



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

1030 Seminary Street, Suite B
Napa, California 94559
Phone: (707) 259-8645
Fax: (707) 251-1053
www.napa.lafco.ca.gov

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

Agenda Item 9b (Discussion)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: June 5, 2017

SUBJECT: City of Napa Islands

RECOMMENDATION

It is recommended the Commission discuss the staff report and consider providing direction to staff to add an island annexation program to the Work Program. This includes collaborating with the City of Napa and the County of Napa to provide education and outreach to residents and landowners within the islands.

BACKGROUND AND SUMMARY

Unincorporated islands are generally defined in State Law as unincorporated areas that are surrounded, or “substantially surrounded,” by the incorporated territory of an adjacent city or cities. The California Legislature has recognized that unincorporated islands create inefficiencies in the delivery of municipal services, support incompatible land use planning, and increase jurisdictional confusion and costs in the local delivery of services.

On January 1, 2001, Assembly Bill 2838 (Hertzberg) was enacted and significantly expanded the objectives, powers, and procedures underlying LAFCOs and their ability to coordinate logical growth and development in a manner that preserves agricultural and open space resources. This included establishing an expedited process for cities to annex unincorporated islands while avoiding protest proceedings. The expedited process also curtails LAFCOs’ discretion by directing annexation approval if the island is less than 150 acres, does not comprise prime agricultural land, and is substantially developed or developing. In order to use the expedited proceedings, the affected city is required to propose the annexation of one or more islands by way of adopting a resolution of application at a public hearing. Additionally, LAFCO would be required to conduct a noticed public hearing on the proposed annexation.

Staff requests the Commission discuss the establishment of a new island annexation program and provide direction to staff to include the island annexation program in the Commission’s Work Program for 2017-2018. If such direction is provided, staff will return with a revised Work Program at the Commission’s next regular meeting.

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

Unincorporated Islands in Napa County

There are a total of 18 unincorporated islands surrounded by the City of Napa (“City”).¹ This includes islands meeting the Commission’s definition of “substantially surrounded”, which applies to territory located within the City’s sphere of influence with at least two-thirds of its perimeter bordered by its jurisdiction. Ten of the islands are entirely surrounded and eight of the islands are substantially surrounded by the City. A map depicting all 18 islands is included as Attachment One. Staff estimates there are 2,283 residents residing within these 18 islands. This amount is equivalent to 2.8% of Napa’s estimated current resident population of 80,628. A summary chart with City island characteristics is included as Attachment Two.

Initial Interest in an Island Annexation Program

The genesis for the Commission developing an island annexation program is drawn from an annexation proposal filed by the City of Napa in 2008 involving a residential lot located within a completely surrounded island near Napa State Hospital.² The review of this particular proposal, notably, prompted a broader policy discussion among Commissioners with respect to a collective interest to pursue more proactive measures in eliminating entire unincorporated islands rather than continuing the practice of incremental reductions. In conveying this sentiment to pursue more proactive measures, the City responded affirmatively and pledged its commitment to partner with the Commission on an island annexation program while noting its preference for the proposal on file move forward given other timing considerations. The Commission agreed to move forward and approved the proposal on February 2, 2009 with the explicit expectation that the City and the Commission would begin work on a joint island annexation program.³

Island Annexation Program Development

On December 7, 2009, the Commission conducted a public workshop in which it received a presentation from staff outlining a proposed island annexation program consistent with earlier direction; a program predicated on educating landowners and residents with respect to the benefits, costs, and related issues associated with annexation. The Commission expressed support for moving forward with the program in measured phases to allow for periodic updates to assess responses. This included directing staff to initially focus its outreach efforts within the entirely surrounded islands before eventually performing outreach to the substantially surrounded islands.

¹ Additionally, there is one island that is substantially surrounded by the City of American Canyon near Watson Lane and Paoli Loop Road. There are no other islands in Napa County.

² The affected territory referenced in the 2008 proposal is located at 2138 Wilkins Avenue.

³ The referenced proposal was conditionally approved by the Commission on February 2, 2009. The proposal approval, however, was subsequently terminated given certain conditions – namely the preparation of a map and geographic description of the affected territory – was not provided within the one-year statutory deadline.

