

**LAKE LAFCo
Executive Officer's Report**

Item #5

SOUTH LAKEPORT REORGANIZATION

**Lake LAFCo No. 2019-0001 South Lakeport
Annexation
March 16, 2022**

TO: Lake Local Agency Formation Commission

FROM: John Benoit, Lake LAFCo Executive Officer

SUBJECT: South Lakeport Annexation LAFCo file 2019-06

Attachments: **NOTE:** attachments #2 through #11 are located on LAFCo's website www.lakelafco.org under the page South Lakeport Annexation.

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|----------------|--|
| Attachment #1 | LAFCo Resolution 2022-0004 approving Annexation |
| Attachment #2 | Executed Resolution initiating the South Lakeport Annexation |
| Attachment #3 | Plan for Services |
| Attachment #4a | City of Lakeport General Plan 2025 |
| Attachment #4b | General Plan Addendum and adoption documents |
| Attachment #5 | LAFCo's Financial Analysis MRG Final Report |
| Attachment #6 | Lakeport SOI update adopted by LAFCo |
| Attachment #7 | Statement of Justification |
| Attachment #8 | Final General Plan EIR |
| Attachment #9a | Lakeport General Plan Addendum EIR |
| Attachment #9b | Initial Study and CEQA Documents |
| Attachment #10 | Rezoning Resolution |
| Attachment #11 | Joint Property Tax Sharing Agreement |

EXECUTIVE OFFICER'S RECOMMENDATION:

Adopt the proposed Lake LAFCo Resolution 2022-0004 (see Attachment #1) approving an annexation consisting of a 136.78-acre more or less to the City of Lakeport.

SUGGESTED MOTION:

I move to offer Lake LAFCo Resolution 2022-0004 approving a 136.78 acres (more or less) annexation into the City of Lakeport subject to the terms and conditions.

BACKGROUND:

This annexation includes lands owned by various landowners on 50 parcels of land and public rights of way. This annexation includes 136.78 acres of land located south of the existing city limits, adjacent to South Main St. and Soda Bay Rd, east of State Route 29. Access to the annexation area is available from South Main Street and Soda Bay Road.

The road corridor traverses the annexation area on a north-south axis. Access is also provided via State Route 175 which intersects with South Main Street near its midpoint in the annexation area.

Wastewater services will remain with the Lake County Sanitation District through an ongoing agreement between the City and the District hereinafter referred to as the South Lakeport Annexation to provide a full complement of City of Lakeport services to the annexation area including a safe and reliable water supply. The Geographic Description and Map for the South Lakeport Annexation to the City of Lakeport is included as Exhibits A and B of LAFCo Resolution 2022-0004.

Note: The City sent informational mailings to property owners, businesses and residents and conducted door-to-door canvassing on July 15 and 16, 2019 to provide information and respond to questions.

This proposal includes the following components:

- Annexation of the affected territory to the City of Lakeport.
- A detachment from the Lake County Sanitation District is not necessary since the City and the District anticipate continuing an out of area service contract per Government Code (g.c.) 56133.
- The territory is within the Sphere of influence for the City of Lakeport.

The City adopted a resolution of application (Resolution 2725 (2019) shown as Attachment #2 including a Map and Description and the plan for services as required by g.c. 56653. While the resolution includes a tax sharing agreement (as Exhibit C) from 1997 this tax sharing agreement is no longer valid since a new and updated tax sharing agreement is in place for this annexation (County of Lake Resolution 2022-08 and City of Lakeport Resolution 2844 (2022) adopted on January 11, 2022.

Government Code Section 56653 (Cortese-Knox-Herzberg Government Reorganization Act) requires that whenever a local agency submits an application to LAFCo for a change of organization the local agency shall also submit a plan for providing services within the affected territory. The Plan for Services (attachment H to the application) submitted by the City of Lakeport is summarized below. The entire plan for Services is attached as Attachment #3 as summarized below:

Police

Policing is currently provided to the South Lakeport annexation area by the Lake County Sheriff's Office. After the annexation, police services will be provided by the City of Lakeport Police Department.

Fire and Ambulance

Fire protection and advanced life support (ALS) ambulance service is currently provided to the South Lakeport annexation area by the Lakeport Fire Protection District. After annexation, these services will continue to be provided by the Fire District.

Water

There is currently no municipal water service in the South Lakeport annexation area. Residents and business owners obtain their water from private wells or by delivery.

Once the annexation is approved, the City of Lakeport will extend water service to the annexation area and all property owners will have the choice of connecting to the municipal water system or remaining on private wells.

Sanitary Sewer

Sanitary sewer service is currently provided to the annexation area by the Lake County Sanitation District (LACOSAN). LACOSAN operates the wastewater collection system that serves the "South Lakeport Wastewater Service area." The collection system includes a series of lift stations, including two which are in the annexation area. The wastewater collected in the annexation area is treated at the City of Lakeport Municipal Wastewater Treatment Facility through a formal agreement whereby costs for treatment are paid by LACOSAN to the City of Lakeport Municipal Sewer District (CLMSD) based on metered flow measurements. The agreement was entered into in 1995 and has been amended three times. The second amendment extended its term to June 6, 2026.

If the annexation is approved, the City would prefer that the collection system within the annexation area be transferred to the CLMSD for all maintenance and operation activities. Alternatively, LACOSAN could continue to operate the sanitary sewer collection system. The City and LACOSAN will negotiate this in 2026 or extend the current agreement.

Storm Drainage

Both the County of Lake (which currently manages storm drainage in the annexation area) and the City of Lakeport participate in the consortium of agencies that make up the Lake County Clean Water Program, which in 2004 jointly submitted a Storm Water Management Plan (SWMP) to the Central Valley Regional Water Quality Control Board. This requires the County's three jurisdictions (the City of Lakeport, the City of Clearlake, and the County of Lake) to maintain, implement, and enforce an effective SWMP. Support and maintenance of the storm drainage services in the annexation area currently lies with the County of Lake. After the annexation, the responsibility to provide storm drainage services will transfer to the City of Lakeport. However, the underlying permit regulating storm water discharge into Clear Lake will continue to be that issued to the Lake County Clean Water Program.

Transportation

Transportation services within the annexation area are currently provided by the County of Lake Department of Public Works (road maintenance) and Lake Transit (bus system). If the annexation is approved, Lake Transit will continue to provide bus service to the annexation area, while responsibility for maintaining public roads (South Main Street and Soda Bay Road) within the annexation area will shift to the City of Lakeport Public Works Department.

Planning & Building

Planning and building services in unincorporated areas of Lake County are provided by the Lake County Community Development Department. Once annexed, these services would be provided by the City of Lakeport Community Development Department.

Solid Waste

Solid waste services, including curbside garbage, recycling and green waste collection, in unincorporated areas of Lake County are currently provided by Lake County Waste Solutions, a division of C&S Waste Solutions. The City of Lakeport has a franchise agreement with Lakeport Disposal, Inc. for solid waste, recycling and green waste collection, processing and disposal services. The HazMobile is a countywide service that is available to all Lake County residents at rotating locations one weekend each month. Upon annexation, the South Lakeport area would be transferred to the service area of Lakeport Disposal, Inc.

I. BACKGROUND:

A. Lakeport General Plan:

In 2009 the City of Lakeport updated its General Plan (See Attachment 4a) . The Lakeport General Plan is the official document used by decision makers and citizens to guide and interpret the City's long range plans for development of land and conservation of resources. The General Plan applies to both public and privately owned land within the City's boundaries and its Sphere of Influence (SOI). In 2014 the City prepared a General Plan addendum along with an addendum to the General Plan EIR. General Plan designations within the South Lakeport annexation boundaries were modified to include territory planned for Industrial and Major Retail. Rezoning revisions included Industrial and C 2 - major retail. The City Council adopted Resolution 2531 (2015) on February 17, 2015 approving the 2014 amendments to the General Plan EIR, the City General Plan and adopting amended rezoning for the South Lakeport Annexation area (See Attachment 4b).

B. LAFCo's Adopted MSR and SOI

On July 18, 2012 Lake LAFCo adopted an updated Municipal Service Review for the City of Lakeport. This Service Review examined City Administration, Development Services Public Protection, Water and Wastewater, City Facilities, Solid waste, parks and public works. The Service Review also examined city Financials. On July 18th, 2012 the City

made determinations regarding Population and Growth, Infrastructure and Capacity and Financial Ability. The adopted Services Review is included as Attachment #5.

On October 14, 2015 LAFCo adopted an updated Sphere of Influence for the City of Lakeport. This Sphere of Influence had a reduction in size since the original 1994 Sphere of Influence, which removed many agricultural areas. LAFCo adopted a Sphere of Influence consistent with the City's General Plan which included the South Lakeport Annexation Area. LAFCo made determinations favorable to the South Lakeport Annexation including determinations related to Present and Planned Land Uses including the City's "South Main Street and Soda Bay Road Annexation area Plan for services", present and planned land uses, present and probable need for urban services, public facilities present and future Capacity, Social and Economic Communities of Interest and disadvantaged unincorporated communities. The 2015 Sphere of Influence Report is included as Attachment #6.

In adopting this Sphere of Influence update for the City of Lakeport's Sphere of Influence, the Commission considered relevant factors determined by the Commission, including but not limited to, Sphere of Influence and General Plan Consistency, and other factors described in Government Code Sections 56425, and 56428, in that:

- a. The Commission has considered the present and planned land uses in the area including agricultural and open space lands as described in the Lake County General Plan, and the City of Lakeport General Plan.
- b. The Commission has considered the present and probable need for public facilities and services in the area as described in the adopted Municipal Service Review, the City of Lakeport General Plan.
- c. The Commission has considered the present capacity of public facilities and adequacy of public services, which the agency provides or is authorized to provide as described in the adopted City of Lakeport Municipal Service Review.
- d. The Commission has considered the existence of any social or economic communities of interest in the area and received as testimony in public hearings.
- e. The Commission has considered the conversion of prime agricultural lands meeting LAFCo's criteria in Government Code Section 56064. The Commission has considered the Statement of Overriding Considerations in this Sphere of Influence as adopted by Lakeport for its General Plan.

Lake LAFCo received a resolution of Application including a Plan for Providing Services from the City of Lakeport proposing the South Lakeport annexation of territory including 136.78± acres more or less.

This proposed annexation is within the adopted Sphere of Influence for the City and considered inhabited having 18 registered voters residing within the territory.

The City prepared a justification statement for the South Lakeport Annexation including the factors adopted by LAFCo in support. The justification statement includes a discussion of Population, the need for organized community services, the effect upon Lake County, development patterns,

effects upon adjacent agricultural lands, the boundaries of the annexation territory, the Regional Transportation Plan, Consistency with the County General Plan, spheres of other agencies, ability to provide services, timely water supplies, regional housing shares, land owner comments, environmental justice and the hazard mitigation plan. (Attachment 7 includes the statement of justification).

C. Environmental Review

On October 14, 2015 LAFCo acted as a responsible agency for the Sphere of Influence for the City of Lakeport, which differs from being a lead agency. The California Environmental Quality Act (CEQA) defines a responsible agency as a public agency, other than the lead agency, which has responsibility for carrying out or approving a project. The 2015 CEQA environmental document was prepared as an addendum to the 2009 City of Lakeport General Plan Update EIR and addresses proposed changes and amendments to the Lakeport General Plan as recommended by the Lakeport Planning Commission to the Lakeport City Council in 2014, which was affirmed by the City on February 17, 2015 (See Attachments 8, General Plan EIR and Attachment 9a EIR Addendum EIR and 9b CEQA initial study and CEQA documents)

The California Environmental Quality Act (CEQA) Guidelines, Section 15096 state that a responsible agency complies with CEQA by considering the EIR prepared by the lead agency. An EIR was adopted by the City of Lakeport the sphere of influence amendment and the subsequent annexations The environmental review was previously affirmed by LAFCo in 2015 when the Commission adopted a Sphere of Influence amendment including the 136.78-acre south Lakeport annexation area.

There have been no changes or unusual circumstances that exist or could have exist after the initial City certification of the EIR and LAFCo affirmation of the EIR.

II. ANALYSIS

| | |
|-----------------------------|----------------------------------|
| A. Accepted for filing: | February 9, 2022 |
| B. Publication and Posting: | February 9, 2022 |
| C. Compliance with CEQA: | EIR Prepared per CEQA guidelines |
| Lead Agency: | City of Lakeport |
| Responsible Agency: | LAFCo |
| Environmental Finding: | EIR |
| Date of Finding: | February 17, 2015 |

D. Compliance with applicable Plans:

The proposed annexation is within the city's planning area and conforms to the Lakeport General Plan and the Lakeport Zoning Ordinance.

E. Compliance with applicable Spheres of Influence:

The proposed annexation conforms to the City of Lakeport's adopted Sphere of Influence as amended by LAFCo in 2015.

F. Existing Land Use and Zoning:

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LAND USE DESIGNATIONS: The Lake County General Plan designates the annexation area as Cc, Community Commercial and Cs, Service Commercial.

