



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 BF
Dawn Mittleman Longoria, Analyst II/Interim Clerk DML
MEETING DATE: October 3, 2022
SUBJECT: Municipal Service Review and Sphere of Influence Review for Silverado Community Services 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 Municipal Service Review (MSR) and Sphere of Influence (SOI) Review for Silverado Community Services District (SCSD), included as Attachment One; and
4) Adopt the Resolution of the Local Agency Formation Commission of Napa County Making Determinations – SOI Review for SCSD, and making California Environmental Quality Act (CEQA) findings, included as Attachment Two.

SUMMARY

- Work Program for fiscal year 2022-23: scheduled MSR and SOI review for SCSD
• Update of recent studies:

Central County Region MSR April 2014
SCSD SOI October 2015

- MSR/SOI SCSD: succeeds previous studies of SCSD
• Report recommendations: affirm SOI with no changes
• Report determinations: Factors required by California Government Code sections 56425 and 56430, as well as local policies.

Margie Mohler, Chair
Councilmember, Town of Yountville

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

Kenneth Leary, Commissioner
Representative of the General Public

Mariam Aboudamous, Commissioner
Councilmember, City of American Canyon

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

Eve Kahn, Alternate Commissioner
Representative of the General Public

Beth Painter, Alternate Commissioner
Councilmember, City of Napa

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

Brendon Freeman
Executive Officer

## **PUBLIC COMMENTS**

### Written Comments from Gary Margadant (Attachment Three):

Questioned why water use at Silverado Resort is not included in the study. Resort uses potable water to irrigate golf course.

### Staff Response:

SCSD does not provide water service to Resort. MSR evaluates only those services provided by the District.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

MSR and SOI: exempt from further review under CEQA (California Code of Regulations sections 15306 and 15061(b)(3)).

## **PROCEDURES FOR CONSIDERATION**

This item has been agendized as a noticed public hearing. The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from staff;
- 2) Open the public hearing (mandatory) and take testimony;
- 3) Close the public hearing; and
- 4) Discuss item and consider action on recommendation.

## **ATTACHMENTS**

- 1) Final MSR/SOI SCSD
- 2) Draft Resolution Adopting Determinations, Affirming SCSD's SOI, and Making CEQA Findings
- 3) Written Comments from Gary Margadant



**LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY**

**Political Subdivision of the State of California**

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

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**Final Report Presented on October 3, 2022**

**MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE REVIEW**

**SILVERADO COMMUNITY SERVICES DISTRICT**



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**Commissioners**

Margie Mohler, Chair, City Member  
Brad Wagenknecht, Vice Chair, County Member  
Mariam Aboudamous, City Member  
Diane Dillon, County Member  
Kenneth Leary, Public Member  
Ryan Gregory, Alternate County Member  
Eve Kahn, Alternate Public Member  
Beth Painter, Alternate City Member

**Staff**

Brendon Freeman, Executive Officer  
Dawn Mittleman Longoria, Analyst II/Interim Clerk  
Gary Bell, Commission Counsel

**Administrative Office and Website**

1754 Second Street, Suite C  
Napa, California 94559  
[www.napa.lafco.ca.gov](http://www.napa.lafco.ca.gov)

We wish to express appreciation to the following County of Napa staff for their assistance:

Steven Lederer, District Manager

Michael Karath, Staff Services Analyst

## INTRODUCTION

The purpose of a municipal service review, sometimes called a “service review” or “MSR”, is to provide an inventory and analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities and special districts. A service review evaluates the structure and operation of these agencies, highlights agency accomplishments, and discusses possible areas for improvement and coordination. A service review is used by the Local Agency Formation Commission (LAFCO) when reviewing and, as appropriate, updating a sphere of influence (SOI), and can be used by subject agencies when considering changes in their operations.

This report represents an update of the most recent MSR and SOI review for the Silverado Community Services District (SCSD). The most recent MSR was conducted by Napa LAFCO in 2014 and concluded SCSD appeared to be operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The MSR also noted the unique governance structure of SCSD with the Board of Supervisors serving as the District Board of Directors while ultimately concluding the arrangement – while not traditional for these types of special districts – appears satisfactory given the active involvement of the Municipal Advisory Council (MAC). The most recent SOI review was conducted in 2015 and resulted in Napa LAFCO affirming SCSD’s existing SOI.



LAFCOs are required by law to provide a written statement of determinations as part of any MSR.<sup>1</sup> Napa LAFCO’s MSR policies provide additional determinations for consideration. The review of these determinations are listed in this update.

LAFCO’s are also required by law to provide a written statement of determinations as part of any SOI determination.<sup>2</sup> It is Napa LAFCO’s policy to review SOIs in conjunction with MSRs to inform any appropriate SOI changes.

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<sup>1</sup> California Government Code Section 56430(a).

<sup>2</sup> California Government Code Section 56425(e).

## AGENCY PROFILE

### OVERVIEW

SCSD was formed in 1967 and originally authorized to provide a full range of municipal services to the Silverado area, consisting largely of a planned resort community located northeast of the City of Napa. Services actually activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. SCSD ceased providing water in 1977 when the City of Napa purchased and assumed full control of the District's water distribution system. SCSD expanded its services in 2010 with the approval of the Commission to include sidewalk improvements and maintenance; activities previously the responsibility of property owners.



