

**LAKE
LOCAL AGENCY FORMATION COMMISSION
(LAFCo)**

**LOWER LAKE
COUNTY WATERWORKS DISTRICT No. 1**

MUNICIPAL SERVICE REVIEW

AND

SPHERE OF INFLUENCE

May 2023 DRAFT

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1 INTRODUCTION

1.1 Local Agency Formation Commission (LAFCo) History

This report is prepared pursuant to State legislation enacted in 2000 that requires Lake LAFCo to complete a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCo's jurisdiction. This chapter provides an overview of LAFCo's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of a Service Review commonly referred to as a Municipal Service Review (MSR). Finally, the chapter reviews the process for MSR review, MSR approval and SOI updates.

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures within a given region. A lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service area boundaries, many of which resulted in the premature conversion of California's agricultural and open-space lands and duplication of services.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963; resulting in the creation of a Local Agency Formation Commission, or "LAFCo," operating in every county.

LAFCo was formed as a countywide agency to discourage urban sprawl and to encourage the orderly formation and development of local government agencies within its jurisdiction. LAFCo is responsible for coordinating logical and timely changes in local governmental boundaries; including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure.

The Commission's efforts are focused on ensuring services are provided efficiently and economically while agricultural and open-space lands are protected or conserved to the extent possible. To better inform itself and the in compliance with the State Law; LAFCo conducts MSR's to evaluate the provision of municipal services for service providers within its jurisdiction.

LAFCo regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individual voters and landowners. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCo is empowered to initiate updates to the SOIs and proposals involving the dissolution, consolidation or formation of special districts, establishment of subsidiary districts, and any reorganization including such actions. Where LAFCo is not given specific authority, LAFCo actions must originate as petitions from affected voters or landowners, or by resolutions by affected cities or special districts.

A Plan for Services is required in Government Code Section 56653. A Plan for Services must include the following information: An enumeration and description of services to be provided, the level and range of those services, an indication of how those services are to be extended into the territory, an indication of any improvements or upgrading of structures, Information on how the services are to be financed.

1.2 Preparation of the MSR

Research for this Municipal Service Review (MSR) was conducted during the summer of 2018 and updated in 2021. This MSR is intended to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objectives of this Municipal Service Review (MSR) are as follows:

- To develop recommendations that will promote more efficient and higher quality service options and patterns
- To identify areas for service improvement
- To assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries

While LAFCo prepared the MSR document, given budgetary constraints, LAFCo did not engage the services of experts in engineering, hydrology, geology, water quality, fire protection, accounting or other specialists in related fields, but relied upon published reports and available information. Insofar there is conflicting or inconclusive information LAFCo staff may recommend the District retain a licensed professional or expert in a particular field for an opinion.

Therefore, this MSR reflects LAFCo's recommendations, based on available information during the research period and provided by District staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision by the Lower Lake County Water District No. 1. Additional information on local government funding issues is found in Appendix A at the end of this report.

1.3 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCos) in California are independent agencies created by the California Legislature in 1963 for the purpose of encouraging the orderly formation of local government agencies and conserving and preserving natural resources. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence (SOI) of each local agency.

LAFCos are responsible for coordinating logical and timely changes in local governmental boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, preparing a review of services called a MSR, and preparing a SOI thereby determining the future "probable" boundary for each city and special district within each county.

The Commission's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. Often citizens are confused as to what LAFCo's role is. LAFCos do not have enforcement authority nor do they have the authority to initiate a city or district annexation or detachment proceeding. LAFCos may initiate consolidation or dissolution proceedings; however, these proceedings are subject to the voter approval or denial.

The Legislature has given LAFCos the authority to modify any proposal before it to ensure the protection of agricultural and open space resources, discourage urban sprawl and promote orderly boundaries and the provision of adequate services.

The Governor's Office of Planning and Research (OPR) has issued Guidelines for the preparation of a MSR. This MSR adheres to the procedures set forth in OPR's MSR Guidelines.

A SOI is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each SOI be updated not less than every five years, and §56430 provides that a MSR shall be conducted in advance of the SOI update.

1.4 Municipal Services Review Requirements

Effective January 1, 2001 and subsequently amended, LAFCo is required to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following six topics (Government Code §56430):

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

1.5 Municipal Services Review Process

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

1. Outreach: LAFCo outreach and explanation of the project
2. Data Discovery: provide documents and respond to LAFCo questions
3. Map Review: review and comment on LAFCo draft map of the agency's boundary and sphere of influence
4. Profile Review: internal review and comment on LAFCo draft profile of the agency
5. Public Review Draft MSR: review and comment on LAFCo draft MSR
6. LAFCo Hearing: attend and provide public comments on MSR

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCo's actions to adopt MSR determinations are not considered "projects" subject to CEQA. The MSR process does not require LAFCo to initiate changes of organization based on service review findings, only that LAFCo identify potential government structure options.

However, LAFCo, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCo may act with respect to a recommended change of organization or reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Once LAFCo has adopted the MSR determinations, it must update the SOI for each jurisdiction. The LAFCo Commission determines and adopts the spheres of influence for each agency. A CEQA determination is made by LAFCo on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

1.6 Sphere Of Influence Update Process

The Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county.¹ An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCo to a city or district unless it is within that agency's sphere.

¹ The initial statutory mandate, in 1971, imposed for no deadline for completing sphere designations. When most LAFCos failed to act, 1984 legislation required all LAFCos to establish spheres of influence by 1985.

The purposes of the SOI include the following:

- to ensure the efficient provision of services
- to discourage urban sprawl and premature conversion of agricultural and open space lands
- to prevent overlapping jurisdictions and duplication of services

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

The Cortese-Knox-Hertzberg (CKH) Act requires LAFCos to develop and determine the SOI of each local governmental agency within its jurisdiction and to review and update the SOI every five years, as necessary. LAFCos are empowered to adopt, update and amend a SOI. They may do so with or without an application. Any interested person may submit an application proposing an SOI amendment.

While SOIs are required to be updated every five years, as necessary, this does not necessarily define the planning horizon of the SOI. The term or horizon of the SOI is determined by each LAFCo.

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. In determining the SOI, LAFCo is required to complete an MSR and adopt the six determinations previously discussed. In addition, in adopting or amending an SOI, LAFCo must make the following five determinations as required in Government Code section 56425(c):

1. Present and planned land uses in the area, including agricultural and open-space lands
2. Present and probable need for public facilities and services in the area
3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide
4. Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency
5. For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence. ²

² California Government Code Section 56425 (e)(5)

The CKH Act stipulates several procedural requirements in updating SOIs. It requires cities to file written statements on the class of services to be provided and LAFCo must clearly establish the location, nature and extent of services provided by special districts.

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

1.7 Possible Approaches to the Sphere of Influence

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Lake LAFCo as well as other LAFCos in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) Coterminous Sphere:

A Coterminous Sphere means that the Sphere of Influence for a city or special district that is the same as its existing boundaries of the city or district. This is the recommendation in this report since there are no anticipated or contemplated annexations for the District at this time.

2) Annexable Sphere:

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside the district boundaries and inside the sphere of influence.

