

An Evaluation of the Financial Feasibility of Incorporating the Community of  
Clearlake Highlands-Park, California

Prepared by Brian Parker and  
The Clearlake Incorporation Committee

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## Preface

This report documents the financial feasibility of Incorporating the Community of Clearlake Highlands-Park, referred to in this report as the City of Clearlake. The report provides the Lake County Local Agency Formation Commission (LAFCO) the information it is required to review under its enabling act (Chapter 6.6 of the California Government Code) and the Municipal Organization Act of 1977 (MORGA).

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## I. DESCRIPTION OF PROPOSED INCORPORATION

The governmental services currently delivered to the City of Clearlake are provided by Lake County and various dependent and autonomous special districts. The Clearlake Incorporation Committee proposes a council-manager form of government which would provide the following community services: planning and community development, public works, police protection, and animal control. At least initially it is proposed that the public works, police protection, and animal control services be provided under a service contract with the County, only planning and community development services are provided initially by the city. (See Appendix 1). The remaining services would continue to be provided by Lake County and existing special districts (Table 1). The Incorporation proposal provides for six city employees and a total expenditure of approximately \$1,100,000. Approximately 75% of the anticipated expenditure would be allocated to county service contracts.

The committee considers that a number of factors necessitate the proposed incorporation of the City of Clearlake. These reasons are as follows:

1. Enormous growth in area population. The tremendous growth observed by the community is creating an increased demand for public services and facilities. The social problems that accompany rapid population growth demonstrate the need for local government. Though accurate estimates are difficult, the areas population has nearly doubled since 1972.
2. The increased development of southern Lake County has made the area an important commercial center. This has provided the city a potentially

lucrative source of revenue that enhances the viability of incorporation.

3. The remoteness of county government and the need for local control.
4. The loss of state revenue form the large unincorporated area population in Lake County.
5. The lack of alternatives to Incorporation.

Table 1

Proposed Provision of Services After Incorporation

Municipal-type Services NO LONGER Provided to Residents of New City

(Discontinued on June 30th following effective date of incorporation. Services identified by asterisk will be continued by county under service contract with new city.)

- \* Law Enforcement - County Sheriff (Some traffic control services provided by California Highway Patrol also discontinued.)

Planning, Land Use Control (zoning, environmental protection, etc.)

Building Inspection

- \* Public Works - Streets, Highways, Engineering, etc.

- \* Animal Regulation

Civil Defense

Countywide Services TO BE PROVIDED to Residents of New City

Social Services - Welfare, Youth Services, etc.

County Parks and Recreation

Health Services

Courts and Criminal Prosecution

Voter Registration and Election Administration (city pays costs of municipal elections)

General Government - Assessor, Treasurer, Clerk, Recorder, Tax Collector

Services to be Provided by Present Special Districts
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(The Incorporation Committee proposes that the City of Clearlake remain in all Special Districts.)

Lakeshore Fire Protection District

Lower Lake Fire Protection District

Konocti County Water District

Lakeshore Village Lighting District

Lakeshore Lighting District

Lake County Sanitation District #1

Lower Lake Cemetery District

Lake County Flood Control and Water Conservation District

East Lake Soil Conservation District

Redbud Community Hospital District

Lake County Mosquito Abatement District

Konocti Unified School District

Yuba College District



FIGURE 1

General Location

# LAKE COUNTY

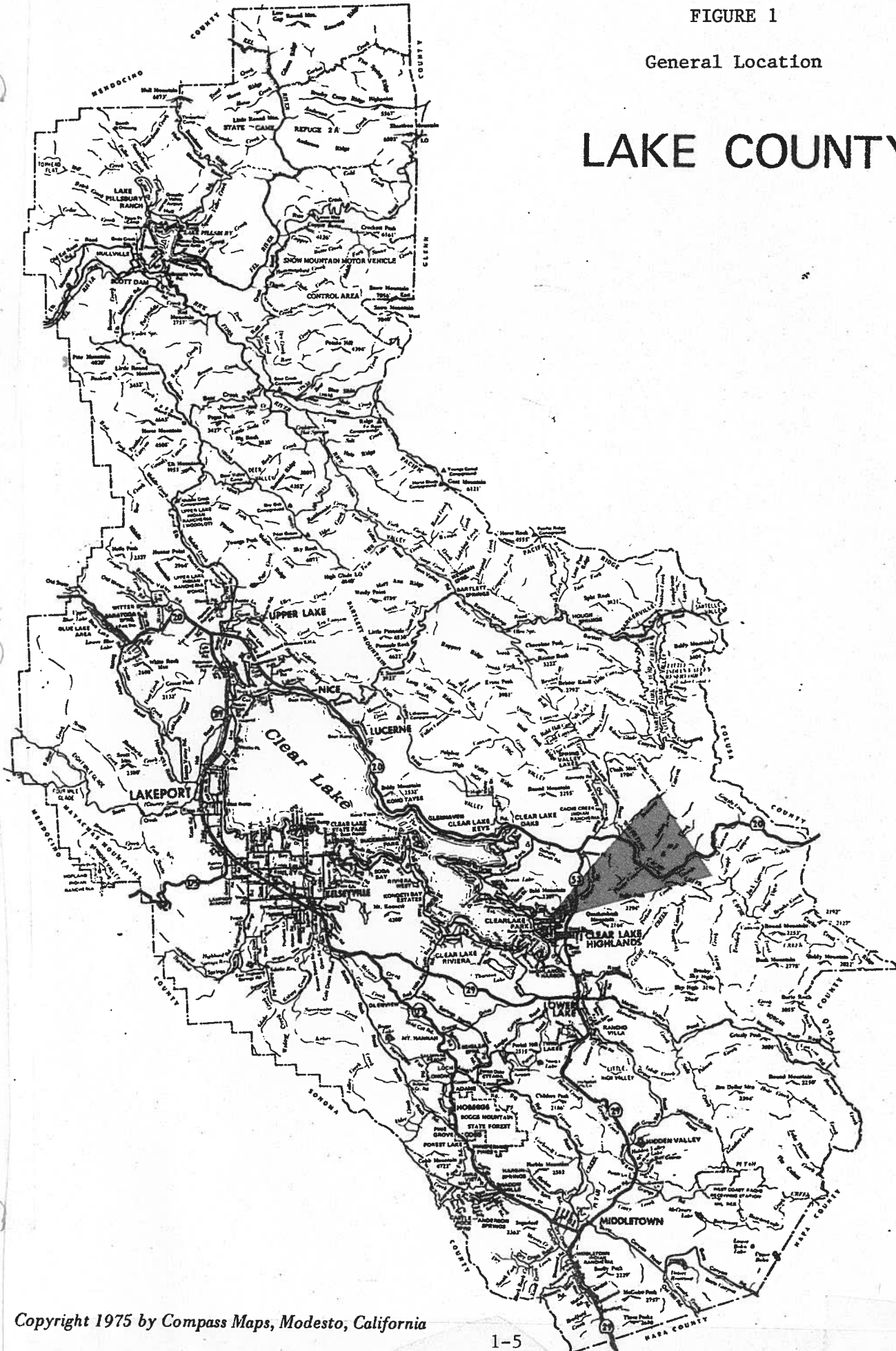
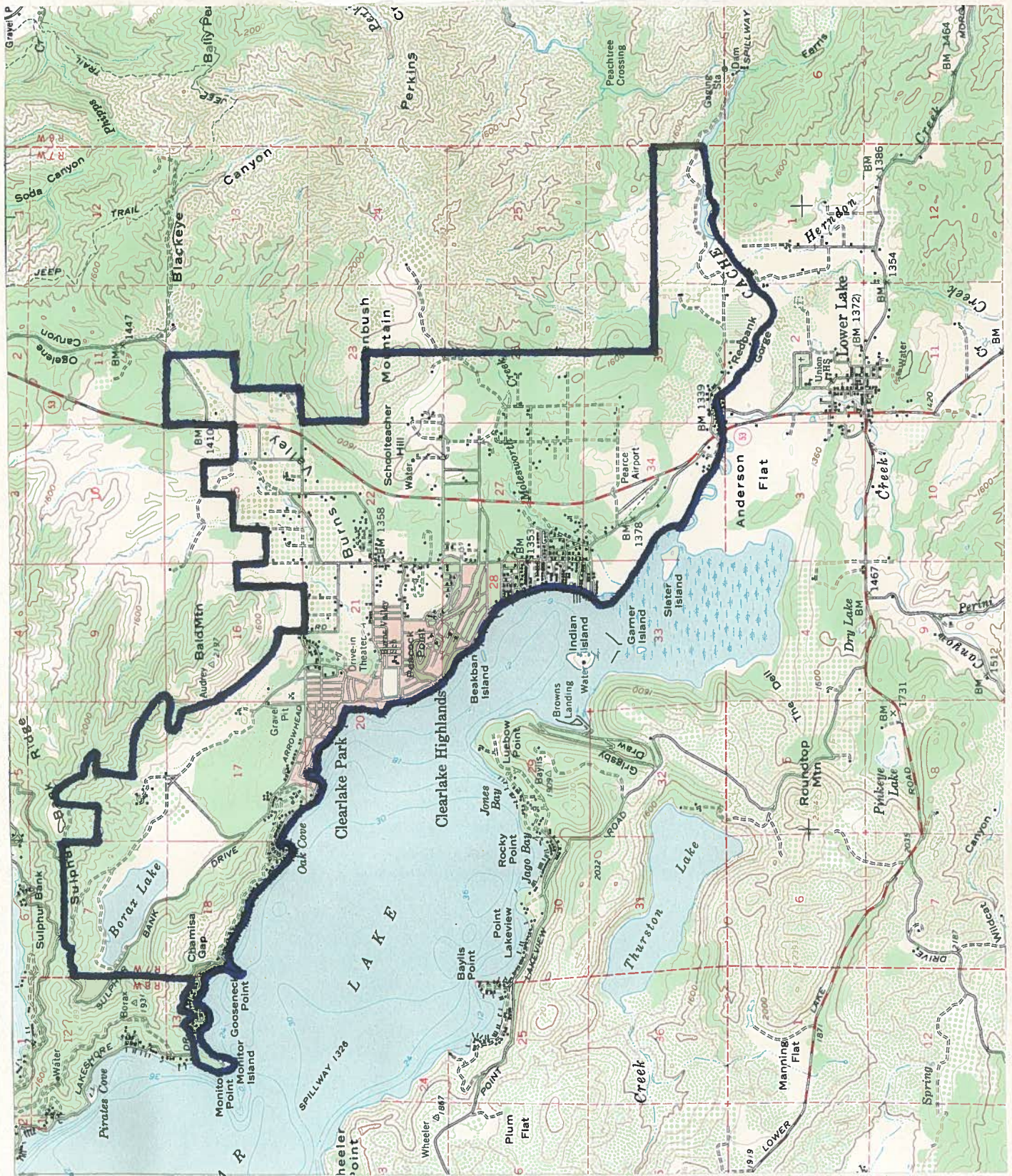


FIGURE 2

Boundaries of the Proposed City of Clearlake



## Physical Features of the Proposed City

The proposed incorporation would include an area of 10.2 square miles (6528 acres) located at the southeast end of Clear Lake (Figure 1). The area includes the broad flat Burns Valley as well as the rolling hills to the east of Highway 53, and the steep slopes around Borax Lake (Figure 2).