ZONING: C3, Service Commercial, with the exception of parcels located immediately north and south of State Route 175 (APN 005-035-10 and 082-092-01) which are designated CH, Highway Commercial, and APN 008-003-04 which has two zoning designations (C2, Community Commercial), on the westerly portion bordering Main Street and C3, Service Commercial on the easterly portion) (Lake County Zoning Map).

(See ATTACHMENT #10)

DWELLINGS: 12
POPULATION: Inhabited (more than 12 registered voters).
REGISTERED VOTERS: 18

G. Landowner(s): several (50)

H. Existing Land Use and Zoning for Surrounding Territory:

GENERAL PLAN

North

MR, Major Retail (City of Lakeport General Plan)

South

I, Industrial; A, Agriculture (Lake County General Plan)

East

A, Agriculture; RC, Resource Conservation (Lake County General Plan)

West

O, Office Space; MR, Major Retail (City of Lakeport General Plan); LDR, Low Density Residential; RR, Rural Residential (Lake County General Plan)

ZONING

North

C3, Service Commercial; C2, Major Retail (City of Lakeport Zoning Map)

South

M2, Heavy Industrial (Lake County Zoning Map)

East

APZ, Agricultural Preserve; A, Agricultural (Lake County Zoning Map)

West

PO, Professional Office (City of Lakeport Zoning Map); RR, Rural Residential; SR

I. Proposed Development:

The annexation area is mostly used for urban development including commercial and residential uses.

J. Fiscal Data:

The County of Lake and the City of Lakeport prepared a fiscal analyses for this annexation. Inconsistencies between these analyses were reconciled by LAFCo using MRG consulting. MRG developed three broad principles in this report, as follows:

- The City and County need to recognize and embrace the public purpose of the other and acknowledge that both communities can benefit significantly if the annexation is completed.
- A sense of urgency is needed. The area has been allowed to develop for years without adequate water service, creating a public health hazard. Also, December 1 is the annual deadline for tax exchange agreement implementation with the Board of Equalization.
- The City is in a better position to provide improved public services. The annexation area is in the City's sphere of influence, and the City is in a better position to extend and manage new infrastructure and growth.

Sales Tax

1. Because the City has two voter-approved sales tax measures totaling 1.5%, overall sales tax revenues will be significantly increased when the annexation is completed, creating an opportunity for tax sharing in which both jurisdictions can benefit.

- If the South Lakeport area is annexed, the City will receive approximately \$661,000 in sales tax revenues above the amount currently accruing to the County.
- Without annexation, current annual sales tax revenues equal \$490,000 and accrue to the County. With annexation, annual sales tax revenues would increase to \$1.151 million and could be shared between the City and County as negotiated. Without annexation, the additional \$661,000 in sales tax revenue is not available for the provision of needed services.
- The City and County could consider an equitable sharing of sales tax revenues between the City and County, including future growth. This gives both the City and County an incentive to work collaboratively to make improvements and develop new business opportunities in the annexation area.

The entire MRG report (fiscal analysis) is shown as ATTACHMENT 6.

A Tax Sharing Agreement was adopted on January 11, 2022 between Lake County and the City of Lakeport (County of Lake Resolution 2022-0008 and City of Lakeport Resolution 2844 (2022)). This agreement applies to the South Lakeport Annexation. This agreement includes a split of property tax revenues and exchanges in Sales Tax revenues over a period of time in accordance with the provisions in the agreement. The agreement also specifies provisions related to Transportation improvement and Water Infrastructure projects, Wastewater Collection and treatment as well as other provisions and general provisions. This agreement is included as Attachment 12 to this report and Exhibit C of the annexation resolution.

Total Assessed Value is \$25,511,529

K. Existing and Proposed Service Agencies:

| Service | Existing Provider | Proposed Provider |
|-------------------------------------|---|-------------------|
| School Districts | Lakeport Unified | Same |
| Fire Protection | Lakeport FPD | Lakeport FPD |
| General Government | Lake County | Lakeport |
| Police Protection | Lake County | Lakeport |
| Off-site Drainage and Flood Control | Lake County | Lakeport |
| Water and Wastewater | Wells and Lacosan (collection) and Lakeport (treatment) | Lakeport |
| Street Lighting | Lake County | Lakeport |
| Roads | Lake County | Lakeport |
| Emergency Services | Lakeport Fire | Lakeport Fire |

III. POLICY ANALYSIS - Annexation

1. GOVERNING LAW

LAFCO is charged with applying the policies and provisions of the Cortese-Knox-Hertzberg Act to its decisions regarding annexations, incorporations, reorganizations, and other changes of government. Section 56668 of the Government Code states the following:

Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:

- (a) Population, and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.*
- (b) Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation; formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services, which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.*
- (c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.*
- (d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns, of urban development, and the policies and priorities set forth in Section 56377.*
- (e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.*
- (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.*
- (g) A regional transportation plan adopted pursuant to Sections 65080.*
- (h) Consistency with city or county general and specific plans.*
- (i) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.*
- (j) The comments of any affected local agency.*
- (k) The ability of the newly formed or receiving entity to provide the services which area the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

- (l) *Timely availability of water supplies adequate for projected needs as specified in Section 65352.5*
- (m) *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with section 65580) of Chapter 3 of Division 1 of Title 7.*
- (n) *Any information or comments from the landowners, voters or owners.*
- (o) *Any information relating to existing land use designations.*
- (p) *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.*
- (q) *Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.*

These factors will be reviewed with regard to the South Lakeport Annexation to the City of Lakeport.

- (a) *Population, and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.*

The population of the proposed South Lakeport annexation area is estimated at 21 people. There are two parcels where the primary use type is single-family residential and seven parcels with apartments and/or caretakers units combined with commercial uses. A population estimate of 21 persons is derived utilizing a factor of 2.38 persons per household (9 x 2.38 persons per household=21.42 persons).

The population density is estimated to be 6.51 persons per acre. (136.78 acres divided by 21 people=6.51 persons per acre.) *Source: Lakeport Community Development Department.*

- (b) *Need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation; formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.*

"Services," as used in this subdivision, refers to governmental services whether or not the services are services, which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

There is a need for safe and reliable water service meeting state water quality standards in the South Lakeport area. All the other services in the annexation area is described in the Plan for Services. The City of Lakeport provides organized community services within its boundaries, and it maintains a Sphere of Influence that represents the planned future boundaries of the City. Presently, there is a need for municipal water services in the annexation area to serve existing development with inadequate water systems and to accommodate future development. The extension of water service to the annexation area will also benefit public safety by enabling installation of fire hydrants along South Main Street and Soda Bay Road. The City of Lakeport currently provides wastewater treatment services to properties within the annexation area under an agreement with the Lake County Sanitation District (LACOSAN) that will expire in 2026.

- (c) *The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.*

This annexation will bring the 136.78-acre South Lakeport into the City. There should be no impact from this annexation since agreements regarding services are in place between the City and the County. The effect of the proposed action is that 136.78 acres of land now under County of Lake jurisdiction would be annexed and transferred to the City of Lakeport's jurisdiction. There are no alternative actions proposed. The effect on adjacent areas will be minimal although enhancements to urban services within the annexation area is expected to have a positive effect within the annexation area.

The probable effects of annexation on the cost of County services are addressed in the Fiscal Impact Analysis.

- (d) *The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in (Government Code) Section 56377.*

The following are the general policies and substantive standards that apply to LAFCO's consideration of any type of proposal:

Section 2.1 Communication between local agencies: The City and LAFCO have communicated regarding this proposed annexation as evidenced by correspondence, emails, and verbal discussions between City management staff and consultants and LAFCO management staff. The City has also communicated with County officials regarding its intent to annex the South Lakeport annexation area. Furthermore, the City of Lakeport updated its Sphere of Influence and General Plan in 2015 in preparation for this annexation.

Section 2.2 Urban development: LAFCO policy encourages proposals that result in urban development to include annexation to a City whenever reasonably possible and discourages proposals for urban development without annexation. The South Lakeport Annexation project will implement this policy by annexing 136.78 acres of predominantly urbanized land to the City of Lakeport. The City of Lakeport updated its Sphere of Influence in 2015 to remove parcels in current agricultural use and properties containing prime agricultural soils. That action ensured that the South Lakeport Annexation area is comprised solely of urbanized parcels.

Section 2.3 Discouraging urban sprawl: LAFCO policy discourages urban sprawl which is characterized by irregular dispersed and/or disorganized urban or suburban growth patterns occurring in a manner that precludes or hinders efficient delivery of municipal services, especially roads, public sewer, and public water. The existing development pattern within the South Lakeport Annexation area, which occurred under County governance, has a number of under-utilized and vacant lots. By annexing the area and providing the opportunity for property owners to connect to the City's water system, the City of Lakeport will promote in-fill development on vacant and under-developed parcels.

Section 2.4 Environmental consequences: The City of Lakeport is the lead agency for the annexation under the California Environmental Quality Act (CEQA). An Initial Study/Environmental Checklist was prepared and circulated for public review in May/June 2019. The Initial Study concludes that two previous environmental documents are sufficient to serve as the environmental documents for the annexation project. (See Attachment 9b CEQA initial study and CEQA documents) These previously certified environmental documents are (1) the Environmental Impact Report prepared for the City of Lakeport General Plan 2025 (State Clearinghouse Number 2005102104) and (2) the Addendum to the Lakeport General Plan 2025 EIR which was prepared for the 2015 General Plan amendment updating the Lakeport Sphere of Influence. The City has consulted with LAFCO staff during this public review process by forwarding a copy of the CEQA Initial Study to LAFCO staff.

Section 2.5 Balancing jobs and housing: The City encourages an appropriate balance between jobs and housing as set forth in the Housing Element of the Lakeport General Plan.

Section 2.6 Compact urban form and in-fill development encouraged: LAFCO will consider whether the proposed development is timely, compact in form, and contiguous to an urbanized area. LAFCO will favor development of vacant or under-utilized parcels already within a City or other urbanized area prior to annexation of new territory. The City of Lakeport's policies, as contained in the Lakeport General Plan, are consistent with these LAFCO policies. The City supports and encourages in-fill development within the City limits, specifically through Policies LU 4.1, 4.2, and 4.3 of the Lakeport General Plan Land Use Element. As explained under Section 2.3, above, the annexation area is urbanized, but under-utilized. This is mainly due to the lack of availability of a public water system in this area. The annexation and subsequent expansion of the City of Lakeport's municipal water system will allow for infill development which will lead to a more compact urban form and efficient delivery of services.

Section 2.7 Public Accessibility and Accountability: LAFCO recognizes the public's ability to participate in local government processes and will consider this principle when it evaluates a proposal for change in organization or reorganization. The City has encouraged public comment and review of the proposed annexation project by conducting door to door meetings with businesses, residents and property owners in the annexation area and by sending informational mailings to businesses, residents and property owners in the annexation area. The City has also held Town Hall meetings to address the concerns of property owners, businesses and residences in the annexation area. Additionally, notices of public hearings and opportunities to comment on the Initial Study and environmental documents and the annexation application were provided in accordance with State and local requirements.

Section 2.9 Efficient services: Annexation of the South Lakeport Annexation project area will use existing public agencies and, by consolidating activities and services, the City of Lakeport will obtain economies of scale in its provision of services within the annexation area. The incorporation of the 136.78-acre annexation area into the City of Lakeport will provide logical and effective local government services.

Section 2.10 Community Impacts: LAFCO will consider the impacts of a proposal and any alternative proposals on adjacent areas on mutual, social, and economic interests, and on local government structure. The proposed 136.78-acre annexation project will have no significant adverse community impacts.

Section 2.11 Conformance with General and Specific plans: The proposed annexation project area has been pre-zoned Industrial (I) and Major Retail (C-2) consistent with the land use designations of the Lakeport General Plan. (See LAFCO Application, Attachment G.) There are no economic or social communities of interest within the project area, and the annexation of the area to the City will not result in the division of any established community.

The Lakeport General Plan is the land use and policy document regulating the City's intent with regard to growth and development. The Lakeport General Plan Urban Boundary Element specifies the project area as an annexation priority of the City. No policies or regulations of the City would be violated as a result of this annexation. The proposal meets all the applicable consistency requirements of California law.

Section 2.12 Boundaries: A definite boundary has been provided as part of the application to LAFCO for the annexation project. (See Attachment 1, Exhibits A and B.) The proposal is a logical boundary as set forth in the Lakeport Sphere of Influence and follows logical service areas. *Source: Legal description and map of the South Lakeport Annexation Project (Conser Land Surveying, October 2018).*

Section 2.13 Revenue neutrality: LAFCO will approve a proposal for a change in reorganization if the Commission finds that the proposal will result in a similar exchange of revenue and service. The property tax exchange agreement between the County of Lake and the City of Lakeport documents the revenue exchange provisions. The Fiscal Analysis for the South Lakeport Annexation Project concludes revenue neutrality will be achieved.

