

CITY OF LAKEPORT SPHERE OF INFLUENCE
July 15, 2015 (As adopted on 10.14.15)

1.1 LAFCO's Overview, Responsibilities, Municipal Service Reviews and Spheres of Influence

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 by January 1, 2008 and that MSRs should be updated every 5 years thereafter. The City of Lakeport's most recent MSR was adopted on July 18, 2012. The 2012 MSR provides an overview of LAFCO's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of the municipal service review (MSR). It also explains SOIs and the legal and procedural requirements for updating the SOIs.

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.

The 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, conditional approval or modification of 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 registered voters, landowners, cities or districts.

Lake LAFCO consists of seven regular members: two members from the Lake County Board of Supervisors, one member from the City of Clearlake City Council, one member from the City of Lakeport City Council, two members from independent special districts and one public member who is appointed by the other members of the Commission. One alternate member is appointed for each category. All Commissioners are appointed to four-year terms.

1.2 Municipal Service Review Origins

The MSR requirement was enacted by the State Legislature months after the release of two studies recommending that LAFCOs conduct reviews of local agencies. The “Little Hoover Commission” 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 grows.

1.3 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.”

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 recommended 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.

1.4 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. 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."

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 population was much smaller and 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 with cities, counties and districts competing for sales tax revenue and market share.

The 21st Century Commission recommended that effective, efficient and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission recommended 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," 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. The report argued that comprehensive knowledge of water and sanitary providers 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 recommended that the review should include water, wastewater, garbage, and other municipal services that LAFCO judges to be important to future growth. The Commission recommended that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation indicated that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation.

This Sphere of Influence update is prepared for the City of Lakeport and is based upon a Municipal Services Review for both sewer and water services that analyzed the capability to serve existing and future residents in the area. Information contained in this Sphere of Influence is only as of the date of adoption. As required by LAFCo Policy, the Service Review has been revised to reflect conditions as of June 2015.

1.5 Sphere of Influence Requirements

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO periodically review and update of Spheres of Influence (SOI's). A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076.) Government Code §56425(f) requires that each Sphere of Influence be updated not less than every five years, as necessary, and §56430 provides that a Municipal Service Review shall be conducted in advance of the Sphere of Influence update.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 currently requires LAFCO to update spheres of influence for all applicable jurisdictions in the county every five years, as necessary. The last Sphere of Influence for the City of Lakeport occurred on July 20th, 1994 and as such is within the required time frame for an update.

Local governmental agencies, special districts and municipalities, which are subject to LAFCo's jurisdiction must now have an adopted Sphere of Influence (SOI) boundary and

territory that define the probable future boundary and service area of the agency. Inclusion of a particular land area within an agency's SOI does not necessarily mean that the area will eventually be annexed. The Sphere of Influence is only one of several factors LAFCO must consider in reviewing individual proposals for annexation or detachment (Government Section 56668.)

In determining the Sphere of Influence for each local agency, LAFCOs must consider and prepare a written statement of determinations with respect to each of the following:

- The present and planned land uses in the area, including agricultural and open space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services which the agency provides, or is authorized to provide; and
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- For an update of a sphere of influence of a city or special district which provides public facilities or services related to sewers, municipal or 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.

1.6 LAFCo *Sphere of Influence Policies*

3.1 General Policies (paraphrased from Lake LAFCO Policies, Standards, and Procedures)

LAFCO must adopt a sphere of influence for each city and each district in its jurisdiction, and must review and, if necessary, update each Sphere of influence at least every five years. All LAFCO actions must be consistent with the relevant sphere plan. A Sphere of Influence is defined in Government Code Section 56425 as “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the commission.”

The establishment of Sphere of Influence Plans is perhaps the most important planning function given to LAFCOs by the state legislature. Spheres of Influence are described by the Cortese-Knox-Hertzberg Act as an important tool for “planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities.” Spheres serve a similar function in LAFCO determinations as

general plans do for cities and counties. Consistency with the adopted sphere plan is mandatory, and changes to the plan require careful review.

While LAFCO encourages the participation and cooperation of the subject agency, the sphere of influence plan is a LAFCO responsibility, and the Commission is the sole authority as to the sufficiency of the documentation and the plan's consistency with law and LAFCO policy. Staff of LAFCO will work closely with agencies in developing sphere of influence plans. In determining the sphere of influence of each agency, LAFCO must consider and prepare a written statement of its determinations with respect to the following four factors as stated in Government Code Section 56425 (e):

- a) The present and planned land use in the area, including agricultural and open-space lands.
- b) The present and probable need for public facilities and services in the area.
- c) The present capacity of public facilities and adequacy of public services provided by the agency.
- d) Any social or economic communities of interest in the area that the Commission determines is relevant to the agency.

Note: in 2011 an additional Sphere Determination was added by the California Legislature, as follows"

"For an update of a sphere of influence of a city or special district which provides public facilities or services related to sewers, municipal or 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."

In order to prepare and update spheres of influence, LAFCO is required to conduct a review of the municipal services provided in the county, region, subregion, or other appropriate designated area. The policies and standards Lake LAFCO applies to service reviews will be contained in a subsequent section of these policies and standards.

- a) Consistency Requirement. Every sphere of influence plan must be consistent with LAFCO's Policies and Standards, the State legislature's policy direction to LAFCO, the sphere plans of all other agencies in the area, the Commission's statement of written determinations with respect to its review of municipal services in the applicable area, and with the long range planning goals for the area.
- b) Sphere Boundaries. In establishing the boundaries of a sphere of influence plan for an agency, LAFCO will consider the factors listed in Government Code Section 56425 (e) as noted above.