The area is bounded on the west by approximately 6 miles of Lakeshore; on the south by Cache Creek; on the east by rugged mountains but including all of the 1920's subdivisions east of Highway 53; on the northeast and north to the edge of Burns Valley and the Southeast Regional Wastewater Treatment Plant; and finally on the northwest by hills surrounding Borax Lake. These city limits follow the boundaries of the Lakeshore Fire Protection District except on the northwest where the lands past Monitor Point have been excluded at the request of the residents; and a portion of the Lower Lake Fire Protection District along the north shore of Cache Creek is included.

The area's major drainages are Burns Valley Creek and Molesworth Creek. It also includes most of the Borax Lake drainage basin. No major flood control channels have yet been constructed on either of these creeks because of the semi-urbanized nature of the area.

Regional access is provided by Highway 53. The main arterials in the area are Lakeshore Drive, Old Highway 53, and Olympic Drive.

## Population and Land Use

Population estimates for Lake County are difficult to make as the last census

was conducted in 1970. Personnel in the Lake County Clerk's Office note that the ratio of population to voters has historically been 2-1 in Lake County. Using this as a basis, the area would have approximately 10,500 residents. Since the voter registration totals are presently one year out of date, the committee estimates a current population of 11,500 residents. This would be approximately 1,100 persons per square mile.

An inventory of land use, utilizing assessor parcel information, indicated the following uses in the City of Clearlake as of December 1978.

Table 2

Land Use in Proposed City of Clearlake

<u>Land Use</u>	<u>No. of Parcels</u>
Residential dwellings	5,037
Recreation	334
Commercial	477
Agricultural	117
Bank, Savings & Loan	4
Schools	3
Junior College	1
Hospital	1
Medical Centers	4
Post Office	2
Churches	10

The remainder of the 15,153 assessor parcels were vacant. Each assessor parcel can include a number of individual parcels, each of which can be used as a building site. This means the number of assessor parcels is only an indication of the minimum number of parcels in the area.

The number of residential dwellings is also understated by this assessor parcel survey. Assessors computer printouts do not indicate the number of dwelling units in mobile home parks, trailer parks, and apartment complexes.

The large number of vacant subdivided parcels, and at least one square mile of large parcels (more than 2.5 acres) indicates a large growth potential. The increase is likely to occur in this area because of the county's quickening growth rate (Figure 3) which has caused the population to increase over 60% since 1970. Since the rate of new subdivisions had not kept up with the construction growth rate, development is being concentrated in the existing urban areas. The Clearlake Highlands-Park area is a logical location for this growth. It has moderate land prices. Three well organized water distribution systems, together, serve the entire area. New sewer installations presently serve or are planned for over 70% of the area. The only "missing" facility in much of the area is an adequate road system. The committee feels that this will be resolved by the formation of assessment districts or by the past practice of developing area in spite of the lack of adequate roads.

The area's presently established commercial areas are shown (Figure 4). Areas of unsubdivided property are also shown.

The area's General Plan designation is mainly urban and suburban (Figure 5). The General Plan will not be elaborated on here as the county is anticipating a

FIGURE 3  
Countywide Building Permit Activity

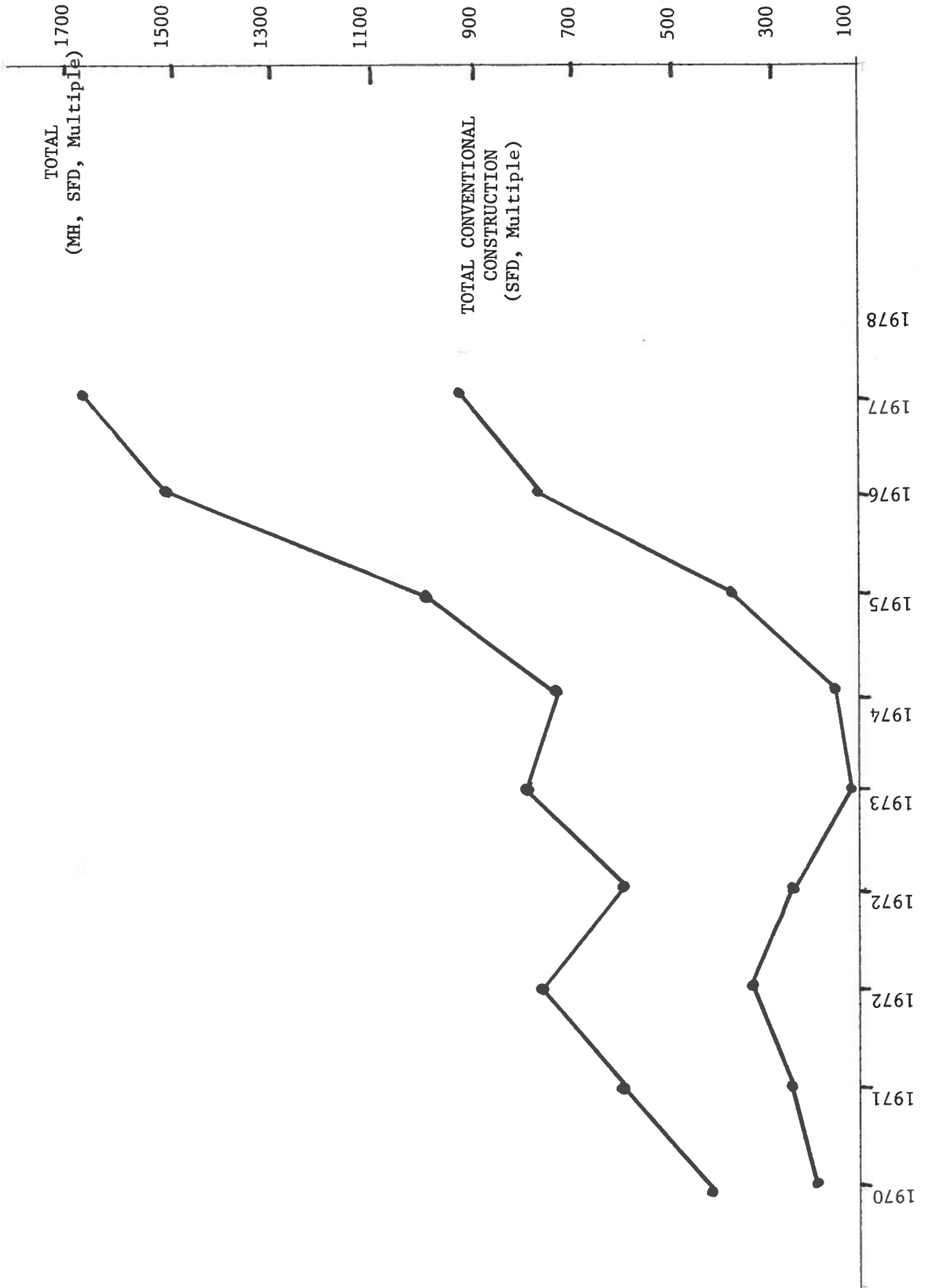
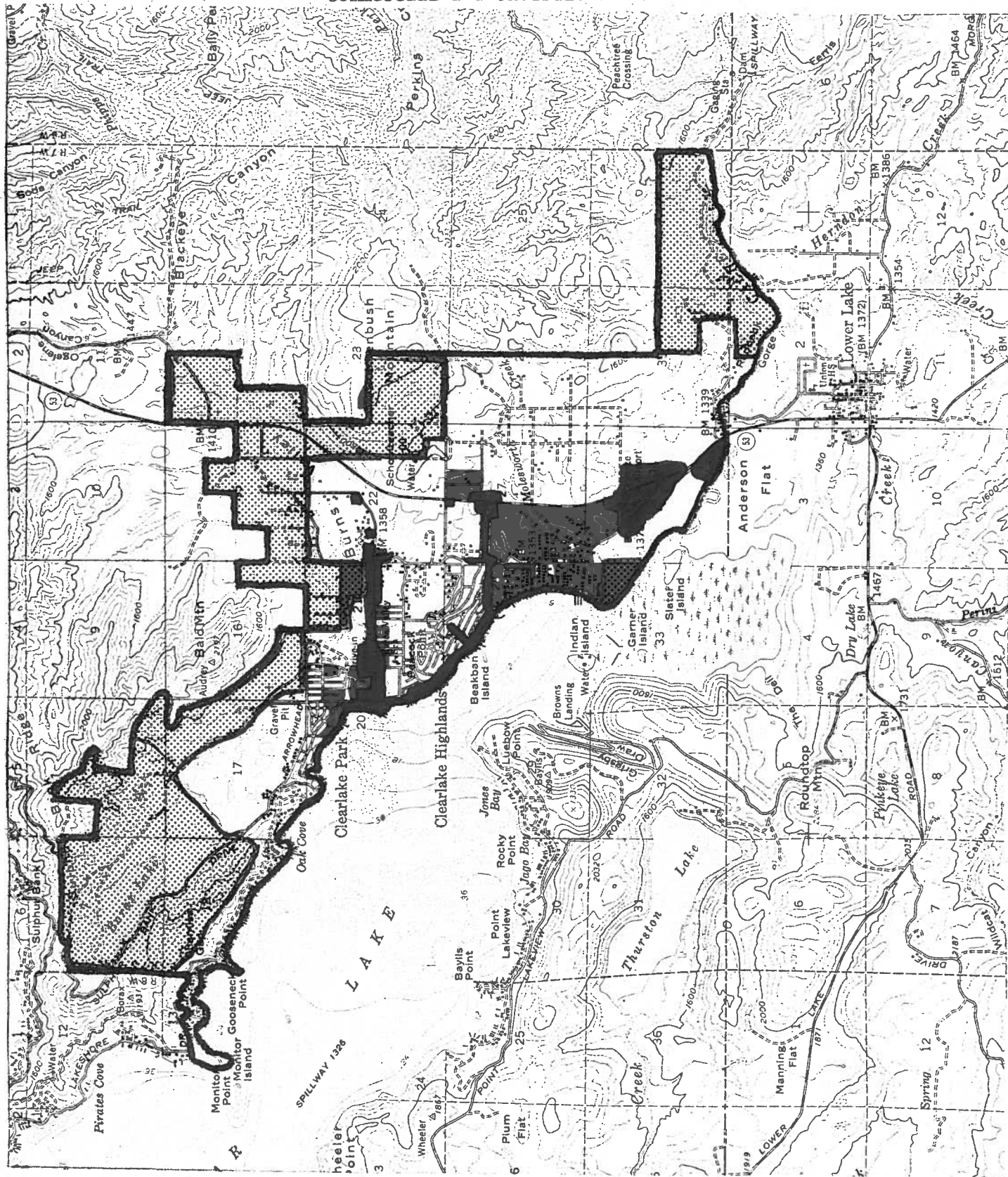


