| | YES | NO | N/A |
|--|----------|-----|-----|
| Is the project consistent with: | | | |
| a) Regional and Subregional Plans and Policies? | <u>X</u> | --- | --- |
| b) LAFCOM Plans and Policies? | <u>X</u> | --- | --- |
| c) The County General Plan? | <u>X</u> | --- | --- |
| d) Appropriate City General Plans? | <u>X</u> | --- | --- |
| e) Adopted Environmental Plans and Goals of the Community? | <u>X</u> | --- | --- |
| f) Pertinent Zoning? | <u>X</u> | --- | --- |

Responsible Agencies

Napa County Division of Environmental Health
Napa County Department of Public Works
City of Napa

ENVIRONMENTAL SETTING: Steeply to moderately sloping area (slopes typically 5 - 30%) between an elevation of 100' and 480' MSL. Located ~~west~~ east of the Sonoma notch between Browns Valley and Carneros areas. Foundation material consists of Sonoma Volcanic Series, Domengine sandstone, mudstones and siltstones overlain by soils of shallow alluvium. The project is located within the West Napa Fault Zone. A few landslides have been noted in the hilly portions. Portions of the project lie within the designated floodplain of Carneros Creek. Vegetative cover is primarily grassland and agricultural uses. Existing land uses include scattered single-family residences, vineyards and livestock raising. Surrounding land uses include dense residences easterly in City of Napa, vineyards of the Carneros application southerly and westerly, a wooded ridge and suburban Browns Valley northerly.

ENVIRONMENTAL EFFECTS:**Normally Significant Individual Impacts**

| YES | NO | |
|------------|----------|---|
| | <u>X</u> | (Geology) |
| <u> </u> | | 1. Exposure of new site users to substantial life and/or property hazards from geologic processes (eg., severe settlement, sliding, faulting, intense seismically induced ground shaking, seismically-induced ground failures, etc.). |
| <u> </u> | <u>X</u> | 2. Exposure of existing area occupants to substantially increased life and/or property hazards from geologic processes. |
| <u> </u> | <u>X</u> | 3. Damage, destruction or burial of any unique or scientifically important geologic or geomorphologic feature. |
| | <u>X</u> | (Meteorology) |
| <u> </u> | | 4. Substantial modification of climatic or microclimatic conditions (eg., temperature, rainfall, wind, shadow patterns, etc.). |
| | <u>X</u> | (Hydrology) |
| <u> </u> | | 5. Exposure of new site users to substantial life and/or property hazards from flooding (eg., stream flooding, tsunamis, seiches, dam or levee failure, etc.). |
| <u> </u> | <u>X</u> | 6. Exposure of existing area occupants to substantially increased life and/or property hazards from flooding. |
| <u> </u> | <u>X</u> | 7. Substantial temporary construction period increase in erosion and/or sedimentation. |
| <u> </u> | <u>X</u> | 8. Substantial permanent increase in erosion and/or sedimentation. |
| <u> </u> | <u>X</u> | 9. Substantial depletion of groundwater resources or significant interference with groundwater recharge. |
| | <u>X</u> | (Water Quality) |
| <u> </u> | | 10. Substantial degradation of the quality of waters present in a stream, lake, or pond. |
| <u> </u> | <u>X</u> | 11. Substantial degradation of the quality of groundwater supplies. |
| <u> </u> | <u>X</u> | 12. Substantial contamination of a public or private water supply. |
| | <u>X</u> | (Air Quality) |
| <u> </u> | | 13. Exposure of new site users to substantial health hazards from breathing polluted air. |
| <u> </u> | <u>X</u> | 14. Exposure of existing area occupants to substantially increased health hazards from breathing polluted air. |
| <u> </u> | <u>X</u> | 15. Substantial degradation of local or regional air quality. |
| <u> </u> | <u>X</u> | 16. Exposure of new site users or existing area occupants to annoyance from dust and/or highly objectionable odors. |
| | <u>X</u> | (Noise) |
| <u> </u> | | 17. Exposure of new site users to health hazards from noise levels in excess of those recognized as necessary to protect public health and welfare. |

* Mitigated (see Mitigation Measures below)

o Cumulatively Significant Only

Appendix A

Initial Study
Page 3

YES NO

- * 18. Exposure of existing area occupants to health hazards from noise levels in excess of those recognized as necessary to protect public health and welfare.
- * 19. Exposure of people to high construction noise levels for substantial periods of time.
- 20. Exposure of existing area occupants to annoyance from substantially increased ambient noise levels.

(Ecosystem)

- 21. Substantial reduction in the number of a rare or endangered species of plant or animal or damage or restriction of the habitat of such a species.
- 22. Destruction of or substantial damage to a unique, scarce, or particularly productive biological area (eg., marshes, riparian galleries, vernal pools, etc.).
- 23. Substantial reduction in habitat for plants, fish, and/or wildlife.
- 24. Substantial modification in the number or diversity of plant or animal species present.
- 25. Substantial interference with the movement of a resident or migratory fish or wildlife species.

(Social)

- 26. Disruption or division of an established community.
- 27. Displacement of a large number of people.

(Aesthetic)

- 28. Blockage or substantial degradation of important public or private views.
- 29. Exposure of new site users or existing area occupants to annoyance from increased nighttime light levels or glare.
- 30. Creation of a litter problem.

(Cultural)

- * 31. Destruction of or substantial damage to a recognized archaeological site.
- 32. Destruction of or substantial damage to the historical character of a recognized historical structure, facility, or feature.
- 33. Elimination of or conflict with the established recreational, educational, religious, or scientific uses of the project site or surrounding properties.

(Traffic)

- 34. Exposure of new site users to substantial life and/or property hazards from traffic accidents.
- 35. Exposure of the existing users of the roads providing access to the project site to substantially increased life and/or property hazards from traffic accidents.
- 36. Exposure of the users of the roadways providing access to the project site to annoyance from noticeably increased traffic congestion.

Appendix A

Initial Study

Page 4

- | YES | NO | |
|-------------------------------|----------|--|
| ___ | <u>X</u> | 37. Increase in traffic on the roadways providing access to the project site which is substantial in relation to the existing traffic load and capacity of the street system. |
| ___ | <u>X</u> | 38. Creation of a substantial local parking problem. |
| (Energy) | | |
| ___ | <u>X</u> | 39. Increase in the demand for energy which is substantial in relation to the existing energy demands of the area. |
| ___ | <u>X</u> | 40. Creation of a facility or development which will use fuel or energy in a wasteful manner. |
| ___ | <u>X</u> | 41. Creation of a facility or development which will use substantially higher than average amounts of fuel or energy for transportation purposes. |
| (Public Health) | | |
| ___ | <u>X</u> | 42. Exposure of new site users to substantial health hazards from contaminated drinking water, inadequately treated sewage and/or insect or rodent pests. |
| ___ | <u>X</u> | 43. Exposure of existing area occupants to substantially increased health hazards from contaminated drinking water, inadequately treated sewage and/or insect or rodent pests. |
| ___ | <u>X</u> | 44. Exposure of new site users to substantial life and/or property hazards from fire. |
| ___ | <u>X</u> | 45. Exposure of existing area occupants to substantially increased life and/or property hazards from fire. |
| ___ | <u>X</u> | 46. Exposure of new site users to substantial life and/or property hazards from air crashes. |
| ___ | <u>X</u> | 47. Exposure of existing area occupants and/or existing air or heliport users to substantially increased life and/or property hazards from air crashes. |
| ___ | <u>X</u> | 48. Exposure of new site users or existing area occupants to substantial annoyance from insect or rodent pests. |
| (Community Services) | | |
| ___ | <u>X</u> | 49. Increase in the demand for a community service (eg., sewer, water, fire protection, schools, etc.) which is substantial in relation to the currently existing uncommitted capacity of the agency involved to provide such a service. |
| (Commercial Resources) | | |
| ___ | <u>X</u> | 50. Perclusion of the development of aggregate, rock product, or mineral resources of current or potential importance. |
| ___ | <u>X</u> | 51. Removal of a substantial amount of agricultural or grazing land from current or potential production. |
| (Fiscal) | | |
| ___ | <u>X</u> | 52. Creation of a development to which it would cost the community substantially more to provide services than it would return in taxes. |
| (Growth Induction) | | |
| ___ | <u>X</u> | * 53. Induction of substantial residential, commercial, or industrial development. |

Mandatory Findings of Significance

| | YES | NO |
|--|-----|----------|
| Does the project: | | |
| a) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory? | — | <u>X</u> |
| b) Have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? | — | <u>X</u> |
| c) Have possible environmental effects which are individually limited but cumulatively considerable? | — | <u>X</u> |
| d) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly? | — | <u>X</u> |

Impact Discussion (Optional)

- a) From a hydraulic analysis perspective, the waterlines are sized to handle design fire flows rather than sized for domestic flows. For example a comparison of 60 homes at the end of 5000 foot run of line vs. a normal fire flow (at a 60 psi pressure drop) would yield say 250 gpm vs. 1000 gpm and approximately a 4 inch line vs. a 8 inch line, respectively.
- b) In the tentative agreement with the City on a long term water supply contract, the District has agreed that the only parcels eligible for service are those existing at the date the contract is signed and only newly created parcels if they are 40 acres or more in size.
- c) The zoning of the area is AW in which any new parcel would have to be a minimum of 40 acres in size.
- d) The County's General Plan provides for a County-wide growth rate of 1% per year.

MITIGATION MEASURES:

Included By Applicant As Part of Project

See Attachment 1

Identified By This Study

DETERMINATION:

Agency Staff Participating in the Initial Study:

| | | |
|----------------------------|------------------|----------------------------|
| Resource Evaluation: | JAMES O'LOUGHLIN | Date: <u>Oct. 10, 1985</u> |
| Site Review By: | | Date: _____ |
| Planning/Zoning Review By: | | Date: _____ |

Initial Study
Page 6

On the basis of this preliminary evaluation:

_____ I find that the project COULD NOT have a significant effect on the environment, and adoption of a NEGATIVE DECLARATION is recommended.

X I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described above have been added to the project. Adoption of a MITIGATED NEGATIVE DECLARATION is therefore recommended.

_____ I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

DATE: _____ BY: JAMES O'LOUGHLIN _____

Appendix A
ATTACHMENT 1
Mitigation Measures for Congress County
Waterline Revitalization Project

NOISE

1. Limitation of all construction activities proposed to weekdays between 7:30 A.M. and 5:30 P.M.
2. Installation or reinstallation as needed of the state-of-the-art muffler systems required by current law on the construction equipment used. Proper maintenance of said muffler systems shall be provided.
3. Requiring proper maintenance of the construction equipment including mufflers.
4. Selection of construction techniques, staging plans, and equipment designed to produce a minimum amount of noise.
5. Existing truck roads, tractor trails and stream crossings shall be used during the operation to maximum extent possible.

