

**Lake Local Agency Formation Commission**

**Special Meeting Agenda**

**September 25, 2013 -- 9:30 am**

**City of Clearlake** – City Council Chambers  
14050 Olympic Dr. Clearlake, California

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

Commissioners

Ed. Robey, Chair (Public Member)  
Frank Gillespie (Special District Member)  
Jeri Spittler, (City Member)  
Stacy Mattina, Vice Chair (City Member)  
Gerry Mills, (Special Dist. Member)

Denise Rushing (County Member)  
Jim Comstock (County Member)

Alternates

Jeff Smith (County Alternate)  
Joey Luiz (City Alternate)  
Jim Abell, (Spec. District Alternate)  
Suzanne Lyons (Public Alternate)

Staff

John Benoit, Executive Officer  
P. Scott Browne, Legal Counsel  
Lora Ceccon, Clerk to the Commission

**1. Call to Order – Roll Call**

**2. Approval of Minutes – July 17, 2013**

**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**

*Action: Review and authorize payment of expenses for July and August 2013*

**5. Discussion and direction regarding the Clearlake Service Review**

- a. *Provide specific direction to staff on the process leading to the Completion of the Service Review and Sphere of Influence for the City of Clearlake*

6. **Review and Authorize Chair to sign a response to the 2012-2013 Grand Jury Report**
  - a) *Review and authorize chair to sign and transmit LAFCo's response to the 2012-2013 Grand Jury Report.*
  
7. **Discussion and Direction regarding a proposed Policy, Standard and Procedures amendment to address Disadvantaged Unincorporated Communities**
  - a. *Review and discuss proposed language thereby amending LAFCo's Policies, Standards and Procedures*
  
8. **Review and discuss proposed Records Retention Policy**
  - a. *Review and discuss proposed records retention policy and provide direction to staff regarding a Bylaw amendment to include a records retention policy.*
  
9. **Review and Discuss Calafco Annual Conference by those Commissioners attending**
  
10. **Executive Officer' s report**
  - a. *Watershed Protection District Service Review*
  - b. *Legislation*

11. **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.

12. **Correspondence**

13. **Adjourn to LAFCO's next regular meeting: Wednesday November 20, 2013 in Lakeport**

*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:

- Items not appearing on the agenda must be of interest to the public and within the Commission's subject 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 [johnbenoit@surewest.net](mailto:johnbenoit@surewest.net) or by fax at (916) 797-7631. Agenda items are located on the Lake County Webpage at <http://www.lakelafco.org>

LOCAL AGENCY FORMATION COMMISSION OF LAKE COUNTY  
MINUTES OF MEETING  
July 17, 2013

PRESENT:

Ed Robey, Chair, Public Member  
Frank Gillespie, Special Districts Member  
Jeri Spittler, City Member  
Stacy Mattina, City Member  
Gerry Mills, Special District Member  
Denise Rushing, County Member  
Jim Comstock, County Member

ALSO PRESENT:

Jim Abell, Spec. Dist. Alt.  
Suzanne Lyons, Public Alt.  
John Benoit, Executive Officer  
P. Scott Browne, Legal Counsel  
Lora Ceccon, Clerk

**1. Call to Order/Roll Call**

The meeting was called to order at 9:34 a.m. There was a quorum present.

**2. Approval of Minutes – May 15, 2013**

**Commissioner G. Mills moved to approve the May 15, 2013 minutes, second by Commissioner J. Spittler; motion carried with Commissioners D. Rushing and J. Comstock abstaining.**

**3. Public Comment**

Betsy Cawn advised the Commission that they are not getting the full story on the invasive species program.

**4. Consent Agenda**

**Commissioner J. Comstock moved to authorize payment of the May and June 2013 expenses, second by Commissioner D. Rushing; motion carried.**

**5. Election of Lafco Chair and Vice-Chair for Fiscal Year 2013-2014.**

**Commissioner D. Rushing moved to nominate E. Robey as Chair, second by Commissioner J. Spittler, motion carried.**

**Commissioner S. Lyons moved to nominate S. Mattina as Vice Chair, second by Commissioner J. Spittler, motion carried.**

9:40 a.m. – Opened Public Hearing

**6. Municipal Services Review and Sphere of Influence for the Callayomi County Water District.**

J. Benoit reported that staff has worked with the district to prepare a hearing draft document and has met with the district board of directors on two occasions to discuss district issues. The district is viable and has a good board of directors. There has been little to no growth in the past five years. Some discussion followed regarding the map and the Rancheria.

9:49 – Closed Public Hearing

**Commissioner D. Rushing moved to adopt Resolution 2013-0006 approving a Municipal Service Review of Services provided by the Callayomi County Water District and adopting written determinations thereon, second by Commissioner J. Comstock, motion carried on a roll call vote. (7-0)**

**Commissioner D. Rushing moved to adopt Resolution 2013-0007 making determinations and approving a Sphere of Influence Update for the Callayomi County Water District, second by Commissioner J. Comstock, motion carried on a roll call vote. (7-0)**

9:50 a.m. – opened public hearing

**7. Municipal Services Review and Sphere of Influence for the Clearlake Oaks County Water District.**

J. Benoit stated that staff has worked with the district staff to prepare a hearing draft document and has met with the district board of directors to review the report and discuss the service review and sphere update.

Commissioner D. Rushing stated that on page 7, 2.1 – three parts – Clarks Island needs to be added; as a point of interest as well.

Commissioner S. Lyons asked about the difference from the 2010/2011 budget to the 2011/2012 budget. There is no explanation. Commissioner D. Rushing responded with some of the reasons for the difference. She stated that they did a thorough review of the budget and the community members were very involved and aware.

Betsy Cawn stated that the board member is a Mr. not a Ms. (Mr. Steel). Also, she objects to the watershed information included in the MSR because it is incorrect. J. Benoit stated that the information can be removed; it is not needed in this document.

10:05 – closed public hearing

**Commissioner D. Rushing moved to adopt Resolution 2013-0008 approving a Municipal Service Review of Services provided by the Clearlake Oaks County Water District adopting written determinations thereon with the**

following changes; add Clarks Island to page 7, 2.1 three parts and as a point of interest; change Ms. Steel to Mr. Steel and remove item D from page 16-17, second by Commissioner J. Spittler, motion carried on a roll call vote. (7-0)

**Commissioner D. Rushing moved to adopt Resolution 2013-0009 making determinations and approving a Sphere of Influence Update for the Clearlake Oaks County Water District, second by Commissioner F. Gillespie, motion carried on a roll call vote. (7-0)**

**8. Review and Discuss Calafco Staff Workshop**

J. Benoit stated that staff attended the Calafco Staff Workshop in Davis. John and Scott presented a workshop on consolidation of districts. John provided a summary of what was presented during the workshop. He also provided a summary of a workshop on Ethics and the public sector. S. Browne provided a summary of some recent, important cases.

**9. Watershed Protection Service Review update**

J. Benoit stated that staff is working through the first iteration of the MSR. He stated that he is confused as to what the district does. Commissioner D. Rushing suggested having the attorney take a look at the original documents for clarification. Discussion followed regarding the original purpose of the district, fiscal concerns, etc.

**10. Executive Officer's report**

J. Benoit provided a legislative update. AB678 would require health care districts to conduct an assessment of the community's health needs every 5 years and provide opportunity for public input. A short discussion followed.

SB56 – very important; seeks to restore VLF revenue; AB240 – Mutual Water Company - Open Meetings Act; requires some transparency; AB453 – Strategic Planning Grants; would allow Lafco to be eligible for grants

Grand Jury Report – J. Benoit stated that there are a couple sections in the G.J. report that Lafco has been requested to respond to; 90 days to respond. John will provide responses at the September meeting.

