



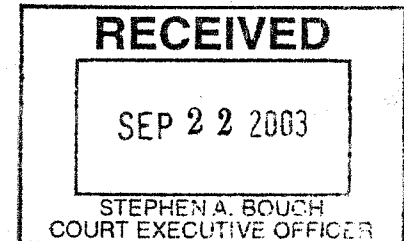
COUNTY of NAPA

BOARD OF SUPERVISORS

1195 Third Street, Suite 310, Napa, CA 94559
Office (707) 253-4386 FAX (707) 253-4176

September 16, 2003

The Honorable W. Scott Snowden
Presiding Judge
Superior Court of California, County of Napa
825 Brown Street
Napa, CA 94559



Dear Judge Snowden:

As required by Penal Code Section 933(c), enclosed are the responses to the 2002-03 Grand Jury Final Report. Responses were requested from County agencies, the Workforce Investment Board (WIB) and various local entities relating to county wide water issues. Attachment A is a joint response from Napa County, Napa County Flood Control and Water Conservation District, the cities of American Canyon, Calistoga, St. Helena, Napa, Town of Yountville, and the Napa Sanitation District; Attachment B includes responses from the Board of Supervisors and County agencies, Attachment C is the response from the Napa Berryessa Resort Improvement District and Lake Berryessa Resort Improvement District and; Attachment D is the response from the Workforce Investment Board.

Grand Jury activity takes place over the course of a number of months. As such, their findings and recommendations often address issues which county departments have already identified as problems and to which solutions are in the process of being developed. As with year's past, some of the Grand Jury's recommendations have been implemented or are in the process of being implemented at this time.

The Board acknowledges the members of the 2002-03 Grand Jury for the time they have devoted in preparing their report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brad Wagenknecht".

Brad Wagenknecht, Chair
Napa County Board of Supervisors

Enclosure

cc: Foreman, 2002-03 Grand Jury

BRAD WAGENKNECHT
DISTRICT 1

MARK LUCE
DISTRICT 2

DIANE DILLON
DISTRICT 3

BILL DODD
DISTRICT 4

MIKE RIPPEY
DISTRICT 5

CITY OF AMERICAN CANYON

Administration



IN WITNESS WHEREOF, on this 18th day of September, 2003, the City of American Canyon, per City Council action at the September 4, 2003, meeting, hereby agrees to the joint response from the City of Napa, City of Calistoga, City of St. Helena, Town of Yountville, City of American Canyon, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works regarding Finding 1 and Recommendation 1 of the Water Report in the 2002-2003 Napa County Grand Jury Report.

CITY OF AMERICAN CANYON




DONALD COLCLEASER, Mayor

ATTEST:



KAY WOODSON, City Clerk

COUNTERSIGNED:



MARK JOSEPH, City Manager



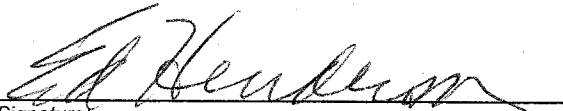
CITY of NAPA

MAYOR/CITY COUNCIL

955 School Street
PO Box 660
Napa, California 94559-0660
(707) 257-9501
FAX (707) 257-9534

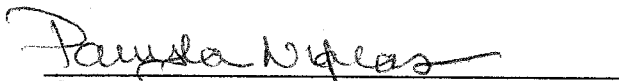
IN WITNESS WHEREOF, on this 17th day of September, 2003, the City of Napa, per City Council action at the September 16, 2003 meeting, hereby agrees to the joint response from the City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works regarding Finding 1 and Recommendation 1 of the Water Report in the 2002-2003 Napa County Grand Jury Report.

CITY OF NAPA:


(Signature)

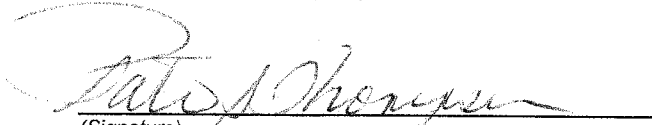
ED HENDERSON, Mayor
(Type name and title)

ATTEST:


(Signature)

PAMYLA NIGLIAZZO, City Clerk
(Type name and title)

COUNTERSIGNED:


(Signature)

PATRICIA S. THOMPSON, City Manager
(Type name and title)

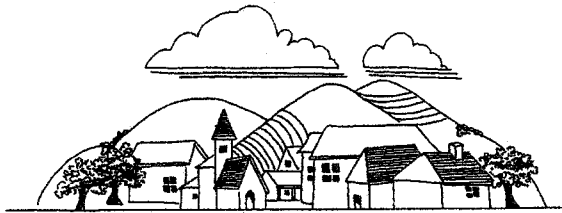
On August 27, 2003 the City of St. Helena forwarded its response to its portion of the 2003-2004 Grand Jury Report under separate cover.

The following agencies: City of American Canyon, City of Calistoga, City of Napa, Town of Yountville, Napa Sanitation District, County of Napa, and the Napa County Flood Control and Water Conservation District along with the City of St. Helena have jointly responded to Grand Jury Finding 1 and Recommendation 1 – Formation of a Napa Water Agency. As mentioned in the first paragraph of this correspondence, this letter serves as a Joint Response from the agencies noted.

Sincerely,



Bert Johansson
City Manager



Town of Yountville

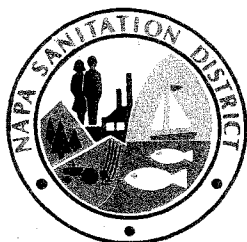
Subject: Response to Grand Jury Finding 1 and Recommendation 1 – Formation of a Napa Water Agency

Joint response approved by Yountville Town Council September 16, 2003 by the following vote:

Ayes: Saucerman, Steiger, Knight, and Carlson
Noes: None
Absent: Dutton

Sincerely,

Kevin R. Plett
Town Administrator

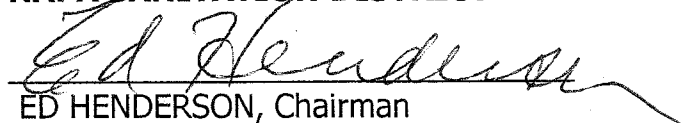


Dedicated to Preserving the Napa River for Generations to Come

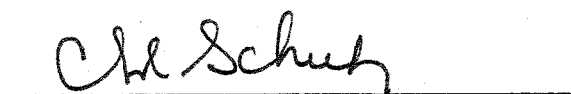
935 HARTLE COURT
P.O. BOX 2480
NAPA, CALIFORNIA 94558-0522
TELEPHONE (707) 258-6000
FAX (707) 258-6048