With respect to Factor (b) above, LAFCO will not include lands that are unlikely to require the services provided by the agency, for example, lands not designated for development by the applicable General Plan, areas where development is constrained by topographical factors, or areas where the projected and historical growth rates do not indicate a need for service within the timeframe of the sphere plan.

With respect to Factor (c) above, LAFCO will not include areas in an agency's sphere of influence, which cannot feasibly be served by the agency within a time frame consistent with the sphere plan.

- c) No Concurrent Amendment. LAFCO will generally not amend a Sphere of Influence concurrently with its action on a proposal.
- d) Time Factor. Sphere of Influence amendments will ordinarily take longer to process than applications for a change of organization or reorganization and will generally require more detailed information.
- e) Updated Plans Encouraged. Agencies are encouraged to keep the supporting documentation for their Sphere of Influence plans up to date so that individual applications for changes of organization or reorganization are not burdened with time delays.
- f) Internal Consistency Required. Sphere of Influence Plans shall be internally consistent.
- g) Agency Incapable of Providing Services. If the evidence demonstrates that an agency is unable to provide an adequate level of service within a portion of its service area boundaries within the time frame provided for that boundary, the Sphere of Influence Plan shall be amended pursuant to the procedures for periodic review such that the probable service boundaries are consistent with the determinations included in the applicable Municipal Service Review.
- h) Adoption and Revision. LAFCO will adopt, amend, or update Sphere of Influence Plans after a public hearing and pursuant to the procedures set forth in Government Code Section 56427. Sphere actions are subject to the provisions of the California Environmental Quality Act. Sphere of Influence Plans shall be updated every five years, or more frequently if deemed necessary by the Commission. This Sphere of Influence has been coordinated with the Lakeport General Plan update.
- i. Zero and Minus Spheres. The Commission may adopt a "zero" sphere of influence (encompassing no territory) for an agency when the Commission has determined that the public service functions of the agency are either non-existent, no longer needed, or should be reallocated to some other

agency of government. Adoption of a “zero” sphere indicates the agency should ultimately be dissolved. The Commission may initiate dissolution of an agency when it deems such action appropriate. The Commission may adopt a “minus” sphere (excluding territory currently within that agency’s boundaries) when it has determined that territory within the agency’s boundaries is not in need of the agency’s services, or when the agency has no feasible plans to provide efficient and adequate service to the territory in question.

1.7 Possible Approaches to the Sphere of Influence

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 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. These eight approaches are explained below:

- 1) Coterminous Sphere: A Coterminous sphere means that the sphere for a city or special district that is the same as its existing jurisdictional boundaries.
- 2) 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 yet inside the sphere.
- 3) Detachable Sphere: A sphere that is smaller than the agency’s boundaries identifies areas the agency is expected to detach territory. The detachable area is the area within the agency’s boundaries but not within its sphere.
- 4) 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.
- 5) Consolidated Sphere: A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.
- 6) Limited Service Sphere: A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
 - b) The multi-service agency is the most logical provider of the other services
 - c) There is no feasible or logical SOI alternative
 - d) Inclusion of the territory is in the best interests of local government organization and structure in the area
- 7) Sphere Planning Area: LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.
- 8) Area of Concern: LAFCO may, at its discretion, designate a geographic area beyond the Sphere of Influence as an Area of Concern to any local agency. An Area of Concern as defined in LAFCO's policies is a geographic area beyond the Sphere of Influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency ("the Concerned Agency").

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to "establish the nature, location, and extent of any functions of classes of services provided by existing districts," recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

1.8 SOI Update Process

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years, as necessary. In updating the SOI, LAFCO is required to conduct a municipal service review (MSR) and adopt related determinations.

This report identifies preliminary SOI policy alternatives and recommends SOI options for the City of Lakeport. Development of actual SOI updates will involve additional steps, including opportunity for public input at a LAFCO public hearing, and consideration and changes made by Commissioners.

LAFCO must notify affected agencies and provide notice in the newspaper 21 days before holding a 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 prior the public hearing.

1.9 SOI Amendments and CEQA

LAFCO has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCO may require the requester to pay a fee to cover LAFCO costs, including the costs of appropriate environmental review under CEQA. LAFCO may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCO may serve as co-lead agencies for purposes of an SOI amendment. Local agencies are encouraged to consult with LAFCO staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are likely exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, and zero SOIs. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, flood protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth-inducing.

Remy et al. write:

“In City of Agoura Hills v. Local Agency Formation Commission (2d Dist.1988) 198 Cal.App.3d480, 493-496 [243 Cal.Rptr.740] (City of Agoura Hills), the court held that a LAFCO’s decision to approve a city’s sphere of influence that in most respects was coterminous with the city’s existing municipal boundaries was not a “project” because such action did not entail any potential effects on the physical environment.”¹

As for the City of Lakeport’s Sphere of Influence, the City adopted a General Plan and Certified an EIR in 2009 and the City of Lakeport adopted an addendum to the previously certified EIR in 2015. While both documents contain a recommended Sphere of Influence, the 2015 is the revised and current Lakeport recommended Sphere of Influence.

2.1 City of Lakeport SOI Options

Four options were identified with regard to the City of Lakeport’s Sphere of Influence. Each option is described in detail below. Maps showing these options follows the descriptions.

A. Option #1: City Proposed SOI

The City has proposed a modified SOI as part of its 2009 General Plan Update, which was amended on February 17, 2015 and passed Resolution 2531. As recommended during the LAFCo Process while adopting the City’s Municipal Service the City made significant amendments to their 2009 proposed Sphere of Influence and eliminated agricultural and open space lands and a proposed Specific Plan Area as listed below.