Fire MSR – John will get together with the fire chiefs in September to discuss the MSR.

Commissioner E. Robey asked John to write a response to the letter in the newspaper regarding Redbud Healthcare District.

John provided information on the Calafco Conference.

**11. Commissioner Reports**

Commissioner D. Rushing stated that she has been elected to the North Coast Opportunities (NCO) Board. They will be searching for an Executive Officer.

**12. Correspondence - None**

**13. Adjourn to LAFCO's next regular meeting: September 18, 2013 in Clearlake**

The meeting was adjourned at 11:16 a.m.

# Lake Local Agency Formation Commission

## CLAIMS

July 2013 through August 2013

### FY 2013-2014 Expenses

<u>Date of Claim</u>	<u>Description</u>	<u>Amount</u>
Aug 1, 2013	Staff Services July 2013	\$ 4,799.00
Aug 1, 2013	Special Projects –July 2013 CLO,CCWD, MSR/SOI	\$ 3,573.30
6.16-13 to 7.15.2013	Browne- Legal	\$ 500.00
Aug 1, 2013	Staff Svcs August 1-31, 2013	\$ 4,590.67
Aug 1, 2013	Spec. Proj Clearlake review	\$ 1,462.50
July 17 <sup>th</sup> , 2013	Commission Mtg. Stipend	\$ 540.00
7.16-13 to 8.15-13	Browne Legal	\$ 1,750.00
August 27-30, 2013	Staff 1/6 share Calafco Conf. Costs	\$ 130.01
TOTAL:		\$ 17,345.48

DATED: September 25, 2013

APPROVED: September 25, 2013

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Ed Robey, Chair or Stacey Mattina Vice-Chair  
Lake Local Agency Formation Commission

Attest:

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John Benoit  
Executive Officer



Amount Budgeted	Comm Stipend	Supplies	Memberships	Books	Periodic	Attorney Service	LAFCO Clerk	Office Stipend	Staff Svcs	Legal Notices	Trans Travel	Conf Regis	SOI Water	Gen Reserve
2012-2013 Adopted Budget	880,014.12	880,227.00	880,205.00	880,227.12	880,237.99	880,237.99	880,237.99	880,237.99	880,237.99	880,237.99	880,237.99	880,237.99	880,237.99	880,000.00
Accrued exp in 2012-2013 and exp. Brought forward o FY 2013-2014	\$ 5,280.00	\$ 250.00	\$ 758.00	\$ 3200.00	\$ 16,000.00	\$ 2,000.00	\$ 48,488.00	\$ 1,000.00	\$ 2,400.00	\$ 1,000.00	\$ 1,500.00	\$ 12,000.00	\$ 10,000.00	
Calafco Hotel deposit Gillespie														
Calafco Hotel deposit Lyons														
Calafco Hotel Deposit Job for Spittler														
Calico Hotel Deposit Matina														
Calafco Registration -5														
Calafco Reg. Robey Awards														
Calafco Dues FY 13-14														
Emergi Req Mobile Wkshp Spittler														
Browne Ending 7.15.13														
JB July 13 staff svcs														
July 17, 13 Mig Stipends														
Browne Ending 8.15.13														
JB Aug 13 Staff Svcs														
	\$ (540.00)	\$ 250.00	\$ (758.00)	\$ 3200.00	\$ (2,250.00)	\$ (208.33)	\$ (550.00)	\$ (4,040.67)	\$ (500.00)	\$ (550.00)	\$ (4,040.67)	\$ (1,100.00)	\$ (8,081.34)	\$ (455.00)
Expenditures to date	\$ (540.00)	\$ 250.00	\$ (758.00)	\$ 3200.00	\$ (2,250.00)	\$ (208.33)	\$ (550.00)	\$ (4,040.67)	\$ (500.00)	\$ (550.00)	\$ (4,040.67)	\$ (1,100.00)	\$ (8,081.34)	\$ (455.00)
Remaining in Account	\$ 4,740.00	\$ 250.00	\$ (758.00)	\$ 3200.00	\$ 13,750.00	\$ 1,791.67	\$ 6,800.00	\$ 40,408.66	\$ 1,600.00	\$ 1,778.00	\$ (651.00)	\$ 12,000.00	\$ 10,000.00	



MINUTE ORDER OF MAY 15, 2013: 2013-2014 LAKE LAFCO BUDGET

5. **Public Hearing regarding the 2013-2014 Lake LAFCo Final Budget.**

J. Benoit presented the final 2013-2014 Lake Lafco Budget. He discussed the need for a good fire districts MSR and the process for completing the MSR. John explained that MSRs are not “gotcha documents”. They can provide recommendations and the districts can choose to correct any issues. The information they provide can also be used for completing grant applications.

Ms. Cawn discussed the importance of completing the MSR in relation to the need for other documents such as an Emergency Services Plan for emergency response for disasters.

Commissioner Robey asked what stage the City of Clearlake General Plan is at. Joan Phillipe, City of Clearlake City Administrator, responded that they have an administrative draft. This is the first version for staff comments. It should go out for public comments the end of June. Ms. Phillipe thinks it would be better to finalize the MSR after the General Plan. S. Browne, stated that it would be helpful to have a capacity study prepared prior to completion of the General Plan. He suggested a preliminary MSR; then, upon completion of the General Plan, the MSR could be finalized. More discussion followed.

J. Benoit is not sure that the \$12,000 budgeted for MSRs and SOIs is sufficient. He has kept the budget low; however, due to raised expectations of MSRs and SOIs, the reality is that the cost increases. John explained where the funds come from for the Lafco budget and advised members of the projects that still need to be completed. Discussion followed.

**Commissioner J. Spittler made the motion to increase budget line item 21 from \$6,000 to \$12,000, second by Commissioner G. Mills, motion carried.**

10:38 a.m. – Opened Public Hearing

10:39 a.m. – Closed Public Hearing

**Commissioner J. Smith moved to approve Resolution 2013-0003 a Resolution of the Lake Local Agency Formation Commission Adopting its Final Budget for 2013-2014 as amended to reflect the \$6,000 increase, second by Commissioner J. Spittler, motion carried by roll call vote. (6-0)**

## LAKE LAFCo

September 25, 2013

Lake County Grand Jury  
P.O. Box 1078  
Kelseyville, CA 95451

RE: Response to the 2012-2013 Grand Jury Report

Dear Members of the Grand Jury,

The 2012-2013 Grand Jury Report included a section on **“Lake LAFCo Oversight”** on page 64 prepared by the Grand Jury Planning and Public Works Committee. An explanation of LAFCo was provided along with a background of Lake LAFCo and LAFCo’s in general. The report focuses upon Lake LAFCo’s progress on completing the “Municipal Service Reviews” or “Service Reviews” (MSR) and “Spheres of Influence” for agencies in Lake County subject to LAFCo’s jurisdiction.

In 2001 the legislature mandated new requirements for LAFCo’s including preparation of Service Reviews and update Sphere of Influence Updates, if determined necessary. To update a Sphere of Influence a Service Review is required. After the initial update of a Sphere of Influence, the Commission may make a determination that additional updates are not necessary. Making that determination is very difficult since the Legislature has amended the required content of a Service Review several times since 2001. Today the required determinations are as follows:

- Growth and population projections for the affected area
- The location and characteristics of any disadvantaged unincorporated communities (DUC) within or contiguous to the sphere of influence
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
- Financial ability of agencies to provide services
- Status of, and opportunities for shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies

Likewise, the mandated content of a Sphere of Influence has changed. Today the required determinations are as follows:

- Present and planned land uses in the area, including agricultural and open-space lands
- Present and probable need for public facilities and services in the area

- Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide
- Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The 2001 legislation also mandated guidelines to be promulgated by the Governor's Office of Planning and Research. These guidelines have detailed discussion and suggested methodologies in completing a Service Review. Ultimately, the endgame is LAFCo's are required to adopt Spheres of Influence, which has been in the LAFCo law since 1971. Most LAFCo's including Lake LAFCo did not complete their Spheres of Influence until the mid to late 1980's.

