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COUNTY of NAPA

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TO: Chair Wagenknecht and Members of the Board of Supervisors

FROM: Nancy Watt, County Executive Officer
Hillary Gitelman, Director of Conservation, Development & Planning

DATE: March 13, 2008

RE: City of Napa Request for Joint Planning Efforts – Agenda Item 10-D

The discussion below is in response to the City of Napa's request regarding the following:

1. Participation in a public planning process for three specific sites located in the unincorporated area but adjacent to the City; and
2. Discontinue processing the general plan amendment related to the Napa Pipe project.

Background

Since incorporation of American Canyon in 1992, unincorporated Napa County has found it difficult to meet the requirements of the State Department of Housing and Community Development (HCD) with regard to affordable housing. In 2003-2004, this difficulty was evidenced by the litigation, settlement agreement, and costly Memorandums of Understanding (MOUs) with the Cities of Napa and American Canyon that accompanied the County's 2004 Housing Element Update.

Following certification of the County's 2004 Housing Element Update by HCD and adoption of State legislation mandating consideration of factors such as agricultural preservation, County and City representatives successfully advocated for a Regional Housing Needs Allocation (RHNA) methodology for the 2007-2014 housing cycle that better reflects the community's values. The resulting allocation, which assigns responsibility to the County for identifying sites and programs for about 650 units, is expected to be final in June of 2008. At present, it is unknown what methodology will be used and what allocations will be assigned to the County in subsequent housing cycles (i.e. after 2014), and it is also unknown which sites included in the 2004 Housing Element Update will be acceptable to HCD for the 2007-2014 cycle.

In large part to address these uncertainties, the County Board of Supervisors initiated consideration of a developer's request for a General Plan amendment to allow housing on the Napa Pipe site on June 5, 2007. It should be clearly understood that, despite this action by the Board, the developer has received no commitments from the County regarding his proposal or

use of the site for housing, and the County's pending General Plan Update designates this site as a "study area" indicating that further study is needed.

Early in 2007, County and City staff began discussing how to best work together to address City concerns regarding the Napa Pipe project. The result of these discussions was a proposal for a joint City-County Study Group Process involving collaboration on three technical studies – related to fiscal impacts, water supply and traffic - and three public meetings, consistent with three "principles" for collaboration. The City Council and Board of Supervisors each selected two members to form an ad hoc committee to discuss areas of mutual interest, including these principles. Supervisors Luce and Dillon represented the County and Mayor Techel and Council Member Inman represented the City. The principles and the City-County Study Group Process were endorsed by the City Council on July 3 and by the County Board of Supervisors on July 10, 2007. (See Attachment 1)

Pursuant to the City-County Study Group Process, City and County staff hosted a public meeting at the Napa Pipe site in August, 2007, and have been working with consultants to complete the three agreed-upon studies. While pieces of these studies have been prepared in draft form for internal review, it is expected to be several more months before complete, final drafts are ready for public review. When final drafts are ready, the City-County Study Group Process calls for two additional public meetings.

On January 23, 2008, the City of Napa issued a press release withdrawing the City's application to LAFCO for annexation of the 142-acre Ghisletta property and calling for the County to suspend processing of the Napa Pipe developer's application for a General Plan amendment. On January 29, CEO Nancy Watt sent a letter to the city indicating that the matter would be agendized for discussion by the Board of Supervisors on March 18.

On February 1, City Manager Mike Parness sent a detailed letter to the CEO describing the public planning process that City staff would be recommending to the Council and inviting the County to participate (see Attachment 6). The proposed planning process is focused entirely on three "edge" sites within the County's land use jurisdiction, including the 150-acre Napa Pipe site, the 80-acre Pacific Coast/Boca site adjacent to the Syar Quarry, and the 142-acre Ghisletta property. Only one of these sites (the Ghisletta property) is currently within the city's Rural Urban Limit (RUL) and Sphere of Influence.

On February 19, the City Council approved a contract with Moore Iacofano Goltsman, Inc. (MIG) for the proposed planning process and authorized implementation of "Task 3" of the scope of work, consisting of one-on-one telephone interviews with up to 15 key community leaders.

Discussion

There are clearly many issues and questions that must be resolved regarding the areas described as "edge" properties by the City of Napa, not the least of which is whether any of them are suitable for housing. Other issues to be considered relate to the potential impacts of development on current residents of the City and the unincorporated County, and potential

fiscal consequences on the permitting jurisdiction (whether it is the City or the County) and neighboring/partner jurisdictions. Some of these issues and questions are already on the table and being vetted as part of the City-County Study Group process concerning Napa Pipe. Others will need to be explored before any final decision is made concerning any of these sites. Ultimately, staff believes that development of any of these sites will be infeasible unless and until both the City and County agree that their concerns have been addressed.

Staff also believes that the residents of Napa County's cities and the unincorporated County are very concerned about the potential impact of growth – wherever it may occur. Based on inquiries and conversations to date, staff believes that the public desires that their planners and policy makers focus on fundamental questions about how the County as a whole (including all of its cities) will develop over the next 20 or 30 years. Residents appear to be asking for a vision or a road map that articulates the level of growth that is acceptable, and locations for that growth that will ensure that long-held community values such as agricultural preservation are maintained. Fundamental questions include the following:

- What level of growth (in housing and employment) do we think is acceptable, and specifically, what is the minimum amount of population growth and housing development we can have across all jurisdictions in the County and still meet our legal obligations under State law? Also, what kind of jobs and how much non-residential development do we want?
- If we do nothing, where is land available – in the cities or the unincorporated County – that could meet State-required housing needs and satisfy the demand for non-residential development?
- Are there critical service issues or other constraints such as providing water and infrastructure that will influence the amount and location of growth, and how do these constraints interact with the State's mandate for housing growth?
- What would be the impacts of placing housing in existing residential neighborhoods or downtown Napa versus placing housing in a new location like Napa Pipe or the Ghisletta property or elsewhere?
- Should we pursue changes in zoning and policy or develop incentives to direct growth away from some sites and towards others?
- What are the revenue and other needs of the various jurisdictions that may affect land use decisions, and how can these needs be addressed?

