

LAKE LAFCO

CITY OF CLEARLAKE



MUNICIPAL SERVICE REVIEW

and

SPHERE OF INFLUENCE

***Adopted
May 20, 2015***

Service Review – Resolution 2015-0003

Sphere of Influence Update – Resolution 2015-0004

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	LAFCO Overview	1
1.2	Lake LAFCO	2
1.3	Municipal Services Review Origins	2
1.4	Municipal Services Review Legislation	3
1.5	Municipal Services Review Process	3
1.6	Lake LAFCO Policies on Municipal Service Reviews	4
1.7	Sphere Of Influence Updates	6
1.8	SOI Options	7
1.9	SOI Update Process	8
2	SETTING	9
2.1	City of Clearlake Location	9
2.2	City of Clearlake History	10
2.3	City of Clearlake Demographics	10
2.4	Water Service	11
2.5	Wastewater Collection and Treatment	13
2.6	Law Enforcement Overview	13
2.6.1	Law Enforcement Services Background	15
2.6.2	Law Enforcement Standards Background	15
2.6.3	Crime Clearance Rates Background	15
2.7	Stormwater Management, Flood Control, and Surface water Supply Issues.	15
2.8	Other Natural Hazards and Mitigation/Response Services.	21
3	CITY OF CLEARLAKE	23
3.1	City of Clearlake Mission Statement and Values	23
3.2	City of Clearlake Contact Information	23
3.3	City of Clearlake City Council	24
3.3.1	City Council Operation	24
3.3.2	City Council Members	24
3.3.3	City Council Budget	24
3.3.4	City Council Response to 2010 Grand Jury	25
3.4	City Manager	26
3.4.1	City Manager Mission and History	26
3.4.2	City Manager Budget	27
3.4.3	City Manager in 2010 Grand Jury Report	27
3.5	City of Clearlake Departments	28
3.5.1	City Clerk	28
3.5.2	City Attorney	30
3.5.3	City Finance Department	30
3.5.4	Police Department	32
A.	Mission Statement	32
B.	Comparison of Police Departments	32
C.	Police Department Budget	33
D.	Proposition P	33
E.	Police Grants	24
F.	Animal Control	35
G.	Grand Jury Recommendations	36
3.5.5	City Engineer	37
3.5.6	Public Works Department	38

3.5.7	Parks	41
3.5.8	Planning	42
3.5.9	Building Department	43
3.5.10	PEG Television Station	45
3.6	Stormwater Management and Flood Control Services	46
3.6.1	Stormwater Master Plan Introduction	46
3.6.2	Historical Basis of Storm Drainage Issues	47
3.6.3	Topography and Storm Drainage Issues	47
3.6.4	Deficiencies in Existing Storm Drainage Facilities	49
3.6.5	Storm Water Control Measures	49
3.6.6	Proposed Storm Drainage Improvements	51
3.7	City of Clearlake Budget	51
3.7.1	Revenue Summary	51
3.7.2	Revenue Explanation	52
3.7.3	Grand Jury Recommendation Regarding Budget	52
3.8	City of Clearlake Audit	53
3.8.1	Net Position	53
3.8.2	Cash Equivalents and Investments	55
3.8.3	Receivables	55
3.8.4	Capital Assets and Depreciation	57
3.8.5	Inter-fund Transfers	58
3.8.6	Long-term Debt and Capital Lease Obligations	58
3.8.7	Risk Management	60
3.8.8	Public Employee Retirement System	60
3.8.9	Successor Agency Trust for Assets of Former Redevelopment Agency	61
4	CITY OF CLEARLAKE MUNICIPAL SERVICE REVIEW	65
4.1	Growth and Population Projections for the City of Clearlake Area	65
4.1.1	City of Clearlake Area Population Projections	65
4.1.2	MSR Determinations on Growth and Population Projections for the City of Clearlake Area	65
4.2	MSR Determinations on Disadvantaged Unincorporated Communities (DUC)	65
4.2.1	Determination of City of Clearlake Disadvantaged Unincorporated Community Status	63
4.2.2	MSR Determinations on Disadvantaged Unincorporated Communities near City of Clearlake	66
4.3	Capacity and Infrastructure for City of Clearlake	66
4.3.1	City of Clearlake Infrastructure	66
4.3.2	MSR Determinations on Infrastructure for the City of Clearlake ...	66
4.4	Financial Ability	67
4.4.1	Financial Considerations for City of Clearlake	67
4.4.2	MSR Determinations on Financing for the City of Clearlake	68
4.5	Opportunities for Shared Facilities	68
4.5.1	City of Clearlake Facilities	68
4.5.2	MSR Determinations on Shared Facilities for City of Clearlake	68
4.6	Government Structure and Accountability	69
4.6.1	City of Clearlake Government Structure	69
4.6.2	MSR Determinations on Local Accountability and Governance for the City of Clearlake	64

5	SPHERE OF INFLUENCE (SOI) DETERMINATIONS FOR CITY OF CLEARLAKE	70
5.1	Present and Planned Land Uses in the Area, Including Agricultural and Open Space Lands	70
5.1.1	Lake County General Plan and Zoning for City of Clearlake Area . . .	70
5.1.2	SOI Determinations on Present and Planned Land Use for City of Clearlake	70
5.2	Municipal Services—Present and Probable Capacity and Need	71
5.2.1	Present and Probable Capacity and Need Background	71
5.2.2	SOI Determinations on Present and Probable Capacity and Need for City of Clearlake	71
5.3	The Present Capacity of Public Facilities and Adequacy of Public Services Provided by City of Clearlake	71
5.3.1	Adequacy of Services Provided by City of Clearlake	71
5.3.2	SOI Determinations on Adequacy of Services Provided by City of Clearlake	71
5.4	Social or Economic Communities of Interest	72
5.4.1	City of Clearlake Community Background	72
5.4.2	SOI Determinations on Social or Economic Communities of Interest for City of Clearlake	72
5.5	Disadvantaged Unincorporated Community Status	72
5.5.1	Disadvantaged Unincorporated Communities	72
5.5.2	City of Clearlake Area and Disadvantaged Unincorporated Community Status	72
APPENDIX A	BACKGROUND FOR LAFCO LEGISLATION	73
APPENDIX B	LOCAL GOVERNMENT ISSUES	75
1	Municipal Financial Constraints	75
1.1	California Local Government Finance Background	75
A.	Proposition 13	75
B.	AB 8	75
C.	Proposition 98	75
D.	Proposition 172	75
E.	Proposition 218	76
F.	Proposition 26	76
G.	Mello-Roos Community Facilities Act	76
H.	Development Impact Fees	76
1.2	Financing Opportunities that Require Voter Approval	77
1.3	Financing Opportunities that Do Not Require Voter Approval	77
2	Public Management Standards	77
3	Public Participation in Government	78
APPENDIX C	GRAND JURY COMMENTS 2010, 2011 with CITY OF CLEARLAKE RESPONSE	79
1	City Council 2010 Grand Jury Report	79
2	City Manager 2010 Grand Jury Report	80
3	City Manager 2011 Grand Jury Report	80
4	Solid Waste 2010 Grand Jury Report	80
5	Animal Control 2010 Grand Jury Report	81
6	Animal Control 2011 Grand Jury Report	81
7	Police 2010 Grand Jury Report	83
8	Streets 2010 Grand Jury Report	84
9	Parks 2010 Grand Jury Report	85
10	Mold 2011 Grand Jury Report	85
11	PEG-TV 2009-10 Grand Jury Report	86

APPENDIX D	GRAND JURY COMMENTS 2012-13 with CITY OF CLEARLAKE RESPONSE	88
APPENDIX E	ROAD REPAIR TREATMENTS	102
APPENDIX F	AGREEMENT BETWEEN THE CITY OF CLEARLAKE AND THE COUNTY OF LAKE RELATIVE TO OPERATION OF A LOCAL PUBLIC EDUCATIONAL GOVERNMENTAL (PEG) CABLE TELEVISION CHANNEL	106
APPENDIX G	STORMWATER MANAGEMENT, WATER QUALITY MONITORING AND THE LAKE COUNTY CLEAN WATER PROGRAM (CLEAN WATER ACT PERMIT COMPLIANCE).....	113
ABBREVIATIONS		
<p>56653. (a) *** <u>If a proposal</u> for a change of organization or reorganization <u>is submitted</u> pursuant to this part, the *** <u>applicant</u> shall submit *** a plan for providing services within the affected territory.</p> <p>(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:</p> <p>(1) An enumeration and description of the services to be extended to the affected territory.</p> <p>(2) The level and range of those services.</p> <p>(3) An indication of when those services can feasibly be extended to the affected territory.</p> <p>(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.</p> <p>(5) Information with respect to how those services will be financed.115</p>		
DEFINITIONS	117
REFERENCES	118
PREPARERS	119
City Boundary and Adopted Sphere of Influence Map	120

INTRODUCTION

This report is prepared pursuant to legislation enacted in 2000 that requires LAFCO to conduct a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCO's jurisdiction. This section provides an overview of LAFCO's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of the municipal services review (MSR), and outlines the process for MSR approval. Finally, the section discusses SOI updates.

1.1 LAFCO Overview

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, many new local government agencies were formed, often with little forethought as to the ultimate governance structures in a given region, and existing agencies often competed for expansion areas. 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. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963, resulting in the creation of a Local Agency Formation Commission, or "LAFCO," operating in every county except San Francisco.

Lake LAFCO was formed as a countywide agency to discourage urban sprawl and encourage the orderly formation and development of local government agencies. LAFCO is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure. The Commission's efforts are focused on ensuring 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, LAFCO conducts service reviews to evaluate the provision of municipal services within the County.

LAFCO regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, and any reorganization including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected voters, landowners, cities or districts.

LAFCO cannot directly regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCO is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCO promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCO has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

1.2 Lake LAFCO

Lake LAFCO consists of seven regular members:

Two members from the Lake County Board of Supervisors
Two city council members
Two members from special districts
One public member who is appointed by the other members of the Commission

There is an alternate in each category. All Commissioners are appointed to four-year terms.

The Lake LAFCO Commissioners are as follows:

Edward Robey	Public Member
Anthony Farrington	County Member
Jim Comstock	County Member
Joyce Overton	City Member
Stacey Mattina	City Member
Frank Gillespie	Special District Member
Gerry Mills	Special District Member
Suzanne Lyons	Public Member Alternate
Jeff Smith	County Member Alternate
Martin Scheel	City Member Alternate
Jim Abell	Special District Alternate

1.3 Municipal Services Review Origins

The MSR requirement was enacted by the Legislature months after the release of the “Little Hoover Commission” report focused on the need for oversight and consolidation of special districts, whereas the “Commission on Local Governance for the 21st Century” focused on the need for regional planning to ensure adequate and efficient local governmental services as the California population continues to grow. Additional information on these documents can be found in Appendix A at the end of this report.

1.4 Municipal Services Review Legislation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO review and update SOIs not less than every five years and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- 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

1.5 Municipal Services Review Process

For local agencies, the Lake LAFCo MSR process involves the following steps:

- Outreach: Explanation of the project is provided by the Executive Officer.
- Data Discovery: The relevant information is requested from the participating agencies with responsibility for delivery of services within the subject agency's service area(s), as well as the agency's administration and legislative body.
- Map Review: The existing map of the agency's boundary and existing sphere of influence, and any areas of concern that may impact the sphere boundary.
- Internal Review: Preliminary draft review by agency and related entities to develop the "hearing draft" for LAFCo adoption.
- LAFCo Hearing: Comments on the "hearing draft" may result in a revision of the "hearing draft" for subsequent adoption by LAFCo.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings, only that LAFCO identify potential government structure options. However, LAFCO, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCO may act with respect to a recommended change of organization or

reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Research for this Municipal Service Review (MSR) was conducted over a three-year period occurring during from spring 2012 through winter 2015. Since that time, several modifications have been made reflecting dynamic circumstances. This MSR is intended to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of this 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. Additional information on local government issues may be found in Appendix B at the end of this report.

While LAFCO prepared the MSR document, LAFCO did not engage the services of experts in engineering, law enforcement, drainage, recreation and other specialists in related fields, but relied upon published reports and City and County staff for information. Therefore, this MSR reflects LAFCO's recommendations, based on available information during the research period and provided by City and County staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision for the City.

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCO's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

Once the LAFCO Commission has adopted the MSR determinations, LAFCO then begins the process of updating the spheres of influence for the affected local agencies.

1.6 Lake LAFCO Policies on Municipal Service Reviews

The Lake LAFCO policies on Municipal Service Reviews are shown below to assist the Commission in understanding the focus of this report.

3.3 Municipal Service Reviews

In order to establish an appropriate sphere for an agency, LAFCO must have adequate information on present and future service needs in the area and the capabilities of the agency to meet those needs. To this purpose, the Cortese-Knox-Hertzberg Act requires LAFCO to conduct service reviews prior to establishing or updating spheres of influence. A service review is a comprehensive review of provision of specified services within a designated geographic area. Its purpose is to evaluate the provision of services on a regional basis and to recommend actions, when necessary, to promote the efficient provision of those services. The service reviews are intended to help LAFCO, the public and other agencies better understand the public service structure and evaluate options for the provision of efficient and effective public services. LAFCO uses the information and analysis provided by the Municipal Service Review (MSR) to ascertain whether an agency can provide adequate and efficient services to the areas in the agency's sphere within the applicable time frame.

LAFCO will prepare or update the appropriate Municipal Service Reviews prior to or in conjunction with the adoption or update of an agency's sphere of influence plan. In general, LAFCO will conduct such reviews on a service-by-service basis for designated geographic areas. The Commission will periodically develop and implement a multi-year coordinated schedule for preparing MSRs and updating spheres of influence, in accordance with the legislature's direction to review each agency's sphere of influence every five years and update as necessary and provided for in LAFCO's budget.

a) General Standards. LAFCO shall prepare Municipal Service Reviews in conformance with the provisions of Government Code §56430. A Municipal Service Review must provide information specific to each agency to support the Commission's written determinations with respect to the following:

Growth and population projections for the affected area.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Financial ability of agencies to provide service.

Status of, and opportunities for, shared facilities.

Accountability for community service needs, including governmental structure and operational efficiencies.

Any other matter related to effective or efficient service delivery.

b) Municipal Service Reviews Must Support Spheres of Influence. In addition to the requirements discussed above, Municipal Service Reviews shall contain information on which the Commission can base its determination of the appropriate sphere of influence for an agency, including:

i) Identification of existing land uses and a reasonable projection of land uses, which would occur if services were provided consistent with each agency's sphere of influence plan. This analysis should include maps and explanatory text detailing the following:

■ Present designated and actual land uses in the area, improved and unimproved properties, and agricultural and open space lands, as defined by G.C. Sections 56064 and 56059.

■ Proposed future land uses in the area.

ii) Discussion of present and probable future needs for public facilities and services in the sphere area. The discussion should include consideration of the need for all types of major facilities, not just those provided by the agency.

iii) A determination of the present and future capacity of facilities and adequacy of services the agency provides or has plans to provide. The review must include specific information and analysis of how the agency will meet anticipated growth in demand within its current boundaries and within the area included in its sphere. This information will guide the Commission's designation of appropriate sphere horizons in the Sphere of Influence Plan. The required information should include the following:

■ Maps and explanatory text that indicate the location and capacity of existing and proposed facilities, including a plan for timing and location of new or expanded facilities.

■ An estimate of projected revenue and expense over the sphere horizons, specifically identifying the cost of planned new facilities or services and projected source(s) of revenue to fund those new facilities or services.

▪ *Actual and projected costs of services to consumers in current dollars. A statement of actual and projected allocations of the cost of services between existing and new residents shall be included.*

iv) *Identification of any relevant social or economic communities of interest in the area. For example, an area that is completely within one subdivision governed by a single homeowner's association should be noted, in order to avoid unnecessary division of the territory between service agencies.*

c) *Uses of the Municipal Service Review. Upon approval of the Municipal Service Review, it will be utilized by LAFCO both in establishing the agency's sphere of influence and in the consideration of all proposals affecting that agency.*

1.7 Sphere Of Influence Updates

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

Every determination made by a commission must be consistent with the SOIs of local agencies affected by that determination;¹ for example, territory may not be annexed to a city or district unless it is within that agency's sphere. However, the City of Clearlake does not anticipate any annexations at this time. In other words, the SOI essentially defines where and what types of government reorganizations (e.g., annexation, detachment, dissolution and consolidation) may be initiated. If and when government reorganization is initiated, there are a number of procedural steps that must be conducted for a reorganization to be approved. Such steps include more in-depth analysis, LAFCO consideration at a noticed public hearing, and processes by which affected agencies and/or residents may voice their approval or disapproval.

SOIs should discourage duplication of services by local governmental agencies, guide the Commission's consideration of individual proposals for changes of organization, and identify the need for specific reorganization studies, and provide the basis for recommendations to particular agencies for government reorganizations.

The Cortese-Knox-Hertzberg Act requires LAFCO to develop and determine the SOI of each local governmental agency within the county and to review and update the SOI every five years. LAFCOs are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

In addition to requirements in State law, SOIs are governed by local LAFCO policies.² It is Lake LAFCO's policy that SOIs generally will not be amended concurrently with an action on the related change of organization or reorganization. Lake LAFCO requires that territory included in an agency's SOI is likely to require the agency's services within a 20-year period, and that the agency is expected to have the capacity to serve the area at the appropriate level. For special districts providing multiple services, Lake LAFCO establishes SOI boundaries for each function or class of services, and the SOI boundaries may or may not be coterminous with each other.

¹ California Government Code §56375.5.

² Local Agency Formation Commission of Lake County, *Policies, Standards and Procedures*.

1.8 SOI Options

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines and practices of Lake LAFCO as well as other LAFCOs in the State, various conceptual approaches have been identified from which to choose in designating an SOI:

Coterminous Sphere: The sphere for a city or special district that is the same as its existing boundaries. This is the recommendation for the City of Clearlake.

Annexable Sphere: A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside its boundaries and inside the sphere.

Detachable Sphere: A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere.

Zero Sphere: A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

Consolidated Sphere: A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

Provisional Sphere: LAFCO may designate a provisional sphere that automatically sunsets if certain conditions occur. Provisional spheres are intended to elicit progress toward public policy objectives, such as appropriate service levels, financial sustainability or accountability.

In updating the SOI, LAFCO is required to conduct an MSR and adopt related determinations. In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- 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 CKH Act stipulates several procedural requirements in updating SOIs. It requires that special districts file written statements on the class of services provided and that LAFCO clearly establish the location, nature and extent of services provided by special districts. Accordingly,

each local agency's class of services provided is documented in this MSR. The MSR described the nature, location, and extent of functions or classes of services provided by existing districts, which is a procedural requirement for LAFCO to complete when updating SOIs.

1.9 SOI Update Process

This report outlines SOI options. LAFCO staff will proceed to update SOIs for the affected agencies in the months following adoption of the written MSR determinations. LAFCOs are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

The CKH Act stipulates several procedural requirements in updating SOIs. In determining the SOI, LAFCO is required to complete an MSR and adopt the MSR determinations previously discussed. It requires that special districts file written statements on the class of services provided and that LAFCO clearly establish the location, nature and extent of services provided by special districts.

By statute, LAFCO must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

A CEQA determination is made by LAFCO on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

2 *SETTING*

2.1 *City of Clearlake Location*

The City of Clearlake is located northeast of Santa Rosa along State Highway 53 near the southeast portion of Clear Lake and south of the Mendocino National Forest. The City of Clearlake elevation is 1,417 feet above sea level.

The City of Clearlake was incorporated on November 14, 1980, following an election whereby the registered voters approved the incorporation by a narrow margin (1,750 in favor and 1,711 opposed). Clearlake is the largest city in Lake County in both geographic area and population. The City is located along the southeast shore of Clear Lake just north of Cache Creek. Given its proximity to Clear Lake, the City offers abundant recreational opportunities, such as boating and other watersport activities.

The City has a total of three lakefront parks, Redbud Park, Austin Park, and Highlands Park, which provide ample recreational opportunities. In addition, a portion of Anderson Marsh State Historical Park, which provides visitors with bird watching, hiking, and picnicking opportunities, is located within the City limits.³

The City of Clearlake is served by the Konocti Unified School District, which has four elementary schools, two of which are in Clearlake, one in Clearlake Oaks and one in Lower Lake, no middle schools, and two high schools including a continuation school all located in Lower Lake. Yuba Community College is also located in the City of Clearlake.⁴

Points of Interest in the Clearlake area include the following:⁵

- Redbud Park with boat launch facilities
- Borax Lake, which contains some of the oldest archaeological resources in the country
- Anderson Marsh State Historic Park

The City of Clearlake and the surrounding area is served by the Clear Lake Chamber of Commerce currently located near at the Senior Center which is located at 3245 Bowers Avenue in Clearlake with hopes of moving into the currently being renovated visitors center at Highlands Park.

³ Lake County General Plan, September 2008, Page 2-13.
<http://www.co.lake.ca.us/Assets/CDD/2008+General+Plan+Final+Version/2008+General+Plan+Docs/Chapter+2+-+Community+Profiles.pdf>, February 19, 2013.

⁴ Lake County General Plan, September 2008, Page 2-13.
<http://www.co.lake.ca.us/Assets/CDD/2008+General+Plan+Final+Version/2008+General+Plan+Docs/Chapter+2+-+Community+Profiles.pdf>, February 19, 2013.

⁵ Lake County General Plan, September 2008, Page 2-14.
<http://www.co.lake.ca.us/Assets/CDD/2008+General+Plan+Final+Version/2008+General+Plan+Docs/Chapter+2+-+Community+Profiles.pdf>, February 19, 2013.

2.2 City of Clearlake History

The Clearlake post office opened in 1923, changed its name to Clearlake Park in 1937, and changed it back in 1980 when the City of Clearlake incorporated.⁶ The first inhabitants of Clearlake were the Pomo Indians who gave the name to many of the areas features including Mount Konocti. The Pomo suffered mistreatment at the hands of Spanish and European settlers which resulted in a massive wave of deaths. The result of this was large tracts of land freed up for the white settlers who arrived during the gold rush.

2.3 City of Clearlake Demographics

The 2010 US Census reported that Clearlake had a population of 15,250. According to the State Department of Finance, the January 1, 2013, population of Clearlake is 15,192. The 2010 Census reported that 14,790 people (97.0% of the population) lived in households, 366 (2.4%) lived in non-institutionalized group quarters, and 94 (0.6%) were institutionalized. There are an estimated 24 homeless persons residing in Clearlake. However, this number is higher during the summer months and dwindles during the winter months.

There were 5,970 households according to the 2010 census, out of which 1,859 (31.1%) had children under the age of 18 living in them, 1,957 (32.8%) were married couples living together, 1,013 (17.0%) had a female householder with no husband present, 448 (7.5%) had a male householder with no wife present. There were 1,898 households (31.8%) which were made up of individuals and 739 (12.4%) had someone living alone who was 65 years of age or older. The average household size was 2.48. There were 3,418 families (57.3% of all households); the average family size was 3.11.

The City of Clearlake population was spread out in age as follows:

CITY OF CLEARLAKE POPULATION AGE GROUPS

Under the age of 18	3,656 people	24.0%
18 to 24	1,528 people	10.0%
25 to 44	3,384 people	22.2%
45 to 64	4,389 people	28.8%
65 years of age or older	2,293 people	15.0%

The median age was 39.9 years. For every 100 females there were 99.9 males. For every 100 females age 18 and over, there were 96.6 males.

There were 8,035 housing units in 2010, of which 3,190 (53.4%) were owner-occupied, and 2,780 (46.6%) were occupied by renters. The homeowner vacancy rate was 5.9%; the rental vacancy rate was 12.1%. The population is almost evenly divided between owners and renters with 7,595 people (49.8% of the population) in owner-occupied housing units and 7,195 people (47.2%) in rental housing units.

⁶ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 39. ISBN 9781884995149.

The City of Clearlake includes 32.9% of the population below the poverty level.⁷ This can make it difficult to finance new improvements for the City. Based on the 2010 Census, the City of Clearlake is considered a Disadvantaged Community. The Median Household Income for the City of Clearlake is \$28,604, which is significantly less than 80% of the State Median Household Income (\$49,306). The whole of Lake County Median Household Income of \$39,525 is also less than 80% of the State Median Household Income.⁸

2.4 Water Service

The City of Clearlake does not provide domestic water service. Residents, businesses and landowners rely upon domestic water services provided by other entities. Property developers are required to install water lines that connect to the applicable water system depending upon the location unless site conditions and the proposed project permit the use of a private well. These water systems use surface water supplies from Clear Lake.. Clearlake is within the Shoreline Water Inventory Unit⁹

Water service is provided by the following:

Water Service Water Providers for City of Clearlake

	Number of Connections	Monthly Charge Rate for Connection	Cost for 100 cubic feet of water
Golden State Water Company ¹⁰ 14595 Olympic Drive, Clearlake, CA 95422 (707) 994-0118	2,178	\$49.65	\$5.75
Highlands Mutual Water Company ¹¹ 14580 Lakeshore Dr., Clearlake, CA 95422 (707) 994-2393	2,800	\$33.00	\$3.00
Konocti County Water District ¹² 15449 Stanyon, Clearlake, CA 95422 (707) 994-2561	2,000	\$28.00	\$2.50
Golden State Water Company 630 East Foothill Blvd San Dimas, CA 91773 (909) 394-3600 ext 682	2,100	\$40.56	\$7.50

The Lower Lake County Waterworks District #1 (LLCWD#1) provides water to a very small area within the City of Clearlake. The LLCWD#1 uses groundwater to supply its customers. This system has a total of around 844 connections and provides services to an approximate 40 unit

⁷ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

⁸ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

⁹ Lake County General Plan, September 2008, Page 2-13, <http://www.co.lake.ca.us/Assets/CDD/2008+General+Plan+Final+Version/2008+General+Plan+Docs/Chapter+2+-+Community+Profiles.pdf>, February 19, 2013.

¹⁰ Golden State Water Company 14595 Olympic Drive, Clearlake, CA 95422, (707) 994-0118, October 15, 2013.

¹¹ Highlands Mutual Water Company, 14580 Lakeshore Dr., Clearlake, CA 95422, (707) 994-2393, October 15, 2013.

¹² Konocti County Water District, 15449 Stanyon, Clearlake, CA 95422, (707) 994-2561, October 15, 2013.

Mobile Home Parke north of Cache Creek and South of Dam Road within the City of Clearlake Boundaries.

The fees for these water companies are higher than most of the fees charged by the county service areas in Lake County which are shown below:

COMPARISON OF 2012 DOMESTIC WATER SERVICE RATES LAKE COUNTY¹³								
District	Cap Fee	Meter Set	Line Tap & Set	Base Rate SFD Monthly	Monthly Cubic Feet (CF)	(CIP) Capital Improvement Plan	Loan Repay Monthly	# of SFD Billed
CSA # 2 Spring Valley	\$1,9218.02	\$809.75	\$925.96	\$25.00	w/600	\$7.20		493
				>600cf	\$2.75			
				>1000cf	\$5.50			
				>2000cf	\$8.00			
CSA # 6 Finley	\$2,500.00	\$350.00	\$450.00	\$12.44	\$0.79 to 750cf		\$14.86	237
				>750cf	\$1.07			
CSA # 7 Bonanza Springs	\$1,500.00	\$350.00	\$450.00	\$18.22	\$7.95 to 750cf			179
				>750cf	\$2.58			
				>1500cf	\$4.55			
				>3000cf	\$7.13			
CSA # 13 Kono Tayee	\$12,228.84	\$477.86	\$584.05	\$23.10	w/700			139
				>750cf	\$2.58			
				>1500cf	\$3.47			
				>3000cf	\$6.93			
CSA # 16 Paradise	\$14,083.50	\$829.99	\$1,230.00	\$51.60	\$4.13 to 500 cf			72
				>500cf	\$6.19			
				>1000cf	\$10.32			
CSA# 20 Soda Bay	\$4,775.95	\$835.66	\$955.20	\$23.00	\$1.25 to 750cf			733
				>750cf	\$2.50			
				>1500cf	\$6.50			
CSA # 21 North Lakeport	\$4,775.97	\$835.66	\$955.20	\$21.50				1,628
				<751cf	\$1.08			
				>750cf	\$1.31			
CSA # 22 Mt. Hannah	\$7,360.00	\$450.00	\$450.00	\$27.00		\$2.50	\$5.00	36
				<750cf	\$2.00			
				751-1500cf	\$4.33			
				>1500cf	\$6.75			
Kelseyville CWD # 3	\$2,500.00	\$350.00	\$450.00	\$13.71			\$7.66	1,269
				<750cf	\$0.80			
				>750cf	\$1.07			

¹³ Lake County, Special Districts Administration, <http://www.co.lake.ca.us/Assets/SpecialDistricts/docs/Rates+and+Fees+Summary+2012.pdf>, February 27, 2013.

