

LAFCO of Napa County

Local Agency Formation Commission

1804 Soscol Ave, Suite #205A
Napa, CA 94559-1346
(707) 259-8645
FAX (707) 251-1053
<http://napa.lafco.ca.gov>

August 21, 2003

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

RECEIVED
Clerk of the Napa Superior Court

AUG 26 2003

SUBJECT: Response to Grand Jury Water Report

Judge Snowden:

The Local Agency Formation Commission (LAFCO) of Napa County has reviewed the findings and recommendations contained in the 2002-2003 Napa County Grand Jury Report. The Grand Jury is to be commended for its work on behalf of the citizens of Napa County. The Grand Jury requests a response from LAFCO to Finding No. 1 and Recommendation No. 1 of the Water Report (pp. 61-2). Finding No. 1 notes the lack of unified water delivery service in Napa County. Recommendation No. 1 advocates the formation of a countywide water agency to replace the Napa County Flood Control and Water Conservation District (NCFCWCD). This response follows the Commission's discussion of the Grand Jury's report and request at its August 14, 2003 meeting.

The emphasis of the Grand Jury's report is placed on the delivery by public agencies of water at the retail level. As such, its focus is on the five cities and the various special districts that deliver water directly to ratepayers in Napa County. The report does not include a review of the functions of the NCFCWCD. The enclosed excerpt from LAFCO's *Comprehensive Water Service Study: Public Workshop Report* provides an overview of the NCFCWCD and the function it serves in Napa County. (The entire report was submitted to the Grand Jury in April 2003.) Many of the functions the Grand Jury enumerates as desirable for a countywide agency are currently performed by the NCFCWCD. This information may prove helpful in any future deliberation of the Grand Jury's recommendation.

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Bill Dodd, Alt. Commissioner
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Representative of the General Public

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Representative of the General Public

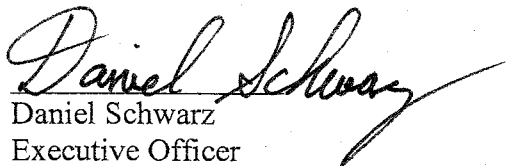
Daniel Schwarz
Executive Officer

The first sentence of Recommendation No. 1 reads: "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 Grand Jury report contains no discussion of these types of agencies. The wording of this sentence implies that there is a single system for the governance of regional water delivery in California. This is not the case. While some of these agencies are similar to one another, as a whole, there is not uniformity in their purpose and function. Most intra- and inter-county water agencies and authorities were established by distinct, special acts of the legislature; many of these enabling acts are found in the appendices of the California Water Code.

Finding No. 1 states that in the past year over one million dollars have left Napa County to pay consultants to assist in the study of problems relating to the delivery of water. It may be of interest to the general public for the Grand Jury to publish a table summarizing its calculation of this estimate and detailing the nature of the work done by these consultants. For its part, LAFCO would like to emphasize that its study was conducted internally, with the assistance and cooperation of the staffs and elected officials of the various agencies under review. No dollars were spent on consultants.

LAFCO staff is available to the Grand Jury should it require any additional information or comment.

Respectfully submitted on behalf of the Commission,


Daniel Schwarz
Executive Officer

c w/encl: NCFWCD
County of Napa Public Works

Napa County Flood Control and Water Conservation District

OVERVIEW

Established in 1951, the Napa County Flood Control and Water Conservation District (NCFCWCD) was formed by a special act of legislation to provide a wide range of municipal services for the residents of Napa County. In particular, NCFCWCD was formed to facilitate the procurement of domestic water supplies and provide for the control of flood and storm waters within the County. The District's formation provided the mechanism allowing the County to participate in state programs to preserve and enhance local water supplies and obtain federal and state assistance to finance flood projects. The focus of this study is the District's water conservation services.

In 1963, NCFCWCD's water conservation efforts were initiated following an agreement with the Department of Water Resources (DWR). The agreement was amended in 2000 and provides the District with an annual entitlement of water from the State Water Project (SWP). The District's entitlements are gradually increased each year until a maximum entitlement of 29,025 acre-feet is reached in 2021. Entitlements continue thereafter until 2035 when all SWP contracts are due to expire. In exchange for an annual entitlement, the District is responsible for repayment of costs for the construction, maintenance and operation of SWP facilities. Along with the Solano County Water Agency (SCWA), the District is responsible for the costs associated with the construction and operation of the North Bay Aqueduct (NBA).