#### Discussion and Facts:

The purpose of the following comments is to clarify items within the "Discussion and Facts" section enumerated on pages 65, 66 and 67 of the Grand Jury report.

- a. There is no specific requirement for the preparation of a LAFCo Service Review for the County of Lake (#2).
- b. The Commission establishes an annual work program and the Executive Officer carries out that work program, as feasible. No specific quantity for reports has been determined (#5).
- c. A comprehensive analysis has proven to be invaluable for the public and to make determinations. Also in its review of a specific agency the Commission has found questionable information in source documentation and has corrected data from time to time (#6).
- d. Most LAFCo's enter into specialized contracts with consultants to prepare Service Reviews. Lake LAFCo has refrained from doing this due to a bad experience with a consultant and the high cost (#17).

The Grand Jury findings are summarized as follows:

F-1 Since 2002 a total of 73 MSR's and SOI's have been completed averaging six per year. Twelve are pending or not completed for various reasons. Expectations for Service Reviews have increased significantly over the past 10 years, requiring additional research, time and costs. Due to budget limitations LAFCo does not engage specialized analysts, such as Professional Hydrologists or Engineers. The Commission believes it is

more important to prepare a meaningful service review, and as a result the quality is paramount as opposed to the quantity of reviews prepared.

F-2 The Grand Jury report references LAFCo has not completed eighteen reports as shown in an "Appendix A", which is not included the Grand Jury report. There appears to be inconsistencies in the numbers stated in the report. Nevertheless, LAFCo has an inventory of the Service Reviews and Spheres completed to date and it is attached.

F-3 Within the constraints of annual budgets LAFCo has been able to complete most of the reviews and all of the Service Reviews where change of organizations have occurred. For this fiscal year, the Commission is working on completion of the Lakeport Sphere of Influence, as practicable, the Service Review (update) and Sphere of Influence for the City of Clearlake (depending upon the progress of the City in adopting its General Plan) the Watershed Protection District service review (depending upon responses provided by the District) and the Fire and Emergency Medical Services Reviews.

After a public hearing this year (FY 2013-2014) the Commission adopted a work program that included preparation Service Reviews and Spheres of Influence some of which were carried over from the prior fiscal year (e.g. the City of Lakeport Sphere of Influence). Due to the cooperative nature of the Commission, agencies and the use of volunteers the Commission and staff believe this funding is adequate provided there is no undue controversy or a demand for information requiring specific expertise. Many LAFCo's have budgeted significantly more to prepare service reviews and Spheres of Influence not to mention the costs of complying with the California Environmental Quality Act.

In March 2014, the Commission will hold a public hearing on its proposed budget and work program for FY 2014-2015. During which time the public and commissioners will be invited to provide input for priorities for the next fiscal year. As normal, LAFCo will discuss priorities for service reviews in light of the constraints previously mentioned.

F-4 The Executive Officer's role is to make recommendations to the Commission. The LAFCo commission establishes priorities and an annual budget after the conclusion of a public hearing. The Commission establishes its budget and a work program for a fiscal year based on priorities (see discussion and facts#13), which have been based on need, financial resources, and the likelihood of organizational changes in a given part of the county.

F-5 Due to city-county conflicts, the Commission suggested the City and County retain a mediator for the City of Lakeport Sphere of Influence. This has not happened.

## **WATER WATER EVERYWHERE**

The Grand Jury Report also asked LAFCo to respond to a Section entitled "**Water Water Everywhere**" beginning on page 22, which was prepared by the Grand Jury

Budget and Finance Committee. Included in the recommendations (Recommendation R-1) is that the “Local Agency Formation Commission prepare and adopt a special study: Municipal Service Review (MSR) concluding that annexation of the districts is feasible”. LAFCo will consider this recommendation in the preparation of the 2014-2015 budget. If a budget were approved, LAFCo would need to retain an independent consultant to prepare the study. There is no guarantee regarding the conclusions or findings in the study at this time. Depending upon the conclusions of the study, LAFCo may wish to encourage an application for a change of organization or may initiate a specific consolidation itself (budget would have to be included to pay the costs). Support of the citizens receiving the services would also be required.

**Item F1-** A Local Agency Formation Commission has the authority to initiate studies and request information from other governmental agencies as stated in Government Code Section 56378 as well as to request specific information in the preparation of a service review. LAFCo has no specific authority to mandate districts to comply with recommendations contained in financial reports excepting to document deficiencies in a Service Review and to not approve any future changes of organization or Sphere Expansions until compliance is achieved.

**Item F2-** While costs may be duplicated in various water districts, as budgets become larger covering multiple areas, costs to prepare and administer budgets will also increase. Many districts are managed by persons who also have operator certificates and operators who are able to repair infrastructure, which results in significant cost savings. Among the purpose of an outside audit and the preparation of a Service Review by LAFCo is to identify deficiencies in checks and balances and to ensure these deficiencies are corrected. LAFCo has had success in identifying deficiencies and has seen positive results through the service review process.

**Item F3-** While County Special Districts has the infrastructure in place to handle multiple service areas, no CSA’s have been consolidated in Lake County. Special Districts administers multiple administrative units. It is not clear Special Districts has the infrastructure in place to manage and operated consolidated water districts without significant increases in its budget for administration, maintenance and certified personnel.

There are many considerations for a successor agency to consider when assuming new responsibilities. For example, an analysis of the outstanding debt, deficiencies in infrastructure, compliance with state and federal laws, adequacy of current rates, etc. In addition, consideration must be given to the type of governance desired by the citizens of an area. Many districts also provide services other than water. What happens to the other services currently provided by a specific district such as recreation, lighting, etc? Do the residents of an area prefer the Board of Supervisors serve as the Board of Directors or do they wish to elect their own representatives who reside within their community? Should decisions be made in Lakeport or within a specific community whose residents receive the service? A question also arises; it is more cost effective to consolidate functions into one agency?

- Item F4-** An analysis of regulatory requirements is included in subsequent service reviews.
- Item F5-** LAFCo communicates with the Yolo County Flood Control District and considers water availability in its Service Reviews.
- Item F6-** Without a comprehensive fiscal analysis showing savings and expenses, LAFCo cannot provide adequate comment on this item. Assuming the cost savings in the Grand Jury Report are correct, a consolidated or successor agency would need to have adequate budget for additional administrative personnel, maintenance, certified water operators, meter readers, etc. Experience has been that consolidated districts are fiscally revenue neutral. As previously mentioned, other considerations must be analyzed and include but are not limited to fiscal impacts relating to the following: Agencies normally hire general managers who also provide operational and maintenance services for the district and are certified. Is adequate, compliant and reliable infrastructure in place? Are there adequate reserve funds for capital improvements and maintenance? Governance issues including the desire of a community to manage its own water system needs to be evaluated? Other functions an existing water district provides should be identified. Coordination efforts with local fire agencies needs to be examined.

Thank you for the opportunity to provide a response to this year's Grand Jury Report. We sincerely appreciate your dedication in improving Lake County, the Cities and its districts. Should you have any questions please do not hesitate to call our Executive Officer at (707) 592-7528.