Section 2.14 Agricultural and open space land conservation: As indicated in the Initial Study, the annexation project area does not include any areas of soil which are classified by the California Resources Agency as Prime Farmland. It does contain several small areas of land that have been classified by the Lake County Board of Supervisors as Farmland of Local Importance. The City's 2015 Focused General Plan Update and Pre-zoning specifically modified the City's Sphere of Influence to remove agricultural, undeveloped, and rural residential lands located south of the City. None of the lands in the current annexation area are currently used for the production or operation of agricultural commodities, and the project will not convert any active farmland to non-farming uses.

Section 2.15 Need for Services: The annexation area lacks municipal water service and the wastewater collection system (operated by LACOSAN) is dependent upon a contractual arrangement with the City of Lakeport for wastewater treatment services that expires in July of 2026, which the City and LACOSAN will in good faith negotiate. At least six of the properties in the annexation area have on-site water systems which are regulated by the State Water Resources Control Board's Division of Drinking Water. These water systems require a domestic water supply permit and are required to perform monthly and annual testing. Water Board staff have indicated that none of these permitted systems are in full compliance with State requirements. Once the annexation is approved, the City of Lakeport will extend water service to the annexation area and all property owners will have the choice of connecting to the municipal water system or remaining on private wells.

Section 2.16 Exceptions:

There are no exceptions to LAFCo's Policies needed or required since this annexation is consistent with LAFCo's adopted policies.

Section 2.17 Tribal Lands: The annexation area does not include any tribal territory nor does the LAFCo anticipate the proposed annexation would ultimately lead to the provision of services to tribal lands.

- (e) *The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.*

See Section (d) above discussion of consistency with LAFCo's Policy 2.14.

- (f) *The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.*

The boundaries are definite and certain and follow assessment boundaries

- (g) *A regional transportation plan adopted pursuant to Sections 65080.*

The Regional Transportation Plan is a long-range planning document developed by the Lake Area Planning Council (Lake APC), which functions as the Regional Transportation Planning Agency (RTPA) for the entire Lake County Region. The most recent Regional Transportation Plan for Lake County was adopted in 2017, consistent with Government Code Section 65080. The plan covers a 20-year horizon with an overall goal of promoting the safe and efficient management, operation and development of a multi-modal transportation system that, when linked with appropriate land use planning, will serve the mobility needs of people and goods movement throughout the region.

The 2014 EIR Addendum included an analysis of the impacts of annexation of the project area upon transportation and land use. The annexation of the South Lakeport project area is consistent and compatible with the Regional Transportation Plan.

(h) Consistency with city or county general and specific plans for Mixed-use development

The South Lakeport Annexation project area is consistent with the Urban Boundary Element of the Lakeport General Plan. The Lakeport General Plan is the land use and policy document regulating the City's stance with regard to growth and development of the City's boundaries. Program UB 4.2 of the Lakeport General Plan Urban Boundary Element identifies the project area as a priority and instructs the City to "Pursue annexation of commercial and industrial lands within the proposed southern SOI."

The 2015 Focused General Plan Update and Pre-zoning Project considered and prepared for the annexation of the project area. The 2014 EIR Addendum included an analysis of the impacts of annexation of the project area.

(i) The sphere of influence of any local agency, which may be applicable to the proposal being reviewed.

The annexation does not conflict with the Sphere of Influence of any other agency and is within the City of Lakeport's Sphere of Influence.

(j) The comments of any affected local agency.

The City of Lakeport circulated a Request for Review for the proposed South Lakeport Annexation project to affected local agencies and other public agencies in March 2019. Likewise in 2019 LAFCo circulated this proposal various agencies and financials were provided to LAFCo from the Assessor's office.

(k) The ability of the newly formed or receiving entity to provide the services which area the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

The City of Lakeport has the ability to provide the annexation area with safe and reliable municipal water service as well as a full compliment of city services.

- (l) *Timely availability of water supplies adequate for projected needs as specified in Section 65352.5*

Lakeport is able to provide domestic water service as well as other services this area as development occurs. According to the City's Municipal Services Review report, the City has sufficient water supply available to service projected growth through 2028. The City's Water Master Plan identifies a number of capital improvements to upgrade the City's water supply, treatment and distribution facilities.

- (m) *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with section 65580) of Chapter 3 of Division 1 of Title 7.*

The South Lakeport Annexation will have little to no impact on either the County of Lake's or the City of Lakeport's ability to achieve its fair share of regional housing needs due to the fact that the entire area is currently zoned for industrial and commercial uses and the City of Lakeport has pre-zoned the area for Industrial and Major Retail, neither of which allow residential as a principal permitted use.

- (n) *Any information or comments from the landowner, voters or owners.*

LAFCo received none to date from Landowners, voters or owners during this process.

- (o) *Any information relating to existing land use designations.*

Land use designations are described above in this report.

- (p) *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.*

The South Lakeport Annexation will promote environmental justice by providing enhanced public services and facilities to all people in the annexation area. It will enable the City of Lakeport to extend municipal water service to properties in the annexation area. These properties are currently unserved by a municipal water system and several properties are not in compliance with State requirements for water storage. The extension of municipal water service will allow for installation of fire hydrants which will improve fire suppression capabilities in the annexation area. The annexation will also ensure the continued treatment of wastewater generated by properties within the annexation area after expiration of the current contract between the Lake County Sanitation District (LACOSAN) and the City of Lakeport Municipal Wastewater Treatment Facility in 2026.

- (g) *Information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, any maps that identify land as a very high fire hazard zone pursuant to Section 51178 or maps that identify land determined to be state responsibility area pursuant to Section 4102 of the Public Resources Code, if it is determined that such information is relevant to the area that is the subject of the proposal.*

The South Lakeport Annexation area is not located in a high fire hazard zone (Draft City of Lakeport Local Hazard Mitigation Plan- June 2019, Fire Hazard Severity Zones, p. 4-134). It is located in a Local Responsibility Area.

2. Lake LAFCO General Policies

| Policy | | Comment |
|---|---|--|
| Communication between local agencies is encouraged. | Communication has occurred throughout the process on a regular basis. Consistent | This has been consistent throughout this process |
| Urban development proposals shall include annexation to a city where possible. | Consistent The City supports this annexation | LAFCo supports annexation of urban lands to a city. |
| LAFCO will normally deny proposals that result in urban sprawl. | This application will not result in urban sprawl | |
| Environmental consequences (CEQA) shall be considered. | Consistent | EIR and Addendum prepared and previously certified by the City and LAFCo for the SOI |
| LAFCO will consider the impact of a proposal on the regional supply of housing for all income levels. | Consistent | |
| LAFCO will favor proposals that promote compact urban form and infill development. | Consistent | LAFCo has included this area in its SOI |
| Government structure should be simple, accessible, and accountable. | Consistent | There is no indication of unnecessary complexity or lack of accessibility or accountability. |
| Agencies must provide documentation that they | Consistent | An EIR, MSR and SOI |

| | | |
|---|--|---|
| can provide service within a reasonable period of time. | | document Lakeport is able to provide services within a reasonable period of time, South Lakeport has a plan for services and a justification statement. |
| Efficient services are obtained when proposals: Utilize existing public agencies. Consolidate activities and services. Restructure agency boundaries to provide more logical, effective, and efficient services. | Consistent | Lakeport will be the provider of services for this annexation |
| Adverse impacts on adjacent areas, social and economic interests and the local government structure must be mitigated. | Consistent | |
| Conformance with general and specific plans required. | Consistent | Lakeport General Plan is the controlling document. South Lakeport is consistent. |
| Boundaries: Definite boundaries are required. Boundaries that are favored: Create logical boundaries & eliminate islands or illogical boundaries. Follow natural or man-made features and include logical service areas. Boundaries that are disfavored: Split neighborhoods or communities. Result in islands, corridors, or peninsulas. Drawn for the primary purpose of encompassing revenue-producing territories. Create areas where it is difficult to provide services. | Consistent | |
| | | |
| Agricultural and Open Space Land Conservation Standards: Must lead to planned, orderly & efficient development. Approved Sphere of Influence Plan required. Findings with respect to alternative sites required. Impact on adjacent agricultural/open space lands assessed. | Consistent, adjacent ag impacts have been addressed in the EIR and Addendum. This area is planned and in the SOI for the City. | |

| | | |
|--|------------|---------------------------------|
| Agricultural Buffers | | |
| Need for services exists when: Public health and safety threat exists. The residents have requested extension of non-growth-inducing community services. Subject area is likely to be developed for urban use within 5 years. | Consistent | |
| Exceptions are justified on the following grounds: Unique. Standards Conflicts. Quality/Cost. No Alternative. | Consistent | No policy exceptions are needed |

Annexation and Detachment Policies—Lake LAFCO General

| Policy | | Comment |
|---|------------|--|
| Proposals must be consistent with LAFCO general policies. | Consistent | This annexation consistent |
| A proposal must be consistent with the agency's Sphere Plan. | Consistent | The proposal is consistent. |
| Plan for Services required. | Consistent | See plan for services |
| Subject territory must be contiguous to the agency's boundaries if required by law, or if necessary for efficient service delivery. | Yes | This territory is contiguous with the City. |
| The detachment is necessary to ensure delivery of services essential to Health and Safety. | N/A | Albeit the fire district is also managed by the City of Lakeport |
| The Successor provider will be the most efficient service provider | Consistent | Lakeport can provide a full compliment of City services |
| The service plans for districts, which lie within a City's Sphere of Influence should provide for orderly development as area is annexed to the City. | Consistent | |
| Detachment from a City or Special District shall not relieve the landowners within the detaching territory from existing obligations for bonded indebtedness or other indebtedness previously incurred. | N/A | |
| Adverse impact of detachment on other agencies or service recipients is cause for denial. | N/A | |

| | | |
|--|-----|--|
| Disadvantaged Unincorporated Communities | N/A | There are no DUCS adjacent or near this proposal |
| | | |

IV. COMMENTS FROM THE PUBLIC AND PUBLIC AGENCIES

Lake LAFCo submitted the proposal to various local agencies for review and no comments were received.

V. STAFF RECOMMENDATIONS

Staff recommends the Commission approve the Annexation to the City of Lakeport by adopting Lake LAFCo Resolution 2022-04 including terms and conditions.

Respectfully Submitted,

John Benoit,
Executive Officer

**LAKE LAFCO
RESOLUTION NO. 2022-0004**

Attachment #1

***A RESOLUTION OF THE LAKE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE SOUTH LAKEPORT ANNEXATION TO THE CITY OF
LAKEPORT***

Recitals

WHEREAS, On August 13, 2019, an application and resolution of initiation was submitted to the Lake Local Agency Formation Commission (LAFCO) by the City of Lakeport requesting an annexation of territory to the City including 136.78 acres more or less; and

WHEREAS, On March 16, 2022 Lake LAFCo considered Resolution 2022-0004 approving the City's request to annex the 136.78-acre more or less to the City of Lakeport; and

WHEREAS, On Feb 9, 2022, LAFCO issued a Certificate of Filing in accordance with Government Code Section 56658(g) for this annexation; and

WHEREAS, At the time and in the form and manner provided by law, the Executive Officer provided hearing notice to be held by the Commission regarding this proposal; and

WHEREAS, The Executive Officer has reviewed the application and prepared a report, including his recommendations. The petition and report have been presented to and considered by the Commission; and

WHEREAS, The Executive Officer's Report sets forth and discusses the factors to be considered in the review of a proposal required by Government Code section 56668 (a part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) and LAFCo's adopted Policies, Standards and Procedures. Those items, are discussed in the Executive Officer's Report; and

WHEREAS, The Commission has reviewed and considered the Executive Officer's Report including those factors required by Government Code section 56668 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and rules and procedures for the Lake Local Agency Formation Commission. The Commission conducted a public hearing at which it heard and received oral and written comments, other evidence submitted, and objections presented or filed regarding the proposed annexation. All persons present were given an opportunity to hear and be heard.

The **LAKE LOCAL AGENCY FORMATION COMMISSION** resolves, determines, orders, and finds as follows:

SECTION 1. Environmental Findings

1. On April 21st, 2009, the City of Lakeport, as Lead Agency, prepared and certified the Final Environmental Impact Report for the City of Lakeport General Plan and adopted Findings of Fact and a Statement of Overriding Considerations and adopted a Mitigation Monitoring and Reporting Program. In addition, on February 17, 2015 the City of Lakeport prepared and certified an addendum to the Final EIR for the City of Lakeport's General Plan
2. The Commission has reviewed and considered the Final Environmental Impact Report and Addendum for the City of Lakeport's General Plan, which includes an analysis of the City's Sphere of Influence and South Lakeport Annexation. The Final Environmental Impact Report and 2015 Addendum consists of the following:
 - a. The Draft Environmental Impact Report prepared by the City of Lakeport as Lead Agency
 - b. Comments and recommendations received by the City of Lakeport Draft Environmental Impact Report.
 - c. A list of persons, organizations and public agencies commenting on the Draft Environmental Impact Report.
 - d. The responses of the Lead Agency to significant environmental points raised both during and after the review and consultation process.
 - e. A Mitigation Monitoring Reporting Plan.
3. The Commission certifies that it has held a duly noticed public hearing and heard testimony and received written comments from affected agencies at a noticed public hearing and has responded to those comments.
4. The Commission makes a specific finding that there have been no changes in physical circumstances nor could have been no changes in physical circumstances since the City certified the Environmental Impact Report for its General Plan on April 21st, 2009 and the Addendum on February 17, 2015. The Commission hereby affirms in accordance with CEQA Guidelines Section 15090 the City's adopted certified Environmental Impact Report and Addendum as well as its adopted findings for this Sphere of Influence Update.
5. In accordance with CEQA Guidelines Section 15090, the Final Environmental Impact Report and addendum reflects the Lead Agency's independent judgment and analysis.

