Local Agency Formation Commission
LAFCO of Napa County

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August 12, 2004

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

SUBJECT: Response to Grand Jury 2003-2004 Water Report

Judge Snowden:

The Local Agency Formation Commission (LAFCO) of Napa County has reviewed the findings and recommendations contained in the 2003-2004 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 concerning "Finding No. 2" and "Recommendation No. 2" of the Water Report. Finding No. 2 concludes that small water districts in the County have limited resources and support with respect to meeting their respective service obligations. Recommendation No. 2 advocates that the Napa County Flood Control and Water Conservation District conduct a feasibility study to evaluate the merits of creating a countywide authority to support all water districts in the County. This response follows the Commission's discussion of the Grand Jury Water Report and request at its August 12, 2004 meeting.

LAFCO agrees with the principal premise of Finding No. 2 of the Grand Jury Water Report that small water districts face additional administrative and operational challenges as compared to larger service providers, such as cities and countywide authorities. These challenges are primarily due to the financial constraints associated with a small water district's ability to meet and pass service costs to ratepayers. Specifically, while larger service providers are able to spread out the cost of service to a larger pool of ratepayers, costs for small service providers are spread out among fewer ratepayers. This results in higher rates and an increased dependency to use reserve funds to help cover operating expenses.

LAFCO is required by California Government Code to evaluate government structure options for all local agencies under its jurisdiction as part of the municipal service review process (G.C. §56340). This process, which is required once every five years, includes evaluating whether alternative government structure options are available to help capture economies of scale for agencies with similar service and regional characteristics. It is important to note that while some water districts are similar to one another, as a whole, there is not uniformity in their purpose and function – a distinction absent from the Grand Jury Report. LAFCO believes that the municipal service review process adequately captures the need cited in Recommendation No. 2 with respect to evaluating regional service enhancement opportunities for local agencies, including small water districts. LAFCO will make available current and future municipal service reviews to the Grand Jury as they are conducted. This information may prove helpful in any future deliberation of the Grand Jury.

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

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cc: Napa County Flood Control and Water Conservation District
County of Napa Public Works Department