### GOVERNANCE, ADMINISTRATION, AND SERVICES PROVIDED

Silverado Community Services District	
Date Formed	1967
Enabling Legislation	Government Code 6100 et. seq.
Active Services	Street Lighting Street Sweeping Street Landscaping Sidewalk Improvements
Estimated Service Population	1,321 (year-round) 2,829 (with second homes)
District Structure	Dependent Special District
Governing Body	County Board of Supervisors
Municipal Advisory Committee (MAC)	Appointed registered voters Limited decision-making
Administration	County Public Works
Website	<a href="https://www.countyofnapa.org/2565/Silverado-Community-Services-District">https://www.countyofnapa.org/2565/Silverado-Community-Services-District</a>



**AGENCY BOUNDARY**

Jurisdictional Boundary Characteristics	
Total Jurisdictional Acreage	1,159
Approximate Square Miles	1.8
Total Jurisdictional Parcels	1,158
Percent of Jurisdictional Boundary Developed	96%
Corporate or Nonprofit Owned Undeveloped Lots	57

A map of SCSD’s jurisdictional boundary and sphere of influence is included as **Appendix A**.

**GROWTH AND POPULATION ESTIMATES**

There are no specific population counts within SCSD’s jurisdictional boundary. The community includes both permanent and temporary residents. Various homes are owned as second-homes and are not occupied year-round. The County General Plan designates the area *Urban Residential*. The County of Napa has zoned the area as *Planned Development*. The County is currently updating its Housing Element of the General Plan. The process includes compliance with Regional Housing Needs Allocation (RHNA). Future housing sites must be determined to comply with this requirement. None of the proposed housing sites are located within SCSD.

LAFCO’s study *Central County Region Municipal Service Review*, completed in 2014, separated population numbers into permanent and temporary categories. The total population was estimated at 2,829 residents, including both primary and secondary homes. The report made an estimate of permanent residents representing an overall projected growth rate of 1.2% over the last 10-year period or 0.1% annually. However, the 2017 wildfires destroyed 34 homes in the community. It is unknown when these homes will be rebuilt. It is reasonable to assume SCSD’s growth rate will be nominal over the next 10 years.

## FINANCIAL

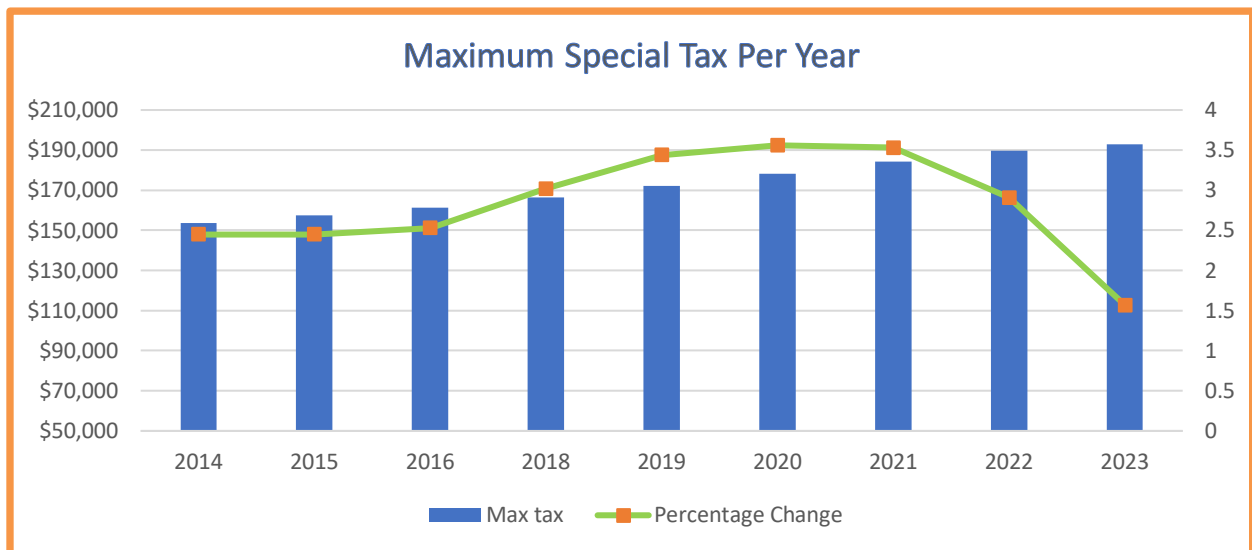
SCSD practices an annual budget process consistent with legal requirements with oversight provided by the County Auditor-Controller's office. An annual audit is conducted by Brown Armstrong, Accountancy Corporation. The County Auditor-Controller's office provides annual Special District Financial Reports.<sup>3</sup>

The MAC provides recommendations regarding community needs. Once the service needs are determined for the fiscal year, the budget is established. District expenses during the year have consistently remained within the budgeted amount. The District's employees are provided by contract with the County, and therefore SCSD does not have pension liabilities.

The District's FY 2022-23 budget is \$200,400. SCSD's current unrestricted/unreserved fund balance is \$155,447 and is sufficient to cover over nine months of general operating expenses.

### *Revenues*

SCSD's revenues are derived from an annual special tax on each parcel. The District does not participate in the 1% general property tax revenue. For each fiscal year, SCSD determines the total tax requirement for the District based on the required level of services to be provided. The total tax requirement cannot exceed the established maximum tax for a given fiscal year. The following chart provides the maximum dollar amount per fiscal year.<sup>4</sup>



<sup>3</sup> Available on the District web site.