SECTION 2: Terms and Conditions:

The foregoing recitals are true and correct.

1. In reviewing this application, the Commission finds that all property owners and registered voters in said territory have been given mailed notice regarding this annexation.

2. In reviewing this application, the Commission finds that services to be provided by the City of Lakeport are necessary and that there will not be a duplication of other powers provided by any other special district or service provider.
3. In reviewing this application, this Commission has considered each of the factors required by Government Code Section 56668 and LAFCO's adopted policies.
4. The LAFCO Executive Officer's Staff Report including attachments and recommendation for approval of the proposal are hereby incorporated by reference and hereby adopted.
5. The boundaries, as set forth in the proposal or as amended by action of the Commission, are hereby approved as submitted and are as described in Exhibits "A" Geographic Description and "B" Map attached hereto and by this reference incorporated herein subject to the terms and conditions included.
6. As stated in the LAFCO Staff Report of March 16, 2022, the amount of sales tax and the amount of base property tax and tax increment transferred shall be in accordance with Lake County and City of Lakeport tax sharing agreement adopted jointly by County of Lake Resolution 2022-0008 and City of Lakeport Resolution 2844 (2022). attached hereto as Exhibit "C". This agreement includes a split of property tax revenues and exchanges in Sales Tax revenues over a period of time in accordance with the provisions in the agreement. The agreement also specifies provisions related to Transportation improvement and Water Infrastructure projects, Wastewater collection and treatment as well as other provisions and general provisions included.
7. Said annexation territory is found to be inhabited.
8. The annexation of territory is assigned the following short form designation:

" City of Lakeport Annexation to the City of Lakeport (LAFCo file 2019-0006)"
9. The boundaries of the affected territory are found to be definite and certain.
10. The application for the annexation to the City of Lakeport (LAFCO 2019-0006) is hereby approved to provide city services within the territory.
11. In the event the Commission receives no written protest prior to the conclusion of the annexation hearing, further protest proceedings will be waived and the Commission will order the 136.78-acre annexation to the City of Lakeport pursuant to Part 4 of Division 3 of the California Government Code commencing with Section 57000. Satisfactory proof has been given that the subject territory is inhabited, that all landowners within the

affected territory have not given their written consent to the proposal and all affected agencies have not objected in writing to the waiver of conducting authority proceedings (Section 56663 of Government Code). Therefore, The Commission does hereby approve and authorize the conducting authority to annex the territory described in Exhibits "A" and "B" to the City of Lakeport without notice and election provided no written protest is received by LAFCo prior to the closing of the public hearing regarding this matter.

12. All City of Lakeport previously authorized assessments; taxes, fees and charges shall apply to this annexed territory upon recordation of the Certificate of Completion.
13. All LAFCO, Lake County and State of California fees must be paid in full prior to filing the Certificate of Completion. LAFCO will forward invoices and (or) a list of estimated required fees or deposits to the annexation applicant(s) prior to filing the Certificate of Completion.
14. One electronic copy (PDF), three large copies (18 by 24 minimum) and two 8 1/2 x 11 reductions of all maps along with an electronic copy (PDF) and two copies of the final boundary description shall be submitted to LAFCO prior to recordation of the Certificate of Completion. All Maps and Descriptions shall be wet stamped by a licensed surveyor. The applicant shall supply maps and Geographic Descriptions suitable for recording (smaller than eight inches by fourteen inches, clearly legible) prior to recordation of the Certificate of Completion.
15. The City of Lakeport shall submit to LAFCo two copies of a "map of limiting addresses" per State Board of Equalization standards and requirements.
16. The map and boundary description shall comply with the State Board of Equalization requirements. The boundary description and map, if rejected by the State Board of Equalization or amended by LAFCO, will be revised at the expense of the applicant. The applicant shall be responsible for all associated costs.
17. Approval of this annexation is conditioned upon the applicant's obligation to defend, indemnify, and hold harmless the Lake Local Agency Formation Commission and its agents, officers and employees from any claim, action or proceeding against the Commission or its agents, officers, and employees; including all costs, attorney's fees, expenses and liabilities incurred in the defense of such claim, action, or proceeding to attack, set aside, or void the approval or determinations of this Commission concerning this annexation. The Lake Local Agency Formation Commission shall promptly notify the applicant of any such claim, action, or proceeding and be entitled to representation by counsel of its choosing.
18. The Commission has reviewed and considered the information contained in the Environmental Impact Report prepared for the 2009 City's General Plan and 2015

Addendum, and makes a specific determination that the issues and mitigation measures and (or) policies as adopted by the City of Lakeport adequately address this annexation.

19. The Executive Officer of this Commission is instructed to mail or email a certified copy of this resolution to those persons so indicated on the application and as required by Government Code Section 56882
20. The effective date of this annexation shall be the date the Certificate of Completion is recorded.
21. The Executive Officer is directed to record a Certificate of Completion for this proposal upon completion of all proceedings and compliance with the terms and conditions.
22. Completion of proceedings shall be concluded within one year after adoption of this resolution. If the proceedings are not concluded within one year after passage of this resolution, all proceedings shall be terminated unless and until an extension is approved by the LAFCo Commission prior to the termination date.

PASSED AND ADOPTED at a regular meeting of the Lake Local Agency Formation Commission, State of California, on the 16th day of March 2022 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Bruno Sabatier, Chair or Stacey Mattina,
Vice-Chair, Lake Local Agency Formation
Commission

ATTEST:

JOHN BENOIT
Executive Officer

EXHIBIT "A"

LAFCO ANNEXATION NO. 2019-06

SOUTH LAKEPORT ANNEXATION TO THE CITY OF LAKEPORT

ALL THAT CERTAIN REAL PROPERTY, SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, BEING PORTIONS OF SECTIONS 36, TOWNSHIP 14 NORTH, RANGE 10 WEST AND SECTION 31, TOWNSHIP 14 NORTH, RANGE 9 WEST, M.D.B. & M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER FOR SECTIONS 36 AND 31 OF SAID TOWNSHIP AND RANGE AND SECTIONS 1 AND 6 OF TOWNSHIP 13 NORTH, RANGE 10 WEST AND RANGE 9 WEST, MARKED BY A LAKE COUNTY BRASS CAP, AS SHOWN IN BOOK 20 OF PARCEL MAPS AT PAGE 27, LAKE COUNTY RECORDS; THENCE ALONG THE SOUTH LINE OF SAID SECTION 31 SOUTH 89°11'46" EAST, 1014.28 FEET, MORE OR LESS, TO THE INTERSECTION WITH THE NORTHEASTERLY LINE OF STATE HIGHWAY 29 AT THE SOUTHWEST CORNER OF PARCEL "B" PER SAID PARCEL MAP AND THE POINT OF BEGINNING, 1) THENCE ALONG SAID NORTHEASTERLY LINE NORTH 26°53'49" WEST 131.95 FEET; 2) THENCE NORTH 17°02'25" WEST ALONG SAID NORTHEASTERLY LINE, 200.27 FEET, MORE OR LESS; 3) THENCE NORTH 27°18'36" WEST, 780.74 FEET MORE OR LESS; 4) THENCE NORTH 30°31'53" WEST, 270.42 FEET MORE OR LESS; 5) THENCE NORTH 27°27'35" WEST, 429.08 FEET MORE OR LESS; 6) THENCE NORTH 20°20'36" WEST, 224.37 FEET, MORE OR LESS, TO AN IRON PIPE WITH ALUMINUM CAP, FROM WHICH THE SOUTHWEST CORNER OF SAID SECTION 31 BEARS SOUTH 03°59'17" WEST, 1818.54 FEET, AS SHOWN ON A RECORD OF SURVEY IN BOOK 87 OF RECORD OF SURVEYS AT PAGES 39 THROUGH 63 FILED JUNE 15, 2009, LAKE COUNTY RECORDS; 7) THENCE, CONTINUING ALONG SAID NORTHEASTERLY LINE OF HIGHWAY 29 NORTH 01°17'06" EAST, 232.92 FEET MORE OR LESS; 8) THENCE NORTH 28°43'34" WEST, 64.74 FEET MORE OR LESS; 9) THENCE NORTH 26°53'57" WEST, 80.00 FEET, MORE OR LESS, TO THE INTERSECTION WITH THE EXISTING CITY OF LAKEPORT CITY LIMITS BOUNDARY AND SAID STATE RIGHT-OF-WAY; 10) THENCE CONTINUING ALONG SAID RIGHT-OF-WAY AND SAID CITY BOUNDARY NORTH 53°33'35" WEST, 218.84 FEET MORE OR LESS; 11) THENCE NORTH 30°54'15" WEST, 455.54 FEET MORE OR LESS; 12) THENCE NORTH 26°54'00" WEST, 2309.19 FEET MORE OR LESS TO THE SOUTHWEST CORNER OF LANDS DELINEATED (PARCEL "C") ON THAT CERTAIN MAP FILED SEPTEMBER 23, 1980 IN BOOK 19 OF PARCEL MAPS AT PAGE 10 IN THE OFFICE OF THE RECORDER OF LAKE COUNTY; 13) THENCE LEAVING SAID STATE RIGHT-OF-WAY AND CONTINUING ALONG THE EXISTING CITY BOUNDARY, SOUTH 89°07'42" EAST, 312.91 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF A PARCEL DESCRIBED BY GRANT DEED FROM THOMAS R. SMITH, TO THOMAS R. SMITH RECORDED ON AUGUST 7, 1992 IN DOCUMENT NUMBER 92-016571, LAKE COUNTY RECORDS; 14) THENCE ALONG THE WEST LINE OF SAID GRANT DEED AND ALSO SAID CITY LIMITS SOUTH 20°08" EAST, 200.00 FEET, MORE OR LESS, TO THE SOUTHWEST CORNER THEREOF, 15) THENCE ALONG THE SOUTH LINE OF SAID GRANT DEED EAST, 300.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MAIN STREET; 16) THENCE ALONG SAID LINE AND CITY LIMITS NORTHERLY 69 FEET MORE OR LESS TO THE INTERSECTION WITH A LINE 20 FEET SOUTHERLY OF AND PARALLEL WITH THE SOUTHERLY LINE OF THE BRADLEY, JOHNSON, SYLVA, DAHLWK CITY OF LAKEPORT REORGANIZATION; 17) THENCE LEAVING SAID WEST LINE AND CONTINUING ALONG SAID CITY BOUNDARY NORTH 70°50'00" EAST, 60.00 FEET, MORE OR LESS, TO THE EAST LINE OF SOUTH MAIN STREET; 18) THENCE LEAVING SAID CITY LIMITS SOUTH 19°36'46" EAST ALONG THE EAST LINE OF SOUTH MAIN STREET, 587.72 FEET, MORE OR LESS, TO THE NORTHLINE OF A PARCEL DESCRIBED BY GRANT DEED FROM AIRPORT AUTO BROKERS L.T.D. TO JOHN D. BROSSARD AND WENDY C. BROSSARD RECORDED JANUARY 24, 2014 IN DOCUMENT NUMBER 2014000939, LAKE COUNTY RECORDS; 19) THENCE LEAVING SAID