ARCHAEOLOGY

6. For the site NAP516, a testing procedure of borings should be undertaken along the route of the proposed waterline prior to preparation of the construction drawings. These borings would aid in assessing the areal and vertical dimensions of the site only in its relation to proposed waterline location. A sample surface collection should also be made in the area. The surface material should then be compared to material recovered from the borings. If ~~no~~ archaeological materials are found, the District may relocate the proposed waterline to a different route that is found not to contain archaeological materials; or, at its discretion, the District may retain the services of an archaeologist to perform a salvage excavation if the materials are deemed important enough; or the District could retain the services of an archaeologist to be present during the excavation of the trench to assure that any archaeological material or human remains would be handled properly in the event they were discovered during the trenching.

If no materials are found during the testing along the proposed route, all construction shall be ceased only if any archaeological materials are found during excavation. Work could not recommence until a qualified archaeologist has reviewed the materials and developed an appropriate mitigation to cover these materials.

7. Inasmuch as spoils at site ARS 80-18-2 were found under previous testing to have minimal significance, the following shall be the only mitigation measure required. If any archaeological materials are discovered in the course of excavation in the vicinity of site ARS 80-18-2 all work shall stop until such time as a qualified archaeologist is retained to review the material and come up with an appropriate mitigation measure.

HYDROLOGY

8. Restriction of all ground disturbing activities (i.e., grading in areas off improved roads) to the dry season between April 15 and October 15.

Appendix A

9. Replanting of all areas disturbed by grading and construction activities prior to the beginning of the rainy season (by Mid-October) to the satisfaction of the Resource Conversation District. It is recommended that topsoil be stockpiled to be redistributed on cut and fill slopes for more successful revegetation efforts.
10. Use for West Napa Fault crossing and slide area crossing the same techniques as City of Napa, i.e. restrained joint, metal waterline through the risk area crossing as shown on attached sketch.
11. Preliminary design of the project shall be reviewed with the County Public Works Department to assure structural integrity of the County Roads and the traveling safety of the general public during construction.
12. Construction within the County Roads right-of-way shall be under the terms of an encroachment permit issued by County Public Works Department.

4 Dec 1985

DATE

Robert A Osterberg

ROBERT OSTERBERG
President

**FIRST AMENDMENT TO
WATER SUPPLY CONTRACT BETWEEN
THE CITY OF NAPA AND
THE CONGRESS VALLEY WATER DISTRICT
(CITY AGREEMENT NO. 5387)**

THIS FIRST AMENDMENT to the Water Supply Contract (hereinafter “First Amendment”) between the CITY OF NAPA, a California charter city (hereinafter referred to as the “City”) and CONGRESS VALLEY WATER DISTRICT, a County Water District (formerly the Congress County Water District, and hereinafter referred to as “District”) is entered into as of the 23rd day of May, 2017.

RECITALS

- A. On or about July 1987, the City and District entered into the Water Supply Contract (City Agreement No. 5387, hereinafter referred to as “Agreement”), which describes the terms by which the City supplies water to the District.
- B. Pursuant to the Agreement, the District is responsible to initiate proceedings to dissolve the District during the final year of the Agreement, prior to expiration on July 1, 2017.
- C. The District has requested to extend the term of the Agreement in order to allow for the ongoing provision of water service to properties within the District.
- D. Accordingly, the parties now desire to amend the terms of the Agreement to extend the term for a period of five years, and to modify other terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained in this First Amendment, and for other good and valuable consideration, the parties agree as follows:

ARTICLE 1. TERM

Section 1 of the Agreement is hereby deleted and replaced with the following:

“This Agreement shall become effective upon its execution by both parties. The term of this Agreement shall end on July 1, 2022, unless terminated earlier in accordance with the terms of this Agreement.”

ARTICLE 2. ANNEXATION TO CITY

Section 5 of the Agreement is hereby deleted in its entirety. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 5 of the Agreement.

ARTICLE 3. PRICE AND PAYMENT

Section 6 of the Agreement is hereby deleted and replaced with the following:

“6. PRICE AND PAYMENT.

6a. In return for all water provided by the City to the District, and customers within the District, in accordance with the terms of this Agreement, effective January 1, 2018, the District shall pay the City at the rates and fees in effect for “Outside City” customers, including the fees to cover the City’s costs to install or modify water services. The City shall establish the amount of the “Outside City” rates and fees in accordance with all requirements of State law, including Proposition 218. Each rate and fee identified in this Section 6 (6a through 6d) shall be as defined by resolution adopted by the City Council.

6b. In lieu of the City collecting rates and fees from the District (pursuant to Section 6a), the District hereby authorizes the City to directly bill and collect from each customer within the District the rates and fees that would otherwise be owed by the District, under the terms set forth in Sections 6c through 6e.

6c. The City shall establish an individual account with each customer (property owner or other responsible party) within the District in order to directly bill and collect the Outside City water rates and fees from each customer.

6d. As a condition of the City providing any new or modified water service: (1) the District shall provide written approval to the City, and (2) the customer has paid the City a water capacity fee (formerly called “connection fee”).

6e. Any customer receiving City water under the terms of this Agreement shall be subject to the requirements imposed on any other person receiving City water service in accordance with Napa Municipal Code Title 13.

6f. This Agreement does not prohibit the District from establishing separate fees or charges, in addition to the Outside City water fees and rates described above, to be imposed on customers and collected by the District.”

ARTICLE 4. COLLECTION AND DISBURSEMENT OF FUNDS

Section 7 of the Agreement is hereby deleted in its entirety.

ARTICLE 5. RESPONSIBILITY OF THE CITY

Section 11b of the Agreement is hereby deleted and replaced with the text set forth below. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 11b of the Agreement.

“The City shall be responsible for the complete operation, maintenance and later replacement of the distribution system serving the properties within the District. The City’s responsibility ends at the meter connection to each property.”

ARTICLE 6. RESPONSIBILITY OF THE DISTRICT

Section 12b of the Agreement is hereby deleted and replaced with the following:

“No later than two (2) years prior to the termination of this agreement, the District shall initiate and facilitate discussions with the City, LAFCO, Napa County and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within the District. The plan may include some combination of the District’s initiation of dissolution proceedings, the City otherwise taking over the District’s responsibilities to provide water service, a longer term commitment by the District to continue to provide water service, or another option mutually agreeable by the District and the City.

In consideration of the services provided by the City under the terms of this Agreement, the District shall: (i) convey to the City title to all physical system assets of the District, and (ii) pay to the City any “connection fees, special assessment fees, or mitigation fees” collected by the District under the terms of former section 7 of City Agreement No. 5387, to the extent those fees were not spent by the District on physical system assets. The District shall satisfy its obligation under the preceding sentence no later than thirty (30) days prior to the earlier to occur of: (x) termination of this Agreement, or (y) dissolution of the District. The District’s physical system assets estimated to be in place at the end of this Agreement are as described on Exhibit “C,” attached hereto and incorporated herein by reference.

The District hereby authorizes the City to “wheel” water through District pipelines at no additional compensation.

The District shall be responsible for giving notice to property owners within the District of the increase in rates and fees under Proposition 218.”

ARTICLE 7. TERMINATION

Section 18 of the Agreement is hereby added as follows:

Appendix A

Upon thirty (30) days prior written notice to the City, the District may terminate this Agreement. If this Agreement is terminated, the District acknowledges that the City shall have no obligation to provide water service to any property within the District without a subsequent application to the City, and approval by the City Council in accordance with City Charter Section 180(B).

ARTICLE 8. FULL FORCE AND EFFECT


Except as expressly modified by this First Amendment, all terms and conditions contained in the original Agreement (City Agreement No. 5387) shall remain in full force and effect.


IN WITNESS WHEREOF, City and District have executed this First Amendment as of the day and year first above written.

CITY OF NAPA:

CONGRESS VALLEY WATER DISTRICT, A COUNTY WATER DISTRICT:

By: 
(Signature)

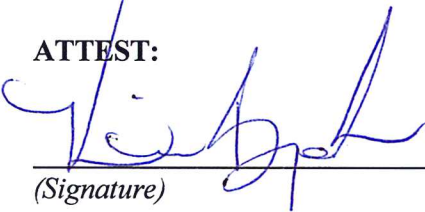
By: 
(Signature)

 Jacques R. LaRoche, Public Works Director
(Type Name and Title)
Eric B. Whan, Deputy Public Works Director

Timothy Josten, President
(Type Name and Title)

ATTEST:

(Signature)

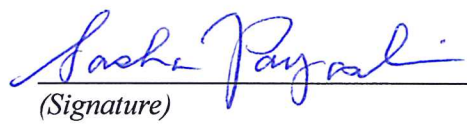
ATTEST:

(Signature)

Dorothy Roberts, City Clerk
(Type Name and Title)

Kiersten Bjorkman, Board Secretary
(Type Name and Title)

COUNTERSIGNED:

COUNTERSIGNED:

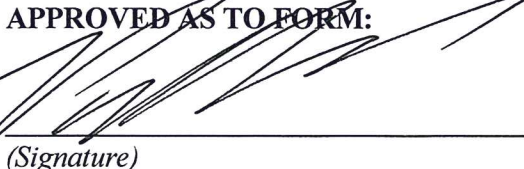

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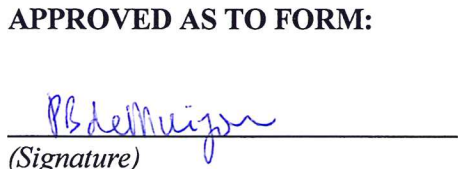

(Signature)

For Desiree Brun, City Auditor
(Type Name and Title)

Janine Layland, Vice President
(Type Name and Title)

SASHA PAYASLIAN, Deputy City Auditor

APPROVED AS TO FORM:

(Signature)

APPROVED AS TO FORM:

(Signature)

Michael Barrett, City Attorney
(Type Name and Title)

Priscillia de Muizon, Attorney
(Type Name and Title)

Appendix A

EXHIBIT C
to First Amendment to the Water Supply Contract Between
The City of Napa and the Congress Valley Water District
(City Agreement No. 5387)

Description of District's Physical System Assets

The Congress Valley Water District's physical system assets estimated to be in place at the end of this Agreement are described as all water pipelines, service lines, valves, fire hydrants, meters and other appurtenances within the District's boundaries that are associated with the conveyance, operation, maintenance, monitoring and/or control of the of water supply from the City of Napa.