3) Detachable Sphere:

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

4) Zero Sphere:

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

5) Consolidated Sphere:

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

6) Limited Service Sphere:

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

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

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

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

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

1.8 Description of the Public Participation Process

The LAFCo proceedings are subject to the provisions of California’s open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.). The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Lake LAFCo complies with the requirements of the Brown Act.

The State MSR Guidelines provide that all LAFCOs should encourage and provide multiple public participation opportunities in the MSR process.

2 LOWER LAKE COMMUNITY

2.1 Lower Lake

2.1.1 Lower Lake History

Lower Lake (formerly Grantville) is a census-designated place (CDP) in the southern Clear Lake region of Lake County. Lower Lake is also an Indian Rancheria of the Koi Nation people.

Lower Lake is located 4.5 miles southwest of the City of Clearlake, and 13 miles southeast of Kelseyville. It is at an elevation of 1,371 feet. Lower Lake was founded by E. Mitchell in 1858 as Grantville. He built the first house there. The settlement's first post office was opened in 1858.

Lower Lake was at one point the county seat; the Lake County elections of 1867 were hotly contested, with the seat moving between what is now the City of Lakeport and the town of Lower Lake. In 1870, the feud was settled and Lakeport controlled the seat. Although some believe the seat was stolen from Lower Lake, it has remained in Lakeport for over a century and is no longer a topic of concern for locals.

The population was 1,294 at the 2010 census, down from 1,755 at the 2000 census. The Clayton Fire started on August 12, 2016 in areas of Lake County not burned in the Valley and Rocky Point Jerusalem Fires which ravaged Lake County in the summer of 2015. On Sunday afternoon, August 14, 2015 all residents of the town were evacuated and fire razed large parts of the downtown and other areas of Lower Lake, including Copsey Creek Way.

2.2.1 Lower Lake Population Data

In 2019, Lower Lake, CA had a population of 1,360 people with a median age of 54.1 and a median household income of \$32,500. Between 2018 and 2019 the population of Lower Lake, CA declined from 1,595 to 1,355, a 15% decrease and its median household income grew from \$30,188 to \$32,500, a 7.66% increase.³

Index⁴	Lower Lake	California	National
Income per capita	\$19,763	\$31,458	\$29,829
Median Household Income	\$30,757	\$63,783	

2.2 Lower Lake Businesses

The Lower Lake Chamber of Commerce reports the following:

Lower Lake is considered a Small Town with a population of 1,443 and 317 businesses. In 2018 and 2017 one new business was added each year to the Lower Lake Chamber of Commerce Business Directory. The economy of Lower Lake employs 665 people and has an unemployment rate of 8.1%.

³ <https://datausa.io/profile/geo/lower-lake-ca> May 17, 2022

⁴ <https://www.areavibes.com/lower+lake-ca/employment>, May 17, 2022

Some of the largest industries in Lower Lake are County Government (13), Professional Services (12) and Builders and Contractors (11).⁵

2.3 Schools

Konocti Unified School District includes the towns of Clearlake, Clearlake Oaks, and Lower Lake as well as Spring Valley and a portion of Cobb Mountain. The District operates ten schools including Lower Lake Elementary School and Lower Lake High School.⁶

2.4 Fire Protection District

Lower Lake is part of the Lake County Fire Protection District. The District has six fire stations including one in Lower Lake. Water for fire protection is supplied by Lower Lake County Water District No. 1.

2.5 Sanitary District

The Lake County Sanitation District operates the sewage collection and treatment services in Lake County as described below:

The Southeast (SE) system collects and treats wastewater in the Clearlake area. The collection system extends from Pirates Cove to Lower Lake and includes the City of Clearlake. Portions of the collection system were constructed over 30 years ago when materials, construction techniques and inspections were not as advanced and comprehensive as they are today. Due to the proximity to the lake and seasonal high water table, a significant amount of groundwater intrusion occurs within the system during the winter.

Seasonal high lake levels and winter rains also contribute to Inflow and Infiltration (I/I) which makes up a large percentage of winter flows. The increased flows in the winter requires the lift stations to operate more frequently and almost continuously during multi-day storm events. During more intensive storm events, the District historically had to hire emergency pumper truck services to maintain collection system operations and avoid or minimize reportable spill events. The force main project completed in 2013 is designed to address these winter flow issues and improve performance throughout the system. All treated wastewater is recycled at the Geysers.⁷

⁵ Chamber of Commerce Lower Lake, CA - ChamberofCommerce.com, August 30, 2022.

⁶ <https://konoctiusd.org/>, August 30, 2022.

⁷ Southeast Regional Wastewater System (lakecountyca.gov) August 30, 2022.

3 LOWER LAKE COUNTY WATER DISTRICT No. 1

3.1 Lower Lake County Water District No. 1 Background

Lower Lake County Waterworks District No. 1, (District) serves the unincorporated community of Lower Lake. The greater service area comprises roughly three square miles, of which a large portion is rural not presently receiving District water. Major users of Lower Lake County Waterworks District No. 1 water include the schools within the Lower Lake community and Lake County office buildings.

The District was organized under the County Water District Law, California Water Code §30000 et seq. in 1946, with the first well (No. 1) constructed in 1948 and a service area including only the immediate town of Lower Lake. The Copsey Creek subdivision (northeast of the town) was added approximately in 1965. Improved piping along Main Street was installed in 1986.

3.2 Lower Lake County Water District No. 1 Board of Directors and Staff⁸

3.2.1 Board of Directors:

The Lower Lake County Water District No. 1 Board members are as follows:

Vice Chair	Brianna Cook
Director	Frank McElwain
Director	Noel Negrete
Director	Wesley Baker
Director	Monique Fabela

Regular Board Meetings are held the Third Thursday of Every Month at 4:00 P.M. at the Office Location - 16254 Main Street, Lower Lake.

Phone: 707.994.6009

Mail: James Kingland, General Manager, PO Box 263, Lower Lake, CA 95457

Email: James.Kingland@llc wd.com

3.2.2 Mission Statement

Mission Statement:

At Lower Lake County Waterworks District No. 1, we are committed to providing safe, high quality water services to our community, while maintaining a standard of excellence in customer service and environmental conservation.⁹

⁸ Board Members | Lower Lake County Waterworks District No. 1 (llc wd.com), August 30, 2022.

⁹ Home | Lower Lake County Waterworks District No. 1 (llc wd.com), August 30, 2022.

3.2.3 Staff¹⁰

Staff for the Lower Lake County Water District No. 1 is as follows:

Business Personnel:

General Manager	James Kingland	(707) 994-6009
Clerk of the Board	Amy Loren	(707) 994-6009
Head Accounting Clerk	Tiffany Meek	(707) 994-6009
District Legal Counsel	Robert Bridges	(707) 994-6009
Bookkeeper	Amy Loren	(707) 994-6009
Accounting Clerk	Lilly Fiora	(707) 994-6009

Operations Personnel:

Operator III / Chief	Mike Kallerman	(707) 994-6009
Operator II	James Kingland	(707) 994-6009
Part Time/Extra Help	Duane Nowinsky	(707) 994-6009
Operator I	Wayne Rivera	(707) 994-6009

3.3 District Website Requirement

Every California independent special district is required to maintain a website by January 1, 2020. Senate Bill 929 added Government Code sections 6270.6 and 53087.8 to provide the public easily accessible and accurate information about the districts. The requirements for the District website are as follows:

- 1) Contact Information
- 2) Current Agenda
- 3) Financial Transaction Reports (as sent to State Comptroller)
- 4) Compensation Reports (as sent to State Comptroller)

The Lower Lake County Water District No. 1 has a website at <https://llcwd.com>.

