



# Local Agency Formation Commission

## LAFCO of Napa County

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**August 2, 2010**  
**Agenda Item No. 7a (Action)**

July 26, 2010

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer  
Brendon Freeman, Analyst

**SUBJECT: Devlin Road/South Kelly Road Annexation to the City of American Canyon**  
The Commission will consider a proposal from the City of American Canyon to annex approximately 293 acres of unincorporated territory located near Devlin Road and South Kelly Road. The affected territory includes one contiguous area comprising three distinct properties. Modifications are recommended to reorganize the proposal to include concurrent annexation to the American Canyon Fire Protection District and detachment from County Service Area No. 4.

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Local Agency Formation Commissions (LAFCOs) are responsible under California Government Code (G.C.) Section 56375 to approve, modify, or disapprove boundary changes consistent with their adopted written policies, procedures, and guidelines. LAFCOs are also authorized to establish conditions in approving boundary changes as long as they do not directly regulate land uses. Underlying LAFCO's determination in approving, modifying, or disapproving proposed boundary changes is to consider the logical and timely development of the affected agencies in context with local circumstances and needs.

### **A. Proposal Summary**

LAFCO of Napa County ("Commission") has received a proposal by resolution from the City of American Canyon requesting approval to annex approximately 293 acres south of the Napa County Airport. The affected territory was added to American Canyon's sphere of influence as part of a comprehensive update completed in June 2010 and consists of one contiguous area comprising three distinct properties. These properties are commonly referred to by their past and current landowners, "Atkins," "Headwaters," and "Panattoni" and are summarized below.

- The Atkins property is 25.4 acres in size and includes one entire assessor parcel identified as 057-040-007.
- The Headwaters property is 218.1 acres in size and includes one entire assessor parcel identified as 057-090-069.
- The Panattoni property is 49.2 acres in size and includes two entire assessor parcels identified as 057-090-079 and 057-090-080.

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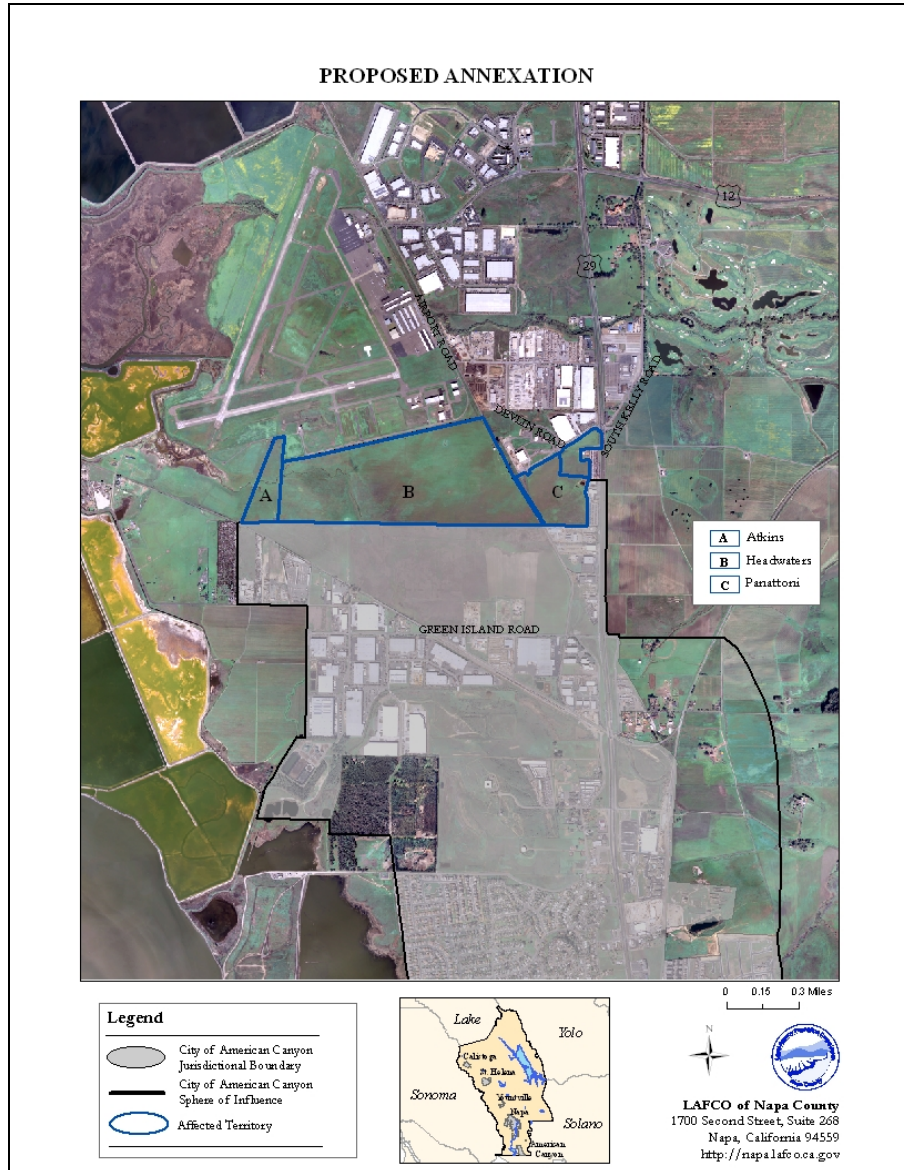
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Keene Simonds  
Executive Officer