The construction of the NBA was completed in two phases: the Napa Phase and the Solano Phase. The Napa Phase was completed in 1968 and involved the construction of temporary and permanent facilities in Napa and Solano Counties. The Napa Phase included a temporary transmission line connecting a SWP pumping plant in Cordelia (Solano County) with the Putah South Canal. This temporary transmission line enabled the District to begin receiving non-project water from Lake Berryessa as part of the federal government's Solano Project. The District's access to the Solano Project was secured through an interim agreement with the Solano County Flood Control and Water Conservation District (predecessor to SCWA). In 1988, the Solano Phase of the NBA was completed, resulting in a 27-mile transmission line connecting Napa County to the Sacramento-San Joaquin Delta. Project water delivered to the District is stored at the Napa Turnout Reservoir in Jamésón Canyon.

NCFCWCD's agreement with DWR provides the mechanism for the District to subcontract its annual entitlement with local agencies. This feature allows the cost of SWP water to be passed directly to the subcontractors. Between 1966 and 1982, the District reached subcontracting agreements with Napa, American Canyon County Water District (predecessor to American Canyon), Calistoga and Yountville. The subcontract agreements provide each agency with an annual share of the District's SWP entitlement through 2035. In exchange, each agency contributes to the cost associated with the purchase and delivery of SWP water in proportion to the amount of entitlement.

Collectively, the District's SWP subcontractors are referred to as "member units." Payments to DWR for SWP entitlements are facilitated through two fees: a transportation charge and a Delta water charge. The transportation charge is based on a proportionate share of the capital and operating cost associated with the development and conveyance of water supply. The Delta water charge is based on each acre-foot delivered. Both fees are reviewed on an annual basis by DWR and are calculated to recapture all project costs by 2035.

NCFCWCD's water supply services are provided with direction from its member units. To increase the District's responsiveness to the collective needs of Napa County, the District formed an advisory group. The advisory group consists of the public works directors and staffs of the five cities and the County of Napa. Commonly referred to as WatRTAC, the group provides the District with a consensus among the cities regarding current and future water issues. In 2000, the District reached an agreement on behalf of the County's five cities with the Kern County Water Agency for the permanent transfer of 4,025 acre-feet of SWP entitlement. Costs are proportionately shared by each of the five cities according to the amount of water each city is entitled.

In 1999, NCFCWCD renewed an agreement with the United States Department of the Interior, Bureau of Reclamation for an annual entitlement of water drawn from the Solano Project (Lake Berryessa). The agreement provides the District with an annual allocation of 1,500 acre-feet of water through 2024. The District subcontracts its entitlement to several individual property owners in the Lake Berryessa area, as well as to three special districts: Lake Berryessa Resort Improvement District (LBRID), Napa-Berryessa Resort Improvement District (NBRID), and Spanish Flat Water District.⁷ The agreement specifies that NCFCWCD is responsible for ensuring that by 2004 all water delivery systems receiving water from Lake Berryessa are equipped with water measuring devices.

NCFCWCD is currently facilitating a countywide water study that is intended to include an evaluation of surface and groundwater supplies through 2050. The study is being financed by the County, Napa Sanitation District, and each of the five cities. A key component of the study is an analysis of new water sources, including the feasibility of capturing water from the Napa River. The District is also participating in a study with the United States Geological Survey. The study is an update of a 1977 analysis of the hydrological and geological properties for the lower basins of the Milliken Creek, Sarco Creek, and Tulucay Creek. The study is due for release in mid-2003.

⁷ Until recently, NCFCWD had administered operations for LBRID and NBRID. Both districts are governed by the Napa County Board of Supervisors and were formed in the 1960s to provide potable water and wastewater services for planned resort/residential communities near Lake Berryessa. Management for both districts is currently provided by the County's Public Works Department.