Very Truly Yours,

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Ed Robey, Chair  
Lake LAFCo

*cc: Stephan O. Hedstrom, Presiding Judge*



LAKE LAFCO MSR and SOI UPDATE STATUS

DISTRICT (CITY)	MSR	SOI	NOTES
City of Clearlake	Complete 8/17/2005		Update PENDING revision
City of Lakeport	Complete July 2004 & July 18, 2012		SOI PENDING & MSR updated
Hidden Valley Lake CSD	Complete April 27, 2005	Complete Jan 19, 2005	
Anderson Springs CSD	complete February 17, 2010	complete Feb 17, 2010	
Adams Springs Water District			
Buckingham Park County Water	Completed 9.15.2010	Completed 9.15.2010	
Butler-keys CSD	Completed February 17, 2010	Completed February 17, 2010	
Callayomi Co. Water District	Completed Dec 18, 2002	Completed Dec 18, 2002	Revisions adopted July 17, 2013
Clearlake Oaks County Water District	Completed Nov 28, 2007	Completed Nov 28, 2007	Revisions adopted July 17, 2013
West Lake RCD			
Glenbrook Cemetery District	Completed September 16, 2009	Completed September 16, 2009	
Hartley Cemetery district	Completed September 16, 2009	Completed September 16, 2009	
Hidden Valley Lake CSD			
Kelseyville Cemetery District	Completed September 16, 2009	Completed September 16, 2009	
Kelseyville Fire Protection District	Completed 10/19/2007	Completed 10/19/2007	Update Pending
Kelseyville County Water District	Completed Dec 20, 2006	completed December 20, 2006	
Konocti County Water District	Completed Nov 28, 2007	Completed Nov 28, 2007	
Lake County Vector Control			
Lake Pillsbury FPD	Completed 10/19/2007	Completed 10/19/2007	
East Lake RCD			
Lakeport Fire Protection District	Completed 10/19/2007	Completed 10/19/2007	Update Pending
Lake County Fire Protection District	Completed 10/19/2007	Completed 10/19/2007	Update Pending
Lower Lake Cemetery District	Completed September 16, 2009	Completed September 16, 2009	
Lower Lake County Waterworks District No. 1	Completed May 18, 2011	Completed May 18, 2011	
Cobb Area County Water District	Completed September 16, 2009	Completed September 16, 2009	
Middletown Cemetery District	Completed September 16, 2009	Completed September 16, 2009	
Northshore Fire Protection District	Completed 10/19/2007	Completed 10/19/2007	Update Pending
Reclamation District # 2070			
Reclamation District # 695			
Redbud Healthcare	Completed March 21, 2012	Completed March 21, 2012	
South Lake County Fire Protection District	Completed 10/19/2007	Completed 10/19/2007	Update Pending
Upper Lake Cemetery District	Completed September 16, 2009	Completed September 16, 2009	
Upper Lake County Water District	Completed Nov 28, 2007	Completed Nov 28, 2007	
Villa Blue Estates Water District			
Lake County Water Protection District			PENDING
Lake Co. Sanitation District			
CSA #2 Spring Valley	Completed November 17, 2010	Completed March 20, 2013	
CSA #6 Finley	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #7 Bonanza Springs	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #13 Kono Tayee	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #16 Paradise Valley	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #18 Soda Bay	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #20 Soda Bay	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #22 Mt. Hannah	Completed 12/17/2008	Completed Dec 17, 2009	
CSA #23 Konocti Bay	Completed 12/17/2008	Completed Dec 17, 2009	
CSA 21 North Lakeport	Completed February 18, 2009	Completed February 18, 2009	

# Lake LAFCo Oversight

## Summary:

Planning the growth of a community is necessary to ensure municipal services are adequate. These decisions are guided by the Lake County General Plan and other state and local agencies. This report is an overview of Lake County Local Agency Formation Commission (Lake LAFCo), one of the agencies mandated by the State of California to ensure orderly development.

## Background:

Many factors must be taken into account when considering government reorganization and municipal needs. There are a variety of state and local laws which govern the process. According to the California State Legislature, the logical formation and determination of local agency boundaries is critical. A balancing act between development and competing state interests must be considered including determining the most efficient manner feasible to provide necessary government services while ensuring housing for persons and families of all income levels. The extension of government services must discourage urban sprawl while preserving open space and prime agricultural land. In order to adhere to the laws that apply to boundary changes, an oversight organization was created called California Local Agency Formation Commission (CALAFCo). Lake County created a Local Agency Formation Commission called Lake LAFCo.

Lake LAFCo is comprised of an Executive Officer (EO) and up to 11 Commissioners including two individuals from the Lake County Board of Supervisors and one citizen representative. The remaining Commissioners are from Lakeport and Clearlake City Councils and the Special Districts.

Lake LAFCo is tasked with researching and preparation of reports necessary to assist and recommend appropriate changes that will conform to the intricacies of reorganization and environmental laws. These reports are titled: Sphere of Influence (SOI) and Municipal Service Review (MSR).

## Procedure:

During the fiscal year of 2012-2013 the Lake LAFCo EO met with the Planning and Public Works Committee in the Grand Jury meeting room. Two new combined SOI and MRS reports were received from the EO: Redbud Healthcare District MSR and SOI and the City of Lakeport MSR. The

committee conducted a review of a past budget report and interviewed a citizen representative. Some questions were answered by the EO via email.

#### Discussion and Facts:

1. Since 2002, Lake LAFCo has considered preparing MSR and SOI reports for a total of 101 entities; cities, county and special districts. The list includes the cities of Clearlake and Lakeport which have SOIs pending revisions. There are no other cities in Lake County. Clearlake Oaks County Water District is also pending revision. [Appendix A]
2. There have only been 70 reports completed since 2002 addressing county districts/cities. No report has been received for County of Lake.
3. The number of reports issued by Lake LAFCo, by year, is as follows:
  - 2002 – 2 reports
  - 2003 – 0 reports
  - 2004 – 1 report
  - 2005 – 3 reports
  - 2006 – 2 reports
  - 2007 – 18 reports
  - 2008 – 9 reports
  - 2009 – 25 reports
  - 2010 – 7 reports
  - 2011 – 2 reports
  - 2012 – 3 reports
  - 2013 – 1 report
4. Government Code Section 56425 (g) states “On or before January 1, 2008, and every five years thereafter, [Lake LAFCo] shall, as necessary, review and update each Sphere of Influence.”
5. The Lake LAFCo EO is tasked with issuing ten reports per year, five MSRs and five SOIs. The commission approves the work plan for the selected updates of SOIs needed for that year and approves the MSRs and SOIs. Each report can take over a year to complete.
6. Lake LAFCo’s role is limited to acting upon changes of organization of the agencies subject to its jurisdiction, and preparing SOI and MSR reports. By statute, Lake LAFCo makes determinations with respect to the factors in an MSR. There is no requirement to write a comprehensive analysis of each special district.

7. Lake LAFCo submits its final budget to the Lake County Auditor and all parties specified in Government Code Section 56381.
8. In the event of non-payment of Lake LAFCo funds by any entity subject to Lake LAFCo's apportionment, the commission requests and authorizes the Auditor to collect the funds from property tax revenues or any other revenue source and deposit the funds into the Lake LAFCo account.
9. Monies are expended for the EO, the commissioners, the required reports, meetings and conferences and legal and office assistants.
10. LAFCo's are required to prepare and update SOI's as necessary every five years. An MSR is required to update an SOI. Once updated some SOIs will not need to be revised for a period longer than five years depending on several factors: the economy and lack of change in a district are examples: i.e. a cemetery district does not change. It is customary to update both an MSR and an SOI at the same time to save money.
11. The MSR's and SOI's are posted on the Lake LAFCo website. Reports are distributed to the District, Lake LAFCo and are provided to anyone who asks for a copy. The website for Lake LAFCo is [www.lakeLAFCo.org](http://www.lakeLAFCo.org).
12. Lake LAFCo has no local office. The EO oversees six other county LAFCOs and is available by email and telephone. The EO attends a variety of county public meetings when appropriate.
13. Reports are prioritized based on need, public safety and growth inducement with MSRs for fire, water and sewer being considered first. Any reports generated are based on need and fiscal constraints.
14. In the unincorporated areas of Lake County, districts are defined as either being independent or dependent. In Lake County there are 30 independent districts (each managed by an elected board) and 15 dependent districts (managed by the county).
15. The EO also facilitates certain agreements, most of which are between cities and counties.
16. According to the EO some agencies are not cooperative so it takes an extended period to obtain information upon which to base reports and agreements.