2.5 Wastewater Collection and Treatment

The City of Clearlake 2003-2009 Housing Element of the General Plan states the following:

*“All wastewater collection and treatment services within the City of Clearlake are provided by LACOSAN (the Lake County Sanitation District). The City provides no sanitary sewer services directly. Larger residential property developers are required to install sanitary sewer lines that connect to the applicable sewer system. Septic systems and leach lines are allowed for smaller developments when conditions related to lot size and underlying geology are met”.*¹⁴

The City of Clearlake does not provide wastewater collection and treatment. Services are provided by the Lake County Sanitation District through its Southeast Regional Wastewater Treatment Plant. The Southeast (SE) system collects and treats wastewater in the Clearlake area. The collection system extends from Pirates Cove to Lower Lake and includes the City of Clearlake. Portions of the collection system were constructed over 30 years ago when materials, construction techniques and inspections were not as advanced and comprehensive as they are today. Due to the proximity to the Lake and seasonal high water table, a significant amount of groundwater intrusion occurs within the collection system during the winter. Seasonal high Lake levels and winter rains also contribute to Inflow and Infiltration (I&I), which makes up a large percentage of winter flows. The increased flows in the winter require the lift stations to operate more frequently, and almost continuously during multi-day storm events. All treated wastewater is recycled at the Geysers.¹⁵

The base sewer service rate for the City of Clearlake residents is \$22.64 per month plus a loan repayment fee of \$5.25 per month for a total of \$27.89 per month.¹⁶

2.6 Law Enforcement Overview

This section will examine services, standards and crime clearance rates in a general way to show current standards regarding police protection.

2.6.1 Law Enforcement Services Background

Although patrol is the most visible Police Department service, law enforcement agencies may provide a host of other public safety services including the following ten services:

- Dispatch service
- Crime lab service
- Bomb squad service
- SWAT

¹⁴ City of Clearlake, Housing Element 2003-2009, Page III-21.

¹⁵ County of Lake, http://www.co.lake.ca.us/Government/Directory/Special_Districts/Wastewater_Systems/Southeast_Regional_Wastewater_System.htm, October 15, 2013.

¹⁶ County of Lake, <http://www.co.lake.ca.us/Government/FeeSchedule.htm>, January 19, 2015.

- Canine patrol assistance
- Search and rescue teams
- Temporary and long-term holding
- Training services
- Animal shelter services
- Unique patrol services

These types of services will be described below.

Patrol services can be provided by officers traveling by vehicle, bicycle, horse, boat, helicopter, or on foot.

Dispatch services include receiving 911 calls and notifying response units through emergency communication systems. Police dispatchers typically answer 911 calls related to both police and fire emergencies. For fire and medical emergencies, some police dispatchers may directly perform the dispatching while others may route calls to a dispatch center specialized in handling fire and medical emergencies.

Crime laboratories provide analysis of latent fingerprints, questioned documents, firearms, controlled substances, toxicology, trace evidence, and DNA, and may provide crime scene evidence-gathering services.

While some crime laboratories provide all of these services, other laboratories may provide only limited, frequently used services such as latent fingerprints analysis and photographic work.

Bomb squad services typically are provided by explosives experts, bomb-sniffing dogs and their handlers. Experts are needed to identify and defuse explosives with the assistance of dogs trained to detect and locate different types of explosives.

Special weapons and tactics (SWAT) services are special response teams that handle complex, high-risk crimes and confrontations. SWAT teams provide not only traditional counter-sniper services, but also respond to hostage taking, barricaded suspects, and terrorist acts.

SWAT teams may also serve high-risk warrants and protect dignitaries. SWAT team members are typically trained in special weapons as well as verbal tactics. Trained hostage negotiators are frequently an integral component of SWAT teams.

Canine (K-9) units may be specially oriented toward drug detection, bomb detection, finding missing persons, or protecting police officers.

Search and rescue services involve finding people who may be missing, lost, buried by debris, or trapped in dangerous situations on trails or cliffs. Search and rescue teams are typically coordinated by law enforcement agencies in collaboration with fire departments.

Temporary holding services involve pre-arraignment incarceration of arrestees, and typically involve jailing for less than 72 hours. Long-term holding services involve incarceration of arraigned suspects. Most law enforcement agencies have some type of temporary holding facilities, but few have long-term facilities.

Animal control services are often provided by law enforcement agencies and may involve capturing, sheltering and disposing of unclaimed animals.

2.6.2 Law Enforcement Standards Background

The Commission on Accreditation for Law Enforcement Agencies (CALEA) is a national organization that functions as an independent accrediting authority. Law enforcement agencies may voluntarily choose to apply for CALEA accreditation. CALEA offers an accreditation program as well as a law enforcement recognition program in which the agency is required to meet a more modest list of standards.

CALEA law enforcement accreditation does not require the law enforcement agency to meet specific benchmarks in terms of response time, staffing levels or crime clearance rates.

CALEA accreditation requires the police service provider to pass inspection and to meet dozens of requirements such as annual documented performance evaluation of each employee, investigation of all complaints against the agency and its employees, and annual review of allocation and distribution of personnel.

The California Peace Officers Association (CPOA) has developed sample law enforcement agency policies on use of force, use of safety belts, review of complaints about personnel, fitness for duty evaluations, and law enforcement values.

For example, the sample policy on conducting reviews states, “it should be standard practice for all law enforcement agencies to conduct comprehensive and thorough investigations into any allegation of misconduct or substandard service, whether such allegations are from citizen complaints or internally generated.”

Hence, policies relating to ethics and evaluation standards are readily available to law enforcement agencies.

The California Commission on Peace Officer Standards and Training (POST) has developed standards for the testing and selection of police officer applicants as well as the training of police officers, dispatchers, and detectives.

2.6.3 Crime Clearance Rates Background

The effectiveness of a law enforcement agency can be gauged by many factors, including crime clearance rates or the proportion of crimes that are solved. There are no standards or guidelines on the proportion of crimes that should be cleared.

Cleared crimes refer to offenses for which at least one person was arrested, charged with the offense, and turned over to the appropriate court for prosecution. A crime is also considered cleared by exceptional means if the offender dies, the victim refuses to cooperate or extradition is denied.

2.7 Stormwater Management, Flood Control, and Surface Water Supply Issues

Stormwater is the cause of frequent property damage and service interruptions in the Burns Valley Watershed (one of three in the City jurisdictional boundaries). *[Details about the City's*

"Small Municipal Separate Storm Sewer System" and maintenance operations are found in Section 3.6]

Figure 1 below shows the FEMA mapped flood plains and flood-prone areas in the City of Clearlake.

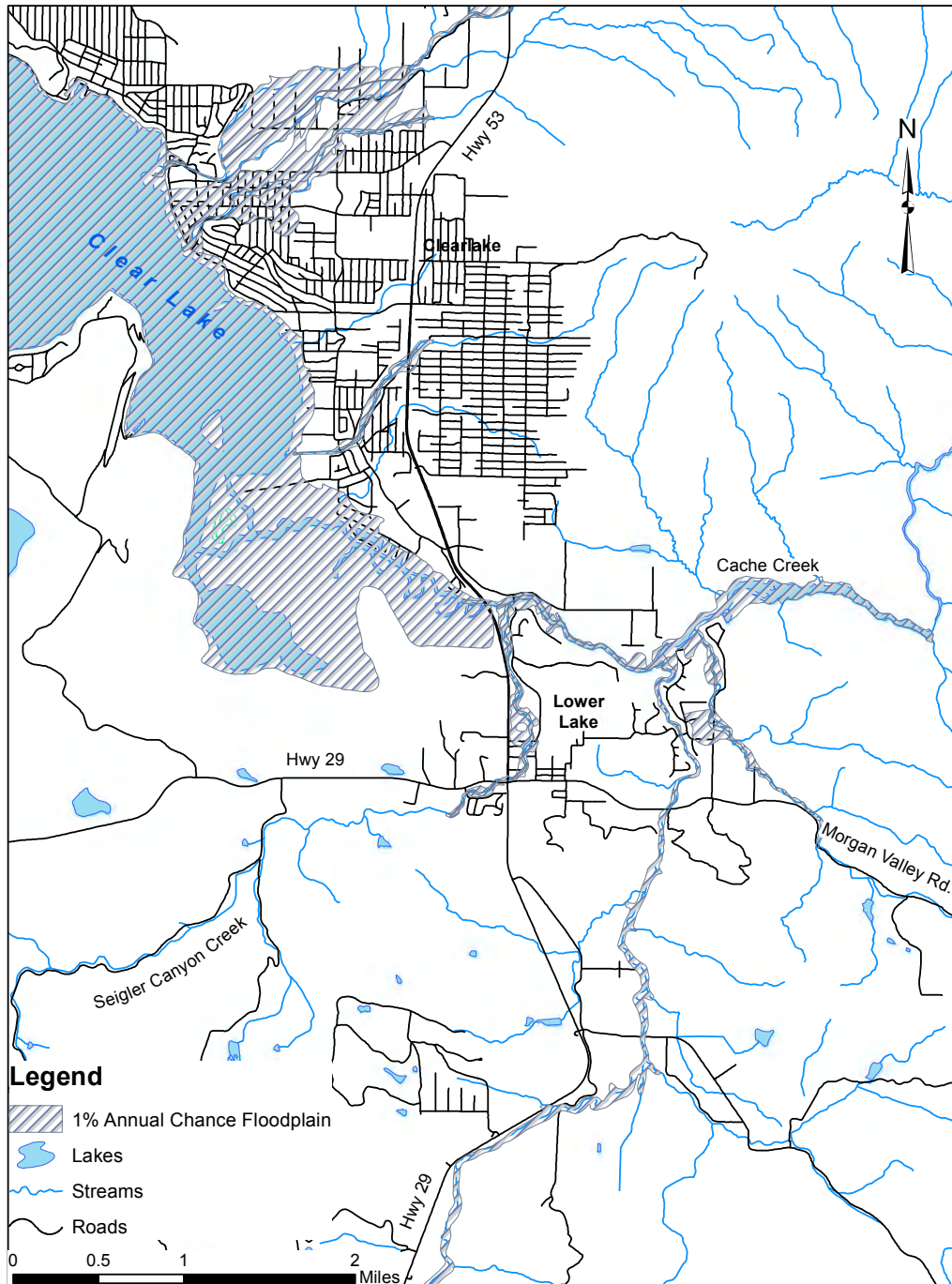


Figure 2 below shows the sanitation system overlying the flood plains and flood-prone areas in the City of Clearlake.

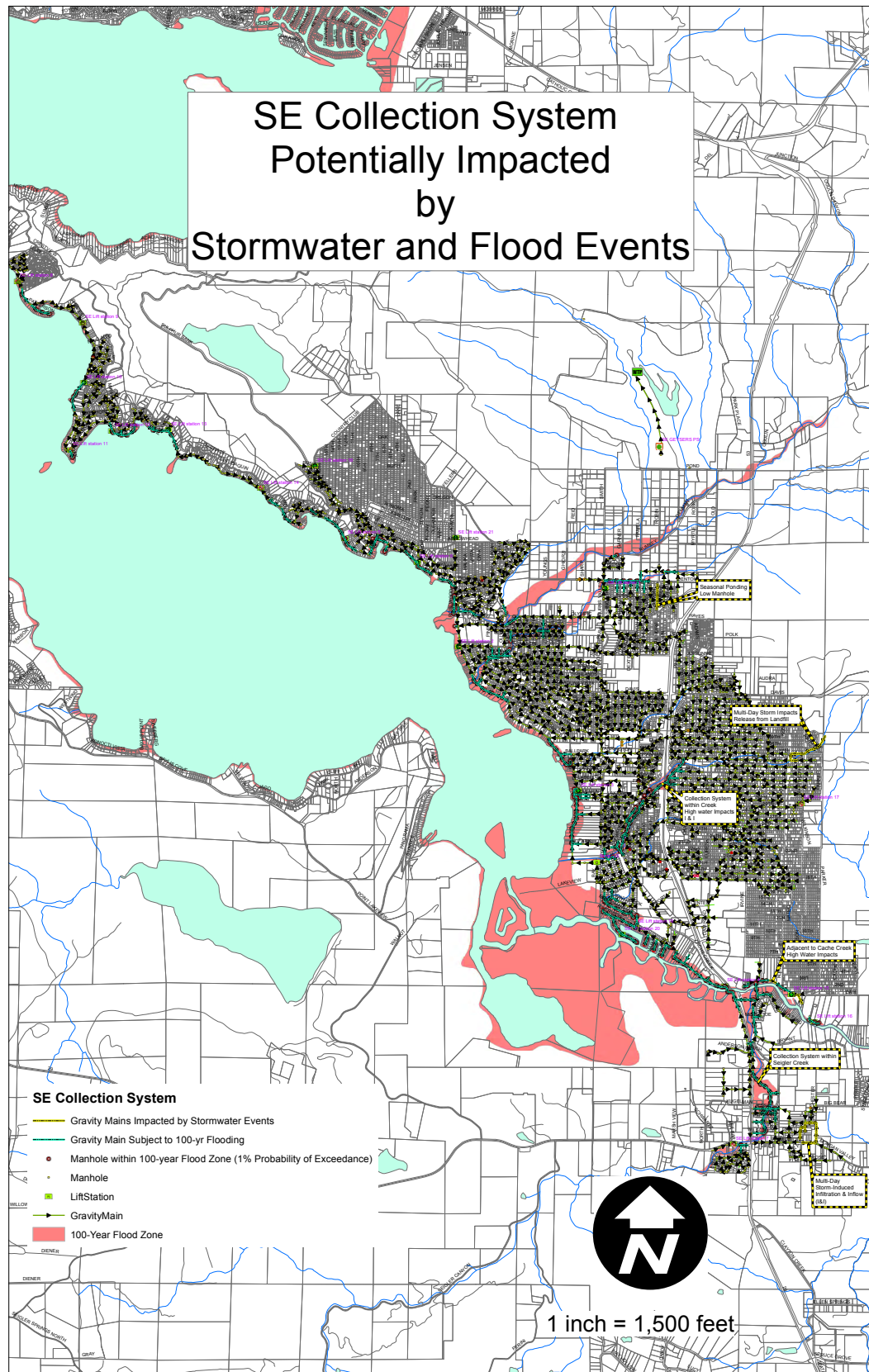


Figure 3 below shows the extent of the Burns Valley Creek watershed within the City of Clearlake.



Prior to incorporation in 1980, the City of Clearlake grew somewhat haphazardly, with consequent drainage impacts that have long-standing needs for repairs and restoration¹⁷. Additional development permitted by the City relies on the antiquated and ineffective storm drainage system that was created prior to incorporation.

Impacts to upstream areas of the City's watersheds that drains through the City include Ogulin Canyon land uses, the County landfill operation (with drainage of toxic leachate resulting from blockage of the Molesworth Creek headwater), substandard development of the grid subdivision known as the "Avenues" (above new Highway 53), Wal-Mart shopping center and related businesses, and the former Pierce Airport. The shopping center and former airport contribute stormwater runoff contaminants resulting from high vehicular traffic and prior flight service operations.

The overall impact to the lake from the City's drainages as part of Clear Lake's Lower Arm watersheds has not been quantified, and the City applied for a grant in 2013 to conduct a water quality impairment source identification study (the grant was not awarded)¹⁸.

Wind conditions typically drive warm-weather algae populations toward the mouth of the Cache Creek Channel in the Lower Arm, frequently collecting in shoreline areas of the City in its coves and along the developed lakefront properties. Excess algae populations throughout Clear Lake have impaired tourism and real estate industries since 2009 (the lake's level of nutrients and

¹⁷ 1994 Storm Drainage System Master Plan Update

¹⁸ www.westsideirwm.com/plan.html, Section 8 - Project Review & Prioritization

excess algae were in abeyance for the years 1992-2009, leading to the now-obsolete conclusion that the lake was getting "cleaner")¹⁹.

Watershed impacts that the City's storm drainage system is ill equipped to mitigate include the sections of heavily traveled "urban" dirt streets. Forty-nine of the City's 112 miles of streets and roads are unpaved; some of those miles were built to inadequate standards and cannot be improved except by private owner investment²⁰.

The City's Public Works Department, Engineering Department, and administrative services are ill equipped to apply for available federal and state grants to address the flood control and stormwater management projects to take corrective action in the primary watersheds. Extensive mapping and assessment of land uses and drainage mitigation features is required in order to qualify for federal Clean Water Act funding, although the City qualifies as a "severely disadvantaged community" for matching fund waivers²¹.

As a legal entity responsible for the prevention of Clear Lake's nutrient impairment, the City participates in the Lake County Clean Water Program²², which implements the state's water quality orders, including compliance with the Sacramento River Basin Plan²³. The Program is managed by the Lake County Watershed Protection District, which represents all Lake County residents and property owners in the state's long-term (20-year) water management process, as a member of the Westside Regional Integrated Water Management Group (Lake, Napa, Solano, and Yolo Counties).

The Westside Regional Water Management Group has focused its 1st and 2nd year project (FY 2013-2014, 2014-2015) on prevention of infestation by Quagga/Zebra Mussels, to protect regional water systems and storage facilities including Clear Lake, Lake Berryessa, Lake Hennessey, Putah Creek and Cache Creek. The impacts to Clear Lake's water supplies lying within the "basin," are the responsibility of the County of Lake, in accordance with State Lands Commission legislation of 1973²⁴.

Increased implementation of invasive species prevention programs will require increased diligence and dedication from City services, including but not limited to law enforcement, public works, planning, code enforcement, business inspection, and public services/administration. The County Watershed Protection District (as a local agency and as a member of the regional management group) applied for grant funding from the state Department of Boating & Waterways in 2014; award announcements are due in March or April 2015).

Protection of critical City water supplies (Clear Lake), to minimize additional expenses of water treatment plant operations serving the city's population, must include City participation in implementing County ordinances for Stormwater Management, Floodplain Management, Recreation, and Shoreline Protection. The City administration will be called upon to provide

¹⁹ Clear Lake Watershed Sanitary Survey

²⁰ City of Clearlake Pavement Management Plan

²¹ US EPA Handbook for Environmental Restoration, Nine Key Elements:

<http://www.epa.gov/region9/water/nonpoint/9elements-WtrshdPlan-EpaHndbk.pdf>.

²² www.cleanwater.co.lake.ca.us

²³ Central Valley Regional Water Quality Control Board Resolution 2006-0060:

http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/resolutions/r5-2006-0060.pdf.

²⁴ State Lands Commission Land Grant to the County of Lake, 1973:

http://www.slc.ca.gov/Granted_Lands/G22_Lake/S1973_Ch639.pdf.

additional services to ensure the fair deployment of property tax revenues to address the City's vulnerability to stormwater pollution, flood damage, and invasive species colonization.

However, the Lake County Clean Water Program, operated under the joint County-City-City-District agreement²⁵, has not identified legislative mandates necessary to inform the City and County administrations of their duties to manage stormwater drainage impairments. Such authorities (including revenue generation) are required in Year Two of the state's water quality order ("stormwater permit"), additionally burdening the City's administration with unfunded planning costs.

2.8 Other Natural Hazards and Mitigation/Response Services

The City of Clearlake lies in a geographical area with high risks of natural hazards²⁶ that include volcanic eruption, wildfire, flooding, water shortage or quality impairments, emergency response service limitations, earthquake, geothermal emissions, and high- and low-temperature weather extremes. Federal and state emergency management requirements for anticipation of disasters resulted in the County's Natural Hazard Mitigation Plan (2013)²⁷, for compliance with the Disaster Mitigation Act of 2000²⁸.

The City's emergency shelter and care facilities include the local hospital, senior/community center, and school facilities. The City's Emergency Operations Plan is not linked to the Natural Hazard Mitigation Plan for applying to FEMA for disaster response and recovery funding, at this time. The City's General Plan "Safety Element" must identify linkage and participation in the Natural Hazard Mitigation Plan preparedness and response sections applicable to the City.

Special needs populations with the City's jurisdiction include a significant level of impaired older adults, developmentally disabled children and adults, and persons of all ages dependent on social services (welfare, food supplement programs, educational assistance, mental health care and substance abuse services). These populations, including homeless citizens, comprise an area of disaster response and emergency response services that have not been defined in the County's Emergency Response Plan, and should be included in General Plan "Safety" and "Public Services" elements to reflect MSR findings.

Source water supplies are threatened by increased algal and other macrophyte populations, including potentially toxic cyanobacterial blooms²⁹. Water quality monitoring of surface water treatment plants by the California Department of Public Health over the last three years has identified extreme levels of treatment plant capacities. Should there be a period of time in which toxic cyanobacterial constituents exceed treatment plant capacities entirely³⁰, backup water supplies and mutual-aid agreements with non-surface water suppliers would be necessary, to facilitate rapid response and prevention of illness.

²⁵ www.cleanwater.co.lake.ca.us.

²⁶ Lake County Office of Emergency Services:
<http://www.co.lake.ca.us/Government/Directory/Administration/OES/Plans.htm>.

²⁷ Ibid.

²⁸ Disaster Mitigation Act of 2000: <https://www.fema.gov/media-library/assets/documents/4596>.

²⁹ Lake County Environmental Health Department:
http://www.co.lake.ca.us/Government/Directory/Environmental_Health/Blue-Green_Algae.htm.

³⁰ City of Toledo, Ohio, imports potable water during water treatment shutdown:
<http://www.toledoblade.com/local/2014/08/02/City-of-Toledo-issues-do-no-drink-water-advisery.html>.

Providing backup power and communication services for fire suppression water supplies, in both public health and safety facilities and private/commercial facilities for medical or assisted living services, rapid evacuation as needed, and traffic control measures could be a goal in the General Plan "Safety" and "Public Services" elements.

3 ***CITY OF CLEARLAKE***

3.1 **City of Clearlake Mission Statement and Values**

The City of Clearlake Mission Statement and Core Values are shown below:

City Mission Statement:³³

The mission of the City of Clearlake is to enhance the quality of life for all of its residents and visitors through delivery of quality service and adherence to its core values.

Core Values:

<i>Accountability:</i>	<i>We accept responsibility for our decisions and actions.</i>
<i>Respect:</i>	<i>We are honest and treat our coworkers and the public with courtesy, dignity and compassion.</i>
<i>Ethical:</i>	<i>We set high standards for our personal, professional and organizational conduct and act with integrity.</i>
<i>Service Oriented:</i>	<i>We are committed to serving the public and meeting the needs of customers, fellow employees and the needs of the community.</i>
<i>Improvement:</i>	<i>We strive to be proactive, innovative and to plan for the future.</i>

3.2 **City of Clearlake Contact Information**

The City of Clearlake contact information is as follows:

City of Clearlake, 14050 Olympic Drive, Clearlake, California 95422
Phone: 707-994-8201, Fax: 707-995-2653

Joan L. Phillipe, City Manager
Phone: 707-994-8201x120 E-Mail: city.administrator@clearlake.ca.us.

Melissa Swanson, City Clerk,
Phone: 707-994-8201x106 E-Mail: mswanson@clearlake.ca.us

City Hall office hours are Monday through Thursday from 8:00 a.m. to 5:00 p.m. The Council meets the second and fourth Thursday of each month at 6:00 p.m.

³³ City of Clearlake, Joan L. Phillipe, City Manager, 1450 Olympic Drive, Clearlake, CA 95422, Phone: 707-994-8201x120, E-Mail: city.administrator@clearlake.ca.us, September 18, 2013.

3.3 City of Clearlake City Council

3.3.1 City Council Operation

Five directly elected individuals comprise the City Council. The terms of office are staggered. The Mayor's position is rotated annually by selection of the City Council. The City Council is the policy making body of the City of Clearlake and in that capacity approves and adopts ordinances and resolutions and take action on other polity matters to provide community leadership.

The City Council appoints the City Manager and City Attorney as well as various commission, board and committee members. It also directs staff on matters that meet the community's needs and service levels and in that process oversees the financial condition of the City. It makes the final determination on the City's ability to afford various programs and services.³⁴

3.3.2 City Council Members

The members of the City Council for the City of Clearlake are as follows:

Russell Perdock	Term Expires: December 2018
Denise Loustalot	Term Expires: December 2016
Gina Fortino Dickson	Term Expires: December 2016
Bruno Sabatier	Term Expires: December 2018
Joyce Overton	Term Expires: December 2016

3.3.3 City Council Budget

Funds allocated to Elected Officials in the 2014-15 budget are as follows:

³⁴ City of Clearlake, Adopted Budget, FY 2012-2013, Page 11.

City of Clearlake 2014-15 Operating Budget General Fund (Fund 100)				
Department 100120 CITY COUNCIL³⁵				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 PERSONNEL *				
01 Salary	16,950	18,129	18,000	18,000
09 Health Ins.	73,732	75,621	82,643	52,101
16 Workers Comp.	403	302	214	212
17 Unemploy. Ins.	-	-	-	180
18 FICA	1,051	1,124	1,116	1,116
19 Medicare	246	263	261	261
SUBTOTAL	92,382	95,439	102,234	71,870
600 SUPPLIES AND MATERIALS**				
34 Printing	43	-	-	-
35 Supplies	453	567	200	200
SUBTOTAL	496	567	200	200
700 TRAINING AND TRAVEL***				
51 Memberships	-	-	-	-
53 Travel/Conf.	-	1,086	1,500	5,000
SUBTOTAL	-	1,086	1,500	5,000
800 CAPITAL EQUIPMENT****				
81 Equip./Software	-	-	3,200	3,200
SUBTOTAL	-	-	3,200	3,200
TOTAL	92,878	97,092	107,134	80,270

*Salaries and benefits for five Elected City Council Members. The health insurance is reduced from previous years because now only coverage for the council members is provided.³⁶

** Bus cards for Council, Plaques.

***Membership in League of CA Cities and travel, meals lodging, registration for League of CA Cities Conference.

****IPads for Council Members.

The City Council members and the City Manager attend the California League of Cities conferences. The most expensive item in the City Council Budget is Health Insurance. It is not uncommon for various boards, commissions and councils in California to provide members with health insurance.

3.3.4 City Council Response to 2010 Grand Jury

The City Council was mentioned in the 2010 Grand Jury Report. The Grand Jury comment and the City's response are shown in Appendix C at the end of this report because the issue of council member compensation is something that must be considered every year. The City's response to the 2010 Grand Jury explains the dedication of the City Council Members.³⁷

³⁵ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 10.

³⁶ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page iii.

³⁷ City of Clearlake, Grand Jury Response, September 24, 2010.

3.4 City Manager

3.4.1 City Manager Mission and History

City Manager Mission:

The City Manager will serve in a leadership capacity providing guidance and recommendations on policy and finance to the City Council to provide service to the citizens of Clearlake and to serve as a liaison to other governing bodies to assure that resources are maximized.

City Manager Position History:

The City Council made the determination at its February 23, 2012 meeting to change from a Council/Administrator form of government to a Council/City Manager form of government. The City Manager has the following responsibilities:

The City Manager is responsible for executing the policies established by the City Council and for providing support and advice to the Council. In addition, the City Manager provides leadership and advice as well as support to the City's department heads and fosters interagency cooperation and collaboration. The City Manager is responsible for the efficient and effective operation of the City's program and services. The City Manager is the essential connection between the policy planning process and the execution of that policy to bring it to reality. The City Manager position is also to connect with the citizens and businesses of the community, to be a liaison to develop a culture of openness with City government and to provide information on the City and its services.³⁸

³⁸ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 12.

3.4.2 City Manager Budget

The Budget for the City Manager Department is as follows:

City of Clearlake 2014-2015 Operating Budget General Fund (Fund 100) Department 100200 CITY MANAGER³⁹				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 PERSONNEL*				
01 Salaries	82,066	174,488	161,233	128,128
02 Overtime		32		
09 Health/Life Ins.	15,323	36,406	31,916	22,756
10 SDI	468	1,797	1,562	1,284
11 PERS (EE)	1,965	2,872	2,371	1,042
12 Vacation Reserve	750	1,103	-	283
15 PERS (ER)	9,967	21,806	21,855	19,164
16 Workers Comp.	1,680	2,622	1,856	1,515
17 Unemployment Ins.	-	-	-	1,284
19 Medicare	1,196	2,606	2,265	1,862
20 Car Allowance	13,585	5,783	-	3,840
SUBTOTAL	127000	249,515	223,058	181,158
600 SUPPLIES AND MATERIALS				
32 Maint. Contracts	34			
35 Supplies	85			
SUBTOTAL	119			
700 TRAINING AND TRAVEL**				
53 Travel/Conference	417	731	2,000	2,000
SUBTOTAL	417	731	2,000	2,000
TOTAL	127,536	250,246	225,058	183,158

* Salary and benefits for 80% of City Manager and 40% of Grants Technician.