GOVERNANCE

NCFCWCD was organized by the California Legislature under the Napa County Flood Control and Water Conservation District Act of 1951. The District's 11-member governing board is comprised of the Napa County Board of Supervisors, the mayors of the five cities in the County, and a council member from the City of Napa. The board is empowered to establish and enforce any rule or regulation deemed necessary to carry out the business of the District. Pursuant to the Act, all officers of the County and department employees are subject to perform duties on behalf of the District. If deemed advisable, the board may establish zones within the District in order to carry out specific plans or projects for the benefit of a specific area. In the event a project for one or more zones is planned, the board is required to appoint three property owners residing in the affected zone to an advisory committee. The appointed committee members are required to take part in all meetings and/or discussions involving designated projects. District operations may be financed through assessments, charges, general obligation bonds, the sale or lease of real property, and the sale of water.

NCFCWCD's board meetings are conducted on the first and third Tuesday of every month. Meetings are held at the County of Napa's Administration Building and are open to the public. Pursuant to the Napa County Flood Control and Water Conservation District Act of 1951 (Chapter 1449: 3411), the District is authorized to provide the following municipal services:

- Control flood and storm waters in order to conserve for beneficial and useful purposes by spreading, storing, retaining, and/or causing such waters to percolate into the soil; protect public highways, life, property, watercourses, and watersheds from flood and storm waters; prevent the waste of water supply within the District; obtain, retain, and reclaim drainage, storm, flood, or other waters from any other sources within or outside of the District for beneficial uses (Section Four)
- To acquire through any means, real property and/or to construct, maintain and operate improvement works necessary to carry out the duties of the District (Section Five, Part Four)
- To store water in surface or underground reservoirs within or outside of the District; to conserve and reclaim water for present and future uses; to appropriate and acquire water and/or water rights within or outside of the District; ensure an sufficient water supply is available for any present or future beneficial uses that includes the acquisition, storage, and distribution of water for irrigation, domestic, fire protection, municipal, commercial, industrial and all other beneficial uses (Section Five, Part Five)
- Perform studies or analyses as it relates to water supply, water rights, and the control of flood and storm waters (Section Five, Part Eight)

OPERATIONS

The Public Works Department for the County of Napa provides administrative services to NCFCWCD. Public Works is compensated for staff time spent on District activities on an hourly rate. Public Works administers the District's master water supply agreements with the Department of Water Resources (SWP) and Bureau of Reclamation (Lake Berryessa). Public Works also administers the District's water supply agreements with its member units, as well as with local property owners and special districts at Lake Berryessa. The District receives input through an advisory committee that is comprised of the public works directors and staffs for each of the five cities in Napa County and the County of Napa. The District also provides administration and operations for the Lake Berryessa Resort Improvement District and the Napa-Berryessa Resort Improvement District. The District provides potable water and wastewater service to both districts. Each district is staffed with a full-time licensed operator. The District also provides support staff to each district on a need basis.

SERVICE AREA

NCFCWCD's adopted service area is comprised of a contiguous area consisting of 506,580 acres. The District's service area is conterminous with its sphere of influence and includes all lands within Napa County. Accordingly, the District is under the land use of authority of multiple jurisdictions, including the County of Napa and the Cities of American Canyon, Napa, St. Helena, Calistoga and the Town of Yountville. See Appendix M-6

NCFCWCD - Service Area	
District Boundary:	506,580 acres *
Sphere of Influence Boundary:	506,580 acres *

* Figures are approximations calculated using information generated by LAFCO and County of Napa's geographic information systems.

WATER SUPPLY

NCFCWCD maintains water supply agreements with the Department of Water Resources (DWR) and the United States Department of the Interior, Bureau of Reclamation. The District's agreement with DWR provides the District with an annual entitlement of water generated from the SWP through 2035. SWP water is delivered to the District through the NBA, a 27 mile transmission line that conveys captured water from the Sacramento-San Joaquin Bay Delta to the Napa Turnout Reservoir in Jameson Canyon. NCFCWCD's original agreement provided a maximum water entitlement of 25,000 acre-feet. This amount was amended in 2000 following a water transfer agreement with the Kern County Water Agency that provides the District with an additional 4,025 acre-feet of annual entitlement. The District's SWP entitlement is subcontracted out to the cities

of American Canyon, Napa, Calistoga, and the Town of Yountville. Each subcontractor is responsible for the construction and operation of their own connection and delivery system to the Napa Turnout Reservoir.