## B. Discussion

### *Agency Profile*

American Canyon was incorporated in 1992 as a general-law city. It is approximately 4.9 square miles in size and provides a full range of municipal services directly or through contracts with outside contractors with limited exceptions. American Canyon is the second largest municipality in Napa County and has been one of the fastest growing communities in the entire San Francisco Bay Area with an average annual population increase of 7.3% over the last 10 years. The California Department of Finance estimates American Canyon's population at 16,836 as of January 1, 2010.

### ***Proposal Purpose***

The purpose of the proposal is to facilitate the development and use of the affected territory under the land use authority of American Canyon. Two of the three properties comprising the affected territory are subject to existing projects as summarized below.

- The Headwaters property is subject to a vested project approved by the County in January 2009 to divide the existing 218 acre lot for purposes of creating a 38 acre lot for a 645,000 square foot warehouse and distribution facility. This vested use is consistent with American Canyon's land use policies.<sup>1</sup>
- The Panattoni property is subject to a vested project approved by the County in April 2008 to develop a portion of one of the two lots for purposes of constructing four detached light industrial buildings totaling 171,000 square feet. This vested use is consistent with American Canyon's land use policies.

### ***Potential Proposal Modifications***

In reviewing the application materials, staff has identified two potential modifications to the proposal that appear appropriate given the Commission's policies and practices. These modifications are labeled "One" and "Two" and summarized below.

#### ***Modification One: Concurrent Annexation of the Headwaters and Panattoni Properties into the American Canyon Fire Protection District***

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The Headwaters and Panattoni properties are currently dependent on a basic level of fire protection and emergency medical services provided by the County. Both properties have been recommended for inclusion into the American Canyon Fire Protection District's (ACFPD) sphere of influence in a separate comprehensive update scheduled for Commission consideration as part of the August 2, 2010 meeting. Commission policy states all annexations to American Canyon located outside of ACFPD shall be required to concurrently annex to the District if the affected territory lies within its sphere of influence unless waived based on special conditions.<sup>2</sup> The purpose of this concurrent annexation policy is to coordinate the timely extension of public safety in support of planned urban development. Staff has not identified any special conditions meriting a waiver and therefore recommends the two properties be concurrently annexed into ACFPD. No objections have been raised by ACFPD concerning this modification. Further, American Canyon's application materials contemplate this modification.

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<sup>1</sup> In anticipation of the annexation, the landowner has submitted a tentative map to American Canyon to subdivide the remaining portion of the Headwaters property into 17 industrial lots. The landowner is also seeking approval to vest the project for 20 years. American Canyon reports the landowner has been asked to refine the project description to begin the environmental review process, which will include the preparation of an environmental impact report.

<sup>2</sup> Refer to Commission Policy Determination V/(D)(2)(b).

***Modification Two: Concurrent Detachment from County Service Area No. 4***

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County Service Area (CSA) No. 4 was formed in 2002 and includes all unincorporated territory along with certain incorporated territory located within the Cities of Calistoga, Napa, St. Helena, and Yountville. The intent and function of CSA No. 4 is to sponsor a voter-approved assessment on all assessor parcels within its jurisdiction containing one acre or more of planted vineyards for the purpose of funding farmworker housing services. CSA law has historically included a provision requiring land be automatically detached from a CSA upon its annexation to a municipality unless waived by LAFCO based on specific findings. This automatic detachment provision was deleted effective January 1, 2009 as part of a comprehensive rewrite of CSA law. The legislative intent in deleting the provision is to broaden LAFCO's discretion in determining whether it believes land should be detached from a CSA upon annexation to a municipality.

