



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/18/2018
Agenda Placement: 9C
Set Time: 9:10 AM PUBLIC HEARING
Estimated Report Time: 10 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: David Morrison - Director
Planning, Building and Environmental Services
REPORT BY: Donald Barrella, Planner III - 707-299-1338
SUBJECT: Williamson Act Agricultural Preserves and Contracts 2018

RECOMMENDATION

Director of Planning, Building and Environmental Services requests adoption of a resolution establishing certain Agricultural Preserves (Types A & H), and approval of and authorization for the Chair to execute the following Williamson Act Agricultural Contracts:

1. Approving thirteen (13) new contracts with the following applicants:
 - a. Michael Lee Fisher Trust, in the general location of Mount Veeder Road & Oakville Grade: SE ¼, Section 5 T6N R5W.
 - b. Beckstoffer Vineyards XVI, LLC, in the general location of Las Amigas Road and Duhig Road: NW ¼, Section 6 T4N R4W.
 - c. K. Fontanella Trust, and the Jeffrey and Karen Fontanella Trust, in the general location of Partrick Road & Borrette Lane: SE ¼, Section 2 T5N R5W.
 - d. The Capra Company LLC, and Mills Vineyard LLC, in the general location of Hennessey Ridge Road: NE ¼, Section 32 T8N R4W.
 - e. The Capra Company LLC, and Mills Vineyard LLC, in the general location of Hennessey Ridge Road: SE ¼, Section 32 T8N R4W.
 - f. The Capra Company LLC, and Mills Vineyard LLC, in the general location of Sage Canyon Road SW ¼, Section 33 T8N R4W and NW ¼, Section 4 T7N R4W.
 - g. Foss Valley Ranch LLC, in the general location of the Terminus Atlas Peak Road: NE ¼, Section 35 T7N R4W and NW ¼, Section 36 T7N R4W.
 - h. Rocking R Ranch LLC, in the general location of the Terminus Atlas Peak Road: SE ¼, Section 35 T7N R4W.
 - i. Rocking R Ranch LLC, in the general location of the Terminus Atlas Peak Road: SE ¼, Section 35 T7N R4W.
 - j. Rocking R Ranch LLC, in the general location of the Terminus Atlas Peak Road: SW ¼, Section 36 T7N R4W.
 - k. Circle R Ranch LLC, in the general location of the Terminus Atlas Peak Road: SE ¼, Section 35 T7N

- R4W and SW ¼, Section 36 T7N R4W.
- I. Circle R Ranch LLC, in the general location of the Terminus Atlas Peak Road: SE ¼, Section 26 T7N R4W and SW ¼, Section 35 T7N R4W.
 - m. Peter S. Boyer and Margaret G. Boyer, Trustees of the Boyer Family Trust, in the general location of Arrowhead Mountain Road: SE ¼, Section 15 T5N R5W.
2. Rescind one (1) existing Type F contract and replace with one (1) new Type H contract with the following applicant:
 - a. Partrick Estate LLC, in the general location of Partrick Road & Borrette Lane: SE ¼, Section 2 T5N R5W.

(CONTINUED FROM DECEMBER 4, 2018)

EXECUTIVE SUMMARY

In total, there will be an increase of approximately 1,978.78 acres of new contracted land under Williamson Act brought about by the requested action. In addition to the 13 new contracts, one existing Type F contract is proposed for rescission which will be replaced with one new Type H contract.

Procedural Requirements

1. Open Public Hearing.
2. Staff report.
3. Public Comment.
4. Close Public Hearing.
5. Motion, second, discussion and vote on the requested actions.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Potential fiscal impacts would derive from lower property tax revenues following execution of Williamson Act contracts. No alternate source of revenue has been identified.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Williamson Act program in general, and these contracts specifically, contribute to the preservation of agriculture in Napa County. The primary intent of the CLCA program is to preserve the limited supply of agricultural land in the state by discouraging premature and unnecessary conversion to urban uses.
Is the general fund affected?	Yes
Future fiscal impact:	Property taxes for properties covered by a Williamson Act contract may be assessed at a lower level than other properties. To the extent properties are assessed at a lower level, the County will receive reduced tax revenue. Property owners receive a reduction in property taxes depending on

whether they are assessed at the lower of their factored Proposition 13 base year value or the restricted CLCA value.