3.4 Lower Lake County Water District No. 1 Facilities

3.4.1 1986-1996 Expansion

The Rancho Sendero subdivision (one mile south and east of Highway 29) was annexed in 1986 (but running separate facilities), and was connected to the District's supply as a subsystem in 1996. The Twin Lakes area (1.5 miles south and west of Highway 29) was added in 1996, and included an upper zone water storage tank for Twin Lakes. The first water treatment plant (Plant A) was built by the District in the 1980s, and Water Treatment Plant B was added in 1995.

¹⁰ Personnel | Lower Lake County Waterworks District No. 1 (llcwd.com), September 5, 2022.

3.4.2 2003 Master Plan¹¹

In 2003 the Lower Lake County Water District No. 1 adopted a Master Plan to guide development for the next twenty years. At the time the Plan was adopted the District had the following facilities:

1) Wells

In 2003 the District had wells in three areas:

- Well No. 1, a stand-alone well
- Wells 4 and 5 at plant A
- Wells 6 through 10 at plant B

2) Meters

In 2003 the District had 826 active meters. The District had 1036 total connections with 210 inactive.

3) Treatment plants

In calendar year 2002, the District produced 14.5 million cubic feet and delivered 11.5 million cubic feet, meaning that the District was operating at an annual average of 23% capacity. Average daily production for 2002 was 39,825 cubic feet or 298,000 gallons per day.

3.4.3 2019 Facilities

The following description of the water system is from the Initial Study for the Lower Lake Emergency Water Intertie Project:¹²

Water supply is derived from eight active groundwater wells. An inspection of the water system by the Division of Drinking Water in 2016 included an analysis of source capacity. The maximum day demand in the prior ten years based on production records was 0.692 million gallons (MG) whereas the source capacity was listed at 0.918 MG, more than adequate.

Average daily usage during the period was approximately 275,000 gallons per day (gpd) or 190 gallons per minute. Average daily usage in the month of maximum usage was 410,000 gpd or 285 gpm. The maximum day demand was 692,000 gpd in 2010, although the next highest demand on record was over 20% less. Given the structure losses in the 2016 Clayton Wildfire, it will be a long time before the current maximum day demand is exceeded.

¹¹ Lower Lake County Water District No. 1, Final Draft Master Plan 2003 through 2020, Prepared by Russell C. Greenlaw, Consulting Engineer, Russ Greenlaw & Associates, 3062 East Avenue, Livermore, Ca 94550, September 19, 2003, Page 3.

¹² LOWER LAKE EMERGENCY WATER INTERTIE PROJECT Lower Lake and City of Clearlake, California Initial Study June 2019, Prepared for: Lower Lake County Waterworks District No. 1 16254 Main Street Suite B Lower Lake, CA 95457 Prepared by: Brelje & Race Engineers 475 Aviation Blvd., Suite 120 Santa Rosa CA 95403 707/576-1322, Page 12.

Well water is treated water and stored in seven tanks having a combined capacity of 1.34 MG. The District’s water distribution system consists of a mix of asbestos cement and PVC piping with some of the PVC piping being of the thin-wall variety. Pipe size ranges from three to twelve inches. The smaller and older piping is located in the downtown area (part of the original system) and the Copsey Creek Ranch Subdivision that was developed in the 1960’s.

Lower Lake Emergency Water Intertie Project

The project would provide an emergency water intertie between three existing water systems, Lower Lake County Waterworks District No. 1, Highlands Mutual Water Company, and Konocti County Water District. The three water systems serve the community of Lower Lake and parts of the City of Clearlake in Lake County.

3.5 Fire Flows and Hydrants

The Lower Lake County Water District has 62 wharf heads, 100 dry barrel fire hydrants and one wet barrel fire hydrant. The district does not have a map showing the location of hydrant testing sites. However, the district provided eleven testing reports throughout the district as follows:

Location	PSI and Fire Flow Amount	Testing Date
1. Tish a tang and Lake Sts	45 psi/1130 gpm	10/10/18
2. Lawrance and Diana (twin Lakes)	25 psi/ 840 gpm	6/7/18
3. 9240 Lake St (Elem School)	75 psi/1455 gpm	6/22/2021
4. 9240 Lake St (playground)	65 psi/1350 gpm	6/22/2021
5. 16374 Main St (Post Office)	Max 1580 (no psi)	4/20/18
6. 16285 Main Street (candie factory)	45 psi/1636 gpm	4/19/18
7. 16235 Main Street (4 star auto)	1550 gpm (no psi)	4/20/18
8. 16165 Main Street (Fire Dept)	90 psi/1590 gpm	5/1/18
9. 16165 Main Street (Fire Dept)	87 psi/1575 gpm	6/4/18
10. 11455 Clayton Ck. Road	35 psi/980 gpm	12/11/13
11. 15957 Joseph Trail	92 psi/1060 gpm	10/26/18

3.5 Water Quality

The State of California tests the drinking water each year and makes the results known to the water district. The tables in Appendix B at the end of this report show the results of the monitoring for the period of January 1 to December 31, 2020 in the 2021 Consumer Confidence Report. The tables show that the water met the water quality standards at the time of testing. The Summary Information for violation of a MCL (Maximum Contaminant Level), MRDL (Maximum Residual Disinfectant Level), AL (Regulatory Action Level), TT (Treatment Technique), or Monitoring and Reporting Requirement was “None.” Due to inconsistency among districts in Lake County Fire Flows will be comprehensively addressed in an upcoming fire MSR and SOI update.

3.6 Fee Schedule

The fee schedule for the Lower Lake County Water District 1 was adjusted for the Consumer Price Index (CPI) in December 2021. Base Charges are determined by meter size.

3.6.1 Base Rates

The Lower Lake County Water District No. 1 Base Charge for 5/8 inch meters includes an allotment of up to 400 cubic feet of water (2,992 gallons).

Lower Lake County Waterworks District No. 1 In-District Base Rates	
METER SIZE	BASE CHARGE
5/8 inch	\$66.18
3/4 inch	\$66.18
1 inch	\$153.75
1.5 inch	\$306.58
2 inch	\$490.71
3 inch	\$954.76
4 inch	\$1,534.78
6 inch	\$3,068.83

Out of District Base Rates are Double the In-District Rates.