The proposed SOI would be **reduced** from the 1994 adopted Sphere of Influence (as well as a 2009 City proposed Sphere of Influence) as follows:

1. An SOI reduction north of the City Limits as well as an area north of Scott’s Valley Road and west of Highway 29 would be removed from the 1994 Sphere.
2. Remote agricultural areas Southwest of the City as well as the Specific Plan Area will be removed from the 1994 SOI.
3. Territory (formerly designated Urban Reserve) east of Main Street will be removed from the 1994 SOI due to its agricultural, open space and wetland values.
4. Territory (formerly designated industrial) east of Main Street in the southeasterly corner of the 1994 Sphere of Influence would be removed due to its agricultural and open space values.

¹ Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, Guide to CEQA, Solano Press Books, Point Arena, CA, February 2007, page 111.

The 2009 City General Plan envisioned a SOI expansion South of the 1994 Sphere of Influence, in which territory was designated by the City as a Specific Plan Area. This area, which abuts SR 175 in the south and east has been removed from the City's proposed SOI as part of its 2015 general plan amendment.

By adopting the 2015 proposed City SOI, LAFCO would be sending a signal that it anticipates the territory indicated in 1 through 4 above would be annexed to the City sometime over the next 10 years provided all requirements of an annexation (or reorganization) proposal are met and the landowners and (or) registered voters support annexation.

B. Option #2: Status Quo to re-affirm the 1994 Sphere of Influence

Another option may be to retain the City's existing SOI. This option would ensure the developed areas to the north of the City remain within the City's SOI, indicating that LAFCO anticipates that the City will be the provider of urban services in the area and that these areas will accordingly be annexed to the City sometime over the next 20 years.

C. Option #3: Remove a mixture of Agricultural Lands along the southwest

Territory in the southwest portion of the City of Lakeport's current Sphere of Influence. Includes several parcels, which include prime farmland, Farmland of Statewide importance, Farmland of Local Importance, Grazing Lands and other lands.

The northern portion of this southwest area appears to be parcelized while the southern portion of this area appears to contain larger lots. Significant large development could be difficult to accomplish in a parcelized area.

D. Option #4: Coterminous SOI (Sphere of the City would be coterminous with its boundary)

Given the amount of vacant and underdeveloped property within the City's existing boundaries, an option may be adopting a coterminous SOI. A coterminous SOI would signify by LAFCO that it does not anticipate the City annexing additional territory in the near or long term (in the next five to 20 years).

The amount of land available for new housing development is the crucial first step in determining whether an agency can accommodate their housing needs. There must be sufficient vacant parcels within the City limits or areas to be annexed that are already zoned for residential uses. According to the August 2014 Housing Element, the City has 312.71 acres of vacant and underdeveloped sites with residential and high density residential land use designations and zoning, which exceeds the land needed to accommodate the 147 units (housing need identified in the 2014 housing element) that

were projected to be needed prior to 2019. The vacant land designated for residential uses within the City could accommodate up to 2,356 new residential units if developed at maximum density, but will likely yield around 1,995 new residential units. The City has an additional 28.39 acres available for resort residential development, which will yield approximately 436 units².

2.2 SOI Analysis

In updating the City's SOI, key issues for consideration include the location and probability of potential development, plausible absorption rates, infrastructure or geographical constraints which limit future development within the City limits and/or proposed SOI area, the location and likelihood of annexation of prime agricultural land and LAFCO's ability to come to the necessary determinations in order to adopt an SOI.

Lakeport has a high proportion of vacant and undeveloped land: twenty five percent of the land within City limits remains vacant and another 12 percent is underdeveloped (undeveloped land includes lands that are not used to their maximum potential with respect to the City's General Plan. Most of this land is located near or adjacent to City boundaries in the west, northwest and northern areas of Lakeport. Many vacant and underdeveloped parcels do not have the full range of urban services³. Obstacles that have prevented development of vacant and underdeveloped areas include the relatively high cost of providing urban services, the lack of adequate roads, rough terrain, presence of a flood zone of which there are 353 acres in the 100-year flood plain, and relatively high construction costs.

The City has projected the number of residential, commercial and industrial acres needed in the City of Lakeport to address anticipated population growth through 2025. By 2025, the population of Lakeport was projected in the 2009 General Plan to be approximately 6,859, with a total of 156 acres of residential land needed, 22 acres of commercial land needed and 45 acres of industrial land needed. Most of the projected land needed can be found in existing vacant infill areas within the City based on an analysis of vacant and under-utilized lands currently within the City limits; however, it was anticipated that additional territory would be necessary to address the City's residential housing needs.⁴ The General Plan shows that by 2020, the City anticipates needing to extend outside of the City limits in order to meet residential development needs. Housing need projections are likely exaggerated given the slow down in growth compared to 2005 (when the General Plan was developed). The City anticipated growth of 33 percent in the population over the 20-year period from 2005 to 2025, or an average annual growth rate of 1.4 percent; however, over the last decade (2000 to 2010), the City experienced an overall decline in population of 1.4 percent, which is continuing through 2014. Based on this slowed growth, it appears unlikely that the City will require additional territory to

² City of Lakeport, Housing Element 2015-2019, August 2014

³ Underdeveloped land is defined as having uses much below the maximum permitted by the General Plan. For example a ten acre parcel with one dwelling located in an area designated as High Density Residential would be considered underdeveloped.