With regards to this proposal, all three properties comprising the affected territory are in CSA No. 4, but outside its special assessment zone. None of the three properties' planned uses under the American Canyon General Plan contemplate vineyard planting. These factors support the Commission exercising its discretion to modify the proposal to include the concurrent detachment of the three properties from CSA No. 4. No objections have been raised by CSA No. 4 concerning this modification.

**C. Analysis**

G.C. Section 56375 delegates LAFCOs the responsibility to approve or disapprove, with or without amendments, proposals for changes of organization consistent with its adopted written policies, procedures, and guidelines. LAFCOs are also authorized to establish conditions in approving proposals as long as they do not directly regulate land uses. Underlying LAFCOs' determination in approving or disapproving proposed changes of organization is to consider the logical and timely development of the affected agencies in context with statutory objectives and local circumstances.

***Required Factors for Review***

G.C. Section 56668 requires the Commission to consider certain factors anytime it reviews proposed changes of organization. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process, including whether special conditions to approval are merited. An evaluation of these factors as it relates to the proposal follows.

- 1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.**

- **Atkins Property**

This property is 25.4 acres and entirely undeveloped with no registered voters. Significant growth is likely under both the County and American Canyon's land use policies. These agencies contemplate similar industrial uses for the property and surrounding lands ranging from manufacturing to office uses with identical minimum lot sizes of 5.0 acres.

Topography slopes modestly from the northeast to the south portion of the property with an elevation ranging from 7 to 20 feet above sea level. Actual slope has been calculated at less than one degree. The central portion of the property is traversed by an unnamed seasonal creek flowing west to east. The total assessed value is \$60,910.

- **Headwaters Property**

This property is 218.1 acres and entirely undeveloped with no registered voters. The property is subject to a vested project approved by the County in January 2009 to create a new 40 acre lot and construct a 645,000 square foot warehouse and distribution facility. Significant growth in the remaining portion of the property and surrounding lands is likely under both the County and American Canyon's land use policies. These agencies contemplate similar industrial uses ranging from manufacturing to office uses with identical minimum lot sizes of 5.0 acres.

Topography slopes modestly from the west to the east portion of the property with an elevation ranging from 10 to 48 feet above sea level. Actual slope has been calculated at less than one degree. The western portion of the property is traversed by an unnamed seasonal creek. The total assessed value is \$19,507,500.

- **Panattoni Property**

This property is 49.2 acres and entirely undeveloped with no registered voters. A vested project exists for the property approved by the County in April 2008 to develop one of its two lots to include the construction of four detached light industrial buildings totaling 171,000 square feet. Significant growth in the remaining portion of the property and surrounding lands is likely under both the County and American Canyon's land use policies. These agencies contemplate similar industrial uses ranging from manufacturing to office uses with identical minimum lot sizes of 5.0 acres.

Topography slopes modestly from the southwest to the northeast portion of the property with an elevation ranging from 44 to 70 feet above sea level. Actual slope has been calculated at one degree. There are no notable drainage basins in the area. The total assessed value is \$6,500,391.

- 2) **The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

Public facilities and services currently available or provided within the affected territory are considered basic and include fire protection and law enforcement from the County.<sup>3</sup> The affected territory also receives basic services, directly and indirectly, from several countywide special districts relating to vector control, soil conservation, parks and open-space, and flood control.

The present need for elevated services within the affected territory is limited to the Headwaters and Panattoni properties given these lands are subject to vested development projects as described on page three of this report. These elevated services are needed regardless of jurisdictional authority since these properties are similarly planned for by the County and American Canyon. A probable need for elevated services also applies to the Atkins property given its contemplated urban-type uses by the County and American Canyon.

The Commission's recent municipal service review on the southeast county region along with American Canyon's application materials indicate the City has sufficient capacities and or controls to reasonably accommodate projected demands within the three properties. Anticipated demands in the three properties relative to the adequacy of core governmental services provided by American Canyon – law enforcement, water, and sewer – follow.