** Training and travel for League of CA Cities City Managers Department Meeting.

3.4.3 City Manager in 2010 Grand Jury Report

The information from the 2010 Grand Jury Report is included in Appendix C at the end of this report because the issue raised regarding policy manuals is on-going every year.⁴⁰ The 2011 Grand Jury had similar recommendations, which are also included in Appendix C.⁴¹ It is possible that the Grand Jury complaints represent a general dissatisfaction with City employees and the Grand Jury recommends that updated policies will solve the problem.

The 2010 Grand Jury report also made a recommendation regarding solid waste collection under the City Administrator section.⁴² Staff will be proposing mandatory garbage collection.

³⁹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 12.

⁴⁰ City of Clearlake, Grand Jury Response, September 24, 2010.

⁴¹ City of Clearlake, Grand Jury Response, September 23, 2011.

⁴² City of Clearlake, Grand Jury Response, September 24, 2010.

3.5 City of Clearlake Departments

3.5.1 City Clerk

City Clerk Department Mission Statement:⁴³

Ensure citizen's trust in government by administering the City's democratic processes such as open and free elections, safeguarding and providing access to City records, and ensuring that all legislative actions are transparent and known to the public; and providing information and services to support the City Council, staff and the public.

In Clearlake, The City Clerk is an elected position. The elected clerk is responsible directly to the voters. Many of the duties are mandated by the California Government Code. These duties include providing assistance to the City Council, administering elections, maintaining liability claims, overseeing the City's adherence to legal requirements, and being ultimately responsible for maintaining and authenticating all City records. The City Clerk prepares Council meeting agendas and minutes, gives notice of public hearings, updates the Municipal Code, and serves as the financial disclosure officer according to the Fair Political Practices Act. The City Clerk also processes and tracks all bids and contracts.

As City Clerk/Administrative Assistant, this position is a member of the management team and is responsible for a multitude of duties, including conducting and administering the City's recruitment and selection program, maintaining personnel files, administration of the City's Risk Management program, developing, administering, and conducting City-wide training programs, ensuring City compliance with applicable labor, benefit, medical and safety laws and regulations, and processing Worker's Compensation claims. The City Clerk is also a notary public.

Since 2007, the City Clerk has been a member of the Board Directors for the City's joint power authority for insurance, the Public Agency Risk Sharing Authority of California (PARSAC). In 2012, the City Clerk was appointed to the Executive Committee of PARSAC, which analyzes, researches, and develops programs and services for the PARSAC Board to consider. The City Clerk organizes and facilitates use of the Clearlake Community Senior Center. The City Clerk also oversees the City's Information Technology needs, working with an independent consultant to ensure continued operations.

The budget for the City Clerk is shown below:

⁴³ City of Clearlake, Proposed Budget, FY 2013-2014, Page 23.

City of Clearlake 2014-15 Operating Budget General Fund (Fund 100) Department 100250 CITY CLERK⁴⁴				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 PERSONNEL*				
01 Salaries	39,530	42,459	46,550	61,375
09 Health/Life Ins.	15,635	16,763	17,218	23,561
10 SDI	451	456	414	597
11 PERS (EE)	2,603	2,804	2,897	4,296
12 Vacation Reserve	1,393	1,470	-	1,944
15 PERS (ER)	4,585	5,039	5,791	9,180
16 Workers Comp.	983	755	534	747
17 Unemployment Ins.	-	-	-	633
19 Medicare	593	661	652	918
20 Car Allowance	1,908	1,634	-	2,064
SUBTOTAL	67,681	72,041	74,056	105,315
600 SUPPLIES AND MATERIALS				
35 Supplies	2,211	655	800	800
SUBTOTAL	2,211	655	800	800
650 UTILITIES				
50 Books	40	163	600	600
51 Memberships**	255	265	275	275
53 Travel/Conf.***	-	226	1,500	1,500
SUBTOTAL	295	654	2,375	2,375
750 CONTRACT SERVICES****				
60 Consultant Serv.	3,093	3,157	3,500	3,500
SUBTOTAL	3,093	3,157	3,500	3,500
800 CAPITAL EQUIPMENT*****				
81 Equip. /Software	1,944	1,470	15,010	15,010
SUBTOTAL	1,944	1,470	15,010	15,010
TOTAL	75,224	77,977	95,741	127,000

*Salaries and benefits for 86% of City Clerk.

** Memberships include City Clerks Association, IIMC, and IPMA-HR.

***Travel and Conferences include the League of CA Cities, City Clerk Conference, CAJPA (CA Association of joint Powers).

**** Consultant Services are for Sonic Nichols Consulting and Fischer Computer.

*****Equipment and Software is for TKO Electronics and computer costs.

In nearly all governmental operations, salaries are the main expense and the City Clerk is no exception.

⁴⁴ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 18.

3.5.2 City Attorney

Clearlake City Attorney Mission:

The City Attorney is committed to providing accurate, timely, proactive and cost-effective legal representation for the City of Clearlake.

The Clearlake City Attorney is appointed by and serves at the pleasure of the City Council. The City Attorney advises the City in regard to all legal matters pertaining to the business of the City and acts as primary provider of legal services and counsel to the City and City staff. The City Attorney also acts as counsel to the Redevelopment Agency (RDA) successor agency and the Clearlake Public Financing Authority. Ryan Jones of Jones and Mayer serves as the City Attorney.

The Budget for the City Attorney is as follows:

City of Clearlake 2014-15 Operating Budget General Fund (Fund 100)				
Department 100220 CITY ATTORNEY⁴⁵				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
750 CONTRACT SERVICES				
64 City Attorney Serv.	57,982	48,245	70,000	50,000
66 Extra Legal Serv.	67	-	-	
67 Legal Serv.-Police	6,866	5,511	-	
TOTAL	64,915	53,756	70,000	50,000

Every city needs Legal Counsel. The use of a contract attorney to provide this service saves money because the person is specifically paid for work that is for the City of Clearlake. The attorney is from a firm well known and respected for local government work.

3.5.3 City Finance Department

Clearlake City Finance Department Mission:

To assist the City Council, City Manager and operating departments in prudently managing and protecting the assets of the City of Clearlake by providing accurate and timely budget information, high quality business planning, financial accounting services, assisting the City Manager in the development and preparation of financial policies and solving fiscal problems.

The Clearlake Finance Department plans, directs and coordinates the fiscal activities of the City of Clearlake in accordance with specific objectives established by legal and GAAP (generally accepted accounting principles) for governmental agencies. This includes, budget, debt administration, cost and revenue accounting, accounts and loans receivable, administering and collecting transient occupancy, business license, and sales taxes, accounts payable, payroll and benefits, fixed assets, management of the City's financial accounting software, investments and cash management and grants. The Department is also responsible for handling the financial and administrative work of the Redevelopment Successor Agency and working with the City's outside CPA firm on the annual audit and the annual financial report.⁴⁶

⁴⁵ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 16.

⁴⁶ City of Clearlake, Adopted Budget, FY 2012-2013, Page 17.

The budget for the Finance Department is as follows:

City of Clearlake 2014-15 Operating Budget General Fund (Fund 100)				
Department 100210 FINANCE⁴⁷				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 PERSONNEL*				
01 Salaries	47,911	51,710	127,938	119,577
06 Overtime	-	947	-	-
09 Health/Life Ins.	5,895	9,902	45,190	39,538
10 SDI	430	546	1,262	1,201
11 PERS (EE)	2,233	3,341	8,833	2,151
12 Vacation Reserve	1,850	-	-	572
15 PERS (ER)	4,881	2,561	17,656	10,149
16 Workers Comp.	2,917	6,004	1,499	1,418
17 Unemployment Ins.	-	990	-	1,201
18 FICA	513	234	-	-
19 Medicare	797	846	1,830	1,742
20 Car Allowance	-	-	-	1,560
SUBTOTAL	67,427	77,081	204,208	179,109
600 SUPPLIES AND MATERIALS				
32 Maint. Contracts**	13,622	17,878	17,000	17,000
34 Printing	55	20	100	100
35 Supplies	454	257	300	350
SUBTOTAL	14,131	18,155	17,400	17,450
700 TRAINING AND TRAVEL				
51 Memberships***	55	300	200	300
53 Travel/Training****	267	2,930	2,000	1,000
55 Recruit. Exp.*****	979	1,211	-	1,000
SUBTOTAL	1,301	4,441	2,200	2,300
750 CONTRACT SERVICES *****				
60 Consultant Serv.	262	376	-	3,000
61 Temp. Labor	72,314	64,661	-	3,000
SUBTOTAL	72,576	65,037	-	3,000
800 CAPITAL EQUIPMENT*****				
81 Equip./Software	-	-	8,000	10,000
SUBTOTAL	-	-	8,000	10,000
960 OTHER EXPENDITURES, Contribution to Lake Family Resources warming center				
91 Contribution	-	-	1,000	1,000
970 INDIRECT COSTS				
99 Trans. To Suc. Ag.				48,200
TOTAL	155,435	164,714	232,808	261,059

*Salaries and benefits for 65% of Finance Director and 90% of two Account Clerks.

** Maintenance Contracts include ACS Computer hardware and software maintenance.

*** Memberships include CSMFO

⁴⁷ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 14.

****Travel and Training includes continuing education from CSMFO for finance staff.
 *****Recruitment Expenses include Recruitment costs for new Finance Director.
 *****Consultant Services include Joe Stimac for State Controller Report, Fischer Computer Systems.
 *****Equipment/Software includes the cost to replace/finance replacing AS 400 and/or replacing desktop computers.

City finances are complicated and require professionals to make sure that all legal requirements are followed.

3.5.4 Police Department

A. Mission Statement

City of Clearlake Police Department Mission:

*To enhance public safety by providing professional, trustworthy service, in partnership with the community.*⁴⁸

The Clearlake Police Department's primary responsibilities include responding to requests for emergency and non-emergency police service, offender apprehension, crime deterrence, case investigation, evidence gathering, traffic enforcement and investigation, maintenance of order within the community.

The Clearlake Police Department provides full service law enforcement/dispatch 24 hours a day 7 days a week. The Clearlake Police Department responded to over 21,000 incidents, which resulted in approximately 3,900 reports being completed and over 1,900 persons being arrested in 2011-12.⁴⁹ The Department includes 22.5 sworn personnel, 5 dispatchers and 2 support staff.

B. Comparison of Police Departments

The following table is a comparison of the staff and budget for the City of Clearlake and other cities close to Clearlake in population size. The City of Clearlake provides the most economical police protection compared to Marysville, Red Bluff and Ukiah; however, the budget for the City of Susanville is lower even though the population is higher. It is not always clear whether the grant funds are included in the budget for each city.

COMPARISON OF CITY POLICE DEPARTMENTS						
City	Population	Sworn Officers	Support Staff	Total Police Staff	Budget 2013-14	Per Capita Cost
Clearlake	15,192	22.5	7	29.5	\$2,688,684	176.98
Marysville ⁵⁰	12,072	21.0	7	28.0	\$3,373,414	279.45
Red Bluff ⁵¹	14,076	23.0	10	33.0	\$4,259,431	302.61
Susanville ⁵²	17,974	16.0	2	18.0	⁵³ \$2,196,808	122.23

⁴⁸ City of Clearlake, Proposed Budget, FY 2013-2014, Page 29.

⁴⁹ City of Clearlake, Adopted Budget, FY 2012-2013, Page 28.

⁵⁰ City of Marysville, <http://www.marysville.ca.us/index.php/finance-administration/city-budget>, September 27, 2013, Budget 2013014, Page 4.5.

⁵¹ City of Red Bluff, <http://www.cityofredbluff.org/publicnotices/>, September 27, 2013.

⁵² City of Susanville, <http://www.cityofsusanville.net/police-department/>, October 7, 2013.

⁵³ City of Susanville, <http://www.cityofsusanville.org/>, October 7, 2013.

Ukiah ⁵⁴	16,075	26.0	19	47.0	\$5,767,878	358.81
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C. Police Department Budget

The condensed budget for the Clearlake Police Department is as follows:

City of Clearlake 2014-14 Operating Budget General Fund (Fund 100) Department 500100 POLICE⁵⁵				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel/Sal./Benefits*	1,998,191	2,310,496	2,359,417	2,351,730
Supplies/Materials**	179,777	211,408	226,675	231,075
Services/Utilities***	22,286	20,120	23,640	20,340
Training/Travel****	29,341	37,258	44,500	46,500
Contract Services*****	10,983	26,385	34,000	28,200
Capital Equipment	64,722	5,809	-	-
Indirect Costs*****	167,981	-	-	18,404
TOTAL	2,473,281	2,611,476	2,688,232	2,696,249

* Salaries and benefits for the Chief of Police, Lieutenant, Detective Sergeant, 3 Sergeants, 7.5 Police officers, 5 Dispatchers, a support service technician and a Records/Communications Supervisor.

** Supplies and Materials include the annual cost of maintenance for police vehicles, various technology contracts, print jobs, office and building supplies, police shipping costs, uniforms, police supplies, supplies from Apple Time Inc. and annual cost of fuel for police vehicles.

*** Services and utilities includes janitorial service contract with Go for It Janitorial and Police telephone costs.

**** Training and Travel includes membership in various professional police associations, recruitment costs including background checks for new employees due to turnover in the department and reimbursable Police Officer Standards Training (POST).

*****Contract Services include evidence destruction costs, Extradition costs, costs relating to sexual assaults and blood draws, and a Contract with Valley Toxology.

*****Indirect Costs include the City match for police officer hired through the COPS grant program.

The City Manager notes “there will be one police officer vacancy the entire year resulting in a cost savings of \$60,529.”⁵⁶ The basic budget shown above for police services only gives a portion of the amount spent on police services because there are additional funds for police services from Proposition P and from grants. These funds are explained below.

D. Proposition P

Section 10 of the Proposition P ordinance imposes a “maintenance-of-effort” on the General Fund stating the following:

The City shall continue to spend the same percentage of the general fund directed toward police protection purposes as exists on the effective date of this

⁵⁴ City of Ukiah, <https://www.ukiahpolice.com/statistical-information/>, October 9, 2013.

⁵⁵ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 31, 32 and 33.

⁵⁶ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page iii.

ordinance until such time as the City reaches and maintains a ratio of one police officer for each 500 of population. Upon obtaining that ratio, the City may thereafter direct any general funds (but not the special funds received as tax by this ordinance) not required to maintain that ratio to other City services or functions.

The City population on January 1, 2014 was 15,194. This would require 30.4 sworn officers, more than the proposed 21.5.

Proposition P is the sales tax measure passed by the voters in 1994 and adopted by the City in Ordinance 56-94. The measure imposes a ½ of one percent sales tax on retailers in the city limits to be used only for maintaining police protection services at a service level in excess of the service level existing as of the effective date of the ordinance.

The calculation of Maintenance of Effort (MOE) is shown below:⁵⁷

City of Clearlake Proposed 2014-2015 Calculation of Maintenance of Effort (MOE) Consistent with Resolution 99-02⁵⁸		
	Proposed 2014-2015	
Property Taxes	\$781,417	
Sales Tax	\$1,424,244	
Transient Occupancy Taxes	\$168,246	
Homeowner Property Tax Relief	\$12,145	
Document Transfer Tax	\$19,376	
Business Licenses	\$52,421	
Franchise Fees	\$306,097	
Property Taxes In-Lieu of VLF	\$1,102,061	
Motor Vehicle Fees	-	
Sale of Documents	\$17	
Miscellaneous Income	\$2,454	
Total MOE Designated Revenues	\$3,868,478	
		63.5%
Require Maintenance of Effort (MOE)		\$2,456,484
Proposed 2014-15 Fees from Police Services & GF Grants		\$139,900
Total Contribution to Police Services		\$2,596,384
Less 2014-15 Appropriations from Above		\$2,696,249
Proposed Expenditures in excess of MOE and Proposed Police Revenues		\$99,865

The City Manager reports “Measure P Fund costs are now balanced to Measure P Revenues.”⁵⁹

E. Police Grants

In addition to funding from Proposition P, the Police Department relies on several grants as is shown in the following budget table:

⁵⁷ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 34.

⁵⁸ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 34.

⁵⁹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page iii.

CITY OF CLEARLAKE 2014-15 POLICE GRANTS SUMMARY				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
SLESF Grant: Supplemental Law Enforcement Services Fund (State of CA Grant) ⁶⁰				
Revenues*	100,500	-	100,000	100,400
Appropriations**	10,799	34,796	-	41,000
Transfers***	-	-	100,000	100,000
Total Expenditures	10,799	34,796	100,000	141,000
Net Activity	89,701	(34,796)	-	(40,600)
Asset Forfeiture (Distributed by County DA from pending drug cases.) ⁶¹				
Revenues (Interest)	12,391	-	-	40
Appropriations	1,356	-	-	-
Total Expenditures	1,356	-	-	-
Net Activity	11,035	-	-	40
Federal COPS (Community Oriented Policing Services) Grant ^{62****}				
Revenues	53,478	-	33,251	61,344
Appropriations	83,330	-	33,253	61344
Total Expenditures	83,330	-	37,977	61344
Net Activity	(29,852)		(4,726)	

*Includes Interest income earned on cash balance in fund.

** Includes Computer replacements and consulting with computer logistics.

*** Transfer of funds to General Fund to cover cost of police salaries.

****The Federal COPS Grant funds a police officer position over a three-year period with some general fund match required. The grant pays \$191,997 over three years the City has a match of \$75,000 or 28% of the total. The Grant Number 2013UMWX0033 will expire on August 31, 2016. Included in the 2014-15 budget is the cost of a police officer for the full year with funding coming from the grant and the City's 28% match.

F. Animal Control

Animal Control is also a function of the Police Department since it was transferred from a contract with the County of Lake during FY 2009-10. The Animal Control Department of the General Fund provides animal regulation services that promote public safety, health and responsible pet ownership and delivers these services in a timely, courteous, professional and cost effective manner. At the printing time of the budget, the City was deciding to operate the Animal Control in house or to out-source it to the County or another agency. The budgeted amount will cover the historical cost in either case. The summary budget for Animal Control is shown below:

⁶³

⁶⁰ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 49-50.

⁶¹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 51-52.

⁶² City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 53-54.

⁶³ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 35.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) Department 500300 ANIMAL CONTROL⁶⁴				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel/Sal./Benefits*	74,775	97,482	-	73,346
Supplies/Materials**	7,404	7,856	-	-
Training/Travel***	145			
Contract Services****	26,893	25,022	135,000	62,688
Capital Equipment*****	40,071	5,880	5,900	5,879
TOTAL	149,288	136,240	140,900	141,913

*Salaries and benefits for a Support Service Technician.

**Maintenance cost of Animal Control vehicle, annual fuel cost for Animal Control vehicle.

***Continuing education and travel for Animal Control staff.

****Contract Services with County of Lake, SPCA, Other Services with AT&T, Veterinary Services: Clearlake Veterinary Clinic.

*****Equipment includes Vehicle Purchase: current year principal payment on lease purchase that ends in December 2015, and Vehicle Lease Interest: Current year interest payment on lease purchase that ends in December 2015.

The Animal Control operation generated a number of recommendations and comments from both the 2010 and 2011 Grand Juries as shown in Appendix C at the end of this report. The Animal Control program generated these comments when the budget was lower than the present budget. The City is working to maintain a professional and humane Animal Control program and now has a contract with the SPCA (Society for the Prevention of Cruelty to Animals).

G. Grand Jury Recommendations

The 2010 Grand Jury had recommendations regarding the City of Clearlake Police Department, which are shown in Appendix C at the end of this report.⁶⁵

The Lake County Grand Jury issued another report for the 2012-2013 on June 30, 2013. This report is in Appendix D at the end of this report along with the City and Police Department response. This report focused upon officer retention, which was difficult since wages and benefits in adjacent counties are higher as enumerated in the report. The City and the Police Department have responded to the findings of the report, which are as follows:

F-1 Officer Retention is difficult due to lower pay and benefits compared to cities within surrounding counties

F-2 In general, the crime rate and population increase during the summer months due to tourism

F-3 The police department responds to a large number of calls for service each year

F-4 Clearlake Police officers have been assigned to a certain beat area to promote community oriented policing

⁶⁴ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 35-36.

⁶⁵ City of Clearlake, Grand Jury Response, September 24, 2010.

The City agreed that the four findings listed above are accurate.⁶⁶

3.5.5 City Engineer

The City contracts for engineering services. The contract engineer is responsible for the oversight of all matters relating to the design and construction of specific infrastructure projects that serve the citizens of the City of Clearlake including public facilities, streets, sidewalks, street lights, drainage system, senior/community center, City buildings and all parks and recreation facilities.

Clearlake City Engineer Mission:

Oversee the design and develop financing sources for public infrastructure of the City of Clearlake consistent with the goals and policies of the City of Clearlake.

⁶⁷

The summary budget for the City Engineer is as follows:

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100)				
Department 700100 City Engineer ⁶⁸				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel/Sal./Benefits*	66,258	65,352	29,277	29,779
Supplies/Materials**	1,952	1,804	3,000	3,000
Contract Services***	17,132	-	10,000	10,000
Capital Equipment****	-	631	1,000	1,000
Other Expenses*****	7,279	7,279	10,000	10,000
TOTAL	92,621	75,066	53,277	53,779

*Salaries and benefits for 10% Permit Technician, 8% Grant Technician, and 20% of the cost of the part-time City Engineer.

** Supplies and materials include maintenance of printers and plotters, licensing contract with ARCGIS for computer mapping, advertising of Public Works contracts, costs associated with Public Works contracts and grant applications, miscellaneous supplies for the engineering department and project bidding costs.

***Contract is with Coastland Civil Engineer.

****Equipment includes TKO Electronic, Computer and GS Direct.

*****Other includes costs with the Regional Water Quality Control Board for the NPDES (National Pollutant Discharge Elimination System) Stormwater Management Permit.

The City Engineer is necessary to implement one of the main tasks of the City, dealing with stormwater management.

⁶⁶ City of Clearlake, City Council Staff Report for August 22, 2013, "Receipt of and Response to 2012-2013 Grand Jury Report."

⁶⁷ City of Clearlake, Adopted Budget, FY 2012-2013, Page 33.

⁶⁸ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 37-38.

3.5.6 Public Works Department

The Clearlake Department of Public Works is responsible for public facilities used, owned and enjoyed by the public. These facilities include the streets, sidewalks, streetlights, drainage system, senior/community center, City buildings and park and recreation facilities.

Clearlake Public Works Department Mission:

*Develop, operate and maintain public facilities and structures in a cost effective manner making the best use of the minimal resources available to fund the department's mission.*⁶⁹

The City of Clearlake Public Works Department has three budgets for streets, parks and the community center as shown below.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) Streets and Public Works Department 700150⁷⁰				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel/Sal./Benefits*	149,295	119,540	134,097	119,580
TOTAL	149,295	119,540	134,097	119,580

* Salaries and benefits for 45% of Director of Public Works, 10% Lead Maintenance Worker, 35% Maintenance Worker II, and 50% Senior Maintenance Worker.

The Gas Tax fund monies must be spent on building and maintaining public roadways. The funds can be spent for salaries and benefits of street maintenance workers, contracts to maintain and build roadways, and supplies and materials to maintain roadways. The City maintains approximately 115 miles of streets of which 50 miles are dirt and 65 miles are paved.⁷¹

⁶⁹ City of Clearlake, Proposed Budget, FY 2013-2014, Page 36.

⁷⁰ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 39-40.

⁷¹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 57.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 200) Gas Tax Fund Roads 100130⁷²				
FUND SUMMARY	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
REVENUES*	784,102	579,290	620,659	569,589
APPROPRIATIONS				
Personnel**	196,751	307,526	443,134	418,822
Supplies/Materials***	59,720	76,775	154,500	154,500
Services/Utilities****	46,998	48,584	67,500	67,500
Training/Travel*****	123	559	2,700	3,700
Contract Services*****	1,389	7,355	12,200	12,200
Capital Equipment	49,875	-	-	-
Capital Projects	-	-	310,000	-
Claim Settlements	39,976	-	-	-
Subtotal	394,832	440,799	990,034	656,722
TRANSFERS*****	(34,315)	(27,500)	(47,133)	(337,881)
NET DEPT. ACTIVITY	354,955	110,991	(416,508)	(425,014)

*Revenues include funds based on the City population, funds based on the number or registered vehicles in the City, funds from the Regional Surface Transportation Program (RSTP) a State grant for roads, and interest income based on the cash balance of investments.

**Personnel includes salary and benefits for 10% account clerk, 5% Finance Director, 50% Public Work Director, 85% Lead Maintenance Worker, 75% Maintenance Worker II, and 2.5 Senior Maintenance Workers.

***Supplies and materials include materials for rights-of-way such as asphalt and concrete, and tree trimming, drop inlets for storm water maintenance and permits from Department of Fish and Wildlife, materials for traffic signs such as stop signs and street signs, maintenance of PWD heavy equipment, vehicles, and tools, cleaning and office supplies, shirts, jackets and safety gear and fuel for PWD equipment.

****Services and Utilities include electric power for maintenance of intersection signals and street lighting; maintenance, power, sewer, water, solid waste removal, telephone, and cell phone for the public works yard.

*****Training and Travel includes safety training, continuing education of employees and the cost to recruit employees.

*****Contract Services include random drug and alcohol DOT testing; random striping and cross walk repairs and street report preparation.

*****Transfer of \$25,416 to HSIP project and \$312,465 to Street Maintenance Project.

Street maintenance is a major issue in the City of Clearlake. Not all roads within the City of Clearlake are not public roads. There are 24.65 miles of private roads the City inherited when it incorporated.⁷³ The County road standards have been improved since the incorporation but many of the lots were created without any obligation to pave the roads in the first place. (This is not only in Clearlake but also in most other parts of the County.) Some of these unimproved roads are not being maintained. Before purchase of a property the fact that these roads are private and not maintained should be disclosed by realtors to new buyers.

⁷² City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 55-58.

⁷³ City of Clearlake, Joan Phillipe, E-Mail: jphillipe@clearlake.ca.us, November 17, 2014.

The Pavement Management Report⁷⁴ provides a map and a list of which streets will be maintained to which level to help the public to understand that not all streets can be maintained to the top level. It is anticipated that if the public were more educated about the costs of street maintenance they may be more willing to tax themselves for this purpose.

The Pavement Management Report⁷⁵ states the following:

The City of Clearlake is responsible for the management, repair and maintenance of approximately 111.85 centerline miles of pavements, or 448 sections, of which 62.8 miles are paved. Again, the results of this report are based only on the paved network.

The table below summarizes the lengths of the roads in the City of Clearlake road network by functional class.

Road Network Summary Statistics for the City of Clearlake (Paved)⁷⁶			
Functional Class	Sections	Centerline Miles	Lane Miles
Arterial	13	6.13	12.26
Collector	55	23.13	46.26
Residential/Local	177	33.54	67.09
TOTAL	245	62.8	125.61

The network replacement cost is defined as the reconstruction of all the pavement sections in the City. The network replacement cost of the City's pavements is estimated at \$52.7 million.

The Pavement Management Report⁷⁷ explains the current pavement conditions as follows:

The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less. The average 2011 PCI of the street network of the City of Clearlake is 38, which is in "poor" condition.

The Pavement Management Report notes that the Arterial streets have a PCI of 83, which could be considered adequate. However, the Collector streets have a PCI of 41 and the Residential or Local streets have a PCI of 25.⁷⁸ Various road-paving treatments are described in Appendix E at the back of this report. The report points out that the better the roads are maintained now, the more cost-effective it will be to maintain them in the future.

⁷⁴ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

⁷⁵ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, Page 2. <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

⁷⁶ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, Page 2. <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

⁷⁷ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, Page 2. <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

⁷⁸ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, Page 4. <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

3.5.7 Parks

The City has three public park facilities that fall within the City limits as follows:

- 1) Redbud Park offers a full boat launch facility with plenty of parking and restrooms. It offers a place to sit and enjoy the view of Clear Lake.
- 2) Highlands Park lies in the middle of town and also offers a place to sit, have lunch and enjoy the view of Clear Lake.
- 3) Austin Park includes a full children's playground, beach, Skateboard Park, tennis courts, basketball and volleyball courts and a gazebo for family events and fun.