Outreach Efforts

Drawing from the initial direction from the Commission, and over the course of four distinct outreach phases, staff prepared and mailed informational packets to all landowners and residents within each entirely surrounded and substantially surrounded island. The informational packets included letters to the landowners and residents explaining the Commission's duties and responsibilities along with information outlining the governance and service inefficiencies associated with islands. The letters were accompanied by flyers summarizing key benefits of annexation and invited landowners and residents to contact staff to discuss their interests in annexation.

Results of Outreach

Outreach efforts generated responses from approximately two percent of the contacted island landowners and residents.⁴ The low number of responses to the mailings appears to indicate most island landowners and residents are indifferent towards annexation and presumably would remain neutral if an application is proposed with no costs to the landowners or residents. Further, with regards to the island landowners and residents responding to the mailings, the results were relatively even between those opposing (59%) and supporting (41%) potential annexation of their islands.

Potential Benefits of Island Annexation

Unincorporated islands represent a perpetual and unnecessary statewide governmental inefficiency that would be resolved if these islands were annexed into the appropriate surrounding city. Annexation would eliminate the confusion and service inefficiencies associated with the islands. Specific benefits to island residents and landowners include improved services and programs that benefit their neighborhood, greater ability to influence the decisions that are most likely to affect quality of life in their neighborhood, and increased governmental accountability for the provision of services.

Philosophically, city officials generally believe annexing islands and bringing these residents into the social fabric and political life of the city surrounding them is "the right thing to do." Annexing islands is consistent with city officials' basic desire to meet the needs of their communities and improve their cities. They also realize that annexing islands is one of their responsibilities under the basic urban development policies that cities and the county agreed to and have been implementing for many years. From a practical perspective, they are aware that the existence of scattered, unincorporated islands in the midst of cities is inherently inefficient both to their city and to the county.

⁴ Over two-fifths of the responding landowners and residents expressed support for annexation. The remaining three-fifths of responding landowners and residents opposed annexation with nearly all citing general misgivings regarding subjectivity to additional government. More specific reasons cited by these opposing landowners and residents have included concerns regarding potential property losses tied to sidewalk construction and the long-term ability to keep animals on site.

Some of the inefficiencies associated with islands arise in conjunction with the delivery of basic urban services, where there often are two distinct departments – one city and one county – providing the same types of services to different portions of the same neighborhood that cross each other’s territory. Other inefficiencies result from the cumulative daily effort required to determine whether customers calling a city or county department seeking assistance actually live in the city or the county. The existence of islands in the cities also means that city and county staffs need to spend considerable time coordinating activities that would be unnecessary if the islands were annexed to the city. These include the staff effort that goes into administering interjurisdictional referral processes related to land development proposals within unincorporated islands. These interjurisdictional referral processes can also be inefficient and time consuming for the applicants who find their development applications delayed in these processes.

Within the City of Napa, some of the islands are older residential neighborhoods with aging infrastructure, housing stock in need of rehabilitation, and various other problems. Since the County of Napa does not provide the same level and array of services to islands that the cities provide to incorporated areas, problems that arise within islands may not receive the same level of attention from the County that they would if they were located in the City’s jurisdictional boundary. These problems have the potential to exacerbate and to spread to surrounding City neighborhoods. Cities generally recognize that the most cost effective strategy to minimize these negative impacts on neighborhoods is by annexing them and addressing their problems and needs through existing city programs.

Another reason cities annex islands is to regulate development and land uses in a manner consistent with their adopted plans, policies, and standards. Since county development standards and other regulations can often differ substantially from those of the cities, annexation is the best way for cities to ensure development within the islands is consistent with basic city policies and standards. Toward this end, island residents often use city facilities including streets and parks without paying their fair share of city taxes in support of upkeep for these city facilities. Further, cities do not receive the benefit of additional state and federal funds that are allocated based on the population of the incorporated area.

Municipal Service Considerations

Law Enforcement:

The City and the County currently do not have a formal automatic aid agreement or memorandum of understanding in place for law enforcement services and therefore no reimbursement for outside agency services occurs. However, the agencies respond to emergencies or reports of serious incidents within the islands depending on which agency is more readily available to serve as the first responder. Occasionally, a City Police Officer arrives first to stabilize situations involving violent acts. The City Police Officer then allows a County Sheriff Deputy to take over the investigation and/or handle the incident.