⁴ City of Lakeport, General Plan 2025, August 2009, p. III-3.

address growth at least over the next 10 to 15 years, particularly given the recent Adamson Annexation; however, if growth in the State returns to previous levels, the development needs of the City over the next 20 years may exceed the available territory within the City limits. This trend is continuing with a decline in population from 4,753 on April 1st, 2010 to 4,699 on January 1st, 2015.⁵

Farmland lies within the southeastern portion of the City's existing and proposed SOI. It appears that these areas have been designated as Residential and High Density Residential. LAFCOs are tasked with the preservation of prime farmland (Government Code §56301). Additionally, Lake LAFCO has adopted policies to further the preservation of prime farmland, and will normally not approve an SOI amendment to include prime agricultural land unless there is sufficient alternative land available for annexation within the existing Sphere of Influence (Lake LAFCO Policies Section 2.4 (h)). It appears there is not sufficient alternative vacant land for community growth. The south and west are the only alternatives for city growth. Clear Lake is to the east and the north is largely developed. Likewise, the southern area, south of the City Limits and east of SR 29 is for the most part developed yet vacant lands remain in the area.

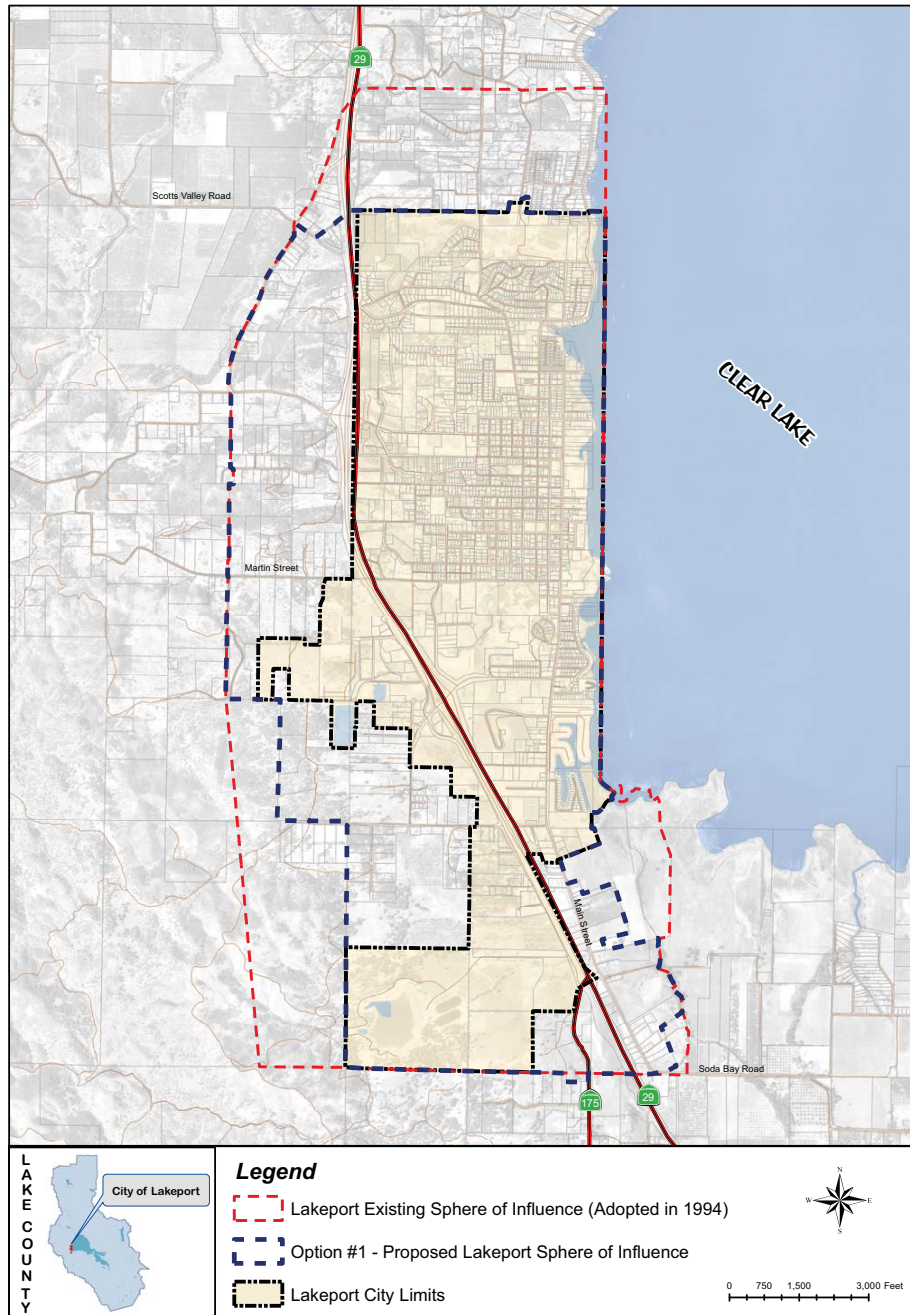
While the City has adopted policies and programs in its General Plan, which seek to preserve the remaining prime agricultural land in the Planning Area, the City appears to have sufficient developable territory to meet housing needs without the prime agriculture areas (which were removed in the 2015 amended City Sphere). As such, the City has eliminated most of the prime agricultural lands west of South Main Street and the Specific Plan Area south of the City. The City notes in its Housing Element that these areas are not a priority for annexation; as such these areas have been removed from the City's 2009 proposed SOI. City General Plan Policy C 7.1 discourages the annexation of productive prime agricultural lands for urban uses.