17. The EO stated he relies on colleagues to prepare MSR and SOIs. There is not enough activity with LAFCo in Lake County to justify the expenditures of hiring an assistant EO.
18. Three reports are pending revisions: Clearlake Oaks County Water District, City of Lakeport and City of Clearlake.
19. Lake LAFCo has an annual budget that services a large and complex area surrounding the lake.
20. The EO acknowledges that it is not uncommon to find counties and cities at odds with each other and unable to arrive at agreements for action.

Findings:

- F 1. Since 2002 a total of 73 MSR and SOIs have been completed, an average of six per year. Twelve are pending or not completed for various reasons. If those twelve reports are received in 2013, Lake LAFCo's average rises to seven reports per year. [See Appendix A]
- F 2. Based on an analysis of Appendix A, three reports are pending revisions: Clearlake Oaks County Water District, City of Lakeport and City of Clearlake.
- F 3. A total of nine county entities, although listed, show no completions of MSR and SOI reports, some of which are pending resources and revisions. Those include: Adams Springs Water District, West Lake Resource Conservation District (RCD), Hidden Valley Lake CSD, Lake County Vector Control, East Lake RCD, Reclamation District #2070, Reclamation District #695, Villa Blue Estates Water District, and Lake County Water Shed Protection District. This results in 18 incomplete reports. Of those, six are pending for resources. [See Appendix A]
- F 4. While helping to integrate services to benefit the community, the EO's role is crucial in determining priorities and facilitating agreements that will benefit the common good.
- F 5. The current City of Lakeport MSR is contentious and is an example of the need for facilitation between the City of Lakeport and the County of Lake.

**Recommendations:**

- R 1. The EO endeavor to gather the information from the Lake County districts needed to complete the outstanding reports (F1, F3)
- R 2. Due to the apparent shortage of reports from Lake LAFCo, the commission reconsiders the budget, wages and/or work load. (F1)

**Request for Responses:**

- LAFCo (90 days)

**Bibliography:**

1. Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
2. Government Code Section 56381
3. LAFCo website of past MSR and SOI reports  
<http://www.lakeLAFCo.org/adopted-service-reviews-and-spheres-of-influence.html>

# WATER WATER EVERYWHERE

## Summary:

As part of the 2012-2013 Lake County Grand Jury, the Budget and Finance Committee (committee) has authority to perform an oversight of the Special Districts within the County. Because of the large number of Special Districts in Lake County, the committee elected to focus only on those Districts dealing with the distribution of water to customers. The review consisted of requesting documentation from each of the Districts pertaining to the financial, operational and management aspects of their systems. The committee also visited two District offices.

## Background:

The committee elected to focus on the special districts which provide water services in order to limit the scope of its oversight. It would not be realistic to attempt a review of all the special districts in Lake County in the time allotted. The water districts were chosen due to the topical nature of their service and the high level of interest generated in the county by local efforts to address concerns related to lake water quality and the growing costs of providing drinking water to county residents.

In Lake County there are ten independent (each managed by an elected board) water districts and ten dependent districts (managed by the county). According to information supplied by dependent and independent water districts approximately 25% of the districts draw water from the lake with the remainder using wells, springs or creeks as their source. It is nearly impossible to determine how many of the "water systems" listed with the state draw from the lake or from private wells. When there are approximately 27 large entities and uncountable smaller users affecting the same natural resource then add to this, outside considerations such as the Lake and Yolo County water agreement, Federal and State requirements, the Clearlake Hitch and attempts to control the summer algal blooms there is great potential for disagreements, personal agendas, indecisiveness and unintended consequences. This is a complex situation that will require agreement among all stakeholders in order to meet the needs of the citizens of Lake County.

For an explanation of what constitutes a "Special District" a synopsis of a pamphlet: "What's so special about Special Districts?" prepared by the Senate Local Government Committee in October 2010 is attached as Appendix A.

The short answer is: Special Districts are a form of government with governing boards to provide services and facilities in defined areas. They have most of the same basic powers as counties and cities, such as corporate and tax powers. Budgeted revenues in Lake County for water special districts in the 2012/2013 budget year were almost 10.2 million dollars and budgeted expenses were 10.8 million dollars. These figures do not include those for the private water companies and supply systems operating in Lake County.

#### Procedure:

The committee gathered information and documentation on the independent districts through a formal letter requesting budgets, audits, etc.; site visits; and phone conferences. The information and documentation for the dependent districts was obtained from the Lake County Special Districts office. The committee interviewed the Lake County Auditor regarding financial accounting, reports and auditing for all special districts. The committee also interviewed the director of the Lake County Local Agency Formation Commission and visited the offices of the Upper Lake and Clearlake Oaks Special Districts.

#### Discussion and Facts:

There are a total of 91 separate water systems in the County of Lake. Some serve a few as five people. This report covers the ten independent districts and the ten dependent districts. [Appendix B]

1. The Lake County Auditor/Controller handles the financial functions as well as auditing for the dependent districts as part of the Lake County annual budget.
2. The Lake County Auditor/Controller reviews the financial audits of the independent districts and makes suggestions if there is a problem or discrepancy noted.
3. If requested, the Auditor/Controller may provide oversight and accounting services to the independent districts without charging a fee.
4. Rates for a new hookup to the water services and base usage vary substantially among districts. [see Appendix C]



5. While each independent water district has their own administrative department, this nevertheless results in duplication of administrative, accounting and technical services among the districts and the county.
6. The Lake County Department of Special Districts has consolidated several separate dependent districts into three Utility Areas which share administration and technical personnel [see Appendix B].
7. The Lake County Board of Supervisors is currently assessing the feasibility of acquiring a private water company according to published information.
8. The California Fish and Wildlife Commission has initiated a year long study on the Clearlake Hitch pursuant to a petition on adding the hitch to the Endangered Species List. This may impact how lake water is utilized by the special districts.

**Findings:**

- F1. The Lake County Auditor has no enforcement power to compel the independent districts to submit their reports and/or to comply with any suggestions made concerning those reports.
- F2. Administrative costs are duplicated in the various independent water districts for budgets, payroll and technical support. The smaller districts have limited personnel and budgets so there are instances where there are no checks and balances for financial and administrative functions as documented in several outside audits.
- F3. The consolidation of various districts into 3 CSA's in the Lake County Special Districts Department demonstrates that there is an infrastructure in place for consolidation of water districts through incorporation within the three utility areas.
- F4. The State of California and the federal government are reviewing initiating new testing and reporting of conditions for water used in households and agriculture. This may necessitate additional reporting and expenditures in the future.
- F5. Based on the petition to list the Clearlake Hitch on the Endangered Species List and the Fish and Wildlife Commission's acceptance, additional laws and regulation governing the use of lake water will be in effect according to state officials.

F6.

The committee calculates that with the consolidation of the ten independent districts under the county Special Districts Administration, there could be a savings of approximately \$1.5 million annually. This estimate is based on budgets received from the districts, is only as valid as the information received and does not reflect any savings resulting from reduction of capital equipment and/or assignment of technical personnel.