The cost of maintaining these parks is part of the General Fund obligation.

Currently the City has approximately 42 acres of public park space, equating to 2.36 acres of park per 1,000 people, exceeding the one-acre per 1,000 people standard. However, in spite of sufficient park space, most residents are not within walking distance to a park. Small neighborhood parks would add to the amenities of the City.

The Parks Budget is shown below:

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100)				
Parks Department 700500⁷⁹				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel*	57,470	59,763	76,988	80,364
Supplies/Materials**	3,695	4,513	5,610	6,000
Services/Utilities***	21,652	24,524	29,500	29,500
Other Expenses****	-	-	5,250	5,250
TOTAL	82,817	88,800	117,348	121,114

* Personnel costs include salaries and benefits for 5% of Director of Public Works, 5% Lead Maintenance Worker, and 90% Maintenance Worker II.

** Supplies and Materials include park vehicle and mower maintenance, cleaning supplies, fuel for mowers and park vehicle.

*** Services and Utilities include park building and park grounds maintenance, lights and irrigation pumps, park sewer, water and waste removal costs.

****Other expenses include Lake County Clearwater Program.

The 2010 Grand Jury made two recommendations regarding the parks as shown in Appendix C at the end of this report. ⁸⁰ The City may not be able to rely on County Jail inmates to do the maintenance work for the City parks. The City employees may have to do as much as possible without help. It might be possible to organize a "Friends of the Parks" volunteer group and use them for some tasks.

The community center section of the General Fund budget shows the costs for repair and maintenance of the Community Center and the remaining debt service on the facility. The Center is rented out to the public for receptions, dinners, parties and other events. The budget for the Community Center is shown below.

⁷⁹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 41-42.

⁸⁰ City of Clearlake, Grand Jury Response, September 24, 2010.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) SENIOR/COMMUNITY CENTER 100295⁸¹				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Supplies/Materials*	1,595	1,756	1,560	2,000
Services/Utilities**	34,906	31,132	39,500	32,600
Debt Service***	117,203	117,204	117,204	117,204
TOTAL	153,704	150,092	158,264	151,804

* Supplies and Materials include contracts for the fire alarm, monitoring, floor waxing and Energy Miser as well as Miscellaneous supplies for the Center.

** Services and Utilities include repairs and maintenance for the Center, electrical, heating, sewer service, water service and refuse removal service.

***Debt Service will be complete in July 2016.

The largest item in the Senior/Community Center budget is the payment of the loan and then the cost of the utilities. The loan payments cannot be changed but every effort should be made to reduce utility costs.

3.5.8 Planning

In the Municipal Service Review adopted by Lake LAFCO in 2005, it was recommended the City of Clearlake invest in a planning program and prepare a General Plan. The City is working with students and professors from the Cal Poly San Luis Obispo Department of City and Regional Planning to prepare a General Plan. The General Plan Background Report, an Administrative Draft of the General Plan as well as the Draft Environmental Impact Report (DEIR) are available on the City's website. Once the EIR is certified, the City may adopt its General Plan. The General Plan is expected to establish policies and land use designations to guide future development in the City assist the City in achieving its goals, and to provide a framework for a new zoning ordinance.

The City recently adopted a new Housing Element (2014-2019), which was certified by the California Department of Housing and Community Development (HCD). HCD found the housing element prepared by the City in full compliance with State Housing Law and HAD uses the City's housing element as a model housing element to assist other jurisdictions who are updating their housing elements. The City of Clearlake now meets specific grant funding requirements.

The remaining elements of the City's General Plan are nearing completion and the EIR is nearing certification and is expected to be adopted in Summer 2015. The City's general plan is a comprehensive update and revision of the City's existing General Plan (the 5th Cycle Housing Element was adopted separately) adopted on June 20, 1983, shortly after its incorporation. The General Plan is the City's constitution for future development. The proposed revised General Plan includes a preferred growth scenario, Goals, Policies and Objectives for future development as well as provides policies assist in future city decision making. The Draft General Plan and background report are available on the City's website. Adoption of the Sphere of Influence may not necessarily require an EIR. Here, the City's Sphere of Influence is to be coterminous with the City's existing boundaries. Therefore a finding of exemption is appropriate.

⁸¹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 21-22.

The Planning Department is responsible for project analysis, property development and land use review. The Department is staff to the Planning Commission. It is responsible for the implementation of the General Plan through administration of the Zoning Code, Subdivision Map Act, Municipal Ordinances, California Environmental Quality Act (CEQA), annexation law and special studies as appropriate. The budget for the Planning Department is shown below:

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100)				
Department 100300 PLANNING ⁸²				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Personnel*	12,200	11,528	17,384	17,869
Supplies/Materials**	193	84	225	225
Training/Travel***	-	375	375	375
Contract Services****	613	40	4,200	4,200
Capital Equipment*****	961	975	975	975
Planning Commission	900	750	825	1,500
Total	14,867	13,752	28,984	25,144

*Personnel includes salaries and benefits for 10% each of Grant Technician and Permit Technician.

**Supplies and Materials include the advertisement of Planning Commission meetings and the printing costs for Planning Commission agenda packets and the planning review process.

***Training and Travel includes cost for continuing education and travel for planning commissioners.

****Contract Services covers the cost of the contract with Planner Melissa Floyd.

*****Capital Equipment covers the cost of the annual subscription to *ParcelQuest*.

3.5.9 Building Department

The Building Department includes three budgets: development review, code enforcement and building maintenance.

The Building ~~Development Review~~ Development Review Department is responsible for the enforcement of codes, laws, ordinances and regulations pertaining to building construction and remodeling within the City. Enforcement is accomplished by application review, plan check services, processing building permits, performing inspections and responding to complaints. The Building Department provides services necessary to insure that construction within the City is performed in a safe and lawful manner by regulating uniform construction codes, energy conservation, ADA law, seismic safety, life safety, demolition of structures and permit activities. The budget for the Building ~~Development Review~~ Department is shown below.

⁸² City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 29-30.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) Building Department 300350⁸³				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 Personnel*	176,436	79,925	125,042	118,629
600 Supplies/Mat.**	591	947	2,450	3,200
700 Training/Travel***	799	-	2,070	2,070
TOTAL	177,826	80,872	129,562	123,899

*Personnel includes salaries and benefits for a Sr. Building Inspector, 5% of a Grant Technician and 30% of a permit Technician.

** Supplies and Materials include maintenance, repairs and fuel costs for building inspector vehicle.

*** Training and Travel includes Building Code books, professional membership dues and continuing education and travel for the building inspector.

The Code Enforcement Division is responsible for the administration of various land use regulations through code enforcement staff. The code enforcement officer maintains an active presence in the community responding to nuisance complaints including accumulation of excess debris on private property and any other violation of the City Code. The Code Enforcement budget is shown below.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) Code Enforcement Department 300100⁸⁴				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 Personnel*	29,071	29,421	29,094	30,033
700 Training/Travel**	1,043	200	2,100	2,100
750 Contract Service***	-	-	8,900	8,900
TOTAL	30,114	29,621	40,094	41,033

*Personnel includes salaries and benefits for 50% of the Permit Technician.

**Training and Travel include membership in the International Code Council, CACEO, and continuing education and travel for code enforcement.

***Contract Service includes a Vehicle abatement-towing contract.

The 2011 Grand Jury made a recommendation regarding mold shown in Appendix C at the end of this report. The budget above shows that the City of Clearlake has made progress since 2011 in increased funding for Code Enforcement.

The Building Maintenance Department is responsible for the operational costs of the non-Police section of the City Hall building. With the exception of telephone, all utilities of the building are charged to this department because there are no separate meters for water, sewer, propane and power utilities. The budget for Building Maintenance is shown below.

⁸³ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 29-30.

⁸⁴ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 25-26.

CITY OF CLEARLAKE 2014-15 Operating Budget General Fund (Fund 100) Building Maintenance Department 300300⁸⁵				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
500 Personnel	7,172	14,349	-	-
650 Services/Utilities*	61,066	67,406	89,126	89,126
700 Training/Travel	-	62	-	-
TOTAL	68,238	81,817	89,126	89,126

*Services and Utilities include the following:

Janitorial contract with Go for It Janitorial
Repairs and maintenance for City Hall
Annual electrical costs for City Hall with PG&E
Annual heating costs for City Hall with Amerigas
Annual sewer and solid waste removal costs
AT&T and MediaCom costs
Annual cost of water at City Hall with Golden State Water
Lake County Vector Control costs

3.5.10 PEG Television Station

The City of Clearlake provides space for the operation of PEG-TV. PEG-TV is Public Educational and Governmental Access Channels, which are set aside for public, educational and governmental use and are available for use by the general public. These channels are not a federal mandate but are a right given to a local franchising authority, who may exercise the right. The agreement between the City and the County regarding the PEG Television Station is shown in Appendix F at the end of this report.

The Board of Directors for the PEG-TV is a five member Board with one member appointed by the Lake County Board of Supervisors, one member appointed by the City of Clearlake and three members of the community appointed by a majority vote of the other board members. The budget for this program is shown below:

Lake County's emergency response communications protocols include the over-riding command of the PEG-TV cable channel in Lake County (Mediacom Channel 8) by the Lake County Office of Emergency Services and/or Lake County Disaster Council, as defined in Chapter 6 (Civil Defense) of the Lake County Municipal Code.

The City's emergency response protocols (identified in the City's Emergency Response Plan, and referenced in the General Plan "Safety" Element) should include disaster preparedness agreements with volunteer staff and management of the PEG-TV transmission services located in Clearlake City Hall.

⁸⁵ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 27-28.

CITY OF CLEARLAKE 2014-15 Operating Budget (Fund 120)				
Public Education and Government TV (PEG-TV) Department⁸⁶				
APPROPRIATIONS	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
REVENUES				
MediaCom Pass thru (franchise fee has recently been implemented)				
Fees-Yuba College	5,400	-	5,400	5,400
Contrib. County of Lake	5,000	-	5,000	5,000
Membership fees	175	-	300	300
Interest Income	-	-	-	30
Donations from public	868	-	100	100
TOTAL REVENUES	11,443	-	10,800	10,830
APPROP. /TRANS. OUT				
Personnel	-	-	-	-
Supplies (tapes etc.)	403	100	1,300	2,000
Services/Utilities*	85	291	400	1,000
Training/Travel	25	-	2,000	2,000
Contract-PEG Mgr.	57	-	1,700	-
Equipment/Software	105	422	5,000	4,525
Transfer to Gen. Fund	-	-	1,305	1,305
TOTAL APPROPRIATIONS	675	813	11,705	10,830
NET ACTIVITY	10,768	(813)	(905)	-

* Service and Utilities include web domain hosting, technical support and downloading subscription services.

The City of Clearlake responded to the 2009-10 Grand Jury regarding the operation of PEG-TV as shown in Appendix C at the end of this report.⁸⁷ The Grand Jury Report indicates that there is public confusion regarding how the PEG-TV station is operated. The role of the PEG-TV Board of Directors and the role of the City Council are not clear to the general public. Currently, there is progress in clarifying the role of PEG-TV and establishing stabilized funding.

3.6 Storm Water Management and Flood Control Services

3.6.1 Storm Drainage Master Plan Introduction

The City of Clearlake hired a consultant in 1994 to update the 1982 Storm Drainage Master Plan ~~in 1994~~. Although this plan is old it still describes the basic problems and no new Plan has been prepared. According to the Storm Drainage Master Plan:⁸⁸

The City of Clearlake is plagued by a lack of adequate storm drainage facilities. The condition is so serious that many properties are at risk of flood related damage on an annual basis. A number of events have occurred in the past that have contributed to this condition.

⁸⁶ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 45-46.

⁸⁷ City of Clearlake, Grand Jury Response, September 24, 2010.

⁸⁸ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 1.

The City developed as a resort community along the shores of Clear Lake. Apparently little thought was given to the necessity for storm drainage facilities when early development was taking place; they are virtually non-existent in the older sections of the City. In areas where facilities exist, they are of inadequate capacity to accommodate the runoff from even the most moderate of storms.

As development of the community continued, with its accompanying increase in the area of impervious surfaces, the volume and rate of storm water runoff increased. This has lead to serious overloading of the already minimal drainage facilities in the City. The problem is magnified by the large number of existing, unimproved parcels in the City.

Many “paper subdivisions” were approved in the 1920’s and 1930’s, creating thousands of city lots without any improvements. These lots are available at relatively modest cost. As these parcels are developed, the storm drainage problems become worse.

In addition, much of the development within Clearlake has occurred without regard to the possibility that existing natural drainage channels are inadequate to carry the naturally occurring flow during moderate to severe winter storms. This situation adds substantially to the problem.

3.6.2 Historical Basis of Storm Drainage Issues

The City of Clearlake is situated along the southeast shore of Clear Lake. It occupies significant low-lying areas along the shoreline, as well as highland areas east of the Lake. The City of Clearlake was developed as the growth of two separate areas merged. These areas were referred to as Clearlake Park and Clearlake Highlands. These two separate areas grew somewhat independently with separate utility providers and post offices, with the general direction of growth dictated only by the needs of the area.

Growth control and management were provided by the County of Lake until the City was incorporated. As a result, many of the facilities and features that should have been coordinated as the area developed were not, resulting in confusion in the development of infrastructure within the City. This manifests itself most notable in the confusing street pattern in the area.⁸⁹

3.6.3 Topography and Storm Drainage Issues

The City of Clearlake is characterized by the low-lying areas adjacent to the shores of Clear Lake and the highland areas lying to the east of the Lake. The low-lying areas range in elevation from 1,130 feet to 1,400 feet above sea level. The highland areas consist of gently rolling topographic features, ranging in elevation from 1,400 to 1,550 feet above sea level. There are three relatively large watersheds and numerous smaller watersheds within the City. The three largest watersheds are as follows:⁹⁰

1. Burns Valley Creek Watershed

⁸⁹ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 3.

⁹⁰ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 3.

Burns Valley Creek and related tributaries provide drainage for the northeasterly portion of the City, as well as for a sizeable area to the northeast of the City. This drainage area slopes in a southwesterly direction and is characterized by steeper slopes in the upstream portions of the drainage area and flatter slopes in the lower reaches near the shores of Clear Lake.

The slopes in the upper reaches are adequate to provide gravity drainage. The slopes in the lower reaches are extremely flat and it is questionable as to how adequate drainage in these reaches can be provided. This drainage area is difficult to characterize, because it has several watercourses, which flow through it. The main watercourse is Burns Valley Creek. Secondary watercourses include Miller Creek, or the Burns Valley Overflow, and Alvita Creek. Local residents say that this overflow, which was named locally as Miller Creek, actually started when landowners constructed an overflow channel in an attempt to control the overflows of Burns Valley Creek during moderate or severe storms.

As urban development in the watershed occurred, this overflow channel was enlarged and “institutionalized.” The name Miller Creek still does not appear on maps of the area, such as USGS Topographic Maps.

2. Molesworth Creek Watershed

Molesworth provides drainage to a significant portion of the easterly portion of the City. This drainage area also slopes from east to west, and is the main watercourse from the largely undeveloped area east of State Highway 53. The watercourse originates east of the City and flows westerly through the westerly side of the City into the developed area west of State Highway 53 as it makes its way to Clear Lake. The channel is significantly undersized in the westerly area of the City where urban development has encroached upon the banks of the creek channel. Continued building in the undeveloped areas east of State Route 53 will aggravate this problem.⁹¹

3. Cache Creek Watershed

The Cache Creek drainage is the outflow from Clear Lake. This drainage meanders through a significant wetlands area along the southwesterly area of the City, the Anderson Marsh, from west to east towards the Cache Creek Dam. This dam regulates the outflow from Clear Lake during periods when the water level in the Lake is high enough to flow through the outworks of the dam.

The water level in Clear Lake is regulated in accordance with court rulings generally referred to as the Gopcevic Decree. These rulings have a long history, and discussion of the significance of these decrees is not within the scope of this study. However, it should be noted that the water level in Clear Lake does affect the capacity of some of the major watercourses during times of extremely high Clear Lake water levels.⁹²

⁹¹ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 4.

⁹² City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 4.

3.6.4 Deficiencies in Existing Storm Drainage Facilities

The following deficiencies in the existing storm drainage facilities were reported in the 1994 Storm Drainage Master Plan and, for the most part, are still in existence today:⁹³

1. Absence of lateral drains throughout most of the City.
2. Absence of curbs and gutters throughout most of the City. Although they may not specifically lead to flooding, it does lead to an inability to direct storm water runoff, which results in many complaints and localized damage to the street system and private property
3. Insufficient capacity of inlets, where they exist.
4. Poor condition of existing pipe, where it exists.
5. Insufficient slope and capacity of roadway culverts.
6. Encroachment of development into natural creek channels.
7. Insufficient width of drainage easements, or lack of drainage easements, with the resulting lack of ability to maintain or improve the channels for good hydraulic characteristics.
8. Numerous encroachments into the natural waterway areas, including refuse and debris dumped into the channels.
9. Lack of maintenance for storm drain facilities.

3.6.5 Storm Water Control Measures

The following six storm water control measures are in the Storm Drainage Master Plan:⁹⁴

1. Disconnection of Impervious Surfaces

The Disconnection of Impervious Surfaces refers to the technique of not providing a direct connection between the impervious surfaces associated with development, such as roofs and driveways, and the storm drainage system. Rather than directly connecting runoff from these surfaces into the storm drainage piping or street gutters by a pipe or a direct channel, runoff should be directed across a yard or to a grassy drainage swale. Thus runoff must first flow across a pervious surface before it flows into an impervious smooth drainage pipe. The pervious surface may include infiltration or detention facilities. Use of this technique greatly slows down the accumulation of runoff and reduces the intensity of the runoff.

⁹³ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 9.

⁹⁴ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 16.

2. Friction Control

Various friction control techniques provide pathways for storm water flows that will reduce runoff velocity. Reduced velocity reduces erosion and sedimentation, and increases infiltration into the groundwater regime. Friction control also increases storm water runoff time, thereby reducing peak rates of runoff.

Vegetative cover absorbs energy from falling rain, maintains the soil's capacity to absorb water, and slows runoff velocity. Grassed swales and channels should be wide and shallow, and maintain as flat a grade as possible. Swales are preferable to curbs and gutters because they slow runoff, allow infiltration, and decrease the necessary sizes of drainage piping. Rock lined swales and channels have similar effects. Diversion methods, such as diagonal earth mounds across drainage channels, also tend to increase the length of the water's travel path and thus reduce water velocity.

3. Grading Control

Grading control techniques can also reduce runoff. The two most effective techniques are terracing and drop structures. Terracing is effective when a broad sloping lawn or other area is involved. A combination of grass and minimum slope slows storm water significantly. Drop structures, constructed from timber, rock, concrete, or other materials can be placed at intervals in channels to reduce the slope of the channel bottom between drops. This reduces the velocity of water flow in the channel.

4. Induced Infiltration

In area with well-drained soils, induced infiltration may significantly reduce runoff. Subsoil drainage characteristics, vegetation quantity and composition, and the presence of penetrating roots all work together to increase infiltration. Porous pavements in parking lots and low-traffic-volume roadways increase infiltration in developing areas. Induced infiltration control for parking areas whereby storm water is directed from the pavement by grading techniques into stone-filled infiltration areas is effective at reducing runoff.⁹⁵

5. Retention

Retention facilities maintain a planned, permanent water level even after storm runoff has ceased. These permanent ponds and lakes, wetlands, reservoirs, and stream channels enhance property values and landscapes and provide recreation, water for irrigation and fire protection, and wildlife habitat. Permanent storage areas are frequently combined with detention methods to provide additional storage capacity to store runoff temporarily and to release runoff at a controlled rate.

6. Detention

Detention facilities store water temporarily, releasing it at a controlled rate. They are dry when not in use. They may be designed into parking lots, lawns, swales, or open spaces. A detention facility should be located upstream from area subject to flooding or channel erosion.

Parking lot detention may include storage of runoff in depressions constructed at drainage locations or along curbs and between parking bays. The stored water is release slowly, either through underground pipes of limited size or flow restrictors. Parking lot detention may collect runoff in grassed or gravel-filled areas, which act as small detention ponds releasing stored water into the drainage system while allowing for some infiltration.

⁹⁵ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 17.

Dry detention basins such as lawns, landscaped rock gardens and picturesque dry creek beds store water for short periods and release it later. Large-scale detention facilities can be designed for open green spaces of residential developments or park systems and can provide community recreation in dry periods.⁹⁶

3.6.6 Proposed Storm Drainage Improvements

The Storm Drainage Master Plan 1994 (based on the City's 1982 plan) proposed numerous improvements to various areas of the City of Clearlake. However, these improvements have not been funded or constructed for the most part.

3.7 City of Clearlake Budget

3.7.1 Revenue Summary

The City of Clearlake provides detailed information on revenues and a summary is provided in the table below.

CITY OF CLEARLAKE 2014-15 Operating Budget (General Fund 100)⁹⁷				
REVENUES-FUND 100	FY 2011-12 Actual	FY2012-13 Actual	FY 2013-14 Adopted	FY 2014-15 Adopted
Property/Sales Taxes*	3,187,805	3,396,923	3,241,463	3,554,636
Licenses/Fees	374,435	372,155	375,277	365,150
Motor Vehicle Fees	15,401	48	-	-
Police Services	109,126	120,475	112,235	39,900
Building Fees	101,992	96,700	83,700	107,885
Code Enforcement	2,379	2,500	-	-
Use of Money/Facilities	269,407	28,994	28,372	29,172
Other Revenue	148,049	186,433	72,743	68,600
Total Revenue	4,208,594	4,204,228	3,913,790	4,165,343
RDA SA Loan Repay	-	-	-	83,146
Transfers-In	24,831	230,048	405,305	312,727
Total Revenue/Transfers	4,233,425	4,434,276	4,319,095	4,561,216

*The sales tax is projected to increase \$166,600 over the 2013-14 Budget.⁹⁸

As shown above, property taxes and sales taxes make up the majority of the revenues received by the City of Clearlake. The total appropriations for 2014-15 were \$4,560,121.⁹⁹ The City Manager notes that the 2014-15 Budget was financed with \$317,000 in one-time funds, including \$57,000 in insurance refunds, \$10,000 in sale of City property, \$100,000 as a transfer in from a police grant fund, and \$150,000 in transfers from unused funds in the Capital Projects fund.¹⁰⁰

⁹⁶ City of Clearlake, Storm Drainage Master Plan, Prepared by Howard H. Bashford, 243 W. Greentree Drive, Tempe AZ 85284, Phone 602-831-6854, February 4, 1994, Page 17.

⁹⁷ City of Clearlake, Proposed Annual Budget FY 2014/2015, Pages 4-5.

⁹⁸ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page iii.

⁹⁹ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page 8.

¹⁰⁰ City of Clearlake, Proposed Annual Budget FY 2014/2015, Page iv.

3.7.2 Revenue Explanation

The various forms of revenue for the City of Clearlake are explained below:¹⁰¹

Property Taxes are collected by Lake County and are apportioned to the City (and other agencies) based on formulas established in 1978 with the passage of Proposition 13. The City receives about 15% of the total tax collected in two payments (January and May).

Secured Property Taxes are secured by the real property for which they are assessed. In addition to the standard annual property tax billing, there are several other types of secured taxes that may be billed throughout the year including the following taxes: supplemental, corrected, additional, and escaped tax.

Unsecured Property Taxes are assessed to personal property and receive an unsecured tax bill. Personal property taxes are the responsibility of the person or entity that owned the property January 1st of the preceding tax year. There are several types of unsecured property including the following: business property, watercraft, aircraft, possessory interest, unpermitted mobile homes, and certain supplemental taxes if billed after a change in ownership.

Supplemental Property Taxes are issued when there is an increase in taxable value caused by a change in ownership or construction. More than one tax year may be affected by the increase in value, causing more than one supplemental bill to be issued. Even if a property has been sold, the original owner may be billed for any change in value relating to the dates of their ownership.

Transient Occupancy Tax (TOT) is collected from all hotels, motels, bed and breakfast or other establishments that provide transient occupancy (rentals for less than 30 days) in the City limits. Clearlake's TOT rate is 9% of the rental rate and is paid to the City monthly.

3.7.3 Grand Jury Recommendation Regarding Budget

The 2010 Grand Jury made the following comment about the City budget:¹⁰²

Grand Jury R5p47: The City Council establish a policy that when decisions are made affecting the City budget, the City Council be provided backup financial detail prepared by the Finance Director and that the detail be available and kept with the budget for future measurement purposes.

City of Clearlake Response: The City Council is provided backup financial detail when decisions are made that affect the budget. Backup information is maintained.

¹⁰¹ City of Clearlake, Adopted Budget, FY 2012-2013, Page 7.

¹⁰² City of Clearlake, Grand Jury Response, September 24, 2010.

3.8 City of Clearlake Audit

The audit reports on actual expenses rather than on planned expenses as shown in a budget. The most recent audit for the City of Clearlake was prepared for the year ending June 30, 2013 by Terry E. Krieg, CPA.¹⁰³

3.8.1 *Net Position*

The audit shows the following statement of Net Position:

City of Clearlake Statement of Net Position June 30, 2013¹⁰⁴	
	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	2,231,593
Net receivables	946,920
Prepayments	58,601
TOTAL CURRENT ASSETS	3,237,114
Noncurrent assets:	
Long-term notes receivable (explained below section 3.8.3)	11,982,053
Long-term advances to successor agency	1,698,264
Land held for resale	575,470
Net capital assets* (explained below in section 3.8.4)	14,968,691
TOTAL NONCURRENT ASSETS	29,224,478
TOTAL ASSETS	32,461,592
LIABILITIES	
Current Liabilities	
Accounts payable	194,628
Accrued liabilities	124,651
Due to other governments	241,490
Compensated absences	113,062
Deposits	23,326
Claims payable	88,828
Capital leases due within one year	112,476
TOTAL CURRENT LIABILITIES	898,461
Long-term liabilities due in more than one year	
Claims	150,000
Compensated absences	100,000
Capital leases	254,500
TOTAL LONG-TERM LIABILITIES	504,500
TOTAL LIABILITIES	1,402,961
NET POSITION	
Net investment in capital assets	14,601,715
Restricted for Housing	13,362,221
Restricted for Highways and streets	894,265
Restricted for public safety	414,524
Restricted for public education	20,841
Restricted for parks and recreation	50,000
Unrestricted	1,715,065
TOTAL NET POSITION	31,058,631
TOTAL LIABILITIES AND NET POSITION	32,461,592

¹⁰³ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com.

¹⁰⁴ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Pages 12 and 23.

*Capital assets \$18,387,979 less accumulated depreciation of \$3,419,288 equal \$14,968,691.

The following table shows that the net position increased slightly from June 30, 2012 to June 30, 2013.

City of Clearlake Statement of Activities Position June 30, 2013¹⁰⁵					
		Program revenues			Net (Expenses) revenue Changes in Net Position Total City Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/ Programs City government Governmental activities					
General gov.	1,213,499	264,902	-	-	(948,597)
Public Safety	3,833,966	120,909	226,230	-	(3,486,827)
Housing	22,021	306,918	-	-	284,897
Public works	858,333	85,353	355,156	662,594	244,770
Parks/Rec.	271,243	27,680	-	16,232	(227,331)
Interest-debt	14,094	-	-	-	(14,094)
Total	6,213,156	805,762	581,386	678,826	(4,147,182)
	General revenues and extraordinary items				
	Property taxes				682,997
	Sales taxes				1,424,244
	Motor vehicle in lieu taxes				1,102,061
	Transient occupancy taxes (TOT)				168,246
	Other taxes				488,457
	Special police tax				842,213
	Unrestricted interest and rents				790
	Other general revenues				34,139
	Extraordinary items				
	Distributions of land to successor agency				(874,919)
	Distributions of other assets from housing successor				128,171
	Distributions of loans from housing successor				1,628,341
	Distributions of other assets to successor agency				(241,490)
	Loss from forgiveness of advances receivable from successor agency-interest recomputation				(678,912)
	Total general revenues and extraordinary items				4,704,388
	CHANGE IN NET POSITION				557,156
	NET POSITION JUNE 30, 2012				30,501,475
	NET POSITION JUNE 30, 2013				31,058,631

¹⁰⁵ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 13.