FIGURE 4

Commercial and Unsubdivided Areas



major revision to meet state requirements which could bring major changes in county policy. At present the plan designates very little public policy for this area.

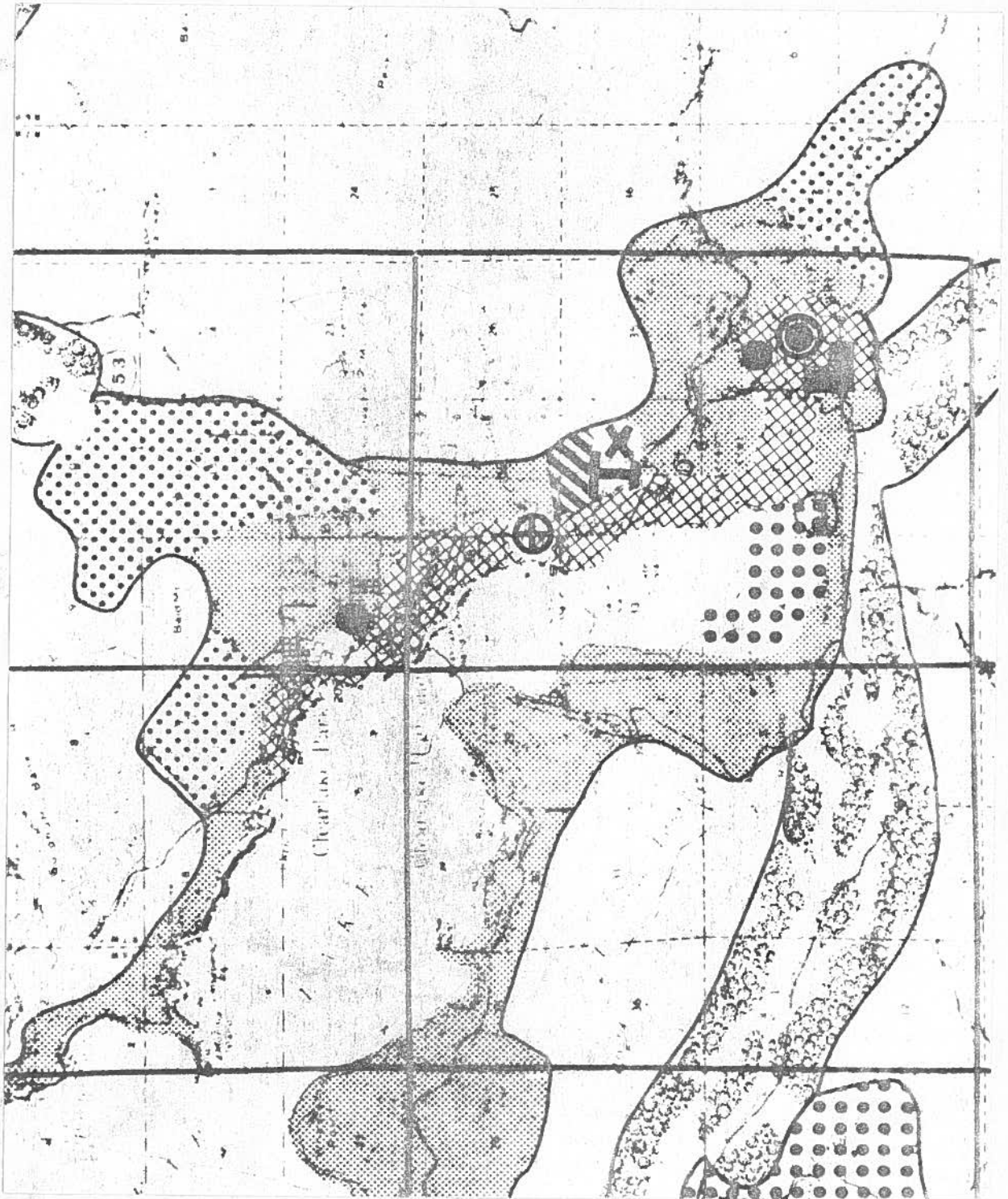
The area's zoning is over 50% unclassified. The remainder is mainly zoned R-1-MH. Recently the Lake County Board of Supervisors has appointed a South-shore Municipal Advisory Committee to advise them on a community plan for the area. The committee's work will be completed by the end of 1979 and will be the basis for zoning in the area.

The nearest populated areas in relationship to the proposed city are; Clear-lake Oaks, which is 3-4 miles to the north, and Lower Lake, across Cache Creek to the south. In addition there are a large number of lakefront homes west of Monitor Point past the proposed city limits. Of these areas, Lower Lake is likely to see the most growth in the immediate future based on current development proposals. Presently three subdivisions are planned in the area containing over 200 lots. Owners of the Anderson Flat area are also planning a large development, once legal issues associated with the Clear Lake high-low water line case are decided. These developments will consume a large amount of the land remaining in the Lower Lake area.



FIGURE 5

General Plan Designation



## II. REVENUES

The first step to determine the economic feasibility of a City of Clearlake is to determine anticipated revenues. This section reviews the estimated revenue that a City of Clearlake could have anticipated in fiscal year 1979-80 from the three categories of revenue available to cities. These three categories are:

- A. State collected and/or shared revenues;
- B. Locally raised and collected revenues; and
- C. Federal and State grants.

### A. State Collected and/or Shared Revenues

The state collected and/or shared revenue that general law cities are eligible to receive is either local revenue, collected by the state and returned to the cities of origin, or state raised revenue that is shared with all California cities. This revenue is non-property tax revenue that is available exclusively to city governments (or county governments in the absence of a city).

The following categories estimate the state collected and/or shared revenue that a City of Clearlake could have anticipated in fiscal year 1979-80. These estimates were prepared by the State Board of Equalization, (Appendix 5) unless otherwise noted.

#### 1. Sales Tax

All California cities presently levy local sales taxes under the provisions of the Bradley-Burns Uniform Local Sales and Use Tax Law. These taxes are imposed on a uniform basis at one percent (1%) on the retail sale of tangible personal property within a city. Local sales taxes are collected by the State Board of

Equalization and are returned to the city where the sale is made.

In 1979-80, the City of Clearlake could have received \$301,241 from this revenue source. This total translates into a per capita sales tax revenue figure of \$28 (assuming a population of 11,500 persons). This figure is significantly lower than the \$48 average per capita city sales tax collection statewide. The lower than average figure is the result of low income levels and a limited availability of commercial enterprises. Many purchases are made in Santa Rosa or Ukiah.

## 2. Cigarette Tax

The state levies a ten cent (10¢) tax on the purchase of cigarettes. In lieu of local cigarette taxes, cities and counties receive the equivalent of three cents (3¢), or 30%, of the state tax. This local share is initially divided between cities and counties on the basis of taxable sales within the incorporated and unincorporated areas of the state. The portion available to incorporated areas is allocated to individual cities on the basis of a formula considering population and taxable sales within a city's boundaries (6% of the total sales tax allocation to a city plus \$2.00 per capita). In 1979-80 a city government could have received \$43,382 from this revenue source.

## 3. Liquor License In-Lieu Fees

The state imposes annual fees on all businesses engaged in the "on" (premises) and "off" (premises) sale of alcoholic beverages. Ninety percent (90%) of the amount collected is returned to cities and counties from which it was collected. In 1979-80 a City of Clearlake could have received a minimum of \$8,420 from this revenue source.

4. Motor Vehicle License In-Lieu Fees

A special fee, equal to two percent (2%) of the market value of motor vehicles, is imposed annually by the state in-lieu of local property taxes. After certain deductions are made, the amount collected is divided equally between cities and counties. Individual cities are then allocated portions of the city share on the basis of population. In 1979-80, a City of Clearlake could have received \$167,139 from this revenue source.

5. Trailer Coach In-Lieu Fees

A special fee, equal to two percent (2%) of the market value of travel trailers and mobile homes, is levied annually by the state. The money obtained by this charge is shared equally by the city, county and school district in which the "vehicle" is located. The committee estimates that the City of Clearlake could have received \$56,000 from this source in 1979-80. This assumes the county will receive \$425,000 from this source and that the city contains 40% of the county's mobile homes.