EAST LINE AND ALONG THE NORTH LINE OF SAID GRANT DEED NORTH 70°40'09" EAST, 234.00 FEET, MORE OR LESS, TO THE NORTHEAST CORNER THEREOF; 20) THENCE SOUTH 20°21'46" EAST, 309.00 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER THEREOF AND THE NORTH LINE OF A PARCEL DESCRIBED BY GRANT DEED FROM JOHN M. HAGAN TO DONALD J. BAYLOR RECORDED JULY 24, 2015 IN DOCUMENT NUMBER 2015009518, LAKE COUNTY RECORDS; 21) THENCE ALONG THE NORTH LINE OF SAID GRANT DEED NORTH 70°23'14" EAST, 703.60 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF SAID GRANT DEED; 22) THENCE SOUTH 18°06'46" EAST (SOUTH 18°30' EAST RECORD), 1117.92 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF A PARCEL DESCRIBED BY A GRANT DEED FROM JAMES R. KEMP TO JAMES R. KEMP TRUSTEE RECORDED APRIL 14, 2011 IN DOCUMENT NUMBER 2011005246, LAKE COUNTY RECORDS; 23) THENCE ALONG THE SOUTH LINE OF SAID GRANT DEED SOUTH 76°53'14" WEST (SOUTH 76°30' WEST RECORD), 611.80 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF A PARCEL DESCRIBED BY A GRANT DEED FROM MARION D. HEATH AND AVA D. HEATH TO U.C.C. CORPORATION RECORDED MARCH 31, 1976 IN BOOK 827 OF OFFICIAL RECORDS AT PAGE 5, LAKE COUNTY RECORDS; 24) THENCE ALONG THE EAST LINE OF SAID GRANT DEED SOUTH 19°36'46" EAST (SOUTH 20° EAST RECORD), 205.55 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER THEREOF; 25) THENCE ALONG THE SOUTH LINE THEREOF SOUTH 76°53'14" WEST (SOUTH 76°30' WEST RECORD), 280.00 FEET, MORE OR LESS, TO THE EAST LINE OF SOUTH MAIN STREET; 26) THENCE SOUTH 19°36'46" EAST ALONG SAID RIGHT-OF-WAY, 30.05 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF A PARCEL DESCRIBED BY GRANT DEED FROM CHIC ALLEN BECK AND JILLANE SUE BECK RECORDED DECEMBER 30, 2003 IN DOCUMENT NUMBER 2003038035, LAKE COUNTY RECORDS; 27) THENCE ALONG THE NORTH LINE OF SAID GRANT DEED AND THE NORTH LINE OF THE PARCEL DESCRIBED IN THE TRUST TRANSFER DEED TO TFI PROPERTIES, LLC, RECORDED NOVEMBER 5, 2019 IN DOCUMENT NUMBER 2019013896, NORTH 76°53'14" EAST (NORTH 76°30' EAST RECORD), 1464 FEET MORE OR LESS TO THE CENTERLINE OF THOMPSON CREEK AS SHOWN ON A RECORD OF SURVEY IN BOOK 62 OF RECORD OF SURVEYS AT PAGE 10 FILED FEBRUARY 10, 1995, LAKE COUNTY RECORDS; 28) THENCE LEAVING SAID NORTH LINE AND ALONG THE CENTERLINE OF SAID CREEK THE FOLLOWING COURSES AND DISTANCES: SOUTH 18°35'00" WEST, 100.00 FEET MORE OR LESS; 29) THENCE SOUTH 14°00'00" WEST, 128.20 FEET; 30) THENCE SOUTH 19°35'00" EAST, 80.00 FEET; 31) THENCE SOUTH 11°00'00" EAST, 200.00 FEET; 32) THENCE SOUTH 02°55'00" WEST, 113.42 FEET MORE OR LESS, TO THE NORTH LINE OF A PARCEL DESCRIBED BY GRANT DEED FROM LAKEPORT THEATERS, INC. RECORDED NOVEMBER 18, 1997 IN DOCUMENT NUMBER 97-019352; 33) THENCE SOUTH 02°55'00" WEST, 36.58 FEET MORE OR LESS; 34) THENCE ALONG THE CENTERLINE OF THOMPSON CREEK AS SHOWN ON A RECORD OF SURVEY IN BOOK 62 OF RECORD OF SURVEYS AT PAGE 10 FILED FEBRUARY 10, 1995, LAKE COUNTY RECORDS SOUTH 34°51'00" WEST, 68.00 FEET MORE OR LESS; 35) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 33°00'00" EAST, 79.86 FEET MORE OR LESS; 36) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 78°00'00" EAST, 182.16 FEET MORE OR LESS; 37) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 25°30'00" EAST, 199.32 FEET MORE OR LESS; 38) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 39°00'00" EAST, 135.30 FEET MORE OR LESS; 39) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 30°00'00" WEST, 124.08 FEET MORE OR LESS; 40) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 51°00'00" EAST, 275.88 FEET MORE OR LESS; 41) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 11°00'00" EAST, 79.86 FEET MORE OR LESS; 42) THENCE ALONG SAID CENTERLINE PER SAID RECORD OF SURVEY SOUTH 38°30'00" WEST, 147.84 FEET MORE OR LESS;

43) THENCE ALONG THE CENTERLINE OF THOMPSON CREEK SOUTH 23°00'00" EAST, 70.62 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF PARCEL "D" AS SHOWN IN BOOK 9 OF PARCEL MAPS AT PAGE 33, LAKE COUNTY RECORDS;
44) THENCE LEAVING THE CENTERLINE OF THOMPSON CREEK ALONG THE NORTHWEST LINE OF SAID PARCEL "D" SOUTH 50°19'29" WEST, 561.56 FEET, MORE OR LESS, TO THE MOST WESTERLY CORNER OF SAID PARCEL "D"; 45) THENCE ALONG THE WEST LINE OF SAID PARCEL "D" SOUTH 19°54'49" EAST, 923.48 FEET, MORE OR LESS, TO THE MOST SOUTHERLY CORNER OF SAID PARCEL "D", SAID POINT BEING COMMON TO THE MOST EASTERLY CORNER OF PARCEL "A" OF SAID MAP; 46) THENCE ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL "A" SOUTH 54°14'25" WEST, 263.11 FEET, MORE OR LESS, TO THE MOST SOUTHERLY CORNER OF PARCEL "A", SAID POINT ALSO BEING A POINT ON THE SOUTH LINE OF SAID SECTION 31; 47) THENCE ALONG SAID SECTION LINE NORTH 89°11'46" WEST, 609.89 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

CONTAINING 137 ACRES OF LAND MORE OR LESS

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

A.P.N. 005-035-10.

A.P.N. 005-049-08, 11 AND 12.

A.P.N. 005-052-03, 05, 07, 13, 14, 19, 20, 25 AND 27.

A.P.N. 005-053-18, 19, 20, 21 AND 22.

A.P.N. 008-001-01, 02, 03 AND 25.

A.P.N. 008-003-02, 04, 05, 12 AND 13.

A.P.N. 082-092-01, 02, 03, 04, 06, 07, 08, 09, 10, 11, 12, 13 AND 14

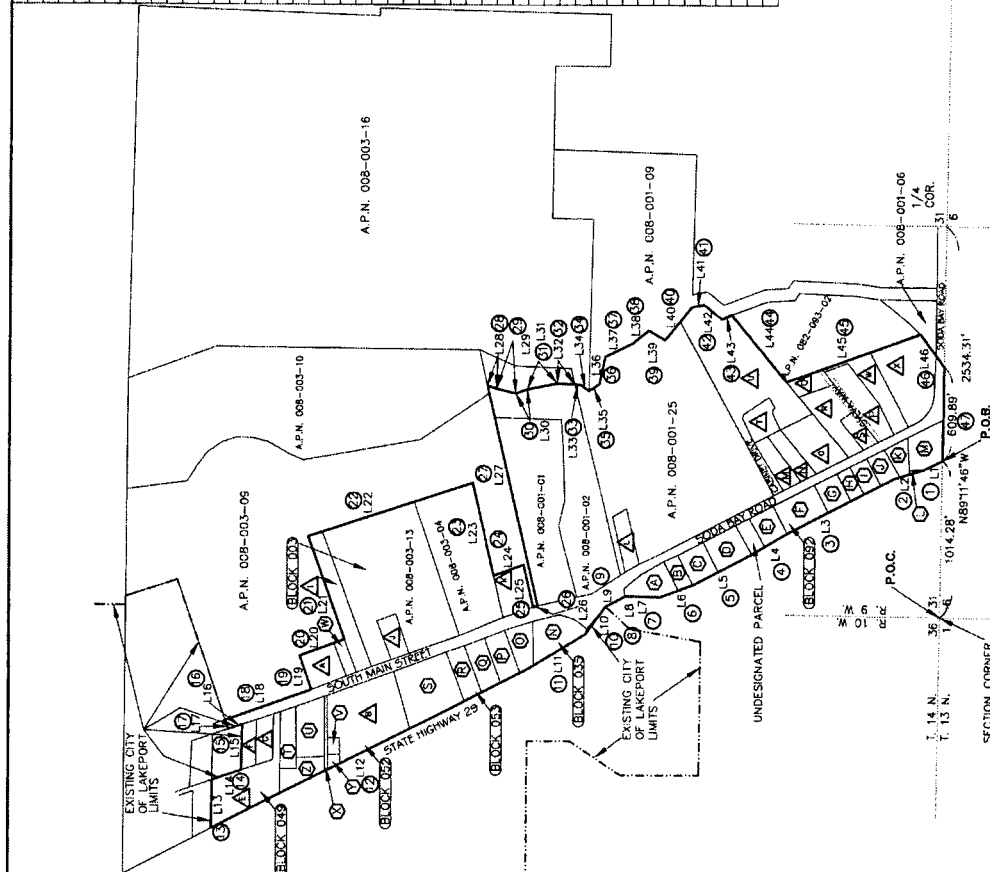
A.P.N. 082-093-03, 04, 05, 08, 09, 10, 11, 13, 14, 15 AND 16.


MICHAEL S. CONSER, LS 8383

12/5/19
DATE:



| A.P.N. TABLE | NUMBER |
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| 092 | 092-092-01 |
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| LINE | BEARING | LENGTH |
|------|-------------|----------|
| L1 | N26°53'49"W | 131.95' |
| L2 | N17°02'25"W | 200.27' |
| L3 | N27°18'35"W | 780.74' |
| L4 | N30°31'53"W | 270.42' |
| L5 | N27°27'55"W | 428.08' |
| L6 | N20°20'36"W | 224.37' |
| L7 | N01°17'06"E | 232.92' |
| L8 | N28°43'34"W | 64.74' |
| L9 | N26°53'57"W | 80.00' |
| L10 | N53°33'25"W | 218.84' |
| L11 | N40°54'15"W | 455.54' |
| L12 | N26°54'00"W | 235.91' |
| L13 | S89°07'42"E | 312.91' |
| L14 | S20°08'E | 200.00' |
| L15 | EAST | 300.00' |
| L16 | NORTHERLY | 69'± |
| L17 | N7°50'00"E | 60.00' |
| L18 | S19°36'46"E | 587.72' |
| L19 | N7°40'09"E | 234.00' |
| L20 | S20°21'46"E | 309.00' |
| L21 | N7°02'31"E | 703.60' |
| L22 | S18°06'46"E | 1117.92' |
| L23 | S78°53'14"W | 611.80' |
| L24 | S19°36'46"E | 205.55' |
| L25 | S78°53'14"W | 280.00' |
| L26 | S19°36'46"E | 30.00' |
| L27 | S18°53'14"E | 1464.4' |
| L28 | S18°35'00"W | 100.00' |
| L29 | S14°00'00"W | 128.20' |
| L30 | S19°35'00"E | 80.00' |
| L31 | S11°00'00"E | 200.00' |
| L32 | S02°55'00"W | 113.42' |
| L33 | S02°55'00"W | 36.58' |
| L34 | S34°51'00"W | 68.00' |
| L35 | S33°00'00"E | 79.86' |
| L36 | S78°00'00"E | 182.16' |
| L37 | S25°30'00"E | 199.32' |
| L38 | S38°00'00"E | 135.30' |
| L39 | S30°00'00"W | 124.08' |
| L40 | S51°00'00"E | 275.88' |
| L41 | S11°00'00"E | 79.86' |
| L42 | S38°30'00"W | 147.84' |
| L43 | S23°00'00"E | 70.62' |
| L44 | S50°19'25"W | 561.56' |
| L45 | S19°54'48"E | 923.48' |
| L46 | S54°19'25"W | 263.11' |
| L47 | N89°11'46"W | 509.89' |

LEGEND:
 COURSE BEARING AND DISTANCE
 P.O.B. POINT OF BEGINNING
 P.O.C. POINT OF COMMENCEMENT
 BLOCK XXX DENOTES ASSESSOR'S PAGE NUMBER
 DENOTES ASSESSOR'S PARCEL NUMBER
 ANNEXATION AREA
 137 ± ACRES (CALCULATED)

EXHIBIT "B"
 FOR
LAFCO ANNEXATION NO. 2019-06
 SOUTH LAKEPORT ANNEXATION
 BEING PORTIONS OF SECTION 31, T. 14 N., R. 9 W. AND
 SECTION 36, T. 14 N., R. 10 W., M.D.B. & M.
 COUNTY OF LAKE, OCTOBER, 2018, CALIFORNIA

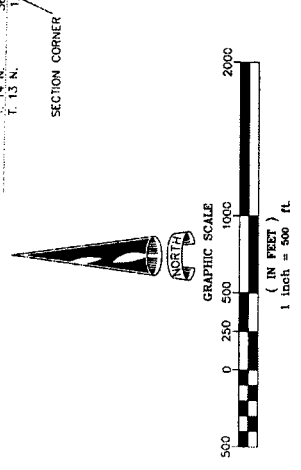
125 PARK STREET
 LAKEPORT, CALIFORNIA 95453
 PHONE (707) 263-5512
 FAX (707) 263-0455

DESIGNED C3
 CAD BY C3
 CHECKED C4
 DATE 10-11-18
 SHEET 3 OF 3 SHEETS



DISCLAIMER:
 FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A
 LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND
 MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND
 DESCRIBED.
 LAFCO ANNEXATION NO. 2019-06

SOUTH LAKEPORT ANNEXATION TO CITY OF LAKEPORT



**JOINT RESOLUTION AND AGREEMENT BY COUNTY OF LAKE AND CITY OF LAKEPORT
CONCERNING TAX EXCHANGE FOR THE SOUTH LAKEPORT ANNEXATION**

BE IT RESOLVED by the Board of Supervisors of the County of Lake ("County") and the City Council of the City of Lakeport ("City") that they make and approve this joint resolution and agreement ("Agreement") as follows:

1. Recitals.

1.1. The County and City recognize that City residents are residents of both the City and County and that those residents rely on both the City and County for important local government services. The parties desire to work together collaboratively to provide the quality services desired by residents in both the City and those in the unincorporated area.