The City Manager notes that the largest portion of the City of Clearlake's position (47%) reflects its investment in capital assets (land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those asset. The City of Clearlake uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Clearlake's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Clearlake's net position (47%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1.7 million is a long term receivable and is unrestricted, and may be used in the long term to meet the government's ongoing obligations to its citizens and creditors.¹⁰⁶

3.8.2 Cash Equivalents and Investments¹⁰⁷

According to the audit, City of Clearlake Deposits and Investments consisted of the following on June 30, 2013:

Demand deposits	1,039,850
Pooled investments with City of Clearlake	<u>1,191,743</u>
Total City of Clearlake (excluding fiduciary funds)	2,231,593
Fiduciary funds held by City:	
Investments with bond trustee	2,910,803
Pooled investment with City of Clearlake	<u>8,212,359</u>
Total Cash and investments	\$13,354,755

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The City's policy for deposits is that they will be made in institutions in California, and that they shall be insured or fully collateralized with government securities. As of June 30, 2013, \$813,689 of the City's bank balances of \$1,291,527 was exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's agent but not in the City's name: \$813,689

As of June 30, 2013 the City of Clearlake had the following investments:

City of Clearlake Statement of Investments June 30, 2013¹⁰⁸		
Type of Investment	Average Maturity	Fair Value
Local Agency Investment Fund (LAIF)	278 days	9,404,102
First American Government Obligation Fund-Fiduciary	48 days	2,910,803
TOTAL INVESTMENTS		\$12,314,905

The risks of investments and City of Clearlake policies are explained as follows:

¹⁰⁶ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Management's Discussion and Analysis, Page 6.

¹⁰⁷ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Pages 25-26.

¹⁰⁸ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 26.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from raising interest rates, the City has a formal policy which limits City purchased investments to securities with a remaining maturity date from time of purchase to five years or less.

Credit Risk: The City's investment policy limits investments in mutual and money market funds to the top two ratings issued by nationally recognized statistical ratings organizations. Investments in obligations explicitly guaranteed by the US Government are not considered to have credit risk and do not require the disclosure of credit quality. The Local Agency Investment Fund is unrated. The First American Government Obligation Market Fund was rated AAA.

Concentration of Credit Risk: Investments explicitly guaranteed by the US government and investments in mutual funds, and external investment pools such as those held by the City are excluded from concentration of credit risk disclosures.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party. Investments in mutual funds are external investment pools are not subject to custodial credit risk because these investments are not evidenced by specific securities.

3.8.3 *Receivables*¹⁰⁹

Receivables as of June 30, 2013 for the City of Clearlake's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts are as follows:

City of Clearlake Statement of Accounts Receivable June 30, 2013¹¹⁰						
Receivables	General Fund	Measure P	Gas Tax, Grants	CDBG, HOME RLF	City Housing Fund	Nonmajor
Taxes	367,677	126,400	-	-	-	-
Accounts	42,206	-	-	-	-	29,782
Governments	161,343	-	172,093	-	-	46,216
Interest	183	-	331	410	14	265
Subtotal	571,049	126,408	172,424	410	14	76,263
Leases	-	-	-	-	-	-
Notes Recv.	-	-	-	10,037,020	1,628,341	316,692
Net Total Receivables	571,409	126,408	172,424	10,037,430	1,628,341	392,955

Long-term notes receivable of \$11,982,053 consists of two notes relating to affordable housing projects for \$6,737,463 (with accumulated and unpaid interest) and various other notes for \$5,244,590 relating to first time homebuyer projects and housing rehabilitation projects. The notes for \$6,737,463 bear interest at 4.65 and 5.2 percent per annum, mature in 60 years, and are repayable annually to the extent that the housing projects have residual receipts with the unpaid balance due at maturity. The notes are secured by a deed of trust on the housing projects. The

¹⁰⁹ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 27.

¹¹⁰ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 27.

other notes are generally repayable in monthly installments of principal and interest at various rates and terms or deferred until maturity or upon sale or transfer of the underlying property.

3.8.4 Capital Assets and Depreciation¹¹¹

City of Clearlake capital asset activity for the year ended June 30, 2013 is shown in the following table:

City of Clearlake Statement of Capital Asset Activity June 30, 2013¹¹²				
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	7,519,693	-	(874,919)	6,644,775
Construction in progress	-	136,421	-	136,421
TOTAL	7,519,693	136,421	-	6,781,96
Capital assets, being depreciated				
Buildings	2,375,277	-	-	2,375,277
Equipment	677,267	-	-	677,267
Vehicles	1,348,147	26,941	-	1,375,088
Infrastructure (streets)	6,449,654	729,497	-	7,179,151
TOTAL	10,850,345	756,438	-	11,606,783
Less accumulated depreciation for				
Buildings	(891,089)	(79,176)	-	(970,265)
Equipment	(445,302)	(45,449)	-	(489,703)
Vehicles	(648,142)	(105,284)	-	(789,426)
Infrastructure	(942,599)	(226,246)	-	(1,168,845)
TOTAL ACCUMULATED DEPRECIATION	(2,963,132)	(456,155)	-	(3,419,288)
Total Capital assets, being depreciated, net	7,887,213	300,283	-	8,187,495
Governmental activities Capital assets, net	\$15,406,906	\$436,704	\$(874,919)	\$14,968,691

Construction in progress as of June 30, 2013 consisted primarily of \$46,712 related to the Redbud boat launch project and \$87,709 pertaining to street improvements. The \$874,919 represents the carrying value of land contributed by the City to the non-Housing Successor Agency to the former redevelopment agency.

¹¹¹ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 28.

¹¹² City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 28.

Depreciation expense was charged to various functions as follows:

Governmental activities	Amounts
General government	39,978
Public safety	95,181
Streets	254,558
Parks and recreation	<u>66,438</u>
Total depreciation expense-governmental activities	\$456,155

3.8.5 *Inter-fund Transfers*¹¹³

Interfund transfers as of June 30, 2013 were as follows:

<u>Transfers out</u>	<u>General Fund Transfers in</u>
Park impact	7,170
Per Capita	108,369
Recycle	<u>7,117</u>
Total	\$122,656

The transfers out were made to provide resources to the general fund for the projects.

3.8.6 *Long-Term Debt and Capital Lease Obligations*¹¹⁴

The City of Clearlake has entered into two capital leases for the purpose of financing the acquisition of an animal control vehicle and for obtaining financing for the construction of the City's senior center. The leases are capital leases and ownership of the underlying assets passes to the City upon completion of the lease terms. The leases are secured by the building and the vehicle. The City has not pledged a specific source of revenue for payments on the leases, but has agreed to appropriate funds for such payments. The City uses the general fund to make the lease payments. The building and vehicle pertaining to the lease have been capitalized by the City at \$1,020,971 and are being depreciated consistent with the City's policy.

City of Clearlake Future Debt Service on Capital Leases ¹¹⁵		
Fiscal Year Ending June 30, 2013	Senior Center	Animal Control Vehicle
2014	117,204	5,880
2015	117,204	5,880
2016	117,204	2,940
2017	21,919	-
Total minimum lease payments	373,531	14,700
Less amount representing interest	(20,058)	(1,197)
Present value of net minimum Lease Payments	353,473	13,503

¹¹³ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 29.

¹¹⁴ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 29.

¹¹⁵ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 29.

City of Clearlake changes in long-term liabilities in 2012-13¹¹⁶					
Governmental Type	Beginning	Additions	Reductions	Ending	Due in One Year
Capital leases	475,966	-	108,990	366,976	112,476
Claims	-	238,828	-	238,828	88,828
Compensated Absences	194,736	118,326	100,000	213,062	113,062
TOTALS	670,700	357,154	208,990	818,866	315,166

3.8.7 Risk Management¹¹⁷

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance.

The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, property and workers compensation claims. Under the program, the City has a \$50,000 general liability retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority carries an excess commercial liability policy of \$34 million in excess of its \$1 million retention limit to cover losses through affiliated risk management authorities. The Authority also provides one billion dollars aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

The Authority (PARSAC) covers workers compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to the Authority; the City may share in surplus revenues or may be required to pay additional assessments based upon the Authority's operating results. The City has a \$50,000 workers compensation retention deductible with the Authority being responsible for losses above that amount. Financial statements of Public Agency Risk Sharing Authority of California (PARSAC) may be obtained from its administrative offices located at 1525 Response Road, Suite One, Sacramento, CA 95815.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years.

¹¹⁶ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 29.

¹¹⁷ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 30.

Changes in the balances of claims liabilities during the past two years are as follows:

City of Clearlake changes balances of claims liabilities in 2011-12 and 2012-13¹¹⁸		
	Year Ended 6-30-2012	Year Ended 6-30-2013
Unpaid claims, beginning of fiscal year	-	-
Incurred claims (including IBNRs)	-	4,238,828
Claim payments	-	-
Unpaid claims, end of fiscal year	-	\$238,828

The 2011 Grand Jury made the following comment regarding joint power authorities:

Grand Jury R2: Joint Power Authorities may be required to comply with the Brown Act with respect to Notice of Meetings and agenda.

City of Clearlake Response: We agree with the Grand Jury's recommendation. The City of Clearlake belongs to two Joint Power Authorities: Public Agency Risk Management Authority of California (PARSAC) for self-insurance risk pooling, and the Lake County/City Area Planning Council (APC) for infrastructure improvement needs and maintenance of Lake County highway call boxes. Both JPAs adhere strictly to the Brown Act. Agendas and minutes for these organizations are available either online or by request.

Note: In addition to JPA's specific to finances, the City belongs to other JPA's such as the JPA for the Lake County Clean Water Program (2003 Stormwater Management Agreement).

3.8.8 Public Employees Retirement System¹¹⁹

1. Plan Description: The City of Clearlake contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer, public employee, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and to beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and City ordinance. The PERS issues public available financial reports that include the financial statements and required supplementary information for the PERS. Copies of PERS annual financial report may be obtained from their executive office, 400 "P" Street, Sacramento, CA 95814.

2. Funding Policy and Annual Pension Cost: The contribution requirements of plan members and the City are established by and may be amended by PERS. Regular plan members are required to contribute 7.0 percent of their annual covered salary and safety members are required to contribute 9.0 percent. The City is required to contribute at an actuarially determined rate. The current rate for regular employees is 15.619 percent of covered payroll and is 25.464

¹¹⁸ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 30.

¹¹⁹ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 31.

percent for safety personnel. The City's annual pension cost for the most recent year and related information for each plan is as follows:

City of Clearlake Three-year Trend of Pension Contribution Information¹²⁰				
Plan	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Regular Employees	6-30-2011	\$93,970	100%	-
	6-30-2012	\$109,643	100%	-
	6-30-2016	\$156,531	100%	-
Safety Employees	6-30-2011	\$346,252	100%	-
	6-30-2012	\$407,614	100%	-
	6-30-2016	\$433,803	100%	-

As shown in the table above, the pension costs are increasing each year for both the regular and safety employees.

3.8.9 Successor Agency Trust for Assets of Former Redevelopment Agency¹²¹

1. The Dissolution Process

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 ("the Bill") that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the financial reporting entity of the City of Clearlake that previously had reported a Redevelopment Agency within the financial reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city of another governmental unit of local government will agree to serve as the successor agency to hold assets until they are distributed to other units of State and local government. The City Council of the City of Clearlake elected to have the City become the Successor Agency for the former Redevelopment Agency and to become the Housing Successor for the Agency.

After enactment of the law, June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.)

In future fiscal years, successor agencies will only be allocated revenues in the amount that is necessary to pay the annual estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between the redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to

¹²⁰ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 32.

¹²¹ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Pages 33-36.

a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City (including the amounts disallowed by the State Department of Finance) and others are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on these issues is not a position of settled law and there is considerable legal uncertainty regarding these issues. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial or other authorized body that would resolve any of the dissolution matters unfavorable to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

2. Enforceable Obligations: 2006 Series A Revenue Bonds-Successor Agency Obligations¹²²

The City and its former component unit Redevelopment Agency entered into a loan agreement with the Clearlake Public Financing Authority (also a component unit of the City), dated October 26, 2006, wherein the Authority sold \$14,120,000 in its 2006 tax exempt revenue bonds, series A. From the sale of the Authority's revenue bonds, \$14,120,000 was loaned to the component unit Redevelopment Agency. The loans receivable and payable between the City and the City's former Redevelopment Agency and the City's component unit Financing Authority have been eliminated from the accompanying financial statements. The bond proceeds were used for the Highland Park community development project.

The 2006 tax exempt revenue bond, Series A, mature each October 1 through 2036, and bear interest at rates from 3.75% to 4.10%. The bonds are subject to early redemptions from certain funds. The bonds maturing on or after October 1, 2032 through October 1, 2036 are subject to optional early redemption on October 1, 2016.

The following table shows bonded indebtedness derived from bonds issued by the Redevelopment Agency before its dissolution. The Clearlake Successor Agency to the Redevelopment Agency is repaying those bonds from annual property tax increment. Property tax increment is paid semi-annually to the Successor Agency from the Real Property Tax Trust Fund (RPTTF) fund administered by Lake County.

Future debt service is as follows:

City of Clearlake 2006 Series A Revenue Bonds Future Debt Service ¹²³			
Fiscal Years	Principal	Interest	Total
2014	315,000	540,938	855,938
2015	325,000	528,138	853,138
2016	340,000	514,838	854,838
2017	350,000	501,036	851,036

¹²² City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 34.

¹²³ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 34.

2018	365,000	487,194	852,194
2019-2023	2,055,000	2,203,597	4,258,597
2024-2028	2,525,000	1,725,658	4,250,658
2029-2033	3,105,000	1,127,487	4,232,487
2034-2037	3,055,000	314,625	3,369,625
TOTAL	12,435,000	7,943,511	20,378,511

The combined Series A & B payments required annually for 2019 to 2023 are as follows:

<u>YEAR</u>	<u>TOTAL PMT</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$1,111,838	\$ 795,883	\$ 315,955
2020	\$1,111,303	\$ 805,955	\$ 305,348
2021	\$1,109,645	\$ 815,348	\$ 294,297
2022	\$1,106,890	\$ 824,298	\$ 282,592
2023	\$1,107,593	\$ 837,592	\$ 270,001

Note that according to City staff, the total payment made each year is essentially stable. As payments are made, and the total outstanding principal declines, the amount of the annual payment allocated to principal and interest shifts toward more principal payment. The table above reflects that effect.

The City and its former component unit Redevelopment Agency entered into a loan agreement with the Clearlake Public Financing Authority (also a component unit of the City), dated October 26, 2006, wherein the Authority sold \$3,735,000 in its 2006 taxable revenue bonds, series B. From the sale of the Authority's revenue bonds, \$3,735,000 was loaned to the component unit Redevelopment Agency. The loans receivable and payable between the City and the City's former Redevelopment Agency and the City's component unit Financing Authority have been eliminated from the accompanying financial statements. The bond proceeds were used for the Highland Parks community development project.

The 2006 taxable revenue bonds, series B, mature each October 1 through 2036, and bear interest at rates from 5.34% to 5.75%.

3. Subsequent Events¹²⁴

On April 26, 2013, the City received from the State Department of Finance (DOF) a Finding of Completion Letter regarding the Successor Agency to the City's former Redevelopment Agency that had been dissolved effective February 1, 2012. The DOF letter authorized the City to request that a finding be made by the Oversight Board to the Successor Agency that the City's loan agreements between the former Redevelopment Agency and the City be qualified as an enforceable obligation of the Successor Agency under the laws governing the dissolution of the former agency.

In addition, there is a requirement that the accumulated and unpaid interest on any such loans be recalculated using a DOF specified method, that any future repayments, if approved, are to be made subject to a specified formula, and that there will be amounts available pursuant to the

¹²⁴ City of Clearlake Basic Financial Statements, June 30, 2013, Prepared by Terry E. Krieg, CPA, 131-A Stony Circle, Suite 500, Santa Rosa, California 95401, Phone: 707-544-5684, E-Mail: Kriegcpa@msn.com. Page 37.

formula that will enable the repayments to be made. In addition, all such loan agreements, recalculations of interest, and formula based repayments, are subject to approval of the Successor Agency's Oversight Board and to the DOF.

On October 16, 2013, the Oversight Board governing the financial affairs of the City's Successor Agency approved a finding that the City advances to the former Redevelopment Agency were for legitimate redevelopment purposes and did qualify as an enforceable obligation of the successor agency; this permitted a formula-based repayment of the advances receivable reported in the City's General Fund.

On December 5, 2013, the City received from the State Department of Finance (DOF) notification that the DOF denied approval of the new loan agreement between the City and the former redevelopment agency regarding the \$1,676,508 in original principal of these advances from the City that are now reported as an obligation of the successor agency. In addition, the DOF did not accept the method used by the City to recalculate the accumulated and unpaid interest on these advances.

DOF approval of the advances receivable as an enforceable obligation of the successor agency is still pending. The City has in these financial statements and in the Successor Agency's fiduciary financial statements recalculated the amount of the accumulated interest and adjusted downward the advance receivable reported by the City and the payable reported by the successor agency. The balances were adjusted downward by \$73,686 to a revised amount of \$1,658,264.

4 CITY OF CLEARLAKE MUNICIPAL SERVICE REVIEW

4.1 Growth and Population Projections for the City of Clearlake Area

4.1.1 City of Clearlake Area Population Projections

The City of Clearlake increased from 13,142 people in 2000 to 15,250 in 2010. This was an increase of 2,108 or approximately 211 people per year. However, between January 1, 2012 and January 1, 2013 the city has only grown by .01 percent, a population increase of 13 people from 15,179 to 15,192. The City is in the process of updating the General Plan so new population projections are not yet available.

4.1.2 MSR Determinations on Growth and Population Projections for the City of Clearlake Area

- 1-1) During the recession, the City of Clearlake has been growing a slower rate than it has in the past.
- 1-2) The City of Clearlake has 15% of the population aged 65 and older.¹²⁵ As the population ages the City population could potentially decrease.
- 1-3) The City is engaged in preparing a new General Plan to guide the City's growth in the future.

4.2 MSR Determinations on Disadvantaged Unincorporated Communities (DUC)

4.2.1 Determination of City of Clearlake Disadvantaged Unincorporated Community Status

In addition to a consideration of population growth, the State Law requires LAFCO to consider whether or not an area is a Disadvantaged Unincorporated Community (DUC). A DUC is an area where the Median Household Income is less than 80% of the State of California Median Household Income (\$61,632).

The Median Household Income for the City of Clearlake is \$28,604, which is significantly less than 80% of the State Median Household Income (\$49,306). The whole of Lake County Median Household Income of \$39,525 is also less than 80% of the State Median Household Income.¹²⁶

The purpose of the DUC determination is to learn if there are any small areas, which could benefit from being annexed to the City. In the case of the City of Clearlake this is not such an important consideration because fire, water services and wastewater services are supplied within the City and surrounding unincorporated areas by entities other than the City itself.

¹²⁵ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

¹²⁶ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

4.2.2 *MSR Determinations on Disadvantaged Unincorporated Communities near City of Clearlake*

- 2-1) The City of Clearlake is a disadvantaged community.

4.3 *Capacity and Infrastructure for City of Clearlake*

4.3.1 *City of Clearlake Infrastructure*

The Lake County News reported the following:¹²⁷

Clearlake is unusual in California, in that almost half of its central urban roads are unpaved. According to a 2012 road survey, ~44% of the City's roads are unpaved, including dozens of miles of urban residential streets. Almost all of the streets east of State Highway 53 in Clearlake are unpaved. The unmaintained nature of these streets leads to difficulties in access to the homes of thousands of residents.

The City provides for police services (including animal control), parks, a community center, and planning and building inspection services. These services all bring value to the community.

4.3.2 *MSR Determinations on Infrastructure for the City of Clearlake*

- 3-1) The City of Clearlake would have to raise additional revenue by passing additional taxes or the voters would need to reallocate the special tax for police services at the expense of law enforcement to gain sufficient funding to deal with the road pavement issues.
- 3-2) Prior to the purchase of a property, the fact that certain roads are private and not maintained by the City should be disclosed by realtors to new buyers.
- 3-3) Water service is provided by other agencies and organizations not by the City of Clearlake.
- 3-4) Wastewater collection and treatment are provided by LACOSAN.
- 3-5) Fire protection is provided by Lake County Fire Protection District.
- 3-6) The City of Clearlake provides for economical police protection and animal control services.
- 3-7) The City of Clearlake provides planning and building inspection services, which add value to the community.
- 3-8) The City of Clearlake maintains parks and a community center but could increase the number of neighborhood parks.

¹²⁷ Lake County News, March 22, 2012.

- 3-9) Many public roads within the City are in need of repair and maintenance. Private roads, even if they are in a public right-of-way, are the responsibility of the adjacent landowners.
- 3-10) Several deficient storm water drainage facilities identified in the City's 1994 Stormwater Management Plan remain within the City Limits such as the absence of lateral drains, insufficient capacity of inlets, and encroachments into flood control channels and many others as previously identified. While residents of the City of Clearlake contribute to the costs of the Lake County Clean Water Program, residents do not appear to receive clean water program benefits, which are restricted to unincorporated areas.
- 3-11) The City of Clearlake could benefit from the implementation of the Lake County Clean Water Program, in maintaining to restore the beneficial uses of Clear Lake in compliance with state water quality control orders and Sacramento River Basin Plan amendments. Prevent harmful impacts to Lake County Watersheds and restore natural ecosystems countywide.
- 3-12) The City of Clearlake needs to become proactive to ensure it is benefiting and complying with the Water Quality Order 2013-0001–DWQ, as a co-permittee defined in the Lake County Clean Water Program 'Stormwater Management Agreement (2003)."
- 3-13) The City of Clearlake should become proactive in reducing the number of paper lots within the City Limits. Many of these parcels are not buildable and merger with adjacent lots should be encouraged thereby reducing drainage, air quality, and service provision issues.
- 3-14) The City of Clearlake needs to work with the Lake County Watershed Protection District to clearly define the District's and City's role and function regarding flood control and planning and drainage channel cleaning activities within the City Limits.

4.4 Financial Ability

4.4.1 Financial Considerations for City of Clearlake

The City of Clearlake finances are described above in this report. The City of Clearlake has had many financial difficulties including the State dissolving the Redevelopment Agency. The City website includes links to the City budget and audit.

The City uses PARSAC for risk management but PARSAC only has 37 member cities. It might be possible to reduce the risk management costs by joining a different JPA such as Golden State Risk Management Authority, which has over 230 members.

4.4.2 MSR Determinations on Financing for the City of Clearlake

- 4-1) The City has a fully operational website where the City budget and audit as well as other documents are available to the general public.
- 4-2) The City has placed a high priority on Police Protection and passed a special tax to pay for this service; however, while it may be time to evaluate this tax for other needs of the City such as street improvements this would have a significant impact upon existing law enforcement services. Any changes to Measure P would require approval by registered voters residing within the City.
- 4-3) The Grand Jury has various actions to the City; however, the Grand Jury has no requirement to consider the financial implications of its recommendations.

4.5 Opportunities for Shared Facilities

4.5.1 City of Clearlake Facilities

The main City of Clearlake facilities are the City Hall and Community Center and the streets. The water and wastewater systems are run by other agencies. The City does operate the PEG-TV station in cooperation with the County of Lake and other agencies.

4.5.2 MSR Determinations on Shared Facilities for City of Clearlake.

- 5-1) The City of Clearlake is not able to share facilities with other jurisdictions.
- 5-2) The City of Clearlake is primarily concerned with maintaining the facilities and services but will share facilities and services with others on a case-by-case basis.
- 5-3) The City of Clearlake belongs to two joint powers authorities, which is a means for the City to share, risk management efforts and abandoned vehicle abatement.
- 5-4) The City of Clearlake works with the three water agencies providing service to the area to ensure that new structures are connected to water service.
- 5-5) The City of Clearlake works with LACOSAN to make sure that all facilities are connected to the wastewater collection and treatment system.

4.6 Government Structure and Accountability

4.6.1 *City of Clearlake Government Structure*

The City of Clearlake has a City Council and a City Manager to oversee the various City departments.

4.6.2 *MSR Determinations on Local Accountability and Governance for the City of Clearlake*

- 6-1) The City of Clearlake Website has been upgraded and includes all public information.
- 6-2) The City of Clearlake has a difficult job because the City has many residents below the poverty level, 32.9%, compared to 21.4% in Lake County and 14.4% in California.¹²⁸
- 6-3) The City has a special tax for police protection but this has contributed to an unbalanced City budget in the sense that the Police Department has far more resources than any other City department.
- 6-4) The City has been unstable and has had a variety of new city managers or administrators within the past ten years, which has made it difficult to provide consistent leadership.
- 6-5) The City was incorporated in 1980, which means that it does not have a long history as a unified community.

¹²⁸ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

5 *SPHERE OF INFLUENCE (SOI) DETERMINATIONS FOR CITY OF CLEARLAKE*

The 2010 Grand Jury that the City of Clearlake be reduced in size as follows:¹²⁹

Grand Jury R2p159: The City should consider shrinking the city limits through legal means.

City of Clearlake Response: The Council considered completing several studies to evaluate the financial benefits of shrinking the City. The Council felt the current boundaries should remain as they are.

The recommendation for the City of Clearlake Sphere of Influence is that it be coterminous with the boundary of the City. The City is not expected to change its boundary within the next five years.

If LAFCO were to send a signal it wanted the City to disincorporation, LAFCO could adopt a Zero Sphere of Influence. This would signal that LAFCO recommends that the City should not exist and other agencies should take over the functions such as a County CSA for streets and drainage, County Community Development for City Planning and the County Sheriff for the police department.

Despite the various problems shown in the Grand Jury Reports, the residents are still in favor of having a city and not relying on the County Board of Supervisors for all services.

5.1 *Present and Planned Land Uses in the Area, Including Agricultural and Open Space Lands*

5.1.1 Lake County General Plan for City of Clearlake Area

The Lake County General Plan shows most of the land surrounding the City of Clearlake as agricultural or public land so the City is not expected to expand its boundaries.

5.1.2 SOI Determinations on Present and Planned Land Use for City of Clearlake

- 1-1] The City of Clearlake has sufficient land within its boundary for the small amount of growth anticipated.
- 1-2] The City of Clearlake is in the process of preparing a new General Plan and Housing Element. No expansion of the City could be considered by LAFCO until the General Plan is adopted and the environmental documentation certified.
- 1-3] The recommendation for the City of Clearlake is that the Sphere of Influence be the same as the City boundary—a coterminous SOI.

¹²⁹ City of Clearlake, Grand Jury Response, September 24, 2010.

5.2 Municipal Services—Present and Probable Capacity and Need

5.2.1 *Present and Probable Capacity and Need Background*

There is a need for the services that the City of Clearlake provides including police protection, building and planning, road maintenance and drainage, recreation and the community center, and public access television.

5.2.2 *SOI Determinations on Present and Probable Capacity and Need for City of Clearlake*

- 2-1] The City of Clearlake is needed to provide police protection, building and planning, road maintenance and drainage, recreation and the community center.
- 2-2] The City of Clearlake has the capacity to provide the services required albeit a limited budget.
- 2-3] The recommendation for the City of Clearlake is that the Sphere of Influence be the same as the City boundary—a coterminous SOI.

5.3 The Present Capacity of Public Facilities and Adequacy of Public Services Provided by City of Clearlake

5.3.1 *Adequacy of Services Provided by the City of Clearlake*

The services provided by the City of Clearlake are adequate. However, it is difficult to explain the complicated financing of public services to the public when the demand is for more and more services at the same time there is a demand for reduced taxes and fees. It may be easy to say that services should be provided by grant funding but that has been reduced due to the 2008 Recession.

5.3.2 *SOI Determinations on Adequacy of Services Provided by the City of Clearlake*

- 3-1] The City of Clearlake provides adequate services to the extent allowed by the City's limited financial resources.
- 3-2] The recommendation for the City of Clearlake is that the Sphere of Influence be the same as the City boundary—a coterminous SOI.

5.4 Social or Economic Communities of Interest

5.4.1 City of Clearlake Community Background

The City of Clearlake is a relatively new city since it was incorporated in 1980. The City is working to develop a sense of community.

5.4.2 SOI Determinations on Social or Economic Communities of Interest for City of Clearlake

- 4-1] The City of Clearlake has developed an identity as a city.
- 4-2] The services provided by the City of Clearlake will enhance and protect property values within the City.
- 4-3] The provision of adequate roads will enhance property values within the City.