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

General Policy Determinations

(Adopted: August 9, 1972; Last Amended: October 3, 2011)

I. Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 specifies the Commission's principal objectives are discouraging urban sprawl, preserving open-space and agricultural resources, and encouraging the orderly formation and development of cities and special districts and their municipal services based on local conditions. Regulatory duties include approving or disapproving proposals involving the formation, reorganization, expansion, and dissolution of cities and special districts. The Commission's regulatory actions must be consistent with its adopted written policies and procedures. The Commission must also inform its regulatory duties through a series of planning activities, which includes establishing and updating spheres of influence.

II. General Policies

The intent of these policies is to serve as the Commission's constitution with regards to outlining clear goals, objectives, and requirements in uniformly fulfilling its prescribed duties. The Commission reserves discretion in administering these policies, however, to address special conditions and circumstances as needed.

A) Legislative Declarations

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature regarding the promotion of orderly, well-planned development patterns that avoid the premature conversion of agricultural and open-space lands and ensure effective, efficient, and economic provision of essential public services. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- (1) The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. (G.C. §56000)
- (2) It is the intent of the Legislature that each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures, and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns. (G.C. §56300)

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- (3) In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:
 - a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
 - b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency. (G.C. §56377)

B) Commission Declarations

The Commission declares its intent not to permit the premature conversion of designated agricultural or open-space lands to urban uses. The Commission shall adhere to the following policies in the pursuit of this intent, and all proposals, projects, and studies shall be reviewed with these policies as guidelines.

- (1) Use of County General Plan Designations:
In evaluating a proposal, the Commission will use the Napa County General Plan to determine designated agricultural and open-space lands. The Commission recognizes that inconsistencies may occur between the County General Plan and the affected city general plan with respect to agricultural and open-space designations. Notwithstanding these potential inconsistencies, the Commission will rely on the Napa County General Plan in recognition of the public support expressed in both the incorporated and unincorporated areas of Napa County for the County's designated agricultural and open-space lands through enactment of Measure "J" in 1990 and Measure "P" in 2008.
- (2) Location of Urban Development:
The Commission shall guide urban development away from designated agricultural or open-space lands until such times as urban development becomes an overriding consideration as determined by the Commission.

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(3) Timing of Urban Development:

The Commission discourages proposals involving the annexation of undeveloped or underdeveloped lands to cities and special districts that provide potable water, sewer, fire protection and emergency response, or police protection services. This policy does not apply to proposals in which the affected lands are subject to a specific development plan or agreement under consideration by a land use authority. This policy does not apply to city annexation proposals in which the affected lands are part of an unincorporated island.

(4) Factors for Evaluating Proposals Involving Agricultural or Open-Space Lands:

The Commission recognizes there are distinct and varying attributes associated with agricultural and open-space designated lands. A proposal which includes agricultural or open-space designated land shall be evaluated in light of the existence of the following factors:

- a) "Prime agricultural land", as defined by G.C. §56064.
- b) "Open-space", as defined by G.C. §56059.
- c) Land that is under contract to remain in agricultural or open-space use, such as a Williamson Act Contract or Open-Space Easement.
- d) Land which has a County General Plan agricultural or open-space designation (Agricultural Resource or Agriculture, Watershed and Open-Space).
- e) The adopted general plan policies of the County and the affected city.
- f) The agricultural economic integrity of land proposed for conversion to urban use as well as adjoining land in agricultural use.
- g) The potential for the premature conversion of adjacent agricultural or open-space designated land to urban use.
- h) The potential of vacant non-prime agricultural land to be developed with a use that would then allow the land to meet the definition of prime agricultural land under the Williamson Act.

(5) Encouragement of Reorganizations:

The Commission encourages reorganization proposals as a means of coordinating actions of local governmental agencies involving, but not limited to, annexation of land to two or more public agencies. The Commission recognizes the usefulness of the reorganization concept as a vehicle designed to simplify and expedite such actions.

III. Policies Concerning Spheres of Influence

It is the intent of the Commission to establish spheres of influence that promote the orderly expansion of cities and special districts to ensure effective, efficient and economic provision of essential public services, including public sewer and water, fire protection and emergency response, and police protection.

A) Legislative Declarations

The Commission acknowledges and incorporates into its own policies, the policies of the Legislature as they relate to spheres of influence. The Commission wishes to specifically note the following declarations and policies contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:

- (1) "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission. (G.C. §56076)
- (2) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities, the Commission shall develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote the logical and orderly development of areas within the sphere. (G.C. §56425(a)).
- (3) The Commission encourages cities and the County to meet and agree to sphere of influence changes. The Commission shall give "great weight" to these agreements to the extent they are consistent with its policies. (G.C. §56425(b) and (c))
- (4) On or before January 1, 2008, and every five years thereafter, the Commission shall, as necessary, review and update each sphere of influence. (G.C. §56425(g))

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B) General Guidelines for the Review of Spheres of Influence

It is the intent of the Commission to consider the following factors whenever reviewing a proposal that includes the adoption, amendment, or update of a sphere of influence.

- (1) The Commission incorporates the following definitions:
 - a) An “establishment” refers to the initial development and determination of a sphere of influence by the Commission.
 - b) An “amendment” refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency.
 - c) An “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.
- (2) The Commission discourages proposals from residents, landowners, and agencies proposing amendments to spheres of influence unless justified by special conditions and circumstances.
- (3) The Commission shall consider the following land use criteria in establishing, amending, and updating spheres of influence:
 - a) The present and planned land uses in the area, including designated agricultural and open-space lands.
 - b) Consistency with the County General Plan and the general plan of any affected city.
 - c) Adopted general plan policies of the County and of any affected city that guide future development away from designated agricultural or open-space land.
 - d) Adopted policies of affected agencies that promote infill of existing vacant or underdeveloped land.
 - e) Amount of existing vacant or underdeveloped land located within any affected agency’s jurisdiction and current sphere of influence.
 - f) Adopted urban growth boundaries by the affected land use authorities.

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- (4) The Commission shall consider the following municipal service criteria in establishing, amending, and updating spheres of influence:
 - a) The present capacity of public facilities and adequacy of public services provided by affected agencies within the current jurisdiction and the adopted plans of these agencies to improve any municipal service deficiency, including adopted capital improvement plans.
 - b) The present and probable need for public facilities and services within the area proposed for inclusion within the sphere of influence and the plans for the delivery of services to the area.
- (5) The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission, however, shall consider removal of land from an agency's sphere of influence if any of the two conditions apply:
 - a) The land is outside the affected agency's jurisdictional boundary but has been within the sphere of influence for 10 or more years.
 - b) The land is inside the affected agency's jurisdictional boundary, but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

C) City Spheres of Influence

The Commission shall adhere to the following policies in the establishment, amendment, or update of a city's sphere of influence.

- (1) Location of Urban Development:
It shall be a basic policy of the Commission is that the sphere of influence shall guide and promote the affected city's orderly urban growth and development.
- (2) Sphere of Influence to Reflect Service Capacities:
A city's sphere of influence should reflect existing and planned service capacities based on information collected by, or submitted to, the Commission.
- (3) Use of County General Plan Agricultural and Open-Space Designations:
The Commission shall use the most recently adopted County General Plan as the basis to identify designated agricultural and open-space lands in establishing, amending, and updating a city's sphere of influence.

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- (4) Avoidance of Inclusion of Agricultural and Open-Space Lands:
Land specifically designated as agricultural or open-space lands shall not be approved for inclusion within any city's sphere of influence for purposes of urban development unless exceptions are warranted based on the criteria outlined in Section B(3) and (4).
- (5) Preference for Infill:
The Commission will consider the amount of vacant land within the established sphere of influence of a city when considering amendments and updates. The Commission encourages sphere of influence proposals that promote the infill of existing vacant or underdeveloped land thereby maximizing the efficient use of existing city services and infrastructure as well as discouraging urban sprawl. Conversely, the Commission discourages sphere of influence proposals involving vacant or underdeveloped land that requires the extension of urban facilities, utilities, and services where infill is more appropriate.
- (6) Spheres of Influence as Guides for City Annexations:
A city's sphere of influence shall generally be used to guide annexations within a five-year planning period. Inclusion of land within a sphere of influence shall not be construed to indicate automatic approval of an annexation proposal; an annexation will be considered on its own merits with deference assigned to timing.
- (7) Joint Applications:
When an annexation is proposed outside a city's sphere of influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting. The change to the sphere of influence to include the affected territory, however, shall be considered and resolved prior to Commission action on the annexation.
- (8) Cooperative Planning and Development:
Spheres of influence shall be developed by the Commission in cooperation with input from the cities and the County.
 - a) The urban areas as delineated by the spheres of influence or other boundary adopted by the Commission should be recognized and considered as part of planning and development programs of the affected cities as well as any affected special districts and the County.
 - b) The Commission shall encourage cities to first develop existing vacant and underdeveloped infill lands located within their jurisdictions and spheres of influence to maximize the efficient use of available services and infrastructure and discourage the premature conversion of agricultural and open-space lands to urban uses. The Commission shall

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encourage the development of vacant or underdeveloped infill lands located within cities' jurisdictions before the annexation of lands requiring the extension of urban facilities, utilities, and services.

- c) No urban development should be permitted by the County to occur on unincorporated lands within a city's sphere of influence. If approval of urban development in such areas is legally required of the County, such development should conform to applicable city standards and be the subject of a joint city-County planning effort.

D) Special District Spheres of Influence

The Commission shall adhere to the following policies in the establishment, review, amendment, or update of a special district's sphere of influence.

- (1) Urbanizing Effect of Services:
It shall be a basic policy of the Commission that the establishment, amendment, or update of a special district's sphere of influence serves to promote urban development with limited exceptions.
- (2) Sphere of Influence to Reflect Service Capacities:
A special district's sphere of influence should reflect existing and planned service capacities based on information collected by, or submitted to, the Commission.
- (3) Exclusion of Agricultural and Open-Space Lands:
Land designated agricultural or open-space by the applicable city or County general plan shall not be approved for inclusion within any special district's sphere of influence for purposes of urban development through the extension of essential public services. Such designations shall be recognized by the Commission as designating the land as non-urban in character in regard to the existing use of the area or its future development potential. The Commission may consider exceptions to this policy based on evidence provided by the affected special district demonstrating all of the following:
 - a) The expansion is necessary in order to provide potable water or sewer to the territory to respond to a documented public health or safety threat.
 - b) The affected special district can provide adequate potable water or sewer service to the affected territory without extending any mainline more than 1,000 feet.
 - c) The expansion will not promote the premature conversion of agricultural or open-space land to urban use.