6. Highway Carriers Uniform Business License Tax

All highway carriers who do inter-city business are regulated by the Public Utilities Commission and pay the state a highway carriers' business license tax equivalent to 1/10th of one percent (.1%) of their gross operating revenue. This revenue is then apportioned to cities on the basis of population. In 1979-80, a City of Clearlake could have received \$1,654 from this revenue source.

7. Gasoline Tax

All California cities share in three state gasoline tax funds:

- a. The Collier-Unruh Gasoline Tax (Streets and Highway Code Section 2106)

- b. The Gasoline Tax (Streets and Highway Code Section 2107)
- c. The Engineering Allotment

Money from the Collier-Unruh Gasoline Tax is dispensed to cities on the basis of a flat rate plus a per capita amount which varies from county to county. Money from the Gasoline Tax is allocated on straight per capita basis; the Engineering Allotment is a fixed allotment based on population. State law requires cities to use the revenue from these sources solely for the maintenance and construction of streets. In 1979-80, a City of Clearlake could have received \$122,074 from these revenue sources as follows:

\$62,384	Section 2106 Taxes
56,690	Section 2107 Taxes
<u>3,000</u>	Engineering Allotment
\$122,074	Total

8. Local Transportation Fund (SB 325)

This fund is allocated on the basis of population by the City/County Areawide Planning Council. This money was intended by the state legislature to be spent on mass transportation. It is and can be spent on road maintenance if there are no unmet transit needs. This source of income would raise approximately \$100,000 in fiscal year 1979-80.

Table 3

Summary of the 1979-80 State Collected And/Or Shared Revenue of a City of Clearlake Government

<u>Source</u>	<u>Amount</u>
Sales and Use Tax	\$ 301,241
Cigarette Tax	43,382
Liquor License In-Lieu Fee	8,420
Motor Vehicle In-Lieu License Fee	167,539
Trailer Coach In-Lieu Fee	56,000
Highway Carriers Uniform Business License Tax	1,654
Gasoline Tax	122,074
Local Transportation	<u>100,000</u>
TOTAL	\$800,310 (a)

(a) The County would lose only a portion of this amount and the difference between the County's total loss and this figure would represent new state collected revenue coming into the County (see Table 12).

B. Locally Raised and Collected Revenues

The locally raised and collected revenues that newly formed general law cities are eligible to receive now include only non-property tax sources. Prior to the passage of Proposition 13 in June 1978 new cities could impose property taxes. For the purpose of this analysis no new taxes are proposed for imposition or increase. Only taxes which are presently imposed by the county are proposed to be taken over by the new city. However, newly imposed legislation, A. B. 8, passed in July 1979 could provide additional revenues for the City of Clearlake.

### 1. Utility Franchise Tax

A city possesses the authority to impose fees on privately-owned utility companies, excluding telephone companies, for the privilege of using city streets. Utilities subject to franchise taxes include electricity, water, and cable television. A city can also collect franchise fees from companies awarded exclusive service rights to city residents (i. e., refuse collection).

Presently the County of Lake collects franchise taxes from Pacific Gas and Electric Company and Jones Intercable, both of which service the City of Clearlake. Ron Schmidt, Lake County Manager of Jones Intercable, estimates that his company would pay \$5,500 in the 1979-80 fiscal year for providing service within the proposed boundaries of the city. Steve Brodnansky, Lake County Manager for Pacific Gas and Electric Company, estimates that his company likewise would pay approximately \$25,300 in the 1979-80 fiscal year.

Thus a total of \$30,800 would be available from this source of revenue in the 1979-80 fiscal year.

### 2. Documentary (Property) Transfer Tax

If a County imposes a documentary transfer tax (which Lake County does), the cities within the county are permitted to levy a similar tax. The city can receive half of the revenue generated by the county levy (27.5 cents per hundred dollars of value). This is estimated by the committee to raise \$80,000 in revenues.

### 3. Fines and Forfeitures

A city receives a specified portion of the fines imposed and bail forfeited for misdemeanors or infractions committed within its boundaries. As an incorporated city, Clearlake would be entitled to 67% of the fines and forfeitures resulting

from city law enforcement actions. The level of receipts from this revenue source is variable depending upon the level of law enforcement activity. Assuming the City of Clearlake will receive at a minimum twice the amount of fines realized by the City of Lakeport in 1978-79, this will result in approximately \$60,000 in traffic safety fines and \$13,000 in court fines, a total of \$73,000 in revenues.

#### 4. Current Service Charges

A city may impose charges for all services sold in monetary units and for which the user can be identified. Examples of the current service charges a city can impose are: planning and subdivision fees, maps and publication fees, plan checking fees and miscellaneous other user fees. It is estimated that these charges will be adjusted to totally fund all building plan checking services and current planning (use permits, rezonings, variances). The clerical and reproduction costs associated with the sale of documents will be covered by these charges. It is estimated that \$30,000 will be raised by these fees. This includes \$5,000 for the sale of documents, \$40,000 for plan checking services and \$15,000 for current planning services.

#### 5. Transient Occupancy Tax

A city is empowered to levy a local transient occupancy, or hotel-motel room tax for the privilege of occupying a hotel, motel, or other room within the city for a period of 30 days or less. By reimposing the county tax after incorporation, this tax is estimated to raise \$20,000 in the 1979-80 fiscal year.

#### 6. Licenses and Permits

A city may charge fees for the various licenses and permits it issues as part of its regulatory activities. Examples of the licenses and permits the city



expects to receive revenue from include: bicycle licenses, building permits, electrical permits, and plumbing permits. It is estimated that these funds will totally fund all building inspection services. This source of revenue is expected to raise over \$44,000 in revenues yearly.

Table 4

Summary of the 1979-80 Locally Raised and Collected Revenue of a City of Clearlake City Government

<u>Source</u>	<u>Amount</u>
Utility Franchise Tax	\$ 30,800
Documentary Transfer Tax	80,000
Fines and Forfeitures	73,000
Current Service Charges	30,000
Transient Occupancy	20,000
Licenses and Permits	<u>44,000</u>
TOTAL	\$277,800

C. Federal and State Grants

Many of the activities of general law cities qualify for federal and state grants. These grants provide financial assistance to eligible cities for particular projects such as airports, neighborhood community centers, park facilities, etc. The availability of federal and state grant monies is uncertain, however, because of the variability in appropriations and the competition among municipalities for funding. Therefore, the amount of federal and state grant monies that would be

available to a City of Clearlake in 1979-80 would have depended upon the availability of funds and how aggressively the city sought a share of such funds.

The following short descriptions describe the various grant programs through which the city might obtain financial assistance.

1. Housing and Community Development (HCD) Block Grant

The Housing and Community Development Act was enacted by Congress in 1974. It allocates federal money to metropolitan and non-metropolitan areas for community development purposes. Under the HCD Block Grant program, the City of Clearlake would be placed in the non-metropolitan area category and would compete with other non-metropolitan areas for grant money.

There is no guarantee that grant applications for a City of Clearlake would be approved. The city would not be able to apply until it had adopted a General Plan with Land Use, Circulation and Housing elements that meet federal standards.

2. Nejedly-Hart State, Urban and Coastal Park Bond Act of 1976

The Nejedly-Hart State, Urban and Coastal Park Bond Act of 1976 provides state grant money to local jurisdictions to use for park, recreational and historical acquisition and development purposes.

3. Comprehensive Employment and Training Act of 1973 (CETA)

The Comprehensive Employment and Training Act of 1973 (CETA) restructured several existing federal manpower programs. The Act replaced numerous categorical programs with a decentralized manpower program responsive to local needs. CETA also established a program of federal financial assistance to state and local governments for public service jobs in areas of high unemployment.

4. Intergovernmental Anti-Recession Act of 1976

The Anti-Recession Act provides \$1.75 billion for state and local governments with an unemployment rate over (6%) on a "counter-cyclical basis." This funding is essentially an attempt to prevent cities from having to raise taxes and curtail spending. At the same time Congress is attempting to stimulate employment by cutting taxes and increasing spending. Based on the revenues of the County of Lake and the City of Lakeport, the committee estimates a conservative \$20,000 in revenue from this source.

5. General Revenue Sharing

General Revenue Sharing was enacted by the Federal Government in 1971 and will continue to be in effect until 1980. Under the program's provisions, cities and counties are allocated blocks of money which they are free to use in any local government function. Allocations are made on the basis of a complex formula involving taxing effort, income and population. Conservatively the committee estimates \$125,000 from this source of revenue.

The revenue from federal and state grants is not included in the total revenue summary for the City of Clearlake (Table 6) because of the uncertain availability and limited application of such revenue. The use of federal or state grants to finance the City of Clearlake operating costs would place the city in a precarious financial position.

Table 5

Summary of the 1979-80 Federal and State Grant  
Revenue of a City of Clearlake

<u>Source</u>	<u>Amount</u>
Housing and Community Development Block Grant	?
Nejedly-Hart State, Urban and Coastal Park Bond Act	?
Comprehensive Employment and Training Act (CETA)	?
Intergovernmental Anti-Recession Act	\$20,000
General Revenue Sharing	<u>\$125,000</u>
TOTAL	\$145,000

D. Total State and Local Revenue

The total revenue that the City of Clearlake could have anticipated in fiscal year 1979-80 is delineated in Table 6. The total from all sources is \$1,098,110.

The revenue does not include the Federal and State grants that would have been available to the city fiscal year 1979-80. This does include anticipated interest of \$20,000 on invested funds.