<sup>4</sup> Source: County Department of Public Works.



Each parcel in SCSD is assigned to one of six special tax categories based upon the property's development intensity: vacant residential lots are assigned one tax unit; condominiums and single-family residences with limited services are assigned two units; properties on Silver Trail are assigned two and one-half units; and single-family residences with full service are assigned four units. The remaining amount is apportioned among seven large and primarily vacant parcels, including the Silverado Resort, based on their acreage. The following table shows the special tax rate per parcel for each category.<sup>5</sup>

Parcel Category & Land Use	Maximum Special Tax	Proposed Special Tax <sup>6</sup>
A: Large Vacant Land	\$32,121.26	\$32,121.20
B: Vacant Land	5,071.48	5,070.72
C: Condominium	73,269.61	73,269.54
D: Single-Family Residence (Limited Service)	28,293.55	28,293.52
E: Silver Trail	5,838.88	5,838.70
F: Single-Family Residence	58,188.62	58,188.56
N: Non-Taxable	0	0



<sup>5</sup> Source: County Department of Public Works.

<sup>6</sup> Slight variance due to installment rounding necessary to place amounts on the County tax roll.

<b>DETERMINATIONS</b>
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### ***1. GROWTH AND POPULATION***

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on the subject agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations:**

1. Wildfires destroyed 34 homes in the Silverado community. Rebuilding has been slow with some homeowners moving away from the area.
2. SCSD serves a planned community with no additional subdivision allowed. Current County of Napa zoning would not allow further subdivisions in the area.
3. The draft County Housing Element Update has not designated the area as a future housing site.
4. The population estimates include primary and second home residents.
5. It is reasonable to assume SCSD's growth rate will be nominal and follow recent patterns over the next 10 years.

## 2. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### Determinations:

1. SCSD's infrastructure system is sufficient to provide needed services to meet present and future demands.
2. Services provided include street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary.
3. There are no disadvantaged unincorporated communities located within or contiguous to SCSD's sphere of influence.
4. The resort and golf course benefit from SCSD's services in exchange for the special tax paid to the District. The City of Napa provides water service to the resort.

### 3. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

#### Discussion:

SCSD, as a dependent district, is managed in accordance with County of Napa financial management and budgeting policies.

#### Determinations:

1. Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished fiscal year 2021-22 with sufficient resources to remain operational into the foreseeable future. Short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.
2. It is recommended that the annual audit conducted by Brown Armstrong CPAs be included on the SCSD website.

#### 4. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

#### Determinations:

1. SCSD shares facilities and services with the County of Napa, which both governs SCSD as a dependent special district and operates SCSD facilities under various contracts with private vendors. The purpose of these arrangements for governance and provision of service is cost efficiency gained from elimination of election costs and the ability to provide service on an as-needed, contractual basis rather than through permanent staff. Please refer to the Agency Profile for additional information.
2. SCSD benefits from shared administrative staff and oversight provided by the County.
3. SCSD procures its own contractors for projects and therefore, does not benefit from the County's purchasing power.

## 5. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES

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

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is the agency involved in any Joint Powers Agreements/Authorities (JPAs)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### Discussion:

The Napa County Board of Supervisors serves as the District Board of Directors. The appointed Municipal Advisory Committee (MAC) makes recommendations to staff. Services and staff are provided by the County Department of Public Works. Please refer to the Agency Overview Section for additional information.



**Determinations:**

1. SCSD's existing form, as a dependent special district, is aimed at maximizing efficiency through the use of County Department of Public Works staff and avoidance of election costs. The efficacy of the existing governance arrangement depends on low costs and the County's responsiveness to the direction the SCSD MAC. There are alternative sources of both governance and services available to the Silverado community if the County's performance with respect to the maintenance of streets, sidewalks, paths, and landscaping were to fall short of community expectations.
2. Transparency of SCSD meetings and business are consistent with Napa County Board of Supervisors policy and are available on the SCSD website, as a function of the County of Napa.
3. The MAC conducts quarterly meetings. These meeting are noticed and open to the public.
4. The County Auditor-Controller oversees the financial operations of the District. Special District Financial Transaction Reports for each fiscal year, are available on the District's web site. Annual financial audits are conducted by Brown Armstrong, CPA.



**6. OTHER ISSUES**

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Are there negative impacts on the Agricultural Preserve and the voter approved Measure P?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there existing outside service agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there joint power agreements involving the direct provision of public services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the District in conformance with growth goals and policies of the land use authorities in Napa County?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Have the District's operations been affected by climate change and/or is climate change expected to affect the District's operations in the future?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Does the District enhance or hinder housing goals, including affordable housing and workforce housing?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Is the District identified in regional transportation plans?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Are there negative cumulative service impacts related to current and planned development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Determinations:**

1. SCSD is located within a planned development approved by the County in 1966.
2. Expansion of the area is not contemplated within the next 10 years.
3. The district currently benefits from shared administrative services.