IN WITNESS WHEREOF, on this 17th day of September, 2003,
the Napa Sanitation District, per Board action Minute Resolution No. 03-080 at
the September 17, 2003 meeting, hereby agrees to the joint response from the
City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town
of Yountville, the Napa County Flood Control and Water Conservation District
(District), the Napa Sanitation District (NSD), and Napa County Department of
Public Works regarding Finding 1 and Recommendation 1 of the Water Report in
the 2002-2003 Napa County Grand Jury Report.

NAPA SANITATION DISTRICT


ED HENDERSON, Chairman

ATTEST:


CHERYL SCHUH, Board Secretary

ATTACHMENT A



NAPA COUNTY

ROBERT J. PETERSON, P.E.
Director of Public Works

**FLOOD CONTROL AND WATER
CONSERVATION DISTRICT**

1001 SECOND STREET • SUITE 145 • NAPA, CALIFORNIA 94559-3030

PHONE 707-259-8600 • FAX 707-259-8619
www.co.napa.ca.us/Departments/PublicWorks

September 16, 2003

The Honorable Scott Snowden
Presiding Judge
Napa County Superior Court
825 Brown Street
Napa, CA 94559

Subject: Response to Grand Jury Finding 1 and Recommendation 1 – Formation of a Napa Water Agency

Dear Judge Snowden and Members of the Grand Jury:

This letter serves as a joint response from the City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works regarding Finding 1 and Recommendation 1 of the Water Report in the 2002-2003 Napa County Grand Jury Report. We would like to commend the Grand Jury Committee in their willingness to take on the monumental task of reviewing the many complex and diverse water purveyors in Napa County. The 2002-2003 Napa County Grand Jury Final Report, Finding 1 and Recommendation 1 of the Water Report is attached to this response for reference.

RESPONSE TO FINDING 1

The Grand Jury is correct in that there are a number of independent water systems serving the residents of Napa County. As is typical in all other counties in California, these systems have evolved over time to meet the individual needs of each separate city or town. However, the five Cities, the District, NSD, and Napa County Public Works disagree with the statement that *“there is no unified service for water delivery in Napa County”* and would like to clarify that there is considerable coordination and cooperation among the cities and NSD regarding potable water and recycled water deliveries. All water agencies in the County are

operated independently and the Cities, District, NSD, and County agree that they should remain as autonomous entities and not be governed by a single water agency. Each water agency in the County operates its water system according to the need and desire of its community and at the direction of the board or council that governs its operations and actions. This form of management allows for each community to have local control and prevents a larger population or neighboring community from dictating local needs and desires. This does not prevent unity in water delivery in Napa County. Where economics and geographic location have allowed, agencies have interconnected their water systems and have worked cooperatively and jointly to deliver potable water and recycled water to their customers.

All five cities have interconnected piping systems giving them the ability to exchange potable water and pursue joint projects to develop new water supplies. One water supply common to all five cities is the State Water Project (SWP) water received through the North Bay Aqueduct (NBA), which is operated by the State Department of Water Resources (DWR). The District contracts with DWR for this water and subcontracts this water to all five cities. The SWP contract is substantial, supplying more than half of the cumulative water supply needs of the cities. The District acts as the coordinator of the NBA water delivery and interacts and negotiates with DWR on the cities' behalf regarding the operation and changes to the SWP. The District is a member of the State Water Contractors Association and through this association provides oversight and review of the SWP to ensure DWR is operating the water system appropriately and is pursuing improvements and new supplies on the members' behalf.

The District, the Cities of American Canyon, Calistoga, Napa, St. Helena, the Town of Yountville, NSD, and the County of Napa believe this cooperative effort and coordination among agencies provides the unity of potable water service and recycled water delivery the Grand Jury has recommended in the County of Napa. The District, the County, NSD, and these five cities also believe that maintaining independence is appropriate and ensures that the residents of each agency have financial, operational, and planning control of their respective water systems serving their local residents.

RESPONSE TO RECOMMENDATION 1

Recommendation 1 as identified on page 61 of the 2002/2003 Grand Jury Report will not be implemented as advocated by the Grand Jury because the Napa County Flood Control and Water Conservation District (District) already functions as a water agency and performs many of the duties recommended by the Grand Jury. The Cities of American Canyon, Calistoga, Napa, St. Helena, Town of Yountville, the District, NSD, and the Napa County Department of Public Works jointly agree that the District performs many of the duties recommended in the

Grand Jury report and could add the other suggested duties at the recommendation of the participating agencies. The formation of a Water Agency as envisioned by the Grand Jury would duplicate efforts already handled by the District and remove the essential autonomy that each agency requires to operate their water system and to meet their specific customer and community needs. Such functions as setting water rates, establishing budgets, planning capital improvements, and conducting engineering studies must remain in the control of each municipality and not in a County Water Agency. The agency would also unnecessarily create another political body including a board of directors, staff, and office requirements, which would increase the cost of local government.

The Napa County Flood Control and Water Conservation District was formed in 1951 and over the years has evolved to provide all but a few of the duties and tasks recommended by the 2002/2003 Grand Jury Report. The District Board is made up of representatives from all five Cities and the County Board of Supervisors. Of the thirteen duties recommended by the Grand Jury, the District already provides eight of the duties. A few of the duties listed such as review of groundwater permits and management of watershed programs are performed all or partially by departments of the County of Napa. The three items not performed by others and not performed by the District include development of a Countywide Urban/Agricultural water management plan, development of countywide water rate structures, and the research and collection of data on statewide water rates. The District does provide services that cover all other duties recommended by the Grand Jury report.