Estimated decreases in County property tax revenue resulting from the proposed new contracts were not provided. The Assessor indicated that the fiscal impact would be similar to those seen in prior years when new contracts were approved.

Consequences if not approved: The County would not be providing an incentive for keeping land in agricultural production, which is the intent of the County's approved General Plan.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: Categorical Exemption Class 17: Open Space Contracts or Easements. It has been determined that this type of project does not have a significant effect on the environment and is exempt for the California Environmental Quality Act. [See Class 17 (Open Space Contracts or Easements) which may be found in the guidelines for the implementation of the California Environmental Quality Act at Title 14 CCR Section 15317.]

BACKGROUND AND DISCUSSION

Requested Preserves and Contracts

The Director of Planning, Building and Environmental Services requests that the Board re-open the public hearing, hear public testimony, close the public hearing, and adopt a resolution establishing certain Agricultural Preserves (Types A & H), and approving the new Type "A" and "H" agricultural preserve contracts within the resulting preserves identified below.

All proposed Agricultural Preserves are located on lands that have both an Agriculture, Watershed and Open Space (AWOS) General Plan Land Use Designation, and a Agricultural Watershed (AW) Zoning Designation, both of which provide for agriculture as the predominant use, and generally limit the types of activities allowed on such parcels to agriculture and other uses deemed compatible with agriculture. Pursuant to the California Land Conservation Act an "Agricultural Preserve" means an area devoted to either agricultural use, recreation use, open-space use, or combination thereof ((Government Code Section 51201(d)). Therefore, the proposed Agricultural Preserves are consistent with the County's General Plan and Zoning designations, in that agriculture is the predominant use specified for each.

13 New Contracts for Year 2018:

Requester	Type	APN	Acres	General Location
Michael Lee Fisher Trust	H	034-370-018	38.43	Mount Veeder Rd. & Oakville Grade: SE ¼, Section 5 T6N R5W
Beckstoffer Vineyards XVI, LLC	H	047-320-003	145.00	Las Amigas Rd & Duhig Rd.: NW ¼, Section 6 T4N R4W
K. Fontanella Trust, and Jeffery and Karen Fontanella Trust	H	050-010-018	26.44	Partrick Rd. & Borrett Ln.: SE ¼, Section 2 T5N R5W

Capra Company LLC., and Mills Vineyard LLC	H	025-440-051	107.31	Hennessey Ridge Rd.: NE ¼, Section 32 T8N R4W
Capra Company LLC., and Mills Vineyard LLC	H	025-440-053	73.66	Hennessey Ridge Rd.: SE ¼, Section 32 T8N R4W
Capra Company LLC., and Mills Vineyard LLC	H	025-440-054 SFAP & 032-010-097 SFAP	436.25	Sage Canyon Rd: SW ¼, Section 33 T8N R4W & NW ¼, Section 4 T7N R4W
Foss Valley Ranch LLC.	H	032-550-022	84.22	Terminus Atlas Peak Rd.: NE ¼, Section 35 T7N R4W & NW ¼, Section 36 T7N R4W
Rocking R Ranch LLC	H	032-550-025	25.03	Terminus Atlas Peak Rd.: SE ¼, Section 35 T7N R4W
Rocking R Ranch LLC	H	032-550-021 SFAP & 032-550-020 SFAP	313.00	Terminus Atlas Peak Rd.: SE ¼, Section 35 T7N R4W
Rocking R Ranch LLC	H	032-550-023	45.31	Terminus Atlas Peak Rd.: SW ¼, Section 36 T7N R4W
Circle R Ranch LLC	H	032-550-024	305.43	Terminus Atlas Peak Rd.: SE ¼, Section 35 T7N R4W & SW ¼, Section 36 T7N R4W
Circle R Ranch LLC	H	032-550-013	319.32	Terminus Atlas Peak Rd.: SE ¼, Section 26 T7N R4W & SW ¼, Section 35 T7N R4W
Boyer Family Trust	H	047-010-022	59.38	Arrowhead Mountain Rd.: SE ¼, Section 15 T5N R5W

Rescinding 1 Existing Contract and Replacing with 1 New Contract:

1. Contract #251/81 (Type F) is being rescinded and replaced by one new Type H contract because the County no longer offers Type F Contracts.