## SPHERE OF INFLUENCE REVIEW

It is recommended that the Commission affirm SCSD's existing sphere. There are no current plans to amend the SOI boundary. Pursuant to California Government Code Section 56425(e), the following statements have been prepared in support of the recommendation:

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

The present and planned land uses in SCSD are subject to the County General Plan. The County General Plan and adopted zoning standards provide for the current and future residential and resort uses that characterize the majority of the jurisdictional boundary and sphere of influence.

**2. The present and probable need for public facilities and services in the area.**

SCSD provides street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary and sphere of influence. These public services support the present and planned urban and resort uses within the area as contemplated in the County General Plan. Constituents of SCSD have confirmed their desire for these public services by approving a special assessment to fund the District's operations.

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

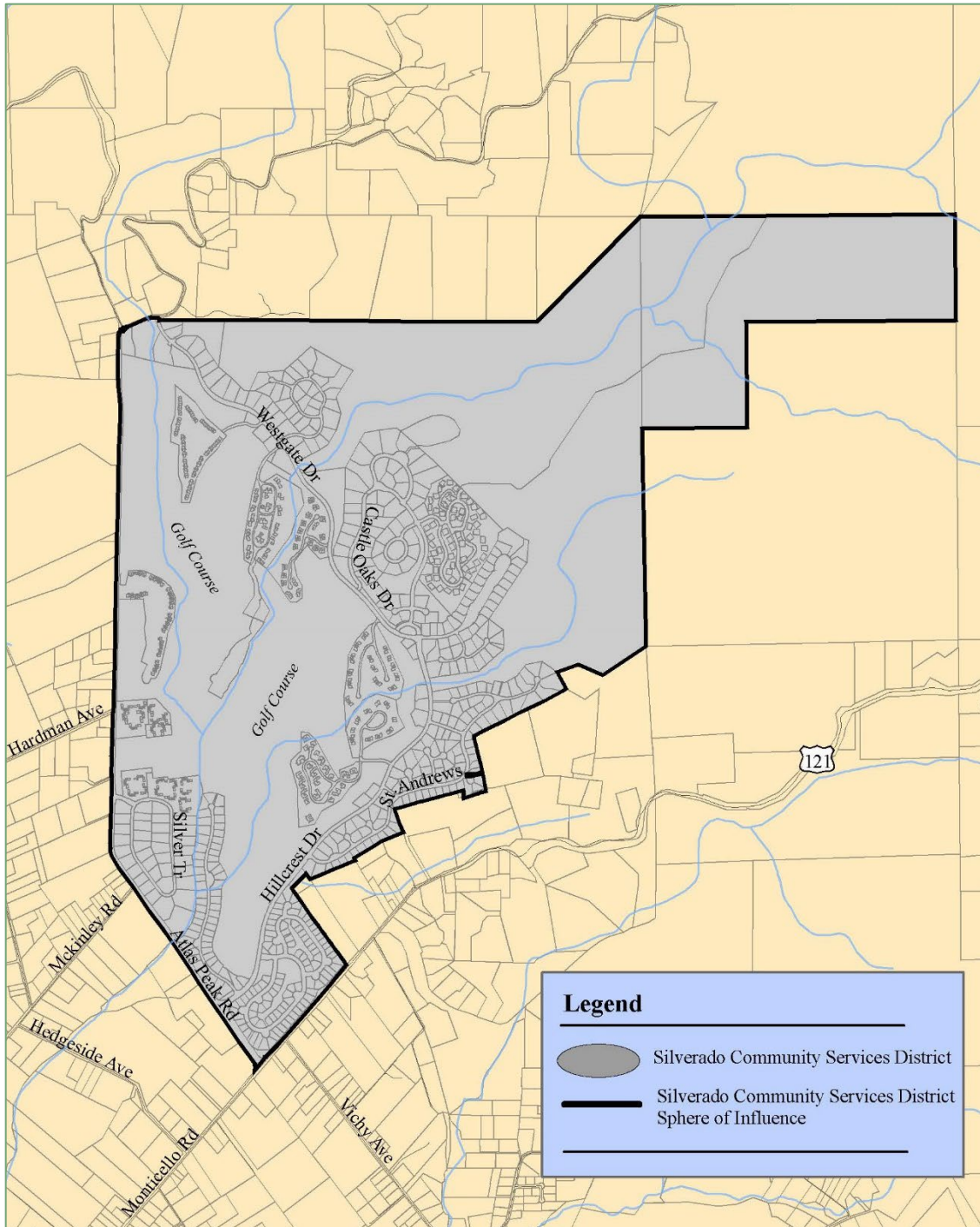
SCSD has demonstrated its ability to provide an adequate level of street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary and sphere of influence.

**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.**

SCSD fosters social and economic interdependencies within the area by providing public services in support of the present and planned development of the Silverado Resort.