Table 6

Summary of the 1979-80 Total Revenue of  
a City of Clearlake

Source	Revenue Total
<b>State Collected and/or Shared Revenues</b>	
Sales and Use Tax	\$301,241
Cigarette Tax	43,382
Liquor License In-Lieu Fees	8,420
Motor Vehicle In-Lieu License Fees	167,539
Trailer Coach In-Lieu Fees	56,000
Highway Carriers Uniform Business License Fees	1,654
Gasoline Tax	122,074
Transportation Fund	<u>100,000</u>
SUBTOTAL	\$800,310
<b>Locally Raised and Collected Revenues</b>	
Utility Franchise Tax	\$ 30,800
Documentary Transfer Tax	80,000
Fines and Forfeitures	73,000
Current Service Charges	30,000
Transient Occupancy Tax	20,000
Licenses and Permits	<u>44,000</u>
SUBTOTAL	\$277,800
Interest on Funds	<u>\$ 20,000</u>
TOTAL	\$1,098,110

### III. EXPENDITURES

#### A. GOALS

The second step to determine the financial feasibility of the proposed incorporation is to prepare a budget which would allow the local community goals to be met. The Incorporation Committee has identified their goals as:

1. The establishment of a local planning commission to control local land use.
2. An increased level of police protection with 24-hour patrols in the community.
3. Maintenance of roads and other municipal-type services at present levels.

The anticipated revenue and expenditure levels will allow these goals to be met. In addition it appears that the incorporation will allow a larger portion of the county-wide road funds to be available to the city.

TABLE 7

CITY OF CLEARLAKE

Budget Summary Fiscal Year 1979-80

Expenditures

General Government	\$ 200,555
Police Protection	547,000
Animal Regulation	22,000
Transportation	272,000
Health Services	500
Community Promotion	<u>14,370</u>
Total	\$1,060,425

Revenues (See Table 6)

State Collected and/or Shared Revenue	\$ 800,310
Locally Raised and Collected Revenues	277,800
Interest on Funds	<u>20,000</u>
Total	\$1,098,110
Anticipated Reserves	\$ 37,685

Grants - Unappropriated (See Table 5)

General Revenue Sharing	\$ 125,000
Anti-Recession Act	<u>20,000</u>
Total	\$ 145,000

Clearlake City Council and the city's administrative officials. The City Attorney's responsibilities would include preparing contracts, ordinances, agreements, franchises, legal opinions, and performing other related legal services. The committee proposed to contract with a law firm to provide this service.

6. City Treasurer - This position is combined with the Planning Director position. The Treasurer would be responsible for supervising the accounting affairs of the city. This would include the preparation of payrolls and warrants, billings and collections, and all city fund accounting.
7. Planning - The Planning Department's responsibilities would include current and advance planning, community development activities and programming. Building inspection services are also included in this department.



TABLE 8

CITY OF CLEARLAKE

General Government Fiscal Year 1979-80

Expenditures

I. Mayor, City Council

A. Salaries	\$-----	
B. Materials, Supplies, Services	<u>6,000</u>	
	\$ 6,000	6,000

II. City Manager

A. Salaries:		
City Manager	\$18,800	
Secretary/Deputy Clerk	<u>4,500</u>	
	\$23,300	
B. Materials, Supplies, Services	<u>6,000</u>	
	\$29,300	29,300

III. City Clerk

A. Salaries:		
City Clerk	\$ 5,000	
Secretary/Deputy Clerk	<u>5,000</u>	
	\$10,000	
B. Materials, Supplies, Services	<u>2,000</u>	
	\$12,000	12,000

IV. Treasurer and Finance

A. Salaries:		
City Treasurer	\$ 5,000	
Secretary/Accounting Clerk	<u>2,000</u>	
	\$ 7,000	
B. Materials, Supplies, Services	<u>1,500</u>	
	\$ 8,500	8,500

V. Planning

A. Salaries:

Planning Director	\$15,000
Secretary/Accounting Clerk	7,000
Building Inspector (2)	<u>28,000</u>
	\$50,000

B. Materials, Supplies, Services

<u>8,000</u>
\$58,000

58,000

VI. Non-departmental Expense

A. Materials, Supplies and Services

1. Contract Services:

	\$18,000
Attorney	\$18,000
Auditor	5,500
Janitorial	<u>8,000</u>
	\$31,500

2. City Hall (includes utilities, minor renovations)

8,000

3. Membership and Meetings

3,000

4. Printing and Publication  
(includes legal publication)

3,000

5. Telephone and Telegraph

4,500

6. Employee Benefits (35% of salaries)

26,355

7. Insurance and Miscellaneous  
(fire, liability insurance, performance bonds, etc.)

7,500

8. Capital Outlay

1,000

\$85,255

85,255

TOTAL

\$200,555

Notes

\* The salary of the City Manager is apportioned \$18,800 to the City Manager budget and \$5,000 to the City Clerk's budget.

\*\* The Secretary/Deputy Clerk's salary is apportioned \$4,500 to the budget of the City Manager and \$5,000 to the City Clerk's budget.

\*\*\* The Planning Director's salary is apportioned \$15,000 to the Planning budget and \$5,000 to the Treasurer's budget.

\*\*\*\* The Secretary/Accounting Clerk's salary is apportioned \$7,000 to the Planning budget and \$2,000 to the Treasurer's budget.

\*\*\*\*\* Capital outlays for office equipment are amortized over a ten year period of time.

TABLE 9

Personnel Cost Summary

<u>Salary</u>	
<u>Position</u>	<u>Yearly Salary</u>
City Manager/Clerk	\$23,800
Secretary/Deputy Clerk	8,500
Planner/Treasurer	20,000
Secretary/Account Clerk	9,000
Building Inspectors (2)	<u>14,000</u>
	\$75,300
Benefits (35% of Salary)	<u>26,355</u>
	\$101,655

C. POLICE PROTECTION - \$574,000

The Incorporation Committee proposes to contract with the Lake County Sheriff's Department for police services after incorporation. In response to a request from the committee, Deputy Al Mayer of the Sheriff's Department has prepared the following estimate for contract police services for the City of Clearlake.

Service Contract Proposal

This proposal is designed to provide 24-hour police protection services to the City of Clearlake. All figures are for the 1979-80 fiscal year.

Personnel (wages and benefits)

12 Deputies (full time)

3 Sergeants (full time)

1 Matron (full time)

1 Clerk (full time)

2 Detectives (75%)

1 Captain (60%)

1 ID Tech (25%)

1 Photo Tech (25%)

\_\_\_\_\_

\$402,816

Mileage - Central Garage:

Est. 246,000 miles yearly @ 26¢/mile                      69,960

Departmental Expenses (training, travel,                      12,300  
supplies, etc.)

Sheriff Department Estimate                      \$479,696

Committee Adjustments

The Sheriff Department's estimate does not include the cost of liability insurance. Both the City of Lakeport Police Department and

the Lake County Sheriff's Department liability insurance payments are approximately 12.5% of expenditures for salaries and benefits. This would add approximately \$50,350 to this item for insurance.

As a percentage of personnel expenditures the Sheriff's Department estimate allocates 3.2% of its budget for departmental expenses. The Lakeport Police allocate 6.4% and the total Sheriff's patrol budget allocates 8.7% for departmental expenses. Because of this the committee has increased this amount by \$12,920 to 6.4% of the personnel expenditure.

The Sheriff's Department spent \$123,831 on its communications budget in 1978-79. The committee assumes that it will be asked to pay a portion of this cost. Assuming there are substantial fixed costs in this budget item and low variable costs, the committee assumes its share of this service would be approximately 25% of the total costs or \$31,000.

TABLE 10

## Summary of Total Police Protection Costs Fiscal Year 1979-80

Expenditure	Cost	
Original Estimate		
Personnel	\$402,816	
Mileage	69,960	
Departmental Expenses	<u>12,300</u>	
	\$479,696	\$479,696
Committee Adjustments		
Liability Insurance	\$ 50,350	
Departmental Expense	12,920	
Communications	<u>31,000</u>	
	\$ 94,270	<u>94,270</u>
TOTAL		\$573,966

D. ANIMAL REGULATION - \$22,000

The Incorporation Committee proposes to contract with the County of Lake for continued animal control services. The department has provided an estimate of \$25,000 for providing this service to the city. The present Animal Control Department budget is \$90,000, with revenues of \$31,000 from license sales and \$5,000 of this budget item are provided by the City of Lakeport. Assuming the city has approximately one-third (1/3) of the presently unincorporated population, the city's proportional share would be about \$18,000. Since the City of Clearlake is distant from Lakeport and because of inflation, the committee has raised the estimated cost of this service to \$22,000 for the 1979-80 fiscal year.

E. TRANSPORTATION - \$272,000

The following information was provided by Hans Carmiggelt, Assistant Director of Public Works. It should be noted that gasoline tax, traffic fines and transportation tax money must be spent in this budget item. These revenues account for approximately \$282,000 in fiscal year 1979-80.

Minimum costs were identified for fiscal year 1979-80 as follows:

Road maintenance	(56 miles) x \$2,200	= \$123,000
Road resealing	(6 miles) x \$3,200	= 19,200
County Administration (15% of above)		= <u>21,360</u>
		\$163,760

In addition, the committee anticipates approximately \$20,000 will be allocated to community groups for senior citizen transportation. The remainder will be available for road construction (\$98,240), except for \$10,000 which will be applied to general government for administration of this budget item.



F. HEALTH SERVICES - \$500

The County Health Department has estimated a \$500 cost for a health services contract with the State of California.

G. COMMUNITY PROMOTION - \$14,370

The continued support for the local Chamber of Commerce has been estimated at \$14,370 for fiscal year 1979-80.

TABLE 11

Initial Capital Outlay Budget - Office Equipment

Dictaphone	(2)	\$ 600
Electronic Calculator	(2)	390
Typewriters	(2)	830
Desks (Secretarial)	(2)	300
Desks (Executive)	(2)	574
Counters	(1)	500
Chairs (Executive)	(2)	166
Chairs (Building Inspector)	(2)	67
Folding Chairs and Rack	(40)	402
Council Chairs and Table		1,700
Chairs (Secretarial)	(2)	81
Tables (78 x 36)	(3)	190
Book cases (42" steel)	(3)	171
File Cabinets	(3)	474
Wall Clock		25
Miscellaneous		<u>3,530</u>
	Estimated Cost	\$10,000

Source: State of California, Department of General Services, Cooperative Purchase Program

#### IV. EFFECTS ON OTHER GOVERNMENTAL AGENCIES

The formation of the City of Clearlake will have minimal or no effects on other governmental agencies serving the area. Table 12 shows the main effect will be on the revenues of the County of Lake. The incorporation would result in a loss of \$745,743 of tax revenues to the county in fiscal year 1979-80 if the City of Clearlake existed. This loss of revenue could result in county personnel layoffs and cutbacks under certain circumstances. As planned, the results of the incorporation will not result in layoffs because the money lost to the county in taxes will be more than replaced by contracts for services from the city.

