



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 8a (Discussion)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer *BF*
Dawn Mittleman Longoria, Analyst II/Interim Clerk *DML*

MEETING DATE: August 1, 2022

SUBJECT: Draft Municipal Service Review and Sphere of Influence Review for the Silverado Community Services District

RECOMMENDATION

It is recommended the Commission discuss the attached draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Review for the Silverado Community Services District (SCSD) and provide direction for possible further development of the draft report prior to public hearing and action on a final report at a future meeting. No formal action will be taken as part of this item.

SUMMARY

In accordance with the Commission's adopted Work Program, staff has prepared a draft report representing the scheduled MSR and SOI review for SCSD. The draft report follows the last MSR prepared by the Commission for SCSD, completed in April 2014. The last SOI review for SCSD was completed in October 2015 and resulted in affirmation of the District's existing SOI.

The draft report provides a review of SCSD's existing boundaries, organizational structure, municipal service provision, and financial standing. The draft report recommends affirming SCSD's SOI with no changes. The draft report was made available to the public for review on July 26, 2022. Written comments on the draft report are welcome through September 9, 2022.

Commissioners are invited to provide feedback to staff on the scope, contents, and format of the draft report. Unless otherwise directed, staff anticipates presenting a final report incorporating any public comments to the Commission at its October 3, 2022 meeting.

ATTACHMENT

- 1) Draft Municipal Service Review and Sphere of Influence Review for SCSD

Margie Mohler, Chair
Councilmember, Town of Yountville

Mariam Aboudamous, Commissioner
Councilmember, City of American Canyon

Beth Painter, Alternate Commissioner
Councilmember, City of Napa

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

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

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

Kenneth Leary, Commissioner
Representative of the General Public

Eve Kahn, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer



LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY

Political Subdivision of the State of California

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

Draft Report Released July 26, 2022

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

SILVERADO COMMUNITY SERVICES DISTRICT



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
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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.¹ 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.² It is Napa LAFCO’s policy to review SOIs in conjunction with MSRs to inform any appropriate SOI changes.

¹ California Government Code Section 56430(a).

² 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 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	https://www.countyofnapa.org/2565/Silverado-Community-Services-District

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 current 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.³

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.⁴



³ Available on the District web site.

⁴ 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.⁵

Parcel Category & Land Use	Maximum Special Tax	Proposed Special Tax ⁶
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



⁵ Source: County Department of Public Works.

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

DETERMINATIONS

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.

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) Do District operations affect climate change?	<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