Fire Protection and Emergency Medical Services:

The City and County maintain an automatic aid agreement for fire protection and emergency medical incidents. Accordingly, the City responds to emergency calls for service within an island when the City resource is closer in proximity than the County resource. While the City responds to more calls within the County than vice versa, the County provides approximately an equal amount of resource hours to the City. The automatic aid agreement is evaluated approximately once every two years to ensure services are reciprocal and equitable.

Water:

Several properties within the existing islands receive outside water service from the City. These outside services were generally established prior to the enactment of Government Code (G.C.) Section 56133, which created restrictions on new or extended services provided outside the boundaries of cities and special districts. This creates a situation in which landowners and residents are unable to receive public water service despite their neighbors having active public water service connections.

Other:

Storm drainage is a challenge given that the County does not provide this service within the islands. Specifically, the intersection of Pueblo Place and Morlan Drive within the West Pueblo/Linda Vista island frequently floods resulting in regular drainage issues. Annexation would allow the City to provide storm drainage service and eliminate this issue. Additionally, the City occasionally provides street maintenance services within some of the islands despite the County being responsible for these services. Finally, street lighting and sidewalks are only provided by the City. The lack of adequate street lighting and sidewalks can potentially result in unsafe conditions for pedestrians.

Financial Comparison

Staff has evaluated and compared service charges for lands located within and outside of the City of Napa. This includes fees and assessments relating to water service, sewer service, garbage service, storm drainage service, and emergency response. The net annual savings for each property following annexation would be approximately \$59. A table summarizing these service charges is provided below.

Category	City of Napa	County of Napa	Cost Difference Post-Annexation
Water Fee	\$669.60	\$970.80	\$301.20
Garbage Fee	\$499.56	\$344.32	(\$155.24)
Storm Drainage Fee	\$12.00	N/A	(\$12.00)
Paramedic Tax	\$75.00	N/A	(\$75.00)
TOTAL	\$1,256.16	\$1,315.12	\$58.96

* Assumptions:

- 1) Water consumption of 10,000 gallons per month
- 2) 65-gallon garbage container
- 3) Assessed value of home equal to \$500,000 for calculation of paramedic tax (paramedic tax calculated as 0.015% of total assessed value)

It is important to note that infrastructure improvements relating to street lighting, sidewalks, and other City amenities may be necessary with the annexation of certain islands. This could represent a significant additional cost burden for the City that has not been contemplated in current budgets. Opportunities to offset these costs have not been fully explored. This could potentially involve special terms for tax sharing agreements or other options yet to be identified.

Resources Needed to Pursue Island Annexation

The Commission has already eliminated the direct fees tied to processing an island annexation as part of a previous amendment to the fee schedule. Eliminating indirect fees, however, remains an outstanding issue and will specifically require the external cooperation of other agencies as described below:

- Island annexation proceedings under G.C. Section 56375.3 must be initiated by a city. It is the policy of the City of Napa to require an underlying applicant deposit \$5,000 to cover time and material expenses tied to preparing, presenting, and adopting a resolution of application. The City’s requirement for a \$5,000 deposit could potentially be waived.
- State law requires maps and geographic descriptions depicting the affected territory for all changes of organization or reorganizations. Preparing these documents lies outside the expertise of staff. This would involve retaining a licensed engineer to prepare these documents, which would represent a variable cost based on the number, size, and property complexity of islands that would be subject to an annexation proposal. Further, the map and geographic description(s) would be subject to the County Surveyor’s annexation review fee of \$249.17.
- State law requires the Commission file all approved boundary changes with the County Assessor’s Office. The current fee is \$162.
- For all boundary changes, the State Board of Equalization (BOE) requires a recordation fee based on the acreage of the affected territory. In the case of island annexations, the fees for all the annexations that are grouped and itemized in a single resolution may be calculated cumulatively, based on the cumulative acreage of all the islands combined. This helps to further reduce the costs of island annexations provided cities decide to initiate and complete several small island annexations in a single resolution. BOE fees are shown below:

Fees Made Payable to the State Board of Equalization to Record Boundary Changes			
Acreage	Fee	Acreage	Fee
0.00-0.99	\$300	51.00-100.99	\$1,500
1.00-5.99	\$350	101.00-500.99	\$2,000
6.00-10.99	\$500	501.00-1,000.99	\$2,500
11.00-20.99	\$800	1,001.00-2,000.99	\$3,000
21.00-50.99	\$1,200	2,001.00+	\$3,500

- Annexations are considered “projects” under the California Environmental Quality Act (CEQA) and it is unlikely there are exemptions available that could be applied to an island annexation proposal. CEQA requirements would likely involve at a minimum an initial study and negative declaration along with associated environmental filing fees. The City would be the appropriate “lead agency” for purposes of preparing and filing these environmental documents. The City’s Final Environmental Impact Report for its General Plan may address all CEQA requirements. However, if new documents must be prepared to satisfy CEQA requirements, the current filing fee for an environmental impact report is \$3,078.25 and the fee for a negative declaration is \$2,216.25.

In addition to the aforementioned financial considerations, staff resources from the City and the County may be needed to perform additional outreach efforts. It is reasonable to assume several community meetings with landowners and residents would be required prior to initiation of an island annexation proposal submitted by the City.

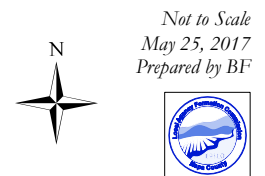
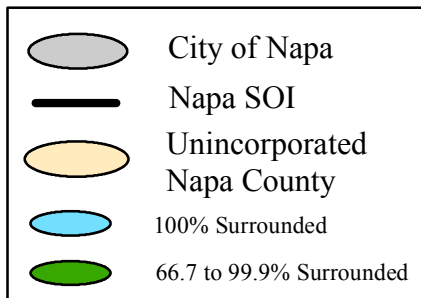
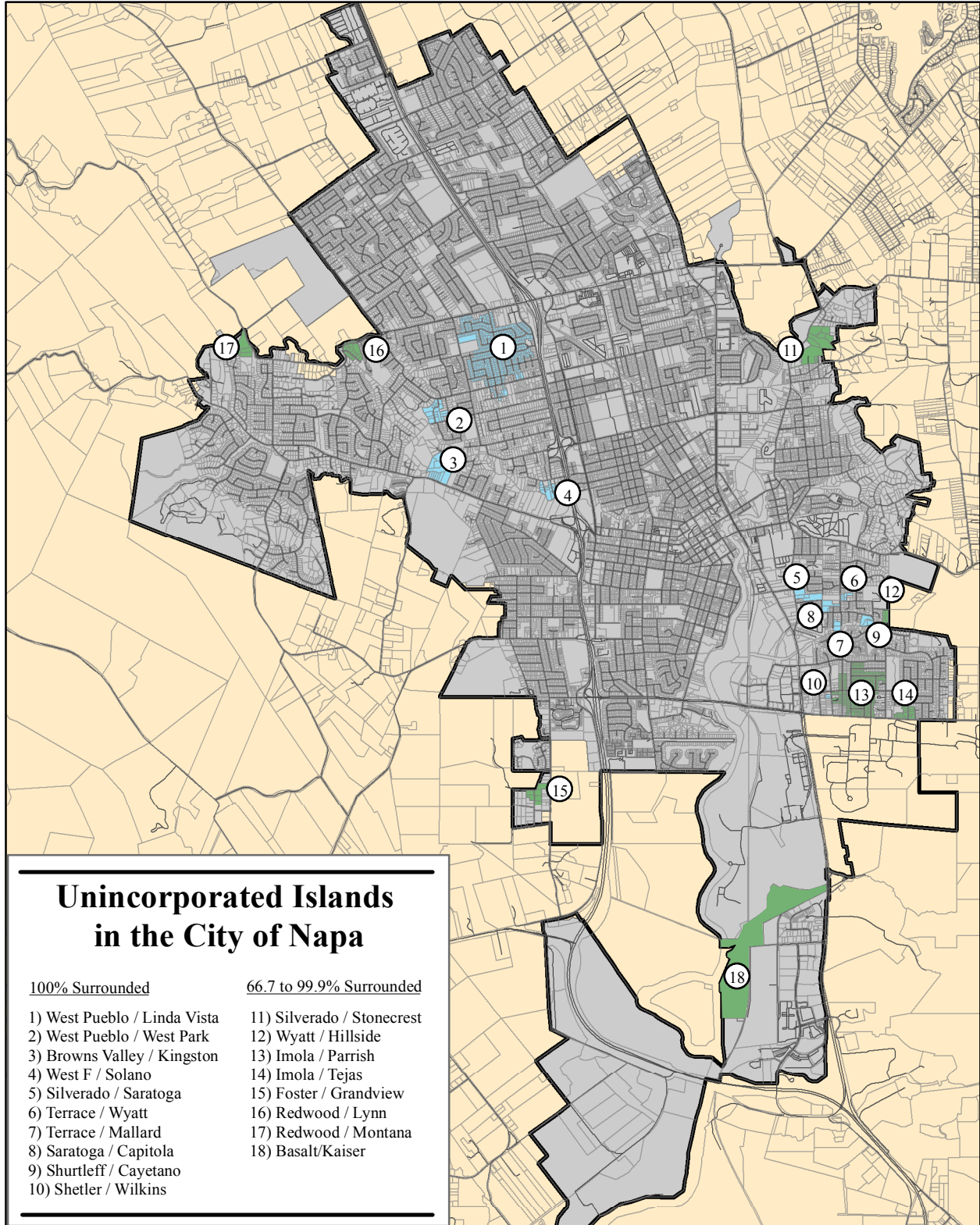
Next Steps