1.2. On August 19, 2019, the City of Lakeport filed an application with the Lake County Local Agency Formation Commission to annex approximately 136.78 acres south of the current City limits.

1.3. LAFCo Executive Officer is prohibited by law from issuing a certificate of filing for any such application until the City and County determine, pursuant to Revenue and Taxation Code section 99, the amount of tax revenue to be exchanged between and among the local agencies whose service areas or responsibilities will be altered should a change of organization or reorganization be approved. City and County are the two local taxing agencies whose service areas and responsibilities would be altered should there be an annexation of territory to the City. The parties acknowledge that annexation of territory to the City would not impact the service area or responsibility of any special district.

1.4. California Constitution article XIII, section 29(b) and Government Code sections 55700 to 55707 authorize counties and cities to enter into agreements to apportion between them the revenue derived from any sales or use tax imposed by them pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law, or any successor statute, that is collected for them by the state. State law requires that any sales/use tax exchange agreement be approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract.

1.5. Pursuant to Government Code section 55704, County and City find and determine that one or more retailers have been established, or will be established, in the Annexation Area and that consumers residing in both City and the unincorporated area of the County are, or will be, purchasing tangible personal property from such retailers. The parties therefore have determined that equity requires that the Sales Tax Revenue from retailers within the Annexation Area be distributed an apportioned in a fair and just manner to both parties pursuant to this Agreement.

1.6. County and City, after negotiations, have reached an understanding regarding the exchange of various taxes and other matters relating to annexations to City. The parties enter into this Agreement pursuant to Constitution article XIII, section 29(b), Government Code sections 55700 to 55707, Revenue and taxation Code section 99, and other applicable law.

2. Definitions.

2.1. "Annexation Area" means the territory of land south of the current City limits as described in the City's application to LAFCo for annexation dated August 19, 2019. Attachment 1 to this Agreement includes a map of the Annexation Area.

2.2. "Effective Date" has the meaning set forth in section 3.

2.3. "Fiscal year" means any year commencing on July 1 of any calendar year and ending on June 30 of the subsequent year.

2.4. "LAFCo" means the Lake County Local Agency Formation Commission.

2.5. "Property Tax Revenue" means the revenue from ad valorem taxes on real property within the meaning of California Constitution article XIII A, section 1 and Revenue and Taxation Code section 95(c) that is levied and collected from within the Annexation Area.

2.6. "Sales Tax Revenue" means the revenue from the local sales and use taxes levied and received by City pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (within the meaning of Government Code section 55702) that is levied and collected within the Annexation Area, net of administrative fees imposed by the State of California, as reported on an annual basis by the City's sales tax consultant. Sales Tax Revenue does not include revenue levied and collected by City pursuant to the City's Transactions and Use Taxes approved by City voters as Measure I in 2004 and Measure Z in 2016 or any other local City transactions and use tax the voters of the City have adopted or will adopt.

3. Effective Date. This Agreement shall become effective on the date of the filing of the statement of boundary change for the Annexation Area with the State Board of Equalization pursuant to Government Code sections 54902 and 57204.

4. Exchange of Property Tax Revenue. This exchange of Property Tax Revenue shall commence the first fiscal year following the date the new Tax Rate Area(s) appear on the State Board of Equalization's Tax Rate Area Chart. County and City shall exchange Property Tax Revenue as follows:

4.1. Property Tax Revenues generated in the Annexation Area that formerly accrued to the County Road Fund, including both current revenues and future growth, will accrue to the City.

4.2. Property Tax Revenues generated in the Annexation Area that formerly accrued to the County General Fund, including both current revenues and future growth, will be split between the City and County according to the following ratios:

| | |
|------------------------------|-------|
| City of Lakeport: | 34.7% |
| County of Lake General Fund: | 65.3% |

4.3. The County Auditor-Controller shall adjust the allocation of Property Tax Revenues in the Annexation Area pursuant to the terms of this Agreement and the requirements of California law.

5. Exchange of Sales Tax Revenues.

5.1. City will calculate and remit to the County its share of Sales Tax Revenues from the Annexation Area in three time periods, as defined herein:

5.1.1. Period One: Period One commences on the Effective Date and ends on June 30 of the fifth fiscal year following the fiscal year in which the Water Infrastructure Project is substantially complete, as defined in section 6.3. For example, if the Water Infrastructure Project is substantially complete in the fall of 2023, Period One will end on June 30, 2029.

5.1.2. Period Two: Period Two commences on July 1 immediately following the conclusion of Period One and ends on June 30 of the tenth fiscal year thereafter. In the given example, Period Two would end on June 30, 2039.

5.1.3. Period Three: Period Three commences on July 1 immediately following the conclusion of Period Two. In the given example, Period Three would commence on July 1, 2039.

5.2. City will calculate and remit to the County its share of Sales Tax Revenues from the Annexation Area as follows:

5.2.1. During Period One: City shall remit to the County's 80% of all Sales Tax Revenues no later than 120 days following the conclusion of each fiscal year in Period One.

5.2.2. During Period Two: City shall remit to the County Sales Tax Revenues no later than 120 days following the conclusion of each fiscal year in Period Two based on the following formulas:

5.2.2.1. For fiscal years in which Sales Tax Revenues *are greater than* Sales Tax Revenues during the final fiscal year of Period One, the City shall remit to the County an amount equal to the County's share of Sales Tax Revenues in the final fiscal year of Period One plus half of cumulative growth in Sales Tax Revenues for the Period Two fiscal year at issue when compared to the final fiscal year of Period One.

5.2.2.2. For fiscal years in which Sales Tax Revenues *are less than or equal* to Sales Tax Revenues during the final fiscal year of Period One, City shall remit to the County 80% of all Sales Tax Revenue for the Period Two fiscal year at issue.

5.2.3. During Period Three: Within 120 days following each fiscal year of Period Three, City shall remit to the County 80% of all Sales Tax Revenues, not to exceed the greater of:

5.2.3.1. An amount equal to the County's share of Sales Tax Revenues in the final fiscal year of Period Two; or

5.2.3.2. The value of an amount equal to the County's share of Sales Tax Revenues for the first full fiscal year following the Effective Date of annexation compounded annually at a 1% rate of interest through the final fiscal year of Period Two.

5.3. Attachment 2 to this Agreement provides a sample calculation of the County's share of Sales Tax Revenues. The sample calculation is intended to demonstrate the City's and County's intended methodology; the dates and amounts shown are examples and actual dates and amounts will vary.

5.4. The City will provide sufficient supporting documentation to the County along with each annual payment for the County to verify the calculations provided. Supporting documents will include appropriate schedules from the City's third-party sales tax consultant or equivalent. The City and County agree to meet as needed to ensure that the correct geographic boundaries are included and supporting documentation is sufficient.

5.5. If Transactions and Use Taxes received by the City pursuant to Measures I and Z decline by at least the following percentages in any one fiscal year, for reasons which are not the direct result of discretionary action by the City, and that do not have a comparable impact on Sales Tax Revenues (for example, changes to the application of Measures I and Z on point of sale transactions, voter repeal of Measure I and/or Z, or any other change that does not similarly impact Sales Tax Revenues), the parties shall take the associated actions. This section shall not apply to decreases in revenues from Measures I and Z that result from economic conditions that similarly reduce Sales Tax Revenues.

5.5.1. 20%: The County will offset the City's revenue loss in an amount equal to 50% of the City's revenue loss compared to the preceding fiscal year prior to the decline described in this section up to an amount that is less than or equal to 50% of the County's share of Sales Tax Revenues for the fiscal year at issue.

5.5.2. 50%: The City and County agree to promptly meet and confer regarding adjustments to the sales tax sharing provisions in the Agreement such that the City and County will continue to receive a proportion of revenues substantially similar to the allocation of all sales and transactions and use tax revenue described in this Agreement.

6. Transportation Improvement and Water Infrastructure Projects.

6.1. City and County recognize that completion of the Transportation Improvement and Water Infrastructure Projects will provide critical services to the Annexation Area and that time is of the essence. The "Transportation Improvement Project" means the South Main Street and Soda Bay Widening and Bike Lanes Project. The "Water Infrastructure Project" means the City water main line extension to serve the Annexation Area and make municipal water service available to all properties within the Annexation Area that pay to connect. City and County will coordinate on all aspects of the projects and work toward project completion without unnecessary delay. To the extent feasible but without resulting in unnecessary delays, the Transportation Improvement Project and the Water Infrastructure Project may be constructed simultaneously.

6.2. Transportation Improvement Project. To help ensure efficient coordination and management of the Transportation Infrastructure Project, City and County will enter into a Memorandum of Understanding addressing City and County roles and responsibilities for the Transportation Improvement Project, including funding responsibility and allocation.

6.2.1. The County is currently planning to construct the Transportation Improvement Project, which is currently in the design phase and funded primarily with regional transportation funds.

6.2.2. Subject to and upon execution of the Memorandum of Understanding described in section 6.2, the City will reimburse the County for the following costs related to the Transportation Improvement Project that are mutually agreeable to the parties:

6.2.2.1. Reasonable right-of-way acquisition costs that are not paid by non-County funding sources. The City and County will work together to actively seek additional funding sources for right-of-way acquisition.

6.2.2.2. Reasonable project design and construction costs that are not paid by non-County funding sources. The project construction budget is currently primarily funded by regional and state funds administered by the Lake Area Planning Council. The City and County will work together to actively seek additional funding sources for project construction.

6.2.3. The City and County will work together to actively seek additional funding sources for project construction.

6.2.4. Notwithstanding sections 6.2.2.1 and 6.2.2.2, the City will not reimburse the County for County staff time or County overhead costs charged to the project.

6.3. Water Infrastructure Project. The City will fund, design, and construct the Water Infrastructure Project. For purposes of section 5.1.1 of this Agreement, the Water

Infrastructure Project is substantially complete when the water main line in the Annexation Area is installed, pressurized, and available for connection by property owners.

7. Wastewater Collection and Treatment. Currently, the County owns and operates a sanitary sewer system in the Annexation Area and the wastewater is treated by the City under the terms of an agreement dated September 12, 1995, as subsequently amended, between the Lake County Sanitation District (LACOSAN) and the City. Attachment 3 provides a map of the service area. The City and County agree that the agreement between LACOSAN and the City for the provision of wastewater treatment services currently serves the community. Additionally, there are parcels currently served by LACOSAN under the terms of the 1995 agreement that are outside the Annexation Area. Annexation and transfer of service responsibility for portions of the service area to the City could render services to the remaining area fiscally unviable. City and County agree to negotiate in good faith a long-term solution that is both financially feasible and effective for residents and businesses in the entire service area. The City and County agree that, if the collection system is transferred to the City, parcels that are outside the Annexation Area may be served by the City, pursuant to Government Code section 56133. Neither party will unreasonably oppose LAFCo's approval of an out of area service agreement under Government Code section 56133.

8. Other Obligations and Limitations.

8.1 The Annexation Area shall include the road right of way for lands adjacent to and abutting County territory subject to any existing County easements and prescriptive easements. City will be responsible for accepting all roadways in the Annexation Area that were previously County maintained roads into the City's maintained mileage list reported to the State.

8.2 City and County acknowledge that implementation of this Agreement is subject to the completion of LAFCo proceedings to approve the City's application for annexation and that these proceedings include the opportunity for property owners and voters in the Annexation Area to support or oppose the annexation. City and County agree to work together, and with LAFCo staff, to communicate with property owners and voters and ensure the annexation proceedings are conducted effectively and without unnecessary delay.

9. Audit. Either party may, at any time, request that an independent auditor review the Sales Tax Revenue distributed to County or Property Tax Revenue distributed to City using agreed upon procedures. The party requesting such a review shall be solely responsible for the costs of the audit. The auditor shall be jointly selected by County and City. If the review discloses that a party received less revenue than it should have received under this Agreement, then City or County will make any adjustments required as a result of the findings within 60 days of receipt of the findings or such other time period as agreed to by the parties. The adjustment shall be in the form of a payment from the overpaid party to the underpaid party consistent with the findings or other such remedy as agreed to by the parties. The scope of any review and repayment obligation under this section shall be limited to the latest three completed fiscal years. If a party disagrees with the findings, then it may pursue declaratory relief or other appropriate legal proceeding to review the findings.

