

Lake Local Agency Formation Commission

Regular Meeting Agenda

March 20, 2019 -- 9:30 am

City of LAKEPORT– City Council Chambers
225 Park Street Lakeport, California

Website: www.lakelafco.org

“Lake LAFCo oversees orderly development and protects natural resources and agricultural lands”

Commissioners

Dirk Slooten, (City)
Stan Archacki, (Special Dist.)
Jim Scholz (Special District)
Ed Robey, (Public Member)
Moke Simon, Vice Chair (County)
Bruno Sabatier Chair (County Member)
Stacey Mattina (City)

Commission Alternate Members

Victoria Brandon (Spec. District Alternate)
Suzanne Lyons (Public Alternate)
Tina Scott (County Alternate)
Kenneth Parlet (City Alternate)

Staff

John Benoit, Executive Officer
P. Scott Browne, Legal Counsel
Kathleen Moran, Clerk-Analyst

- 1. Call to Order – Roll Call**
- 2. Approval of Minutes – January 16, 2019**

Action: Approve January 16, 2019 minutes

- 3. Public Comment.**

This is the time for the public to address the Commission on any matter not on the agenda. Testimony related to an item on the agenda should be presented at the time that item is considered.

- 4. Consent Agenda**

- a. *Review and authorize payment of expenses for January and February 2019*

PUBLIC HEARINGS:

5. PUBLIC HEARING: Consideration of a Service Review and Sphere of Influence Update for the Kelseyville County Waterworks District #3

- a. *Conduct Public Hearing*
- b. *Consider LAFCo Resolution 2019-0001 adopting a Service Review for services provided by the Kelseyville County Waterworks District #3*
- c. *Consider LAFCo Resolution 2019-0002 adopting s Sphere of Influence Update for the Kelseyville County Waterworks District #3*

6. PUBLIC HEARING: Consider a resolution of initiation for the Dissolution of CSA 4 (Lake Pillsbury Lakes), 9 (Gifford Springs Road), 11(Hodges Tract), 12 (Lucerne Riviera Heights) and 19 (Park Water) as required in Chaper 334, Statutes of 2017 (Senate Bill 448)

- a. *Conduct Public Hearing*
- b. *Consider LAFCo Resolution 2019-0003, a resolution initiating the dissolution of CSA 4 (Lake Pillsbury Lakes), 9 (Gifford Springs Road), 11(Hodges Tract), 12 (Lucerne Riviera Heights) and 19 (Park Water)*

7. PUBLIC HEARING: Review and Consider Lake LAFCo's Proposed Budget for FY 2019-2020

- a. *Conduct Public Hearing*
- b. *Consider LAFCo Resolution 2019-0004, a resolution adopting a proposed budget for Fiscal Year 2019-2020.*

8. Consider a two-months extension until May 15, 2019 for LAFCo Project 2015-0005 (LAFCo Resolution 2016-0003) Paradise Valley Annex to the CLOCWD

- a. *Consider a two month's extension for LAFCo project 2015-0005 ending May 15, 2019.*

9. A Request from the Callayomi County Water District for an Out of Area Service Agreement to provide domestic water from the Callayomi County Water District for the Middletown Rancheria of Pomo Indians of California so the Tribe may construct an additional 15 housing Units (LAFCo file 2019-OASA-001).

- a. *Consider the Out of Area Service Agreement Order*
- b. *Authorize Chair to sign the Order Approving the Out of Area Service Agreement and the Lake LAFCo approval page of the "Out of Area Limited Service Agreement For Provision of Municipal Water Service"*

10. Review Service Review requirements and conduct a goal-setting workshop for Lake LAFCO with regards to Lake LAFCO's role in orderly growth in Lake County and discuss the need and methods of achieving consolidations of various services.

a) An item continued from the January 16th, 2019 LAFCo meeting to seek further input from LAFCo Commissioners regarding this matter.

11. Consider authorizing the Chair to sign letters of Support for AB-213 (Reyes) VLF revenue backfill for inhabited annexations and AB-1253 (Rivas) regarding Grants for LAFCo's with Disadvantaged or Severely Disadvantaged Communities.

12. Presentation from Victoria Brandon regarding Resource Conservation Districts.

13. Executive Officer's report.

- a. Lake County Lighting Districts MSR and SOI*
- b. Policy Update*
- c. Upcoming LAFCo applications: Upper Lake Mobilehome park, So. Lakeport & Middletown Rancheria*
- d. LAFCo applications received: Valley Oaks annex to the Hidden Valley Lake CSD & McDowell Annex to the Callayomi Co. Water District*
- e. Status of transition of LAFCo finances from the County to the City of Clearlake*
- f. Public Member Recruitment*

14. LAFCo Counsel's report

15. Commissioner Reports

This item is placed on the agenda for Commissioners to discuss items and issues of concern to their constituency, LAFCO, and legislative matters.

16. Correspondence:

- a. Letter from the California Special District's Association regarding Leadership Training*

17. Adjourn to LAFCO's next regular meeting: Wednesday May 15, 2019 in Clearlake.

The Commission may take action upon any item listed on the agenda. Unless otherwise noted, items may be taken up at any time during the meeting.



Any member appointed on behalf of local government shall represent the interests of the public as a whole and not solely the interest of the appointing authority Government Code Section 56325.1

Public Comment

Members of the public may address the Commission on items not appearing on the agenda, as well as any item that does appear on the agenda, subject to the following restrictions:
matter jurisdiction.

- No action shall be taken on items not appearing on the agenda unless otherwise authorized by Government Code Section 54954.2 (known as the Brown Act, or California Open Meeting Law).
- The total amount of time allotted for receiving public comment may be limited to 15 minutes.
- Any individual's testimony may be limited to 5 minutes. Time to address the Commission will be allocated on the basis of the number of requests received.

Public Hearings

Members of the public may address the Commission on any item appearing on the agenda as a Public Hearing. The Commission may limit any person's input to 5 minutes. Written statements may be submitted in lieu of or to supplement oral statements made during a public hearing.

Agenda Materials

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda are available for review for public inspection at the City of Lakeport and City of Clearlake Community Development Departments office located at City Hall in Lakeport and Clearlake [such documents are also available on the Lake LAFCO website as noted below to the extent practicable and subject to staff's ability to post the documents prior to the meeting].

Accessibility

An interpreter for the hearing-impaired may be made available upon request to the Executive Officer 72 hours before a meeting. The location of this meeting is wheelchair-accessible.

Disclosure & Disqualification Requirements

Any person or group of persons acting in concert who directly or indirectly contribute \$1,000 or more in support of or in opposition to a change of organization or reorganization that has been submitted to Lake LAFCO must comply with the disclosure requirements of the Political Reform Act of 1974 applicable to local initiative measures to be submitted to the electorate. These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals; they may be reviewed at Government Code §§56700.1 and 81000 *et seq.* Additional information about the requirements pertaining to local initiative measures to be presented to the electorate can be obtained by calling the Fair Political Practices Commission at (916) 322-5660.

A LAFCO Commissioner must disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from the applicant, any financially interested person who actively supports or opposes the application, or an agency (such as an attorney, engineer, or planning consultant) representing the applicant or an interested party. The law (Government Code Section 84308) also requires any applicant or other participant in a LAFCO proceeding to disclose the contribution amount and name of the recipient Commissioner on the official record of the proceeding.

Contact LAFCO Staff LAFCO staff may be contacted at (707) 592-7528 or by mail at Lake LAFCO c/o John Benoit, Executive Officer P.O. Box 2694, Granite Bay, CA 95746 or by email at j.benoit4@icloud.com. Agenda packets are located on the Lake LAFCo Webpage at www.lakelafco.org

LAKE LOCAL FORMATION COMMISSION
MINUTES
January 16, 2019 Regular Meeting

Members Present

Bruno Sabatier, Chair, County Representative
Moke Simon, Vice-Chair, County Member
Stan Archacki, Special Districts
Jim Scholz, Special Districts
Stacy Mattina, City Member
Dirk Slooten, City Member
Ed Robey, Public Member
Suzanne Lyons, Public Member Alternate
Kenneth Parlet, City Member Alternate
Victoria Brandon, Special Districts Alternate

Staff Present

P. Scott Browne, Legal Counsel
John Benoit, Executive Officer
Kathleen Moran, Clerk

Absent: Tina Scott, County Member Alternate.

Present: Jan Coppinger, Lake County Special Districts.
Alyssa Gordon, Water Resources Specialist

1. Call to Order – Roll Call

Vice-Chair Simon called meeting to order at 9:30 a.m. in the Council Chambers, City of Clearlake.

2. Approval of Minutes - Motion by Commissioner Robey, seconded by Commissioner Simon to approve the Minutes of the November 21, 2018 Regular Meeting. Motion carried. Abstain: Commissioner Slooten.

3. Election of Chair for the remainder of FY 2018-2019 and as needed, election of Vice-Chair for remainder of FY 2018-2019

EO explained that this item was agendized in the event the composition of the Commission changed due to the November 2018 election. Brief discussion was held. Commissioner Sabatier is willing to remain the Chair. All Commissioners affirm. Commissioner Sabatier will continue as Chair for the remainder of the 2018-2019 Fiscal Year.

No action taken on Election of Vice-Chair for the remainder of FY 2018-19 as it was deemed unnecessary.

4. Public Comment - Chair called for a period of public comment. None were heard.

5. Consent Agenda

Motion by Commissioner Robey, seconded by Commissioner Simon to approve Consent Agenda Items as follows:

- a. Review and authorize payment of expenses for November and December 2018. Motion carried.

6. Workshop and Introduction of the Kelseyville County Water District Service Review and Sphere of Influence

EO made general statement as to the purpose of the mandated Service Reviews, the vital information contained in the reports, and criteria used in the determinations.

Discussion was held and EO was directed to find out how many customers are served by the district.

Ms. Coppinger noted that CSA #6, Finley is now included in KCWD.

Discussion was held on availability of service in a PG & E shutdown. Ms. Coppinger responded that in the past the district has shuttled in potable water. She stated that stationary generators have been included in the current budget. EO to incorporate these comments in the MSR draft.

Public Hearing for consideration of the Kelseyville County Water District Service Review and Sphere of Influence was set for the next regular meeting, March 20, 2019.

7. Discussion regarding the State Controller's Notification of Inactive CSA's in Lake County.

EO refers to the November 6, 2018 letter from the State Controller's Office notifying Lake LAFCo that CSAs 4, 9, 11, 12 and 19 appear to meet the definition of inactive (GC 56042) and may need to be dissolved. EO has been trying to contact the districts to determine their status. EO sent letter to the County Auditor and Public Works Director advising them the matter will be placed on the March 20, 2019 Agenda at which time LAFCo intends to either initiate dissolution or a response to the State Controller's Office. The letter requested the information by February 8. Upon response from the County, EO will prepare a resolution for Commission approval.

8. Consider request by Jan Coppinger, Administrator, Lake County Special Districts and Dianna Mann, General Manager, Clearlake Oaks County Water District for a two-month extension until March 20, 2019 for LAFCo Project 2015-0005 (LAFCo Resolution 2016-0003) Paradise Valley Annex to the Clearlake Oaks County Water District.

Motion by Commissioner Simon, seconded by Commissioner Mattina to approve request by Jan Coppinger, Administrator, Lake County Special Districts and Dianna Mann, General Manager, Clearlake Oaks County Water District for a

two-month extension of Resolution 2016-0003. Request made by letter dated December 14, 2018. Motion carried.

9. Authorize staff to attend the Calafco Annual Staff Workshop April 10-13, 2019 in San Jose, Ca.

Motion by Commissioner Slooten, seconded by Commissioner Simon to authorize staff to attend the Calafco Annual Staff Workshop April 10-13 in San Jose, CA. Motion carried.

10. Review Service Review requirements and conduct a goal-setting workshop for Lake LAFCO with regards to Lake LAFCO's role in orderly growth in Lake County and discuss the need and methods of achieving consolidations of various services.

EO opened discussion of some of the ways that LAFCo can assist in orderly growth and improve services for Lake County. Some options are consolidations of districts or services, or perhaps reducing the number of districts. EO noted there are approximately 45 various dependent and independent districts. EO asked the Commissioners to give thought to the matter and that he will place matter on a future agenda for continued discussion and consideration.

11. Outreach to Legislators regarding the role and function of LAFCO's – Discussion and Direction to staff.

EO stated that Cecelia Aguiar-Curry is now chair of the Local Government Committee. He suggests inviting Assemblymember Aguiar-Curry and Senator Mike McGuire to a regularly scheduled meeting in order to discuss matters pertaining to LAFCo.