The District has conducted studies in the past that include many of the components of a countywide urban/agricultural water management plan and are underway with a 2050 water study that has many elements of a water management plan. This study is a cooperative effort funded by all five cities, the Napa Sanitation District, the Flood Control and Water Conservation District, and the County of Napa. The 2050 water study was tailored to meet the needs of all the agencies participating and an action plan to manage and develop needed water supplies in the County will be prepared as part of this study. In addition, the cities have developed their own urban water management plans that go into the detail necessary to meet the needs of their specific agency.

There are many reasons why a countywide water rate structure as recommended by the Grand Jury is inappropriate. Each water and wastewater agency has specific operational, capital, and maintenance costs that go into the development and setting of their water rates. A countywide water rate would not recognize the varying costs needed to serve a group of customers with such varied geographical service areas and varied water supplies. Each community has invested significant funds in their specific systems and to ignore these differences and varying levels of investment would remove the autonomy and local control of the customers served by each agency. The five cities, the Napa Sanitation District, the Napa

County Flood Control and Water Conservation District, and the County of Napa do not feel a countywide water rate structure is appropriate or should be included in the tasks performed by the District.

The remaining item recommended by the Grand Jury not currently performed is the maintenance of a database of water rates charged by other agencies statewide. This is a task that could be performed by the District and may be considered by the water agencies and the District. Currently each agency reviews water rates charged by surrounding water agencies as they feel appropriate when setting their specific water rates. What other agencies charge for water service throughout the State, while interesting, is not necessarily relevant when setting water rates for a specific water agency. There are specific methods of setting water rates or any utility service rates that have been tested by the courts and others throughout the State. These methods dictate that rates for utility service must be charged based on debt service obligations, operational costs, and capital improvement. These costs can vary widely depending on the age of a utility, source of supply, the investment in capital improvements both historically and more recent, and the geographic location of the utility. All these factors determine the cost of providing service to customers and are the reasons water agencies charge differently throughout the State. A single countywide water rate would result in some customers subsidizing the cost of water service of other customers.

In recent years the District has become much more active in the coordination of water activities with the five cities in Napa County. The District conducts monthly technical meetings (WATERTAC) to keep the various cities and NSD informed of State Water Project and local water issues. WATERTAC provides a forum to discuss regional water issues and work cooperatively to solve common problems. As an example, the District has recently embarked on a cooperative 2050 Water Study that will look at the needs of many agencies on the valley floor through the year 2050. This 2050 Water Study includes the participation of all five cities, the Napa Sanitation District, and Napa County. Agencies outside the valley floor were not included in this study because of their geographic location and significantly different water concerns. All the agencies involved in the 2050 Water Study have water system interconnections or have service areas that overlap. This 2050 Water Study will identify the water needs of each agency and will provide an action plan to meet their needs through the year 2050. This study and the implementation of its recommendations partially address one or more of the duties recommended by the 2002/2003 Grand Jury Report. Other examples of joint collaboration on issues include; purchase of Kern County State Water Project Entitlements, emergency water supply agreements among agencies, sanitary surveys, drought water supply purchases, North Bay Aqueduct studies, and water conservation programs.

We do agree that the District could expand its existing efforts to assist the Cities and NSD in keeping up with the issues from the State Water Contractors,

participate in regional water supply issues, and maintain historical data and records for water studies within the County. However, we recognize that in order to increase efforts to perform these tasks and others, a clear plan must be prepared to establish expectations and funding from each City or agency. When the 2050 Study is completed early next year, the District's duties will likely expand to include implementation efforts on behalf of the cities and possibly NSD. Over the years, the District has expressed a willingness to increase its efforts at the request of the cities and remains ready to expand or contract to meet the needs and desires of all the participating agencies.

It is suggested in the Grand Jury Report that a new Water Agency be created similar to the Solano County Water Agency or the Sonoma County Water Agency. These agencies have duties that vary greatly and have evolved due to their specific county needs and desires. Unlike Napa County, Sonoma County Water Agency owns a significant amount of actual infrastructure including pipelines, water treatment facilities, and wastewater treatment facilities. Sonoma holds significant water rights to the Russian River, owns and operates these diversion facilities, and delivers water through agency facilities to many cities and districts in Sonoma and Marin Counties with a total population served nearing 600,000 people. The magnitude of their services and population demand a different level of management and oversight within their county. However, Sonoma County Water Agency does not perform all the duties recommended by the 2002/2003 Grand Jury Report and does not include the oversight of the many small and geographically remote water districts throughout their county for the same reasons the District in Napa County is not advocating inclusion of these small water districts.

The Solano County Water Agency operates and has duties very similar to the Napa County Flood Control and Water Conservation District. In Solano County much like Napa County, a large portion of their water is imported and the Water Agency holds the master agreements for this imported water from the State and Federal projects. Solano County agencies have expressed a desire to increase its population size and therefore have advocated for additional staff members to pursue water supplies from various sources. The cities and irrigation districts in Solano County still maintain their autonomy by setting rates and planning their water infrastructure needs independently. This practice is common in all other counties in the State of California where each agency and region has evolved dependent on their specific needs and desires. The District has evolved based on the needs of Napa County agencies and is the appropriate agency to perform the duties recommended by the Grand Jury. Creation of a separate agency and the governing body and staff that go along with a new agency are not necessary at this time and would be a duplication of effort in Napa County. In these tight budget times, it is appropriate that government agencies operate efficiently and without a duplication of efforts wherever possible.

The Honorable Scott Snowden
September 16, 2003
Page 6

CONCLUSION

The City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation district (NSD), and Napa County Department of Public Works disagree with a portion on Finding 1 regarding unified service for water delivery in Napa County and have explained above why the agencies jointly feel that the appropriate level of unified service already exists. This group of agencies believes that expansion or contraction of this unity of water service can take place under the current powers of the Napa County Flood Control and Water Conservation District.

The City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works will not be implementing Recommendation 1 creating a new water agency as recommended by the Grand Jury because the recommendation is not warranted and would be a duplication of service already provided by the Napa County Flood Control and Water Conservation District. We have reviewed the duties conducted by neighboring county water agencies and have found that the District has the ability to perform all the duties of these neighboring county water agencies and can expand or contract the level of effort provided by the District at the will of the Board of Directors and participating agencies as explained in the response above.

