

**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](http://www.lakelafco.org) under the page South Lakeport Annexation.

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 18<sup>th</sup>, 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:

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.