The 2009 City General Plan included a Specific Plan Area, which covered city-owned property and a few private properties south of the current City SOI. The area was proposed for single and multiple-family residential; including cooperative ownership properties to serve the vacation market; a golf course; and limited commercial, such as a clubhouse or restaurant. Consistent zoning districts include, but are not limited to, R-1, R-2, R-3, R-5, UR, and C-1. This area has been removed from the 2015 City's Sphere proposal for several reasons including the presence of environmentally sensitive habitat, the Lampson Airport flight path, storm water drainage, and several other impacts and will not be considered in this sphere update.

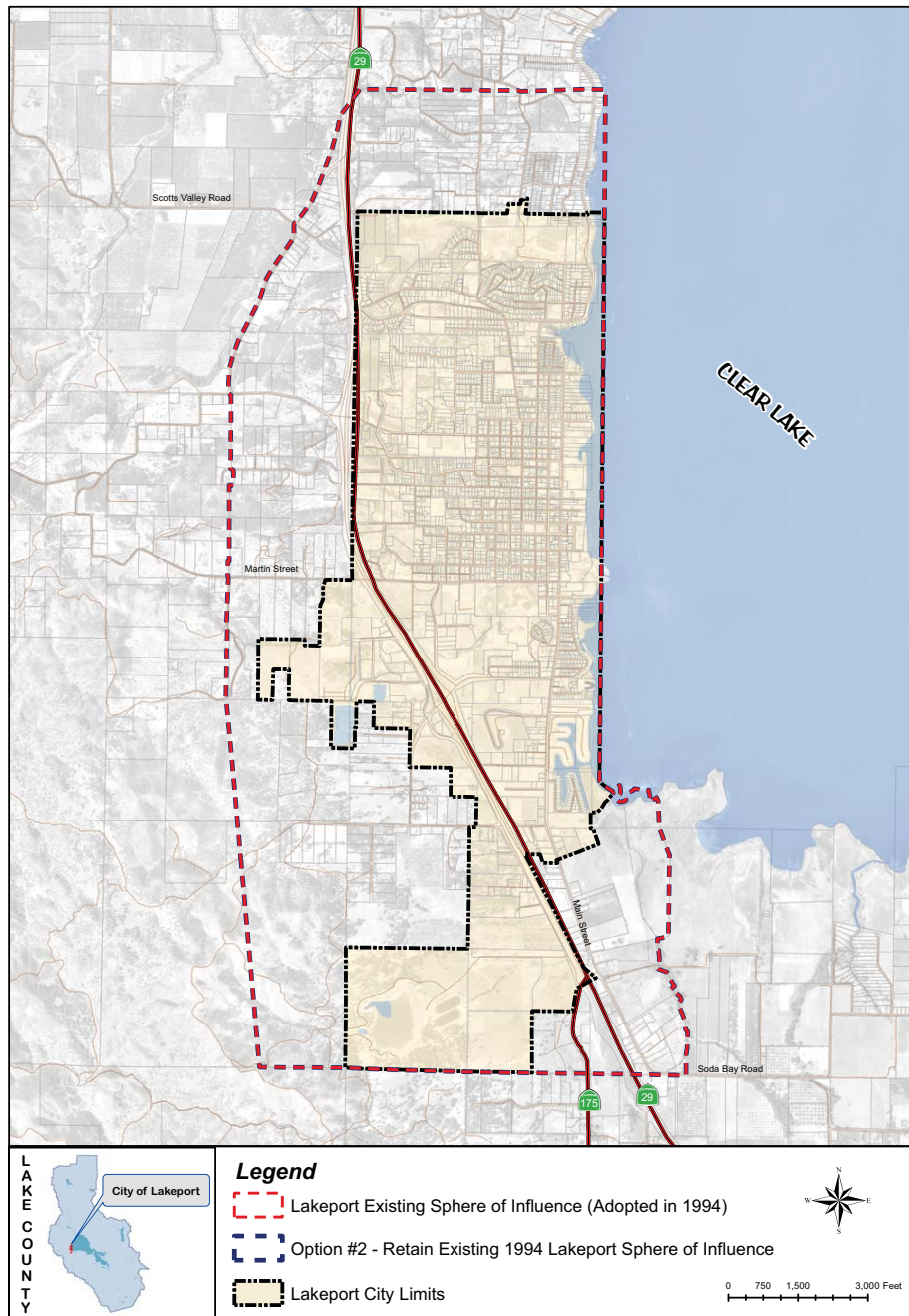
It is recommended that the Commission consider SOI Option #1 described above for the City of Lakeport. This SOI would be as proposed by the City and previously recommended by LAFCo during the MSR Process. Most of the Agricultural Areas have been removed from the City's Sphere of Influence, as proposed. Pockets of prime agricultural land, existing parcelization, relatively few areas where larger scale residential development could occur and the fact the city would have no where else to grow characterize the area south of the City and west of SR 29.