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- (4) Sphere of Influence as a Guide to Special District Annexations:
A special district's sphere of influence shall generally be used to guide annexations within a five-year planning period. Inclusion of land within a sphere of influence shall not be construed to indicate automatic approval of an annexation proposal; an annexation will be considered on its own merits with deference assigned to timing.
- (5) Joint Applications:
When an annexation is proposed outside a special district's sphere of influence, the Commission may consider both the proposed annexation and the necessary change in the sphere of influence at the same meeting. The change to the sphere of influence to include the affected territory, however, shall be considered and resolved prior to Commission action on the proposed annexation.
- (6) Cooperative Planning and Development Programs:
Spheres of influence shall be developed by the Commission in cooperation with any affected cities and the County.
 - a) The service area of a special district as delineated by the sphere of influence or other boundary adopted by the Commission should be recognized and considered as part of the planning and development programs of any affected district, city, and the County.

IV. Policies Concerning the County Of Napa

A) Location of Urban Development

- (1) Development of an urban character and nature should be located within areas designated as urban areas by the County General Plan in close proximity to a city or special district which can provide essential public services.
- (2) Urban development should be discouraged if it is apparent that essential services necessary for the proposed development cannot readily be provided by a city or special district.
- (3) The Commission shall review and comment, as appropriate, on the extension of services or the creation of new service providers to furnish services into previously unserved territory within unincorporated areas.

B) Use of County Service Areas and Community Services Districts

- (1) In those unincorporated urban areas where essential urban services are being provided by the County, the Board of Supervisors should consider the establishment of county service areas or community services districts so that area residents and landowners pay their fair and equitable share for the services received.

V. Policies Concerning Cities

A) Incorporations

- (1) The Commission discourages proposals to incorporate communities unless substantial evidence suggests the County and any affected special district are not effectively meeting the needs of the community.
- (2) The Commission discourages proposals to incorporate communities involving land that is not already receiving essential public services from a special district.
- (3) Any community proposed for incorporation in Napa County shall have at least 500 registered voters residing with the affected area at the time proceedings are initiated with the Commission as required under G.C. §56043.

B) Outside Service Agreements

- (1) Commission approval is needed for a city to provide new or extended services outside its jurisdictional boundary by contracts or agreements. A Request by a city shall be made by resolution of application and processed in accordance with G.C. §56133.
- (2) The Commission shall incorporate the following definitions in administering these policies:
 - a) “Services” shall mean any service provided by a city unless otherwise exempted under G.C. 56133.
 - b) “New” shall mean the actual extension of a municipal service to previously unserved non-jurisdictional land. Exceptions include non-jurisdictional land in which the city or County has adequately contemplated the provision of the subject service on or before January 1, 2001 as determined by the Commission.
 - c) “Extended” shall mean the intensification of an existing municipal service provided to non-jurisdictional land associated with a land use authority’s redesignation or rezoning after January 1, 2001 as determined by the Commission.
- (3) The Commission shall establish policies and procedures in the review of outside service agreement requests involving a city.

VI. Policies Concerning Special Districts

A) In Lieu of New District Creation

- (1) Where a limited-purpose special district exists and additional services are required for an unincorporated area designated as urban by the County General Plan, the Commission encourages reorganizations to provide the extended services of the existing limited services special district.

B) Preference for Districts Capable of Providing All Essential Services

- (1) All new special districts proposed for formation in the unincorporated urban areas as designated under the County General Plan should be capable of providing essential urban type services which include, but are not limited to, water, sanitation, fire protection, and police protection.

C) Establishing New Services or Divestiture of Existing Service Powers

- (1) Commission approval is required for a special district to establish new services or divest existing service powers within all or parts of its jurisdictional boundary. Requests by a special district shall be made by adoption of a resolution of application and include all the information required and referenced under G.C. §56824.12.
- (2) The Commission incorporates the following definitions in administering these policies:
 - a) “New” shall mean activating a latent service not previously authorized.
 - b) “Divestiture” shall mean deactivating a service power previously authorized.
- (3) The Commission shall consider the effect of the proposal in supporting planned and orderly growth within the affected territory.

D) Outside Service Agreements

- (1) Commission approval is needed for a special district to provide new or extended services outside its jurisdictional boundary by contracts or agreements. Requests made by special districts shall be made by resolution of application and processed in accordance with G.C. §56133.

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- (2) The Commission shall incorporate the following definitions in administering these policies:
 - a) “Services” shall mean any service provided by a special district subject to the jurisdiction of the Commission unless otherwise exempted under G.C. 56133.
 - b) “New” shall mean the actual extension of a municipal service to previously unserved non-jurisdictional land. Exceptions include non-jurisdictional land in which the special district or land use authority has adequately contemplated the provision of the subject service on or before January 1, 2001 as determined by the Commission.
 - c) “Extended” shall mean the intensification of an existing municipal service provided to non-jurisdictional land associated with a land use authority’s redesignation or rezoning after January 1, 2001 as determined by the Commission.
- (3) The Commission shall establish policies and procedures in the review of outside service agreement requests involving a special district.

VII. Policies Concerning Annexations

A) General Policies Concerning Annexations to a City

- (1) Inclusion in Sphere of Influence:

The affected territory shall be included within the affected city sphere of influence prior to issuance of the Executive Officer's certificate of filing for the subject annexation proposal. The Executive Officer may amend both a sphere of influence amendment and annexation application for Commission consideration and action at the same meeting.
- (2) Substantially surrounded:

For the purpose of applying the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act, most notably G.C. §56375, the affected territory of an annexation proposal shall be deemed “substantially surrounded” if the following two conditions apply:

 - a) The affected territory lies within the city’s sphere of influence.
 - b) The affected territory is surrounded by no less than 66.6% by the city, as set forth in a boundary description accepted by the Executive Officer.

B) Policies Concerning Island Annexations

- (1) Boundary of Areas Not 100% Surrounded by City:
The outside boundary of an unincorporated island less than 100% surrounded shall be the affected city sphere of influence boundary line.
- (2) Criteria for Determining a Developed Island:
A developed island shall substantially meet all the following criteria:
 - a) The island shall have a housing density of at least 0.5 units per gross acre.
 - b) All parcels within the island can readily receive from the affected city or any affected special district basic essential services including but not limited to police protection, fire protection, potable water and sanitation.
- (3) Policy Regarding Annexations Within an Identified Island Area:
When an annexation proposal includes territory within a developed island, the Commission shall invite the affected city to amend the boundary of the proposed annexation to include the entire island. To the extent permitted by law, the Commission reserves the right to expand the boundaries of the proposed annexation to include the entire island.

C) Policies Concerning Annexation of Municipally-Owned Land

- (1) Restricted Use Lands Owned by Public Agencies:
The Commission shall disapprove annexation of publicly-owned land designated agricultural or open-space or subject to a Williamson Act contract unless the land will be used for a municipal purpose and no suitable alternative site reasonably exists within the affected city's sphere of influence.
- (2) Facilities Exempt from Policy:
Municipal purpose shall mean a public service facility which is urban in nature such as water and sewage treatment facilities and public buildings, but shall not include land which is vacant or used for wastewater reclamation irrigation, a reservoir, or agricultural, watershed or open-space.

D) Concurrent Annexation Policies

It is the intent of the Commission to promote concurrent annexations to cities and special districts whenever appropriate. The Commission may waive its concurrent annexation policies based on unique conditions or circumstances surrounding the annexation proposal which make application of the policy impractical and will not result in the annexation of lands designated agricultural or open-space by the applicable city or County General Plan.

(1) City of Napa and Napa Sanitation District

a) Annexations to the District:

All annexation proposals to the Napa Sanitation District located outside of the City of Napa shall first be required to annex to the City if the affected territory is located within the City's sphere of influence as adopted by the Commission, is located within the City Residential Urban Limit Line (RUL) as adopted by the City, and annexation is legally possible.

b) Annexations to the City:

All 100% consent annexation proposals to the City of Napa located outside of the Napa Sanitation District shall be required to annex to the Napa Sanitation District if the affected territory is located within the District's sphere of influence and if sanitation service is available.

(2) City of American Canyon and American Canyon Fire Protection District

a) Annexations to the District:

All annexation proposals to the American Canyon Fire Protection District located outside of the City of American Canyon shall be required to annex to the City if the affected territory is located within the City's sphere of influence as adopted by the Commission and if annexation is legally possible.

b) Annexations to the City:

All annexation proposals to the City of American Canyon located outside of the American Canyon Fire Protection District shall be required to annex to the District if the affected territory is located within the District's sphere of influence.

(3) County Service Area No. 4

a) Annexations to Cities:

All annexation proposals to a city shall be required to concurrently detach from County Service Area No. 4 unless the affected territory has been, or is expected to be, developed to include planted vineyards totaling one acre or more in size.

Los Carneros Water District

September 7, 2017

Mr. Brendon Freeman, Executive Officer
Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, California 94559

Dear Brendon:

During the August LAFCO meeting, as the Commission was considering the Congress Valley Water District's Municipal Service Review / Sphere of Influence, the Carneros Inn properties were discussed. Well water availability is a documented problem for all of Congress Valley, and to some extent the Carneros area as well. During that discussion, the Commission members inquired about recycled water availability for the Carneros Inn site. The LCWD recycled water project came up.

In your subsequent e-mail to me, you posed several questions about our project, and the process that would be involved to connect to our distribution system.

The LCWD boundary established by LAFCO is immediately south of the Carneros Inn. The Water District territory includes just over 260 parcels. The Assessment District, formed in 2014 to fund a \$16 million construction project to install 9 miles of distribution system for recycled water, includes only 106 of those parcels.

In developing the scope of the project funded by the assessment, we did a lot of outreach to the Water District community between 2008 and 2014, to determine which Land Owners were interested and which Land Owners were not interested. The outreach consisted of two mail surveys, and three Prop 218 protest ballot tabulations.

As we continued in the planning process, we actually chose not to extend the pipeline up Los Carneros Avenue (past Withers Road) because there were only one or two parcels whose Owners expressed interest, and the economics just didn't work out.

Since we didn't feel that it was appropriate to install a pipeline any bigger or any longer than what was minimally necessary to meet the needs of the Land Owners who were mortgaging their property to fund the project, the recycled pipeline was carefully sized to meet only the needs of the participants. In fact, that is why we use a Water Master concept to schedule which Land Owner can use water: how much water, on what day, during what hours of that day, and at what rate of flow.