#### **Law Enforcement Service**

American Canyon would assume law enforcement service responsibilities for the affected territory from the County upon annexation with the City's police station located less than three miles away at 911 Donaldson Way. The Commission's recent municipal service review on the southeast county region noted American Canyon's average response time for all high-priority law enforcement calls was approximately two minutes from dispatch to arrival. This average response time satisfies American Canyon's five minute performance standard for all high-priority public safety calls established under the City General Plan. No deficiencies were identified in the report with respect to American Canyon responding to service calls within the surrounding areas.

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<sup>3</sup> The Atkins property is already in ACFPD and is entitled to receive an elevated level of fire protection, rescue, and emergency medical services from the District.

**Water Service**

The affected territory lies within American Canyon’s Commission-defined extraterritorial potable water service area established in October 2007. The Commission’s recent municipal service review on the southeast county region noted American Canyon has generally developed adequate water infrastructure and facility capacities in addressing current and future needs under normal conditions through 2020. In assessing water service for the affected territory, it is assumed demands will be entirely dependent on potable supplies.<sup>4</sup> Specific analysis relating to the adequacy and need for water service within the affected territory is summarized below.

**Supply and Demand**

American Canyon’s contracted potable water supplies currently provide a reliable annual yield of 5,316 acre-feet under normal conditions.<sup>5</sup> The current annual demand totals 3,953 acre-feet resulting in an available surplus of 1,363 acre-feet. The current peak-day demand is 16.8 acre-feet.

The affected territory’s buildout under American Canyon is projected to generate an additional annual water demand of 213.3 acre-feet.<sup>6</sup> This amount is contemplated under American Canyon’s Urban Water Management Plan (UWMP) and would consume 15.6% of the City’s available supply surplus under normal conditions. American Canyon’s peak day demand would also increase to 17.7 acre-feet.<sup>7</sup>

Buildout of the affected territory would intensify American Canyon’s existing water supply shortfall under single and multiple dry year conditions. American Canyon, however, has recently adopted a water conservation plan to help mitigate existing and projected dry year supply shortfalls. This includes establishing a four-tiered program to reduce demands during dry years through volunteer and mandatory measures.

**Annual Supply and Demand Under Normal Conditions**

<b>Current Supply</b>	<b>Current Demand</b>	<b>Current Surplus</b>	<b>Projected Demand in Affected Territory</b>	<b>Percent of Surplus</b>
5,316	3,953	1,363	213.3	15.6%

Amounts are in acre-feet

<sup>4</sup> American Canyon has established a recycled water service program that provides tertiary treated supplies for landscape irrigation. This program currently provides 100 acre-feet per year to the Green Island Vineyards. There are no other customers. It is expected the affected territory will eventually receive recycled water service as part of American Canyon’s planned expansion to the Tower Road area. This expansion, however, is not expected to be constructed within the next five to ten years.

<sup>5</sup> American Canyon contracts for annual water supplies with the Napa County Flood Control and Water Conservation District and City of Vallejo. The reliable yield estimate assumes American Canyon will receive 70% of its annual water entitlement through the State Water Project and 100% of its entitlement from Vallejo.

<sup>6</sup> Estimate assumes a daily demand of 650 gallons for every gross acre.

<sup>7</sup> Estimate reflects a peak day demand factor of 1.55 based on current usage.

***Treatment and Storage***

American Canyon is responsible for treating three-fourths of its contracted water supplies at its treatment facility located off of Jamieson Canyon Road. (The remaining one-fourth amount is pre-treated by Vallejo.) The treatment facility was recently upgraded and is capable of treating up to 16.8 acre-feet of water daily. Treated water enters and pressurizes American Canyon’s distribution system by collecting within one of four reservoir tanks with a combined storage capacity of 14.4 acre-feet. Significantly, as noted in the municipal service review, American Canyon’s water treatment and storage facilities have reached and surpassed their capacities, respectively, in independently accommodating current peak-day demands. Buildout of the affected territory under American Canyon is expected to raise the peak-day water demand by 5.4% to 17.7 acre-feet, which will further exacerbate existing treatment and storage capacity limitations.

<u>Current Treatment Capacity</u>	<u>Current Storage Capacity</u>	<u>Current Peak-Day Demand</u>	<u>Peak-Day Demand with Buildout of Affected Territory</u>
16.8	14.4	16.8	17.7

Amounts are in acre-feet

***Sewer Service***

The affected territory lies within American Canyon’s Commission-defined extraterritorial sewer service area established in October 2007. The Commission’s recent municipal service review on the southeast county region noted American Canyon has generally developed adequate sewer infrastructure and facility capacities in addressing current and future needs through 2020. This includes recently expanding the capacity of its treatment facility to accommodate average dry weather daily flows of 2.5 million gallons and peak wet weather daily flows of 5.0 million gallons.