10. Reformation. City and County understand and acknowledge that this Agreement is based on existing law at the time of the Agreement and that such law may be amended in the future. In the event of an amendment of state law, other than as described in section 5.5, that renders this Agreement invalid or inoperable or that denies a party the full benefit of this Agreement, in whole or in part, then County and City agree to enter into good faith negotiations to arrive at a new equitable tax sharing agreement consistent with the intentions of the parties in this Agreement.

11. General Provisions.

11.1. County authorizes the Chair of its Board of Supervisors and County Clerk to sign this Agreement on behalf of the County. City authorizes its Mayor and City Clerk to sign this Agreement on behalf of the City.

11.2. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except (a) those other documents that are expressly referenced in this Agreement and (b) County-City annexation-related tax sharing agreements that predate the date of this Agreement.

11.3. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

11.4. The waiver at any time by any party of its rights with respect to any matter arising in connection with this Agreement shall not be deemed a waiver with respect to such matter or any other matter in this Agreement, unless waived in writing signed by one authorized to bind the party to be charged with the waiver.

11.5. If any part of this Agreement is held to be void, invalid, illegal, or unenforceable, then the remainder of this Agreement shall be void and unenforceable unless the parties mutually agree in writing that such provisions shall remain effective and enforceable.

11.6. The parties, in order to carry out and give full effect to this Agreement, each shall use all reasonable efforts to provide such information, execute and deliver such further instruments and documents and take such actions as may be reasonably requested by the other party, so long as not inconsistent with the provision of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement.

11.7. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties. Amendment requires approval of resolutions adopted by the governing body of each party.

11.8. The parties may not assign their rights, interests, obligations, or duties under this Agreement without the express written consent of the other party.

11.9. This Agreement may be executed in counterparts, including counterpart facsimiles, each of which shall be deemed an original and all of which together shall be deemed a fully executed original Agreement.

11.10. Any notice, demand, invoice, or other communication required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail and addressed as follows:

County:

County Administrative Officer
255 North Forbes Street
Lakeport, CA 95453

City:

City Manager
225 Park Street
Lakeport, CA 95453

Any party may change its address by notifying the other party in writing of the change of address.

[Signature Pages to Follow]

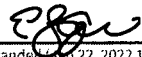
PASSED, ADOPTED AND APPROVED by the Board of Supervisors of the County of Lake on the 11th day of January, 2022, by the following two-thirds vote:


AYES: Chair Crandell, Supervisors Pyska, Sabatier, Simon, and Scott

NOES: None

ABSTAIN: None

ABSENT: None

By: 
Eddie Crandell (Jan 22, 2022 17:52 PST)
Eddie "EJ" Crandell, Chair
Board of Supervisors


Carol Huchingson (Jan 20, 2022 15:00 PST)

Carol Huchingson, Clerk of the Board of Supervisors

Approved as to form:


anita grant (Jan 22, 2022 13:10 PST)

Anita Grant, County Counsel

PASSED, ADOPTED AND APPROVED by the City Council of the City of Lakeport on the 11th day of January, 2022, by the following two-thirds vote:

AYES: Mayor Mattina, Council Members Froio, Green, Parlet, and Turner

NOES: None

ABSTAIN: None

ABSENT: None

By: Stacey Mattina
Stacey Mattina, Mayor

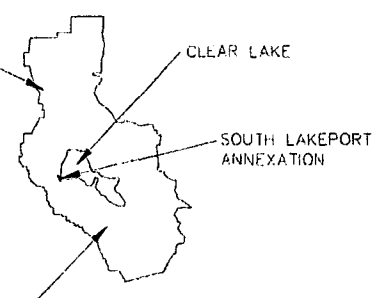
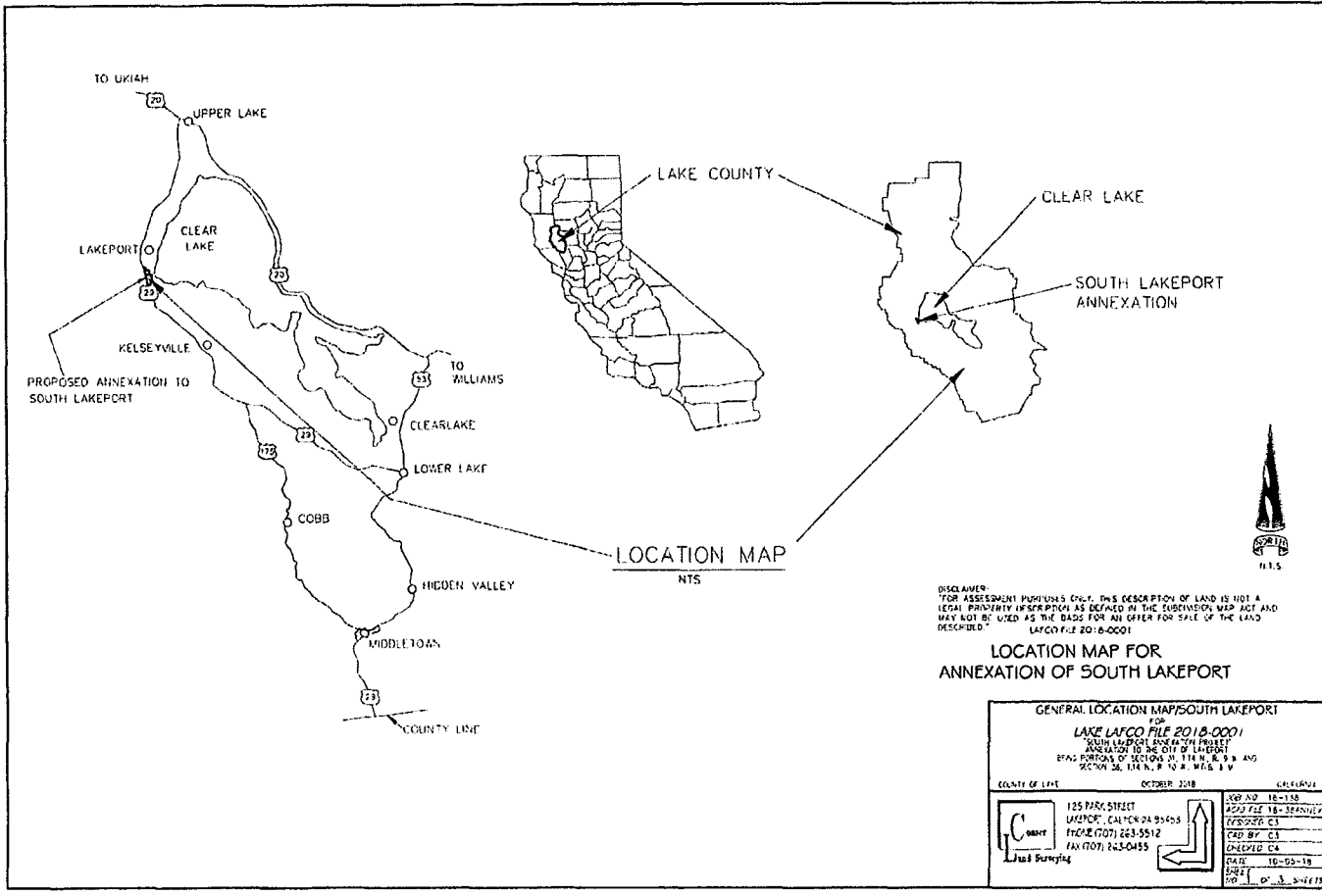
Kelly Buendia
Kelly Buendia, City Clerk

Approved as to form:

DAVID RUDERMAN
David Ruderman, City Attorney

Attachment 1

Annexation Area Map



LOCATION MAP
NTS



DISCLAIMER:
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A
LEGAL PROPERTY INTEREST AS DEFINED IN THE SUBDIVISION MAP ACT AND
MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND
DESCRIBED. LAFCO FILE 2018-0001

LOCATION MAP FOR
ANNEXATION OF SOUTH LAKEPORT

| | | | |
|--|---|---|---------------------------------|
| GENERAL LOCATION MAP/SOUTH LAKEPORT | | | |
| FOR LAKE LAFCO FILE 2018-0001 | | | |
| SOUTH LAKEPORT SUEWORTH PROJECT ANNEXATION TO THE CITY OF LAKEPORT BEING PORTIONS OF SECTIONS 20, 11A N. & 9 N. AND SECTION 26, 11A N. & 10 N. ME&S 1/4 | | | |
| COUNTY OF LANE | OCTOBER 2018 | CALIFORNIA | |
| | 135 PARK STREET LAKEPORT, CALIFORNIA 95453 PHONE (707) 263-5512 FAX (707) 263-0455 | JOB NO. 18-150 ASSISTED BY: SPANIELL CHECKED BY: C3 CHECKED BY: CA | DATE: 10-05-18 SHEET: 1 OF 3 |

AREA NUMBERS

1 SOUTH LAKEPORT ANNEXION-136.78 AC

| | |
|----|----|
| 25 | 50 |
| 36 | 3 |

36

EXISTING
CITY OF
LAKEPORT
LIMITS

STATE HIGHWAY 25

36

31

EXISTING
CITY OF
LAKEPORT
LIMITS.

RANGE 10 WEST
RANGE 9 WEST

35 1 2

TOWNSHIP 14 NORTH

35 1 2

14

38

6



MIS

DISCLAIMER:
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A
LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND
MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND
DESCRIBED. (LACD) PRE 2016-0001

LOCATION MAP FOR
ANNEXATION OF SOUTH LAKEPORT

GENERAL LOCATION MAP/SOUTH LAKEPORT

FOR
LAKE LAECO FILE 2018 000

LAKE LAPEL FILE 2018-0001
"SOUTH LAKEPORT AND 28 GUN PROJECT"
INVESTIGATION IN THE CITY OF LAKEPORT

BEING PORTIONS OF SECTION 31, T14 N., R 9 W. AND
SECTION 34, T14 N., R 9 W., MOD. 62

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

OFFICE OF THE ATTORNEY GENERAL

02 SEP. 2018

CALL CENTER

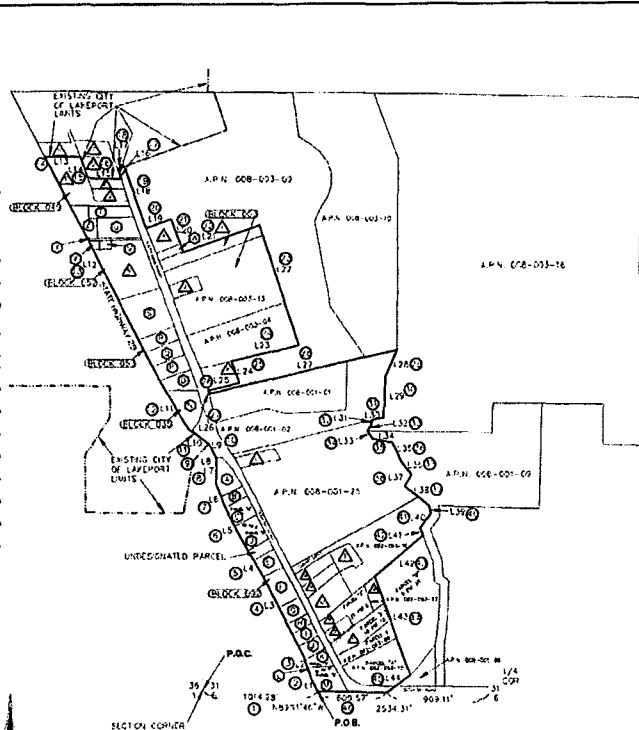


125 PARK STREET
LAKEPORT, CALIFORNIA 95453
PHONE (707) 263-5512
FAX (707) 263-0455

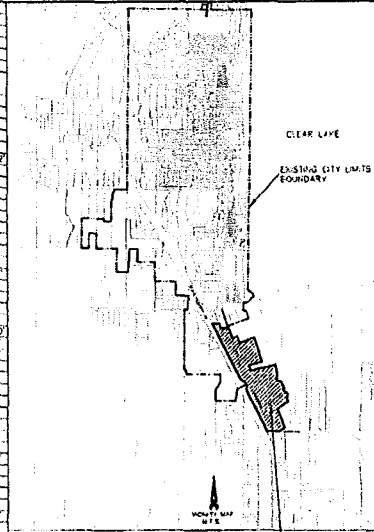


JOB NO. 18-138
 ROAD FEE 180301001
 DESIGNED C3
 CAD BY C3
 CHECKED C4
 DATE 10-05-18
 SHEET
 NO. 2 OF 3 DWT

| APN | FILE |
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| 002 | 002-002-01 |
| 002 | 002-002-02 |
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| 002 | 002-002-97 |
| 002 | 002-002-98 |
| 002 | 002-002-99 |
| 002 | 002-002-100 |