APPENDIX A

SCSD CURRENT BOUNDARY AND SOI



**RESOLUTION NO. \_\_\_\_\_**

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

**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE REVIEW FOR  
SILVERADO COMMUNITY SERVICES 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 Review” has been prepared for Silverado Community Services District (SCSD) 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 SCSD and the Executive Officer recommends affirming the existing sphere of influence of SCSD with no changes; 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 Review for SCSD on August 1, 2022, and October 3, 2022;

**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 review of SCSD’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 finds and determines the Municipal Service Review is exempt from further environmental review under the California Environmental Quality Act (hereinafter “CEQA”) pursuant to California Code of Regulations Section, Title 14, 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. Having reviewed the municipal services provided by SCSD, pursuant to California Government Code section 56430, 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.
3. In determining the sphere of influence for SCSD, pursuant to California Government Code section 56425, the Commission adopts the statement of determinations set forth in Exhibit Two, which is attached hereto and hereby incorporated by reference.
4. The Commission hereby affirms the sphere of influence of SCSD without modification, as shown in Exhibit Three.
5. The Commission finds and determines the affirmation of SCSD’s existing sphere of influence with no changes 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 affirmation of the existing sphere will have no possibility of significantly effecting the environment given no new land use or municipal service authority is granted.
6. The effective date of this sphere of influence review shall be the date of adoption set forth below.
7. The Commission hereby directs staff to file a Notice of Exemption for the Municipal Service Review and Sphere of Influence Review for SCSD in compliance with CEQA.



The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on October 3, 2022, after a motion by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, by the following vote:

AYES: Commissioners \_\_\_\_\_

NOES: Commissioners \_\_\_\_\_

ABSENT: Commissioners \_\_\_\_\_

ABSTAIN: Commissioners \_\_\_\_\_

\_\_\_\_\_  
Margie Mohler  
Commission Chair

ATTEST: \_\_\_\_\_  
Brendon Freeman  
Executive Officer

Recorded by: Dawn Mittleman Longoria  
Interim Commission Clerk

DRAFT

**EXHIBIT ONE**

**STATEMENT OF DETERMINATIONS**

**SILVERADO COMMUNITY SERVICES DISTRICT  
MUNICIPAL SERVICE REVIEW**

1. Growth and population projections for the affected area (Government Code 56430(a)(1)):
  - a) Wildfires destroyed 34 homes in the Silverado community. Rebuilding has been slow with some homeowners moving away from the area.
  - b) SCSD serves a planned community with no additional subdivision allowed. Current County of Napa zoning would not allow further subdivisions in the area.
  - c) The draft County Housing Element Update has not designated the area as a future housing site.
  - d) The population estimates include primary and second home residents.
  - e) It is reasonable to assume SCSD's growth rate will be nominal and follow recent patterns over the next 10 years.
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 SCSD'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) SCSD's infrastructure system is sufficient to provide needed services to meet present and future demands.
  - b) Services provided include street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary.
  - c) The resort and golf course benefit from SCSD's services in exchange for the special tax paid to the District. The City of Napa provides water service to the resort.

4. Financial ability of agencies to provide services (Government Code 56430(a)(4)):
  - a) Calculations performed assessing SCSD's liquidity, capital, and profitability indicate the District finished fiscal year 2021-22 with sufficient resources to remain operational into the foreseeable future. Short-term liquidity remained high given SCSD finished the fiscal year with sufficient current assets to cover its current liabilities. SCSD finished the fiscal year with no long-term debt and a neutral operating margin as revenues and expenses were nearly identical.
  - b) It is recommended that the annual audit conducted by Brown Armstrong CPAs be included on the SCSD website.
5. Status of, and opportunities for, shared facilities (Government Code 56430(a)(5)):
  - a) SCSD shares facilities and services with the County of Napa, which both governs SCSD as a dependent special district and operates SCSD facilities under various contracts with private vendors. The purpose of these arrangements for governance and provision of service is cost efficiency gained from elimination of election costs and the ability to provide service on an as-needed, contractual basis rather than through permanent staff. Please refer to the Agency Profile for additional information.
  - b) SCSD benefits from shared administrative staff and oversight provided by the County.
  - c) SCSD procures its own contractors for projects and therefore, does not benefit from the County's purchasing power.
6. Accountability for community service needs, including governmental structure and operational efficiencies (Government Code 56430(a)(6)):
  - a) SCSD's existing form, as a dependent special district, is aimed at maximizing efficiency through the use of County Department of Public Works staff and avoidance of election costs. The efficacy of the existing governance arrangement depends on low costs and the County's responsiveness to the direction the SCSD Municipal Advisory Committee (MAC). There are alternative sources of both governance and services available to the Silverado community if the County's performance with respect to the maintenance of streets, sidewalks, paths, and landscaping were to fall short of community expectations.
  - b) Transparency of SCSD meetings and business are consistent with Napa County Board of Supervisors policy and are available on the SCSD website, as a function of the County of Napa.

- c) The MAC conducts quarterly meetings. These meeting are noticed and open to the public.
  - d) The County Auditor-Controller oversees the financial operations of the District. Special District Financial Transaction Reports for each fiscal year, are available on the District's web site. Annual financial audits are conducted by Brown Armstrong, CPA.
7. Any other matter related to effective or efficient service delivery, as required by commission policy (Government Code 56430(a)(7)):
- a) SCSD is located within a planned development approved by the County in 1966.
  - b) Expansion of the area is not contemplated within the next 10 years.
  - c) The district currently benefits from shared administrative services.

DRAFT

**EXHIBIT TWO**

**STATEMENT OF DETERMINATIONS**

**SILVERADO COMMUNITY SERVICES DISTRICT  
SPHERE OF INFLUENCE REVIEW**

1. Present and planned land uses in the sphere, including agricultural and open-space lands (Government Code 56425(e)(1)):

The present and planned land uses in SCSD are subject to the County General Plan. The County General Plan and adopted zoning standards provide for the current and future residential and resort uses that characterize the majority of the jurisdictional boundary and sphere of influence.