Right now, we have a list of about a dozen Land Owners who initially chose not to include their land in the Assessment District, who now (ie, once the pipe line was economically installed with a lot of grant funding) are highly interested. The Board's position is that we will wait a couple of years to see what happens when our pipeline system is under full design (water demand) load (to see if the wheels come off the wagon in the corners or not.)

Appendix C

So, the initial answer is that there is not room for additional folks. Beyond that, there is a limited water allocation to LCWD from the Napa Sanitation District. The Water District's consulting engineers estimate that we need about 800 acre feet of water during the six summer months. NSD has allocated only 400 acre feet of Summer Water to the Water District. Unless additional allocation is received there is no room for additional users.

From an engineering perspective, a pump station could be built to add capacity to the delivery system and accommodate additional users. We had our engineers study that concept to verify that it could happen. They felt that such a pump station would cost in excess of \$1 Million. The Board's position on the pump station is that if the pump station were ever constructed, the construction would be at the sole expense of the newcomers, and the pump station's continued operation and maintenance cost would be solely borne by the newcomers.

The first step for the Carneros Inn would be to approach the LCWD Board with a proposal to be included into the recycled water delivery system. The Water District would consider the concept of connection. NSD would also be involved, since they own and operate the system. My recommendation to the Board would be that the Carneros Inn be added to the list (of the dozen.) And, if the dozen wanted to move ahead, then an Engineering Feasibility Study would need to be done. As a part of that study, a determination of the cost of the work would be developed. An additional assessment district would be needed to fund the Engineering Feasibility Study, Preliminary Design, Final Design, the construction project, construction management, and the ongoing costs associated with a pumping station (operation, maintenance, power and replacement) as well as the cost of buying in to the existing system.

A key element in the answer to the Commissioner's question is that the Carneros Inn collects, treats, and recycles everything it uses as potable water (less any minor evaporative losses from their storage pond, and less any sludge hauled away.) They are already recycling at nearly 100%. And, if they get an easier and more reliable water supply, like the City supply, then they would use more water, and therefore have more water to recycle, which would probably mean a little bit more robust landscape.

Please phone if you have questions or need additional information.

Sincerely,


John W. Stewart, President
Cell = 707.738.4600

RESOLUTION NO. _____

**RESOLUTION OF THE
LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE:
CONGRESS VALLEY WATER DISTRICT**

WHEREAS, the Local Agency Formation Commission of Napa County, hereinafter referred to as the “Commission”, adopted a schedule to conduct studies of the provision of municipal services within Napa County and studies of spheres of influence of the local governmental agencies whose jurisdictions are within Napa County; and

WHEREAS, a “Municipal Service Review and Sphere of Influence Update” has been prepared for the Congress Valley Water District pursuant to said schedule and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code; and

WHEREAS, a written report on the Municipal Service Review has been prepared that includes considering the adequacy of governmental services provided by the Congress Valley Water District and the Executive Officer recommends updating the sphere of influence of the Congress Valley Water District to add approximately 5.4 acres of non-jurisdictional territory and remove approximately 10.6 acres of non-jurisdictional territory; and

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

WHEREAS, the Commission heard and fully considered all the evidence presented at its public meetings concerning the Municipal Service Review and Sphere of Influence Update on the Congress Valley Water District on June 5, 2017, August 7, 2017, and October 2, 2017;

WHEREAS, as part of the Municipal Service Review, the Commission is required pursuant to California Government Code Section 56430 to make a statement of written determinations with regards to certain factors; and

WHEREAS, in considering the update to the Congress Valley Water District’s sphere of influence, the Commission also considered all the factors required by law under California Government Code Section 56425.

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

1. The Commission determines the Municipal Service Review is exempt from further environmental review under the California Environmental Quality Act pursuant to California Code of Regulations Section 15306. This finding is based on the Commission determining with certainty that the Municipal Service Review is limited to basic data collection, research, and resource evaluation activities which do not result in a serious or major disturbance to any environmental resource.

2. The Commission, as lead agency, finds the update of the Congress Valley Water District’s sphere of influence to add approximately 5.4 acres of non-jurisdictional territory and remove approximately 10.6 acres of non-jurisdictional territory is exempt from further review under the California Environmental Quality Act pursuant to California Code of Regulations Section 15061(b)(3). This finding is based on the Commission determining with certainty that the sphere update will have no possibility of significantly effecting the environment given no new land use or municipal service authority is granted.
3. Having reviewed the municipal services provided by the Congress Valley Water District, the Commission adopts the statement of determinations prepared as part of the Municipal Service Review as set forth in Exhibit One, which is attached hereto and hereby incorporated by reference.
4. In determining the sphere of influence for the Congress Valley Water District, pursuant to California Government Code Section 56425 of the Government Code, the Commission adopts the statement of determinations set forth in Exhibit Two, which is attached hereto and hereby incorporated by reference.
5. The Commission hereby updates the sphere of influence of Congress Valley Water District as shown in Exhibit Three.
6. The effective date of this sphere of influence update shall be the date of adoption set forth below.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on October 2, 2017, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSTAIN: Commissioners _____

ABSENT: Commissioners _____

 Brad Wagenknecht
 Commission Chair

ATTEST: _____
 Brendon Freeman
 Executive Officer

Recorded by: Kathy Mabry
 Commission Secretary

EXHIBIT ONE

STATEMENT OF DETERMINATIONS

**CONGRESS VALLEY WATER DISTRICT
MUNICIPAL SERVICE REVIEW**

1. Growth and population projections for the affected area (Government Code 56430(a)(1)):
 - a) The Congress Valley Water District's permanent resident population growth rate over the next five years will generally remain extremely low with the addition of no more than five new residences. These assumptions suggest the Congress Valley Water District's permanent resident population growth rate will minimally increase relative to the previous five years, rising from 3.3% to 4.8%. The substantive result of these assumptions would be a permanent resident population of 261 by 2022.
 - b) The County's General Plan Housing Element anticipates a growth rate correlated to the growth of jobs in Napa County. Recent public information provided by the Director of Planning, Building, and Environmental Services established that the County is well below projected housing growth rates. This fact indicates that there is an increasing disparity between planned and actual housing availability in the unincorporated areas. While there are some parcels within the Congress Valley Water District that do not currently contain developed housing units, there are not a significant number of such undeveloped parcels.
 - c) The Congress Valley Water District's population density is estimated at 113 residents for every square mile. This amount represents 218% of the average density rate for all unincorporated lands. Comparatively, the Congress Valley Water District's population density represents only 3% of the average density rate for the adjacent incorporated community of the City of Napa. These density estimates suggest the Congress Valley Water District's population characteristics are significantly more aligned with unincorporated Napa County as opposed to the City of Napa.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to spheres of influence (Government Code 56430(a)(2)):
 - a) There are no disadvantaged unincorporated communities within or contiguous to the Congress Valley Water District's sphere of influence.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (Government Code 56430(a)(3)):
 - a) The City of Napa provides water supply on a contractual basis within the Congress Valley Water District service area through 2022. The Congress Valley Water District's water distribution system has been improved to the City of Napa's standards in recent years. The City of Napa's sources of water supply are sufficient to continue to provide service to the Congress Valley Water District's service area and other areas served by the City of Napa.
 - b) The water supply contract anticipated that certain areas outside the Congress Valley Water District's sphere of influence would be served by the District. The intended service area is depicted on the map attached to the water supply contract. Based on recent water demands, there is sufficient water supply available to serve all properties located within the water supply contract, including existing and anticipated development.
 - c) The Buhman Avenue Study Area has a present need for water service. Adding all or portions of the Buhman Avenue Study Area to the Congress Valley Water District's sphere of influence would allow for annexations and future connections to the District's public water distribution system. Connecting to the water system would likely require a looped water supply system that would enhance system reliability as well as provide the ability to improve and maintain water quality in the southern portion of the service area.
 - d) The portion of the Old Sonoma Road Study Area comprising the Carneros Resort and Spa, Carneros Cottages, and Carneros Homes has a present need for water service. Adding these properties to CVWD's sphere may not be feasible based on the Commission's adopted policies due to the designation of the land as agricultural. Any extension of water service under G.C. Section 56133.5 would need to be authorized by the Commission as a separate action in response to a formal request from a water provider.
4. Financial ability of agencies to provide services (Government Code 56430(a)(4)):
 - a) Effective January 1, 2018, the water rate charged by the City of Napa within the Congress Valley Water District will be equal to the City of Napa's rate for customers located outside the City of Napa's jurisdictional boundary. Despite this increased charge by the City of Napa, the water rates will remain sufficient to support CVWD's operating expenditures into the immediate future.
 - b) The Congress Valley Water District has finished each of the last five fiscal years with operating surpluses reflecting a strong and balanced financial structure. The 2013-2014 fiscal year marked the largest end-of-year surplus at \$59,501.

5. Status of, and opportunities for, shared facilities (Government Code 56430(a)(5)):
 - a) The Congress Valley Water District shares facilities and services with the City of Napa, which operates all of the District's facilities pursuant to the water supply contract.

6. Accountability for community service needs, including governmental structure and operational efficiencies (Government Code 56430(a)(6)):
 - a) The City of Napa provides water service within the Congress Valley Water District. There are no alternative sources of potable public water service currently available to the Congress Valley Water District. The Congress Valley Water District Board of Directors does not control provision of water service within its boundaries beyond the terms of the water supply contract with the City of Napa. Like all other water customers in unincorporated areas served by the City of Napa, Congress Valley Water District residents are not eligible to run for office or vote in elections in the City of Napa. The Congress Valley Water District governing board can work with the City of Napa as a locally elected organization on behalf of its residents on an advocacy basis.

 - b) The primary function of the Congress Valley Water District, and the cause for its formation over half a century ago, was to provide water service to an area of known groundwater deficiency. The water supply contract between the City of Napa and the Congress Valley Water District, developed in the late 1980's, provides water supply availability for the area envisioned by the then Board of Directors of the Congress Valley Water District. As local residents, the Congress Valley Water District's Board has a unique perspective with respect to the needs of their community. The water contract service area was established in the current configuration based on these community needs.

 - c) The Congress Valley Water District does not currently have a website. The Congress Valley Water District should consider developing a website that would include meeting agendas, minutes, Board of Directors information, Board meeting details, annual budgets, and basic financial statements.

 - d) The Congress Valley Water District, the City of Napa, the County of Napa, and LAFCO should convene no later than 2020 for purposes of determining the appropriate long-term service arrangement for the Congress Valley community. This includes determining whether it would be appropriate for the Congress Valley Water District to initiate dissolution proceedings and transition formal service responsibility to the City of Napa.