3.6.2 Excess Charges

In addition to the Base Charges shown above, the following rates apply to water usage within Lower Lake County Water District No. 1:

Lower Lake County Waterworks District No. 1 Charges per 100 cubic Feet of Water (Portions of 100 will be billed out per cubic foot)		
Tier 1	First 1,100 cubic feet of overage	\$1.64
Tier 2	1,101 to 2,600 cubic feet of overage	\$2.02
Tier 3	2,601 to 4,600 cubic feet of overage	\$2.18
Tier 4	4,601 to 7,100 cubic feet of overage	\$2.73
Tier 5	7,101 to 9,600 cubic feet of overage	\$3.27
Tier 6	9,601 cubic feet and up	\$4.36

3.6.3 Lower Lake County Water District No. 1 Charges for Fire Protection Facilities

The following fees are charged for fire protection facilities:

- 4 inch \$17.74 per month
- 6 inch \$23.64 per month
- 8 inch \$29.56 per month

3.6.4 Water Hydrants

The Lower Lake County Water District No. 1 bills the following for water hydrants:

Meter Set: \$50.00

Water is billed at the Out of District Base Rate for 2-inch meters plus usage.

3.6.5 Miscellaneous Charges

The following charges are in effect for various mishaps that may occur within the Lower Lake County Water District No. 1:

Lower Lake County Waterworks District No. 1 Miscellaneous Charges	
Late Charge	\$15.00
Dishonored Check Fee	\$30.00
Reconnect/Turn-on Fee	\$50.00
Turn-off for Non-payment	\$100.00
After Hours Call-Out (excludes emergency shut-offs for leaks)	\$125.00
Transfer Fee	\$50.00
Cut-Lock Fee	\$75.00
Damaged Services:	Time, Materials and Equipment

3.6.6 Water Service Installations

A water service with stub out for 5/8 inch meter is \$300.00. For a new installation the time and materials/Bid Inspection Fee is \$300.00 for the Lower Lake County Water District No. 1.

3.6.7 Water System Capacity Expansion Fees

The Lower Lake County Waterworks District No. 1 has the following charges for capacity expansion:

Lower Lake County Waterworks District No. 1 Water System Capacity Expansion Fees	
5/8 Inch Meter	\$4,400
¾ Inch Meter	\$4,400
1 Inch Meter	\$11,250
1 and 1/2 Inch Meter	\$25,400
2 Inch Meter	\$45,100
3 Inch Meter	\$32,000
4 Inch Meter	\$47,500
6 Inch Meter	\$90,000

3.7 Audit

The Audit shows the financial position of the Lower Lake County Waterworks District No. 1 and funds collected and spent. The tables for the most current Audit for the year ending June 30, 2022 are shown in Appendix C at the end of this report. The Net Position for the end of the Fiscal Year increased slightly from the beginning of the Fiscal Year but the District has a sound financial position according to the Audit.

3.8 Budget

The Budget is a plan for spending for the fiscal year. The following table shows the Adopted Budget for 2022-2023 for the Lower Lake County Water District No. 1:

Lower Lake County Waterworks District No. 1 Adopted Budget 2022-2023	
Total Salaries and Employee Benefits	\$598,500
Total Service and Supplies	\$452,550
Total Other	\$3,000
Total Fixed Assets	\$180,000
Sub-Total	\$1,234,050
Total Contingencies	\$30,000
TOTAL APPROPRIATION FOR BUDGET EXPENDITURES	\$1,264,050

The total ADOPTED Appropriation \$1,264,050 includes a decrease to reserves of \$(133,600) and the Budget financing requirement of \$1,130,450 for Fiscal Year 2022-23.

4 LOWER LAKE COUNTY WATER DISTRICT No. 1 MUNICIPAL SERVICE REVIEW

4.1 Growth and Population Projections for the Lower Lake County Water District No. 1 Area¹³

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

4.1.1 Lower Lake County Water District No. 1 Area Population Projections

Lower Lake has a 2022 population of 1,272. Lower Lake is currently declining at a rate of -0.16% annually and its population has decreased by 4 since the most recent census, which recorded a population of 1,276 in 2020.¹⁴

4.1.2 MSR Determinations on Growth and Population Projections for the Lower Lake County Water District No. 1 Area

MSR 1-1) The population of Lower Lake is expected to remain about the same, twelve to thirteen thousand people.

4.2 Location and Characteristics of any Disadvantaged Unincorporated Communities (DUC) within or Contiguous to Lower Lake County Water District No. 1¹⁵

Purpose: To comply with the State Law to examine any unincorporated areas which could be provided with better services by annexing to an adjacent city.

4.2.1 Determination of Lower Lake County Water District No. 1 Area Disadvantaged Unincorporated Community Status

The Median Household Income for Lower Lake is \$30,757 which is less than half of the State of California Median Household Income of \$63,783.¹⁶ If the Median Household Income is less than 80% of the State Median Household Income, the community is considered disadvantaged.

4.2.2 MSR Determinations on Disadvantaged Unincorporated Communities near Lower Lake County Water District No. 1

MSR 2-1) The community of Lower Lake is a disadvantaged unincorporated community (DUC) as determined by the Median Household Income being less than 80% of the State Median Household Income.

¹³ California Government Code Section 56430. (a) (1)

¹⁴ Lower Lake, California Population 2022 (Demographics, Maps, Graphs) (worldpopulationreview.com), September 6, 2022.

¹⁵ California Government Code Section 56430. (a) (2)

¹⁶ <https://www.areavibes.com/lower+lake-ca/employment>, May 17, 2022

4.3 Lower Lake County Water District No. 1 Capacity and Infrastructure

Purpose: To evaluate the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.¹⁷

4.3.1 Lower Lake County Water District No. 1 Infrastructure

The Lower Lake County Water District No. 1 infrastructure is described above in this report. The District is participating in a project to cooperate with the Highlands Mutual Water Company and the Konocti County Water District. The project would provide an emergency water intertie between the three existing water systems.¹⁸

4.3.2 MSR Determinations on Infrastructure for Lower Lake County Water District No. 1

MSR 3-1) The Lower Lake County Water District No. 1 is maintaining the infrastructure and improving it to cooperate with other districts.

4.4 Financial Ability to Provide Services¹⁹

Purpose: To evaluate factors that affect the financing of needed improvements and to identify practices or opportunities that may help eliminate unnecessary costs without decreasing service levels.

4.4.1 Financial Considerations for Lower Lake County Water District No. 1

The fee schedule and budget are shown above in this report and the audit is shown in Appendix C at the end of this report. The Lower Lake County Water District No. 1 has adequate funds to provide the water service required. The use of reserve funds to balance the budget may be a cause for concern if it continued into the future and funds were not available.

4.4.2 MSR Determinations on Financing for Lower Lake County Water District No. 1

MSR 4-1) The Lower Lake County Water District No. 1 prepares a budget and an audit as required by law and updates the fee schedule as allowed by law.

MSR 4-2) The Lower Lake County Water District No. 1 lost customers due to fire but this did not necessarily decrease expenses.

MSR 4-3) The Lower Lake County Water District No. 1 should make every effort to keep the expenses equal to the income for each budget year.

¹⁷ California Government Code Section 56430. (a) (3)

¹⁸ Lower Lake County Waterworks District No. 1, Lower Lake Emergency Water Intertie Project, Notice of Intent to Adopt a Mitigated Negative Declaration, June 27, 2019.