Discussion was held on the need for a summary version of information on LAFCo that could be provided to new members, Special Districts, City Councils, boards, etc. It was noted that there is a Calafco brochure, which contains much of the information. Commissioners agree a basic list containing the kinds of things LAFCo deals with, for example, annexations, consolidations, etc. would be extremely helpful. EO to follow-up on both items for next meeting.

12. Executive Officer's report

- a. Lake County Lighting Districts MSR and SOI – in process –
- b. Policy Update
- c. Upcoming LAFCo applications: Upper Lake Mobile Home Park, So. Lakeport and Middletown Rancheria.
- d. LAFCo applications received: Valley Oaks annex to the Hidden Valley Lake CSD & McDowell Annex to the Callayomi Co. Water District.
- e. Status of transition of LAFCo finances from the County to the City of Clearlake.

13. LAFCo Counsel's Report

Mr. Browne reported on ongoing legislative committee meetings. Calafco is working on legislation, which would provide grants to individual LAFCo's for projects. LAFCo's receive no state funding and struggle with unfunded mandates.

14. Commissioner Reports

Chairman Sabatier reported on the Calafco Conference sessions he attended. He stated that the mobile workshop on tree mortality was especially informative and focused on various aspects, causes and management of this vital issue. The key I to the presentation was the emphasis on agency coordination.

Commissioner Robey made statement in concurrence, noting that what the agencies involved have learned is that no one agency can do it on their own, the only path to success is to communicate. and coordinate.

Chairman Sabatier asked Commissioner Brandon if she would be able to present information on the Resource Conservation District. She responded that she can do a quick power point at the next meeting.

Chairman Sabatier also announced that Lake County LAFCo was awarded the Calafco Achievement Award for the Cobb Area Water District Consolidation Project. All Commissioners agree the Certificate should go to District General Manager, Ben Murphy, for display in the District Office. Congratulations to all!

15. Correspondence.

- a. State Controller's office letter re SB 244: possibly inactive CSA's 4,9,11,12 & 19
- b. Letter from Calafco re: Calafco Conference

11:03 a.m. Meeting adjourned. Next regular meeting to be held Wednesday March 20, 2019 in Lakeport.

By: _____
Kathleen Moran, Clerk

Lake Local Agency Formation Commission

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CLAIMS

January and February 2019

Expenses

<u>Date of Claim</u>	<u>Description</u>	<u>Amount</u>
12.16.18-1.15.19	Browne Legal	\$ 525.00
Jan 16, 2019	Meeting Stipend	\$ 600.00
Feb 1, 2019	Staff Svcs Jan 19	\$ 6,794.29
1.16. 2019- 2.15.19	Browne Legal	\$ 1,837.00
Mar 1, 2019	Staff Svcs Feb 2019	\$ 5,347.67
Feb 19, 2019	Record Bee Legal Notice	\$ 150.63
TOTAL:		\$ 15,254.59

DATED: Feb 20, 2019

APPROVED: Feb 20, 2019

Bruno Sabatier, Chair or Moke Simon, Vice Chair
Lake Local Agency Formation Commission

Attest:

John Benoit
Executive Officer

Lake LAFCo
March 20, 2019

MEMORANDUM

TO: LAFCo Commission
FROM: John Benoit, Executive Officer
RE: Kelseyville County Waterworks District #3 Errata and Recommendation

In January you received a copy of the MSR-SOI for the Kelseyville County Waterworks District #3. PLEASE BRING THE COPY YOU RECEIVED WITH YOU TO THE MARCH 20, 2019 LAFCO MEETING.

Errata:

There are three corrections needed for this draft.

- 1. Page 46: 5.6.2 *Kelseyville County Waterworks District #3 Disadvantaged Unincorporated Community Status*

6-1] The KCWD Sphere territory is considered a Severely Disadvantaged Unincorporated Community since the area is served with reliable water, wastewater and structural fire protection has an average income of \$32,463 according to the US Census. The Median Household income is less than 60% of the State's Median Household income of \$67,169. (Source: 2013-2017 American Community Survey 2017)

- 2. Page 37:

The median household income for Lake County and for California are shown in the table below:

Median Household Income (2017 dollars) ¹	
Lake County	California
\$40,446	\$67,169

The definition for a disadvantaged household is one that is below 80% of the State median household income, which is \$53,352. Clearly Lake County as a whole is disadvantaged. In 2017, the Kelseyville Census Designated Place indicates the median household income as being \$32,463 Therefore; the Kelseyville area is considered a Disadvantaged Community.

4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Kelseyville County Waterworks District #3

¹ California.hometownlocator.com/ca/lake/Kelseyville.cfm, Page 2 of 4

2-1) The KCWD Sphere territory is considered a Disadvantaged Unincorporated Community since the area is served with reliable water, wastewater and structural fire protection and has an average income of \$32,463 according to the US Census American Community Survey.

3. Page 44: SOI Determination 5.2.2

Add a sentence at the end of SOI determination 2-1 as follows " The Finley Area CSA #6 as follows: The CSA #6 territory as shown on the Sphere Map shall be included in the Kelseyville County Waterworks District #3 water Sphere of Influence.

In SOI Determination 2-3 modify the sentence, as follows "The sewer system in Finley is a separate system from KCWD, which is operated and managed by the Lake County Sanitation District.

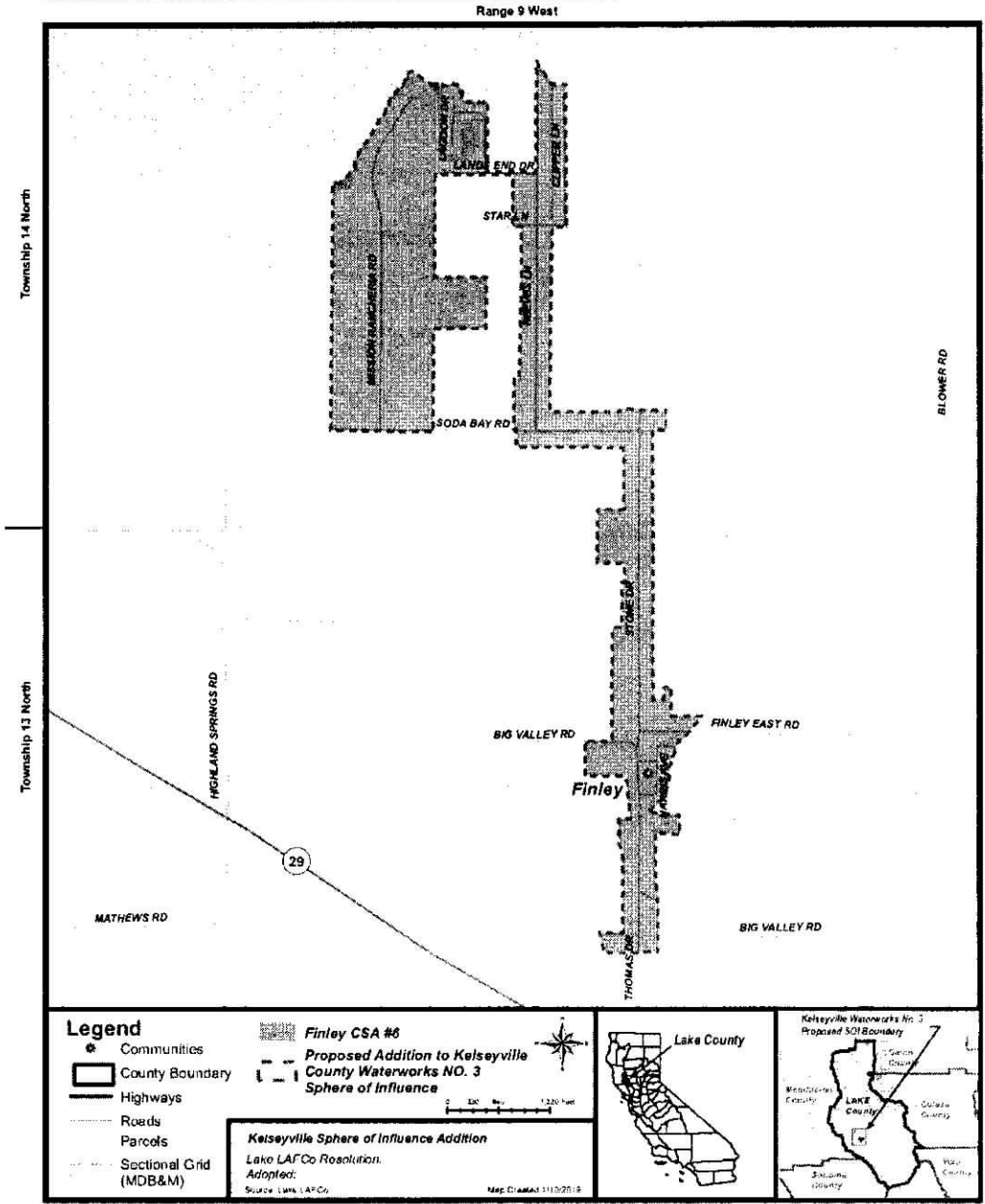
4. Add a map showing the Finley CSA #6 territory as being in the water sphere of Influence for the Kelseyville County Waterworks #3.

Recommendation:

Staff recommends the Commission adopt he following:

- a. *Consider Resolution 2019-0001 adopting a Service Review for the Kelseyville County Waterworks District #3.*
- b. *Consider Resolution 2019-0002 updating a Sphere of Influence for the Kelseyville County Waterworks District #3.*

LAKE LOCAL AGENCY FORMATION COMMISSION PROPOSED KELSEYVILLE WATERWORKS NO. 3 SPHERE OF INFLUENCE BOUNDARY ADDITION



**Resolution 2019-0001 of the
Lake Local Agency Formation Commission**

Approving a Municipal Service Review of Services Provided by Kelseyville County Waterworks District #3 and Adopting Written Determinations Thereon

WHEREAS, California Government Code Section 56425 requires that a Local Agency Formation Commission ("LAFCO") adopt and periodically review Sphere of Influence Plans for all agencies in its jurisdiction; and,

WHEREAS, California Government Code Section 56430 requires that a LAFCO conduct a review of the municipal services provided by and within an agency prior to updating or adopting its Sphere of Influence Plan; and,

WHEREAS, the Sphere of Influence Plan is the primary planning tool for LAFCO and defines the probable physical boundaries and service area of a local agency as determined by LAFCO; and,

WHEREAS, on April 17, 2002, the Commission adopted its Work Plan and included a schedule for initiation of Municipal Service Reviews (MSRs) and Spheres of Influence; and

WHEREAS, the Commission adopted guidelines for conducting MSRs, which applies to this MSR for services provided by the Kelseyville County Waterworks District including the surrounding area; and,

WHEREAS, at the time and in the manner provided by law, the Executive Officer gave notice of the date, time, and place of a public hearing by the Commission for water services provided by the Kelseyville County Waterworks District #3, including approval of the report and adoption of the written determinations contained therein; and,

WHEREAS, the Commission hereby determines that the hearing draft of the Municipal Service Review for water services provided by the Kelseyville County Waterworks District #3, including the surrounding area, and is otherwise consistent with the purposes and responsibility of the Commission for planning the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities; and,

WHEREAS, in making this determination, the Commission has considered the documentation on file in this matter; and,

WHEREAS, the Commission has heard all interested parties desiring to be heard and has considered the proposal and report by the Executive Officer and all other relevant evidence and information presented at said hearing;

NOW, THEREFORE, the Lake Local Agency Formation Commission hereby resolves, orders and determines the following:

- 1) The Municipal Service Review for Services provided by the Kelseyville County Waterworks District #3 is approved and the written determinations presented in the Municipal Service Review report are hereby adopted.
- 2) That all previously adopted Municipal Service Reviews is hereby superseded in favor of this March 2019 service review.
- 3) LAFCO staff is further ordered to forward copies of this resolution containing the adopted Municipal Service Review to the Kelseyville County Waterworks District #3 at the Lake County Special District's Department.

The foregoing resolution was duly passed by the Lake Local Agency Formation Commission at a regular meeting held on March 20, 2019, by the following roll call vote:

Ayes:

Noes:

Absentions:

Absent:

Signed and approved by me after its passage this 20th day of March, 2019.