7. Relationship with regional growth goals and policies (Government Code 56430(a)(7)):
 - 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 Congress Valley Water District with regional growth.

EXHIBIT TWO

STATEMENT OF DETERMINATIONS

**CONGRESS VALLEY WATER DISTRICT
SPHERE OF INFLUENCE UPDATE**

1. Present and planned land uses in the sphere, including agricultural and open-space lands (Government Code 56425(e)(1)):
 - a) The County of Napa General Plan designates all lands within the Congress Valley Water District's updated sphere of influence as *Agriculture, Watershed and Open Space*. The County has zoned all lands within the Congress Valley Water District's updated sphere of influence as *Agricultural Watershed*. These designations are consistent with the present and planned land uses in the Congress Valley Water District's sphere of influence.

2. The present and probable need for public facilities and services in the sphere (Government Code 56425(e)(2)):
 - a) Lands within the Congress Valley Water District's sphere of influence currently receive a rural residential level of public water service from the District. The probable need for new public water service includes two distinct categories. First, lands located within the Congress Valley Water District's sphere of influence and outside the District's jurisdictional boundary are expected to eventually annex and connect to the water distribution system. Second, certain lands located outside the Congress Valley Water District's sphere of influence need public water service to supplement or replace existing groundwater supplies that are deficient in terms of quality and quantity.

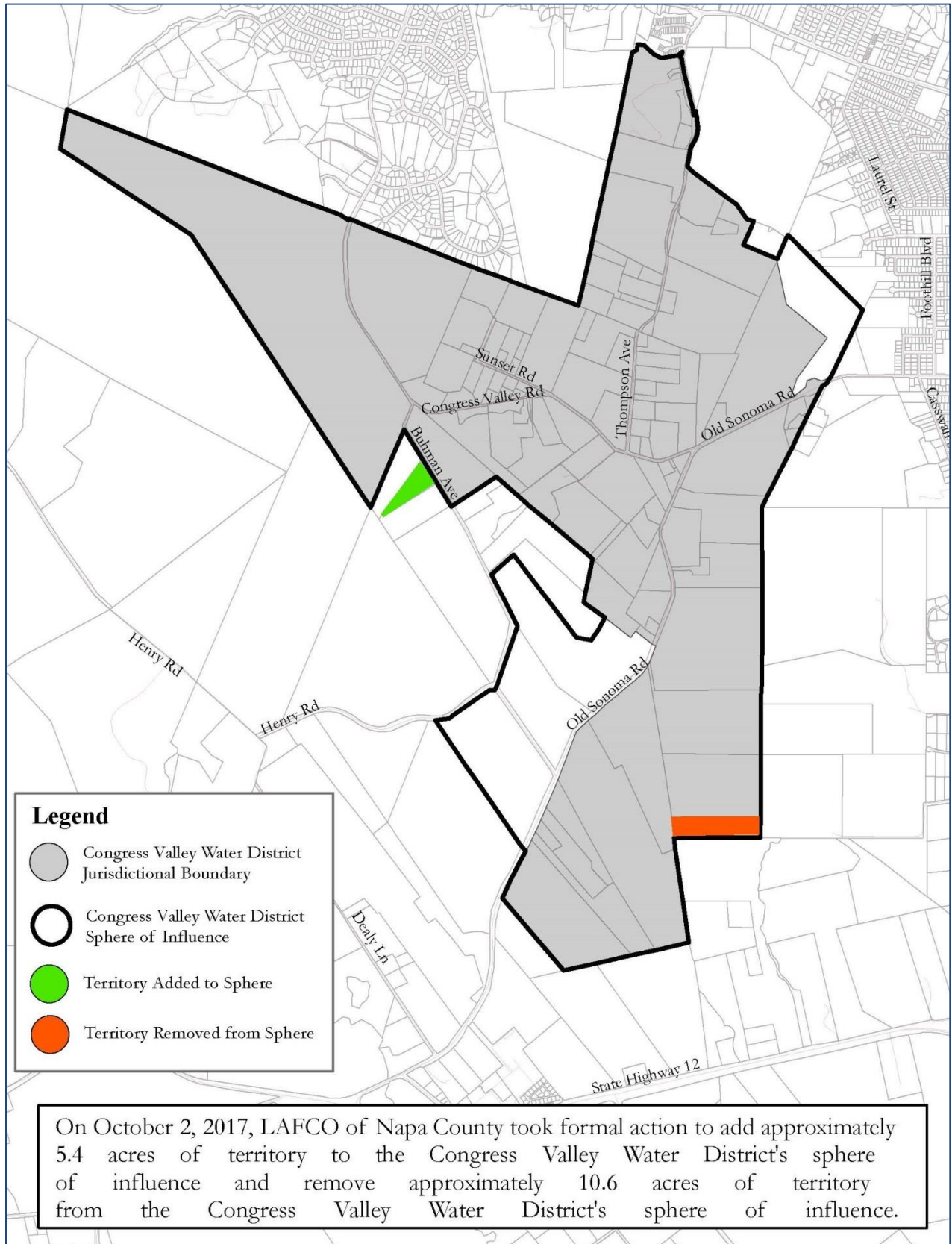
 - b) Lands within the Congress Valley Water District's sphere of influence currently receive a rural level of public services from the County of Napa. These services include law enforcement, fire protection, and road maintenance, and are considered adequate to meet the needs of the area. There are no existing plans to extend an urban level of other public services into the Congress Valley Water District. However, additional services that the Congress Valley Water District could potentially provide in the future include sewage collection and disposal, fire protection, emergency medical, storm drainage, land reclamation, and hydroelectric power generation and transmission. These additional services are currently latent and would require Commission approval to activate. The Congress Valley Water District currently does not have any plans or the capacity to supply such services.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide (Government Code 56425(e)(3)):
 - a) The Congress Valley Water District presently provides public water service to the majority of lands within its sphere of influence. The Congress Valley Water District has established adequate service capacities and administrative controls to continue to provide and/or extend new water services within the District's sphere of influence without constructing significant infrastructure or impacting service to existing customers.

4. The existence of any social or economic communities of interest in the sphere if the Commission determines that they are relevant to the agency (Government Code 56425(e)(4)):
 - a) Lands within the Congress Valley Water District's sphere of influence are part of a distinct community separated from the City of Napa by hills to the north and east. The area shares similar social, economic, geographic, and land use characteristics with the Carneros region located south of the Sonoma Highway. Lands within the Congress Valley Water District's updated sphere of influence include similar agricultural and rural residential land uses that strengthen communities of interests with the District.

5. Present and probable need for public services for disadvantaged unincorporated communities (Government Code 56425(e)(5)):
 - a) No disadvantaged unincorporated communities meeting the definition under State law have been identified within or contiguous to the Congress Valley Water District's updated sphere of influence.

EXHIBIT THREE



**Congress Valley Water District
P. O. Box 3023
(707) 256-0344**

September 26, 2016

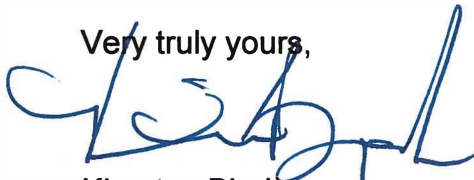
Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, CA 94559

Attn: Brendon Freeman, Executive Officer

It was approved at the regularly scheduled Congress Valley Water District meeting held September 12, 2016 to formally request LAFCO to adjust the District's Sphere of Influence to include properties along Buhman Ave, APN's 47-030-021, 023 and 024.

Let me know if you have any questions.

Very truly yours,



Kiersten Bjorkman
Secretary
815-5240
kierstenlarae@yahoo.com

cc: John Stewart, Phil Brun, City of Napa Water Dept., LAFCO commissioners

November 29, 2016

Mr. Brendon Freeman, Executive Officer
Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, California 94559

Dear Brendon:

I am writing to you to request that the Local Agency Formation Commission amend the Sphere of Influence of the Congress Valley Water District, to include several parcels that front Buhman Avenue, just south of Congress Valley Road. Water to the general area is supplied by the City of Napa through a 1987 agreement with the CVWD. The CVWD rehabilitated the water infrastructure in the late 1980's. All infrastructure is maintained by the City of Napa.

In late 2012, I had written to Keene Simonds, explaining the water supply difficulties that my wife's elderly Aunt was experiencing at her house, which is located on one of those parcels (the Forloine parcels.) For some reason, that request was never specifically acted upon (I believe it was during a staff transition period.) A copy of the letter is attached, as **Exhibit 1**.

After some recent conversations with you, in early September of this year, I wrote to the Congress Valley Water District, about my interest in getting several parcels annexed into the District, to allow severe water supply problems in the area to be addressed. A copy of that letter is attached, as **Exhibit 2**. I appeared at the September 12th CVWD Board meeting, to explain my request and make my appeal. On September 26th, Kiersten Bjorkman, CVWD Secretary, notified me that the CVWD Board had authorized that a formal request be made to LAFCO to annex several parcels (the Forloine parcels.) One major hurdle has been cleared. A copy of her letter is attached as **Exhibit 3**.

I have met with Water Department staff, and discussed with them my request. Water Department staff made clear to me that, as provided in the water supply agreement, they are in charge of supply, maintenance and billing, but they are not the ones in charge of these kinds of decisions. Likely, they will be working with CVWD in the near term on determining how water service will be provided to the parcels in question.

During a recent meeting with you, Commission Chair Dillon and Commission Member Wagenknecht, it became clear that, in order to be successful, I needed to somehow distinguish and demonstrate that the parcels in question are unique, and not just Ag parcels requesting urban services.


Last week, I met with Kim Withrow, of the Napa County Environmental Health Department, now PBES, to review with her the water shortage situation in the area. My request to her was to consider issuing a letter indicating that it would be useful to the area to have potable water supplied through the CVWD water system. She indicated that she would try to have something prepared by December 2nd.

I believe that these parcels are in a unique situation. I believe that they are unique **because it was clearly the intention** of CVWD in 1987 to include them in their service area, with their eventual annexation to CVWD. This intention to include was made explicitly clear by CVWD in 1987, when the water supply agreement between the City of Napa and the CVWD was negotiated and executed. I have attached the City – CVWD Agreement and diagram (excluding listing of then served parcels and the environmental assessment) included in the agreement, as **Exhibit 4** (City Agreement #5387, acted upon by the Council on September 1, 1987.) The diagram showing parcels eligible for water service under the terms of the agreement is called out in the Agreement as **Exhibit B. The boundary lines shown on Exhibit B of the Agreement clearly includes and incorporates the parcels in question.** In fact, the boundary line includes a number of parcels in that area that front Buhman Avenue, of which the Sinskey parcels that I reference in my September 7th letter are two. None of the parcels that front Buhman Avenue in this area are dividable according to the County's codes and ordinances.