- Approximately 1% of the total annual budget of each independent district is for office service and supplies. Using that percentage, by consolidation, the savings from all districts could be \$65,000 annually.
- The elimination of the ten boards of directors could save \$29,000 annually in salaries and expenses.
- The elimination of administrative personnel in each district could save approximately \$1,429,000 annually (this figure does not include the extra expenditures for employer federal and state payroll taxes and the employee benefits such as health insurance and retirement which typically amount to an additional 30% of the payroll).

#### Recommendations:

- R 1. Prior to consideration of a consolidation of the water districts, it is recommended that the Lake County Local Agency Formation Commission prepare and adopt a special study: Municipal Service Review (MSR), concluding that annexation of the districts is feasible. (F1, F2, F4, F6)
- R 2. Board of Supervisors research the feasibility of acquiring private water systems located in Lake County. (F1-F6)

#### Request for Responses:

- LAFCO (90 days)
- Board of Supervisors (90 days)

## APPENDIX A

### Synopsis of "What is so special about Special Districts"

For the complete Senate Local Government Committee report go to  
[www.sen.ca.gov/locgov](http://www.sen.ca.gov/locgov)

What is a Special District? State law defines a special district as "any agency of the state for the local performance of governmental or proprietary functions within limited boundaries." In plain language, a special district is a separate local government that delivers a limited number of public services to a geographically limited area.

Special districts have four characteristics:

1. They are a form of government.
2. They have governing boards.
3. They provide services and facilities.
4. They have defined boundaries.

So what's so special about special districts? The answer is focused service. Special districts provide service in specifically defined areas, where cities or counties provide services throughout their boundaries. Special districts usually provide a single service, such as water delivery. Special districts only provide the public services that the citizens of specific areas want whereas cities and counties provide multiple services and programs for all citizens.

Special districts can provide such services as water, electricity, mosquito abatement and fire protection. Most special districts serve just a single purpose, such as water or sewage treatment. Others, such as Community Services Districts and Community Service Areas can deliver multiple services. Special districts can range from a single neighborhood to vast areas such as cities, counties or larger.

Special districts have most of the same basic powers as counties and cities. They have corporate powers and tax powers but rarely police power. Corporate power is the "ability to do things". Tax power is the authority to raise money to pay for the projects and services. Special districts can sign contracts, employ workers and acquire real property through purchase or eminent domain. Under certain limits they can issue bonds, impose special taxes, levy benefits assessments and charge service fees.

The first special district was formed in 1887 to provide irrigation water to farmers in Stanislaus County. During the 1990's special districts were primarily created for delivering water to urban and suburban communities. During the 20<sup>th</sup> Century, special districts increased dramatically in both number and scope. As the population grew, special districts became a popular way to meet the need for public services of all kinds. Special districts provided the flexibility, unlike complex governments, to provide the desired services quickly and efficiently. Special districts were established to provide specific services in designated areas based on the areas wants and willingness to pay. The State Legislature established mosquito abatement districts in 1915, fire protection districts in 1923 and hospital districts in 1945, among others. Although originally created to address individual services, special districts later encompassed multiple needs. The State Legislature provided for multi-purpose County Service Areas in 1953 and Community Service Districts in 1961.

One way of understanding districts is to look at their various contrasting features:

1. Single function versus multi-function: Single function districts provide a single service such as water. Multi-function districts provide two or more services such as water and sewer. Community Service Districts can provide up to 32 services and County Services Areas can provide any service which a county can provide.

2. Enterprise versus non-enterprise: Enterprise districts charge for their customers' service, such as water districts which charge for water to their customers and not all residents of the district. Non-enterprise districts such as fire districts and recreation districts, do not work under a direct cost/benefit relationship but rather rely overwhelmingly on property tax revenues and parcel taxes to pay operational expenses.

3. Independent versus dependent: Independent districts have their own separate governing boards elected by the districts' own voters or appointed by the county supervisors to fixed four-year terms. Dependent districts are governed by existing legislative bodies (i.e. city councils or county board of supervisors).

These three distinctions are not mutually exclusive. Operational needs and unique characteristics of a district could result in a independent, single function, non-enterprise district or many other combinations.

Special districts generate revenue for their regular operations from three basic sources: Taxes, benefit assessments and service charges. For capital projects districts create debt (i.e. general obligation bonds). As an example, in 2007-2008 statewide, the 3000 plus enterprise special districts' revenues exceeded \$25.1 billion dollars. During that same period the long-term debts were approximately \$72.4 billion dollars.

The committee elected to focus on the special districts which provide water services in order to limit the scope of our oversight. The water districts were chosen due to the topical nature of this service and the high level of current interest generated in the county by local efforts to address concerns related to lake water quality and the growing costs of providing water to county residents.

**APPENDIX C  
Water District Statistics**

WATER SUPPLIER NAME	2012-2013 Revenue Budget	2012-2013 Expense Budget	2012-2013 Payroll Budget	Board of Directors Comp/Year	Total Personnel	Certificates: Distribution	Certificates: Treatment
<b>INDEPENDENT DISTRICTS</b>							
HIDDEN VALLEY	\$1,267,700	\$1,267,700	\$674,100	\$2400*	12	4	3
LOWER LAKE	\$872,268	\$1,213,579	\$411,378	\$600	8	4	4
ANDERSON SPRINGS	\$81,287	\$81,287	\$22,000	\$1,500	4	3	3
ADAMS SPRINGS	\$41,400	\$45,161	Subcontract w/Cobb Area	\$0	8	2	3
BUCKINGHAM PARK	\$410,700	\$372,300	\$83,653	\$0	4	3	3
CLEARLAKE OAKS	\$1,288,870	\$1,188,951	\$449,440	\$3,000	14	11	7
COBB AREA	\$464,682	\$528,680	\$232,500	\$6,000	7	2	3
KONOCTI	\$1,128,800	\$1,207,497	\$477,445	\$8,209	7	5	5
CALLAYOMI	\$408,000	\$472,471	\$300,000	\$3,340	3	2	2
UPPER LAKE	\$154,439	\$158,980	\$80,814	\$2,970	2	1	1
* Three directors voluntarily choose not to receive compensation.							
<b>DEPENDENT DISTRICTS</b>							
County combined operating budget	\$4,096,168	\$4,337,339	\$3,185,037	\$0 (BOS)	42		
SPRING VALLEY						11	5
BONANZA SPRINGS	<i>These districts share 8 certified distribution and 2 treatment personnel</i>					8	2
FINLEY/LAND'S END							
KELSEYVILLE							
MOUNT HANNAH							
STARVIEW							
SODA BAY	<i>These districts share 6 certified distribution and 5 treatment personnel</i>					6	5
KONO TAYEE							
NORTH LAKEPORT							
PARADISE VALLEY							

**APPENDIX C  
Water District Statistics**

WATER SUPPLIER NAME	NUMBER OF HOOKUPS	BASE RATE \$/MONTH	GALLONS AT BASE RATE	\$ FIRST 1000 GALLONS/MONTH	HOOKUP \$	SOURCE: WELL, LAKE, CREEK, SPRINGS
<b>INDEPENDENT DISTRICTS</b>						
HIDDEN VALLEY	2,345	\$37.13	22,500	\$37.13	\$3,600.00	W
LOWER LAKE	992	\$57.65	2,992	\$57.65	\$2,800.00	W
ANDERSON SPRINGS	194	\$36.00	20,000	\$36.00	\$7,500.00	W
ADAMS SPRINGS	74	\$35.00	10,000	\$35.00	\$5,000.00	W
BUCKINGHAM PARK	448	\$50.68	0	\$53.64	\$9,000.00	L
CLEARLAKE OAKS	1,996	\$32.00	1,496	\$32.00	\$5,500.00	L
COBB AREA	1,000	\$31.80	2,000	\$31.80	\$5,000.00	S,W
KONOCTI	1,758	\$28.00	0	\$53.00	\$4,150.00	L
CALLAYOMI	336	\$36.00	6,000	\$36.00	\$4,900.00	W
UPPER LAKE	405	\$20.00	0	\$21.00	\$10,200.00	W
<b>DEPENDENT DISTRICTS</b>						
SPRING VALLEY	493	\$25.00	600	\$27.75	\$19,218.00	C
BONANZA SPRINGS	179	\$18.12	750	\$20.70	\$1,500.00	W
FINLEY/LAND'S END	237	\$12.44	1,500	\$12.44	\$2,500.00	W
KELSEYVILLE	1,269	\$27.41	750	\$28.21	\$2,500.00	W
MOUNT HANNAH	36	\$28.05	750	\$32.82	\$7,360.00	W
STARVIEW	146	\$20.00	750	\$21.00	\$2,000.00	W
SODA BAY	733	\$28.00	750	\$30.75	\$4,776.00	L
KONO TAYEE	139	\$24.49	700	\$28.16	\$12,229.00	W
NORTH LAKEPORT	1,628	\$21.50	750	\$22.61	\$4,776.00	L
PARADISE VALLEY	72	\$51.60	500	\$57.79	\$14,083.00	W