5.5 Disadvantaged Unincorporated Community Status

5.5.1 Disadvantaged Unincorporated Communities

In addition to a consideration of population growth, the State Law requires LAFCO to consider whether or not an area is a Disadvantaged Unincorporated Community (DUC). A DUC is an area where the Median Household Income is less than 80% of the State of California Median Household Income.

The Median Household Income for the City of Clearlake is \$28,604, which is significantly less than 80% of the State Median Household Income (\$49,306). The whole of Lake County Median Household Income of \$39,525 is also less than 80% of the State Median Household Income.¹³⁰

The purpose of the DUC determination is to learn if there are any small areas, which could benefit from being annexed to the City. In the case of the City of Clearlake this is not such an important consideration because fire, water services and wastewater services are supplied within the City and surrounding unincorporated areas by entities other than the City itself.

5.5.2 City of Clearlake Area and Disadvantaged Unincorporated Community Status

- 5-1] Although the City of Clearlake is clearly a disadvantaged community, it is an incorporated City.

¹³⁰ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/0613945.html>, May 31, 2013

APPENDIX A BACKGROUND FOR LAFCO LEGISLATION

1 Little Hoover Commission

In May 2000, the Little Hoover Commission released a report entitled *Special Districts: Relics of the Past or Resources for the Future?* This report focused on governance and financial challenges among independent special districts, and the barriers to LAFCO's pursuit of district consolidation and dissolution. The report raised the concern that "the underlying patchwork of special district governments has become unnecessarily redundant, inefficient and unaccountable."

In particular, the report raised concern about a lack of visibility and accountability among some independent special districts. The report indicated that many special districts hold excessive reserve funds and some receive questionable property tax revenue. The report expressed concern about the lack of financial oversight of the districts. It asserted that financial reporting by special districts is inadequate, that districts are not required to submit financial information to local elected officials, and concluded that district financial information is "largely meaningless as a tool to evaluate the effectiveness and efficiency of services provided by districts, or to make comparisons with neighboring districts or services provided through a city or county."¹³¹

The report questioned the accountability and relevance of certain special districts with uncontested elections and without adequate notice of public meetings. In addition to concerns about the accountability and visibility of special districts, the report raised concerns about special districts with outdated boundaries and outdated missions. The report questioned the public benefit provided by health care districts that have sold, leased or closed their hospitals, and asserted that LAFCOs consistently fail to examine whether they should be eliminated. The report pointed to service improvements and cost reductions associated with special district consolidations, but asserted that LAFCOs have generally failed to pursue special district reorganizations.

The report called on the Legislature to increase the oversight of special districts by mandating that LAFCOs identify service duplications and study reorganization alternatives when service duplications are identified, when a district appears insolvent, when district reserves are excessive, when rate inequities surface, when a district's mission changes, when a new city incorporates and when service levels are unsatisfactory. To accomplish this, the report that the State strengthen the independence and funding of LAFCOs, require districts to report to their respective LAFCO, and require LAFCOs to study service duplications.

2 Commission on Local Governance for the 21st Century

The Legislature formed the Commission on Local Governance for the 21st Century ("21st Century Commission") in 1997 to review statutes on the policies, criteria, procedures and precedents for city, county and special district boundary changes. After conducting extensive research and holding 25 days of public hearings throughout the State at which it heard from over 160 organizations and individuals, the 21st Century Commission released its final report, *Growth within Bounds: Planning California Governance for the 21st Century*, in January 2000.¹³² The report examines the way that government is organized and operates and establishes a vision of how the State will grow by "making better use of the often invisible LAFCOs in each county."

¹³¹ Little Hoover Commission, *Special Districts: Relics of the Past or Resources for the Future?* 2000, page 24.

¹³² The Commission on Local Governance for the 21st Century ceased to exist on July 1, 2000, pursuant to a statutory sunset provision.

The report points to the expectation that California's population will double over the first four decades of the 21st Century, and raises concern that our government institutions were designed when our population was much smaller and our society was less complex. The report warns that without a strategy open spaces will be swallowed up, expensive freeway extensions will be needed, job centers will become farther removed from housing, and this will lead to longer commutes, increased pollution and more stressful lives. *Growth within Bounds* acknowledges that local governments face unprecedented challenges in their ability to finance service delivery since voters cut property tax revenues in 1978 and the Legislature shifted property tax revenues from local government to schools in 1993. The report asserts that these financial strains have created governmental entrepreneurship in which agencies compete for sales tax revenue and market share.

The 21st Century Commission that effective, efficient and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission consolidation of small, inefficient or overlapping providers, transparency of municipal service delivery to the people, and accountability of municipal service providers. The sheer number of special districts, the report asserts, "has provoked controversy, including several legislative attempts to initiate district consolidations,"¹³³ but cautions LAFCOs that decisions to consolidate districts should focus on the adequacy of services, not on the number of districts.

Growth within Bounds stated that LAFCOs cannot achieve their fundamental purposes without a comprehensive knowledge of the services available within its county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider. Comprehensive knowledge of water and sanitary providers, the report argued, would promote consolidations of water and sanitary districts, reduce water costs and promote a more comprehensive approach to the use of water resources. Further, the report asserted that many LAFCOs lack such knowledge and should be required to conduct such a review to ensure that municipal services are logically extended to meet California's future growth and development.

MSRs would require LAFCO to look broadly at all agencies within a geographic region that provide a particular municipal service and to examine consolidation or reorganization of service providers. The 21st Century Commission that the review include water, wastewater, and other municipal services that LAFCO judges to be important to future growth. The Commission that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation was that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation. The legislature since consolidated the determinations into five required findings and one optional finding as required by Commission policy.

¹³³ Commission on Local Governance for the 21st Century, *Growth within Bounds: Planning California Governance for the 21st Century*, 2000, page 70.

APPENDIX B LOCAL GOVERNMENT ISSUES

1 MUNICIPAL FINANCIAL CONSTRAINTS

Municipal service providers are constrained in their capacity to finance services by the inability to increase property taxes, requirements for voter approval for new or increased taxes, and requirements of voter approval for parcel taxes and assessments used to finance services. Municipalities must obtain majority voter approval to increase or impose new general taxes and two-thirds voter approval for special taxes.

Limitations on property tax rates and increases in taxable property values are financing constraints. Property tax revenues are subject to a formulaic allocation and are vulnerable to State budget needs. Agencies formed since the adoption of Proposition 13 in 1978 often lack adequate financing.

1.1 California Local Government Finance Background

The financial ability of the cities and special districts to provide services is affected by financial constraints. City service providers rely on a variety of revenue sources to fund city-operating costs as follows:

- Property Taxes
- Benefit Assessments
- Special Taxes
- Proposition 172 Funds
- Other contributions from city or district general funds.

As a funding source, property taxes are constrained by statewide initiatives that have been passed by voters over the years and special legislation. Seven of these measures are explained below:

A. Proposition 13

Proposition 13 (which California voters approved in 1978) has the following three impacts:

- Limits the ad valorem property tax rate
- Limits growth of the assessed value of property
- Requires voter approval of certain local taxes.

Generally, this measure fixes the ad valorem tax at one percent of value; except for taxes to repay certain voter approved bonded indebtedness. In response to the adoption of Proposition 13, the Legislature enacted Assembly Bill 8 (AB 8) in 1979 to establish property tax allocation formulas.

B. AB 8

Generally, AB 8 allocates property tax revenue to the local agencies within each tax rate area based on the proportion each agency received during the three fiscal years preceding adoption of Proposition 13. This allocation formula benefits local agencies, which had relatively high tax rates at the time Proposition 13 was enacted.

C. Proposition 98

Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions of local property taxes to schools in response to State budget deficits. Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college districts to reduce the amount paid by the State general fund.

Local agencies throughout the State lost significant property tax revenue due to this shift. Proposition 172 was enacted to help offset property tax revenue losses of cities and counties that were shifted to the ERAF for schools in 1992.

D. Proposition 172

Proposition 172, enacted in 1993, provides the revenue of a half-cent sales tax to counties and cities for public safety purposes, including police, fire, district attorneys, corrections and lifeguards. Proposition 172

also requires cities and counties to continue providing public safety funding at or above the amount provided in FY 92-93.

E. Proposition 218

Proposition 218, which California voters approved in 1996, requires voter- or property owner-approval of increased local taxes, assessments, and property-related fees. A two-thirds affirmative vote is required to impose a Special Tax, for example, a tax for a specific purpose such as a fire district special tax.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

F. Proposition 26

Proposition 26 approved by California voters on November 2, 2010, requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters. This proposition increases the legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue. Prior to its passage, these tax measures were subject to majority vote.

However, majority voter approval is required for imposing or increasing general taxes such as business license or utility taxes, which can be used for any governmental purpose. These requirements do not apply to user fees, development impact fees and Mello-Roos districts.

G. Mello-Roos Community Facilities Act

The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (a “CFD”), which allows for financing of public improvements and services. The services and improvements that Mello-Roos CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

A CFD is created by a sponsoring local government agency. The proposed district will include all properties that will benefit from the improvements to be constructed or the services to be provided. A CFD cannot be formed without a two-thirds majority vote of residents living within the proposed boundaries. Or, if there are fewer than 12 residents, the vote is instead conducted of current landowners.

In many cases, that may be a single owner or developer. Once approved, a Special Tax Lien is placed against each property in the CFD. Property owners then pay a Special Tax each year.

If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services. The Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical formulas that take into account property characteristics such as use of the property, square footage of the structure and lot size. The formula is defined at the time of formation, and will include a maximum special tax amount and a percentage maximum annual increase.

If bonds were issued by the CFD, special taxes will be charged annually until the bonds are paid off in full. Often, after bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements.

H. Development Impact Fees

A county, cities, special districts, school districts, and private utilities may impose development impact fees on new construction for purposes of defraying the cost of putting in place public infrastructure and services to support new development.

To impose development impact fees, a jurisdiction must justify the fees as an offset to the impact of future development on facilities. This usually requires a special financial study. The fees must be committed within five years to the projects for which they were collected, and the district, city or county must keep separate funds for each development impact fee.

1.2 *Financing Opportunities that Require Voter Approval*

Financing opportunities that require voter approval include the following five taxes:

- Special taxes such as parcel taxes
- Increases in general taxes such as utility taxes
- Sales and use taxes
- Business license taxes
- Transient occupancy taxes

Communities may elect to form business improvement districts to finance supplemental services, or Mello-Roos districts to finance development-related infrastructure extension. Agencies may finance facilities with voter-approved (general obligation) bonded indebtedness.

1.3 *Financing Opportunities that Do Not Require Voter Approval*

Financing opportunities that do not require voter approval include imposition of or increases in fees to more fully recover the costs of providing services, including user fees and Development Impact Fees to recover the actual cost of services provided and infrastructure.

Development Impact Fees and user fees must be based on reasonable costs, and may be imposed and increased without voter approval. Development Impact Fees may not be used to subsidize operating costs. Agencies may also finance many types of facility improvements through bond instruments that do not require voter approval.

Water rates and rate structures are not subject to regulation by other agencies. Utility providers may increase rates annually, and often do so. Generally, there is no voter approval requirement for rate increases, although notification of utility users is required. Water providers must maintain an enterprise fund for the respective utility separate from other funds, and may not use revenues to finance unrelated governmental activities.

2 *PUBLIC MANAGEMENT STANDARDS*

While public sector management standards do vary depending on the size and scope of an organization, there are minimum standards. Well-managed organizations do the following eight activities:

- Evaluate employees annually.
- Prepare a budget before the beginning of the fiscal year.
- Conduct periodic financial audits to safeguard the public trust.
- Maintain current financial records.
- Periodically evaluate rates and fees.
- Plan and budget for capital replacement needs.
- Conduct advance planning for future growth.
- Make best efforts to meet regulatory requirements.

Most of the professionally managed and staffed agencies implement many of these best management practices. LAFco encourages all local agencies to conduct timely financial record keeping for each city function and make financial information available to the public.

3 **Public Participation in Government**

The Brown Act (California Government Code Section 54950 et seq.) is intended to insure that public boards shall take their actions openly and that deliberations shall be conducted openly. The Brown Act establishes requirements for the following:

- Open meetings
- Agendas that describe the business to be conducted at the meeting
- Notice for meetings
- Meaningful opportunity for the public to comment

Few exceptions for meeting in closed sessions and reports of items discussed in closed sessions.

According to California Government Section 54959

Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.

Section 54960 states the following:

(a) The district attorney or any interested person may commence an action by mandamus, injunction or declaratory relief for the purpose of stopping or preventing violations or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to actions or threatened future action of the legislative body,...

APPENDIX C GRAND JURY REPORTS AND CITY OF CLEARLAKE RESPONSE

1 City Council 2010 Grand Jury Report¹³⁴

Grand Jury R3p47: In order to do their part to meet the financial constraints placed on the City and to demonstrate their leadership to the employees who are continuing to take the brunt of the cost reductions and workload increases, the elected officials take an equivalent reduced benefit or pay. Even though they are allowed the benefits by State Code, we recommend the elected officials show solidarity with the employees and voluntarily take a significant amount of reduction.

City of Clearlake Response: We disagree with the Grand Jury's recommendation. During the last year's budget preparation, the Council voluntarily eliminated all expensive reimbursements which can add up to several hundred dollars per month for some Council Members. The Council pay out of their own pockets all expenses incurred to conduct City business.

To begin with, every time our cars move for City business, which is daily for some of us, the gasoline is on us along with wear and tear on our vehicles. We pay for all of our own supplies (including monthly ink cartridge replacements for our printers) and we pay for all of our own telephone calls, which many are long distance charges. We pay for our own expenses to meet with constituents and also our own expenses to meet and confer with individuals and various agencies for the benefit of the City. We pay our own expenses at events to represent the City.

These expenses are all reimbursable expenses that other agencies provide. For some Council Members the amount is substantial each month; anywhere from \$200 to \$300 per month out of our own pocket. Many times this is all or more of our monthly pay. Often there are months we go into the hole.

Vice Mayor Overton pays her own motel bills and travel expenses to attend League of California Cities regional and state meetings.

To say the Council has done nothing to do their part in helping to meet the financial constraints placed on the City is an erroneous statement.

¹³⁴ City of Clearlake, Grand Jury Response, September 24, 2010.

2 City Manager 2010 Grand Jury Report¹³⁵

Grand Jury R7p47: The City Manager complete the preparation and compilation of City policies and procedures and present them to the City Council for approval.

City of Clearlake Response: The City has two types of policies and procedures. The Administrative policies are approved by the City Administrator. The City Council approves all the other policies. The City started preparing Administrative and Council policies in 2007. In November 2009 all the policies were placed in one document and they are updated and new policies are prepared when needed.

3 City Manager 2011 Grand Jury Report¹³⁶

Grand Jury Page 3: R1: City and County Agencies review their policy and procedure manuals to ensure all employees without prior specific experience can understand and follow the policies and procedures as written.

R2: Take the steps to update manuals and appropriately complete policies and procedures where gaps occur.

R3: Re-write policies and procedures to maintain continuity.

City of Clearlake Response: We agree with the Grand Jury's recommendation. The City reviews and rewrites policies and procedures as necessary. Each current employee is familiar with the policies and procedures for their department and new employees are oriented with policies and procedures when hired.

4 Solid Waste 2010 Grand Jury Report¹³⁷

Grand Jury R1p159: Garbage collection mandates should be met regardless of financial burden to the residence.

City of Clearlake Response: This comment deals with requiring garbage service for every business and residence in the City. The City supports service for all businesses and residences, but the problem is who will take the responsibility for those people who do not pay their bills. The standard practice in other cities is to turn off the water service if a bill is not paid. This is not possible in Clearlake due to the three independent water companies.

The City could collect the fees for services by adding them to the property tax bills. The City, however, does not have the financial resources to use this mechanism.

¹³⁵ City of Clearlake, Grand Jury Response, September 24, 2010.

¹³⁶ City of Clearlake, Grand Jury Response, September 23, 2011.

¹³⁷ City of Clearlake, Grand Jury Response, September 24, 2010.

5 *Animal Control 2010 Grand Jury Report*¹³⁸

Grand Jury R4p47: The Finance Director establish a separate Fund/Department for Animal Control to include ALL related costs.

City of Clearlake Response: This was done in September 2009.

Grand Jury R6p47: The City Council renegotiate with the County to have them continue to provide the Animal Control services. This is based on the City Manager now forecasting only a \$25K annual savings and the fact that no detail has been provide for any of the savings and it is likely to actually cost more with the current approach. In addition, a cost benefit analysis which includes documented estimates of all costs as compared to savings covering the next 5 years be prepared and provided to the City Council.

City of Clearlake Response: Detailed information was not available when the budget was adopted. Both the City Administrator and Police Chief have managed animal control facilities in the past. Based on their management experience, the cost to provide services could be reduced if the City assumed most of the responsibilities.

The contract with the County expired on October 30, 2009. A new contract was executed with the County as part of the City assuming animal control services. The new contract took effect on November 1, 2009.

The City's cost will decrease in the future when a holding facility is constructed and additional services are assumed by the City.

Between November 1, 2009 and June 30, 2010 the City's monthly cost to provide animal control services averaged \$10,525 per month. The total cost during this time period was \$126,300.

The City paid the County \$200,724 to provide the services in 2008-2009.

In conclusion, the staff recommendation and Council's approval to assume animal control services saved the City \$74,424 in 2009-10 and these costs will be decreased further in the future.

6 *Animal Control 2011 Grand Jury Report*¹³⁹

Grand Jury R1: The Grand Jury recommends the City of Clearlake use the significant savings achieved by the City of Clearlake Animal Control when it contracted its contract with Lake County Animal Control to construct its own adequate animal control facility.

City of Clearlake Response: We agree that the ultimate goal of the City of Clearlake Animal Control would be to have its own modern facility. However, the City's severe economic hardship does not allow for the "savings" to be used to construct a facility. The cost of the facility would greatly out-cost the "savings" of not contracting with Lake County for animal control

¹³⁸ City of Clearlake, Grand Jury Response, September 24, 2010.

¹³⁹ City of Clearlake, Grand Jury Response, September 23, 2011.

services. The only reason the City of Clearlake did not renew the contract with Lake County was the total cost was over two hundred thousand dollars a year, and the City of Clearlake could simply not afford that cost.

Grand Jury R2: The Grand Jury recommends increasing City of Clearlake Animal Control personnel to offset the 73% discrepancy in the numbers of animals that are taken in by the City of Clearlake Animal Control compared to Lake County Animal Control.

City of Clearlake Response: We would disagree with the statement of the percentage of the decrease in the number of animals that service was provided comparing the County with the City of Clearlake. When the County was contracted to provide services in the City of Clearlake the collection point for anyone in the south end of the County was within the City of Clearlake at the City of Clearlake's Corporation Yard. It is our understanding that any surrendered animal was counted as a "Clearlake" animal.

Furthermore, the only other physical area for someone to surrender an animal was at Lake County Animal main Facility located in Lakeport. There was no requirement for anyone residing outside the City limits to travel to Lakeport but they could surrender an animal in Clearlake and it would be counted as such.

We agree it would be the ultimate goal of the City of Clearlake Animal Control to increase the staffing levels as soon as fiscally feasible.

Grand Jury R3: The Grand Jury recommend the City of Clearlake has a high rate of euthanasia, a low cost spay/neuter and Trap/Neuter/Release program be incorporated into the future of animal control.

City of Clearlake Response: We disagree with the statement Clearlake Animal Control has a high rate of euthanasia. For the 2010-2011 fiscal year the Clearlake Animal Control euthanized eight k-9s out of three hundred and fifty-nine for a total percentage of 2.2% and euthanized twenty-four felines out of 181 for a total percentage of 13.25%.

The Clearlake City Council approved the 2011-2012 budget on June 23, 2011. In that budget there is \$6,200 budgeted for the Lake County Animal Coalition. The Lake County Animal Coalition provides for low-cost spay and neuter.

The Clearlake Animal Control has made a counter offer to the Lake County Animal Control's proposed contract to accept feral cats for fifteen dollars per animal. The City of Clearlake is still under negotiations with Lake County for the final contract.

We would agree with the suggestion of the Trap/Neuter/Release program. This program is implemented in other jurisdictions and can be successful. This program does come at a considerable cost to the City. However, under the current financial situation of the City of Clearlake, it is not feasible to implement this program.

7 Police 2010 Grand Jury Report

Grand Jury R1p190: The Grand Jury recommends that the Clearlake Police Department comply with subpoenas issued from the Lake County Superior Court.

City of Clearlake Response: We do not agree with the Grand Jury recommendation. To infer that our Police Department fails to comply with Court orders is erroneous. Our Police Officers routinely comply with subpoenas issued by the Courts. It appears that one officer was subpoenaed and failed to appear. This does not make it an organizational issue, but an individual one. The officer in question no longer works for this Police Department.

Grand Jury R2p190: The Grand Jury recommends that the Clearlake Police Department cooperate as required under law with the Grand Jury.

City of Clearlake Response: We do not agree with the Grand Jury recommendation. To infer that our Police Department failed to cooperate with the Grand Jury is false. Members of the Grand Jury sat in my office and reviewed the entire police report on this incident and I answered all of their questions.

Grand Jury R3p190: The Grand Jury recommends that the Clearlake Police Department be more aware of the physical limitations of an aging population.

City of Clearlake Response: We do not agree with the Grand Jury recommendation. We work very closely with the seniors that we serve and have approximately fifty senior volunteers. The person in question in this complaint was arrested for interfering with Police Officers who were attempting to arrest her son on a domestic violence issue and resisted arrest. Both individuals in this case entered guilty pleas.

Grand Jury R1p194: The Clearlake Police Department become more cognizant of effective communication, especially in dealing with the elderly population.

City of Clearlake Response: We do not agree with the Grand Jury recommendation. Overall we do a good job communicating with the people we serve. However, in this case a young Police Officer responded to this call and he should have done a better job explaining what he had and what was going to happen next.

Grand Jury R1p211: Initiate increased community policing utilizing in-house training.

City of Clearlake Response: We do not agree with the Grand Jury recommendation, as we utilize in-house training resources provided by P.O.S.T. and Sergeants provide daily training during briefings. It is extremely difficult to initiate new programs or to become more proactive within the community when we have lost 33% of our sworn staff.

Grand Jury R2p211: Develop the CPD web page to recognize the heroic efforts of law enforcement staff serving Clearlake's citizens.

City of Clearlake Response: We agree with the Grand Jury recommendation. We have worked with the City in an attempt to develop a web page to promote the positive aspects Clearlake has to offer, but in our current fiscal crisis the cost of developing this web site is cost prohibitive.

Grand Jury R3p211: CPD leadership develop more proactive responsibility for the morale of its officers and clerical staff.

City of Clearlake Response: We disagree with the Grand Jury recommendation. We actively work to provide a work environment that allows our employees to grow and to achieve their career goals. Unfortunately it is hard to keep morale up when in the last three years we have laid off 33% sworn staff, my secretary, and two code enforcement officers.

Our employees have been told there is no money for raises, asked to give up benefits and watched as the department budget has been cut every year reducing our ability to give them the tools they need to get the job done.

*While all this is happening our calls for service continue to go up and we handle as many calls for service in Clearlake as the rest of the county combined. To compound these issues they are bombarded with the issues surrounding the commercial project at the old airport property and whether this will help bring in the needed revenue to keep our heads above water. The member of the Clearlake Police Department have done an **Outstanding Job** with the resources that they have been given.*

Is their morale low, absolutely! But I could not be prouder of each and every one of them for what they have accomplished and I would not trade them for any other department in the world.

Grand Jury R1p216: The Grand Jury recommends that the Clearlake Police Department design an informational web page to acknowledge individual officers' achievements, advertise the mission statement, and to promote community relations.

City of Clearlake Response: We agree with the Grand Jury recommendation. We have worked with the City in an attempt to develop a web page to promote the positive aspects Clearlake has to offer, but in our current fiscal crisis the cost of developing this web site is cost prohibitive.

8 Streets 2010 Grand Jury Report¹⁴⁰

Grand Jury R1p46: The Redevelopment Agency establish priorities to fix and upgrade the current roads before attracting new businesses and offsetting the possible million dollars held back from the State.

City of Clearlake Response: The City has been focusing on upgrading the arterial and collector streets because these are the streets that carry the majority of traffic in the City. The City has been able to obtain \$4.9 million in grants in the last three years. This money was used to rehabilitate eleven miles of streets. The following is taken from the latest Pavement Management Study prepared by an engineering consulting firm:

(...)For 2008, 62% of the area of the residential streets has a remaining life of 0 to 5 years. If no treatments are applied this percentage will increase to 78% after the next ten years. By

¹⁴⁰ City of Clearlake, Grand Jury Response, September 24, 2010.

2017, only 5% of the residential streets will have a remaining life of 15 years or more (...)

The condition of streets are measured with what is called a pavement management (condition) index (PCI). Streets with a PCI of 50 and below are considered to be in poor to very poor condition. The cost to bring the streets with a PCI of 50 or less up to a normal standard is \$44.5 million.

78% of the residential streets with some pavement are going to revert to dirt in the next 10 years. The City annually receives \$0.5 million in street revenues. In conclusion, the residential streets are going to ultimately revert to gravel unless the residents are willing to form assessment districts.

Further, the City has had to eliminate approximately 43% of the staff since 2007. The Redevelopment Agency should use its money to generate income for the City so that the residents can be provided better services.

Grand Jury R2p46: Budget money to improve grant writing and managing the Public Works Department to attract funds and personnel for maintaining the streets.

City of Clearlake Response: As discussed above, the City has obtained \$4.9 million in grants the last three years to improve eleven miles of arterial and collector streets.

Grand Jury R3p159: Have the Department of Public Works generate a map and include all streets that the City will not maintain.

City of Clearlake Response: The City has information that shows what streets the City has historically maintained. We were in the process of preparing a map, but the person was laid off due to the financial problems the City is experiencing.

9 Parks 2010 Grand Jury Report¹⁴¹

Grand Jury R1p255: Monitor availability of grant funding to repair and improve the park.

City of Clearlake Response: The City has started monitoring the availability of grant funding to improve the parks. We submitted a grant application for \$1.2 million to improve the launch facilities in Redbud Park. The State staff has indicated that we will most likely receive the grant.

Grand Jury R2p255: Schedule with the County Jail for use of inmate labor when staff is available to supervise.

City of Clearlake Response: We initiated the inmate program working with the Lake County Sheriff's office in 2077. Unfortunately, the last year the jail has not had enough inmates to provide us with the number we needed.

10 Mold 2011 Grand Jury Report

Grand Jury R1: Have County government become informed in mold mitigation.

¹⁴¹ City of Clearlake, Grand Jury Response, September 24, 2010.

Grand Jury R2: Correct County website to remove reference to mold services.

City of Clearlake Response: The City of Clearlake has no Code Enforcement Department or website due to budget constraints. The City does not have jurisdiction over County Code Enforcement or County Building department policies and practices.

11 PEG-TV 2009-10 Grand Jury Report¹⁴²

Grand Jury R8p40: The City of Clearlake not pay any bill without the documented approval of the PEG Board (F9).

City of Clearlake Response: No bills are paid unless approved by Councilmember Joyce Overton and signed by the City Administrator Dale Neiman. Councilmember Joyce Overton is the City's member of the PEG Board.

Grand Jury R9p40: A professional fair market evaluation be performed by an outside commercial real estate appraiser of the "space" the City provided PEG-TV8 for the operation of the PEG station in lieu of the City's \$5,000 cash obligation in the fiscal years 2008-2009 and 2009-2010; and, any shortfall between the fair market value of that space and the \$5,000 cash obligation in those fiscal years be met retroactively.

City of Clearlake Response: The City owns and operates the PEG Station. The City annually decides how and to what extent the PEG Station is funded when the City's budget is adopted.

Grand Jury R10p40: PEG-TV8 pay rent to the City of Clearlake base on the fair market evaluation for the "space" the City provides to PEG-TV8 for the operation of the station. This payment be done retroactively for the same years as R9 (above).

City of Clearlake Response: See the response to number R9 above.

Grand Jury R11p40: An audit of PEG-TV8 financial be conducted by an outside Certified Public Accountant no less than every second year.

City of Clearlake Response: As discussed above, the City owns and operates the PEG station. The revenues and expenses are audited in the City's annual audit.

Grand Jury R14p41: The PEG Board follow the long ignored direction of the 2007 Agreement and immediately apply to implement the Public Utilities Code Section 5870(n) franchise fee available to PEG-TV8 for the specific purpose of funding support and allowable expenses for operation of the channel. Until this is accomplished, obtain part of the \$400,000 in Franchise Fees from each public agency who are members of the 2007 Agreement to fund the budget for TV8.