Bruno Sabatier, Chair or Moke Simon, Vice-Chair, Lake LAFCO

Attest:

John Benoit, Executive Officer
LAKE LOCAL AGENCY FORMATION COMMISSION,

Resolution No. 2019-0002

LAKE LOCAL AGENCY FORMATION COMMISSION

A Resolution Making Determinations and Approving A Sphere of Influence Update for the Kelseyville County Waterworks District #3

WHEREAS, Government Code Section 56425 requires each Local Agency Formation Commission to adopt and periodically review and update a sphere of influence for each local governmental agency within its jurisdiction; and

WHEREAS, the Lake Local Agency Formation Commission, in compliance with the aforementioned requirement, is providing a "plan for the probable physical boundaries and service area" for the Kelseyville County Waterworks District #3; and

WHEREAS, the Commission has set the initial hearing date of March 20, 2019 for the update of the sphere of influence for the Kelseyville County Waterworks District #3, and has noticed this hearing at the times and as otherwise prescribed by Government Code Section 56150, et seq.; and

WHEREAS, the Commission has heard and adopted a Municipal Services Review of services provided by the Kelseyville County Waterworks District #3; and

WHEREAS, the Commission has reviewed and considered the proposed Sphere of Influence update report and the proposed Sphere of Influence Update Map which are attached hereto and incorporated herein; and

WHEREAS, the Commission has considered those factors determined by it to be relevant to the proposed sphere of influence update, including, but not limited to, those factors specified in Government Code Section 56425, et seq., and has heard from interested parties and considered requests for amendment and/or revision of the proposed updated sphere boundary, if any;

NOW, THEREFORE, BE IT RESOLVED that the Lake Local Agency Formation Commission does hereby find and determine as follows:

1. That the proposed sphere of influence update with respect to the Kelseyville County Waterworks District #3 complies with the provisions of Government Code Section 56000, et seq.
2. That the Kelseyville County Waterworks District #3 shall have an annexable Sphere of Influence.
3. That no significant protests have been received regarding the establishment of this Sphere of Influence update.
4. That, pursuant to Government Code Section 56425, the Commission makes and adopts those determinations set forth in the Sphere of Influence Study are attached hereto and incorporated herein.
5. The Commission has reviewed and adopts a Notice of Exemption prepared for this Sphere of Influence update and makes a specific finding that there is no substantial evidence in light of the whole record before the Lake Local Agency Formation Commission that this Sphere Update for the Kelseyville County Waterworks District #3 may have a significant adverse effect on the environment.

6. Pursuant to Government Code Section 56425 (i) the Kelseyville County Waterworks District #3 is authorized to provide domestic water in the Kelseyville and Finley CSA #6 areas, and wastewater within the territory set forth in Attachment "A" with the exception of the Finley CSA #6 area. Other services a County Waterworks District may provide shall be considered a new service and LAFCO approval shall be required.
7. All previously adopted Sphere of Influence updates and (or) amendments are hereby repealed in favor of this Sphere of Influence Update.
8. That the Sphere of Influence Update Report, Executive Officer's Report, and Map for the Kelseyville County Waterworks District #3 updated Spheres are hereby adopted and approved as set forth in Attachment "A".

The foregoing resolution was duly passed by the Lake Local Agency Formation Commission at a regular meeting held on March 20, 2019, by the following roll call vote:

Ayes:

Noes:

Abstentions:

Absent:

Signed and approved by me after its passage this 20th day of March 2019

Bruno Sabatier, Chair or Moke Simon, Vice-Chair, Lake LAFCO

Attest:

John Benoit, Executive Officer
LAKE LOCAL AGENCY FORMATION COMMISSION

NOTICE OF EXEMPTION

TO: County Clerk
County of Lake
Lakeport, CA

FROM: LAFCO of Lake County
P.O. Box 2694
Granite Bay, CA 95746

PROJECT TITLE: Sphere of Influence Update: *Kelseyville County Waterworks District #3*

PROJECT LOCATION: Big Valley in Lake County

DESCRIPTION OF PROJECT:

The proposed project involves the determination of a Sphere of Influence Update for the Kelseyville County Waterworks District #3

NAME OF PUBLIC AGENCY APPROVING PROJECT:

Lake Local Agency Formation Commission

NAME OF PERSON OR AGENCY CARRYING OUT THE PROJECT:

Lake Local Agency Formation Commission

EXEMPT STATUS:

Class 20 Categorical Exemption, "Changes in Organization of Local Agencies," CEQA Guidelines Section 15320, Changes in Organization of Local Agencies and 15061b (3) General Rule Exemption.

REASONS WHY THIS PROJECT IS EXEMPT:

This action is Exempt from the California Environmental Quality Act pursuant to Section 15320 of the CEQA Guidelines (Class 20) as the Sphere of Influence Update would not result in any change in services since the these districts already serve respective Sphere of Influence territory and 15061 b (3) whereby this activity is covered by the general rule that CEQA applies only to project which have the potential for causing a significant effect on the environment. Since this Sphere of Influence Update is only affirming existing functions (domestic water and wastewater) into an existing Sphere of Influence and only domestic water within the Finley CSA #6 area, there is no possibility that this activity may have a significant effect on the environment since the services are already provided and no conditions have changed nor could be changed as a result of affirming the existing Sphere of Influence.

CONTACT PERSON:
John Benoit
LAFCO Executive Officer

TELEPHONE NUMBER:
(707) 592-7528

By: _____

Date: March 20, 2019

LAKE LAFCO

RESOLUTION NO. 2019-0003

**A RESOLUTION OF THE LAKE LOCAL AGENCY FORMATION COMMISSION
INITIATING PROCEEDINGS FOR THE DISSOLUTION OF THE COUNTY SERVICE
AREAS 5, 7, 10 AND 11 IN LAKE COUNTY, CALIFORNIA**

WHEREAS, On November 5, 2018 the State Controller provided Lake LAFCo with notification that CSAs 4 (Lake Pillsbury Lakes), 9 (Gifford Springs Road), 11(Hodges Tract), 12 (Lucerne Riviera Heights) and 19 (Park Water) should be dissolved since these districts are inactive; and

WHEREAS, CSA's 4, 9, 11, and 12 provide Road Services in Lake Pillsbury Ranch, East of Whispering Pines, Northern Clearlake, East of Lucerne, and CSA #19 provided Water in the North Lakeport area.

WHEREAS, County Service Areas 4, 9, 11, 12 and 19 are districts existing and operating pursuant to County Service Area Law (California Government Code section 25210.1 *et seq.*) and Section 30000 *et seq.* of the Water Code; and

WHEREAS, Chapter 334, Statutes of 2017 (Senate Bill 448) added provisions to the LAFCo Act requiring the State Controller's Office (SCO) to create a list of inactive special districts based on information in the district's Financial Transactions Reports and to annually publish a list of inactive districts; and

WHEREAS, Pursuant to Government Code Section 56042 an inactive district must meet all of the following criteria to be considered inactive:

- "(a) The special district is as defined in Section 56036.
- (b) The special district has had no financial transactions in the previous fiscal year.
- (c) The special district has no assets and liabilities.
- (d) The special district has no outstanding debts, judgments, litigation, contracts, liens, or claims".

WHEREAS, on February 19, 2019, a notice of intent was published to adopt this resolution at the March 20, 2019 LAFCo meeting; and

NOW THEREFORE the Lake Local Agency Formation Commission hereby resolves, orders and determines the following:

The Lake Local Agency Formation Commission hereby initiates the dissolution of County Service Areas 4, 9, 11, 12 and 19 as required in Chapter 334, Statutes of 2017 (Senate Bill 448) and directs the Executive Officer to set a hearing before LAFCo to formally dissolve these districts; and

PASSED AND ADOPTED, by Lake LAFCo on this 20th day of March 2019

AYES:

NOES:

ABSENT:

ABSTAIN:

Bruno Sabatier, Chair
Lake Local Agency Formation
Commission

Attest:

John Benoit
Lake LAFCo Executive Officer

LAKE LOCAL AGENCY FORMATION COMMISSION

ITEM 7

MEMORANDUM

March 20, 2019

TO: Local Agency Formation Commission
FROM: John Benoit, Executive Officer
RE: Proposed Budget for FY 2019-2020

Work Program for 2019-2020

Direct Projects – Projected

1. Small and medium reorganizations - For the 2019-2020 fiscal year staff anticipates two or three small and medium reorganizations (i.e., annexations and detachments involving districts). For example, this year we had a proposal to annex area into the Hidden Valley Lake Community Services District and dissolutions of various County Service Areas. Next year, for example, it is expected the CCWD will be proposing to annex the Middletown Rancheria. Costs include working with agencies and (or) individuals prior to application submittal, legal counsel, staff time, public inquiries, public hearing requirements including noticing (300 ft from site –voters and landowners), preparation of notices, staff reports and resolutions, LAFCO protest requirements (public noticing), incidental travel, office supplies (copying), webpage posting, seeking comment from county departments (assessor, clerk and auditor), and general accounting.

Significant Municipal Annexations – There may be a significant city proposal in 2019-2020. The City of Lakeport is continuing to work on an application to LAFCO for an annexation since Sphere update was completed four years ago. Additionally, LAFCO may be participating in the environmental review for various proposals with both Cities and County as a responsible agency.

Costs include working with agencies prior to application submittal, legal counsel, staff time, public inquiries, public hearing requirements including noticing (300 ft from site –voters and landowners), preparation of notices, staff reports and resolutions, LAFCO protest requirements (public noticing), incidental travel, office supplies (copying), webpage posting, seeking comment from county departments (assessor, clerk and auditor), and general accounting).

2. District Consolidations – Staff has heard of no district consolidations at this time although with the passage of additional requirements stated in SB 244 changes there could be inquiries.
3. Dissolution of Districts – At this time LAFCo has had no further inquiries about the dissolution of Special Districts with the exception of changes necessitated by SB - 244.

Administrative Projects and Operational Provisions

Ongoing administrative activities include:

Budget Development and Control

Budget development and control is currently handled by the Executive Officer. During the year, day-to-day administrative tasks (e.g., invoicing, and bill paying) are provided by the Executive Officer. Work with City and County offices on these issues.

Preparation of the budget and budget justification documents and resolutions are included in these activities. Legal advice when needed is required regarding expenditure requests. The preparation of claim forms for both the Commission and the County Auditor's office is included to ensure proper control. Public inquires regarding expenditures and expenditure priorities are handled by the Executive Officer. Incidental office supplies and communication resources are needed to perform this function.

Special administrative projects such as coordinating agreements i.e. agreements for the provision of insurance or responding to a Commission directive or minute order and Proposal Requests. Insurance is estimated to be about the same next year since LAFCO has had no claims.

Communications

This budget includes conducting annual organizational LAFCO workshops. This should occur at a separate meeting with the Commission and staff and should be part of the Commissions annual work program.

LAFCO needs to continue communication efforts with the County, Cities and Districts. The budget includes a session with these entities as well as an appearance various meetings. One of the legislative intents of LAFCO is to serve as neutral party or "legislature's watchdog" with regards to organizational issues. The budget for these activities includes preparation and meeting with staff and boards and incidental office supplies, legal advice, travel and communication.

Conduct project-oriented workshops, as appropriate. This activity may occur this year for the Community of Lakeport where a major project may be occurring. Other workshops regarding the role of LAFCO may be required.

Work with potential applicants seeking reorganization. This activity requires research and meeting with project proponents to determine approaches to solving service issues. This activity is time consuming. Costs include legal, staff time, incidental travel, office supplies and communication resources. An example is to discuss LAFCO with the grand jury to assist them in their role and taking correct action.

Responding to public inquires. Public inquires regarding service issues are common involving a member of the public who is in need of a service or has a question about a service. This activity includes legal, staff time and communication resources. The LAFCO webpage provides an outlet for LAFCO information. Responding to the public is necessary for informing individuals of LAFCO requirements to facilitate the process. There is no one else who will provide the public with correct and unbiased information about LAFCO. This may cause substantial cost savings for the public by having correct information to make business decisions.

Brown Act, Public Records Act and Political Reform Act compliance. Staff and legal time is required to comply with these laws. Including noticing, Form 700's, public records disclosure,

citizen's inquires, general compliance and written responses to records request. These are an ever increasing amount of state laws and must be followed.

Grand Jury. LAFCo staff has recently met with the Grand Jury, which involved information requests and conversations with member. This activity is anticipated to continuously occur.

Calafco Dues. The Calafco Executive Board voted for a rate increase this year for members. Calafco dues will be increased 16.25% this year from \$926.00 to \$1,077.00.