The additional money that will flow to the county will be the result of the greater revenues that are available to cities under the structure of the state tax system.

In regards to other governmental units, the incorporation will result in the loss of \$28,000 annually to the Konocti Unified School District. This results from Trailer Coach In-Lieu Fees being apportioned under a different formula after incorporation. Other local agencies will not be effected either by revenue reductions or service inefficiencies.

TABLE 12

## Estimated 1979-80 Fiscal Impact of Incorporation on Lake County

Revenue Source	Clearlake Revenue	County Estimated Loss
<u>State Collected and/or Shared</u>		
Sales and Use Tax	\$ 301,241	\$ 301,241
Cigarette Tax	43,382	43,382
Liquor License Fees	8,420	8,420
Motor Vehicle In-Lieu Fees	167,539	-0-
Trailer Coach In-Lieu Fees	56,000	28,900
Highway Carriers Uniform BLT	1,654	-0-
Gas Tax Revenue	122,074	49,000
Transportation Fund	<u>100,000</u>	<u>100,000</u>
SUBTOTAL	\$ 800,310	\$ 530,943
<u>Locally Raised and Collected</u>		
Utility Franchise Tax	\$ 30,800	\$ 30,800
Property Transfer Tax	80,000	80,000
Fines and Forfeitures <sup>(a)</sup>	73,000	20,000
Transient Occupancy Tax	20,000	20,000
Licenses and Permits	44,000	44,000
Current Service Charges <sup>(b)</sup>	<u>30,000</u>	<u>20,000</u>
SUBTOTAL	\$ 277,800	\$ 214,800
<u>TOTAL</u>	\$1,078,110	\$ 745,743

## Footnotes:

- (a) Difference reflects greater enforcement of traffic regulations/  
(b) Difference reflects current planning charges raised to reflect cost of services.

V. TAXATION AND EXPENDITURE CONSTRAINTS

"Spirit of 13"

The proposed Limitation on Government Appropriations Constitutional Amendment Initiative, also known as the "Spirit of 13", (Appendix 3) presents an additional and difficult challenge to new incorporation proposals. If passed, this measure would limit spending by governmental entities to 1978-79 levels, with adjustments allowed yearly to compensate for population growth and increases in the Consumer Price Index. Since newly-formed units of government will not have had expenditures during the 1978-79 fiscal year to use as the basis for expenditure limits, Section 3(a) of the act provides that:

"In the event that the financial responsibility of providing services is transferred, in whole or part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which the transfer becomes effective the appropriation limit of the transferee entity (City of Clearlake) shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriation limit of the transferor entity (County of Lake) shall be decreased by the same amount." (emphasis added)

The effect of this on incorporation of the City of Clearlake will be that in addition to having to gain LAFCO and local voter approval, at some point the City or the committee will have to negotiate with the county for a share of its expenditure limit to reflect lower service costs and tax receipts that would result from incorporation, it is unlikely the county will lower its limit an additional amount to allow the city to expend the additional sales tax revenues that the incorporation will bring to the city. If it did so the county might receive tax revenues for its use that it would be unable to expend because of a lower expenditure limit. Discussion with Linda Adams of the Assembly Local Government Committee, a consultant on MORGA, indicates that the question of when the spending

limitations between a city and county would be negotiated will need to be clarified by amendments to MORGA. She noted that this study was the first one to identify this issue as a concern in the incorporation of new cities. The timing of this agreement is a crucial issue. Imagine the city being incorporated and then the county either refusing to give the city an expenditure limit or giving the city a lower expenditure limit than is needed. It is unlikely that the county would have to agree to an expenditure limit for the city before LAFCO would allow an election to be called.

### Proposition 13

Proposition 13 requires that new taxes be approved by a two-thirds vote of all qualified electors. This raises the possibility that the imposition of transient occupancy, property transfer, and utility franchise taxes by the newly incorporated city to replace equivalent taxes previously collected by the county, would require a two-thirds vote of the people. Since two-thirds vote is far from certain, this raises the possibility of a \$127,840 loss of anticipated revenue.

### Possible Alternative

After examining the impacts of the passage of the "Spirit of 13" initiative, it appears one opportunity that might encourage the incorporation of the City of Clearlake. A mathematical quirk in the measure might be said to favor the formation of cities under certain circumstances. If the incorporated area's population increases at a rate faster than the unincorporated county population, then the aggregate expenditure limit for the jurisdiction, under the measure, will increase to higher levels than if there were no incorporated areas. This can be seen in the hypothetical example which follows.

County A (With Incorporated City)					County B (No City)		Diff. Between Counties A & B
County			City		Expend. Limit	Pop.	
Year	Expend. Limit	Pop.	Expend. Limit	Pop.			
1980	\$10 M	30,000	\$1 M	10,000	\$11 M	30,000	0
1985	\$15 M	45,000	\$2 M	20,000	\$16.5 M	45,000	\$.5 M
1990	\$20 M	60,000	\$3 M	30,000	\$22 M	60,000	\$1 M

As this example shows, County A's aggregate expenditure limit at the end of the period of population growth is \$1 million higher than County B's, though in 1980 their aggregate expenditure limits were equal. The amount of growth in the expenditure limit is dependent on population growth rates and the locations. The population and land use section of this report describe the reasoning behind expectations of high growth rates in Clearlake Highlands. If this is correct, the formation of a new city will eventually be fiscally advantageous to the county.

## VI. ENVIRONMENTAL INFORMATION NEEDED FOR NEGATIVE DECLARATION PREPARATION

With the passage of the California Environmental Quality Act 1972 (CEQA), the legislature declared that:

- a) Every citizen has a responsibility to contribute to the preservation and enhancement of the environment, and
- b) It is the intent of the Legislature that all agencies of the state government which regulate activities of private individuals, corporations, and public agencies which are found to affect the quality of the environment, shall regulate such activities so that major consideration is given to preventing environmental damage.

To accomplish these goals CEQA requires the preparation of an initial (environmental) study on all discretionary governmental actions which are not categorically exempt. Classes of projects which are categorically exempt have been specifically determined not to have a significant effect on the environment. Municipal incorporations are not categorically exempt. If the initial (environmental) study indicates that the project MAY have a significant effect on the environment, an environmental impact report (EIR) must be prepared. The EIR includes a description of the project, the project's environmental setting, the project's environmental impacts, and describes project alternatives and mitigation measures.

The committee believes that the incorporation of the City of Clearlake will have no significant effect on the environment because the action only involves a jurisdictional change. Environmental issues must be addressed later by the new city during the formulation of plans and policies and in the processing of private development proposals. The action of incorporation itself cannot be considered to imply future policy or planning changes.

To aid LAFCO in the preparation of this "project's" initial study, a synopsis of the area's environmental constraints and physical characteristics is provided.



**TOPOGRAPHY:** flat valley bottomland in the Burns Valley, gently rolling hills in the southeastern area east of Highway 53, with steep sloping hillsides in the vicinity of Borax Lake.

**GEOLOGY:** the Dry Creek-Borax Lake fault runs from Borax Lake southeast past the southwest base of Quakenbush Bountain. Approximately 90-95% of the area is identified as having stable slopes by the Lake County G.P. Seismic Safety Elements Slope Stability Study Zone Maps.

**VEGETATION AND WILDLIFE:** a diversity of habitats are present from heavy oak woodlands, chaparral, grasslands, and walnut orchards.

**CIRCULATION:** major arterials include Olympic Drive, Lakeshore Drive, and Old Highway 53.

**UTILITIES:** water is provided in 80% of the area. Sewers are planned or constructed to service approximately 70% of the area. In the remaining area septic tanks and wells are used.

**HISTORIC AND ARCHAEOLOGICAL:** a number of archaeological sites are present. They are mostly concentrated in Burns Valley, along the lakeshore, and Cache Creek.

## The Contract Cities Plan

In the 1950's a large number of Los Angeles County communities sought incorporation. One of the first communities to propose incorporation was Lakewood which, like most, was a residential area with very little supporting industry. The people of Lakewood proposed that the existing services being provided to the community by the County be continued after incorporation.

This proposal became a reality--the city remained in County special districts and entered into contracts or service agreements with the County for nearly all other municipal-type services. The "Lakewood Plan", or the Contract Cities Plan as it is now called, had a history-making effect on local governmental administration.

Under the Contract Cities Plan, actual contracts are signed for such services as police, planning and road improvements. These are usually renegotiated annually to reflect current costs. In addition to the contract, a Special Services Agreement usually covers regulatory services, such as Animal Regulation and Building Inspection. Under this type of an agreement, the County collects the fees but retains only the amount necessary to carry out the service. For such activities as engineering services, map preparation, elections, etc., a General Services Agreement is signed which is really a blanket authorization for the County to perform the services with separate negotiations for the charges.

Even after twenty years, the City of Lakewood has retained the same system with almost no change. It still has contracts with the County for more than twenty separate services, including law enforcement, traffic enforcement, jail service, building inspection, street maintenance and construction, and animal regulation. Lakewood also has general service agreements with the County to provide for the prosecution of city ordinance violations, planning and zoning, and engineering and map services. It still remains in County special districts which give fire protection, lighting and library services.

Lakewood, of course, only set the precedent. In Los Angeles County 33 cities--nearly all of those incorporated since 1954, now have essentially the same service arrangements with the County and are considered full contract

APPENDIX 1 (cont'd.)