As a result, there is one new contract being entered into due to the rescission of the contract identified above:

Requester	Type	APN(s)	Acres	General Location
Partrick Estate LLC	H	050-010-013	55.12	Partrick Rd. and Borrett Ln.: SE ¼, Section 2 T5N R5W

Notice of the Board's intent to consider and take possible action on the proposed Agricultural Preserves and agricultural preserve contracts was published in the Napa Valley Register on Friday November 23, 2018. For preserves located within a mile of an incorporated city, written notice was provided to the Napa County Local Agency Formation Commission (LAFCO) and the City of Napa on November 28, 2018.

The California Land Conservation Act of 1965 and County Participation

The California Land Conservation Act (CLCA) of 1965, which is commonly referred to as the Williamson Act, enables local governments to enter into voluntary contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. In return, landowners may receive property tax assessments that are lower than normal because they are based upon farming and open space uses as opposed to full market value. Pursuant to California Government Code (CGC) Section 51230, the County -- by resolution and after a public hearing -- may establish agricultural preserves and subsequently enter into agricultural preserve contracts pursuant to Section 51240 of the CGC.

The County has been participating in the Williamson Act program since 1969 as a tool for promoting agricultural land preservation consistent with the County's agricultural heritage and General Plan agricultural preservation goals and policies which include the following: Goal AG/LU-1, "Preserve existing agricultural land uses and planned of agriculture and related activities as the primary land use in Napa"; and Policy AG/LU-6, "The County will continue to study tax assessment policies which recognize the long-term intent of agricultural zoning and the fact that agricultural land uses require a minimum of public expenditure for protection and servicing".

Napa County has designed its rules to require that each property subject to contract constitutes its own CLCA preserve. Whether or not a parcel is eligible for a contract and associated CLCA preserve depends on its size and agricultural use as determined by the Planning Building Environmental Services (PBES) Department in cooperation with the Agricultural Commissioner. To qualify for the establishment of a CLCA preserve and associated contract, a parcel must meet a minimum size requirement and contain a bona fide agricultural use (or Agricultural commodity as defined by Government Code Section 51201.a). For prime agricultural land, if a parcel is either zoned AP or meets the definition of Prime Agricultural Land within local rules, a minimum of 10 acres is required. For non-prime agricultural land (i.e. grazing land) a minimum 40-acre parcel is required.

Currently the County offers three types of contracts, Type A, Type C, and Type H. Type A and C contracts are specific to the Agricultural Preserve (AP) zoning district, and Type H contracts are specific to the Agricultural Watershed and Open Space (AWOS) zoning district. Type C contracts are special circumstance contracts that allow the ability to contract a parcel between 5 and 10 acres in size provided it meets specific conditions, in particular that at least 75% of the parcel is in commercial agriculture and that it contributes to the diversity of crops in Napa County. There are currently no active Type C contracts in Napa County. There are fourteen active Type E and F contracts in the county, which are no longer being offered by the County but remain in effect. Agricultural preserve contracts have a rolling 10 year term: each year the contract is automatically renewed for an additional year, unless a notice of non-renewal is given by either the County or contract holder/owner.

Presently there are 692 Williamson Act Contracts within the County covering 848 parcels and approximately 75,671 acres. Currently there are approximately 1,241 contracted acres within the county that are in non-renewal.

Program Compliance and Enforcement

Enforcement issues are addressed on an as-needed basis by PBES and County Counsel. Areas of Williamson Act non-compliance primarily can include absence of a bona fide agricultural use, conducting of activities that could constitute a breach of the contract, and failure of owner(s) of a contracted parcel(s) to rescind and replace contract (s) due to a recorded lot line adjustment. Other compliance matters can include minimum parcel size, and consistent and complete agricultural productivity reporting. When there is a violation, the County can either initiate non-renewal or initiate legal action for breach of contract. The uses allowed in the County's agricultural zoning districts (i.e. AP and AW districts) are mirrored in the Williamson Act contracts as allowed uses. As a result, breaches associated with incompatible uses and/or structures on a contracted lands are highly unlikely. No breaches of contract related to uses or structures have been identified through the history of the program.