NCFCWCD's water supply agreement with the U.S. Bureau of Reclamation provides the District with an annual entitlement of water from Lake Berryessa. The contract was recently renewed in 1999 and establishes an annual entitlement of 1,500 acre-feet of water to the District through 2024. The District subcontracts its entitlement to property owners in the Lake Berryessa area in addition to three special districts: Lake Berryessa Resort Improvement District, Napa-Berryessa Resort Improvement District, and the Spanish Flat Water District. Each subcontractor is responsible for the construction and operation of their own intake and delivery system to Lake Berryessa.

NCFCWCD – Water Supply	Maximum Annual Water Supply
State Water Project:	21,475 acre-feet (entitlement) *
Solano Project:	1,500 acre-feet (entitlement) **

* Entitlement based on 2003 schedule. NCFCWCD entitlements to SWP are scheduled to increase each year through 2021 at which time the District shall reach its maximum entitlement of 29,025 acre-feet. Entitlements continue thereafter until 2035.

** Entitlement remains at 1,500 acre-feet through 2024.

WATER DEMAND

NCFCWCD does not provide water service to its subcontractors. The District administers the availability of water supplies through agreements with the Department of Water Resources and the U.S. Bureau of Reclamation. Estimates for water demand are determined by each individual subcontractor.

WATER TREATMENT FACILITIES

NCFCWCD does not own, lease, maintain, or operate treatment facilities.

DISTRIBUTION SYSTEM AND STORAGE FACILITIES

NCFCWCD does not own, lease, maintain, or operate distribution systems or storage facilities.

RATE SCHEDULE

NCFCWCD's water rates are determined by the Department of Water Resources (SWP) and United States Bureau of Reclamation (Lake Berryessa). These rates are passed directly to each subcontractor based on their water usage along with an administration fee based on District staff time.

FINANCIAL

NCFCWCD's annual budget is divided between four divisions: Flood and Watershed Management, Water Supply Operations, Napa Flood Project, and Napa Flood Project – General Administration (Measure A). The District's water supply operation division has an approved operating budget for 2002-2003 of \$4,761,747. Primary expenses include cost associated with the delivery and administration of SWP water. The District's anticipated revenue for 2002-2003 is \$4,761,747. The main revenue source is reimbursement from subcontractors. As of February 2003, the District's cash balance was \$60,759. See Appendix D

KEY QUESTIONS AND ISSUES

LAFCO has identified the following questions and issues involving NCFCWCD that should be addressed in future phases of this study:

Water Supply:

Pursuant to its 1999 water supply agreement with the United States Bureau of Reclamation, NCFCWCD has an annual entitlement of 1,500 acre-feet of raw water from the Solano Project (Lake Berryessa). The agreement restricts NCFCWCD's use of Solano Project water to lands located within the Putah Creek watershed upstream of the Monticello Dam. However, the agreement allows NCFCWCD to augment its service area (without amending the agreement) upon the written consent of the Bureau of Reclamation. Has NCFCWCD approached the Bureau of Reclamation about extending water supplies outside the watershed? What advantages and/or disadvantages would this have (i.e., supplying water to Circle Oaks County Water District)? In addition, could NCFCWCD pursue an agreement with the Solano County Water Agency (SCWA) to transfer any of its unused or surplus Solano Project water for an equivalent portion of SCWA's SWP entitlement? Would SCWA have any interest in such an arrangement?

2050 Study:

NCFCWCD is currently facilitating a countywide water study that is intended to include an evaluation of existing and future surface and groundwater supplies. Contributing participants include the County, Napa Sanitation District, and each of the five cities. Conducted by an outside consultant, the study is an update of two earlier studies from the 1990s. Key components include reevaluating the estimates of the County's total existing untreated and treated water demands, and developing future untreated and treated water

demand projections. In addition, the study proposes to evaluate existing and future pipeline capacity of the North Bay Aqueduct and correlative improvements. A potential outcome: will the study result in the District adopting a coordinated groundwater management plan as provided in California Water Code §10750, et. seq?