2. The present and probable need for public facilities and services in the sphere (Government Code 56425(e)(2)):

SCSD provides street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary and sphere of influence. These public services support the present and planned urban and resort uses within the area as contemplated in the County General Plan. Constituents of SCSD have confirmed their desire for these public services by approving a special assessment to fund the District's operations.

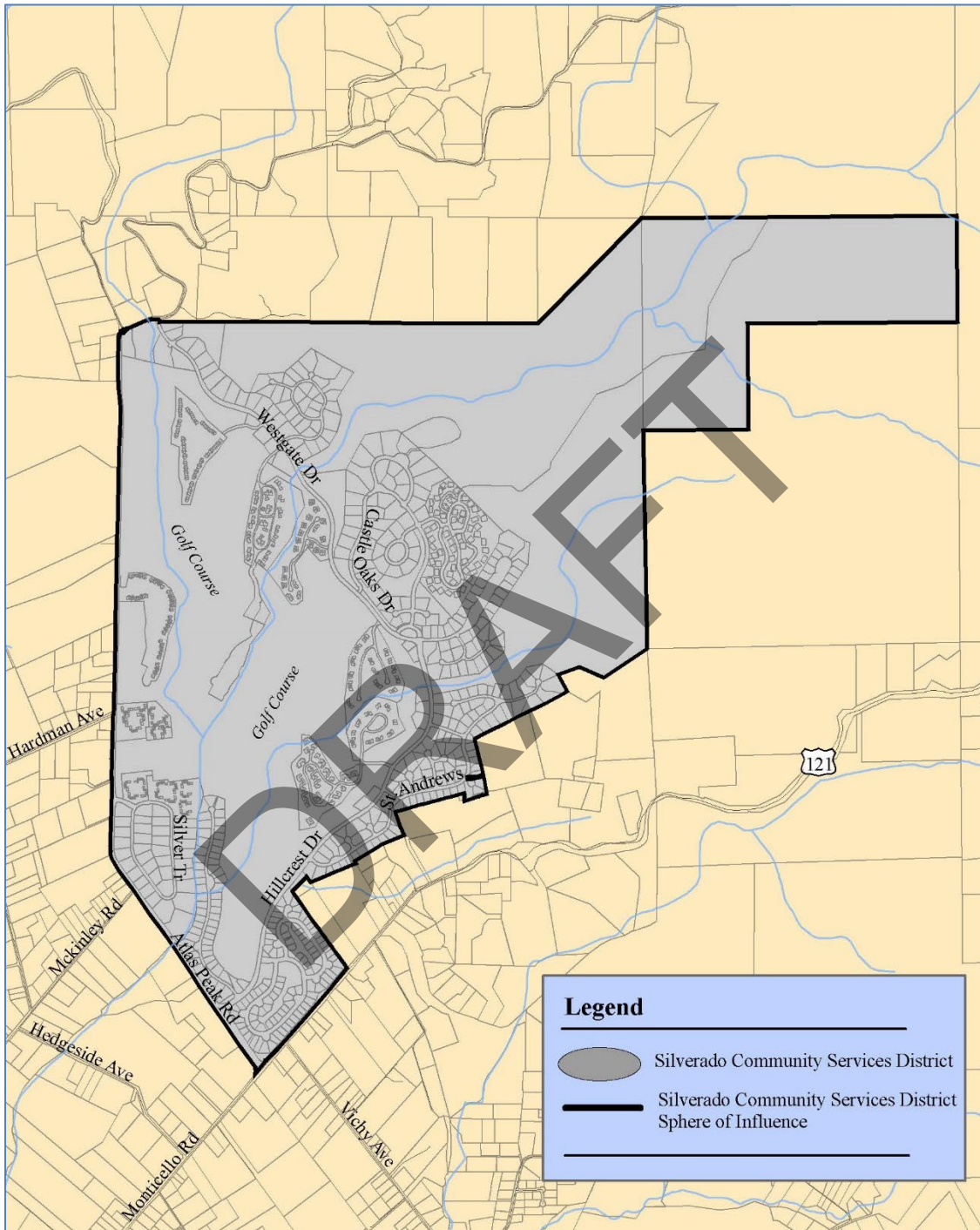
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide (Government Code 56425(e)(3)):

SCSD has demonstrated its ability to provide an adequate level of street lighting, street sweeping, landscape maintenance, and sidewalk improvement and maintenance services within its jurisdictional boundary and sphere of influence.

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)):

SCSD fosters social and economic interdependencies within the area by providing public services in support of the present and planned development of the Silverado Resort.

**EXHIBIT THREE**





**From:** [Gary Margadant](#)  
**To:** [Freeman, Brendon](#)  
**Subject:** Public Comment on SCSO draft MSR, 8/1/22 Lafco Meeting  
**Date:** Thursday, July 28, 2022 10:51:19 PM  
**Attachments:** [2014 MSR Silverado Community special district.pdf](#)  
[8-1-22 8a SCSO DraftMSR-SOI SILVERADO MSD.pdf](#)

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[External Email - Use Caution]

Hi Brendon

Please accept my comment on the Draft MSR for Silverado Community Services District (Silverado Country Club)

I believe there are several avenues and history of Water Review that were not included in this report. I also checked the 2014 MSR for SCSO and found little discussion on the history of water from all sources, which I feel are pertinent to the current MSR review. Within the district, water is sourced from many different supplies other than just Napa City.-

The current drought, groundwater use and aquifer depletion, riparian water rights-consumption and history and the use of Napa Sanitation Recycled Water, should all be part of this report if a full picture of water consumption, supplies and needs within the district are to be recognized in an accurate review.