⁵ California Department of Finance Table 2: E-4 Population Estimates for Cities, Counties and State 2011-2015 with 2010 Benchmark

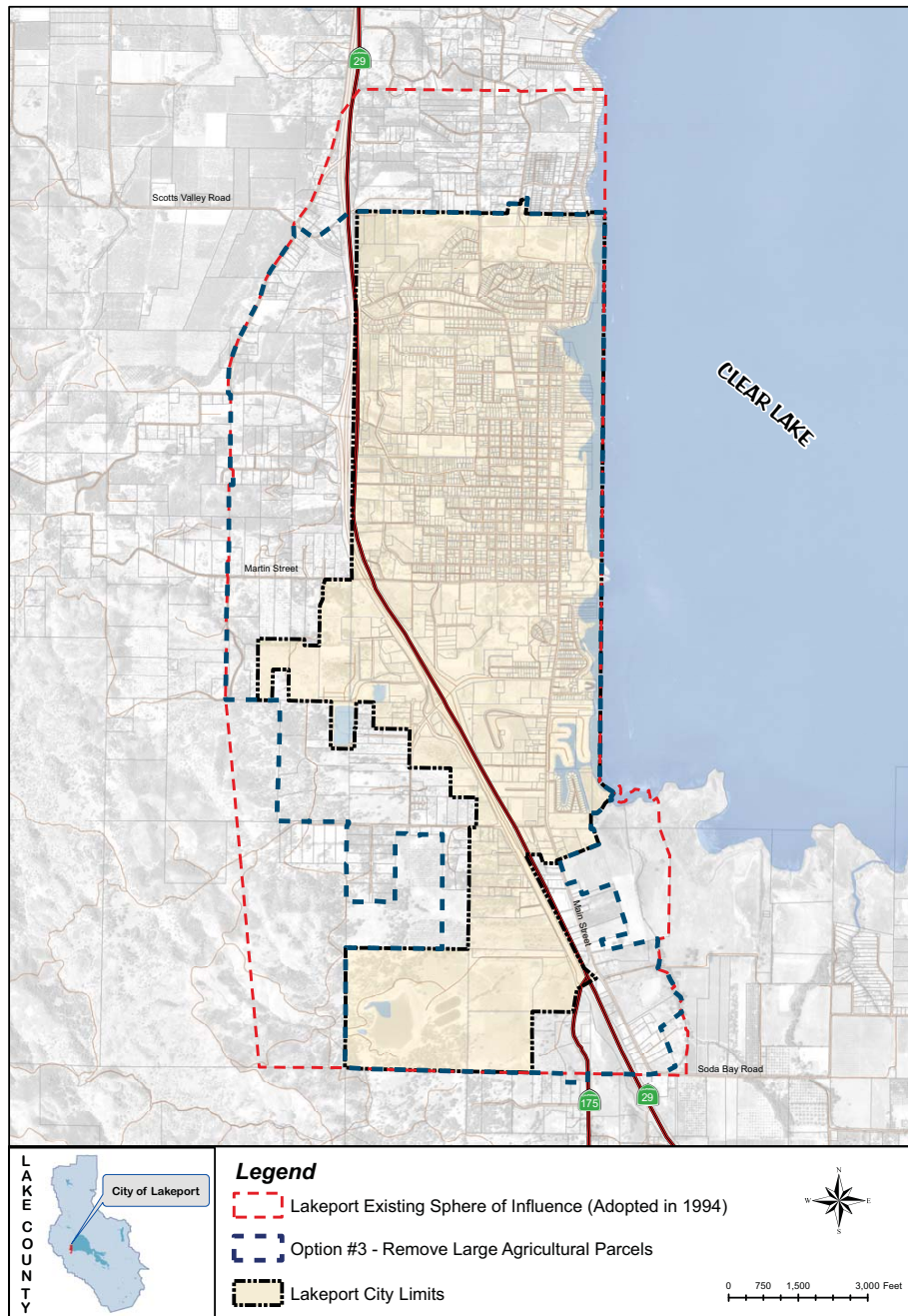
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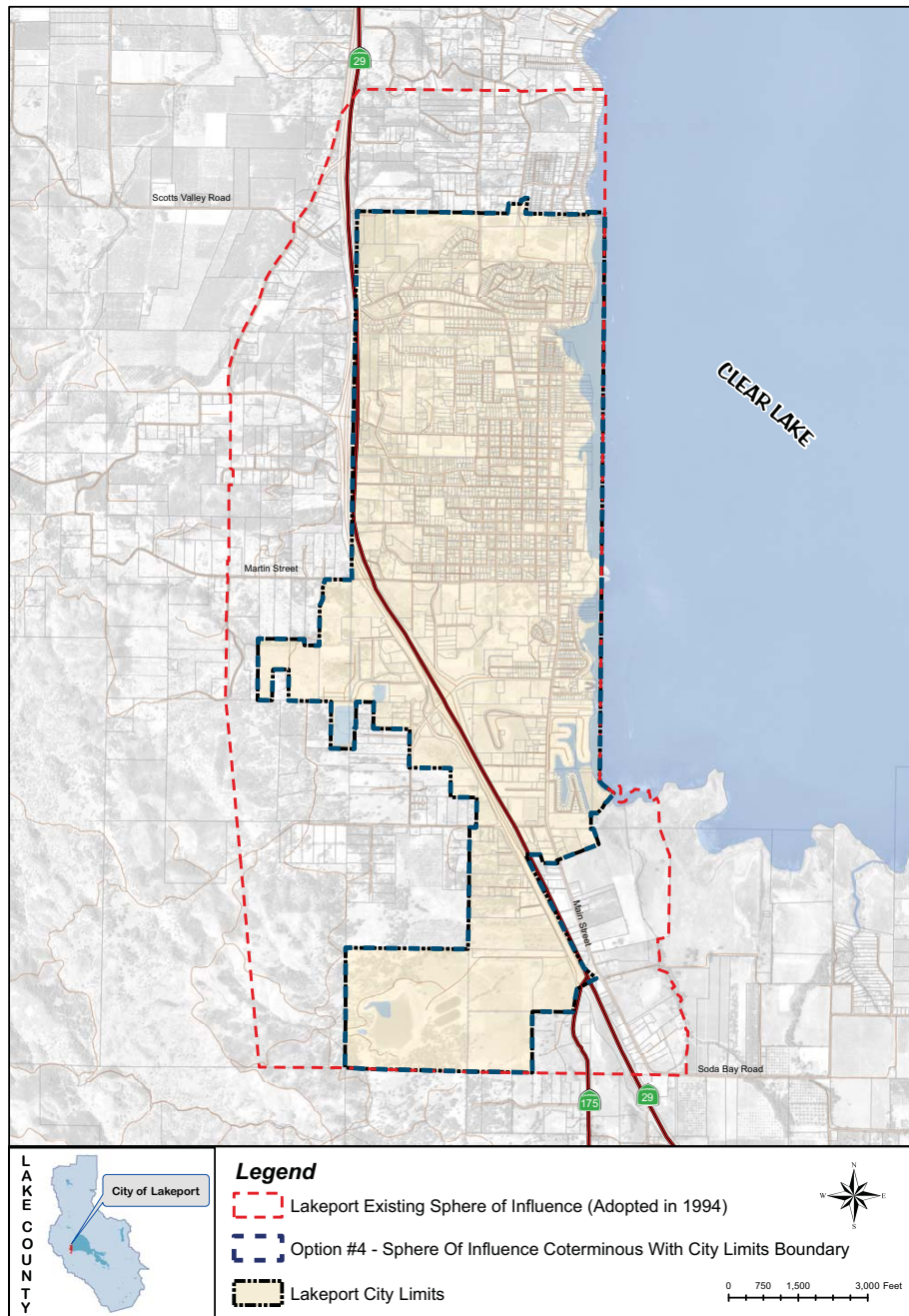
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2.3 Present and Planned Land Uses in the City of Lakeport Area, Including Agricultural and Open Space Lands