¹⁹ California Government Code Section 56430. (a) (4)

4.5 Status of and Opportunities for Shared Facilities²⁰

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

4.5.1 Facilities

The Lower Lake County Water District No. 1 has eight active groundwater wells, seven water tanks for treatment and storage, and a water distribution system with pipes ranging from three to twelve inches in diameter.²¹

4.5.2 MSR Determinations on Shared Facilities for Lower Lake County Water District No. 1

MSR 5-1) The Lower Lake County Water District No. 1 has adequate facilities to serve the District and will continue to have adequate facilities in the future. The District has received loans from both the Federal and State governments for maintenance and improvements to the water system.

4.6 Accountability for Community Service Needs, Government Structure and Operational Efficiencies²²

Purpose: To consider the advantages and disadvantages of various government structures that could provide public services, to evaluate the management capabilities of the organization and to evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

4.6.1 Government Structure

The Lower Lake County Water District No. 1 has a five member Board of Directors, a General Manager and staff for the office and for the operation of the water treatment and delivery system.

4.6.2 MSR Determinations on Local Accountability and Governance

MSR 6-1) The Lower Lake County Water District No. 1 has a five member Board of Directors. The Board holds regular public meetings at the District Office. This is a benefit to the District.

MSR 6-2) The District maintains a website and all fees are posted on the website.

²⁰ California Government Code Section 56430. (a)(5)

²¹ Lower Lake County Waterworks District No. 1, Lower Lake Emergency Water Intertie Project, Notice of Intent to Adopt a Mitigated Negative Declaration, June 27, 2019.

²² California Government Code Section 56430. (a)(6).

5 LOWER LAKE COUNTY WATER DISTRICT # 1 SPHERE OF INFLUENCE UPDATE

5.1 Recommendation for Lower Lake County Water District No. 1 Sphere of Influence

The recommendation for the Lower Lake County Water District No. 1 is that the area of the District north of Cache Creek be excluded from the Sphere of Influence and the rest of the Sphere of Influence be the same as the Lower Lake County Water District No. 1 boundary. The area has already been placed in the Konocti County Water District Sphere of Influence and will be annexed to that District soon.

5.2 Present and Planned Land Uses in the Lower Lake County Water District # 1 Area, Including Agricultural and Open Space Lands²³

5.2.1 Lake County General Plan and Zoning for Lower Lake County Water District No. 1 SOI Area

The Lake County General Plan recognizes Lower Lake as a separate Community served by sewer and water services:

Lower Lake is located at the intersection of Highways 29 and 53 near the south shore of Clear Lake. This community contains some of the County's prime historic structures along its Main Street and other areas within the community. It is also located in close proximity to the Anderson Marsh State Historic Park, which has historic structures and over 1,000 acres of natural open. This park serves as a wildlife sanctuary and contains a wealth of cultural resources.²⁴

Lower Lake has vacant residential lots due to recent fires.

5.2.2 SOI Determinations on Present and Planned Land Use for Lower Lake County Water District No. 1 Area

SOI 1-1] The Lower Lake County Water District No. 1 has adequate land zoned for various types of development. There are vacant residential lots due to fires which may accommodate additional housing.

²³ California Government Code Section 56425 (e)(1)

²⁴ Lake County General Plan 2008, Page 2-6.

5.3 Present and Probable Need for Public Facilities and Services in the Lower Lake County Water District No. 1 Area²⁵

5.3.1 Municipal Service Background

The community of Lower Lake has an adequate water system. The system will be connected to the Highlands Mutual Water Company and the Konocti County Water District to provide additional water for emergencies.²⁶ Sewer service is provided by the Lake County sewer system.

5.3.2 SOI Determinations on Facilities and Services Present and Probable Need for Lower Lake County Water District No. 1

SOI 2-1] The Lower Lake County Water District No. 1 has additional water system capacity due to loss of homes in fires in 2016.²⁷

5.4 Present Capacity of Public Facilities Present and Adequacy of Public Services²⁸

5.4.1 Capacity Background

The capacity of the Lower Lake County Water District No. 1 water system is described as follows:

*The maximum day demand in the prior ten years based on production records was 0.692 million gallons (MG) whereas the source capacity was listed at 0.918 MG, more than adequate.*²⁹

5.4.2 SOI Determinations on Public Facilities Present and Future Capacity for Lower Lake County Water District No. 1

SOI 3-1] The capacity of the Lower Lake County Water District No. 1 water system is adequate for the present and future needs of the District and is also adequate to help nearby districts in case of emergency.

²⁵ California Government Code Section 56425 (e)(2)

²⁶ Lower Lake County Waterworks District No. 1, Lower Lake Emergency Water Intertie Project, Notice of Intent to Adopt a Mitigated Negative Declaration, June 27, 2019.

²⁷ Lower Lake County Waterworks District No. 1, Lower Lake Emergency Water Intertie Project, Notice of Intent to Adopt a Mitigated Negative Declaration, June 27, 2019, page 12.

²⁸ California Government Code Section 56425 (e)(3)

²⁹ Lower Lake County Waterworks District No. 1, Lower Lake Emergency Water Intertie Project, Notice of Intent to Adopt a Mitigated Negative Declaration, June 27, 2019, page 12.

5.5 Social or Economic Communities of Interest for Lower Lake County Water District No. 1³⁰

5.5.1 Lower Lake County Water District No. 1 Community Background

Lower Lake is a community with adequate sewer and water services, many businesses and other public services including a fire department and schools.

5.5.2 SOI Determinations on Social or Economic Communities of Interest for Lower Lake County Water District No. 1

SOI 4-1] Lower Lake is an on-going community that can take advantage of Lake County's tourism opportunities as well as support local residents.

SOI 4-2] Lower Lake is still recovering from fires which occurred in 2015 and 2016.

5.6 Disadvantaged Unincorporated Community Status³¹

5.6.1 Disadvantaged Unincorporated Communities

The Median Household Income for Lower Lake is \$30,757 which is less than half of the State of California Median Household Income of \$63,783.³² If the Median Household Income is less than 80% of the State Median Household Income, the community is considered disadvantaged.

5.6.2 Lower Lake County Water District No. 1 Disadvantaged Unincorporated Community Status

SOI 5-1] The community of Lower Lake is a disadvantaged unincorporated community (DUC) as determined by the Median Household Income being less than 80% of the State Median Household Income.

³⁰ California Government Code Section 56425 (e)(4)

³¹ California Government Code Section 56425 (e)(5)

³² <https://www.areavibes.com/lower+lake-ca/employment>, May 17, 2022

APPENDIX A LOCAL GOVERNMENT FUNDING ISSUES

1 Municipal Financial Constraints

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

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

1.1 California Local Government Finance Background

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

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

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

A. Proposition 13

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

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

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

B. AB 8

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

C. Proposition 98

Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions

of local property taxes to schools in response to State budget deficits. Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college districts to reduce the amount paid by the State general fund.

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

D. Proposition 172

Proposition 172, enacted in 1993, provides the revenue of a half-cent sales tax to counties and cities for public safety purposes, including police, fire, district attorneys, corrections and lifeguards. Proposition 172 also requires cities and counties to continue providing public safety funding at or above the amount provided in FY 92-93.