I refer you to charts in the draft MSR. Chart 2. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES, a) should have been a YES. c) should have been a MAYBE. e) should have been a YES. f) is a possible MAYBE.

This draft report does not take into consideration the Country Club use and management of Riparian Water from Milliken Creek, Ground Water from Wells, or the use of Recycled Water, and the drought response from Napa City, the main supplier of Potable water to the district.

The Country Club use of riparian water from Milliken Creek was stopped by the California Water Resources Control Board due to a continued pumping rate that consumed all flowing water in the creek. The CC then moved to full use of Pumped Groundwater to irrigate the golf course grounds.

If the drought continues to restrict water recharge into the underground aquifers, and undesirable results become evident to the Napa County Sustainable Groundwater Agency (SGA) then the Agency may restrict Underground pumpings by the CC. What is their alternative supply?

The CC has refused to use Recycled water for Grounds irrigation, but that attitude may change if the other available water supplies are greatly compromised. Napa Valley Golf Course is currently using Recycled water on their course irrigation with no problems. The CC may be forced into a change of heart that may burden other supplies.

During a water shortage, will Napa City allow their potable water supply to be used for CC golf course irrigation? Will the ground irrigation needs force the CC to explore alternate water supplies that are not mentioned in this Letter or the MSR and will this need put

additional pressure on the current water supply from Napa City? I think the report should have started to address this quandary.

The next MSR is 5 years out, and that could be 5 additional years of drought and the continued depletion of all water sources.

*Gary Margadant*

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## D. Silverado Community Services District

### 1.0 Overview

The Silverado Community Services District (SCSD) was formed in 1967 and originally authorized to provide a full range of municipal services to the Silverado area, consisting largely of a planned resort community located northeast of the City of Napa. Services actually activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. SCSD ceased providing water in 1977 when Napa purchased and assumed full control of the District’s water distribution system. SCSD expanded its services in 2010 with the approval of the Commission to include sidewalk improvements and maintenance; activities previously the responsibility of property owners.

SCSD currently has an estimated permanent resident service population of 1,321 within an approximate 1.8 square mile jurisdictional area. Given the majority of the community is used as vacation/second homes, it is estimated the resident service population more than doubles to 2,829 when fully occupied. An additional 870 guests add to the overnight population when the Silverado Resort is fully occupied.<sup>84</sup>

Date Formed	1967
Enabling Legislation	Government Code 6100 et. seq.
Active Services	Street Lighting Street Sweeping Street Landscaping Sidewalk Improvements
Estimated Residential Service Population	1,321 (year-round) 2,829 (with second homes)

SCSD is presently organized as a dependent special district with the County Board of Supervisors serving as the official governing authority. However, and as provided under the principal act, the Board of Supervisors has established a municipal advisory committee (MAC) consisting of appointed registered voters to provide input and – in some areas – assume decision-making authority. County Public Works provides administrative services on behalf of SCSD and oversees all contracts with outside vendors for authorized services. The current operating budget is \$186,192. SCSD’s current unrestricted/unreserved fund balance is \$60,159 and is sufficient to cover nearly four months of general operating expenses.

### 2.0 Formation and Development

#### 2.1 Community Need

Silverado was relatively undeveloped with the exception of a small number of adobe residential structures dating back to the early 1800s. A large residential estate was later built and served exclusively as a residence for various owners until it was purchased in the early 1950s by the Markovich Family for purposes of developing an 18-hole golf course on the surrounding grounds. The golf course was completed by the end of the decade and the residence converted to a clubhouse. The Markovich Family later sold the property – which at this date included the clubhouse and golf course – to Westgate Factors in early 1966 in anticipation of submitting a development plan with the County for subdivision of the remaining grounds into single-family residences. The subsequent development plan was approved by the County later the same year and provided for the construction of 1,393 private residential units. At the time of development, residential units were expected to be evenly divided between fulltime and seasonal occupancy along with the addition of extensive

<sup>84</sup> The Silverado Resort currently includes 435 overnight guestrooms.

commercial uses anchored by a year-round guest resort. The existing golf course was also reconfigured as part of the development plan to include two separate 18-hole sites: “North Course” and “South Course.”

## ***2.2 Formation Proceedings***

SCSD’s formation was approved by the Commission in January 1967 to facilitate the planned development of the Silverado area. The District was initially authorized to provide a wide range of municipal services including by water, sewer, and fire protection. Actual services activated following formation, however, were limited to water, street lighting, street sweeping, and landscape maintenance services. Sewer service was extended to the community through subsequent annexations to NSD as phases of the development were completed. As part of the formation proceedings, the County Board of Supervisors agreed to serve as the initial governing body of the District and assign Department Public Works staff to oversee service delivery within SCSD by entering into contracts with outside providers.<sup>85</sup> This included entering into an agreement with the City of Napa to furnish potable water supplies by means of an intertie between the two agencies’ distribution systems. This contract was later amended in 1970 to allow the City to assume full control of the water distribution system within SCSD.