| LINE | BEARING | LENGTH |
|------|-------------|----------|
| L1 | N68°31'19"W | 131.95' |
| L2 | N17°02'33"W | 200.22' |
| L3 | N27°18'10"W | 189.74' |
| L4 | N50°31'53"W | 270.42' |
| L5 | N27°27'35"W | 423.03' |
| L6 | N20°26'56"W | 224.33' |
| L7 | N20°26'08"W | 231.92' |
| L8 | N28°22'32"E | 64.75' |
| L9 | N27°02'35"W | 86.01' |
| L10 | N53°41'50"W | 218.76' |
| L11 | N31°01'00"W | 455.60' |
| L12 | N27°02'35"W | 2278.22' |
| L13 | S82°11'07"E | 314.48' |
| L14 | S18°52'40"W | 200.00' |
| L15 | S88°48'47"E | 300.00' |
| L16 | S18°52'40"E | 94.58' |
| L17 | N17°02'35"E | 82.33' |
| L18 | S18°38'46"E | 587.72' |
| L19 | N70°40'09"E | 234.06' |
| L20 | S72°21'45"E | 207.00' |
| L21 | N70°22'14"E | 203.60' |
| L22 | S18°08'18"E | 1197.97' |
| L23 | S76°53'14"W | 811.80' |
| L24 | S10°10'02"E | 208.50' |
| L25 | S76°53'14"W | 280.41' |
| L26 | S16°21'10"E | 30.00' |
| L27 | N16°53'14"E | 1322.80' |
| L28 | S23°31'12"W | 257.40' |
| L29 | S27°21'14"W | 351.34' |
| L30 | S76°53'14"W | 102.18' |
| L31 | S27°21'14"W | 14.18' |
| L32 | S31°01'00"W | 68.00' |
| L33 | S33°00'00"E | 77.85' |
| L34 | S76°53'14"E | 182.18' |
| L35 | S70°09'00"E | 193.32' |
| L36 | S33°00'00"E | 135.20' |
| L37 | S30°00'00"W | 174.08' |
| L38 | S21°00'00"E | 235.60' |
| L39 | S33°00'00"W | 70.82' |
| L40 | S33°00'00"W | 147.84' |
| L41 | S23°00'00"E | 70.82' |
| L42 | S50°19'29"E | 161.58' |
| L43 | S10°24'43"E | 823.48' |
| L44 | S54°12'25"W | 263.11' |



LEGEND:

① COURSE BEARING AND DISTANCE

P.O.B. POINT OF BEGINNING

P.O.C. POINT OF COMMENCEMENT

00000000 DEMOTES ASSESSOR'S PAGE NUMBER

△ DEMOTES ASSESSOR'S PARCEL IN WINR

ANNEXATION AREA
135.78 ± ACRES (CALCULATED)

EXHIBIT 'B'
FOR
LAKE LAFCO FILE 2018-0001
SOUTH LAKEPORT ANNEXATION PROJECT
ANNEXATION TO THE CITY OF LAKEPORT
BEING PORTIONS OF SECTION 2, 1, 14 N., 6 E. 6 AND
SECTION 34, 1, 11 N., 6 E. 6 AND 8 AND
SECTION 34, 1, 11 N., 6 E. 6 AND 8 AND 8

COUNTY OF LAKE, OCEAN, 2018 CALIFORNIA

125 PARK STREET
LAKEPORT, CALIFORNIA 95453
PHONE (707) 263 5512
FAX (707) 263 0455

200 S.D. 18-138
200 S.D. 18-138-138
DESIGNED CS
EXT. BY CS
CHECKED CA
DATE 10-11-18
SHEET 1 OF 3 SHEETS

DISCLAIMER:
THE ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A
LEGAL PROPERTY DESCRIPTION AS REQUIRED IN THE SUBDIVISION MAP ACT AND
MAY NOT BE USED FOR ANY OTHER PURPOSE FOR THE LAND
REPRESENTED.
LAFCO 2018-0001

SOUTH LAKEPORT ANNEXATION TO CITY OF LAKEPORT

Attachment 2

Sample Calculation of the County's Share of Sales Tax Revenues

Attachment 2
Sample Calculation of County Share of Sales Tax Revenues

| Period One | Total Sales Tax Revenues | County Share: 80% | City Share: 20% |
|---------------------------------|--------------------------|-------------------|-----------------|
| January 1, 2022 - June 30, 2022 | 285,800 | 228,640 | 57,160 |
| July 1, 2022 - June 30, 2023 | 594,000 | 475,200 | 118,800 |
| July 1, 2023 - June 30, 2024 | 611,900 | 489,520 | 122,380 |
| July 1, 2024 - June 30, 2025 | 628,600 | 502,880 | 125,720 |
| July 1, 2025 - June 30, 2026 | 645,500 | 516,400 | 129,100 |
| July 1, 2026 - June 30, 2027 | 661,200 | 528,960 | 132,240 |
| July 1, 2027 - June 30, 2028 | 678,000 | 542,400 | 135,600 |
| July 1, 2028 - June 30, 2029 | 693,100 | 554,480 | 138,620 |

| Period Two | Total Sales Tax Revenues | Total Sales Tax Revenues in Final Year of Period One | Use Formula B If Increased Formula A if decreased | Cumulative Growth from Final Year of Period One | 50% of Cumulative Growth | Formula B - Increased | Formula A - Decreased |
|------------------------------|--------------------------|--|--|---|--------------------------|--|---------------------------|
| | | | | | | County Share In Prior Year (County Share In Final Year of Period One Plus 50% of Growth) | 80% of Sales Tax Revenues |
| July 1, 2029 - June 30, 2030 | 709,400 | 693,100 | B - Increased | 16,300 | 8,150 | 562,630 | NA |
| July 1, 2030 - June 30, 2031 | 726,000 | 693,100 | B - Increased | 32,900 | 16,450 | 570,930 | NA |
| July 1, 2031 - June 30, 2032 | 705,000 | 693,100 | B - Increased | 11,900 | 5,950 | 560,430 | NA |
| July 1, 2032 - June 30, 2033 | 685,000 | 693,100 | A - Decreased | -8,100 | -4,050 | NA | 548,000 |
| July 1, 2033 - June 30, 2034 | 675,000 | 693,100 | A - Decreased | -18,100 | -9,050 | NA | 540,000 |
| July 1, 2034 - June 30, 2035 | 739,000 | 693,100 | B - Increased | 45,900 | 22,950 | 577,430 | NA |
| July 1, 2035 - June 30, 2036 | 755,000 | 693,100 | B - Increased | 61,900 | 30,950 | 585,430 | NA |
| July 1, 2036 - June 30, 2037 | 778,400 | 693,100 | B - Increased | 85,300 | 42,650 | 597,130 | NA |
| July 1, 2037 - June 30, 2038 | 796,700 | 693,100 | B - Increased | 103,600 | 51,800 | 606,280 | NA |
| July 1, 2038 - June 30, 2039 | 812,600 | 693,100 | B - Increased | 119,500 | 59,750 | 614,230 | NA |

| Period Three | Total Sales Tax Revenues | County Share of Sales Tax Revenues |
|--------------|--------------------------|------------------------------------|
|--------------|--------------------------|------------------------------------|

For each fiscal year ended during Period Three one of the following scenarios will apply

Scenario 1

As illustrated in the sample calculations above, when total Sales Tax Revenues are greater than the Sales Tax Revenues received by the City for the fiscal year ended June 30, 2039 county will receive.

| | | |
|------------------------------|---------|---------|
| July 1, 2039 - June 30, 2040 | 853,230 | 614,230 |
|------------------------------|---------|---------|

Scenario 2

If the amount of total Sales Tax Revenues are greater than the total Sales Tax Revenues for the fiscal year ended June 30, 2023 but less than total Sales Tax Revenues for year ended June 30, 2023 compounded annually at 1%, the County share will be the amount remitted to the county for the fiscal year ended June 30, 2023 compounded annually at a 1%.

| | | |
|------------------------------|---------|---------|
| July 1, 2039 - June 30, 2040 | 661,686 | 557,209 |
|------------------------------|---------|---------|

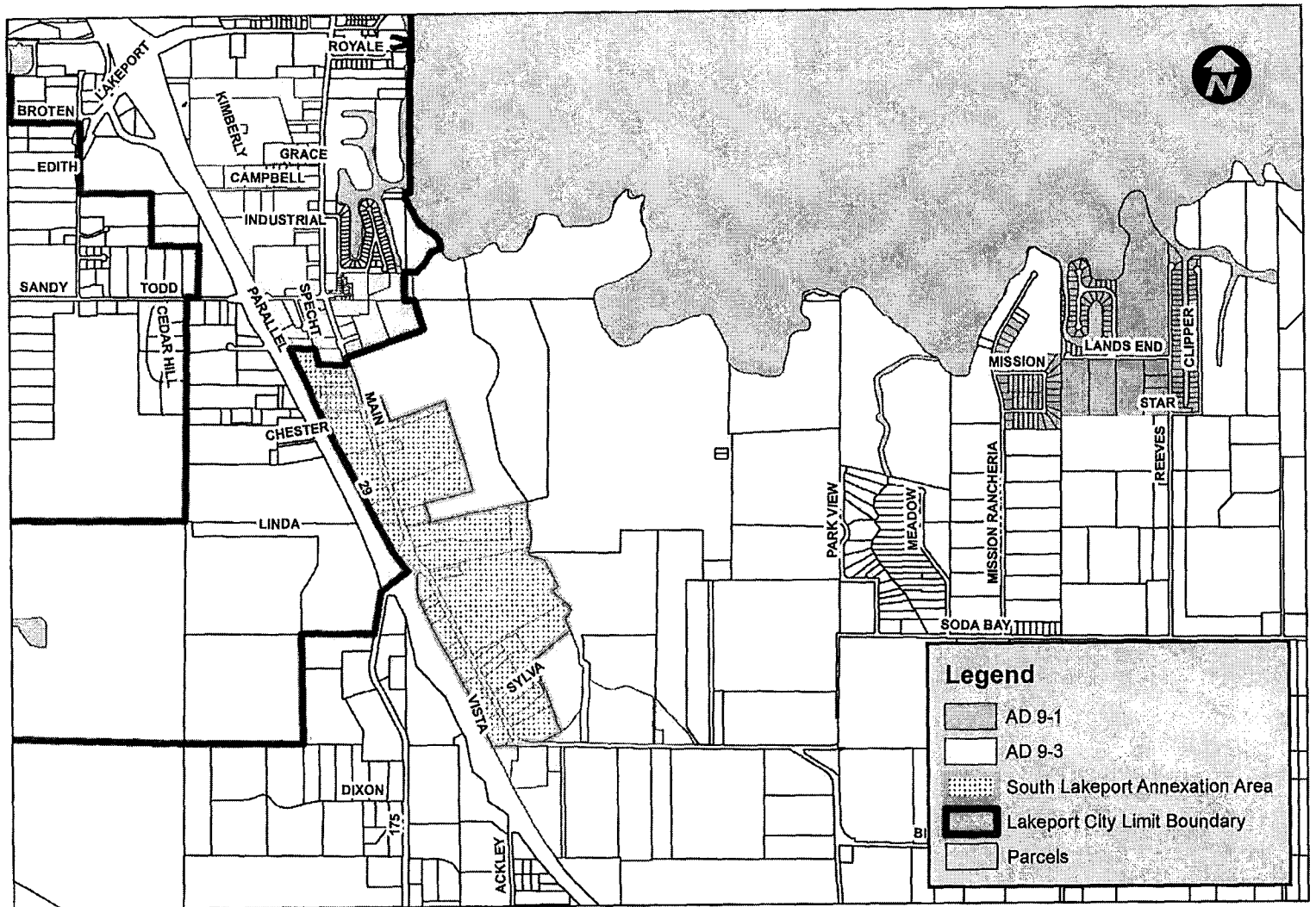
Scenario 3

If the amount of total Sales Tax Revenues is less than the total Sales Tax Revenues for the fiscal year ended June 30, 2023 the County will receive 80% of Sales Tax Revenues received by the City.

| | | |
|------------------------------|---------|---------|
| July 1, 2039 - June 30, 2040 | 564,300 | 451,440 |
|------------------------------|---------|---------|

Attachment 3

**Boundary Map of Lake County
Special Districts
Assessment District 9-1 and
Assessment District 9-3**



Lake County Special Districts Assessment Districts 9-1 & 9-3











Lakeport South Main Annexation Joint Resolution 011122






Final Audit Report

2022-01-24

| | |
|-----------------|--|
| Created: | 2022-01-20 |
| By: | Carol Huchingson (carol.huchingson@lakecountyca.gov) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAAtjIHFQz8ZekejK1EfPVuzvdhDZJuHSeo |

"Lakeport South Main Annexation Joint Resolution 011122" History

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