The agencies listed above will be responding to other portions of the 2002/2003 Grand jury Report separately as appropriate or as requested by the Grand Jury. We hope this response has adequately addressed Finding 1 and Recommendation 1 within the report and would respectfully direct the Grand Jury to each agency if additional questions or a follow-up to this response is necessary.

Attachment

ATTACHMENT

NAPA COUNTY GRAND JURY 2002-2003 WATER REPORT

(page 61)

Finding 1

There is no unified service for water delivery in Napa County. There are numerous water systems. Some of these are privately held and some are operated with public funding. There are a number of agencies and interest groups formed to oversee water delivery. Consultants are engaged by many of these groups to solve problems. The Grand Jury estimates that well over a million dollars have left Napa County to pay consultants within the last fiscal year.

Recommendation 1

The Grand Jury advocates the formation of a **Napa Water Agency**. This system is in effect in Sonoma County, Solano County, in the central valley of California and in the greater Los Angeles area.

The Agency would coordinate existing water districts and replace the Napa County Flood Control and Water Conservation District as it functions as a water agency. The Water Agency would include a qualified manager, a field technician (engineer's aide) and an office assistant. The water manager would have the following duties:

- Attend all meetings of the State Water Contractors.
- Provide and distribute minutes of these meetings to all water agencies.
- Conduct monthly meetings of representatives from all County water agencies.
- Maintain the historical records and the hydraulic data on water studies within the County.
- Maintain the groundwater monitoring program records.
- Provide a review of all proposed water supply projects within the County.
- Review all permits for groundwater use within the County.
- Establish a Countywide Urban/Agricultural water management plan to provide water conservation and drought contingency plans.
- Be the County spokesperson for water conservation and resource management.
- Establish formal relationships between water supply agencies for mutual cooperation.
- Manage all watershed programs.
- Assist water agencies in establishing countywide rate structures.
- Maintain data on statewide water rates.

WATER REPORT

FINDING #1: There is no unified service for water delivery in Napa County. There are numerous water systems. Some of these are privately held and some are operated with public funding. There are a number of agencies and interest groups formed to oversee water delivery. Consultants are engaged by many of these groups to solve problems. The Grand Jury estimates that well over a million dollars have left Napa County to pay consultants within the last fiscal year.

Response - Cities of American Canyon, Calistoga, Napa, St. Helena, Town of Yountville, Napa Sanitation District, County of Napa, Napa County Flood Control and Water Conservation District: See Attachment A.

Response - Napa Berryessa Resort Improvement District/Lake Berryessa Resort Improvement District: The Napa Berryessa (NB) and Lake Berryessa (LB) Resort Improvement Districts agree with Finding 1 on page 61 of the Grand Jury Report. Both LB and NB are districts located along the western shores of Lake Berryessa and are geographically very isolated from other water agencies in the County. The water supplies for the two districts are stable and not at risk during periods of low rainfall, as is the case with many other water agencies in the County. The districts are operated separately, but benefit from a shared staffing that is provided by the Napa County Department of Public Works. The Board of Directors for both LB and NB Districts is the County Board of Supervisors. Funding for both districts include service charges and special property assessments/taxes for water and sewer services. While the districts agree with Finding 1 in the 2002/2003 Grand Jury Report they do not see any advantage of being part of a larger agency that includes many different water agencies throughout the County.

LB and NB operate their water and wastewater systems according to their specific community needs and due to their size cannot afford to participate in larger countywide issues that for the most part do not represent their needs and challenges. LB and NB are both small systems with very limited budgets and specific infrastructure needs. Their respective communities are involved in the decisions and operations of the districts as appropriate.

RECOMMENDATION #1: The Grand Jury advocates the formation of a Napa Water Agency. This system is in effect in Sonoma County, Solano County, in the central valley of California and in the greater Los Angeles area.

The Agency would coordinate existing water districts and replace the Napa County Flood Control and Water Conservation District as it functions as a water agency. The Water Agency would include a qualified water manager, a field technician (engineer's aide) and an office assistant. The water manager would have the following duties:

- Attend all meetings of the State Water Contractors.
- Provide and distribute minutes of these meetings to all water agencies.
- Conduct monthly meetings of representatives from all County water agencies.
- Maintain the historical records and the hydraulic data on water studies within the County.

- Maintain the groundwater monitoring program records.
- Provide a review of all proposed water supply projects within the County.
- Review all permits for groundwater use within the County.
- Establish a Countywide Urban/Agricultural water management plan to provide water conservation and drought contingency plans.
- Be the County spokesperson for water conservation and resource management.
- Establish formal relationships between water supply agencies for mutual cooperation.
- Manage all watershed programs.
- Assist water agencies in establishing countywide rate structures.
- Maintain data on statewide water rates.

Response - Cities of American Canyon, Calistoga, Napa, St. Helena, Town of Yountville, Napa Sanitation District, County of Napa, Napa County Flood Control and Water Conservation District: See Attachment C.

Response - Napa Berryessa Resort Improvement District/Lake Berryessa Resort Improvement District: Recommendation 1, as identified on page 61 of the 2002/2003 Grand Jury Report, will not be implemented as advocated by the Grand Jury by the Lake Berryessa and Napa Berryessa Resort Improvement Districts. As stated above, these geographically remote districts do not have the budget or see a benefit of participating with much larger water agencies with very different needs and challenges than their own. These two districts currently benefit from common staffing and equipment provided by the Napa County Department of Public Works. They also benefit from the knowledge and interaction these staff members have from contact with other water agencies. The concerns and common water supplies enjoyed by the water agencies located within the Napa Valley are very different from those experienced by these small remote districts along Lake Berryessa. There may be a benefit for future interaction with other districts in the Berryessa area, where there are common water supply and infrastructure needs, but due to the location of these districts it is not practical for them to be a part of a countywide water agency.