Environmental Reviews: CEQA is required for all LAFCO discretionary projects. Applicants pay direct project costs; Spheres of Influence are LAFCO's responsibility. LAFCO will be a lead agency in this respect. LAFCO is also required and should want to comment on Environmental Reviews from various agencies. These costs include legal, communication, advertising, staff time. It is estimated the cost of this activity will be significant including required fees to pay Fish and Wildlife. This item is necessary to promote better customer service and comply with the CEQA law and CKH act with regard to the role of a responsible agency. Development requiring reorganization will take much longer if LAFCO is not involved in this process as well as cost project applicants significantly more amounts of money. LAFCo Staff has commented on several CEQA reviews this year.

Public Education

Utilize media and speaking opportunities and submit articles about LAFCO to journals and newspapers. This activity is fairly minimal. However, there is a cost of staff time and office supplies to perform this function.

Submit press releases on substantive actions; encourage agencies to request regular LAFCO meeting agendas and update agencies on LAFCO Commission membership.

These activities are important to inform the public and agencies about LAFCO. Numerous inquiries come from citizens needing one service or another. These activities promote better customer service for all agencies by informing the public about what is going on with regards to LAFCO.

Resource Development

Monitor new and proposed relevant legislation. Although LAFCO relies on CALAFCO for this activity, it is important that new legislation reflects our needs. This activity involves communication, staff time, and legal time. Legislation of importance to Lake LAFCO impacts budget process and permit processes.

Special Reports and Projects for the Commission

The CKH act and the Commission's bylaws allow the Commission to undertake special projects. Special projects may include being involved in a General Plan update, assisting in the development agriculture conservation policies, being involved in water planning throughout the County, serving as a neutral party with regards to service issues, assisting the public and agencies with LAFCO applications and processes, developing annexation strategies for cities or districts and (or) any other proactive activity of benefit to the citizens and agencies as deemed necessary by the Commission.

Commissioner Development – CALAFCO Conference

The Commission's budget in 2019-2020 budget included funding three attendees at the Annual CALAFCO Conference in Yosemite, two Commissioners Attended. Since the passage of AB 2838, the Commission and our bylaws have held that the education afforded by the Conferences is necessary to assure Commissioners have the tools needed to carry out their responsibilities. Funds in the amount of \$8,000 have been set aside for staff and commissioner training and staff to attend the staff workshop. If the Commission does not understand the CKH act or does not have experiences related by other LAFCO's, decisions made will be merely staff recommendations without an understanding of why these decisions are being made in a particular manner. Informed decision makers better serve the public. Should the Commission desire to send more than one of its members to the annual conference this year, additional funds will need to be budgeted.

Municipal Service Reviews and Sphere of Influence Updates

Cortese-Knox-Hertzberg (§ 56430)

LAFCO must update all spheres of influence every 5 years, as necessary and must prepare a review of each municipal service before or in conjunction with a sphere of influence update.

The purpose of a MSR is to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of a Municipal Service Review (MSR) is to develop recommendations that will promote more efficient and higher quality service patterns; identify areas for service improvement; and assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries based on a specific growth period and a realistic growth rate adopted for that period.

For a MSR to be of value, the Commission needs to review services comprehensively, on a service-by-service basis within logical sub-regions, given consistent and specific target growth periods and a realistic estimate of growth adopted for that period.

Reviews are largely based on information provided to LAFCO by the districts and (or) city or county. A new procedure to be used is for staff to meet twice with district Board of Directors during the data discovery phase and to review a draft prior to the MSR going to the LAFCO Commission.

A service review is required prior to preparing a Sphere of Influence Update. The Sphere of Influence is LAFCO's planning document for the ultimate service boundary for a service provider. Prior to adopting a Sphere of Influence Map and Sphere Policies, the Commission must make determinations based on supporting evidence with regard to the following:

- a. "The present and planned land uses in the area.
- b. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence (for fire, domestic water and wastewater districts).
- c. The present and probable need for public facilities and services in the area.
- d. The present capacity of public facilities and adequacy of public services, which the agency provides or is, authorized to provide.

- e. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency."

In the past the cost figures assumed performing these studies were prepared by the Executive Officer. The Executive Officer oversees the process. This component costs include legal costs, copying, mileage, postage, meetings and incidental administrative costs related to a project.

For the 2019-2020 budget year, I suggest the following work schedule to either complete or initiate the following:

1. **Initiate the Service Review and SOI for the Kelseyville Co. Water District**
2. **Initiate the Service Review and SOI update for the Konocti Co. Water District and the Upper Lake County Water District**
3. **Update LAFCo's Policies, Standards and Procedures**

The total cost of many of the above projects and activities may exceed the actual budget amount to be requested especially in light of increasing expectations regarding MSR Content. It is unlikely the above activities will be funded by private parties. The Commission may wish to circulate Requests for Proposals for various service reviews and Sphere of Influence updates, for example, the Kelseyville Co. Water District. Most likely, the cost would increase significantly. The costs of a MSR are directly related to the content expectations of the Commission.

Budget Justification Report

Since the passage of AB-2838 in 2000, LAFCO has become independent from the County. Operational costs of LAFCO were entirely paid by the County including staff time, legal services, miscellaneous office expenses, and insurance. The Legislature took the recommendation of the Commission on Local Governance for the 21st century and concluded that LAFCO costs were to be paid by both the City and County and LAFCO's were to become independent. Many costs are more apparent since LAFCO's costs are separated from a larger agency.

The overall goal of this budget is to conduct LAFCO business publicly in a proactive independent manner involving the Community to meet the overall requirements of the Cortese-Knox-Hertzberg Act given the financial resources LAFCo has.

SUMMARY OF PROPOSED EXPENSES:

Commissioner Stipends A Commissioner Stipend includes time for the meeting and mileage and related expenses. The monthly stipend is \$60.00 per Commissioner and Alternate in attendance. Staff estimates there will be 8 meetings in 2019-2020 and a budget is needed for 11 commissioners at \$60.00 each per meeting. Assuming the Commission will have 8 meetings this upcoming year, this budget is recommended to be \$5,280.00. In the event project activity requires additional meetings, any additional cost can be attributed directly to a specific project.

Office Supplies This category includes supplies needed by commissioners and the LAFCO Clerk for meetings. Most of these supplies are included in the Office Stipend for staff. This item is for the LAFCo Clerk to have adequate supplies for her duties. This budget remains the same as last year at \$250.00.

Memberships It is important LAFCO remain in its statewide professional organization as does the County and the Cities and participate in LAFCO issues of common concern for the benefit of Lake LAFCO and its agencies. Dues for CALAFCO for rural LAFCO's this year (2019-2020) will \$1,077.00.

Books and Periodicals I am recommending \$200 for this budget. This budget is in place in the event the Commission would be required to purchase LAFCo Law books or any other periodical necessary for LAFCo's operation.

Legal Services I am recommending this budget the same as last year at \$18,633.00 for this item, which assumes LAFCO will meet 8 times during the next fiscal year. Since LAFCO has become independent, separate LAFCO Counsel is necessary to represent LAFCO's interest as a neutral party. This cost is fixed rate for normal legal services. This cost is based on an average rate of \$1,837.00 per month for the months LAFCO meet and \$525 for the months LAFCO does not. LAFCO Counsel is needed to provide legal direction at meetings of the Commission and to protect LAFCO's interests where required. Project related legal costs would be billed to the project proponent through LAFCO's fee structure. Other LAFCO's have Counsel in attendance at their meetings. Based on my experience with the exception of workshops, it is important to have Counsel attend LAFCO meetings. I recommend this continue to be the practice in Lake LAFCO. In the event of Litigation, additional appropriations will become necessary.

Clerk Services I am recommending \$4,000 for clerk services assuming up to 8 meetings will occur in the next fiscal year. A LAFCO Clerk is necessary to record meetings to produce an accurate record and provide other miscellaneous duties. In the event project activity requires additional work, additional cost would be attributed directly to a specific project.

Office Expenses: This category includes ongoing communication, Internet, copies and reproductions, computers, software, toner, and maintenance of equipment, mileage for LAFCO related business, phone and fax, postage, paper and misc. office supplies and insurance costs. An additional Supplies budget is in place for miscellaneous supplies needed by the Clerk. The amount is proposed to remain the same at \$7,000. Copy and postage costs continue to rise.

Executive Officer - Staff Services This item funds ongoing LAFCO general administrative, pre-project planning with districts/cities/county, Brown and Public Record's Act compliance, CKH Act compliance and updates, public outreach, responding to Grand Jury complaints and inquiries, letters from the public, and inquires from the county/cities/special districts/state, working on the MSR's and SOI's and financial and accounting duties, as required, commenting on land use plans and specific projects and processing LAFCO applications and inquiries and representing Lake LAFCO at CALAFCO events. This would provide a continuing maintenance of effort and presence of LAFCO in Lake County. It is anticipated that if additional appropriation were required in this category, it would be funded through an application or funded through a special project if revenue estimates are exceeded.

A job description was requested in previous years. The following represents the tasks performed by the Executive Officer:

- Administrative duties; including development, oversight, and review of an annual work plan; assignment of work activities, projects and programs; monitoring work flow and the day to day business of the Commission; personnel management, including oversight of consultants; preparation and management of contracts, subject to the review of the Commission.

- Scheduling and preparing for regular and special meetings of the Commission, including preparation and timely transmittal of the meeting agenda and related reports and recommendations, and presentation of the reports at the meetings.
- Update Policies and Procedures, Spheres of Influence, MSR's, office files, etc.
- Processes applications for city and district formation, annexation, reorganization, consolidation, detachments, and extension of services by contract.
- Prepares notices, filings, agreements, and reports consistent with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
- Preparing special reports and studies to the Commission as mandated by statute, such as municipal services reviews and spheres of influence.
- Preparation of the LAFCO budget, including preparation and implementation of the budget, forecasting revenue and expenses, and identifying and recommending alternatives for implementation of the budget subject to the review of the Commission, as well as scheduling and noticing all budget hearings and communication. Administration of the adopted LAFCO budget by maintaining budget controls, records, files, and making timely payments of claims and deposits of revenues.
- Planning, assigning, and coordinating the work of support staff.
- Outreach and Liaison Duties: includes representing the Commission before public and private policy making agencies and community groups, coordinating the LAFCO processes with discretionary actions of other agencies. Facilitates workshops and attends meetings as directed by the Commission to understand community concerns so LAFCO policies, municipal service reviews, and spheres of influence reflect the needs and desires of the community.
- Prepare necessary California Environmental Quality Act (CEQA) documents (Notices of Exemption, Initial Studies, Negative Declarations, and Mitigation Monitoring Plans) for those actions in which Lake LAFCO is the lead agency. Reviews and prepares comments on CEQA documents prepared by other agencies which affect the responsibilities of the Commission.
- Monitoring new and proposed State and local legislation that pertains to LAFCO, and preparing reports to the Commission that includes a recommendation of support or opposition to proposed legislation. Actively participates in related organizations, such as the California Association of LAFCO's and professional associations.
- Coordinating with LAFCO Counsel on legal issues and other matters that may require an oral or written interpretation or opinion from legal counsel.
- At the direction of the Commission, representing LAFCO before other local governmental agencies, at community meetings, at Calafco, and at other public forums.

Legal Notices/Publications I am recommending \$1,000.00 for this item. Notices are required by state law for most projects and must be prepared for Municipal Service Reviews and Sphere

of Influence Updates, all public hearings before the Commission and protest hearings. Public hearing notices are required for most all LAFCO actions including MSR's and SOL's. Cost overruns in this category will be fee supported through a budget augmentation.

Transportation/Travel & Training I am recommending \$8,000 combined for these two items, a substantial reduction from years past. Estimated cost for each Commissioner to attend the Calafco Annual Conference on October 30 to November 1st in Sacramento is approximately \$1,200 each including transportation, lodging, and conference registration. The justification for this expense is LAFCO Commissioners need to be informed decision makers. Commissioners need the tools to carry out their statutory responsibilities in a responsible manner. Training and interaction with Commissioners from other LAFCO's will assist those Commissioners in attendance to bring back ideas to be shared with the remainder of the Commission. Training is necessary to remain informed of changes in LAFCO law and procedures. This item also includes funds for a portion of Staff's expense to represent Lake LAFCO at CALAFCO Activities.

Note: A decision as to the actual number of Commissioners anticipating attendance at the conference is needed before the final budget is approved. This budget includes enough funds for three Commissioners and a portion of Staff costs to attend the Annual Conference. This budget includes a portion of staff costs for attendance at the annual staff workshop and provide monies for incidental mileage expenses related to LAFCO operations.

Municipal Service Reviews I am recommending \$21,000 for the costs to continue preparation of Municipal Service Reviews for the upcoming fiscal year.