Staff believes the appropriate next steps are to (1) return with a revised Work Program that includes an island annexation program and (2) collaborate with the City and the County to provide additional outreach efforts and pursue annexation proceedings for one or more islands. Outreach efforts with the City and the County may involve community meetings with landowners and residents within any of the islands. Additionally, the Commission may wish to consider utilizing agency reserves to contribute towards the costs associated with processing island annexation proposals. The Commission’s reserves currently exceed the local policy requirement of maintaining reserves sufficient to cover a minimum of four months of annual operating expenses. An expanded discussion of the Commission’s financial standing is included as part of item 8b on today’s agenda.

ATTACHMENTS

- 1) Map Depicting All City of Napa Islands
- 2) Summary Chart for All City of Napa Islands

City of Napa Unincorporated Islands



City of Napa Islands

<i>Island Number</i>	<i>Island Vicinity</i>	<i>Surrounded By City (%)</i>	<i>Total Parcels</i>	<i>Island Acres</i>	<i>Developed Parcels</i>	<i>Estimated Population</i>
1	West Pueblo/Linda Vista	100	543	87.4	540	1404
2	West Pueblo/West Park	100	19	10.1	18	47
3	Browns Valley/Kingston	100	11	14.8	10	26
4	West F/Coffield	100	13	6.7	13	34
5	Silverado/Liberty	100	4	6.1	2	5
6	Terrace/Wyatt	100	6	1.6	6	16
7	Saratoga/Mallard	100	4	3.6	3	8
8	Terrace/Mallard	100	4	2.4	4	10
9	Shurtleff/Lexington	100	4	3.5	3	8
10	Shetler/Wilkins	100	2	0.6	2	5
<i>Totals for 100% Surrounded Islands</i>			610	136.8	601	1563
11	Silverado/Stonecrest	82	10	23.6	10	26
12	Wyatt/Hillside	70	3	2.5	2	5
13	Imola/Parrish	93	217	33.1	217	564
14	Imola/Tejas	67	19	7.5	19	49
15	Foster/Grandview	81	6	7.5	6	16
16	Redwood/Lynn	79	19	7.7	16	42
17	Redwood/Montana	76	4	8.1	4	10
18	Basalt/Kaiser	77	4	116.7	3	8
<i>Totals for 66.7 - 99.9% Surrounded Islands</i>			282	206.7	277	720
<i>Totals for All Islands</i>			892	343.6	878	2283