It is suggested in the Grand Jury Report that a new Water Agency be created similar to the Solano County Water Agency or the Sonoma County Water Agency. These agencies have duties that vary greatly and have evolved due to their specific county needs and desires. Neither the Sonoma County Water Agency nor the Solano County Water Agency govern or even participate in the activities of the many small and geographically isolated water districts throughout their counties. They don't participate in the actions of these districts for the same reasons that LB and NB would not consider it valuable to participate in a large countywide agency. These neighboring agencies represent larger water systems with interconnections, overlapping boundaries, and common water supplies where the problems and challenges are similar and solutions can benefit multiple agencies. These small districts in neighboring counties function very much the same as LB and NB by forming relationships with other like water agencies and sharing services where practical and possible. Sonoma County Water Agency and Solano County Water Agency do not perform the duties recommend by the 2002/2003 Grand Jury Report as they relate to the small and geographically isolated water districts throughout their county.

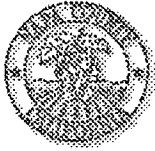
FINDING #2: Public awareness of water issues needs to be heightened. Flowing water is constrained by inventory, funding, pipe capacity, entitlement programs and citizen consent.

Response - Napa Berryessa Resort Improvement District/Lake Berryessa Resort Improvement District: The Napa Berryessa (NB) and Lake Berryessa (LB) Resort Improvement Districts agree with Finding 2 on page 62 of the Grand Jury Report. Public awareness of water issues is important to these districts as they are in all water agencies. It is important for these districts to heighten public awareness of water issues due to the funding constraints of both districts and the need for their respective communities to understand their needs and challenges with regard to maintaining and improving their water systems to meet the ever changing drinking water quality regulations required by the State.

RECOMMENDATION #2: Water consumption should be reduced.

- Landscaping practices should accommodate environmental conditions.
- Reclaimed water should be used for irrigation and landscaping whenever possible.
- Potable water, including well water, should be designated for indoor, as well as outdoor, use.
- Water saving ideas should be promoted and publicly rewarded throughout the County.
- Water use in excess of a base line amount should not be subsidized.

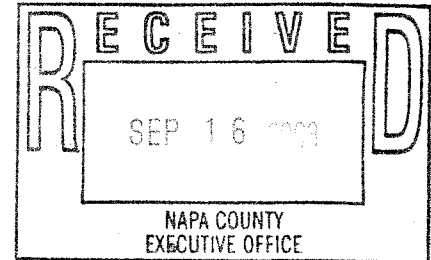
Response - Napa Berryessa Resort Improvement District/Lake Berryessa Resort Improvement District: The Napa Berryessa (NB) and Lake Berryessa (LB) Resort Improvement Districts have very different water supply challenges that other water districts in the County of Napa. LB and NB have a stable water supply and are not subject to cutbacks in supply during drought years. These two districts will not be implementing Recommendation 2 in the Grand Jury Report because their specific water system needs do not include a need for additional water supply. These districts suffer from a very small customer base that has not grown to the size originally planned and therefore suffer from spreading the financial cost of operating water and wastewater facilities over very small customer bases. The vast majority of the costs to operate these water systems are fixed, or do not vary with the amount of water delivered. Therefore, LB and NB need to sell enough water to generate adequate revenue to be financially solvent agencies. Revenue is needed to replace aging infrastructure that while sized to deliver adequate volumes of water, was constructed in the 1960's and is in need of repair and replacement. The districts need vacant lots within their service areas to be developed so additional customers can come on line within their communities to assist with the financial needs of the infrastructure replacement.



Napa Valley Workforce Investment Board

August 27, 2003

The Honorable Scott Snowden
Presiding Judge
Napa County Superior Court
825 Brown Street
Napa, CA 94559




Dear Judge Snowden,

This letter transmits the Napa Valley Workforce Investment Board's (NVWIB) response to the Grand Jury findings, stated in the July 2003 report. The NVWIB is an advisory board on workforce development issues in the County. As such, NVWIB provides oversight of Job Connection activities, including functions performed by the Training and Employment Center (TEC), a division of Health and Human Services. The Grand Jury reviewed TEC this past year and reported 4 findings. The Grand Jury findings and the NVWIB responses are attached to this letter.

The NVWIB works closely with Health and Human Services/TEC management and is committed to providing workforce services in the most effective and efficient way. The NVWIB appreciates the attention and interest the Grand Jury gave TEC and Job Connection and looks forward to implementing the enhancements referenced in the responses.

Please feel free to contact me at (707)255-2729, or Craig Smithson, NVWIB Executive Director, at (707)429-8413 if you have any questions or need for clarification.

Sincerely,


Arvin Chaudhary, Vice Chairman
Napa Valley Workforce Investment Board

TRAINING AND EDUCATION CENTER REPORT

FINDING #1: State and federal WIA performance evaluations do not track the use of basic Core services which are utilized by more individuals than other services. The costs for providing these services to the community are absorbed in the staff costs of each on-site partner agency. WIB performance measures should include a broad picture of One-Stop Center activities. The full scope of staff time, available resources, program success and service to the community cannot be adequately evaluated without including timely data gathered by the Connect Card. This important segment of service should be a part of the equation reviewed when making decisions.

Response: NVWIB agrees with the finding. NVWIB concurs with HHS's response: The agency reports to the state the amount of WIA formula funding to be used for CORE services. The report, the annual modifications to the Five-Year Strategic Plan, does not contain information about the true costs of operating the Employment Network Center, which is where CORE services are carried out. Additionally, State performance measures are based on only those clients who are enrolled into WIA, and do not consider all clients served through CORE. The WIB, however, reviews One Stop performance based upon the planned activities submitted by the agency to the State via the modifications to the plan. Information is reported to the WIB at least quarterly regarding actual performance compared to planned performance in terms of number of clients served in total. Finally, what has not been previously reported is the total cost of operating the Employment Network Center, including HHS/TEC's cost of CORE or other agencies' participation in those costs.

RECOMMENDATION #1: Reevaluate the procedure for swiping Connect Cards to better measure the number of users versus the number of times someone comes through the door. Include and monitor the number of individuals using Core services in the new performance standards currently being developed by WIB.