Sphere of Influence Updates: Sphere of Influence Updates include the Spheres of Influence for the Upper Lake Co. Water District and the Konocti County Water District MSR and SOL.

Contingency If LAFCO has a cost overrun or unanticipated expense during the fiscal year. I am recommending a contingency fund of \$10,000 this year, the same as last year.

Insurance: LAFCO is required to have insurance as an independent agency. The CSAC EIA has indicated the Board of Supervisors must approve LAFCO being covered under CSAC's program. The Lake Board of Supervisors has an agreement that LAFCO could be covered under the County's insurance program. \$1,400.00 is in the budget for this purpose.

Mapping: I am recommending \$6,000 for this activity, for both mapping of district boundaries and for MSR's and sphere of influence updates. Several scenarios could be required for Sphere of Influence updates. Development of an electronic map book for all agencies is also necessary. All maps will be in GIS format compatible with the Cities and the County. This category also includes continuing with creating electronic LAFCo records.

Webpage Maintenance: AB 2838 requires LAFCOs to have a webpage. We no longer have a webpage maintained by County staff. LAFCo staff has taken a more pro-active role in the website and the amount to be budgeted should be \$150.00.

City Finance: The Agreement between the City and LAFCO is \$2,500 for this service.

Carryover: It is unknown exactly how much carryover will occur in this year's budget at this time. Staff estimates a carryover of approximately \$70,000, which includes dollars for items initiated but not yet completed and to fund an additional \$10,000 in LAFCo's reserve fund.

Anticipated Revenue I am recommending anticipated revenue of \$10,000. LAFCO may increase its appropriations in various budgets if unanticipated revenue is realized. Should there be less than \$10,000 in revenue, other categories will need to be reduced to make up for the shortfall.

Amount to be apportioned per government Code Section 56381:

The amount to be apportioned between the Cities, the Districts and the County is proposed to be \$114,978.00 which is significantly \$10,151.00 more than this year which was, \$114,827.00. This figure included increases in Calafco Dues and an increase in the reserve fund from \$50,000.00 to \$60,000.00. The last two years, the Commission expressed a desire to increase the reserve fund and did so by adding \$10,000.00 each year. This year the amount should be increased another \$10,000.00.

RECOMMENDATION

1. Conduct Public Hearing.
2. Consider the above budget justification report, discuss and amend report and (or) the proposed budget as necessary.
3. Adopt LAFCO Resolution 2019-0004 approving a proposed budget for fiscal year 2019-2020.

Resolution 2019-0004

of the

Lake Local Agency Formation Commission

Resolution of Lake Local Agency Formation Commission Adopting

a Proposed Budget for 2019-2020

WHEREAS, Lake LAFCO is required by Government Code Section 56381(a) to adopt annually, following a noticed public hearing, a proposed budget by May 1st and a final budget by June 15th; and,

WHEREAS, the Commission has prepared a proposed budget for public review; and,

WHEREAS, the Executive Officer has given notice of hearing in the form and manner specified by law for adoption of the proposed budget and upon the date, time and place specified in said notice of hearing, the Commission heard, discussed and considered all oral and written testimony submitted including, but not limited to, the approved budget priorities for Fiscal Year 2019-2020 and the Executive Officer's report and recommendations; and

WHEREAS, the Commission has considered the attached Budget in light of the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000;

NOW THEREFORE, the Lake Local Agency Formation Commission does hereby determine, resolve, and order the following:

1. That Lake LAFCO hereby adopts the attached proposed 2019-2020 proposed budget (Exhibit A).
2. Directs the Executive Officer to transmit the proposed budget to the Auditor and all parties specified in Government Code Section 56381 (a) as promptly as possible.

PASSED AND ADOPTED by the Lake Local Agency Formation Commission at a regular meeting of said Commission held on March 20,2019 by the following roll call vote:

AYES: -

NOES: -

ABSTAINS: -

ABSENT: -

Signed and approved by me after its passage this 20th day of March, 2019.

Bruno Sabatier, Chair or Moke Simon, Vice-Chair
Lake LAFCO

Attest:

John Benoit, Executive Officer
Lake LAFCO

Exhibit A - Proposed Budget
F.Y. 2018-2019
Lake LAFCo
March 20, 2019

BUDGET: 419-8803

LAFCo Resolution 2019-0004

A	B	C	D	E	F	G	H
		2015-2016 Final Budget	2016-2017 Final Budget	2017-2018 FINAL Budget	2018-2019 Proposed Budget	2018-2019 FINAL Budget	2018-2019 PROPOSED Budget
	Expenditure Classification						
	8803-880.01-12 COMMISSIONERS STIPEND	\$ 5,280.00	\$ 5,280.00	\$ 5,280.00	\$ 5,280.00	\$ 5,280.00	\$ 5,280.00
	8803-840.22-70 SUPPLIES	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
	8803-840.20-00 MEMBERSHIPS	\$ 785.00	\$ 840.00	\$ 899.00	\$ 926.00	\$ 926.00	\$ 1,077.00
	8803-840.22-72 BOOKS AND PERIODICALS	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
	8803-840.23-98 ATTORNEY CONTRACTS	\$ 16,633.00	\$ 18,633.00	\$ 18,633.00	\$ 18,633.00	\$ 18,633.00	\$ 18,633.00
	8803-840.23-79 Lafoo Clerk Svcs.	\$ 3,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
	8803-840.23-79 Office Expenses	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
	8803-880.23.80 BOE Filings						
	8803-840.23-79 Staff Off. Svcs	\$ 48,488.00	\$ 48,488.00	\$ 48,488.00	\$ 48,488.00	\$ 48,488.00	\$ 48,488.00
	8803-880.24-00 LEGAL NOTICES/PUBLICATIONS	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
	8803-840.29-50 TRANS AND TRAVEL (CALAFCO)	\$ 2,000.00	\$ 3,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00
	8803-880.29-50 CONF REGISTRATION	\$ 1,000.00	\$ 1,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
	8803-880.23-78 - INSURANCE	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00
	8803-840.23-80 Records Retention and Mapping.	\$ 7,500.00	\$ 7,500.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
	8803-880.23-18 Web Page	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
	8803-880.23-80 AUDITOR/CITY-Agreement	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
	8803-840.23-79 Spheres of Influence	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
	8803-840.23-79 Municipal Service Reviews	\$ 25,000.00	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00	\$ 21,000.00
	Total General Services and Supplies Expenditures	\$ 131,553.00	\$ 132,741.00	\$ 134,800.00	\$ 134,827.00	\$ 134,827.00	\$ 134,978.00
	8803-880.90-91 Contingency	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
	0000 General Reserve	\$ 20,000.00	\$ 30,000.00	\$ 40,000.00	\$ 50,000.00	\$ 50,000.00	\$ 60,000.00
	TOTAL Expenditure Budget & contingency & reserve	\$ 131,553.00	\$ 172,741.00	\$ 184,800.00	\$ 194,827.00	\$ 194,827.00	\$ 204,978.00
	Est Carryover Balance July 1, 2018	\$ (20,000.00)	\$ (30,000.00)	\$ -60,000.00	\$ -70,000.00	\$ -70,000.00	\$ -70,000.00
	8803-461.66-10 Est. OTHER REVENUE	\$ (10,000.00)	\$ (10,000.00)	\$ -10,000.00	\$ -10,000.00	\$ -10,000.00	\$ -10,000.00
	8803-456-56.30 BOE FEES (Other Gov't Agencies)						
	Total exp less anticipated carryover and revenues	\$ 131,553.00	\$ 132,741.00	\$ 114,800.00	\$ 114,827.00	\$ 114,827.00	\$ 124,978.00
	456.56-30 City/County and ind. Spec District Contrib.	\$ 131,553.00	\$ 132,741.00	\$ 114,800.00	\$ 114,827.00	\$ 114,827.00	\$ 124,978.00
	0000 General Reserve	\$ 20,000.00	\$ 30,000.00	\$ 40,000.00	\$ 50,000.00	\$ 50,000.00	\$ 60,000.00

LAKE LAFCO

ORDER APPROVING OUT OF AGENCY SERVICE AGREEMENT

REFERENCE:

LAFCO File No. 2019 OASA-001, a request from the Callayomi County Water District (CCWD) and the Middletown Rancheria of Pomo Indians of California (Tribe) (together referred to as the parties) for domestic water services to be provided on 110.215-acre more or less parcel known as Assessor's Parcel 014-005-08 and shown in Exhibit A.

WHEREAS, Tribe, a beneficiary owner of that certain property located at 22223 South Highway 29 Middletown California, a federally recognized tribe (Middletown Rancheria) and lands held in trust by the United States for the benefit of the tribe. The Tribe, currently provides limited municipal water services to the Middletown Rancheria. The tribe has an existing agreement with the CCWD to provide water services to 30 housing units at the Middletown Rancheria. The tribe is experiencing a housing crisis and needs to construct up to 15 additional permanent housing units as soon as possible. The Tribe has requested the CCWD to provide additional water service to serve the 15 additional housing units.

WHEREAS, The purpose of this Out of Area Service Agreement is to provide domestic water service to the Rancheria for an additional 15 housing units.

WHEREAS, a jurisdictional change to the CCWD is needed to obtain domestic water services for the 15 new housing units since the territory is not within the CCWD boundaries albeit the CCWD currently serves 30 existing housing units at the Rancheria.

WHEREAS, The CCWD has submitted a Notice of Exemption to the County based on 15378(b)(5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment and CEQA guidelines section 15319 – Annexation of Existing Facilities and Lots for Exempt Facilities.

WHEREAS, Based on the uses contemplated for the 110.215-acre more or less site, there is an existing need for domestic water to be provided by the CCWD.

WHEREAS, the CCWD passed Resolution 4-12-18 on December 13, 2018 authorizing this Out of Agency Service Agreement application to LAFCo on property located at 22223 South Highway 29, Lake County California also known as APN 014-005-08.

WHEREAS, The Lake Local Agency Formation Commission has reviewed application and has not designated authority to review and approve Out of Agency Service Agreements pursuant to Government Code § 56133; and

WHEREAS, LAFCo affirms the Rancheria Territory is within CCWD's Sphere of Influence (See Exhibit B).

WHEREAS, Relevant provisions of the Government Code give to Local Agency Formation Commissions the power to authorize a city or a special district to provide new or extended services outside its jurisdictional boundaries within the Sphere of Influence in anticipation of annexation; and

WHEREAS, The Tribe through the CCWD has filed a Lake LAFCO Application for Out of Agency Service Agreement approval has provided evidence it is willing and able to serve and provide water services for 15 additional housing units located on the 110.215-acre more or less territory with district services including water; and

WHEREAS, LAFCo received appropriate deposits with the application and documentation sufficient to review the proposed service obligations; and

NOW, THEREFORE, the Lake Local Agency Formation Commission does hereby make determinations and orders on the application as follows:

1. That the Commission has reviewed this proposal for services per Government Code Section 56133, and other relevant parts of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, LAFCo Policies, and he has done a site inspection of the properties upon which the agreement for services relates and constructed improvements are installed.
2. That the extension of service is categorically exempt based on 15378(b)(5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment and CEQA guidelines section 15319 – Annexation of Existing Facilities and Lots for Exempt Facilities.
3. That the provision of domestic water services provides a benefit to the present health and safety needs of the residents of the Rancheria who will benefit from the services provided through the CCWD.
4. That the CCWD is equipped with a modern and water treatment plant manned by licensed and technicians and it has sufficient administrative and technical staff to maintain the operation of the water system. The CCWD has the capacity in its overall system to provide water services to the areas outside its jurisdiction such as the parties seek in this agreement without negatively impacting the ability of the District to provide such services to the present constituent users within its own jurisdiction. That the Commission has reviewed the information provided and finds no objection to the extension of services sought in this agreement by the parties thereto.
5. That the CCWD is the logical provider of water delivery into the area sought by the parties in that it has the ability to provide the infrastructure to provide the service.
6. That the project herein will extend services through existing infrastructure.
7. That the approval of this agreement will enhance the public welfare and safety through the construction of a water delivery to serve the entire property.
8. Approval of this agreement by LAFCo is conditioned upon the applicant's (the parties) obligation to defend, indemnify, and hold harmless the Lake Local Agency Formation Commission and its agents, officers and employees from any claim, action or proceeding against the Commission or its agents, officers, and employees; including all costs, attorney's fees, expenses and liabilities incurred in the defense of such claim, action, or proceeding to attack, set aside, or void the approval or determinations of this Commission concerning this annexation. The Lake Local Agency Formation Commission shall promptly notify the applicant of any such claim, action, or proceeding and be entitled to representation by counsel of its choosing.
9. That this Out-of-Agency service agreement is approved as proposed subject to the following terms, conditions and caveats:
 - a. The CCWD is hereby authorized to provide domestic water services to serve an additional 15 housing units located within the Rancheria's 110.215-acre more or less territory (see Exhibit A).
 - b. An application meeting LAFCo's application requirements for a reorganization is to be filed with LAFCo including an annexation to the CCWD along with all requirements, maps and descriptions meeting State Board of Equalization Requirements and the required LAFCo fee deposit of \$3,500 within 90 days of execution of this Order otherwise this order shall be null and void and automatically terminated. The applicable State Board of Equalization (SBOE) fee of \$2,000 payable to the State Board of Equalization shall be required upon LAFCo approval of the annexation and prior to recordation. (Note: An application (LAFCo file 2015-0004) was filed with LAFCo in 2015. This application will need to be re-submitted and the remaining unused fee deposit shall be applied to this new application).
 - c. This Out of Agency Agreement shall expire on March 20, 2020 or if an application is

received within 90-days of this order, upon the completion of LAFCo proceedings including acceptance by the California State Board of Equalization, whichever occurs earlier unless otherwise extended in writing by the LAFCo Executive Officer.