American Canyon’s current average dry and wet weather daily flows are estimated at 1.5 and 3.8 million gallons, respectively. These daily flow amounts represent 60% and 76% of the treatment plant’s design capacities. Comparatively, the affected territory’s buildout under American Canyon is projected to generate on average an additional dry weather and peak weather daily flows of 0.15 and 0.19 million gallons.<sup>8</sup> These projected amounts will consume 15% and 16% of the dry weather and wet weather treatment capacities, respectively. This analysis indicates American Canyon’s sewer facilities are sufficient to accommodate demands within the affected territory.

<sup>8</sup> Average dry weather daily flows have been calculated at 80% of the affected territory’s potable water demands at buildout. Wet weather daily flows have been calculated by applying an infiltration factor of 1.25 to the dry weather estimate consistent with industry standards.



American Canyon						
Dry Weather Capacity	Dry Weather Demand	Available Dry Weather Capacity	Wet Weather Capacity	Wet Weather Demand	Available Wet Weather Capacity	
2.5	1.5	1.0	5.0	3.8	1.2	

Sewer amounts are in million gallons per day

Affected Territory				
Dry Weather Demand at Buildout	% of Available Dry Weather Capacity	Wet Weather Demand at Buildout	% of Available Wet Weather Capacity	
0.15	15%	0.19	16%	

Sewer amounts are in million gallons per day

The Commission’s municipal service review on the southeast county region also noted ACFPD has developed sufficient capacities and controls in providing an adequate level of fire protection, rescue, and emergency medical within its jurisdictional boundary. This includes presently serving lands that are adjacent or near the affected territory on two-thirds of its border. No deficiencies were identified in the municipal service review with respect to ACFPD responding to calls within these surrounding lands. These factors support the recommendation to reorganize the proposal to include the concurrent annexation of the affected territory into ACFPD for purposes of accommodating the present and probable need for elevated fire-related services.

**3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.**

The proposal would strengthen the social and economic ties existing between the affected territory and American Canyon. The Commission established these ties by including the affected territory within American Canyon’s extraterritorial water and sewer service areas in October 2007. The County recognized these ties in August 2008 in entering into an agreement with American Canyon that, among other things, provides support for the annexation of the affected territory. The ties were further recognized by the Commission in adding the affected territory into American Canyon’s sphere of influence in June 2010.

The recommended modification to reorganize the proposal to include the concurrent annexation of the Headwaters and Panattoni properties into ACFPD would also support existing social and economic ties. Specifically, the reorganization would recognize the governance relationship between American Canyon and ACFPD while helping to coordinate the provision of all necessary supporting public services to the affected territory as it intensifies in use.

**4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the priorities set forth in G.C. Section 56377.**

The Commission has previously determined American Canyon is the logical land use and service provider for the affected territory by adding the three properties within the City's sphere of influence. The annexation and urban development of the affected territory represents an orderly extension of American Canyon's northern jurisdictional boundary while guiding urban uses away from agricultural and open-space designated lands. Further, the annexation and urban development of the affected territory would not induce, facilitate, or lead to the conversion of existing open-space lands as defined under G.C. Section 56377.

**5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.**

The affected territory does not qualify as agricultural land under LAFCO law pursuant to G.C. Section 56016.

**6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.**

Draft maps and geographic descriptions have been prepared by the applicant identifying the boundaries of the affected territory in accordance with the requirements of the State Board of Equalization. These documents provide sufficient certainty regarding the exact boundaries of the affected territory as proposed. Modifications to the affected territory's physical boundaries made by the Commission will require revisions to the maps and geographic descriptions prior to recordation. Reorganizing the proposal to also include the recommended concurrent annexation of the Headwaters and Panattoni properties to ACFPD would require separate maps and geographic descriptions prior to recordation.

The proposed annexation to American Canyon would create an approximate 7.0 acre unincorporated corridor or "pocket" immediately to the east of the Panattoni property with 70% of its perimeter surrounded by the City.<sup>9</sup> This pocket comprises two entire assessor parcels and an adjacent portion of State Highway 29. The two affected assessor parcels are developed with a non-conforming single-family residence and an automobile salvage yard. An expanded discussion regarding options to eliminate this pocket is provided on page 14 of this report.