Response: The NVWIB concurs with the response submitted by HHS: The recommendation is reasonable, however, does not capture the full extent of the issue. There are two means of monitoring performance of the One Stop, or the WIA programs agency. One is for the WIB to monitor overall performance of the One Stop through review of reports describing numbers of participants served, including CORE; the costs of carrying out those services in total; and; the costs incurred by HHS/TEC and those picked up by other One Stop Partners. Secondly, the State has set performance measures that are negotiated annually with the Federal Government, then subsequently negotiated and passed on to the local area. These performance measures as currently designed do not include the measurement of CORE outcomes. To do this requires legislative change. WIA is in the process of being reauthorized and this measure is not contained in any proposed changes to the law.

FINDING #2: The Job Connection has been commended for meeting performance standards set by state and federal governments. Although completing federal and state performance requirements are necessary for WIA compliance, they are basically useless in evaluating and

planning One-Stop Center activities. Surprisingly, previous WIB members and Job Connection were so focused on mandated evaluations that there appeared to be little concern about obtaining easily understood information that could be useful in making decisions and setting policy.

Response: NVWIB agrees, in part, with this finding. Where it is true that the emphasis of HHS/TEC has been in meeting State performance goals, the department has not taken lightly the need to develop reporting for the WIB that would give them a comprehensive picture of the activities and performance of the One Stop.

RECOMMENDATION #2: The Grand Jury is pleased that the current WIB is developing more readily understandable reports. These reports should not become a standard unless all members of the WIB can make sense of the data provided.

Response: The Job Connection staff is currently preparing quarterly plan vs. actual reports on all programs. These reports are submitted to the WIB and the Youth Council on a timely basis, along with discussion regarding program activity. Additionally, the Job Connection's continuous quality improvement program is generating helpful information on the quality of customer services. The Job Connection Partners Committee and the WIB on a regular basis review that information.

FINDING #3: Of those WIB members interviewed, a majority was uncertain of their roles, how Job Connection worked, or how WIB evaluated the performance of TEC in running the One-Stop Center. The majority of those interviewed felt the federal and state performance standards and formulas were incomprehensible.

Response: NVWIB has reviewed the finding and understands the implications. A newly developed new member Orientation was implemented on August 26, 2003.

RECOMMENDATION #3: WIB needs to provide new members with better orientation so they can play a more effective role in determining and evaluating policy. The Grand Jury suggests an initial "new member" meeting, scheduled at a time other than regular WIB meeting, to acquaint new members with WIA and their roles as members. They should also be given a brief tour of Job Connection. In addition, a long-term member should act as a mentor, advising the new member during his or her first year.

Response: The Board of Supervisors recently appointed four (4) new members to the WIB. Those members will receive a complete orientation on August 26, 2003, and given an opportunity to tour the Job Connection's Employment Network Center. Orientation manuals are also given to new members as a handy reference guide to programs and services.

FINDING #4: The Grand Jury was pleasantly surprised to find such valuable resources for the community available at the Job Connection. Attempts should be made to better market these resources to make Napa County residents aware of the benefits available. The focus of this marketing should be: awareness of the self-service Core services, name recognition for Job Connection, use of on-the-job training for employers, and benefits available to companies

through the One-stop Center. Second, there is a great need to extend services to low-income and low-skilled workers throughout the Valley, including the Latino population. A better outreach programs need to be developed to inform these individuals who can truly benefit from WIA programs.

Response: NVWIB agrees with these findings and concurs with HHS's response: Job Connection is a valuable service to the community to both job seekers and employers. Outreach and marketing have been more targeted to audiences suitable for programs funded under special projects, such as the Nurses Workforce Initiative and the Knowledge Administrator Training program. These projects provided funding for building capacity in these occupational areas and also had performance expectations specific to numbers of people served. WIA formula funds have been decreasing over the past several years, thus limiting HHS/TEC's ability to enroll large numbers of people. Consequently, recruitment and outreach did not seem prudent. Additionally, there have not been funds to support enhanced employer/business services, therefore, marketing toward this group did not seem warranted. With this being said, the value added to the community of the Job Connection services would be greatly enhanced by increasing its visibility to all parts of the Valley and to business.

Recommendation #4: Work with local service organizations and small business groups to inform more companies about available services. Develop a relationship with the county's newspapers and other media to obtain coverage about services and special training programs. Publicity should be generated at the beginning of the fiscal year, when sufficient funds are available to serve those responding to that publicity. Religious newsletters and local market bulletin boards may be used to reach the public. Job Connection should access free public service announcements when available.

Response: The WIB recently established a new Business Services Committee that will be responsible for providing guidance to the Job Connection's outreach and recruitment efforts. Part of the marketing strategy will include the implementation of a "Speakers' Bureau", composed of private sector WIB members. The "Speakers' Bureau" will provide marketing presentations to business and community groups throughout Napa Valley.

Additionally, the WIB and the Job Connection have agreed to expand outreach and recruitment efforts to reach more Napa Valley residents and businesses in need of workforce services. The goal of reaching more of our residents is contained in the revised scope of work in the Memorandum of Understanding between the WIB and HHS/TEC for 2003-04.

The NVWIB works closely with Health and Human Services/TEC management and is committed to providing workforce services in the most effective and efficient way. The NVWIB appreciates the attention and interest the Grand Jury gave TEC and Job Connection and looks forward to implementing the enhancements referenced in the responses.

CITY OF AMERICAN CANYON

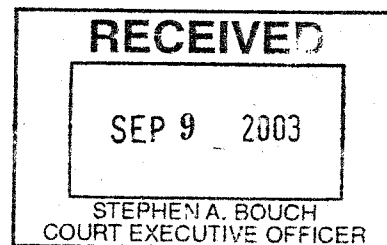
Administration

Gateway to the Napa Valley



September 5, 2003

The Honorable Scott Snowden
Presiding Judge
Napa County Superior Court
825 Brown Street
Napa, CA 94559



Subject: Response to Grand Jury Finding 1 and Recommendation 1 – Formation of a Napa Water Agency

Dear Judge Snowden and Members of the Grand Jury:

This letter serves as a joint response from the City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works regarding Finding 1 and Recommendation 1 of the Water Report in the 2002-2003 Napa County Grand Jury Report. We would like to commend the Grand Jury Committee in their willingness to take on the monumental task of reviewing the many complex and diverse water purveyors in Napa County. The 2002-2003 Napa County Grand Jury Final Report, Finding 1 and Recommendation 1 of the Water Report is attached to this response for reference.