- d. This Out of Agency Agreement shall no longer be in effect upon annexation of the subject property to the CCWD.
- e. Each party agency to this agreement will agree to and cooperate and not oppose a future annexation of the property served by this out of area agreement.
- f. The Parties shall comply with the terms and conditions of the "Out of Area Limited Service Agreement For Provision of Municipal Water Service" as executed and delivered by District (CCWD) on October 11, 2008, said agreement being effective upon approval of LAFCo with a specific note the territory is within the adopted Sphere of Influence for the CCWD (See Exhibit C).

THIS OUT OF AREA SERVICE AGREEMENT ORDER IS APPROVED BY THE LAKE LOCAL AGENCY FORMATION COMMISSION, this 20th day of March 2019 at Lakeport, California.

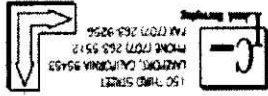
The LAFCo Chair is hereby authorized to sign the Lake LAFCo approval page of the "Out of Area Limited Service Agreement For Provision of Municipal Water Service" (Exhibit C).

**Bruno Sabatier, LAFCo Chair
LAKE Local Agency Formation Commission**

Acknowledgement of Terms, Conditions and Caveats:

John Hamner, Manager, Callayomi County Water District

**Sally Peterson, Vice-Chair, Authorized Representative, Middletown
Rancheria of Pomo Indians of California**



150 THIRD STREET
LAURENS, CALIFORNIA 95453
PHONE (707) 263-9512
FAX (707) 263-9526

Exhibit A

PRELIMINARY

LEGEND:

- ① GRAVITY SEWER
- ② SANITATION SEWER
- ③ WATER MAIN
- ④ FIRE MAIN
- ⑤ GAS MAIN
- ⑥ TELEPHONE
- ⑦ CABLE TELEVISION
- ⑧ POWER
- ⑨ FIBER OPTIC
- ⑩ OTHER

PRELIMINARY

STATE HIGHWAY 29

TRACT ONE

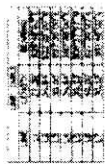
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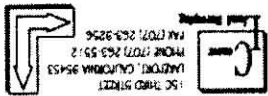
PRELIMINARY

ANNEXATION TO CALAYO

P.O.C.

P.O.B.

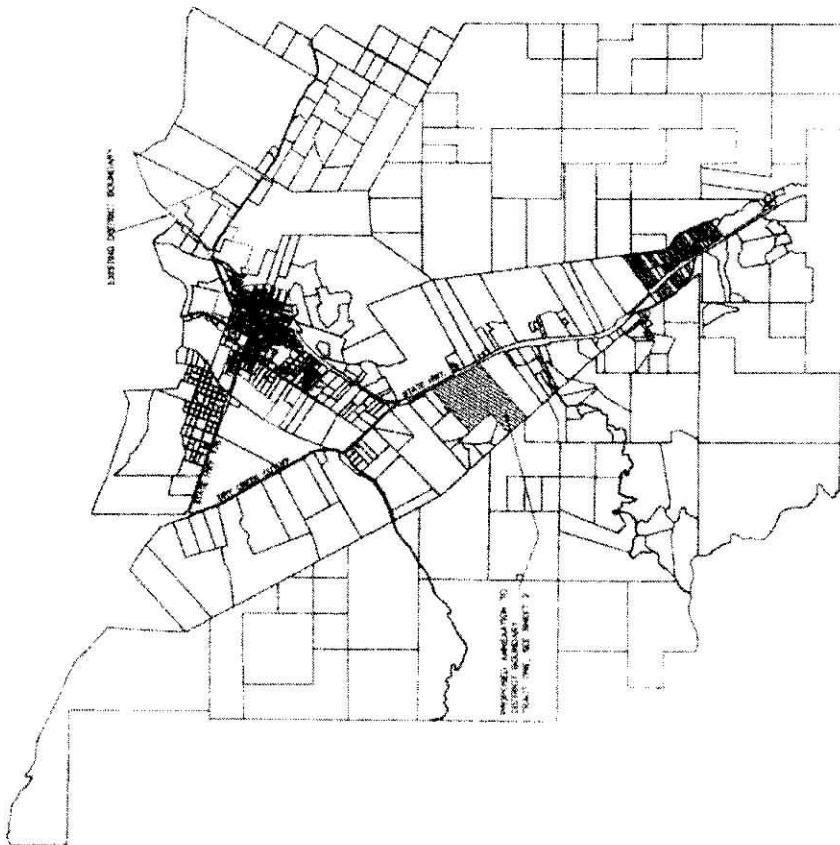




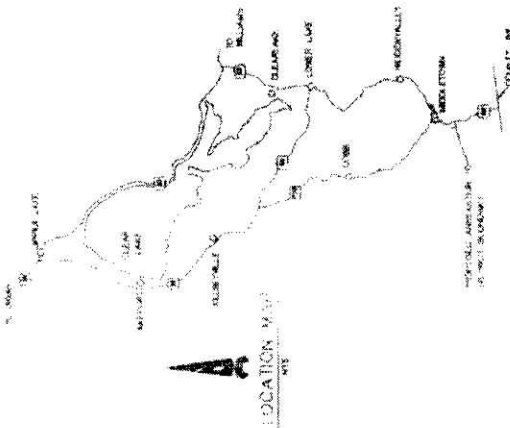
Scale: 1" = 100'

North Arrow

PRELIMINARY



PRELIMINARY



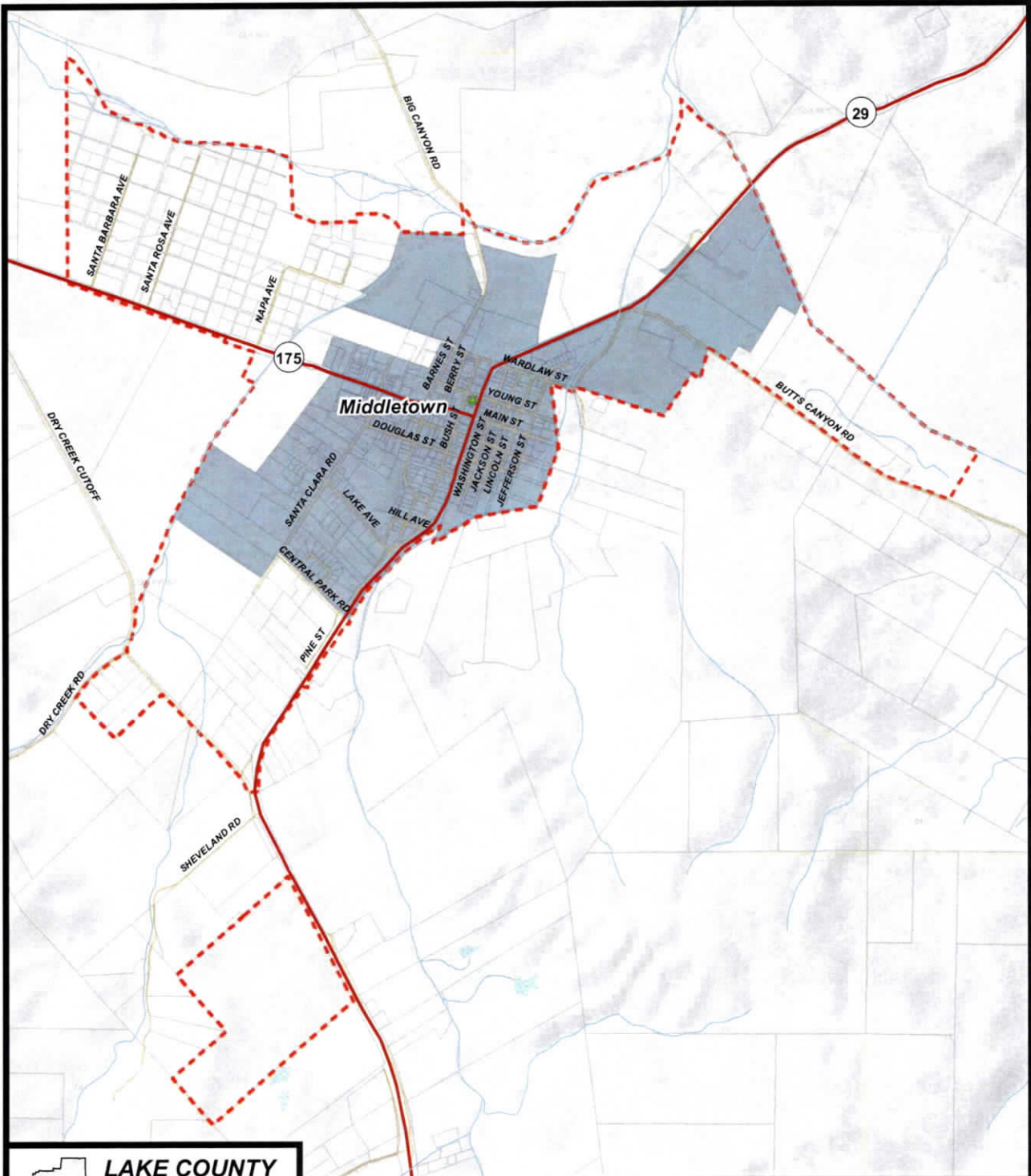
ALL RIGHTS RESERVED. THIS DOCUMENT IS THE PROPERTY OF THE CONSULTING ENGINEER. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN. IT IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF THE CONSULTING ENGINEER.

150 THIRD STREET
LAUREL, CALIFORNIA 95532
PHONE (707) 263-5912
FAX (707) 263-9256

LAKE LOCAL AGENCY FORMATION COMMISSION CALLAYOMI COUNTY WATER DISTRICT

Range 07 West

Township 10 North



Legend	● Communities	 Callayomi Water District
	— Highways	 Callayomi Water District Sphere of Influence
	 Parcels	
	— Roads	
	 Water Bodies	

Source: Lake County LAFCo

Callayomi Water District
Resolution:
Adopted:
Callayomi Water District
Sphere of Influence
Resolution: 2013-0009
Adopted: July 17, 2013
Map Created 5/24/2018

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Callayomi County Water District
21282 Stewart
Middletown, CA 95461

EXEMPT FROM FEES PURSUANT TO
GOVERNMENT CODE § 27383, 6103

APNs:

Space above this line for Recorder's use.

**OUT-OF-AREA LIMITED SERVICE AGREEMENT FOR PROVISION OF MUNICIPAL WATER
SERVICE**

This Out-of-Area Service Agreement for Provision of Municipal Water Service (this "**Agreement**") is entered into by and among the Callayomi County Water District, a California county water district ("**District**") and the Middletown Rancheria of Pomo Indians of California ("**Tribe**"). District and Tribe may each be individually referred to herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

A. The Tribe is the beneficiary owner of that certain real property located at 22223 South Hwy 29, in County of Lake, State of California ("**County**") and held in trust by the United States for the benefit of the Tribe (the "**Rancheria**"). The Rancheria is located outside the District's boundaries and sphere of influence, and is more particularly described in Exhibit A attached hereto and incorporated herein.

B. The District currently provides municipal water service to the Rancheria under that certain Agreement with Amendments I & II for Water Service to Middletown Indian Rancheria Lake County, California ("**Initial Agreement**").

C. The District is limited under the Initial Agreement to providing water service to serve up to thirty (30) housing units at the Rancheria and currently does so.