E. Proposition 218

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

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

F. Mello-Roos Community Facilities Act

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

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

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

If the project cost is high, municipal bonds will be sold by the CFD to provide the large amount of money initially needed to build the improvements or fund the services. The Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical formulas that take into account property characteristics such

as use of the property, square footage of the structure and lot size. The formula is defined at the time of formation, and will include a maximum special tax amount and a percentage maximum annual increase.

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

G. Development Impact Fees

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

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

1.2 Financing Opportunities that Require Voter Approval

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

1. Special taxes such as parcel taxes
2. Increases in general taxes such as utility taxes
3. Sales and use taxes
4. Business license taxes
5. Transient occupancy taxes

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

1.3 Financing Opportunities that Do Not Require Voter Approval

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

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

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

2 Public Management Standards

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

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

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

3 Public Participation in Government

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

The Brown Act establishes requirements for the following:

1. Open meetings
2. Agendas that describe the business to be conducted at the meeting
3. Notice for meetings
4. Meaningful opportunity for the public to comment

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

According to California Government Section 54959:

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

Section 54960 states the following:

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

**APPENDIX B LOWER LAKE COUNTY WATERWORKS DISTRICT NO. 1,
 2021 CONSUMER CONFIDENCE REPORT, JUNE 30, 2022**

Lower Lake County Waterworks District No. 1 Table 1 Sampling Results Showing the Detection of Coliform Bacteria³³					
Microbiological Contaminants	Highest No. of Detections	No. of Months in Violation	MCL (Maximum Contaminant Level)	MCLG (Maximum Contaminant Level Goal)	Typical Source of Bacteria
Total Coliform Bacteria (State Total Coliform Rule)	(In a month)	0	1 positive monthly sample*	0	Naturally present in the environment
Fecal Coliform or E. coli (State Total Coliform Rule)	(In the year)	0	A routine sample and a repeat sample are total coliform positive, and one of these is also fecal coliform or E. coli positive	0	Human and animal fecal waste
E. coli (Federal Revised Total Coliform Rule)	(In the year)	0	**	0	Human and animal fecal waste

*Two or more positive monthly samples is a violation of the MCL.

** Routine and repeat samples are total coliform-positive and either is E.coli positive or system fails to take repeat samples following E. coli-positive routine sample or system fails to analyze total coliform-positive repeat sample for E. Coli.

³³ Lower Lake County Waterworks District 1, 2021 Consumer Confidence Report, June 30, 2022.

Lower Lake County Waterworks District No. 1 Table 2-Sampling Results Showing the Detection of Lead and Copper ³⁴								
Lead and Copper	Sample Date	No. of Samples Collected	90 th Percentile Level Detected	No. Sites Exceeding AL (Regulatory Action Level)	AL	PHG*	No. of Schools Requesting Lead Sampling	Typical Source of Contaminant
Lead (ppb)	2021	10	0.00	0	15	0.2	3	Internal corrosion of household water plumbing systems, discharges from industrial manufacturers; erosion of natural deposits
Copper (ppm)	2021	10	0.27	0	1.3	0.3	Not Applicable	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives

*PHG, Public Health Goal

Lower Lake County Waterworks District No. 1 TABLE 3 SAMPLING RESULTS FOR SODIUM AND HARDNESS ³⁵						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	MCL (Maximum Contaminant Level)	PHG (MCLG) (Maximum Contaminant Level Goal)	Typical Source of Contaminant
Sodium (ppb) Parts per billion	2019-2021	39.86	20-120	None	None	Salt present in the water and is generally naturally occurring
Hardness (ppm) Parts per million	2019-2021	325.43	141-413	None	None	Sum of polyvalent cations present in the water, generally magnesium and calcium, and are usually naturally occurring

³⁴ Lower Lake County Waterworks District 1, 2021 Consumer Confidence Report, June 30, 2022.

³⁵ Lower Lake County Waterworks District 1, 2021 Consumer Confidence Report, June 30, 2022.

Lower Lake County Waterworks District No. 1						
Table 4-Detection of Contaminants with a Primary Drinking Water Standard						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	MCL Maximum Contaminant Level MRDL Maximum Residual Disinfectant Level	PHG (MCLG) [MRDLG]	Typical Source of Contaminant
Total Trihalomethanes (ug/l) Micrograms per liter	2021	42.64	38.71-46.58	80.0	None	Some people who drink water containing Trihalomethanes in excess of the MCL over many years may experience live, kidney, or central nervous system problems, and may have an increased risk of getting cancer
Total Haloacetic Acids (ug/l) Micrograms per liter	2021	25.5	14.4-36.6	60.0	None	Some people who drink water containing Haloacetic acids in excess of the MCL over many years may have an increased risk of getting cancer.
Chlorine (mg/l)	2021	1.09	0.61-1.47	4.0	4	Some people who use water containing chlorine well in excess of the MRDL could experience irritating effects to their eyes and nose. Some people who drink water containing chlorine will in excess of the MRDL could experience stomach discomfort.
Arsenic (ug/l)	2019-2021	4.12	0-7.4	10	0.004	Erosion of natural deposits; runoff from orchards; glass and electronics production wastes
Nitrate (mg/l)	2019-2021	0.65	0-4.55	45	45	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Barium ug/l	2019-2021	197.14	0-310	1000	2000	Discharge of oil drilling wastes and from metal refineries; erosion of natural deposits
Fluoride (mg/l)	2019-2021	0.36	0.14-0.47	2	1	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories.

Lower Lake County Waterworks District No.1						
Table 5 Detection of Contaminants with a Secondary Drinking Water Standard						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	Secondary Drinking Water Standard (SDWS)	PHG (MCLG) [MRDLG]	Typical Source of Contaminant
Specific Conductance (umho/cm+)	2019-2021	727.14	550-800	1600	0	Substances that form ions when in water; seawater influence
Iron (ug/l)	2019-2021	355.71	0-600	300	0	Leaching from natural deposits; industrial wastes
Manganese (ug/l)	2019-2021	106.71	0-200	50	0	Leaching from natural deposits
TDS (mg/l) Total Dissolved Solids	2019-2021	478.57	380-550	1000	0	Runoff/ leaching from natural deposits
pH(Standard Units)	2019-2021	7.41	6.64-7.90	n/a	0	Naturally occurring
Sulfate (mg/l)	2019-2021	25.7	1.7-83	500	0	Runoff/ leaching from natural deposits; industrial wastes
Bicarbonate (mg/l)	2019-2021	404.29	180-540	n/a	0	Naturally occurring Organic materials
Total Alkalinity (mg/l)	2019-2021	330	140-440	n/a	0	Soil runoff
Turbidity (NTU) turbidimetric turbidity unit	2019-2021	1.69	0-3.7	3	0	Soil runoff
Magnesium (mg/l)	2019-2021	30.29	22-39	n/a	0	Leaching from natural deposits
Color (Units)	2019-2021	4.57	0-16	15	0	Naturally occurring Organic materials
Chloride (mg/l)	2019-2021	33.86	17-51	500	0	Runoff/ leaching from natural deposits, seawater influence
Calcium (Mg/l)	2019-2021	79.14	21-110	n/a	0	Leaching from natural deposits

Lower Lake County Waterworks District 1					
Table 6 Detection of Unregulated Contaminants					
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	Notification Level	Health Effects Language
Boron ug/l	2019-2021	181.42	0-1000	1000	Boron exposures resulted in decreased fetal weight (developmental effects) in newborn rats.