RESPONSE TO FINDING 1

The Grand Jury is correct in that there are a number of independent water systems serving the residents of Napa County. As is typical in all other counties in California, these systems have evolved over time to meet the individual needs of each separate city or town. However, the five Cities, the District, NSD, and Napa County Public Works disagree with the statement that *“there is no unified service for water delivery in Napa County”* and would like to clarify that there is considerable coordination and cooperation among the cities and NSD regarding potable water and recycled water deliveries. All water agencies in the County are operated independently and the Cities, District, NSD, and County agree that they should remain as autonomous entities and not be governed by a single water agency. Each water agency in the County operates its water system

according to its specific community's need and desire according to the direction of the board or council that governs its operations and actions. This form of management allows for each community to have local control and prevents a larger population or neighboring community from dictating local needs and desires. This does not prevent unity in water delivery in Napa County. Where economics and geographic location have allowed, agencies have interconnected their water systems and have worked cooperatively and jointly to deliver potable water and recycled water to their customers.

All five cities have interconnected piping systems giving them the ability to exchange potable water and pursue joint projects to develop new water supplies. One water supply common to all five cities is State Water Project (SWP) water received through the North Bay Aqueduct (NBA), which is operated by the State Department of Water Resources (DWR). The District contracts with DWR for this water and subcontracts this water to all five cities. The SWP contract is substantial, supplying more than half of the cumulative water supply needs of the cities. The District acts as the coordinator of the NBA water delivery and interacts and negotiates with DWR on the cities' behalf regarding the operation and changes to the SWP. The District is a member of the State Water Contractors Association and through this association provides oversight and review of the SWP to ensure DWR is operating the water system appropriately and is pursuing improvements and new supplies on the member's behalf.

The District, the Cities of American Canyon, Calistoga, Napa, St. Helena, the Town of Yountville, NSD, and the County of Napa believe this cooperative effort and coordination among agencies provides the unity of potable water service and recycled water delivery the Grand Jury has recommended in the County of Napa. The District, the County, NSD, and these five cities also believe that maintaining independence is appropriate and ensures that the residents of each agency have financial, operational, and planning control of their respective water systems serving their local residents.

RESPONSE TO RECOMMENDATION 1

Recommendation 1 as identified on page 61 of the 2002/2003 Grand Jury Report will not be implemented as advocated by the Grand Jury because an agency as recommended already exists within the Napa County Flood Control and Water Conservation District (District). The Cities of American Canyon, Calistoga, Napa, St. Helena, Town of Yountville, the District, NSD, and the Napa County Department of Public Works jointly agree that the District performs many of the duties recommended in the Grand Jury report and could add the other suggested duties at the recommendation of the participating agencies. The formation of a Water Agency as envisioned by the Grand Jury would duplicate efforts already handled by the District and remove the essential autonomy that each agency requires to operate their water system and to meet their specific customer and community needs. Such functions as setting water rates, establishing budgets, planning capital improvements, and conducting engineering studies must remain in the control of each municipality and not in a County Water Agency. The agency would also un-necessarily create another

political body including a board of directors, staff, and office requirements, which would increase the cost of local government.

The Napa County Flood Control and Water Conservation District was formed in 1951 and over the years has evolved to provide all but a few of the duties and tasks recommended by the 2002/2003 Grand Jury Report. The District Board is made up of representatives from all five Cities and the County Board of Supervisors. Of the thirteen duties recommended by the Grand Jury, the District already provides eight of the duties. A few of the duties listed such as review of groundwater permits and management of watershed programs are performed all or partially by departments of the County of Napa. The three items not performed by others and not performed by the District include development of a Countywide Urban/Agricultural water management plan, development of countywide water rate structures, and the research and collection of data on statewide water rates. The District does provide services that cover all other duties recommended by the Grand Jury report.

The District has conducted studies in the past that include many of the components of a countywide urban/agricultural water management plan and are underway with a 2050 water study that has many elements of a water management plan. This study is a cooperative effort funded by all five cities, the Napa Sanitation District, the Flood Control and Water Conservation District, and the County of Napa. The 2050 water study was tailored to meet the needs of all the agencies participating and an action plan to manage and develop needed water supplies in the County will be prepared as part of this study. In addition, the cities have developed their own urban water management plans that go into the detail necessary to meet the needs of their specific agency.

There are many reasons why a countywide water rate structure as recommended by the Grand Jury is inappropriate. Each water and wastewater agency has specific operational, capital, and maintenance costs that go into the development and setting of their water rates. A countywide water rate would not recognize the varying costs needed to serve a group of customers with such varied geographical service areas and varied water supplies. Each community has invested significant funds in their specific systems and to ignore these differences and varying levels of investment would remove the autonomy and local control of the customers served by each agency. The five cities, the Napa Sanitation District, the Napa County Flood Control and Water Conservation District, and the County of Napa do not feel a countywide water rate structure is appropriate or should be included in the tasks performed by the District.

The remaining item recommend by the Grand Jury not currently performed is the maintenance of a database of water rates charged by other agencies statewide. This is a task that could be performed by the District and may be considered by the water agencies and the District. Currently each agency reviews water rates charged by surrounding water agencies as they feel appropriate when setting their specific water rates. What other agencies charge for water service throughout the State, while interesting, is not necessarily relevant when setting water rates for a specific water agency. There are specific methods of setting water rates or any utility service rates

that have been tested by the courts and others throughout the State. These methods dictate that rates must be charged based on the costs of providing service to the customer. These costs can vary widely depending on the age of a utility, source of supply, the investment in capital improvements both historically and more recent, and the geographic location of the utility. All these factors determine the cost of providing service to customers and are the reasons water agencies charge differently throughout the State.