2.3.1 General Plan

The City has identified present and planned land uses within the City limits and proposed SOI in the General Plan, as revised. The territory that lies outside of the existing City limits but within in the proposed SOI are designated as a combination of primarily residential, urban reserve, open space parkland, retail and industrial uses, with minimal resort residential designations.

The City of Lakeport General Plan includes an Urban Boundary Element. The Plan states the following:⁶

“The purpose of the Urban Boundary Element is to define the limits for extending City services and infrastructure in order to accommodate new development anticipated within the 20-year time frame of this General Plan. The Urban Boundary Element is also intended to provide guidance related to future annexation of land from the City’s Sphere of Influence. The Urban Boundary Element is not a state-mandated element; however, it is an important element because it limits leap-frog development and provides for an orderly transition from rural to urban land uses. The element recognizes the community’s dedication to orderly and managed growth of the city’s boundaries and the desire to maintain the rural character of many of the areas and neighborhoods within the Lakeport Sphere of Influence.”

Although the General Plan includes a large City-proposed SOI, the Urban Boundary Element shows that the City could, in theory, meet a majority of the needs for estimated population growth with land that is within the City limits.

“Estimated Demand for Land 2005 - 2025

“The number of residential, commercial and industrial acres needed in the City of Lakeport through 2025 is based on population projections through 2025 and an analysis of vacant and under-utilized lands currently within the City limits. By 2010, the population of Lakeport is estimated to be approximately 5,521 with 34 acres of residential land needed, 13 acres of commercial land needed, and 10 acres of industrial land needed. By 2025, the population of Lakeport is estimated to be approximately 6,859, with a total of 156 acres of residential land needed, 22 acres of commercial land needed and 45 acres of industrial land needed. Most of

⁶ City of Lakeport General Plan 2025, Urban Boundary Element, August 2009, Page III-3.
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the projected land needed can be found in existing vacant infill areas within the City.”⁷

Moreover, the City has additional land that can be developed as a result of recent annexations.

2.3.2 “Draft South Main Street and Soda Bay Road Annexation Area Plan for Services”

In addition to the General Plan, as amended, the City of Lakeport has prepared the “Draft South Main Street and Soda Bay Road Annexation Area Plan for Services” to meet the Lake Local Agency Formation Commission requirement that a Plan for Services be prepared for each annexation. The annexation area is located south of Lakeport along the South Main street corridor to the east of State Highway 29.⁸

2.3.3 SOI Determinations for Present and Planned Land Use

- 3-1] It is recommended that significant development take place within a city where urban service levels, including sewer and water service, can be provided as well as other services.
- 3-2] The proposed SOI shown in the General Plan, as amended, also includes land in the previous SOI to be excluded so the net amount of land within the SOI would be significantly reduced from the existing SOI for the City of Lakeport.
- 3-3] The City of Lakeport would be the lead agency in the preparation of all environmental documents relating to changes of organization (annexations).
- 3-4] The General Plan, as amended, provides for preservation and enhancement of existing neighborhoods. It also provides for development of new residential areas through the use of Specific Plans that reflect the best qualities of Lakeport’s existing neighborhoods, with a mix of housing types and sizes, integrated with community facilities including parks, schools, child care facilities and other institutional uses.
- 3-5] The General Plan, as amended contains policies to promote and facilitate economic development. The General Plan provides for development of industrial and commercial uses that will provide a jobs/housing balance significant to the community and the region. Adequate commercial land is designated to promote development of commercial uses to meet present and future needs of Lakeport residents and visitors. The General Plan contains policies that will further the revitalization of downtown as economically viable and physically attractive. The

⁷ City of Lakeport General Plan 2025, Urban Boundary Element, August 2009, Page III-3.