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<sup>9</sup> The term "unincorporated pocket" is not defined. This term is intended to describe a portion of unincorporated land substantially surrounded by a city without qualifying as an "island" under G.C. Section 56375.3.

**7) Consistency with the city or county general plans, specific plans, and adopted regional transportation plan.**

The American Canyon General Plan designates the entire affected territory as *Industrial*. This designation contemplates a broad range of intensive urban uses, including manufacturing, aviation, business parks, agribusiness, warehouses, professional offices, supporting retail, and restaurants. These contemplated land uses are consistent with the County General Plan, which also designates the entire affected territory as *Industrial*. The proposed annexation is also consistent with the County's Airport Area Specific Plan (AIASP) given American Canyon has adopted a rezoning assignment fully incorporating the document's development and design standards for the affected territory.

The Metropolitan Transportation Commission's regional transportation plan (RTP) was updated in April 2009 and outlines specific goals and objectives to direct public transportation infrastructure in the Bay Area through 2035. Local projects identified by RTP include extending Devlin Road from Fagan Creek through the affected territory to Green Island Road. Annexation of the affected territory would help facilitate the completion of this project by allowing American Canyon to utilize the development agreement process in generating needed discretionary funds to help finance the extension.

**8) The sphere of influence of any local agency applicable to the proposal.**

The affected territory was added to American Canyon's sphere of influence as part of a comprehensive update adopted by the Commission in June 2010. Two of the three properties, Headwaters and Panattoni, are also recommended for inclusion into ACFPD's sphere of influence as part of a separate update to be considered by the Commission as part of its August 2, 2010 meeting. The third property, Atkins, is already within ACFPD's sphere.

**9) The comments of any affected local agency or other public agency.**

On March 25, 2010, LAFCO staff electronically circulated copies of the application materials for review and comment to local governmental agencies. The County provided a written response dated May 1, 2010 expressing support for the annexation of all three properties, which are already subject to an approved property tax sharing agreement. No other substantive written comments on the proposal were received.

**10) The ability of the newly formed or receiving entity to provide services, including the sufficiency of revenues.**

Information collected and analyzed in the Commission's recent municipal service review on the southeast county region indicates American Canyon has developed adequate financial resources and controls relative to its service commitments.

Additional analysis provides reasonable assurances American Canyon can extend services to the affected territory at its designated density levels under the City General Plan. This statement is predicated on recognizing no new significant service demands will be generated within the affected territory until future development occurs, which will provide additional revenues to help offset service related costs.

American Canyon’s unreserved/undesignated balance in the General Fund at the beginning of the fiscal year totaled \$1.8 million and equals one-tenth of its adopted operating costs in 2010-2011.<sup>10</sup> This amount has been significantly reduced over the last fiscal year by more than one-half due to operating shortfalls caused by declining property and sales tax revenues. American Canyon recently implemented a 36-month strategy to eliminate its structural imbalance within the General Fund and is highlighted by eliminating nine full-time positions and instituting 15 staff furlough days. A summary of American Canyon’s General Fund balance over the last five fiscal years follows.

**American Canyon’s General Fund Balance**

(Source: City of American Canyon)

Category	2005-06	2006-07	2007-08	2008-09	2009-10
Reserved	1.376	2.913	2.077	2.990	4.260
Unreserved/Designated	5.569	3.795	4.020	4.040	3.606
Unreserved/Undesignated	1.174	1.255	4.880	4.297	1.803
<i>Total</i>	<i>\$8.119</i>	<i>\$7.963</i>	<i>\$10.977</i>	<i>\$11.327</i>	<i>\$9.669</i>

*Dollars in Millions  
 Amounts as of July 1<sup>st</sup>*

With respect to overall operations, American Canyon maintains strong liquidity and capital within all governmental accounts given the City’s current assets total more than eight times its current liabilities and it has less than a tenth of debt relative to equity. These factors reflect prudent financial management and provide reasonable assurances American Canyon is capable of providing general operating services, such as law enforcement and public works, to the affected territory without adversely impacting current constituents. Additionally, non-general services, such as water and sewer, are self-funded through (a) connection fees and (b) usage charges. These revenue sources serve as American Canyon’s buy-in charge for new customers to contribute their fair share for existing and future facilities necessary to receive water and sewer services as well as fund ongoing maintenance expenses.