City of Clearlake Response: The City will work with the County to determine if the fee should be imposed on the rate payers of the cable system.

Grand Jury R15p41: The PEG Board of Directors verify that either or both the City of Clearlake and the County of Lake have PEG-TV8 and/or PEG-TV8 staff and volunteers as designated and registered insured under their blanket Worker's Compensation Insurance, Commercial General Liability Insurance and Automobile Liability Insurance policies. If not so designated and registered in any or all of these

¹⁴² City of Clearlake, Grand Jury Response, September 24, 2010.

policies, PEG-TV8 independently and immediately seek to procure this coverage as prescribed within the 2007 Agreement and signed by the parties; establish a process so all volunteers are properly covered both within and without the PEG-TV8 station; i.e. traveling to and from and while taping community events. Then the PED Board of Directors ensure that personnel folders on each volunteer include a copy of said coverage.

City of Clearlake Response: All volunteers of the PEG station are signed up as volunteers with the City and are covered by the City's workers compensation insurance in the PEG station. The City does not plan to acquire liability insurance or automobile insurance for when volunteers are not in the station. The City Attorney has prepared an agreement that each volunteer will have to sign that states only workers' compensation insurance will be provided in the station and not outside City Hall.

Grand Jury R16p41: One of the parties to the 2007 Agreement (either the County or the City of Clearlake) procure legal counsel fully familiar and experienced with Public Access Television rules, regulations and issues to support the PEG Board as it moves forward.

City of Clearlake Response: The City's legal counsel, Best Best and Krieger, who specializes in municipal law, provides legal advice on the PEG station for the City. Best Best and Krieger has the legal expertise to provide legal services.

APPENDIX D GRAND JURY COMMENTS 2012-13 with CITY OF CLEARLAKE RESPONSE

CITY OF CLEARLAKE

CITY COUNCIL STAFF REPORT

MEETING OF: August 22, 2013

Agenda Item No. 3

Subject: Receipt of and Response to 2012-2013 Grand Jury Report **Date:** August 15, 2013

From: Joan L. Phillippe, City Manager

Reviewed & Approved:

Recommended Action: Authorize the City's response to the report

ISSUE STATEMENT AND DISCUSSION:

Attached are the pages from the 2012-2013 Lake County Civil Grand Jury Final Report dated June 30, 2013 that pertain specifically to the city of Clearlake. The full report is not reproduced here but is on file in the City Clerk's Office should you wish to review the entire document.

The report is straightforward and carries no negative comments either in regard to the police department's holding facility or to the general operations of the city. No comment is requested on the portion of the report dealing with the holding facility; however, comments are requested from the chief of police and city manager via the city council on the findings and recommendations on the dissemination of information to the public, pursuing grants and increasing officer positions for the police department.

The four findings are accurate:

- Officer retention is difficult due to lower pay and benefits compared to cities within surrounding counties.
- In general, the crime rate and population increase during the summer month due to tourism.
- The Police Department responds to a large number of calls for service each year.
- Clearlake Police Department officers have been assigned to a certain beat area to promote community oriented policing.

Staff supports the three recommendations:

- Apply for any and all grants to assist in financing additional police officers and/or equipment.
- The City of Clearlake authorize additional police officer positions due to the increase of population and crime rate within the city.
- Inform the community as to who their representative patrol officers are.

Attached is the draft response letter from Chief Clausen and myself that will be finalized if there are no Council amendments to it.

POLICY AND/OR FINANCIAL IMPLICATIONS:

None.

Clearlake Police Department Oversight

Summary:

The Public Safety Committee of the Lake County Civil Grand Jury conducted a mandatory oversight of the Clearlake Police Department whose boundaries of responsibility are the city limits, which is 10.5 square miles. The oversight included the holding facility. The Clearlake Police Department shares the building on Olympic Drive with Clearlake City Hall.

Background:

The police force is comprised of a Chief of Police, a Police Lieutenant, four Police Sergeants, eleven Patrol Officers and two Detectives. The department also has a Police Reserve Officer and a part-time Detective. The Police Department has its own Dispatch Center which also includes their Records Department. Two officers are assigned to K-9 duty, one is trained in apprehension and drugs and one is trained in apprehension only. There is a holding facility with five cells within the building. One is compliant with the Americans with Disabilities Act (ADA), two are sobering cells and two are general cells. This is a temporary holding facility not meant to house anyone more than twenty-four hours. Everything is video-taped and recorded, with a loop camera system. All of the cells had security glazing which is a glass/polycarbonate composite. The cells were clean and unoccupied. The Police Department also performs animal control duties. The Department, though condensed, was clean and organized. Each division has its own area of work space, including a report-writing room, two interview rooms, dispatch, animal control, Police Chaplain, break-room area and detectives and administration offices.

Procedure:

On December 11, 2012 the committee met with the Chief of Police and the Lieutenant of the Clearlake Police Department. There was no web page available at this time, however it was in the process of being updated. They provided their current budget prior to the oversight meeting. (Appendix A)

2012-13 Lake County Civil Grand Jury

Discussion and Facts:

At the time of the interview the chief stated that Proposition "P" funding, having been voted in by the residents of Clearlake, is used to fund patrol officers positions. The potential for city growth of Clearlake is substantial over the next five years, with the possibility of annexation of two large parcels of land for development. The chief stated that, given the limited financial resources, they are doing the best they can. He would like to hire more officers to provide better service to the community. At the time of this writing, the Police Department was in the process of hiring two additional police officers.

The chief stated the following:

1. Officer retention within the department is a concern due to higher wages and benefits in cities within surrounding counties. The committee conducted a survey of Police Officer salaries with cities with comparable population in surrounding counties. The results indicated the following:
 - Clearlake Police Department
 - Police Officer Entry Level - \$3,035 - \$3,346
 - Police Officer Lateral - \$3,513 - \$4,217
 - Ukiah Police Department
 - Police Officer Entry Level - \$4,396 - \$5,610
 - Police Officer Lateral - \$4,615 - \$5,891
 - Fort Bragg Police Department
 - Police Officer Entry Level - \$4,097 - \$4,980
 - Police Officer Lateral - \$4,303 - \$5,230
 - Healdsburg Police Department
 - Police Officer Entry Level - \$5,084 - \$5,616
 - Police Officer Lateral - \$5,903 - \$6,520
2. Clearlake Police Department has a total full-time complement of 19 positions including the Chief of Police and his administrative staff.
3. The department has hired 21 police officers in the past five years. During this time 16 officers quit and five retired. There were no terminations.

2012-13 Lake County Civil Grand Jury

4. The Clearlake Police Department fleet consists of twenty-three vehicles. The department has a new K-9 unit and has replaced a unit totaled in an accident.
5. The population of the City of Clearlake increases during the summer with the influx of tourists, which increases calls for service. Most incidents are alcohol related misconduct. The chief was unable to quantify the rate of increase of the population during the summer months.
6. At the time of the oversight the department had issued 3700 case numbers and was anticipating 3800 by the end of 2012. A total of 1845 arrests had been made year to date. The chief indicated 8,548 case numbers were assigned for the summer months, beginning May 1st and ending September 30th. A total of 797 arrests were made and 1,625 reports were written during this period.
7. In general, most of the violent crimes are solved. Mail-out reports, most often used for insurance purposes, are issued to victims of non-evidentiary crimes such as vandalism or burglaries.
8. There has been an increase of crime since the state passed AB109 Realignment. The chief viewed the law as "catastrophic" to law enforcement with little or no consequences to offenders for crimes against persons and/or property. The law has decriminalized most crimes related to personal property.
9. There are five patrol areas in the City of Clearlake. Each area has assigned officers which allows them to get acquainted with the local residents and encourages the residents to bring concerns directly to them.
10. One Clearlake Police Department officer is assigned to Konociti Unified School District with the primary area of responsibility being Lower Lake High School. The position is funded by the school district.
11. The Clearlake Police Department has implemented "The You Are Not Alone" (YANA) Program, which is administered by volunteers, for senior citizens and/or those in need of assistance. The program consists of a daily telephone call to such individuals at a scheduled time thus building a rapport within the community. If the person being called does not respond, an officer is dispatched to the residence for a welfare check.

2012-13 Lake County Civil Grand Jury

12. All of the employees within the Police Department are compliant with Peace Officer Standards and Training (P.O.S.T.).

Findings:

- F 1. Officer retention is difficult due to lower pay and benefits compared to cities within surrounding counties.
- F 2. In general, the crime rate and population increase during the summer months due to tourism.
- F 3. The Police Department responds to a large number of calls for service each year.
- F 4. Clearlake Police Department officers have been assigned to a certain beat area to promote community oriented policing.

Recommendations:

- R 3. Apply for any and all grants to assist in financing additional police officers and/or equipment. (F1)
- R 4. The City of Clearlake authorize additional police officer positions due to the increase of population and crime rate within the city. (F2, F3)
- R 5. Inform the community as to who their representative patrol officers are. (F4)

Request for Responses:

- Clearlake Police Department (90 days)
- City of Clearlake (90 days)

City of Clearlake 2012-13 Operating Budget		FUND ... 100 GENERAL FUND DEPT 500100 POLICE				
APPROPRIATIONS		FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Adopted	FY 2011-12 Projected	FY 2012-13 Adopted
500 PERSONNEL						
XX Salary & Benefits	note 1	1,942,019	1,569,260	1,883,002	1,771,952	1,981,000
3 Holiday Pay		40,143	36,145	35,000	35,046	34,195
4 Shift Differential		25,973	18,878	20,000	21,209	20,952
5 Special Duty Pay		7,005	4,427	5,000	8,451	6,380
6 Overtime Pay		92,600	116,212	90,000	89,200	123,390
8 Deferred Comp		2,831	2,979	3,000	3,039	3,009
12 Vacation Reserve		30,536	48,488	30,000	36,526	37,286
14 Uniform Allowance		8,150	6,245	7,000	7,170	7,558
SUBTOTAL		2,150,157	1,801,711	2,053,002	1,985,393	2,216,811
500 SUPPLIES AND MATERIALS						
30 Equipment Maintenance		305	1,535	392	3,166	400
31 Vehicle Maintenance		15,238	19,678	19,600	39,841	25,300
32 Maintenance Contracts		49,560	34,152	32,144	65,310	38,750
33 Advertising				78	61	75
34 Printing		2,875	1,773	2,459	1,041	2,000
35 Supplies		13,695	7,301	22,344	21,209	22,000
36 Postage		3,105	2,761	2,352	1,379	1,600
37 Uniforms		6,951	9,955	13,000	14,150	12,000
38 Special Supplies		7,540	5,455	2,744	2,532	2,750
39 Crime Prevention				1,660	331	1,600
40 Vehicle Fuel		51,541	47,036	52,000	84,714	66,800
SUBTOTAL		145,910	129,643	149,073	233,735	173,275
550 SERVICES & UTILITIES						
40 Janitorial Service		7,440	7,170	8,340	8,340	8,340
45 Telephone		15,151	13,284	15,300	15,300	15,300
SUBTOTAL		22,591	20,454	23,640	23,640	23,640
700 TRAINING AND TRAVEL						
50 Books		85	332	1,000	1,000	1,000
51 Memberships		1,783	1,950	2,500	2,500	2,500
53 Non-POST Travel		3,864	3,950	4,000	4,000	7,000
55 Recruitment Expenses		6,244	10,794	12,000	7,000	6,000
56 POST Training		7,430	7,629	30,000	30,000	30,000
57 Tuition Reimb		1,249	813			
SUBTOTAL		20,555	25,468	49,500	44,500	48,500
750 CONTRACT SERVICES						
50 Consultant Services		1,340	1,383	6,000	6,000	-
51 Contract Service-Evidence Destr		86	(1,000)			4,000
53 Task Force Personnel & Operations			(1,000)			
55 Extradition Expenses		1,315		4,000	4,000	4,000
60 Prisoner Medical Expense		2,003	3,607	3,500	3,500	3,500
68 State Lab Fees		3,985	3,662	4,000	4,000	4,000
SUBTOTAL		8,728	6,662	17,500	17,500	15,500

City of Clearlake 2012-13 Operating Budget		FUND 100 GENERAL FUND DEPT 500100 POLICE				
APPROPRIATIONS		FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Adopted	FY 2011-12 Projected	FY 2012-13 Adopted
800 CAPITAL EQUIPMENT						
80 Vehicle Purchase						
81 Equipment & Software						
82 Furniture & Fixtures				5,000		
88 Vehicle Leases int		6,768	2,562			
84 Vehicle Leases (existing)		85,302	65,052	85,000	64,722	
SUBTOTAL		92,070	67,614	91,000	64,722	
TOTAL DEPARTMENT APPROPRIATIONS		2,440,112	2,051,692	2,383,715	2,369,489	2,477,726
MAINTENANCE OF EFFORT UNDER PROPOSITION P						
Section 10 of the Proposition P ordinance imposes a "maintenance-of-effort" on the General Fund stating: "The City shall continue to spend the same percentage of the general fund directed toward police protection purposes as exists on the effective date of this ordinance until such time as the City reaches and maintains a ratio of one police officer for each 500 of population. Upon obtaining that ratio, the City may thereafter direct any general funds (but not the special funds received as tax by this ordinance) not required to maintain that ratio to other City services or functions."						
					Population at 1/1/12	14,912
					Sworn officers per 500	29.8
Calculation of Maintenance of Effort (MOE)						
Actual for June 30 per audit	2,009	2,010	2,011	2,011	2,012	
Property Taxes	648,359	587,340	567,340	647,643	620,000	
Sales Tax	1,305,656	1,285,667	1,274,352	1,282,418	1,332,381	
Transient Occupancy Taxes	186,083	175,159	175,159	160,000	170,000	
Homeowner Property Tax Relief	13,678	6,841	8,841	12,530	12,530	
Document Transfer Tax	17,406	13,811	13,811	9,917	9,917	
Business Licenses	57,176	38,999	38,999	49,000	50,000	
Franchise Fees	289,351	306,228	306,228	314,556	330,625	
Motor Vehicle Fees	1,233,947	1,257,887	1,208,160	1,125,482	1,125,482	
Sale of Documents	750	1,189	1,189	227	200	
Miscellaneous Income	5,099	15,909	16,405	(2,086)	2,000	
Total MOE Designated Revenues	3,757,708	3,674,030	3,610,454	3,609,689	3,653,135	
	83.5%	63.6%	63.5%	63.5%	63.5%	
Required Maintenance of Effort	2,386,144	2,333,009	2,282,857	2,262,153	2,319,741	
+ Fees from Police Services & GF Grants	112,918	63,012	57,603	105,170	157,865	
Total Contribution to Police Services	2,499,063	2,416,021	2,350,460	2,397,323	2,477,726	
Exp in excess of MOE & Police Rev	(58,951)	(364,469)	33,255	(27,833)	0	
		Beg Bal		End Bal		
Sworn Personnel	21.8	20.4	20.4	22.7	22.5	
Dispatchers	5.0	5.0	5.0	5.0	5.0	
Support Staff	2.1	2.0	2.0	2.0	2.0	
SUBTOTAL	28.9	27.4	27.4	29.7	29.6	
Total Full Time Equivalent Employees						
General Fund - Safety	14.9	21.9	13.9	13.4	15.0	
General Fund - Non-Safety	7.0		7.0	7.0	7.0	
Police Grants	0.7	0.7	1.0	1.0	0.0	
Prop P Fund	6.3	5.5	5.5	5.3	7.5	
SUBTOTAL	28.9	28.1	27.4	29.7	29.6	
NOTES: note 1 There will be no equipment purchases for vehicles, etc this year from the General Fund and the funding for the two vacant officer positions will be frozen due to lower revenues and higher expenses. Needed equipment purchases will be made from Police grant funds.						

City of Clearlake

Page 30

8/29/2012

2012-13 Lake County Civil Grand Jury

City of Clearlake 2012-13 Operating Budget		FUND 100 GENERAL FUND DEPT 500300 ANIMAL CONTROL				
APPROPRIATIONS		FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Adopted	FY 2011-12 Projected	FY 2012-13 Adopted
500 PERSONNEL						
XX Salary & Benefits		54,722	72,449	67,963	74,027	97,720
SUBTOTAL		54,722	72,449	67,963	74,027	97,720
600 SUPPLIES & MATERIALS						
30-31 Vehicle/Equip Maintenance						500
34 Printing			172	400	400	800
35 Supplies		5,465	3,164	2,000	2,000	3,500
37 Uniform				300	300	300
40 Vehicle Fuel			2,027	2,500	2,500	2,500
41 Building Maint	note 1	3,791		5,000	2,000	8,000
SUBTOTAL		9,256	5,363	10,200	7,200	15,500
700 TRAINING AND TRAVEL						
53 Travel & Conferences		744	397	400	400	400
SUBTOTAL		744	397	400	400	400
750 CONTRACT SERVICES						
62 License Processing		150	470	350	350	400
68 Other Services		144	193			
66 License Reimburse		2,669				
67 Contract Services	note 2	90,172	16,405	10,000	10,000	12,000
70 Vet Services			3,530	12,000	12,000	12,000
71 Animal Coalition				6,200	6,200	5,000
SUBTOTAL		93,135	20,698	28,550	28,550	29,400
800 CAPITAL EQUIPMENT						
60 Vehicle Purchase		1,000		23,000	23,000	5,900
SUBTOTAL		1,000		23,000	23,000	5,900
TOTAL DEPARTMENT APPROPRIATIONS		158,867	98,906	130,113	133,177	148,920
Allocation of Salaries:						
Support Service Tech		100.0%	100.0%	100.0%	100.0%	100.0%
Total Full Time Equivalent Employees		1.00	1.00	1.00	1.00	1.00
NOTES: note 1		\$3,000 in Building Maintenance appropriations are being moved from FY 2011-12 budget to the FY 2012-13 budget in order to fund improvements to the Animal Care facilities located at the Corporation Yard.				
note 2		The Contract with the County of Lake was transferred in-house during FY 2009-10.				

City of Clearlake

Page 31

8/30/2012

2012-13 Lake County Civil Grand Jury

City of Clearlake 2012-13 Operating Budget		FUND 100 GENERAL FUND DEPT 300100 CODE ENFORCEMENT				
APPROPRIATIONS		FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Adopted	FY 2011-12 Projected	FY 2012-13 Adopted
500 PERSONNEL						
XX Salary & Benefits		71,749	-	28,670	29,070	29,052
14 Uniform Allowance		-	-	-	-	-
SUBTOTAL		71,749	-	28,670	29,070	29,052
600 SUPPLIES AND MATERIALS						
30 Equipment Maintenance						
31 Vehicle Maintenance						
40 Vehicle Fuel		20				
32 Maintenance Contracts						
33 Advertising		3,202	125			
34 Printing		2				
35 Supplies			22			
36 Postage		2,773	(330)			
SUBTOTAL		5,997	(183)	-	-	-
700 TRAINING AND TRAVEL						
50 Books						100
51 Memberships						
53 Travel & Conferences		7	101		1,043	1,000
55 Recruitment						
SUBTOTAL		7	101	-	1,043	1,100
750 CONTRACT SERVICES						
81 Contract Serv - Misc.		1,063				
62 County Admin Fees						
68 Towing Contract		6,931		10,000		8,900
69 Abate Dangerous Bldgs						
SUBTOTAL		7,994	-	10,000	-	8,900
800 CAPITAL EQUIPMENT						
80 Vehicle						
81 Equipment						
SUBTOTAL		-	-	-	-	-
TOTAL DEPARTMENT APPROPRIATIONS		85,747	(82)	38,670	30,113	39,052
Allocation of Salaries:						
Code Enforcement Officer	100.0%					
Code Enforcement Officer	16.7%					
Secretary/Permit Tech			50.0%	50.0%	50.0%	50.0%
Total Full Time Equivalent Employees		1.17	0.50	0.50		0.50
NOTES:						

City of Clearlake

Page 32

8/31/2012

2012-13 Lake County Civil Grand Jury

City of Clearlake 2012-13 Operating Budget	FUND 130 MEASURE "P" SALES TAX			
	DEPT 500200 POLICE			
APPROPRIATIONS	FY 2008-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Adopted	Projected
			Adopted	Adopted

Passed by 2/3 of the Clearlake voters in 1995, Measure P imposes a 1/2 percent sales tax on all retailers from the sale of all tangible personal property sold within the city limits for the purpose of "obtaining, providing, operating, and maintaining police protection services provided by the City at a service level existing as of the effective date of this section. Police protection services is "salaries & benefits paid to police protection and payment for equipment and apparatus necessary to equip such personnel." The measure specifies the city shall continue to spend the same percentage of the general fund toward police protection services as exists as of the effective date of the ordinance. *Clearlake Municipal Code 3.6*

500 PERSONNEL

XX Salary & Benefits
03 Holiday Pay
04 Shift Differential
05 Special Duty Pay
06 Overtime Pay
12 Vacation buyback
14 Uniform Allowance

501,822	573,937	582,510	480,385	585,134
11,226	9,317	10,000	10,690	12,102
			7,253	7,400
809	6,693	7,000	5,056	3,313
33,020	52,071	40,000	52,558	43,669
	9,254		15,601	15,600
2,920	2,820	3,000	2,940	2,675
649,897	654,083	642,910	674,521	669,893

SUBTOTAL

600 SUPPLIES AND MATERIALS

30 Equipment Maintenance
31 Vehicle Repair & Maintenance
32 Maintenance Contracts
33 Advertising
34 Printing
35 Supplies
36 Postage
37 Uniforms
38 Special Supplies
39 Crime Prevention
40 Vehicle Fuel & Oil

	108	100	100	100
	5,400	5,400	5,400	6,700
	8,856	8,850	8,850	10,250
	22	25	25	25
	677	675	675	600
	6,156	6,156	6,155	5,200
	648	650	650	500
	3,458	3,450	3,450	3,000
	756	750	750	750
	540	550	550	400
	13,824	13,800	13,800	17,800
	40,443	40,406	40,406	45,325

SUBTOTAL

650 SERVICES & UTILITIES

40 Janitorial
45 Telephone

SUBTOTAL

700 TRAINING AND TRAVEL

50 Books
51 Memberships
53 Training & Travel
55 Recruitment

SUBTOTAL

City of Clearlake 2012-13 Operating Budget		FUND 130 MEASURE "P" SALES TAX DEPT 500200 POLICE				
APPROPRIATIONS		FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Adopted	FY 2011-12 Projected	FY 2012-13 Adopted
750 CONTRACT SERVICES						
61 Contract Service-Misc			1,000			
62 Booking Fees						
63 Auditing Services			1,000	1,000	1,000	
66 Prisoner Medical Exp						
68 State Lab Fees			1,000	1,000	1,000	1,000
SUBTOTAL		-	3,000	2,000	2,000	1,000
800 CAPITAL EQUIPMENT						
80 Vehicle Purchase						
81 Equipment & Software						
SUBTOTAL		-	-	-	-	-
970 INDIRECT COSTS						
95 Insurance & Bonds			20,000	20,000	20,000	20,000
SUBTOTAL		-	20,000	20,000	20,000	20,000
TOTAL DEPARTMENT APPROPRIATIONS		648,897	717,536	705,316	636,927	736,218

Allocation of Salaries:					
Police Lieutenants	1.00				
Police Sergeants	1.17	1.50	1.50		
Police Officers	4.00	4.00	4.00	8.25	7.50
Police Secretary	0.03				
Support Service Tech					
Total Full Time Equivalent Employees	6.3	5.5		8.3	7.5

NOTES:					



City of Clearlake

14050 Olympic Drive, Clearlake, California 95422
(707) 994-8201 Fax (707) 995-2653

August 22, 2013

Lake County Grand Jury
5250 Second Street
Kelseyville, CA 95451

Members of Grand Jury:

The city of Clearlake is pleased to respond to the 2012-2013 Final Report issued by your body on June 30, 2013. City staff has reviewed the comments specific to the city and submitted the report and response to the city council at its August 22, 2013 regular meeting.

The city concurs with the findings and recommendations set forth in the report. We continue to work diligently toward establishing fiscal health for the city and to implement the goals that will enable achievement.

We look forward to the opportunity to meet with the 2012-2013 Grand Jury and share the progress that has been and will continue to be made to assure our success.

Sincerely,

Joan L. Phillipe
City Manager



Clearlake Police Department

14050 Olympic Drive, Clearlake, CA 95422
(707) 994-8251 FAX (707) 994-8918
e-mail: police@clearlake.ca.us

Grand Jury Response
July 31, 2013

1. The Grand Jury recommends for the Clearlake Police Department to "apply for any and all grants to assist in financing additional officers and/or equipment".

We agree with the grand jury in the intention of obtaining any financial assistance we can. The Clearlake Police Department actively pursues any and all grants and other sources of financial assist we can. It is becoming increasingly difficult to secure grants as the entire nation is experiencing similar financial constraints as we are. Currently the Clearlake Police Department has special funding for PRCS (Post Release Community Supervision) enforcement actives. This funding was been provided by the state to local municipal agencies to assist in the enforcement and supervision of persons on PRCS. We also have been successful in receiving two grants from the ABC (Alcohol Beverage Control). These funds allow concentrated enforcement and education regarding alcohol related incidents. Lastly we are still in the application process for the Federal COPS grants. Our application has been submitted and accepted and we are still in the selection process. Additionally, during the 2012/2013 fiscal year we had a contract with Konocti Unified School District for a School Recourse Office and are currently in negotiations for same or similar services.

2. The Grand Jury recommends "The City of Clearlake authorize additional police officer positions due to the increase of population and crime rate within the city."

The Clearlake Police Department agrees with the Grand Jury but also understands the finical constraints on the City of Clearlake to fund additional police officer positions.

3. The Grand Jury recommends the Clearlake Police Department "informs the community as to their representative patrol officers are."

The Clearlake Police Department agrees with the Grand Jury. We currently have a Face Book page and this information is contained on this website. The City has also obtained and is under contract with a web designer. This and other information will be provided on the website once it is operational.

APPENDIX E ROAD REPAIR TREATMENTS¹⁴³

Crack Sealing: Crack Sealing is the placement of polymerized/rubberized asphalt materials into cracks that bond to the crack walls and move with the pavement. This technique is used to fill longitudinal and transverse cracks, including joint reflection cracks from underlying PCC slabs that are 1/8" to 1/2" wide. The primary purpose of crack sealing in Asphalt Concrete (AC) pavement is to prevent surface water infiltration into the substructure of pavement and to prevent the debris stay in the cracks. It is more cost effective to use this technique as preventative maintenance when the overall pavement condition is in good condition. Sealing cracks on a deteriorated pavement surface is not cost effective and will not provide any structural benefit to the road.

Fog seal: A Fog seal involves the spraying of a light coat of a bituminous material (typically 0.03 to 0.05 gallon per square yard) on the surface of an existing pavement using a distributor. It is used to reduce raveling while also improving waterproofing. Fog seals are especially good for treating pavements that carry light traffic such as parking lots.

Slurry seals: A slurry Seal consists of a graded aggregate, asphalt emulsion, mineral filler, water, and additives. It is a hard wearing surface for pavement preservation. Slurry Seals are used primarily on aged and raveled pavements, filling minor cracks, restoring skid resistance and adding aesthetic appeal. It may be used on low volume streets and parking lots. Larger cracks need to be individually treated before the application of a slurry seal. The surface is smoother than a chip seal treatment and is more "surface friendly". In general, slurry seal can be categorized into three types which depend on the maximum aggregate size in the mix. Type I slurry seals usually contain maximum aggregate size of 1/8"; Type II slurry seals usually contain maximum aggregate size of 1/4"; and Type III slurry seals usually contain maximum aggregate size of 3/8".

Scrub seals: A scrub seals are a polymer modified asphalt layer applied to an asphalt pavement surface and scrubbed into the cracks and voids with a broom. A layer of sand or small aggregate is then applied over the asphalt and then scrubbed over again, forcing the mix into the cracks and voids to form a seal. It is used to fill and seal small cracks and voids, as well as to enrich hardened/oxidized asphalt. Many contractors are still unfamiliar with the scrub seal method, so tests may be needed to determine what emulsion or polymer- modified emulsion would work with the brooms.

Chip seal: Chip seals are the application of asphalt and aggregate chips rolled onto the pavement. In the United States, chip seals are typically used on rural roads carrying lower traffic volumes. It is used to seal the surface of a pavement with non-load associated cracks, and to improve surface friction. During the treatment, the roadway can be opened to low- speed traffic just after the application of the aggregate. However, it requires constant attention and frequent adjustment of aggregate application rates to minimize chip loss, loose aggregates, and bleeding. Windshields can be damaged by the loose aggregate before the excess is removed and dust can be created during the brooming of the loose aggregate. Double chip seals are common for more high volume roads.