APPENDIX C AUDIT

Lower Lake County Water District No. 1 Statement of Net Position Modified Cash Basis June 30, 2022³⁶	
Current Assets	
Cash and investments	\$973,970
Total current assets	
Noncurrent Assets	\$92,285
Restricted cash	92,285
Delinquent assessments receivable	43,600
Capital Assets	
Nondepreciable capital assets	
Land	149,393
Construction in progress	
Depreciable Capital Assets	
Machinery and equipment	449,736
Infrastructure	7,116,397
Less Accumulated depreciation	(4,346,731)
Total capital assets (net of accumulated depreciation)	3,368,795
Total noncurrent assets	3,504,680
Total assets	4,478,650
Deferred Outflows of Resources	4,568,470
Deferred outflows-pensions	68,210
Current Liabilities	
Bonds payable	48,086
Total current liabilities Long-Term Liabilities	
Bonds payable	759,788
Net Pension liability	138,922
Compensated absences	13,007
Total Long-term liabilities	911,717
Total liabilities	959,803
Deferred Inflows of Resources	
Deferred inflows-pensions	150,158
Total deferred inflows of resources	150,158
Net Position	
Net investment in capital assets	2,560,921
Restricted	135,885
Unrestricted	740,093
Total net position	\$3,436,899

³⁶ Lower Lake County Waterworks District No. 1, Basic Financial Statements Modified Cash Basis for the Fiscal Year Ended June 30, 2022, Prepared by Larry Bain, CPA, 2148 Frascati Drive, El Dorado Hills, CA 95762, October 6, 2021, Pages 3-4.

Lower Lake County Water District No. 1 Statement of Revenue, Expenses, and Changes in Net Position Modified Cash Basis June 30, 2022³⁷	
Operating Revenue	
Water sales	\$957,000
Water hookups	26,400
Total operating revenues	983,400
Operating Expenses	
Salaries and benefits	462,830
Communication	7,108
Insurance	25,000
Maintenance	95,804
Rents and leases	2,520
Office supplies	15,379
Professional services	16,570
Special departmental Expense	69,404
Transportation and travel	14,577
Utilities	149,094
Clothing	690
Household Expense	3,629
Memberships	3,200
Books and periodicals	132
Miscellaneous	5,255
Depreciation	247,161
Total operating expenses	1,118,353
Operating income (loss) Non-Operating Revenue (Expenses)	(134,953)
Interest	1,410
Property Taxes	97,011
Homeowner property Tax Relief (HPTR)	774
Assessment Revenue	101,500
Assessment district administration	(7,123)
Bond Interest Expense	(41,319)
Total non-operating revenues (expenses)	146,249
Net income (loss) before extraordinary item	
Extraordinary item-Clayton Fire	
Decrease in net position	(11,296)
Net position, beginning of fiscal year	\$3,425,603
Net position, end of fiscal year	\$3,436,899

Although the change in Net Position is \$11,296, a relatively small amount, this would not be a good trend for the future.

³⁷ Lower Lake County Waterworks District No. 1, Basic Financial Statements Modified Cash Basis for the Fiscal Year Ended June 30, 2022, Prepared by Larry Bain, CPA, 2148 Frascati Drive, El Dorado Hills, CA 95762, October 6, 2021, Pages 4-5.

Lower Lake County Water District No. 1	
Statement of Cash Flows Modified Cash Basis for the Fiscal Year Ended	
June 30, 2022³⁸	
Cash Flows From Operating Activities	
Cash receipts from customers	\$983,400
Cash payments to suppliers for goods and services	(408,362)
Cash payments to employees for services	(517,983)
Net cash provided by operating activities	57,055
Cash Flows From Non-Capital Financing Activity	
Property Taxes	91,007
Homeowners property tax relief	774
Extraordinary item-Clayton Fire	
Net cash provided by non-capital and related financing Activities	91,781
Cash Flows From Capital and Related Financing Activities:	
Cash paid for capital assets	(5,666)
Property assessments	106,506
Assessment administration	(7,163)
Interest paid on long-term debt	(41,319)
Principal paid on long-term debt	(45,963)
Net cash used by capital and related financing activities	
Cash Flows From Investing Activities:	
Interest income	1,410
Net cash provided by investing activities	1,410
Increase (decrease) in cash and cash equivalents	156,681
Cash and cash equivalents, beginning of fiscal year	909,574
Cash and cash equivalents, end of fiscal year	1,066,255
Reconciliation of Cash and Cash Equivalents to Balance Sheet:	
Cash and Investments	\$973,970
Restricted Cash	92,285
Cash and cash equivalents, end of fiscal year	\$1,066,255
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	(134,953)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating activities:	(\$182,217)
Depreciation	247,161
Changes In:	
Pension liability	(62,749)
Compensated absences	7,496
Net cash provided by operating activities	\$57,055

³⁸ Lower Lake County Waterworks District No. 1, Basic Financial Statements Modified Cash Basis for the Fiscal Year Ended June 30, 2022, Prepared by Larry Bain, CPA, 2148 Frascati Drive, El Dorado Hills, CA 95762, October 6, 2021, Pages 6-7.

Lower Lake County Waterworks District No. 1 Capital Assets³⁹				
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$149,393	-	-	\$149,393
Construction in progress	86,677	-	(89,677)	
Total capital assets, not being depreciated	239,070		(89,677)	149,393
Capital assets being depreciated				
Plant and distribution	7,021,054	95,343		7,116,397
Shop equipment	262,468			262,468
Office equipment	60,933			60,933
Autos and trucks	126,335			126,335
Total capital assets being depreciated	7,470,790	95,343		7,566,133
Less accumulated depreciation	(4,099,570)	(247,161)		(4,346,731)
Total capital assets, being depreciated, net	3,371,220	(151,818)		3,219,402
Total capital assets, net	\$3,610,290	(151,818)	\$(89,677)	\$3,368,795

Lower Lake County Waterworks District No. 1 Loans⁴⁰	
1996 USDA Loan*	\$763,800
DWR Loan**	44,074
Total	807,874
Less current portion	(48,086)
Long-term portion	\$759,788

* The original loan was for \$1,295,000 and the interest rate is 5.125%. The loan will mature in September 2035.

**The original loan was for \$220,500 under the Safe Drinking Water Gond Law of 1986. The loan is to be repaid in semi-annual payments of \$5,197 with interest at 2.4175%. The loan will mature in 2026.

³⁹ Lower Lake County Waterworks District No. 1, Basic Financial Statements Modified Cash Basis for the Fiscal Year Ended June 30, 2022, Prepared by Larry Bain, CPA, 2148 Frascati Drive, El Dorado Hills, CA 95762, October 6, 2021, Pages 14-15.

⁴⁰ Lower Lake County Waterworks District No. 1, Basic Financial Statements Modified Cash Basis for the Fiscal Year Ended June 30, 2022, Prepared by Larry Bain, CPA, 2148 Frascati Drive, El Dorado Hills, CA 95762, October 6, 2021, Pages 15-16.