D. The Tribe is experiencing a housing crisis at the Rancheria, and members are currently living in trailers and other temporary housing arrangements. The Tribe needs to construct up to fifteen (15) housing units ("**Additional Units**") as soon as possible to address this crisis and associated health and safety concerns. However, the Tribe is unable to construct additional permanent housing units without water service from the District, and the District cannot provide additional water service under the Initial Agreement.

E. In light of the above, the Tribe has requested to receive from the District municipal water services to the Rancheria for the Additional Units ("**Services**") pursuant to Section 56133 of the California Government Code and the policies and procedures of the Lake Local Agency Formation Commission ("**LAFCO**").

F. The Parties wish to execute this Agreement to allow the District to provide Services to the Additional Units, subject to eventual annexation of the Rancheria into the District.

G. The District has determined that provision of Services by the District to the Additional Units pursuant to the terms and conditions of this Agreement will not adversely impact water services to other District customers or result in a significant loss of revenue to the District.

H. The Tribe and District wish to set forth the circumstances and terms and conditions under which the District will provide Services to the Additional Units.

I. Pursuant to California Government Code Section 56133, an out-of-area service agreement must be approved by LAFCO. Under California Government Code Section 56133, LAFCO may authorize a district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or residents of the affected territory.

J. The District will submit this Agreement to LAFCO for approval and use its best efforts to secure LAFCO's approval and authorization of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and of the mutual covenants as well as for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

1. PROVISION OF SERVICES

1.1. District Provision of Service. Except as otherwise provided in this Agreement, the District shall provide Services to the Additional Units in the same manner and through the same facilities as services are provided to the portions of the Rancheria subject to the Initial Agreement. The only new facilities necessary to serve the Additional Units shall be the laterals, meters and meter boxes necessary to serve each unit. Such facilities shall be constructed by the Tribe at its sole cost and expense and in compliance with all District regulations. The District shall review and approve all plans and the constructed facilities prior to commencing Services. The Tribe shall allow the District access to all such constructed facilities upon request, without charge to District.

1.2. Service Limited to Additional Units. The Parties agree that District's Services under this Agreement are exclusively limited to municipal water service to the Additional Units on the Rancheria. The Tribe understands and agrees that no new construction or development of the Rancheria shall receive water service from the District under this Agreement. Any new or expanded water service to structures or facilities on the Rancheria other than the Additional Units shall require LAFCO and District review and approval prior to the addition/extension of any such services.

2. PAYMENT FOR CONNECTION AND SERVICES

The Tribe hereby agrees to and shall timely pay to the District any monthly or yearly charges for the Services, a connection fee, plan check fee, inspection fee, capacity charge, and any other applicable one-time or recurring fees and charges in effect and paid by the owners of similarly situated real property at the rate(s) established therefor by the District (subject to any adjustments provided for by the District from time to time), including any applicable penalties or interest lawfully

imposed by the District ("**Fees and Charges**"). The District reserves the right to collect the Fees and Charges (or any delinquencies thereof) in any lawful manner. Pursuant to Section 1.1, the Tribe shall be billed for on-going Services in the same manner as the Tribe is billed for services under the Initial Agreement.

3. CONDITIONS AND COVENANTS

3.1. Compliance with Applicable Law. The Parties will comply with all applicable laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the State of California, the County of Lake or the District, as they apply to work undertaken pursuant to this Agreement, and all other provisions of the Agreement.

3.2. Indemnification.

3.2.1. Indemnification of District. Tribe covenants to indemnify, defend and hold the District and its officers, employees, contractors and agents ("**Indemnitees**") harmless from and against any and all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) (collectively, "**Claims**") arising from or as a result of the Tribe's failure to comply with any provision of this Agreement, or occasioned wholly or in part by any material act or omission of Tribe or its respective officers, employees, contractors and agents arising out of or in connection with this Agreement. In case the District shall, without fault, be made a party to any litigation commenced by or against Tribe or any other person, then Tribe shall hold the District harmless by attorneys satisfactory to the District and shall pay all reasonable costs, expenses and reasonable attorneys' fees incurred or paid by the District in connection with such litigation.

3.2.2. District's Right to Engage Attorneys. The District shall have the right to engage its own attorneys in connection with any of the provisions of this section or any other provision of this Agreement, including, without limitation, any defense of the District or intervention by the District, notwithstanding any contrary provisions of the laws or court decisions of the state. All such costs shall be the sole cost of the District.

3.2.3. Survival. The Tribe's obligations under this Section 3.2 (Indemnification) shall survive the termination of this Agreement.

4. NO OBLIGATION TO ANNEX OR PROVIDE OTHER SERVICES

Notwithstanding any other provision of this Agreement, the District shall not have any obligation to annex the Additional Units or the Rancheria to the District, or to provide water to the Additional Units except as expressly set forth in this Agreement.

5. LAFCO APPROVAL; EFFECTIVE DATE OF AGREEMENT

Because this Agreement is an out-of-area service agreement, California Government Code Section 56133 requires that Agreement be submitted for approval by LAFCO. The effective date of this Agreement is the date on which LAFCO approves this Agreement ("**Effective Date**").

6. DEFAULT; REMEDIES.

If either Party fails to comply with any obligation hereunder, the non-breaching Party shall provide written notice of such default. The breaching Party shall be in default if: (a) with respect to a default involving the payment of money, it fails to cure it within the period of ten (10) days, or (b)

with respect to any other type of default, (i) it fails to cure it within the period of thirty (30) days, or (ii) it commences to cure the default within such period of time, and if the default cannot be cured within the time specified above in (i), thereafter does not diligently proceed to complete the curing of the default. In addition to any other available rights in law or equity, in the event the Tribe defaults under this Agreement, the District shall have the right to seek damages, terminate this Agreement, or enjoin such violation or threatened violation in a court of competent jurisdiction.

7. RECORDATION

This Agreement shall be recorded in the Official Records of the County of Lake, State of California at the Tribe's cost.

8. MISCELLANEOUS PROVISIONS

8.1. Recitals. The above Recitals are true and correct and fully incorporated in this Agreement.

8.2. Scope of Agreement. Nothing contained in this Agreement shall be construed as representing the establishment of any precedent or the formation of any policy by the District to supply Services or any other District service in the future to any unincorporated territory on the terms and conditions contained herein or on any terms and conditions whatsoever.

8.3. No Third Party Beneficiaries. This Agreement is intended to benefit only the Parties hereto and no other person or entity has or shall acquire any rights hereunder. This Agreement does not create any third party beneficiary rights.

8.4. Binding Effect; Assignment. All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. No assignment of this Agreement shall be made without the prior written consent of the parties to the Agreement, which consent may not be unreasonably withheld.

8.5. Reserved.

8.6. Performance. Whenever performance is required of any party hereunder, that party shall use all due diligence to perform and take all necessary measures in good faith to perform; provided, however, that if performance shall be delayed at any time by reason of acts of God, war, civil commotion, riots, strikes, picketing, or other labor disputes, or damage to work in progress by reason of fire or other casualty or cause beyond the reasonable control of a party (acts by the performing party causing the situation to be beyond reasonable control excepted), then the time for performance as herein specified shall be appropriately extended by the amount of the delay actually so caused.

8.7. Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person or circumstance, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

8.8. Notice.

8.8.1. Form of Notice. Any notice to any party shall be in writing and given by delivering the same to such party in person or by sending the same by certified mail, return receipt requested, with postage prepaid to the party's mailing address. The respective mailing addresses of the parties thereto are, until changed as hereinafter provided, the following:

To the District: Callayomi County Water District
21282 Stewart St.
Middletown, CA 95461

To Tribe: Middletown Rancheria of Pomo Indians of California
P.O. Box 1035
Middletown, CA 95461

8.8.2. Change of Address. Any party may change its mailing address at any time by giving written notice of such change to the other parties in the manner provided herein at least ten days prior to the date such change is effective.

8.8.3. Effective Date of Notice. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

8.9. Entire Agreement. This writing constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all oral or written representations or written agreements which may have been entered into between the parties. This Agreement may be cancelled, changed, modified or amended in whole or in part only by a written and recorded instrument executed by the Parties (or their respective successors and assigns).

8.10. Time is of the Essence. Time is of the essence of this Agreement and each and every provision hereof.

8.11. Term of Agreement. The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect unless terminated (i) by the mutual agreement of the Parties or (ii) as otherwise specified herein.

8.12. Governing Law; Venue. This Agreement shall be governed by the laws of the State of California. The Tribe grants a limited waiver of its sovereign immunity (and any defense based thereon) to the District provided all of the following conditions are satisfied: (1) a claim is brought by the District and no other person or entity, (2) to interpret or enforce this Agreement, (3) initiated during the term of this Agreement or within the applicable statute of limitations, (4) in the United States District Court for the Northern District of California, and (4) any monetary judgement against the Tribe shall be enforceable against the Tribe, provided however, the District shall not enforce a judgement against Tribal assets which the District does not have recourse under applicable federal law including (A) any equity interests of the Tribe, and (B) any real property held in trust by the United States or subject to restrictions by the United States against the Tribe, and any fixtures, accessions or improvements to such real property, (ii) grant monies appropriated by the federal government for the provision of governmental services, and (iii) Twin Pine Casino and Hotel assets.

8.13. Section Headings. All section headings and subheadings are inserted for convenience only and will not affect any construction or interpretation of this Agreement.

8.14. Attorney Fees. The prevailing party in any action or proceeding to enforce or interpret this Agreement or otherwise arising out of or in connection with the subject matter hereof (including, but not limited to, any suit, entry of judgment, post-judgment motion or enforcement, appeal, bankruptcy litigation, attachment, or levy) shall be entitled to recover its reasonable costs and expenses, including, but not limited to, reasonable attorneys', experts', and reasonable consultants' fees and costs.

8.15. Non-Waiver. No waiver by any Party of any default in performance on the part of the another Party, or of any breach or series of breaches of the terms, covenants, or conditions of this Agreement, will constitute a waiver of any subsequent breach or a waiver of any term, covenant, or condition.

8.16. Counterparts. This Agreement may be executed in one or more counterparts, each of which counterparts shall, for all purposes, be deemed an original and all of which counterparts, when taken together, shall constitute one and the same instrument.

8.17. Reimbursement for District Costs. Within thirty (30) days of the Effective Date and on a monthly basis thereafter, District shall provide Tribe with an invoice indicating all legal, consultant, LAFCO and staff costs incurred by District in draft, negotiating, executing and receiving LAFCO approval of this Agreement. Tribe shall pay such invoice within thirty (30) days of receipt. Such fees shall be comparable to other similar fees charged by the District for annexations and similar services.

SIGNATURES AND APPROVAL ON THE FOLLOWING PAGES

IN WITNESS WHEREOF, this Out-of-Area Limited Service Agreement for Provision of Municipal Water Service by and among the Callayomi County Water District and Middletown Rancheria of Pomo Indians of California, has been executed and delivered by District and Tribe as of 10/11, 2018.

DISTRICT

CALLAYOMI COUNTY WATER DISTRICT,
a California County Water District

Date: 10/11/18

By: [Signature]
Name: John Hamner
Its: General Manager

TRIBE

MIDDLETOWN RANCHERIA OF POMO INDIANS OF CALIFORNIA,
a federally-recognized Indian tribe

Date: 10/11/18

By: [Signature], Vice-Chair

LAKE LAFCO APPROVAL

This Out-of-Area Service Agreement for Provision of Municipal Water Sewer Service is hereby approved by LAFCO pursuant to California Government Code section 56133 and LAFCO's policies and procedures on _____.