⁸ City of Lakeport, “Draft South Main Street and Soda Bay Road Annexation Area Plan for Services”, April 2011, Page 1-1.
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General Plan also designates land for, and seeks to expand, the City's industrial base to provide for greater economic development and employment opportunities for Lakeport residents.

2.4 Municipal Services – Present and Probable Need

2.4.1 Municipal Services Background

LAFCO is responsible for determining if an agency is reasonably capable of providing needed infrastructure and services to serve areas within its Sphere of Influence. LAFCO is required to evaluate present and long-term infrastructure demands and resource availability, and to evaluate whether the resources and services are available at needed service levels and that orderly maintenance and expansion of such resources and services are made in line with anticipated future demands.

2.4.2 SOI Determinations–Facilities and Services Present and Probable Need

Police Protection

- 4-1] The City will continue to need police protection and the police department can be increased to serve additional area as needed.

Fire Protection

- 4-2] The Lakeport Fire Protection District provides the fire protection and EMS services so any land within the SOI would continue to remain in the Lakeport Fire Protection District.

Water Service

- 4-3] Water service can be provided to areas within the sphere of influence, but water supply is variable from year to year. Water service will increasingly depend on water conservation. Water for landscaping may be on a separate meter and use of recycled water for landscape purposes may increase.

Wastewater Collection and Treatment

- 4-4] It would be beneficial for areas outside of the City Limits that are served by CLMSD to be annexed to the City of Lakeport so they would be subject to City regulations.
- 4-5] The CLSMD has an agreement with LACOSAN to serve part of the area within the City and to provide sewage removal in some areas adjacent to the City that are not serviced by LACOSAN.

Solid Waste Collection and Disposal

- 4-6] Solid waste collection and disposal service could be expanded to serve the area within the proposed SOI.

Streets and Roads

4-7] Street services can be expanded to serve the area within the proposed SOI.

Drainage

4-8] Drainage will be developed as the areas within the SOI are developed.

Park and Recreation Services

4-9] Park and recreation services can be provided to an expanded area. In addition, there are other public and private recreation opportunities in the area.

2.5 Public Facilities Present and Future Capacity

2.5.1 Capacity Background

The capacity and background of the Lakeport public facilities are described in the MSR.

2.5.2 SOI Determinations--Public Facilities Present and Future Capacity

5-1] Implementation of the General Plan, as amended will result in the expansion and improvement of public facilities and services, including police, fire, water, wastewater collection and treatment, streets, drainage, waste collection and disposal and parks. The General Plan calls for increased cooperation and coordination among governmental entities and promotes joint facility planning to achieve cost efficiencies and environmental justice.

5-2] The City is in the process of upgrading many of its public facilities including roads, wastewater treatment and collection, and the water delivery system. After these upgrades are completed, the facilities should be adequate, but will need continued maintenance to be able to serve the existing and future residents of the City.

5-3] The Master Service Plans provide the blueprint for upgrading many of these facilities. Funding is set aside each year during the budget process to further these projects. State and Federal grants, developer's fees and property and sales taxes are used to fund these projects. The source of funding for street improvements is the gas tax and developer infrastructure and development fees.

5-4] Taking into consideration the City's revenue and operating constraints, and the fact that upgrades and improvements are ongoing, the condition of the public facilities is defensible and adequate.

5-5] Additional infrastructure and resources to accommodate future development will include expanded drainage and wastewater facilities, increased personnel, equipment and facilities for fire and police protection, and increased road capacity.

2.6 Social or Economic Communities of Interest

2.6.1 Community Background

The City of Lakeport Community Background is described in the MSR. The City is the County Seat for Lake County and has a substantial share of the jobs and economic activity in Lake County.

2.6.2 SOI Determinations – Social or Economic Communities of Interest

- 6-1] The City of Lakeport is clearly both a social and economic community and new development within the area should occur within the City limits and be served by City services.
- 6-2] Areas of concern for future utility and public service expansion of City services should be reflected in the next update of the County's Lakeport Area Plan by mutual agreement between the City and the County of Lake.

2.7 Disadvantaged Unincorporated Communities

2.7.1 Community Background

For an update of a sphere of influence of a city or special district which provides public facilities or services related to sewers, municipal or 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. Territory surrounding the City of Lakeport shares the same Fire EMS services as with the City of Lakeport. The City and LACOSAN have an agreement whereby certain incorporated territory is served by LACOSAN and the City provides wastewater services to unincorporated territory. Domestic water service to the north of the City is provided by CSA #21, North Lakeport Water. Areas to the west and south are served by wells. The County has plans to operate a domestic water system in the South of the Lakeport City Limits and east of SR-29.

2.7.2 SOI Determinations – Disadvantaged Unincorporated Communities

- 7-1] The City of Lakeport has the ability to serve new development within its Sphere of Influence area albeit wastewater and Fire and EMS are provided by LACOSAN (in some cases service areas are provided through a City-LACOSAN agreement) and the Lakeport County FPD. With the Exception of CSA 21 water north of the City, at this time the only public domestic water service provider in the Lakeport Sphere of Influence is the City of Lakeport.
- 7-2] The 2010 Median Household income (MHI) for Lakeport \$38,147 while the State's Median Household Income (MHI) was \$60,883. For comparison purposes, the North Lakeport Area (unincorporated) area's MHI was \$41,336. To be designated as disadvantaged, an area must be less than 80 percent of the state's MHI.
- 7-3] Future Annexations to the City of Lakeport must include an analysis of Disadvantaged Unincorporated Communities per the requirements of Section 2.19(2) of LAFCo's Policies, Standards and Procedures as adopted on May 21, 2014, if determined necessary.