Presently there are approximately 157.4-acres of contracted land within six contracts in non-renewal that were initiated by the County due to qualification issues (absence of agricultural use) or as a result of failure of the

contracted property owner(s) to rescind and replace existing contract(s) due to the recordation of a lot line adjustment that includes contracted parcel(s).

At the Direction of the Board of Supervisors (May 2018), PBES has increased program compliance efforts. Based on a lack of reporting, aerial photos, and discussions with the Agricultural Commissioner's office, staff has identified 61 contracted parcels that appear to not contain an agricultural use. Beginning on November 20, 2018, PEBS began sending a request letter to each of these contract holders, requesting that adequate documentation be provided to demonstrate an agricultural use on the property. PBES will be serving notices of non-renewal on contracted parcels that no longer demonstrate an agricultural use. Subsequent compliance efforts in 2019 will include confirmation of agricultural use on approximately 54 other contract parcels, replacement of the remaining Type E and Type F contracts with Type A or Type H contracts, and addressing contracts that included parcels that are substandard (i.e. less than the minimum qualifying parcel size).

Financial Implications of the CLCA in Napa County

As of January 1, 2017 there are 848 parcels covered by CLCA contracts which contain 75,671 acres of land. According to the Assessor, of these 848 parcels only 446 parcels receive any property tax benefit from the CLCA contract. The other 402 parcels are assessed at their Proposition 13 factored base year value. The total assessed value reduction for the 446 parcels receiving a benefit is \$547,945,026 which translates into approximately \$1,000,000 in reduced tax revenue for the Napa County general fund.

Subvention Payments

The Open Space Subvention Act (OSSA) was enacted by the State in 1972, to provide for the partial replacement of local property tax revenue foregone as a result of participating in the CLCA and other open space programs. The State eliminated subvention funding in the 2009-2010 Fiscal Year budget. In 2009, the last year the county received full subvention funding, the subvention payment to Napa County was approximately \$90,000.

In an effort to address the fiscal impacts associated with the elimination of subvention payments, the Legislature passed SB 863 in 2010. SB 863 established a temporary alternative funding source for counties which might otherwise be forced to non-renew all Williamson Act contracts due to the loss of State subventions, by providing counties a method to backfill subvention payment by imposing a direct charge on contract holders equal to 10% of their property tax savings. SB 863 also included a one time appropriation of \$10 million to the State subvention fund which provided approximately \$22,000 to Napa County for 2010-2011 Fiscal Year, or approximately 25% of its normal subvention.

On January 25, 2011, the Board of Supervisors reviewed the CLCA program as a result of the elimination of the State subvention funds and SB 863. The Board discussed the provisions of Senate Bill (SB) 863, acknowledging that non-renewal of Williamson Act contracts would have little immediate effect (because of the 9-year phase out), and emphasized that continued participation in the Williamson Act program is consistent with the County's general plan focus on agricultural preservation values. The Board unanimously voted to continue Napa County's participation the CLCA as currently administered.

SUPPORTING DOCUMENTS

- A . Resolution 2018 Agricultural Preserves and Contracts
- B . Ag Commissioner Memo 2018 Agricultural Preserves
- C . Ag Preserve Contract P18-00351 Fisher
- D . Ag Preserve Contract P18-00354 Beckstoffer

- E . Ag Preserve Contract P18-00355 Partrick Estate
- F . Ag Preserve Contract P18-00362 Fontanella
- G . Ag Preserve Contract P18-00364 Capra Mills
- H . Ag Preserve Contract P18-00365 Capra Mills
- I . Ag Preserve Contract P18-00366 Capra Mills
- J . Ag Preserve Contract P18-00374 Foss Valley Ranch
- K . Ag Preserve Contract P18-00375 Rocking R Ranch
- L . Ag Preserve Contract P18-00376 Rocking R Ranch
- M . Ag Preserve Contract P18-00377 Rocking R Ranch
- N . Ag Preserve Contract P18-00379 Circle R Ranch
- O . Ag Preserve Contract P18-00380 Circle R Ranch
- P . Ag Preserve Contract P18-00383 Boyer

CEO Recommendation: Approve

Reviewed By: Helene Franchi