NOTE: \$/FIRST 1000 GALLONS/MONTH price based on: a.) If base rate provides 1000 gallons or more this figure is the base rate or b.) If base rate provides zero gallons, this figure is the base rate plus price of 1000 gallons. All data based on 5/8 inch meter hookup. \* California PUC does not allow hookup fees for this type of water company (investor owned).

## 2.19 DISADVANTAGED UNINCORPORATED COMMUNITIES

*The Commission will identify Disadvantaged Unincorporated Communities, as defined below, for the purpose of:*

1. *Municipal Service Reviews.* *Water, Wastewater, and Fire Protection Municipal Service Reviews will discuss and identify opportunities for the provision of those services to Disadvantaged Unincorporated Communities.*
2. *City Annexations.* *Disadvantaged Unincorporated Communities that are located adjacent to areas proposed for annexation to a city or town shall normally be included in the annexation or reorganization proposal or be separately proposed for annexation, unless the Commission has determined that the disadvantaged community would not be benefited by annexation, or if at least 50% the registered voters have indicated opposition to annexation.*
3. *Definition of Disadvantaged Unincorporated Community.* *A Disadvantaged Unincorporated Community is defined as a developed area that has been identified as such by LAFCo, the County or applicable city, or one that meets all the following standards:*
  - a) *Substantially developed with primarily residential uses*
  - b) *Contains at least 25 parcels in close proximity to each other that do not exceed 1.5 acres in size*
  - c) *Does not have reliable public water, sewer or structural fire protection service available*
  - d) *Contains at least 12 registered voters*
  - e) *Has a median household income level of less than 80% of the statewide median household income*
4. *Request for Determination.* *In addition to those Disadvantaged Unincorporated Communities identified by LAFCo or other agencies, residents or property owners may request that LAFCo determine whether a specific area meets the criteria listed in Item 3, to be treated as a Disadvantaged Unincorporated Community. Such request must be submitted by at least twelve registered voters of the area. The review shall be conducted by LAFCo staff and shall, if appropriate, be submitted for consideration and approval by the Commission.*



**LAKE LAFCO RECORDS RETENTION POLICY  
BYLAW AMENDMENT**

**Section 5.10 (d) Records Retention Policy:**

Records must be kept indefinitely in original, photographic, or electronic form pursuant to Government Code section 56382.

The Commission authorizes the destruction of original records more than two years old, if a photographic or electronic copy of the original record is made and preserved in compliance with Government Code section 56382, which shall be considered permanently retained pursuant to the Records Retention Schedule. Documents that are not herein defined as “records” are not “records” pursuant to Government Code section 56382 and will be retained and disposed of according to the Records Retention Schedule in Exhibit A.

For purposes of compliance with Government Code §56382 and implementation of the Commission’s Records Retention Schedule as set forth in pages 2-5 of this Exhibit A, “records” include the following:

- LAFCO Meeting Minutes
- LAFCO Resolutions
- Documents related to LAFCO proposals such as the:
  - Application, petition or other initiating documents
  - Assessor’s Statement of Property Valuation
  - Agreement to Pay / Indemnification
  - Certificate of Completion
  - Certificate of Filing
  - Environmental Review/CEQA documents such as Initial Study, Exemptions, Notices of Completion and Determination, Comments and Response to Comments, Negative Declaration, mitigation monitoring, Statements of Overriding Consideration
  - Map and Legal Description
  - Notices
  - Order for Change of Organization
  - Staff Reports
  - Statement of Boundary Change
  - Statement of Tax Rate Area

Page 1 of 5

**\* After 2 years, records may be imaged for permanent preservation and original destroyed.**

CCP Code of Civil Procedure (CA)  
GC Government Code (CA)  
CFR Code of Federal Regulations

**EXHIBIT A**

**RECORDS RETENTION SCHEDULE**

Type of Record/ Document	Description or Example of Record/Document	Legal Authority	Minimum Legal Retention Period
<b>Administrative Documents</b>			
Accounts Payable	Invoices and back-up documents, purchase orders, travel expense reimbursements, petty cash, postage, check requests, receipt books, etc.	CCP 337 26 CFR 31.6001-1(e)(2); Sec. of State Guidelines recommendation	Until audited + 4 years
Accounts Receivable	Invoices, checks, reports, investments, receipt books	26 CFR31.6001-1(e)(2)	4 years
Agreements/ Contract	Original contracts and agreements and back-up materials, including leases, rentals and any amendments	CCP 337 CCP 337.2	4 years after termination/ completion
Annual Reports			2 years
Audit Reports	Financial services; internal and/or external reports; independent auditor analyses		2 years
Brochures/ Publications			2 years or longer for historical value
Budget, Annual	Adjustments, journal entries, account transfers, budget preparation documents including adopted budgets.		Until audited + 2 years
Claims Against the Commission	Paid/denied		Until settled + 2 years
Correspondence (General)	General correspondence, including letters, and; various files not otherwise specifically covered by the retention schedule; compliments, complaints and inquiries; transmittal letters; requests for comments and responses		90 days, recommended longer if useful. (complaints and inquiries should be kept until matter resolves)
Economic Interest Statements - Form 700 (copies)	Copies of statements forwarded to Fair Political Practices Commission	GC 81009(f), (g)	4 years (can image after 2 years)

**\* After 2 years, records may be imaged for permanent preservation and original destroyed.**

CCP Code of Civil Procedure (CA)

GC Government Code (CA)

CFR Code of Federal Regulations

**EXHIBIT A**

Type of Record/ Document	Description or Example of Record/Document	Legal Authority	Minimum Legal Retention Period
Economic Interest Statements - Form 700 (originals)	Originals of statements of designated employees	GC 81009(c), (g)	7 years (can image after 2 years)
Email	General correspondence		90 days, recommended longer if useful. (complaints and inquiries should be kept until matter resolves)
Ethics Training Compliance	Note: records should contain date of training and name of training provider	GC 53235.2	5 years after receipt of training
Forms	Administrative - blank		Until superseded
General Ledgers	All annual financial summaries	CCP 337 Sec. of State Local Gov't. Records Retention Guidelines	Permanent
Gifts/Bequests	Receipts or other documentation		Until completed + 2 years
Grants Federal, State, or other grants	Grants documents and all supporting documents: applications, reports, contracts, project files, proposals, statements, sub-recipient docket, environmental review, grant documents, inventory, consolidated plan, etc.	24 CFR 570.502 24 CFR 85.42	Until completed + 4 years
Grants – Unsuccessful	Applications not entitled		2 years
Newsletters	May wish to retain permanently for historic reference		2 years
Political Support or Opposition	Related to legislation		2 years
Press Releases	Related to Commission actions/activities		2 years
Procedure Manuals	Administrative		Current + 2 years
Public Records Request	Requests from the public to inspect or copy public documents		2 years