*cities. Los Angeles County has a total of over 1,300 separate contracts or agreements for local services with 80 incorporated cities. This service plan has not been restricted to Los Angeles County. Riverside, Orange, San Diego, Contra Costa and Ventura are among other counties offering a contract plan for municipal services.*

*The basic tenet of the contract city philosophy is that certain major services are more economically and efficiently provided on a regional basis; and that regional services, unlike regional government, does not eliminate or erode local control or the home rule concept. The rising costs of government are forcing more and more cities to recognize the contract city philosophy--and virtually every newly incorporated California city in recent years has incorporated under the contract plan.*

MINUTE ITEM

APPENDIX 2

This Calendar Item No. 31  
was approved as Minute Item  
No. 31 by the State Lands  
Commission by a vote of 3  
to 0 at its 1/25/79  
meeting.

State Lands Commission  
Approval of Legal Description

CALENDAR ITEM

31.

1/79  
W 2400.121  
Pinson

INCORPORATION OF THE CITY OF CLEARLAKE

INFORMATION: At its October 26, 1978 meeting the Commission, pursuant to P.R.C. Section 35009, ratified the staff's objection to the legal description submitted by the proponents of the incorporation of the City of Clearlake, Lake County.

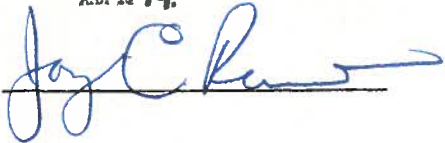
The proponents subsequently amended their legal description to read as indicated in Exhibit "A". The Commission's staff has found this description as amended to be legally sufficient.

EXHIBIT: A. Legal Description.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE LEGAL DESCRIPTION SUBMITTED BY THE PROPONENTS OF THE INCORPORATION OF THE CITY OF CLEARLAKE.

THE UNDERSIGNED, ACTING IN THIS BEHALF FOR THE STATE LANDS COMMISSION, HAS HEREBY CERTIFIED, THAT THE ANNEXED IS A WHOLE, TRUE AND CORRECT COPY OF THE ORIGINAL RECORD COPY, CONSISTING OF 4 PARTS, ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION; THAT SAID COPY HAS BEEN COMPARED BY THE UNDERSIGNED WITH THE ORIGINAL RECORD IS A CORRECT TRANSCRIPT THEREOF.

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS CERTIFICATE AND AFFIXED THE SEAL OF THE STATE LANDS COMMISSION THIS 25 DAY OF JAN. A.D. 19 79.



APPENDIX 3  
Proposed Boundaries  
City of Clearlake

(PROPOSED)

EXHIBIT "A"  
W 2400.121

CITY OF CLEARLAKE

BEGINNING at the intersection of the centerline of Cache Creek with the East line of Section 36, Township 13 North, Range 7 West, N.T.R.M., thence North along the East line of said Section 36 for a distance of 1,700 feet, more or less, to the East quarter section corner of said Section 36; thence Westerly along the East-West quarter section line of said Section 36 for a distance of 5,280 feet, more or less, to the quarter section corner common to Sections 35 and 36, said Township and Range; thence West along the East-West quarter section line of said Section 35 for a distance of 2,640 feet, more or less, to the center of said Section 35; thence North along the North-South quarter Section line of said Section 35 for a distance of 2,640 feet, more or less, to the quarter section corner common to Sections 26 and 35 of said Township and Range; thence North along the North-South quarter section line of said Section 26 for a distance of 5,280 feet, more or less, to the quarter section corner common to Sections 23 and 26 of said Township and Range; thence North along the North-South quarter Section line of said Section 23 for a distance of 2,640 feet, more or less, to the center of said Section 23; thence West along the East-West quarter Section line of said Section 23 for a distance of 2,640 feet, more or less, to the quarter section corner common to Sections 22 and 23 of said Township and Range; thence North along the West line of said Section 23, for a distance of 2,640 feet, more or less, to the Section corner common to Sections 14, 15, 22 and 23 of said Township and Range; thence East along the Section line between said Sections 14 and 23 for a distance of 1,320 feet, more or less, to the Southeast corner of the Southwest quarter of the Southwest quarter of said Section 14; thence North 2,640 feet, more or less, to Northeast corner of the Northwest quarter of the Southwest quarter of said Section 14; thence East for a distance of 1,320 feet, more or less, to the center of said Section 14; thence North along the North-South quarter section line of said Section 14 for a distance of 2,640 feet, more or less, to the quarter Section corner on the North line of Section 14 of said Township and Range; thence West along the North line of Section 14 for a distance of 2,640, more or less, to the Northwest corner of Section 14; thence South along the Section line between said sections 14 and 15 for a distance of 2,640 feet, more or less, to the quarter Section corner common to said Sections 14 and 15; thence West along the East-West quarter Section line of said Section 15 for a distance of 1,320 feet, more or less, to the Southeast corner of the Southwest quarter of the Northeast quarter of said Section 15; thence North 1,320 feet, more or less, to the Northeast corner of said Southwest quarter of the Northeast quarter of said Section 15; thence West 1,320 feet, more or less, to the Northwest corner of said Southwest quarter of the Northeast quarter of said Section 15; thence South along the North-South quarter section line of said Section 15 for a distance of 1,320 feet, more or less, to the center of said Section 15; thence West along the East-West quarter Section line 1,320 feet, more or less, to the Northwest corner of the Northeast quarter of the Southwest quarter of said Section 15; thence South 1,320 feet, more or less, to the Southwest corner thereof; thence West 1,320 feet, more or less, to the Section line between Section 15 and 16 of said Township and Range; thence North along last mentioned section line a distance of 1,320 feet, more or less, to the quarter section corner common to said Sections 15 and 16; thence West along the East-West quarter Section line of said Section 16 for a distance of 680 feet; thence South 2,640 feet, more or less, to the section line between Sections 16 and 21 of said Township and Range; thence West along last mentioned Section line for a distance of 1,960 feet, more or less, to the quarter section corner common to said Sections 16 and 21; thence North on the North-South quarter section line of said Section 16 for a distance of 1,320 feet, more or less, to the Northeast corner of the Southeast quarter of the Southwest quarter of said Section 16; thence West along the North line of the Southeast quarter of the Southwest quarter of said Section 16 for a distance of 730 feet, more or less, to a point that is 1,908 feet East of the Southwest corner of the Northwest quarter of the

(1)

C. 00165

## APPENDIX 3 (cont'd.)

Southwest quarter of said Section 16; thence North  $16^{\circ} 00'$  West, (Record= North  $31^{\circ} 30'$  West) 1,966.4 feet; thence along the following 6 courses:

- (1) North  $47^{\circ} 30'$  West, 1103.92 feet;
- (2) North  $52^{\circ} 45'$  West, 627.66 feet;
- (3) North  $53^{\circ} 15'$  West, 955.68 feet;
- (4) North  $22^{\circ} 30'$  East, 586.74 feet;
- (5) North  $14^{\circ} 30'$  East, 111.84 feet; and
- (6) North  $79^{\circ} 45'$  West, 603.24 feet, said point being on the West line of the Northeast quarter of the Northeast quarter of Section 17 of said Township and Range; thence North along said West line 528 feet, more or less, to the section line common to Sections 8 and 17 of said Township and Range; thence East along the section line between said Sections 8 and 17 for a distance of 1,320 feet, more or less, to the Southeast corner of said Section 8; thence along the following sixteen courses:

- (1) North  $46^{\circ} 30'$  East, 349.80 feet;
- (2) North  $39^{\circ} 00'$  West, 175.56 feet;
- (3) North  $48^{\circ} 30'$  West, 225.06 feet;
- (4) North  $53^{\circ} 40'$  West, 427.68 feet;
- (5) North  $29^{\circ} 00'$  West, 669 feet, more or less, to the South line of the North half of the Southeast quarter of said Section 8;
- (6) West along the South line of said North half of the Southeast quarter of said Section 8, 1,950 feet, more or less, to the Southwest corner thereof;
- (7) North along the West line of the North half of the Southeast quarter of said Section 8 for a distance of 1,320 feet, more or less, to the center of said Section 8;
- (8) East along the North line of the North half of said Southeast quarter 650.0 feet;
- (9) North  $37^{\circ} 00'$  West, 375.54 feet;
- (10) North  $67^{\circ} 00'$  West, 238.26 feet;
- (11) North  $81^{\circ} 30'$  West, 431.64 feet;
- (12) North  $31^{\circ} 50'$  West, 808.50 feet;
- (13) North  $49^{\circ} 50'$  West, 188.76 feet;
- (14) North  $72^{\circ} 45'$  West, 205.92 feet;
- (15) South  $88^{\circ} 30'$  West, 236.28 feet; and
- (16) North  $71^{\circ} 45'$  West, 66 feet, more or less, to the Northeast corner of the Southwest quarter of the Northwest quarter of said Section 8; thence along the boundary of the Southwest quarter of the Northwest quarter of said Section 8 the following 3 courses:

- (1) South, 1,320 feet, more or less, to the Southeast corner thereof;
- (2) West 1,320 feet, more or less, to the Southwest corner thereof; and
- (3) North 1,320 feet, more or less, to the Northwest corner thereof; thence West along the South line of the North half of the North half of Section 7 of said Township and Range 3,960 feet, more or less, to the Southeast corner of the Northwest quarter of the Northwest quarter of said Section 7; thence North along the East line of said Northwest quarter of the Northwest quarter of said Section 7 for a distance of 300.0 feet; thence along the following four courses:

- (1) North  $67^{\circ} 18'$  West, 268.37 feet;
- (2) North  $88^{\circ} 21'$  West, 199.82 feet;
- (3) North  $70^{\circ} 35'$  West, 13.45 feet to a point that is 460 feet West of the East line of said Northwest quarter of the Northwest quarter of said Section 7;
- (4) thence North 1200 feet, more or less, to the low water line of Clear Lake;

thence along said low water line of Clear Lake the following courses:

- (1) Westerly 800 feet, more or less, to the section line common to Section 6, Township 13 North, Range 7 West, and Section 1, Township 13 North, Range 8 West;
- (2) Westerly and Northwesterly 7,000 feet, more or less, to the section line common to Sections 1 and 2 of said Township 13 North, Range 8 West;
- (3) Westerly 6,400 feet, more or less, to the section line common to

## APPENDIX 3 (cont'd.)

- (4) said Sections 2 and 3 of said Township 13 North, Range 8 West; Westerly, Southerly, and Southeasterly 5,000 feet, more or less, around the peninsula known as Sulphur Bank Point to the Section line common to said Sections 2 and 3 of said Township 13 North, Range 8 West;
- (5) thence in a general Southeasterly direction along said low water line of Clear Lake for a distance of 8 miles, more or less, to the centerline of the present channel of Cache Creek, thence down the centerline of said Cache Creek, in a general Southeasterly, Northeasterly and Easterly direction, following all of the meanders of said present channel of Cache Creek, a distance of 3 (three) miles, more or less, to the Point of Beginning.