¹⁴³ City of Clearlake, "Pavement Management Program Update Final Report", Prepared by Nichols Consulting Engineers, CHTD. 501 Canal Blvd, Suite I, Richmond CA 94804, Phone: 510-215-3620, March 2012, <http://lakeapc.org/acc.asp?Webpage=Documents>, October 14, 2013.

Cape Seals: *A cape is the application of a chip seal followed by a slurry seal or micro-surfacing within a few days of the initial treatment. Cape Seals are used where a chip seal is too rough and when a smooth finish is required e.g. in the residential streets. In instances where cracking is a problem, a polymer or asphalt rubber modified chip seal can alleviate cracking and the slurry provides the smooth surface. It can increase the life of a chip seal by enhancing binding of the chips and by protecting the surface.*

Micro-surfacing: *Micro-surfacing consists of graded aggregates, asphalt emulsion, mineral filler, water and other additives. Compare to slurry seal, micro-surfacing uses better quality aggregates and a fast setting emulsion of higher stiffness allowing thicker layers to be placed. Thus, it is usually used in the more specialized slurry jobs of rut filling, restoring surface profiles, and for roads that sustain heavy traffic. It also has quicker cure time, but the cost is higher than a slurry or chip seal treatment.*

Ultrathin Bonded Wearing Surface: *An ultrathin bonded wearing surface is a specially formulated thin asphalt mix overlay. Ultra-thin bonded wearing surface is placed with a specially built machine that places a thick layer of oil and asphalt in a single pass. The heavy oil application seals small cracks in the existing pavement and helps to ensure the adhesion of the asphalt to the underlying pavement. The ultrathin mat, usually ranges from ½ to ¾ inches thick. The treatment is primarily used to provide a durable, friction resistant surface on existing pavement, without the expense of milling the existing asphalt. But the cost for this application is high, and it needs special construction equipment.*

Hot-Mix Asphalt (HMA) Overlay: *This technique involves adding an HMA layer to an existing HMA or PCC pavement. It is used to correct or improve the structural capacity or functional requirements such as skid resistance and ride quality. The use of an HMA overlay is usually more economic when the existing pavement is still in good to fair condition. An overlay may be combined with other M&R methods such as cold milling, cold recycling, hot recycling, and heater scarification. The thickness of the new surface will be dependent on the type, severity and extent of the pavement surface distresses, the ride quality and the required structural improvement necessary to accommodate the design traffic.*

Rubberized Hot-Mix Asphalt (RHMA): *Rubberized hot-mix asphalt concrete (RHMA) is a road paving material made by blending ground-up recycled tires with asphalt to produce a binder which is then mixed with conventional aggregate materials. This mix is then placed and compacted into a road surface. There are two primary types of binders for RHMA, asphalt-rubber and terminal blend. Asphalt-Rubber is a blend of paving grade asphalt cement, ground recycled tire rubber and other additives, as needed, for use as binder in pavement construction. The rubber shall be blended and interacted in the hot asphalt cement sufficiently to cause swelling of the rubber particles prior to use. The asphalt-rubber binder is field blended (at the hot mix plant) and requires specialized mobile mixing equipment to produce. Typical crumb rubber modifier (CRM) content for asphalt-rubber ranges from 18-22 percent. The crumb rubber modifier used in asphalt-rubber is in the 10-16 mesh range.*

Terminal blends: Terminal blends are binder materials that use finely ground (less than 30 mesh) crumb rubber modifier and are typically blended at the asphalt refinery. Historically, terminal blend binders contained 10 percent or less crumb rubber modifier. However, in recent years the crumb rubber modifier content has been increased to 15- 20 percent in some projects. The major advantages of using the RHMA are better resistance to reflective cracking and more environmental friendly which help to use recycled tires.

Reconstruction: Reconstruction, which might be considered as the ultimate or extreme rehabilitation treatment, consists of the removal of the pavement structure which can go down to the subgrade, reworking and recompacting the subgrade, and completely replacing the pavement layers with new, or recycled materials, or a combination thereof.

Cold In-Place Recycling: Cold in-place recycling involves cold milling of the pavement surface, addition of emulsified asphalt, Portland cement or other modifiers to improve the properties of the original asphalt concrete mix followed by screeding and compaction of the reprocessed material in one continuous operation. The use of cold in-place recycling can restore old pavement to the desired profile, eliminate existing wheel ruts, restore the crown and cross slope, and eliminate pothole, irregularities and rough areas. It can also eliminate transverse, reflective, and longitudinal cracks. The major advantages for the cold in- place recycling are the potential of cost savings, minimum traffic disruption, ability to retain original profile, reduction of environmental concerns, and a growing concern for depleting petroleum reserves. However, cold in-place recycled pavements require a new wearing surface to be placed as a seal and to restrict moisture intrusion.

Full Depth Reclamation: This rehabilitation technique is often used for pavements exhibiting extensive distress. It involves pulverization of the pavement surface layers and a portion of the granular base for depths of up to 7.8 inches or more. The resulting mixture of asphalt concrete materials and granular or treated (i.e., soil cement) base can then be compacted and used as a granular base or sub-base for the new pavement. It can also be stabilized using bituminous materials, Portland cement, lime and calcium chloride. New granular base material can be added to improve the structural capacity of the pavement followed by the placement of a new riding surface. Advantages of this technique include the reuse of the existing pavement materials and the elimination of potential reflection cracking from an old asphalt concrete layer through the new pavement surface layer.

Perpetual Pavement: Perpetual pavement is defined as an asphalt pavement designed and built to last longer than 50 years without requiring major structural rehabilitation or reconstruction, and needing only periodic surface renewal in response to distresses confined to the top of the pavement. The basic concept is that HMA pavements over a minimum strength are not likely to exhibit structural damage even when subjected to very high traffic flows over long periods of time. Rather, deterioration seems to initiate in the pavement surface as either top-down cracking or rutting. If surface-initiated cracking and rutting can be detected and remedied before they impact the structural integrity of the pavement, the pavement design life could be greatly increased.

Warm Mix Asphalt: Warm mix asphalt is the same as conventional asphalt except it has lower mixing temperature (30 to 100°F lower than hot-mix asphalt). This is achieved by various mechanical and chemical methods to reduce the shear resistance of the mix at the construction temperature while reportedly maintaining or improving pavement performance. The major advantage of warm mix asphalt includes lower fumes emissions, lower energy consumption, lower plant wear consumption, decreased binder aging, early site opening, cool weather paving, and compaction aid for stiff mixes. Currently available warm mix technologies include WAM Foam, Zeolite, Sasobit and Evotherm.

Foam Asphalt: Foamed asphalt is formed by combining hot asphalt binder with small amounts of cold water. When the cold water comes in contact with the hot asphalt binder it turns to steam, which becomes trapped in tiny asphalt binder bubbles. The result is a thin-film, high volume asphalt foam that bitumen has a very large surface area and extremely low viscosity making it ideal for mixing with aggregates. The advantages of using foam asphalt includes increases the shear strength and reduces the moisture susceptibility of granular materials, lower binder and transportation costs, saving in time, energy conservation, and wider temperature workability.

APPENDIX F PEG-TV STATION

AGREEMENT BETWEEN THE CITY OF CLEARLAKE AND THE COUNTY OF LAKE RELATIVE TO OPERATION OF A LOCAL PUBLIC, EDUCATIONAL, GOVERNMENTAL (PEG) CABLE TELEVISION CHANNEL

THIS AGREEMENT is entered into this 13th day of November, 2007, by and between the County of Lake and the City of Clearlake, for the operation of a local public, educational, governmental cable television channel, hereinafter referred to as the PEG Channel.

RECITALS

WHEREAS, the City of Clearlake has for a period of several years operated a local PEG channel through its franchise agreement with Mediacom and has allowed programming from throughout Lake County to be broadcast on said channel; and

WHEREAS, representatives of the County of Lake have participated with representatives of the City of Clearlake as members of an advisory committee established by the City of Clearlake to assist in administering and managing the PEG channel; and

WHEREAS, it is appropriate that both entities enter into a written agreement through which they jointly assume formal responsibility for the operation, maintenance and funding of this PEG channel in the best interest of the citizens of Lake County.

NOW, THEREFORE, IT IS UNDERSTOOD AND AGREED by the parties hereto as follows:

1. The County of Lake and City of Clearlake agree to jointly administer and manage the PEG Channel, which shall henceforth be known as and publicly identified as the Lake County PEG channel.
2. General supervision of the PEG Channel shall be under the control of a Board of PEG Channel Directors, two of whom shall be appointed by the governing boards of the respective governmental entities, to wit: a board of five (5) Directors, one (1) of whom shall be appointed by the Board of Supervisors; one (1) of whom shall be appointed by the City Council of the City of Clearlake; one (1) of whom shall be appointed by and represent the cable TV operator through which the PEG channel is broadcast and one (2) members of the general public appointed by majority vote of the other Directors.

The Board of Directors so established shall be responsible for:

- a. Prescribing all rules and regulations for the operation and management of the PEG channel, including adoption of community programming policies;
- b. Overseeing the management and operation of the channel, which shall include reviewing and authorizing the expenditure of funding provided pursuant to Section 3, below, and submitting a budget to each agency by March 1st of each year;

- c. Seeking underwriting income for operation of the channel;
 - d. Reporting regularly to the governing bodies of their respective political entities on the status of the above;
 - e. Reporting regularly to their respective governing bodies as each shall require upon the uses and needs of the PEG Channel in order to provide maximum public benefit and use of the Channel;
 - f. Recommending any modifications of this Agreement as may be deemed appropriate; and
 - g. Upon any pending termination of this Agreement, the Board of Directors shall recommend the manner of disposition of the property and improvements purchased with funding provided through this Agreement.
3. This Agreement is made and entered into in contemplation of the County of Lake and the City of Clearlake allocating funds in each fiscal year throughout the term of this Agreement for operation of the PEG Channel. The County of Lake and City of Clearlake commit to appropriating one-half (1/2) of the operating expenses based on the budget prepared by the Board of Directors. Said budget shall be prepared and submitted to each governing body by March 1st of each year, for the following fiscal year. Said funds will be deposited in a special fund established by the Finance Director of the City of Clearlake and shall be used exclusively for payment of expenses incurred in operating the PEG Channel as authorized by the Board of Directors.

It is further understood and agreed that the Lake County Board of Supervisors and the Clearlake City Council intend to implement that portion of Section 5870(n) of the Public Utilities Code which enables each of their respective governmental entities to impose an additional franchise fee specifically and exclusively for purposes of funding to support PEG channel facilities consistent with federal law. All revenues generated from said additional fee shall be deposited in the special fund referenced above and shall be administered by the PEG Channel Board of Directors and utilized exclusively for allowable expenses incurred by the PEG channel.

4. It is agreed by both parties to this Agreement that the City of Clearlake shall continue being the lead agency in administering the PEG Channel. Any employees or contractors hired to work on operation of the PEG Channel working under the direction of the PEG Channel Board of Directors shall be employees or contractors of the City of Clearlake, unless by mutual written Agreement of both parties to this Agreement, the County of Lake is designated at a future date as the lead agency.

TERM

This Agreement shall begin on the date of execution by both parties to this Agreement and

shall continue in full force and effect until terminated as hereinafter provided.

DUE PERFORMANCE - DEFAULT

Each party to this Agreement undertakes the obligation that the other's expectation of receiving the performance due under the terms of this Agreement will not be impaired. Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the other party. If the party in default does not cure the default within 30 days of the date of that notice (i.e. the time to cure) then such party shall be in default. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure shall be in writing executed by all parties to this Agreement and must specify the reason(s) for the extension and the date the extension of time to cure expires.

Notice given under this provision shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable time period. No such notice shall be deemed a termination of this Agreement, unless the party giving notice so elects in that notice, or so elects in a subsequent written notice after the time to cure has expired.

TERMINATION

Either party to this Agreement may withdraw from the agreement by submitting a letter of withdrawal to the Board of Directors no later than May 1st of each year, to become effective on June 30th of that year.

INSURANCE

- A. **Compensation Insurance.** Each party to the Agreement shall procure and maintain, at their own expense during the term hereof, Worker's Compensation Insurance and Employer's Liability Insurance as required by the State of California, for all employees to be engaged in work under this Agreement. In any case such work is contracted, contractors shall be required similarly to provide Employer's Liability Insurance and Workers' Compensation Insurance for all of the latter's employees to be engaged in such work, unless such employees are covered by the protection afforded by Contractor's Workers' Compensation Insurance and Employer's Liability Insurance. Employer's Liability insurance shall be in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.
- B. **Commercial General Liability.** Each party to this Agreement shall procure and maintain, at its own expense during the term hereof, upon itself and its employees at all times during the course of this Agreement, Commercial General Liability Insurance (Occurrence Form CG 0001) for bodily injury, personal injury, and broad form property damage, in an amount of not less than One Million dollars (\$1,000,000.00) combined single limit coverage per occurrence, including but not limited to endorsements for the following coverages: Personal and advertising injury,

Premises-operations, Products and completed operations, Blanket contractual, and Independent contractor's liability.

- C. **Automobile Liability Insurance.** The parties to this Agreement shall procure and maintain, at their own expense during the term hereof, Comprehensive Automobile Liability Insurance, both bodily injury and property damage, on owned, hired, leased, and non-owned vehicles used in connection with fulfilling the terms of this Agreement in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit coverage per occurrence.

INDEMNIFICATION - HOLD HARMLESS

Each party shall indemnify and hold the other party harmless against all actions, claims, demands, and liabilities and against all losses, damage, cost, expenses, and attorney's fees, arising directly or indirectly out of an actual or alleged injury to a person or property in the same proportion that its own acts and/or omissions are attributed to said claim, demand, liability, loss, damage, cost, expenses, and/or attorney's fees. This provision shall not extend to any claim, demand, liability, loss, damage, cost, expenses, and/or attorney's fees covered by the insurance of either party.

The obligations under this Section shall survive the termination of the Agreement.

MISCELLANEOUS

- D. **Non-Discrimination in Employment.** In the performance of the work authorized under this Agreement, the parties to this Agreement shall not unlawfully discriminate against any qualified worker because of race, religious creed, color, sex, sexual orientation, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or age.
- B. **Adherence to Applicable Disability Law.** The parties to this Agreement shall be responsible for knowing and adhering to the requirements of Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, (42 U.S.C. Sections 12101, et seq.), California Government Code Sections 12920 et seq., and all related state and local laws.
- C. **HIPAA Compliance.** The parties to this Agreement will adhere to Titles 9 and 22 and all other applicable Federal and State statutes and regulations, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and will make their best efforts to preserve data integrity and the confidentiality of protected health information.
- D. **Safety Responsibilities.** The parties to this Agreement will adhere to all applicable CalOSHA requirements in performing work pursuant to this Agreement. The parties to this Agreement agree that in the performance of work under this Agreement, they will provide for the safety needs of its employees and will be responsible for

maintaining the standards necessary to minimize health and safety hazards.

MODIFICATION

This Agreement may only be modified by a written amendment thereto, executed by both parties.

ATTORNEYS FEES AND COSTS

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

JURISDICTION AND VENUE

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue of any action or proceeding regarding this Agreement or performance thereof shall be in Lake County, California.

SEVERABILITY

If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

NOTICES

All notices that are required to be given by one party to the other under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited with the United States Post Office for delivery by registered or certified mail addressed to the party at the following addresses, unless such addresses are changed by notice, in writing, to the other party.

County of Lake
255 North Forbes Street
Lakeport, California 95453
Attn: County Administrative Officer


City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422
Attn: City Administrator

ADDITIONAL PROVISIONS

This Agreement shall be governed by the laws of the State of California. It constitutes the entire Agreement between the parties regarding its subject matter. This Agreement supersedes all proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties related to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their proper officers.

COUNTY OF LAKE



Chair, Board of Supervisors

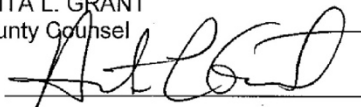
ATTEST: Kelly F. Cox
Clerk of the Board
of Supervisors



Clerk of the Board of Supervisors

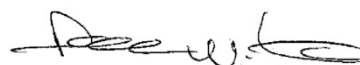
APPROVED AS TO FORM:

ANITA L. GRANT
County Counsel

By: 

County Counsel

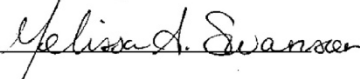
CITY OF CLEARLAKE



City Clerk



ATTEST: City Clerk

By: 

City Clerk



File PEG Agreement

**AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE COUNTY OF LAKE AND
THE CITY OF CLEARLAKE RELATIVE TO OPERATION OF A LOCAL PUBLIC,
EDUCATIONAL, GOVERNMENTAL (PEG) CABLE TELEVISION CHANNEL**

The Amendment No. 1 to the Agreement between the County of Lake and the City of Clearlake relative to operation of a local, public, educational, governmental (PEG) cable television channel is entered into this 23rd day of November, 2010, by and between the parties to the original Agreement.

RECITALS

WHEREAS, the County of Lake and City of Clearlake entered into an Agreement on November 13, 2007, relative to operation of the PEG Channel; and

WHEREAS, said Agreement specifies the composition of a Board of PEG Channel Directors, to include one member appointed by and representing the cable TV operator through which the PEG Channel is broadcast; and

WHEREAS, the cable TV operator, Mediacom, has requested that it not have a representative on the PEG Channel Board of Directors and said Board has recommended that the composition of the Board be amended to replace the Board's cable TV operator position with an additional member of the general public, thereby increasing the total number of members of the general public to three.

NOW, THEREFORE, it is hereby agreed by the County of Lake and the City of Clearlake that the November 23, 2007 Agreement shall be amended as follows:

Page 1, Item 2, Paragraph 1 shall be amended to read:

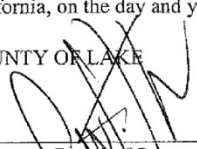
"General supervision of the PEG Channel shall be under the control of a Board of PEG Channel Directors, two of whom shall be appointed by the governing board of the respective governmental entities, to wit: a board of five (5) Directors, one (1) of whom shall be appointed by the Board of Supervisors; one (1) of whom shall be appointed by the City Council of the City of Clearlake; and three (3) members of the general public appointed by majority vote of the other Directors."

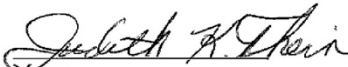
With the exception of the above modification, all other terms and provisions of the November 13, 2007 Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this amendment to Agreement at Lakeport, California, on the day and year first written above.

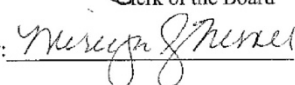
COUNTY OF LAKE

CITY OF CLEARLAKE


Chairman, Board of Supervisors


Mayor

ATTEST: Kelly F. Cox
Clerk of the Board

By: 

APPROVED AS TO FORM:
ANITA L. GRANT, County Counsel





APPENDIX No. G

Stormwater Management, Water Quality Monitoring, and the Lake County Clean Water Program (Clean Water Act permit compliance)

The 1972 federal Clean Water Act requires all states to comply with the National Pollutant Discharge Elimination System [1], for which the (California) State Water Board developed statewide stormwater management programs implemented in two "phases": Phase I was issued to larger metropolitan areas beginning in the 1980s, Phase II began in 2003 with smaller population areas in all California counties. [2] The Phase II stormwater management permit, originally issued to Lake County in 2003, was revised in 2013. [3] [4]

Prior to entering into the official compliance period, the City of Clearlake, the City of Lakeport, and the County of Lake entered into a Joint Powers Authority Agreement with the Lake County Flood Control & Water Conservation District for applying to the State Water Board as "regional" co-permittees. [5] The co-permittees created the Lake County Clean Water Program Advisory Council, for coordination of all compliance services, under program management services provided by the Lake County Watershed Protection District.

The state's stormwater management permit requires each co-permittee to deliver six "minimum control measures" for prevention of pollution in Clear Lake (for which a monitored limit called a "Total Maximum Daily Load" (TMDL) was set by the Central Valley Regional Water Quality Control Board in 2006). [6]

In addition, the Central Valley Regional Water Quality Control Board named the co-permittees as Responsible Parties for compliance with the TMDL, along with the US Forest Service, US Bureau of Land Management, Caltrans, and the aggregate of "Irrigated Lands" agricultural operators in the Clear Lake basin and watershed. Each of the Responsible Parties is assigned a portion of the total allowable annual nutrient loading, called a "waste load allocation."

The total waste load allocation, deemed to be necessary for restoring the beneficial uses of Clear Lake (as described in the Sacramento River Basin Plan Amendment for Control of Nutrients), from all of the Responsible Parties, is 81,700 kg/year of phosphorus. The total waste load allocation designated to the Cities and the County as Responsible Parties is 2,000 kg/year of phosphorus. The full amount of the "waste load" enters the lake through the natural waterways (seasonal creeks) and separate storm sewer system managed by the co-permittees. Thus far there has been no determination of the amount of the annual load that comes into the lake from outside the managed storm sewer system and natural waterways, to determine if the co-permittees are compliant with their waste load allocations.

This dilemma is identified in the Lake County Clean Water Program FY 2012-2013 Annual Report (Executive Summary). [7] (The State Water Board left open a 2013 permit section for additional definition of compliance requirements, including the nutrient TMDL, as part of new "receiving water body" monitoring requirements. The Clean Water Program Advisory Council is awaiting receipt of new directives from the State Water Board for this 2013 permit compliance task.)

The nutrient TMDL itself is ineffective for implementation of the Clean Water Program. Instead of monitoring physical and chemical properties of stormwater to determine the amount of phosphorus it contains, the lake is tested for levels of Chlorophyll-a (the indicator of photosynthetic cell tissue). In any given sample, greater than 73 micrograms per liter exceeds the

TMDL. Chlorophyll-a monitoring is limited to a handful of annual events conducted by the State Department of Water Resources.

Locally, continuous monitoring of lake water quality constituents, including particulate matter, is conducted by the state-licensed water treatment plants around Clear Lake and other entities with water quality monitoring programs (Lake County Public Health, Lake County Department of Water Resources, Lake County Special Districts Administration, California Department of Public Health, and local Tribes). [Results of ongoing water quality monitoring by Clear Lake water suppliers are published every five years in the "Clear Lake Watershed Sanitary Survey"; the most recent edition was produced in 2012. This document is not available online; contact Mark Dellinger, Director of Lake County Special Districts administration, for information.]

The City of Clearlake participated in the Westside [Sacramento] Regional Integrated Water Management Plan (adopted by the County of Lake in 2013), [8] and identified the need for a stormwater management plan, as well as a watershed assessment for all drainages to the Lower Arm of Clear Lake, as projects congruent with the goals of the stormwater management permit. Owing to conflicting eligibility requirements for state and federal funding under the Clean Water Act Section 303, and lack of commitment to developing the watershed assessment from the agencies responsible for the "Clear Lake Integrated Watershed Management Plan," [9] the City has been unable to obtain available grant funding to improve its capacity for restoring the beneficial uses of Clear Lake.

The state's deadline for full compliance with the nutrient TMDL is 2017.

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- [1] National Pollutant Discharge Elimination System (US EPA Home Page): <http://water.epa.gov/polwaste/npdes/>
- [2] waterboards stormwater phase I and phase II page: http://www.waterboards.ca.gov/water_issues/programs/stormwater/municipal.shtml
- [3] WQO 2003-0005-DWQ: http://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2003/wqo/wqo2003_0005dwq.pdf
- [4] WQO 2013-0001-DWQ: http://www.waterboards.ca.gov/water_issues/programs/stormwater/docs/phsii2012_5th/order_final.pdf
- [5] stormwater management agreement: <http://www.co.lake.ca.us/Assets/CDD/Stormwater+Mgt/Clean+Water+PDFs/Stormwater+Program+Agreement.pdf>
- [5] Resolution 2006--0060: http://www.waterboards.ca.gov/centralvalley/board_decisions/adopted_orders/resolutions/r5-2006-0060.pdf
- [6] Annual Report CWP: <http://www.co.lake.ca.us/Assets/CDD/Stormwater+Mgt/Annual+Reports/12-13CWPreport.pdf?method=1>
- [7] Westside Integrated Regional Water Management Plan: www.westsideirwm.com/plan
- [8] Clear Lake Integrated Watershed Management Plan: http://www.co.lake.ca.us/Government/Directory/Water_Resources/watershedplan.htm

ABBREVIATIONS

AB	Assembly Bill
ABC	State Department of Alcohol and Beverage Control
AC	Asphalt Concrete
APC	Annual Pension Cost also Area Planning Council
ARRA	American Recovery and Reinvestment Act
CALEA	The Commission on Accreditation for Law Enforcement Agencies
CDBG	Community Development Block Grant
CFD	Mello-Roos Community Facilities District
City	City of Clearlake
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
COPS	Community Oriented Policing Services
CPA	Certified Public Accountant
CPOA	California Peace Officers Association
CRA	California Redevelopment Association
CSA	County Service Area
CSAC-EIA	California State Association of Counties-Excess Insurance Authority
DA	District Attorney
DNA	Deoxyribonucleic acid
DUC	Disadvantaged Unincorporated Community
FHWA	Federal Highway Administration
FY	Fiscal Year
GAAP	Generally accepted accounting principles
HMA	Hot-Mix Asphalt
I&I	Inflow and Infiltration
IBNR	incurred but not reported (liability claim)
ISTEA	Federal Intermodal Surface Transportation Efficiency Act
Kg	kilogram

LACOSAN	Lake County Sanitary District
LAFCO	Local Agency Formation Commission
Lake APC	Lake Area Planning Council
MSR	Municipal Service Review (LAFCO)
NPDES	National Pollutant Discharge Elimination System
PARSAC	Public Agency Risk Sharing Authority of California
PCI	Pavement Condition Index
PEG-TV	Public Educational Government Television
PERS	California Public Employees Retirement System
POST	Police Officer Standards and Training
RDA	Redevelopment Agency
RHMA	Rubberized Hot-Mix Asphalt
RLF	Revolving Loan Fund
RSTP	Regional Surface Transportation Plan
SE	Southeast
SERAF	Supplemental Educational Revenue Augmentation Fund
SIR	Self-Insured Retention
SLESF	Supplemental Law Enforcement Services Fund
SOI	Sphere of Influence (LAFCO)
SWAT	Special Weapons and Tactics
TAB	Tax Allocation Bonds
TMDL	Total Maximum Daily Load
TOT	Transient Occupancy Tax
USGS	US Geological Survey

DEFINITIONS

Impact Fee: A fee, also called a development fee, levied on the developer of a project by a county, or other public agency as compensation for otherwise-unmitigated impacts the project will produce. California Government Code Section 66000, et seq., specifies that development fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged. To lawfully impose a development fee, the public agency must verify its method of calculation and document proper restrictions on use of the fund.

Local Agency Formation Commission (LAFCO): A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCO is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCO members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

Mello-Roos Bonds: Locally issued bonds that are repaid by a special tax imposed on property owners within a community facilities district established by a governmental entity. The bond proceeds can be used for public improvements and for a limited number of services. These bonds are named after the program's legislative authors.

National Pollutant Discharge Elimination System (NPDES): Water pollution degrades surface waters making them unsafe for drinking, fishing, swimming, and other activities. As authorized by the Clean Water Act, the National Pollutant Discharge Elimination System (NPDES) permit program controls water pollution by regulating point sources that discharge pollutants into waters of the United States. Point sources are discrete conveyances such as pipes or man-made ditches. Individual homes that are connected to a municipal system, use a septic system, or do not have a surface discharge do not need an NPDES permit; however, industrial, municipal, and other facilities must obtain permits if their discharges go directly to surface waters. In most cases, the NPDES permit program is administered by authorized states. Since its introduction in 1972, the NPDES permit program is responsible for significant improvements to water quality.¹⁴⁴

Pavement Condition Index: The pavement condition index, or PCI, is a measurement of pavement grade or condition and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less.

Proposition 13: (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Prop. 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.¹⁴⁵

Proposition 218: (Article XIII D of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.¹⁴⁶

Sphere of Influence (SOI): The probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCO) of the county.

¹⁴⁴ USEPA, <http://cfpub.epa.gov/npdes/>, October 14, 2010.

¹⁴⁵ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

¹⁴⁶ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

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PREPARERS

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555 East Willow Street, Willows CA 95988
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City Boundary and Sphere of Influence Map