In checking at the Napa County Assessors Office on November 2nd, I found that the three Forloine parcels existed in 1986 in the same configuration as they do today. It appears that other parcels have been reconfigured, via lot line adjustments, but no new parcels have been created.

Again, the family appreciates your assistance, and looks forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone, 707.738.4600.

Sincerely,


John W. Stewart, PE
2111 Las Amigas Road
Napa, CA 94559

CC: without Exhibits...

Commission Chair Dillon
Commissioner Wagenknecht
Deputy Public Works Director Phil Brun, City of Napa
Water Department General Manager Joy Eldredge, City of Napa
Environmental Health Supervisor Kim Withrow, County of Napa

October 19, 2012

Mr. Keene Simonds
LAFCO Executive Officer
County of Napa
1030 Seminary Street, Suite B
Napa, CA 94559

Dear Mr. Simonds:

On behalf of Virginia Forloine, my wife's aunt, I am writing to you to ask to have her three parcels, located on Buhman Avenue, included in your service area analysis that you will be conducting next calendar year. They are APN's 47-030-021, 023, and 024. The address of the residence is 2205 Buhman Avenue.

Virginia is a lifelong resident of Napa County, and is well over 90 years old. She and her late husband lived on one of the three parcels and the residence was served by a well and a spring on those parcels. This past summer, both the well and the spring ran dry, forcing her to look at alternative water supplies. In fact, she is living temporarily at the Meadows. I have taken it upon myself to locate a permanent and adequate water supply for her house.

Our request would be to be placed within the water service area of either the Congress Valley Water District or the City of Napa. These parcels appear to be on the fringe of the Water District's boundaries, with the Sinskey parcel directly across the road appearing to be within the Sphere. In the past, I have heard that Rob Sinskey was interested in receiving water from the District; it may be time to address the needs of residences that are desperate for water within a known groundwater short area.

Again, we appreciate your assistance, and look forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone, 707.738.4600.

Sincerely,

John W. Stewart, PE
2111 Las Amigas Road
Napa, CA 94559

EXHIBIT 1

September 7, 2016

Board of Directors
Congress Valley Water District
C/O Kiersten Bjorkman, Secretary
Napa, CA 94559

RE: Requesting inclusion within the District of five parcels along Buhman

President and Members of the Board:

I am writing to you, representing both Rob Sinskey and the heirs of Virginia Forloine, to request inclusion of five Assessors Parcels within the Congress Valley Water District.

On behalf of Virginia Forloine, my wife's late aunt, I am writing to you to ask to have her three parcels, located on Buhman Avenue, included in your service area. They are APN's 47-030-021, 023, and 024. The address of the residence is 2205 Buhman Avenue.

Virginia was a lifelong resident of Napa County, and she and her late husband, Clint, lived on one of the three parcels, having built on the parcel in the early 1970's. The residence is served by a very shallow well and a spring on those parcels. During many summers, both the well and the spring run dry. Additionally, there is a water quality problem, both bacteriologically and physically. In the past, they have inquired about connecting to the Congress Valley water system, but waterlines were never installed along their portion of Buhman Avenue.

I have taken it upon myself to locate a reliable, adequate, and wholesome water supply for that house, and the other two parcels.

On behalf of Rob Sinskey, who lives directly across Buhman Avenue, I am requesting that his two parcels be included with the Congress Valley Water District as well. His parcels are 047-030-036 and 047-030-037. He is in much the same situation, namely poor groundwater area and no waterline in his portion of Buhman Avenue.

Within the last week or so, I have met with the Engineers at the City Water Department to talk about water service to these five parcels. We talked generally about the need and about possible strategies for service.

And, during the past several weeks, I have been in conversations with Brendan Freeman, Executive Officer of LAFCO, about the process that would need to be followed to include these five parcels within your District boundary.

EXHIBIT 2

My sense is that the Congress Valley Water District needs to weigh in on my request for inclusion before these other conversations can go much further.

Pretty much all of Congress Valley is notoriously groundwater short. That is why the District was formed mid last century, and that is why the water system was refurbished in the mid 1980's. These two families are in need of some help in addressing their water supply problems. Your District is the agency that can help implement solutions to their water needs.

My request is that you support, and request, having your Sphere of Influence and your District Boundary adjusted to include those five parcels.

Again, we appreciate your assistance, and look forward to working with you and your staff on this issue. If you have any questions, it is best to reach me on my cell phone, 707.738.4600.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Stewart". The signature is fluid and cursive, with a large initial "J" and "S".

John W. Stewart, PE
2111 Las Amigas Road
Napa, CA 94559

Congress Valley Water District
P. O. Box 3023
(707) 256-0344

September 26, 2016

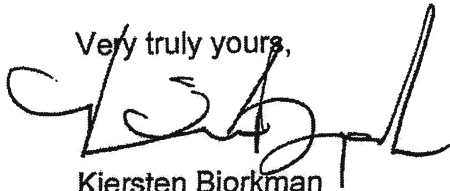
Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, CA 94559

Attn: Brendon Freeman, Executive Officer

It was approved at the regularly scheduled Congress Valley Water District meeting held September 12, 2016 to formally request LAFCO to adjust the District's Sphere of Influence to include properties along Buhman Ave, APN's 47-030-021, 023 and 024.

Let me know if you have any questions.

Very truly yours,



Kiersten Bjorkman
Secretary
815-5240
kierstenlarae@yahoo.com

cc: John Stewart, Phil Brun, City of Napa Water Dept., LAFCO commissioners

EXHIBIT 3

WATER SUPPLY CONTRACT

BETWEEN

THE CITY OF NAPA AND THE CONGRESS VALLEY WATER DISTRICT

The CITY OF NAPA, a municipal corporation in the County of Napa, State of California, hereinafter called "City", agrees to sell, and the CONGRESS COUNTY WATER DISTRICT, a county water district, hereinafter called "District", agrees to buy water under the following terms and conditions:

RECITALS

A. The City is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the supply and distribution of water to customers inside and outside of the corporate limits of said City.

B. The District is the owner and operator of a water system in the County of Napa, State of California, and is engaged in the distribution of water to customers within the boundaries of said District.

C. The District is currently purchasing its water supply from the City under an existing agreement dated October 30, 1951, the term of which having expired has been extended by mutual agreement of the District and City until this replacement agreement is executed.

D. The District has no developed water supply resources and no storage facilities.

EXHIBIT 4

E. The District has requested that the City continue to furnish a supply of water to the District, but under different terms and conditions than provided for in the original agreement.

F. The City is willing to furnish a supply of water to the District.

THEREFORE, the parties hereby agree to the following:

1. TERM OF AGREEMENT. This Agreement shall become effective upon its execution by both parties and shall run for a term of thirty (30) years, or to July 1, 2017, whichever shall occur first.

2. SERVICE AREA. The District shall deliver the water furnished under this Contract to consumers only within the territory shown and described on attached "EXHIBIT B", entitled "Congress County Water District Service Area", and no other or additional territory. No water service shall be provided by the District to any parcel within said service area as shown on attached "EXHIBIT B", until said parcel has been annexed to the District.

3. QUANTITY OF WATER. The City shall furnish water to the District, as it may need to supply its customers only in accordance with the terms and conditions of this Agreement, in an amount not to exceed a total of one hundred (100) acre feet in any calendar year, at a reasonable rate of flow at the delivery point or points.

4. CONDITIONS OF SERVICE. The District shall deliver water it receives under this Agreement to a maximum of 140 service connections to serve existing parcels of record as described below and no others, for domestic, agricultural, and winery purposes only. (For the purposes of this Contract, a winery is defined as a facility appurtenant to the manufacture of wine or similar products. Additionally, fifty percent (50%) of the grapes processed must be grown in the service area. Additionally, no items other than the product manufactured at site of the winery may be sold.) The District shall deliver water it receives under this Agreement only to service connections existing or approved on the effective date of this agreement, and to parcels of land existing within the District Service Areas as defined in "EXHIBIT B", on the effective date of this Agreement.

5. ANNEXATION TO CITY. City agrees that if any portion of the District is annexed to the City during the term of this Agreement, City shall annually reimburse the District up to an amount equal to the average annual revenue that would have been derived from the sale of water to that portion of the District so annexed had that portion of the District remained in the District. Such payment shall be applied to any bond redemption, interest payment, or reserve accounts, therefor, which are then an existing obligation of the District. No such payment shall be required, if no such obligations then exist.

6. PRICE AND PAYMENT. The District shall pay to the City the sum of one dollar and twenty-three cents (\$1.23) per one thousand (1,000) gallons. Said quantity rate charge shall be adjusted administratively from time to time, concurrent with adjustments in the quantity rate and service charge applicable

to retail domestic customers inside the City limits. The adjusted quantity rate applicable to the District shall be identical to the quantity rate applicable to retail domestic customers inside the City limits.

7. COLLECTION AND DISBURSEMENT OF FUNDS. City agrees to bill District's customers at the rate specified by the District (subject to change on an annual basis). District's rate structure shall be similar to City's structure. City will collect all proceeds in a fashion consistent with its own procedures and deposit same in a separate account. Periodically the proceeds so collected and deposited shall be released to an entity as directed in writing by District.

Any connection fees, special assessment fees, or mitigation fees designated by the District shall not be collected by City. It shall be the responsibility of the District to collect such fees.

Any work done by City, such as to install new services or to make modifications as requested by District shall be on a fixed fee basis or time and materials basis, as is appropriate. City requires a deposit for such work in accordance with its codes, and the City will collect and retain same.

8. MEASUREMENTS AND CONTROL OF WATER DELIVERED. The water delivered pursuant to this Agreement shall be measured by meters at the points of delivery hereinafter referred to as the customers meter connection. On any new customer meter connection, the city shall install the necessary meters, valves, and appurtenances appropriate to operate and maintain such connection. Said meters, valves, and appurtenances shall be maintained in good repair and replaced when

necessary by the City. Each party shall have the right to test any meter at its own expense, or the parties may share the cost as mutually agreed. City reserves the right to replace any meter at any time.

9. CONSERVATION MEASURES. District agrees to enact and enforce water conservation programs substantially equivalent in effect to such water conservation programs adopted by the City or which may be adopted by the City.