**\* After 2 years, records may be imaged for permanent preservation and original destroyed.**

- CCP Code of Civil Procedure (CA)
- GC Government Code (CA)
- CFR Code of Federal Regulations

**EXHIBIT A**

Type of Record/ Document	Description or Example of Record/Document	Legal Authority	Minimum Legal Retention Period
Purchasing, Requisitions, Purchase Orders	Original documents	CCP 337	Until audited + 4 years
Recruitments and Selection	Records relating to hiring, promotion, selection for training	29 CFR 1627.3	3 years
Requests for Qualifications (RFQs) and Requests for Proposals (RFPs)	Requests for Qualifications, Requests for Proposals, and related responses		Current + 2 years
<b>Records relating to LAFCO Meetings or Applications</b>			
Affidavits of Publication/Post ing	Proof of publication of legal notices for public hearings		2 years
Agenda / Agenda Packets	Agendas, agenda packets, staff reports and related attachments, supplemental items and documentation submitted by staff/public in relation to agenda items.		2 years
Audio Recording of LAFCO Meetings			30 days after the LAFCO meeting minutes are approved
Elections	Impartial analysis		2 years
Environmental Review (for projects without a LAFCO application)	Correspondence, consultants, issues, comments and responses.		Completion + 2 years
Mailing Lists for Public Hearing Notices	Owners/voter		1 year after filing Notice of Completion or Commission action, whichever is later
Minutes	Meeting minutes		*Permanent
Notices /Agenda	Regular and Special meetings		2 years
Policies & Procedures	All policies and procedures adopted by the Commission		Current + 2 years

**\* After 2 years, records may be imaged for permanent preservation and original destroyed.**

CCP Code of Civil Procedure (CA)

GC Government Code (CA)

CFR Code of Federal Regulations

**EXHIBIT A**

Type of Record/ Document	Description or Example of Record/Document	Legal Authority	Minimum Legal Retention Period
LAFCO Proposals- Annexations, Reorganizations, or other proposals	Application, petition or other initiating documents, Assessor's Statement of Property Valuation, Agreement to Pay / indemnification, Certificate of Completion, Environmental Review / CEQA documents (such as Initial Study, Exemptions, Notices of Completion and Determination, Comments and Response to Comments, Negative Declaration, mitigation monitoring, Statements of Overriding Consideration), Map and Legal Description, Notices, Order for Change of Organization, Staff Reports, Statement of Boundary Change, Statement of Tax Rate Area		*Permanent
Resolutions			*Permanent
<b>Other Misc. Records / Documents</b>			
Demographic/ Statistical Data			Current + 2 years
Legal Opinions	Confidential - not for public disclosure (attorney-client privilege)		Until superseded + 2 years
Litigation	Case files, including matters in mediation and/or arbitration		Until settled or adjudicated + 2 years and the time for appeal has expired
Reference Files	reports, procedures, research, pre-application research and correspondence		2 years minimum, recommended longer if useful

**\* After 2 years, records may be imaged for permanent preservation and original destroyed.**

- CCP Code of Civil Procedure (CA)
- GC Government Code (CA)
- CFR Code of Federal Regulations

# 2013 CALAFCO Annual Conference August 28-30, 2013



Lake Tahoe, California



HOSTED BY: PLACER, NEVADA  
AND EL DORADO LAFcos



## Conference Schedule at a Glance

### Wednesday, August 28

- 7:30 am Mobile Workshop\*  
10:30 LAFCo 101: A Good Foundation  
1:00 pm Conference Opening: *Welcoming Remarks*  
General Session: *LAFCo through the Years*  
2:00 Break  
3:00  
3:15 General Session: *CEQA Reform and CA General Plan Updates*  
4:30 Roundtable Discussions  
6:00 7<sup>th</sup> CALAFCO Wine Competition and Reception\*  
Dinner on your own

### Thursday, August 29

- 7:00 am Breakfast\*  
8:00 Regional Caucuses and Elections  
9:00 CALAFCO Annual Membership Meeting  
10:00 Break  
10:15 General Session: *California's Liquid Gold: What are the Prospects?*  
12:00 pm Lunch\*: *Ethics, Ethics Laws, and the FPPC: The Good, the Bad, and the Ethical*  
1:30 Breakout Sessions:  
  - *Land Use Patterns: Current Conditions and Future Trends*
  - *California's Healthcare Districts Without Hospitals: Challenges and Opportunities*
  - *Resort Communities and Their Unique Opportunities and Challenges*
2:45 General Session: *Rosenberg's Rules of Order for Commissioners*  
3:45 Break  
4:00 Breakout Sessions:  
  - *Breaking Up is Hard to Do: Commission-Initiated Consolidations, Dissolutions, and Mergers*
  - *The Governor's OPR and What it Means to LAFcos in 2013 and 2014*
  - *Being an Effective Legislative Advocate: A Look From the Inside Out*
6:00 Banquet Reception\*  
7:00 CALAFCO Annual Awards Banquet\*

### Friday, August 30

- 7:00 am Breakfast\*  
7:30 CALAFCO Board of Directors Meeting  
9:00 General Session: *LAFCo Today and Tomorrow*  
10:30 General Session: *Legislative Update*  
11:30 Conference Adjourns



Read on





**2013-2014  
Board of Directors**

**Chair**  
MARY JANE GRIEGO  
Yuba LAFCo

**Vice Chair**  
JOHN LEOPOLD  
Santa Cruz LAFCo

**Secretary**  
STEPHEN TOMANELLI  
Riverside LAFCo

**Treasurer**  
GAY JONES  
Sacramento LAFCo

JULIE ALLEN  
Tulare LAFCo

ROBERT BERGMAN  
Nevada LAFCo

JAMES CURATALO  
San Bernardino LAFCo

LARRY R. DUNCAN  
Butte LAFCo

JULIANA INMAN  
Napa LAFCo

MICHAEL KELLEY  
Imperial LAFCo

DR. WILLIAM KIRBY  
Placer LAFCo

MICHAEL R. MCGILL  
Contra Costa LAFCo

EUGENE MONTANEZ  
Riverside LAFCo

THEODORE NOVELLI  
Amador LAFCo

JOSH SUSHMAN  
Nevada LAFCo

ROGER WELT  
Santa Barbara LAFCo

**Staff**

PAMELA MILLER  
Executive Director

MARJORIE BLOM  
Executive Officer

CLARK ALSOP  
Legal Counsel

STEPHEN LUCAS  
Deputy Executive Officer

SAMUEL MARTINEZ  
Deputy Executive Officer

DAVID CHURCH  
Deputy Executive Officer

JENI TICKLER  
Executive Assistant

3 September, 2013

Lake LAFCo  
P. O. Box 2694  
Granite City, CA 95746

Dear LAFCo Chair and Commission:

On behalf of the California Association of Local Agency Formation Commissions (CALAFCO), I would like to thank your commission for allowing some of your members and/or staff the opportunity to attend the CALAFCO 2013 annual conference.

We know how lean budgets and resources are, and understand that prioritizing expenditures can be difficult. Ensuring you and your staff have access to ongoing professional development and specialized educational opportunities, allows all of you the opportunity to better serve your commission and fulfill the mission of LAFCo. The sharing of information and resources among the LAFCo commissioners and staff statewide serves to strengthen the LAFCo network and creates opportunities for rich and value-added learning that is applied within each LAFCo.

Thank you again for your participation in the CALAFCO 2013 annual conference. We truly appreciate your membership and value your involvement in CALAFCO.

Yours sincerely,

Pamela Miller  
Executive Director

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Sacramento, CA 95814

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