## ***2.3 Development Activities***

Silverado’s planned development commenced in phases beginning in the late 1960s. Ten years after SCSD’s formation, there were an estimated 700 private residential units divided between single-family residences and condominiums with a projected fulltime resident population of 910. The Silverado Resort and its 435 guestrooms had also been constructed and officially opened in 1967. Subsequent revisions to the original development plan – which has changed twice over the last two decades – were approved at the request of the landowners and have reduced the total number of private residential units permitted for development from 1,393 to 1,095.

## ***2.4 Previous Municipal Service Review***

The Commission’s inaugural municipal service review on SCSD was completed in 2005 as part of a countywide lighting and landscaping services study. The municipal service review concluded SCSD appeared to be operating efficiently and in a fiscally sound manner with no significant infrastructure needs or deficiencies identified. The municipal service review also noted the unique governance structure of SCSD with the Board of Supervisors serving as the District Board while ultimately concluding the arrangement – while not traditional for these types of special districts – appears satisfactory given the active involvement of the MAC.

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<sup>85</sup> Records also indicate the Napa County Flood Control and Water Conservation District provided staffing services on behalf of SCSD.

### 5.2 Population Density

SCSD’s population density is estimated at 739 permanent residents per square mile. (Density increases to 1,572 when accounting for both primary and secondary residences.) This amount exceeds the average density rate for the entire unincorporated area of Napa County by twenty-fold while falling 83% below the average density rate for the City of Napa.

*SCSD’s population density is estimated at 739 residents for every square mile.*

### 5.3 Social and Economic Indicators

A review of recent demographic information compiled by the United States Census Bureau indicates SCSD serves a significantly wealthier community given the median household income is \$151,000 and is more than double the median household income for all of Napa County. SCSD residents are also predominately homeowners with less than one-fifth currently renting. Further, residents are older with greater educational attainment than the population of the County as a whole based on a median age rate of 63 and a bachelor’s degree completion rate of 70%.

Social and Economic Indicators within SCSD		
(American Community Surveys: Five Year Averages Between 2007-2011 / Napa LAFCO)		
Category	SCSD	County Average
Median Household Income	\$151,000	\$68,641
Owner-Occupied Residences	82.8%	63.3%
Renter-Occupied Residences	17.2%	36.7%
Median Housing Rent	n/a	\$1,279
Median Age	63.1	39.5
Prime Working Age (25-64)	43.6	52.9%
Unemployment Rate (Labor)	6.4%	5.2%
Persons Below Poverty Rate	0.0%	9.8%
Adults with Bachelor Degrees	70.0%	28.0%

\* SCSD’s jurisdictional boundary lies entirely within a stand-alone census designated place, Silverado CDP

## 6.0 Organizational Structure

### 6.1 Governance

SCSD’s governance authority is provided under the Community Services District Act of 2006 (“principal act”) and empowers the District to provide a full range of municipal services with the notable exception of exercising land use control.<sup>90</sup> The following list identifies the most common services community service districts are authorized to provide under the principal act with accompanying notations – active or latent – with regards to SCSD.

- Acquire, construct, improve, maintain and operate street lighting (active)
- Acquire, construct, improve, maintain, and operate street landscaping (active)
- Provide street cleaning (active)
- Acquire, construct, improve, and maintain streets, roads, bridges, curbs, drains, and sidewalks (active specific to sidewalks only)

<sup>90</sup> The principal act was originally enacted in 1951.

- Treat, store, and distribute water supplies (latent)
- Collect, treat, and dispose of sewage and storm water (latent)
- Drain and reclaim lands (latent)
- Provide police protection (latent)
- Provide fire protection (latent)
- Acquire, construct, improve, and operate recreation facilities and related services (latent)
- Collect, transfer, and dispose of solid waste (latent)
- Provide for the prevention, abate, and control of vectors and vector diseases (latent)
- Provide animal control services (latent)

SCSD has been governed since its formation in 1967 as a dependent special district with the County Board of Supervisors serving as its governing body. This arrangement – which is relatively unusual among community services districts – results in SCSD residents only electing one of the five District Board members given County Supervisors are elected by district. Regular meetings of the District Board are held quarterly on the first Tuesday of each applicable month and during scheduled adjournments of the Board of Supervisors at the County Administration Building. A current listing of Board members along with respective years experience follows.

<b>Current SCSD Board Roster</b> (Provided by SCSD)			
<b>Member</b>	<b>Position</b>	<b>Background</b>	<b>Years on Board</b>
Brad Wagenknecht	President	Educator	14
Mark Luce	Vice President	Chemical Engineer	7
Keith Caldwell	Member	Public Safety	5
Diane Dillon	Member	Attorney	10
Bill Dodd	Member	Business	12
<i>Average Years of Board Experience</i>			<i>10</i>

SCSD 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.

As referenced in the preceding sections, SCSD has established a municipal advisory committee (MAC) to assist and inform the Board’s decisions with respect to District finances, policies, programs, and operations. The SCSD MAC includes 33 members, each of whom are appointed by a corresponding homeowner association within Silverado. SCSD MAC holds regular quarterly meetings open to the public on the third Friday at the Silverado Clubhouse. While not exercising any independent authority, in practice the SCSD MAC has significant influence with their recommendations generally followed by the Board of Supervisors acting as the SCSD Board. A current listing of SCSD MAC members follows.