<sup>10</sup> American Canyon’s adopted general fund expenses in 2010-2011 total \$15.3 million.

**11) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.**

American Canyon would be responsible for providing water supplies to the affected territory in conjunction with supporting its planned urban use under the City General Plan. American Canyon's water supplies are drawn from two contracted sources: 1) State Water Project and 2) City of Vallejo. The Commission's recent municipal service review on the southeast county region reports American Canyon's current reliable annual water supply generated from these two sources totals 5,316 acre-feet under normal conditions. In comparison, current annual demands total 3,953 acre-feet, resulting in an available surplus of 1,363 acre-feet to accommodate new usage. American Canyon may purchase additional annual entitlements from Vallejo over the course of three designated planning periods: 2007-2011 (722 acre-feet); 2012-2016 (566 acre-feet); and 2017-2021 (566 acre-feet). These contractual arrangements provide American Canyon sufficient supplies to accommodate planned future demands on these water supplies associated with the proposal consistent with G.C. Section 65352.5.

**12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 of Chapter 3 of Division 1 of Title 7.**

The proposal will have a positive impact on the County in meeting its future regional housing needs. This impact is tied to a 2008 agreement in which American Canyon agreed to a modified urban limit line in exchange for the County supporting the annexation of the affected territory. The 2008 agreement also established a framework leading to a separate agreement in 2010 in which American Canyon assumes a substantial portion of the County's regional housing needs assignment over the next two planning periods. Separately, the proposal is expected to increase American Canyon's future regional housing needs due to the job creation potential tied to the affected territory. This expected increase and the extent of the impact on American Canyon is not known at this time.<sup>11</sup>

**13) Information from landowners, voters, or residents of the affected territory.**

The affected landowners have consented to the proposal. There are no residents within the affected territory.

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<sup>11</sup> American Canyon does not currently have a certified housing element for the 2008-2014 cycle. American Canyon reports it is working with Housing Community Development and anticipates receiving certification within the next several months.

**14) Any information relating to existing land use designations.**

The County and American Canyon both designate the affected territory as *Industrial*. The following table summarizes contemplated land uses and densities within these respective designations.

Category	American Canyon	County of Napa
Designation	.....Industrial	.....Industrial
Designation Uses	.....Manufacturing	.....Manufacturing
	.....Aviation	.....Warehouses
	.....Agribusiness	..... Processing Facilities
	.....Thematic Industrial	.....Administrative Facilities
	.....Business Park	.....Research Institutions
	.....Warehouses	..... Office/Commercial Uses
	.....Professional Offices	
	.....Supporting Retail	
	.....Restaurants	
	.....Financial Uses	
Lot Density	.....Minimum: N/A	.....Minimum: 0.5 to 40 Acres
Building Density	.....Maximum Coverage: 50%	.....Maximum Coverage: 50%

**15) The extent to which the proposal will promote environmental justice.**

There is no documentation or evidence suggesting the proposal would have a measurable effect with respect to promoting environmental justice.

***Terms and Conditions***

The Commission’s standard terms and conditions would apply to the proposal if approved. This includes requiring the applicant to prepare a final map and geographic description identifying the approved boundary changes consistent with the requirements of the State Board of Equalization. Other standard conditions include the applicant submitting a signed indemnification agreement and paying all outstanding fees tied to the proposal. A certificate of completion would not be recorded until all terms are satisfied.<sup>12</sup>

In terms of special conditions, as noted on page 10, the proposed annexation to American Canyon would create an approximate 7.0 acre unincorporated pocket immediately east of the Panattoni property with 70% of its perimeter surrounded by the City. This pocket would not meet the Commission’s definition of an island given the land lies outside of American Canyon’s sphere; the Commission elected not to add the land to the City’s sphere as part of a recent update since it lies outside the Urban Limit Line. However, in reviewing this proposal, if creating the unincorporated corridor is undesirable, the Commission may include a special condition requiring American Canyon to initiate a concurrent sphere amendment and annexation of the adjacent land. This type of condition is expressly authorized under G.C. Section 56885.5(a)(2).

<sup>12</sup> State law requires all terms and conditions be satisfied within one calendar year of approval unless a time extension is requested and approved by the Commission. There is no time limit on the length of the extension.