LAKE LOCAL AGENCY FORMATION COMMISSION

By: _____

Name: John Benoit

Its: Executive Officer

Date: _____

Attest:

By: _____

Name: _____

Its: _____

**EXHIBIT A:
LEGAL DESCRIPTION OF OWNER'S PARCELS**

EXHIBIT "A"
MIDDLETOWN RANCHERIA ANNEXATION TO THE
CALLAYOMI COUNTY WATER DISTRICT

TRACT ONE

ALL THAT CERTAIN LAND REFERRED TO HEREIN BELOW SITUATE IN CALLAYOMI RANCHERIA IN THE UNINCORPORATED AREA OF THE COUNTY OF LAKE COUNTY, CALIFORNIA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT "193" STATION" (A TWENTY INCH MADRONE TREE) THENCE (1) SOUTH 41° 38' 47" WEST, 3285.01 FEET TO THE MOST SOUTHERLY POINT AS SHOWN ON A MAP FILED ON MARCH 6th 2007 IN BOOK 81 OF RECORDS OF SURVEYS, AT PAGE 32, OFFICE OF THE LAKE COUNTY RECORDER, SAID POINT ALSO BEING THE POINT OF BEGINNING THENCE, (2) NORTH 42° 02' 33" WEST, 928.42 FEET;
THENCE, (3) NORTH 48° 32' 20" EAST, 1039.77 FEET;
THENCE, (4) NORTH 41° 04' 48" WEST, 1033.77 FEET;
THENCE, (5) NORTH 48° 54' 10" EAST, 2154.88 FEET MORE OR LESS TO A POINT ON THE WEST RIGHT-OF-WAY OF STATE HIGHWAY 29; THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING COURSES:

(6) SOUTH 26° 46' 03" EAST, 27.39 FEET;
THENCE, (7) SOUTH 32° 25' 00" WEST, 34.64 FEET;
THENCE, (8) SOUTH 27° 35' 00" EAST, 30.00 FEET;
THENCE, (9) SOUTH 87° 35' 00" EAST, 34.64 FEET;
THENCE, (10) SOUTH 27° 35' 00" EAST, 887.68 FEET;
THENCE, (11) SOUTH 06° 37' 57" WEST, 30.23 FEET;
THENCE, (12) SOUTH 27° 35' 00" EAST, 40.00 FEET;
THENCE, (13) SOUTH 61° 48' 02" EAST, 30.23 FEET;
THENCE, (14) SOUTH 27° 35' 00" EAST, 977.62 FEET;

THENCE (15) LEAVING SAID RIGHT-OF-WAY SOUTH 49° 22' 00" WEST, 7750.91 FEET TO THE POINT OF BEGINNING, CONTAINING 009.78 ACRES MORE OR LESS.

NOTE: THIS LEGAL IS FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

DRAFT

DRAFT

AUTHORITY (Continued)

Service Reviews

Municipal Service Reviews (MSR) were added to LAFCo's mandate with the passage of the CKH Act in 2000. A service review is a comprehensive study designed to better inform LAFCo, local agencies, and the community about the provision of municipal services. Service reviews attempt to capture and analyze information about the governance structures and efficiencies of service providers, and to identify opportunities for greater coordination and cooperation between providers. The service review may be a prerequisite to a sphere of influence determination and may also lead a LAFCo to take other actions under its authority.

Out of Agency Service Agreements

Cities and special districts are required to obtain LAFCo's approval prior to entering into contracts with private individuals or organizations to provide services outside of the agency's boundaries.

Adoption of Local Policies

Each LAFCo may adopt local policies to appropriately administer the CKH Act in its county.


PUBLIC INVOLVEMENT

Citizens are welcome and encouraged to attend regular LAFCo meetings and state their views during public hearings on proposals before the Commission. In addition, the meetings provide an excellent opportunity for citizens to familiarize themselves with the growth, development, and interjurisdictional issues facing their county. Copies of the minutes, meeting agenda, and staff reports are available on LAFCo websites or by contacting the county's LAFCo office.


CALAFCO

The **California Association of LAFCos**, or **CALAFCO**, was founded in 1971. CALAFCO serves as an organizational dedicated to assisting member LAFCos with educational and technical resources that otherwise would not be available. The Association provides statewide coordination of LAFCo activities, serves as a resource to the Legislature and other bodies, and offers a structure for sharing information among the various LAFCos and other governmental agencies.

The Association is governed by a Board of Directors composed of sixteen (16) LAFCo Commissioners: four city members, four county members, four special district members, and four public members. For the purposes of electing Board Members, the State is divided into four (4) regions as follows: Northern, Central, Coastal and Southern. Each region elects four (4) Directors comprised of one city member, one county member, one public member, and one special district member. CALAFCO staff consists of a part-time Executive Director and part-time Administrator, Legal Counsel, CPA, and a volunteer Executive Officer and three (3) volunteer Deputy Executive Officers, each representing one of the four (4) regions. The membership of CALAFCO consists of all 58 LAFCos, as well as Associate Members from firms, agencies and organizations throughout California.

**California Association of
Local Agency Formation Commissions**
1215 K Street, Suite 1650
Sacramento, CA 95814
Phone 916-442-6536/Fax 916-442-6535
www.calafco.org



What is LAFCo?

An Introduction to
Local Agency Formation Commissions

HISTORY

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs, and public services. To accommodate this demand, the state approved the formation of many new cities and special districts, often with little forethought as to the ultimate governance structures in a given region. The lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service boundaries, and the premature conversion of California's agricultural and open-space lands.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. This Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. This Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963, resulting in the creation of **Local Agency Formation Commissions**, or "LAFCos," operating in each county except San Francisco.

From 1963-1985, LAFCos administered a complicated series of statutory laws and three "statutory schemes: the Knox-Nisbet Act, the Municipal Organization Act (MORGA), and the District Reorganization Act. Confusion over the application of these laws led to a reform movement that produced the first consolidated LAFCo Act, the Cortese-Knox Local Government Reorganization Act of 1985. In 1997, a new call for reform in local government resulted in the formation, by the Legislature, of this Commission on Local Governance in the 21st Century. After many months canvassing the state, this Commission recommended changes to the laws governing LAFCos in its comprehensive report "Growth Within Bounds." These recommendations became the foundation for the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), an act that mandates greater independence for LAFCos and further clarifies their purpose and mission. Today, there is a LAFCo in each of California's 58 counties.

OBJECTIVES

To Encourage the Orderly Formation of cities and special districts

LAFCos review proposals for the formation of new Cities and Special Districts and for changes in the boundaries of existing Cities and Special Districts. There are 58 LAFCos working with nearly 3,500 governmental agencies (400+ Cities, and 3,000+ Special Districts). Agency boundaries are often unrelated to one another and sometimes overlap in a seemingly random manner, often leading to higher service costs to the taxpayer and general confusion regarding service area boundaries. LAFCo decisions strive to balance the competing needs in California for efficient services, affordable housing, economic opportunity, and conservation of natural resources.

To Preserve Agricultural Land Resources

LAFCo must consider the effect that any proposal will produce on existing agricultural lands. By guiding development toward urban land and away from agricultural preserves, LAFCo assists with the preservation of our valuable agricultural resources.

To Discourage Urban Sprawl

Urban sprawl can best be described as irregular and disorganized growth occurring without apparent design or plan. This pattern of development is characterized by the inefficient delivery of urban services (police, fire, water, and sanitation) and the unnecessary loss of agricultural resources and open space lands. By discouraging sprawl, LAFCo limits the misuse of land resources and promotes a more efficient system of cities and special districts.

COMPOSITION

The composition of a LAFCo varies from county to county. Nearly all LAFCos are composed of two members from the Board of Supervisors and two members from the city councils in that county. Many commissions also have two members from the independent special districts in that county. In turn, these members select a representative of the general public—an individual who is not seated on any elected body. For each category represented on LAFCo, there is an alternate member.

Alternate members may attend LAFCo meetings and participate in the discussion of items, but they only vote on items when a regular member from their category is absent. Some LAFCos, including Los Angeles, Sacramento, Santa Clara, Kern, and San Diego, through special legislation, have an additional seat on the Commission for a representative from the County's major city.

Each agency that is eligible to have one of its officials seated on the Commission must contribute to the LAFCo budget. The amount of this contribution is determined by statute, and varies in each county.

RESPONSIBILITIES

LAFCos are responsible for coordinating logical and timely changes in local governmental boundaries; conducting special studies that review ways to reorganize, simplify, and streamline governmental structure; and preparing a sphere of influence for each city and special district within each county. (see Sphere of Influence Studies section)

The Commission's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, each LAFCo must conduct service reviews to evaluate the provision of municipal services within each county.

AUTHORITY

Boundary Changes

LAFCos regulate, through approval or denial, the boundary changes proposed by other public agencies or individuals. LAFCos do not have the power to initiate boundary changes on their own, except for proposals involving the dissolution or consolidation of special districts and the merging of subsidiary districts. Typical applicants might include:

- Individual home owners requesting annexation to a sewer district due to a failing septic system.
- Developers seeking annexation to cities in order to obtain urban services for new housing.
- Cities wishing to annex pockets or "islands" of unincorporated land located within their borders in order to avoid duplication of services with the county.
- Annexation initiated by a special district.

Sphere of Influence Studies

In 1972, LAFCos were given the power to determine spheres of influence for all cities and special districts. A sphere of influence is a plan for the probable physical boundaries and service area of a local agency. Factors considered in a sphere of influence review focus on the current and future land use, the current and future need and capacity for service, and any relevant communities of interest. With the passage of the CKH Act, spheres for all cities and special districts are reviewed every five years as necessary.

The purpose of the sphere of influence is to ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands by preventing overlapping jurisdictions and duplication of services. Commissions cannot tell agencies what their planning goals should be. Rather, on a regional level, LAFCos coordinate the orderly development of a community through reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of area residents and property owners.

LAKE LOCAL AGENCY FORMATION COMMISSION

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March 18, 2019

The Honorable Eloise Gómez Reyes
California State Assembly
State Capital Room 2175
Sacramento, CA 95814

Subject: Support for AB 213

Dear Assembly Member Reyes:

The Lake Local Agency Formation Commission (LAFCo) is pleased to support **Assembly Bill 213**. This bill would restore funding to approximately 140 cities that had annexed inhabited territory in reliance on previous financial incentives, then suffered significant fiscal harm when those funds were swept away due to the passage SB 89 (2011). The bill also offers similar incentives to support future annexations of inhabited territory to improve services to affected residents consistent with state LAFCo policies.

The VLF gap created by SB 89, one of the 2011 budget bills, created a financial disincentive for future city incorporations and annexations of inhabited territory. Further, it created severe fiscal penalties for those communities which chose to annex inhabited territories, particularly unincorporated islands. In several previous legislative acts the Legislature had directed LAFCos to work with cities to annex unincorporated inhabited islands. The loss of financial incentive for these inhabited annexations has made it difficult for LAFCos to follow this legislative directive.

Reinstating revenues for annexations is consistent with statewide LAFCo legislative policies of providing communities with local governance and efficient service delivery options, including the ability to annex. The inability to do so creates a tremendous detriment to the creation of logical development boundaries and to the prevention of urban sprawl. Because **AB 213** reinstates a critical funding component to cities who previously annexed inhabited territory and did so relying on this financing, and to those cities who annex inhabited territory in the future, Lake LAFCo supports this bill.

Thank you for carrying this important legislation. Please do not hesitate to contact me with any questions you may have on our position.

Sincerely,

Bruno Sabatier
Lake LAFCo Chair

Cc: Pamela Miller, Executive Director, CALAFCO
Dan Carrigg, Deputy Executive Director and Legislative Director, League of CA Cities

C/O John Benoit, Executive Officer P.O.Box 2694 Granite Bay, California 95746 - ph. (707)
592-7528 email: j.benoit4@icloud.com

LAKE LOCAL AGENCY FORMATION COMMISSION

March 18, 2019

The Honorable Robert Rivas
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: Support of AB 1253

Dear Assembly Member Rivas:

The Lake Local Agency Formation Commission (LAFCo) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for Assembly Bill 1253. Sponsored by CALAFCO, the bill establishes a five-year pilot grant program to provide grants to LAFCos to address known service and governance concerns in disadvantaged communities. This program provides grants to LAFCos for conducting special in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services and completing the dissolution of inactive special districts. The grant program would be administered by the Strategic Growth Council and sunset on December 31, 2025.

The Legislature established LAFCos in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCos has substantially increased without additional funding. Operating in all 58 California counties, LAFCos are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCo activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts and their oversight by LAFCos, which contained several recommendations directly related to LAFCo. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCo activities, particularly to incentivize LAFCos or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

According to census data, approximately one-half of the Communities in Lake County are Disadvantaged or Severely Disadvantaged having Median Household Incomes (MHI) of less than 80% or 60% of the MHI of the state.

By establishing this one-time grant funding, AB 1253 provides an additional tool for LAFCos to address known service and governance concerns in disadvantaged communities by conducting detailed studies and potentially implementing greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Lake LAFCo is pleased to support AB 1253.

C/O John Benoit, Executive Officer P.O.Box 2694 Granite Bay, California 95746 - ph. (707)
592-7528 email: j.benoit4@icloud.com

LAKE LOCAL AGENCY FORMATION COMMISSION

Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about Lake LAFCo's position.

Sincerely yours,

Bruno Sabatier
Lake LAFCo Chair

Cc: Senator Robert Hertzberg, co-author
Senator Anna Caballero, co-author
Pamela Miller, Executive Director, CALAFCO