10. QUALITY OF WATER. The quality of water at the point of delivery furnished to the District will be the same as that furnished to other City customers under the permit from the State of California Department of Health Services or its successor agency.

11a. NON-RESPONSIBILITY OF THE CITY. Neither the City nor any of its officers, agents or employees, shall be liable for any loss or damage direct or indirect, arising from shortages in the amount of water to be made available for delivery, interruption of delivery or failure of any kind caused by drought or any other cause beyond the control of the City.

11b. RESPONSIBILITY OF THE CITY. The City shall be responsible, during the term of this Contract, for the complete operation, maintenance (and later replacement) of the District's water system.

City agrees to make the District whole for additional costs incurred in installing the twelve inch (12") waterline stipulate in the section of this Agreement entitled "Responsibility of District".

The amount of the make whole cost is to be determined by multiplying the number of feet of waterline so oversized by the difference in cost obtained by subtracting the contract cost of a twelve inch (12") waterline in this area from a theoretical contract cost for an eight inch (8") waterline in the same work area. The theoretical contract cost is assumed to be the contract cost for eight inch (8") waterline installed elsewhere in the District during the replacement project.

City shall reimburse District within thirty (30) days of submission of each of the successive contract progress payments submitted by District's Contractor during the replacement project, showing the number of feet of the oversized line installed.

City agrees to install, at its cost, a twelve-inch (12") main from the City limits on Old Sonoma Road to the point of connection with the transmission line in Foothill Boulevard when the need for such installation is established.

12a. NON-RESPONSIBILITY OF THE DISTRICT. Neither the District nor any of its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water, nor for any damage of any nature whatsoever, including but not limited to property damages, personal injury or death, arising out of or connected with the same.

12b. RESPONSIBILITY OF THE DISTRICT. It shall be the responsibility of the District to, during year 30, pass title for all improvements and assets of

the District to the City for the sum of one dollar (\$1.00). The Board of Directors of District shall during year 30, initiate proceedings to dissolve the District pursuant to the District Reorganization Act or as it may be amended.

Additionally, District agrees to cause the size of the waterline to be installed in Thompson Avenue, in Congress Valley Road, from Thompson Avenue to Old Sonoma Road, and in Old Sonoma Road, from Congress Valley Road easterly to City's corporate boundary (to the extent that the waterline will be replaced) to be installed as 12-inch waterline. This is herein referred to as the oversized waterline.

Additionally, District will allow City to "wheel" water through said waterline at no additional compensation.

13. BACKFLOW PREVENTION: District agrees to require its water service customers to comply with City's backflow prevention device program.

14. ASSIGNMENTS. No assignment of this Agreement or of any right or obligation of any part hereunder, in whole or in part, can be made without the express written consent of all parties hereto, which consent shall not be unreasonably withheld.

15. MODIFICATIONS. Modification to this Agreement shall be specific amendment, executed by all parties hereto.

16. APPLICABLE LAW. The law of California then existing shall govern the interpretation of this Contract.

17. NOTICES. All notices required under this Contract shall be sent to:

City of Napa
P.O. Box 660
Napa, CA 94559

Congress County Water District
P.O. Box 3023
Napa, CA 94558

CITY OF NAPA,
a municipal corporation

CONGRESS COUNTY WATER DISTRICT,
a County Water District

By: Brad Weyant

MAYOR

By: Robert A. Oslawski

PRESIDENT

ATTEST:

ATTEST:

Paula Means

CITY CLERK

Dorothy L. Strick

SECRETARY

APPROVED AS TO FORM:

John ...

CITY ATTORNEY

Robert ...

CONGRESS COUNTY

WATER DISTRICT ATTORNEY

COUNTERSIGNED:

[Signature]

CITY AUDITOR

Paul D. King

DISTRICT AUDITOR

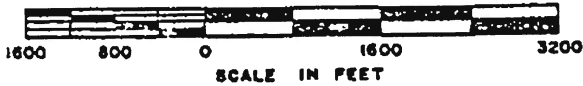
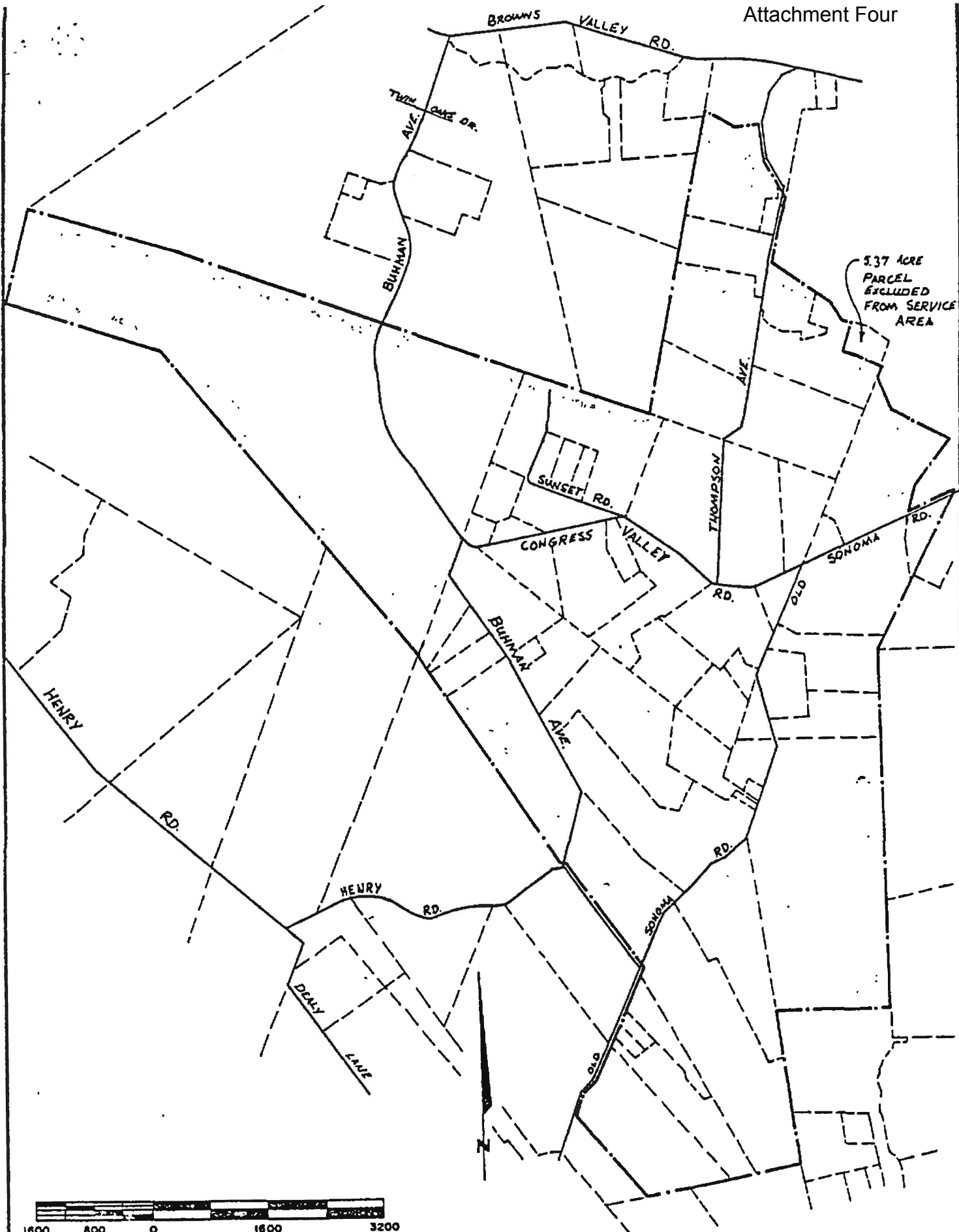


EXHIBIT "B"

September 12, 2017

Mr. Brendon Freeman, Executive Officer
Local Agency Formation Commission of Napa County
1030 Seminary Street, Suite B
Napa, California 94559

RE: Request APN047-030-023 be included in Congress Valley Water District MSR and SOI

Dear Brendon:

In October, I understand that the Congress Valley Water District Municipal Service Review and Sphere of Influence will be before the Commission, likely for final action.

Over the past several months, I have spoken with you a number of times, and have addressed the Commission on several occasions, regarding the Forloine parcels, located on Buhman Avenue. My interest is to have them be included within the CVWD Sphere of Influence. There are three parcels, one at 5.38 acres, and two at or above 10 acres.

During the Commission's reviews of the draft MSR and SOI documents, it became apparent to me that one concern expressed was that the two Forloine parcels that are 10 acres or larger in size have the potential to be the subject of a discretionary use permit application to locate a winery on them.

Over the past few months, in my oral and written comments to the Commission and to you during the couple of meetings in your office, I have suggested the concept of the Forloine family forfeiting the discretionary permit rights to develop a winery on the parcels. There were several apparent ways to accomplish this. I have investigated all of them..... I have been frustrated by each of them.

- My original thought was to simply grant an easement to the County whereby the discretionary permit rights were waived, or forfeited. After due consideration, the County rejected that notion.
- The next option was to convey such winery use permit rights to the Land Trust. The cost estimate I received was in the order of \$65,000 for them to accept the right for the family not to be able to locate a winery on two parcels. The cost was prohibitive for the family.
- The next option was to move ahead with a full CEQA review of the parcels under the jurisdiction of LAFCO. I appreciate that you contacted the CEQA consultant that you would normally use to obtain a cost range. The cost quoted was in the \$30,000 range, which was again out of reach of the family. And, it did not preclude development of a winery; a winery is not in the interest of the family. Even the possibility of a winery may be enough for the Commission to turn down the request to have the larger parcels included in the sphere.

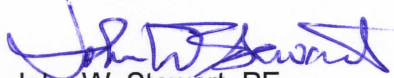
- The next option investigated was to do a Lot Line Adjustment on the parcels, so that two are below 10 acres, and one is left above. In that case, the request would be to include those two parcels below 10 acres in the CVWD. While the cost is within reach, the timeline to accomplish this would be months in duration. My sense is that the Commission wishes to move ahead in October.

All of these options appear to be out of reach of the family within the timeline of the Commission to act on the CVWD MSR and SOI that is under consideration.

So, in order to move ahead with the goal of getting a treated water supply to the property in need, **my request is to include the one Forloine parcel that is 5.38 acres, namely APN 47-030-023** in the Sphere of Influence of the Congress Valley Water District.

If you have any questions, it is best to reach me on my cell phone, 707.738.4600.

Sincerely,



John W. Stewart, PE
2111 Las Amigas Road
Napa, CA 94559
Cell = 707.738.4600