Amended December 6, 1978

(3)

## Gann Initiative "Spirit of 13"

## INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**LIMITATION OF GOVERNMENT APPROPRIATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT.** Establishes and defines annual appropriation limits on state and local governmental entities based on annual appropriations for prior fiscal year. Requires adjustments for changes in cost of living, population and other specified factors. Appropriation limits may be established or temporarily changed by electorate. Requires revenues received in excess of appropriations permitted by this measure to be returned by revision of tax rates or fee schedules within two fiscal years next following year excess created. With exceptions, provides for reimbursement of local governments for new programs or higher level of services mandated by state. Financial Impact: Indeterminable.

## To the Honorable Secretary of State of California:

We, the undersigned, registered, qualified voters of California, residents of  County (or City and County), hereby propose

an amendment to add Article XIII B to the Constitution of California relating to a Limitation of Government Appropriations and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed constitutional amendment reads as follows:

Article XIII B is added to read

## ARTICLE XIII B.

Sec. 1. The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.

Sec. 2. Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Sec. 3. The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:

(a) In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

(b) In the event that the financial responsibility of providing services is transferred, in whole or in part, from an entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.

(c) In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

Sec. 4. The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.

Sec. 5. Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.

Sec. 6. Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- Legislative mandates requested by the local agency affected;
- Legislation defining a new crime or changing an existing definition of a crime; or
- Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

Sec. 7. Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.

Sec. 8. As used in this Article and except as otherwise expressly provided herein:

(a) "Appropriations subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state sub-

ventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;

(b) "Appropriations subject to limitation" of an entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;

(c) "Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;

(d) "Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;

(e) "Cost of living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States Government; provided, however, that for purposes of Section 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;

(f) "Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce, or successor agency of the United States Government. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose.

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the "appropriations limit" of each entity of government for fiscal year 1978-79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For fiscal year 1978-79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, appropriations subject to limitation shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

Sec. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12½ cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

Sec. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

Sec. 11. If any appropriation category shall be added to or removed from appropriations subject to limitation, pursuant to final judgment of any court of competent jurisdiction and any appeal therefrom, the appropriations limit shall be adjusted accordingly. If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.



State Board of Equalization's Forecast Summary Sheet

FORECAST OF LOCAL REVENUES Clearlake Highlands/Clearlake Park - Lake County

A. Local Sales and Use Taxes

1. Estimated local sales taxes in 12-months ended <u>6-30-78</u>	\$ <u>233,640</u>
2. Estimated percentage change in tax between date shown above and 12-months ended <u>12-31-79</u>	<u>30</u> %
3. Estimated tax during 12 months ended _____	\$ <u>303,732</u>
4. Cost of administration (computed at .82%)-----	\$ <u>2,491</u>
5. Net first full year revenue from a 1% local tax-----	\$ <u>301,241</u>
6. Amount (if any) to be shared with the county---( % )-----	\$ <u>-</u>
7. Anticipated net revenues in the first full year of receipts-----	\$ <u>301,241</u>

B. Anticipated Liquor License Fees in the First Full Year of Receipts

Estimated population (3 times registered voters)----- 12,654

Number of active outlets with industry codes:

(22 + 34) <u>6</u> x \$315-----	\$ <u>1,890</u>
(33) <u>4</u> x \$ 22-----	<u>88</u>
(35) <u>10</u> x \$151-----	<u>1,510</u>

	(36 + 75)	(76)	
POPULATION	NO.	FEE	AMOUNT
Less than 20,000	<u>14</u>	<u>\$324</u>	<u>4,536</u>
20,000 - 39,999	---	<u>\$371</u>	---
40,000 and over	---	<u>\$522</u>	---
			<u>2</u>
			<u>\$198</u>
			<u>\$223</u>
			<u>\$297</u>
			<u>396</u>
			<u>4,932</u>

Minimum net amount to be anticipated----- \$ 8,420

C. Cigarette tax----- 6% of line 7 + \$2.00 x population \$ 43,382

D. Anticipated receipts from other sources of State revenue

1. "In-lieu" tax monies (population x \$13.24)-----	\$ <u>167,539</u>
2. Gas tax revenue, §2107 Streets & Highways Code, (population x \$4.48 )-----	\$ <u>56,690</u>
3. Collier-Unruh gas tax funds, §2106 Streets & Highways Codes, (population x \$4.934) + \$4,800 if incorporation-----	\$ <u>62,384</u>
4. Engineering allotment (based on population)-----	\$ <u>3,000</u>
5. Highway Carriers Uniform Business License Tax §4304 Public Utilities Code (population x \$.131 )-----	\$ <u>1,654</u>

Estimates prepared for: Mr. David R. Hughes, Chairman  
 Clearlake Incorporation Committee  
 P. O. Box 3312  
 Clearlake Highlands, CA 95422

TOTAL \$ 644,308

APPENDIX 6

Persons Contacted

Hans Carmiggelt, Assistant Director, Lake County Department of Public Works

Nadine Dodge, Executive Director, Lake County Local Agency Formation Commission

Jim Demerest, Local Government Purchases, California Department of General Services

Ethel Buckmaster, Lake County Auditors Office

Marvin Carpenter, Lake County Assessors Officer

Linda Adams, Consultant, Assembly Local Government Committee

Jim Ladigan, Lobbyist, League of California Cities

Al Meyer, Lake County Sheriff's Department

## JUSTIFICATION PROPOSAL

Answer each question completely. Use additional pages as required. Unless otherwise stated, attempt to answer each question. If not applicable, so indicate.)

### A. General

#### 1. Type and designation of proposal

a. Type: Incorporation

b. Designation (short title): City of Clearlake, California

#### 2. Statutory provisions governing proceedings:

### B. Physical features of territory included within proposal

#### 1. Land area:

a. Square miles: 10.2

b. Acres: 6528

#### 2. State general description of topography:

Flat valley bottomland in Burns Valley, gently rolling hills in southeastern area east of Hwy. 53, steep sloping hillside in Borax Lake area.

#### 3. Describe any "natural" boundaries: (waterways, mountains, freeways, etc.):

Six miles of lakeshore, Cache Creek, mountains east of Hwy. 53; the Lakeshore Fire Protection District except past Monitor Point

#### 4. Describe drainage basins, rivers, flood control channels, etc.:

Burns Valley and Molesworth Creek are major drainages. Most of the Borax Lake drainage basin is included.

#### 5. Describe access to the area:

Access is primarily from Hwy. 53 with main arterials Lakeshore Drive, Olympic Drive, and Old Highway 53.

6. Describe how the boundaries of this proposal were determined (i.e., Why was other surrounding territory not included, parcel splits, etc.):

Residents in Lakeshore FPD beyond Monitor Point asked to be excluded. Cache Creek seemed to be a natural boundary.

### C. Population and Related Matters

1. Population in subject area (indicate source or how determined):

11,500 based on a ratio of 2X registered voters to population

2. Population density (i.e., per square miles, per acre):

1,100 per square mile

3. Number of registered voters:

6,750

4. Number of dwelling units (indicate source, how determined or estimated):

5,037 as determined from assessor's office parcel information

5. Distance to other populated areas or communities:

Lower Lake across Cache Creek; Clearlake Oaks is 3-4 miles north

6. Likelihood of significant increase in population in next 10 years:

Growth is significant and will continue due to the large number of parcels available for development.

7. Likelihood of significant increase in population in adjacent areas in next 10 years:

a. In unincorporated area: Great

b. In incorporated areas:

### D. Planning Factors

1. Zoning and related matters:

- a. Describe the existing land use in the area which is the subject of this proposal:

Residential and commercial uses are predominant.

- b. Detail existing zoning:

See General Plan which is being revised. Over 50% is unclassified.

- c. Have you applied for any zoning changes on the affected properties:  
Not applicable
- d. Describe proposed new zoning or changes in zoning, if any:  
Not applicable
- e. Have any general plan amendments, subdivision maps, or conditional use permits been applied for in this territory? If yes, identify and describe (or attach copy of such application):  
Not applicable .

#### E. Economic Factors

- 1. Assessed value in area
  - a. Land:
  - b. Improvements:
- 2. Amount of publicly-owned land in area:
- 3. What revenue will your proposal required for the accomplishment of its goals and what are the prospective sources of such revenues?

See report

#### F. Governmental Services

- 1. Governmental services in area (describe in such detail as is appropriate to the area the existing governmental services and controls in area including, for example, police protection, fire protection, health services, garbage and trash collection, libraries, parks and playgrounds, sewers, streets, street lighting, etc.):

Law Enforcement, Public Works, Animal Regulation propose to be contracted with county. Planning, building, civil defense to be provided by new city. Special Districts will continue unaffected.

Justification Proposal  
Page 4

2. Need for the addition or cessation of governmental services or controls and describe how the proposal meets the need for present and future:

Incorporation will allow additional services due to Federal and State monies being available to incorporated cities which are not available to counties or unincorporated areas.

G. Estimate to the best of your ability the effect of the proposal on

1. Cost or effect on delivery of services and controls provided by other governmental agencies affected by this proposal:

Proposal will allow better delivery of services in the area effected with control locally.

2. Mutual social and economic interests of the area:

Many business prefer to move into incorporated areas.

3. Local governmental structure of the County:

The incorporation of Clearlake Highlands-Park will create a second city in Lake County. This will relieve the county of providing many services to the most populous area of Lake County.

ADDITIONAL INFORMATION MAY BE REQUIRED