### ***Rezoning Assignment***

G.C. Section 56375(e) requires cities prezone territory as a precondition to annexation. Accordingly, American Canyon has prezoned the entire affected territory as *SP-2 Napa County Airport Industrial Area Specific Plan*. This rezoning assignment fully incorporates the development and design standards codified in the County's AIASP, including specifying a minimum lot requirement of 5.0 acres.<sup>13</sup> American Canyon may not change the zoning for the affected territory in a manner that does not conform to the rezoning at the time of annexation for a period of two years unless the City Council makes special findings at a noticed public hearing.

### ***Property Tax Agreement***

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a change of organization. Accordingly, American Canyon and the County have agreed by resolution of their respective boards to a property tax exchange agreement applicable to the proposed action. The agreement specifies American Canyon and the County shall each receive 47.5% of the property tax increment tied to the affected territory with the remaining amount is dedicated to the ACFPD.

### ***Environmental Review***

Discretionary actions by public agencies are subject to the California Environmental Quality Act (CEQA) any time an underlying activity will result in a direct or indirect physical change to the environment. A lead agency has the principal responsibility for carrying out or approving a project consistent with the provisions of CEQA. This includes determining whether the underlying activity qualifies as a project under CEQA. If the activity is a determined to be a project, the lead agency must determine if an exemption applies or if additional environmental review is needed, such as preparing an initial study. A responsible agency is accountable for approving an associated aspect of the underlying activity and must rely on the lead agency's determination in making its own CEQA finding.

American Canyon serves as lead agency for the proposal given it has principal authority in approving the underlying activity: the development of the affected territory for urban-type uses. American Canyon contemplated the impacts tied to the development in adopting a rezoning assignment of *SP-2 Napa County Airport Industrial Area Specific Plan* for the affected territory in February 2009. As part of the rezoning process, American Canyon prepared an addendum to the County's Environmental Impact Report (EIR) on the AIASP. The addendum concludes no new environmental impacts will be

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<sup>13</sup> The AIASP assigns a *Business/Industrial Park* use to the Headwaters and Panattoni properties. This assignment is intended to accommodate "light industrial uses, such as research and development, light manufacturing, light assembly, warehousing and distribution, large administrative headquarters, and other professional and administrative uses." The AIASP assigns an *Airport* use to the Atkins property.

generated since the rezoning assignment fully incorporates the AIASP's development and design standards.

The Commission serves as responsible agency for the proposal. Staff has reviewed the addendum prepared by American Canyon and believes the City has made an adequate determination applicable to considering the impacts tied to the proposal. If the Commission approves the proposal, staff will file a notice of determination with the County Clerk-Recorder's Office. A copy of the resolution adopting the rezoning standard along with the associated addendum is attached.

### ***Conducting Authority Proceedings***

The affected territory qualifies as uninhabited and the affected landowners have consented to the proposal. Conducting authority proceedings are waived under G.C. Section 56663.

### **D. Options for Commission Action**

Staff has identified five broad options for Commission consideration with respect to the proposal. These options are summarized below.

- Option One:** Approve the proposal as submitted with standard conditions.
- Option Two:** Approve the proposal as modified to include concurrent (a) annexation of the Headwaters and Panattoni properties to ACFPD and (b) detachment of the Atkins, Headwaters, and Panattoni properties from CSA No. 4 with standard conditions.
- Option Three:** Approve the proposal as outlined under Options One or Two with a special condition requiring American Canyon initiate a concurrent sphere amendment and annexation involving Assessor Parcel Numbers 057-090-004 and 057-090-027 along with the adjacent segment of State Highway 29.
- Option Four:** Continue consideration of the item to a future meeting if more information is required.
- Option Five:** Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year.



## **E. Recommendation**

Staff recommends the Commission take actions consistent with Option Two outlined in the preceding section. These actions are consistent with the policies and practices of the Commission in coordinating municipal growth and development. These actions are also consistent with the adopted and proposed sphere of influence updates for American Canyon and ACFPD, respectively.

Respectfully submitted,

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Keene Simonds  
Executive Officer

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Brendon Freeman  
Analyst

### Attachments:

- 1) Recommended Draft Resolution  
(Approves Proposal with Concurrent Proceedings Involving ACFPD and CSA No. 4)
- 2) Resolution of Application and Supporting Application Materials
- 3) Addendum Initial Study: Rezoning of Affected Territory
- 4) Letter of Support from County of Napa, May 1, 2010
- 5) County of Napa/City of American Canyon Memorandum of Understanding, July 3, 2008