In recent years the District has become much more active in the coordination of water activities with the five cities in Napa County. The District conducts monthly technical meetings (WATERTAC) to keep the various cities and NSD informed of State Water Project and local water issues. WATERTAC provides a forum to discuss regional water issues and work cooperatively to solve common problems. As an example, the District has recently embarked on a cooperative 2050 Water Study that will look at the needs of many agencies on the valley floor through the year 2050. This 2050 Water Study includes the participation of all five cities, the Napa Sanitation District, and Napa County. Agencies outside the valley floor were not included in this study because of their geographic location and significantly different water concerns. All the agencies involved in the 2050 Water Study have water system interconnections or have service areas that overlap. This 2050 Water Study will identify the water needs of each agency and will provide an action plan to meet their needs through the year 2050. This study and the implementation of its recommendations partially address one or more of the duties recommended by the 2002/2003 Grand Jury Report. Other examples of joint collaboration on issues include; purchase of Kern County State Water Project Entitlements, emergency water supply agreements among agencies, sanitary surveys, drought water supply purchases, and water conservation programs.

We do agree that the District could expand its existing efforts to assist the Cities and NSD in keeping up with the issues from the State Water Contractors, participate in regional water supply issues, and maintain historical data and records for water studies within the County. However, we recognize that in order to increase efforts to perform these tasks and others, a clear plan must be prepared to establish expectations and funding from each City or agency. As the 2050 Study is completed early next year, the District's duties will likely expand to include implementation efforts on behalf of the cities and possibly NSD. Over the years, the District has expressed a willingness to increase its efforts at the request of the cities and remains ready to expand or contract to meet the needs and desires of all the participating agencies.

It is suggested in the Grand Jury Report that a new Water Agency be created similar to the Solano County Water Agency or the Sonoma County Water Agency. These agencies have duties that vary greatly and have evolved due to their specific county needs and desires. Unlike Napa County, Sonoma County Water Agency owns a significant amount of actual infrastructure including pipelines, water treatment facilities, and wastewater treatment facilities. Sonoma holds significant water rights to the Russian River, owns and operates these diversion facilities, and delivers water through agency facilities to many cities and districts in Sonoma and Marin Counties with a total

population served nearing 600,000 people. The magnitude of their services and population demand a different level of management and oversight within their county. However, Sonoma County Water Agency does not perform all the duties recommend by the 2002/2003 Grand Jury Report and does not include the oversight of the many small and geographically remote water districts throughout their county for the same reasons the District in Napa County is not advocating inclusion of these small water districts.

The Solano County Water Agency operates and has duties very similar to the Napa County Flood Control and Water Conservation District. In Solano County much like Napa County, a large portion of their water is imported and the Water Agency holds the master agreements for this imported water from the State and Federal projects. Solano County agencies have expressed a desire to significantly grow in population and therefore have advocated for additional staff members to pursue water supplies from various sources. The cities and irrigation districts in Solano County still maintain their autonomy by setting rates and planning their water infrastructure needs independently. This practice is common in all other counties in the State of California where each agency and region has evolved dependent on their specific needs and desires. The District has evolved based on the needs of Napa County agencies and is the appropriate agency to perform the duties recommended by the Grand Jury. Creation of a separate agency and the governing body and staff that go along with a new agency are not necessary at this time and would be a duplication of effort in Napa County. In these tight budget times, it is appropriate that government agencies operate efficiently and without a duplication of efforts wherever possible.

CONCLUSION

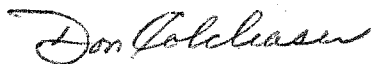
The City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation district (NSD), and Napa County Department of Public Works disagree with a portion on Finding 1 regarding unified service for water delivery in Napa County and have explained above why the agencies jointly feel that the appropriate level of unified service already exists. This group of agencies believes that expansion or contraction of this unity of water service can take place under the current powers of the Napa County Flood Control and Water Conservation District.

The City of American Canyon, City of Calistoga, City of Napa, City of St. Helena, Town of Yountville, the Napa County Flood Control and Water Conservation District (District), the Napa Sanitation District (NSD), and Napa County Department of Public Works will not be implementing Recommendation 1 creating a new water agency as recommended by the Grand Jury because the recommendation is not warranted and would be a duplication of service already provided by the Napa County Flood Control and Water Conservation District. We have reviewed the duties conducted by neighboring county water agencies and have found that the District has the ability to perform all the duties of these neighboring county water agencies and can expand or

contract the level of effort provided by the District at the will of the Board of Directors and participating agencies as explained in the response above.

The agencies listed above will be responding to other portions of the 2002/2003 Grand jury Report separately as appropriate and requested by the Grand Jury. We hope this response has adequately addressed Finding 1 and Recommendation 1 within the report and would respectfully direct the Grand Jury to each agency if additional questions or follow-up to this response are necessary.

Very truly yours,

A handwritten signature in cursive script that reads "Don Colcleaser".

Don Colcleaser, Mayor
The City of American Canyon

ATTACHMENT

NAPA COUNTY GRAND JURY 2002-2003 WATER REPORT (page 61)

Finding 1

There is no unified service for water delivery in Napa County. There are numerous water systems. Some of these are privately held and some are operated with public funding. There are a number of agencies and interest groups formed to oversee water delivery. Consultants are engaged by many of these groups to solve problems. The Grand Jury estimates that well over a million dollars have left Napa County to pay consultants within the last fiscal year.

Recommendation 1

The Grand Jury advocates the formation of a **Napa Water Agency**. This system is in effect in Sonoma County, Solano County, in the central valley of California and in the greater Los Angeles area.

The Agency would coordinate existing water districts and replace the Napa County Flood Control and Water Conservation District as it functions as a water agency. The Water Agency would include a qualified manager, a field technician (engineer's aide) and an office assistant. The water manager would have the following duties:

- Attend all meetings of the State Water Contractors.
- Provide and distribute minutes of these meetings to all water agencies.
- Conduct monthly meetings of representatives from all County water agencies.
- Maintain the historical records and the hydraulic data on water studies within the County.
- Maintain the groundwater monitoring program records.
- Provide a review of all proposed water supply projects within the County.
- Review all permits for groundwater use within the County.
- Establish a Countywide Urban/Agricultural water management plan to provide water conservation and drought contingency plans.
- Be the County spokesperson for water conservation and resource management.
- Establish formal relationships between water supply agencies for mutual cooperation.
- Manage all watershed programs.
- Assist water agencies in establishing countywide rate structures.
- Maintain data on statewide water rates.