Staff believes that all County residents want these questions – and others – to be asked and answered in order to develop a common, long-term vision for the future of Napa County and all its jurisdictions. If completed in a timely fashion, this visioning process would inform the Housing Element updates that all jurisdictions are due to submit to the State by June 2009 and would be far more constructive than a planning process focused on three potential development sites within the County.

This visioning process would also inform the County's decision-making about Napa Pipe, providing perspective on the applicant's request for 3,200 homes and a variety of non-residential uses, and insight into whether a new residential neighborhood at Napa Pipe could accommodate growth that would otherwise occur as "infill" development elsewhere, or would necessarily constitute additional growth that is not currently anticipated in any jurisdiction's General Plan.

Notwithstanding the above, however, County staff believes that the plan amendment process for the Napa Pipe property should continue in order to maintain that site as a viable option for the County to address its State-mandated housing needs (RHNA) until and unless other acceptable alternatives are approved by the Board. This is due to the likelihood that not all of the housing sites identified in the 2004 Housing Element Update will be accepted by HCD a second time in June 2009, and there are few obvious alternatives to the Napa Pipe site for this housing cycle and subsequent cycles. Given past litigation, the stakes are high for the County when it comes to compliance with State housing law. If the County is unable to satisfy HCD and again fails to have a certified Housing Element, it risks further litigation, which could lead a court to require re-designation of agricultural land or (more likely) to require that residential uses be permitted near the Napa County Airport. Either outcome would be inconsistent with local land use plans and unacceptable to a wide spectrum of local leaders and residents. County staff understands that the need to satisfy State regulatory requirements with regard to housing stands in direct opposition to the desire of City and County residents alike to limit growth.

Recommendations

Staff has five recommendations regarding the requests made by the City of Napa, as follows:

1. Staff recommends that the ongoing City-County Study Group process for Napa Pipe be brought to conclusion before the Board makes any decisions or commitments regarding the planning and/or entitlement process that will follow, since the planning and/or entitlement process will be informed by the studies and the public meetings already agreed to.
2. Staff recommends that the Board not reverse its earlier decision to begin processing a General Plan amendment allowing for residential use of the Napa Pipe site unless alternative sites/strategies are identified immediately to ensure that the County can meet its State-mandated housing obligations in the current housing cycle and future cycles, with the understanding that the County is under no obligation to approve the General Plan amendment, or the developer's current proposal for up to 3,200 dwelling units and other uses.
3. Staff recommends that the County call for an immediate summit of the governing bodies of the County and all jurisdictions to gauge support for a collaborative planning/visioning process related to growth issues, and to invite public input on the scope and structure of such a visioning/planning process. We recognize that the summit and the process will have to be carefully structured to ensure they are efficient and constructive, and suggest

that NCTPA take a leadership role, using the adopted NCLOG principles (see Attachment 8) as a starting place. If successful, the planning/visioning process will result in a common understanding of the amount of housing and employment growth that the community needs and wants in this County over the next 25-30 years, as well as a common vision for where that growth should go, and will make it clear whether there are viable alternatives to residential use of the Napa Pipe site.

4. Staff also recommends that the Board offer to enter into a facilitated discussion (i.e. a series of joint sessions) with City leaders to explore the City's concerns specific to the Napa Pipe site, and ways that issues and questions that are not on the table as part of the City-County Study Group process can be addressed. This dialog could define conditions under which the County would support annexation of the Napa Pipe site to the City, could explore interjurisdictional fiscal issues and could ultimately discuss the future of this site based on the outcomes of the planning/visioning process described above.
5. Staff also recommends that the Board invite City leaders to continue our partnership in working together to address the State's mandate for housing growth at ABAG, HCD, and in the halls of the State Capitol. Our common interest in limiting the uncertainty and the potential impacts of future housing cycles dictates that we collaborate constructively.

Attachments:

1. Napa Pipe City-County Study Group Proposal (July 3, 2007)
2. July 9, 2007 Letter from Mike Parness to Nancy Watt re: Study Group Process
3. January 23, 2008 Letter from Mayor Techel to Chair Wagenknecht re: City request for County to suspend Napa Pipe processing and enter into a joint land use process
4. January 23, 2008 Press Release from the City of Napa
5. January 29, 2008 Letter from Nancy Watt to Mike Parness re: schedule for Board of Supervisors consideration of City requests
6. February 1, 2008 Letter from Mike Parness to Nancy Watt describing the City's intent for a proposed structure and community planning process
7. February 19, 2008 City Council staff report approving a contract with MIG for facilitation services
8. Napa County League of Governments "Principles for Creating a Healthy, Vital and Sustainable Napa County," adopted in 2004
9. March 12, 2008 Letter from Citizens Housing Group to Hillary Gitelman requesting a comprehensive review of housing options