ABBREVIATIONS

AB	Assembly Bill
ACWA	Association of California Water Agencies
AF	Acre-feet
AFA	Acre-feet per annum
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPI	Consumer Price Index
County	Lake County
District	Lower Lake County Water District No. 1
DUC	Disadvantaged Unincorporated Community
EPA	Environmental Protection Agency (US)
ERAF	Educational Revenue Augmentation Fund
FERC	Federal Energy Regulatory Commission
FPD	Fire Protection District
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Investment Fund
MCL	Maximum Contaminant Level
MCLG	Maximum Contaminant Level Goal
MRDL	Maximum Residual Disinfectant Level
MRDLG	Maximum Residual Disinfectant Level Goal
MSR	Municipal Service Review (LAFCo)
NTU	turbidimetric turbidity unit
OES	Office of Emergency Services
OPR	Office of Planning and Research (California)

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PG&E	Pacific Gas and Electric Company
PHG	Public Health Goal (water quality)
ppb	parts per billion
ppm	parts per million
PSPS	Public Safety Power Shutoff
PUD	Public Utility District
SB	Senate Bill
SCADA	Supervisory Control and Data Acquisition
SOI	Sphere of Influence (LAFCo)
SRLF	State Revolving Loan Fund
SWRCB	State Water Resources Control Board
TT	Treatment Technique
TTHM	Total Trihalomethanes
UCMR	Unregulated Contaminant Monitoring Rule (EPA)
ug/l	Micrograms per liter
WTP	Water Treatment Plant

DEFINITIONS

California Environmental Quality Act (CEQA): A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

Community Facilities District: Under the Mello-Roos Community Facilities Act of 1982 (Section 53311, et seq.) a legislative body may create within its jurisdiction a special tax district that can finance tax-exempt bonds for the planning, design, acquisition, construction, and/or operation of public facilities, as well as public services for district residents. Special taxes levied solely within the district are used to repay the bonds.

California Water Environment Association: Founded in 1927, the California Water Environment Association is a not-for-profit public benefit association of 10,000-plus water quality professionals who work for public agencies and collection systems, engineering firms, and equipment and service suppliers. CWEA members are responsible for cleaning California's water and returning it safely to the environment. CWEA educates and certifies water quality professionals, disseminates technical information, and promotes sound policies to benefit society through protection and enhancement of our water environment.⁴¹

Environmental Impact Report (EIR): A report required pursuant to the California Environmental Quality Act that assesses all the environmental characteristics of an area, determines what effects or impact will result if the area is altered or disturbed by a proposed action, and identifies alternatives or other measures to avoid or reduce those impacts. (See California Environmental Quality Act.)

Infrastructure: Public services and facilities such as sewage-disposal systems, water-supply systems, and other utility systems, schools and roads.

Inhabited territory: Inhabited territory means territory within which there reside 12 or more registered voters. The number of registered voters as determined by the elections officer, shall be established as of the date a certificate of filing is issued by the executive officer. All other territory shall be deemed "uninhabited."⁴²

IRWM: The Integrated Regional Water Management (IRWM) Grant Program is a competitive grant program first created under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) with continuing funding provided by the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act of 2006 (Proposition 84). Complementary funding was also provided by the Disaster Preparedness and Flood Prevention Bond Act or 2006 (Proposition 1E) for Storm water Flood Management Grant Program.

The program is administered by the Department of Water Resources to award funds to local public agencies and non-profit organizations, for projects and programs to improve water supply reliability and improve and protect water quality. Such projects and programs must be consistent with an adopted IRWM Plan.⁴³

Land Use Classification: A system for classifying and designating the appropriate use of properties.

⁴¹ California Water Environment Association, <http://www.cwea.org/about.shtml>, August 29, 2018.

⁴² California Government Code Section 56046

⁴³ State of California, <http://bondaccountability.resources.ca.gov/Program.aspx?ProgramPK=14&Program=Integrated%20Regional%20Water%20Management&PropositionPK=4>, May 30, 2018.

Leapfrog Development: New development separated from existing development by substantial vacant land.

Local Agency Formation Commission (LAFCo): A five- or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCo is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCo members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

Maximum Contaminant Level (MCL): The designation given by the U.S. Environmental Protection Agency (USEPA) to water-quality standards promulgated under the Safe Drinking Water Act. The MCL is the greatest amount of a contaminant that can be present in drinking water without causing a risk to human health.⁴⁴

Maximum Contaminant Level Goal (MCLG): the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (USEPA).

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residential Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Percolation: The downward movement of water through the soil or alluvium to a ground water table.

pH: a measure of the relative acidity or alkalinity of water. Water with a pH of 7 is neutral; lower pH levels indicate increasing acidity, while pH levels higher than 7 indicate increasingly basic solutions.⁴⁵

Potable Water: Water of a quality suitable for drinking.⁴⁶

Proposition 13: (Article XIII A of the California Constitution) Passed in 1978, this proposition enacted sweeping changes to the California property tax system. Under Prop. 13, property taxes cannot exceed 1% of the value of the property and assessed valuations cannot increase by more than 2% per year. Property is subject to reassessment when there is a transfer of ownership or improvements are made.⁴⁷

⁴⁴ <http://ga.water.usgs.gov/edu/dictionary.html>

⁴⁵ <http://ga.water.usgs.gov/edu/dictionary.html#P>, November 29, 2011.

⁴⁶ <http://ga.water.usgs.gov/edu/dictionary.html>

⁴⁷ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

Proposition 218: (Article XIII D of the California Constitution) This proposition, named "The Right to Vote on Taxes Act", filled some of the perceived loopholes of Proposition 13. Under Proposition 218, assessments may only increase with a two-thirds majority vote of the qualified voters within the District. In addition to the two-thirds voter approval requirement, Proposition 218 states that effective July 1, 1997, any assessments levied may not be more than the costs necessary to provide the service, proceeds may not be used for any other purpose other than providing the services intended, and assessments may only be levied for services that are immediately available to property owners.⁴⁸

Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Regulatory Action Level (AL): The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Secondary Drinking Water Standards (SDWS): MCLs for contaminants that affect taste, odor, or appearance of the drinking water. Contaminants with SDWSs do not affect the health at the MCL levels.

Sphere of Influence (SOI): The probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCo) of the county.

Urban: Of, relating to, characteristic of, or constituting a city. Urban areas are generally characterized by moderate and higher density residential development (i.e., three or more dwelling units per acre), commercial development, and industrial development, and the availability of public services required for that development, specifically central water and sewer service, an extensive road network, public transit, and other such services (e.g., safety and emergency response). Development not providing such services may be "non-urban" or "rural". CEQA defines "urbanized area" as an area that has a population density of at least 1,000 persons per square mile (Public Resources Code Section 21080.14(b)).

Urban Services: Utilities (such as water, gas, electricity, and sewer) and public services (such as police, fire protection, schools, parks, and recreation) provided to an urbanized or urbanizing area.

Variations and Exemptions: Department permission to exceed an MCL or not comply with a treatment technique under certain conditions.

Zoning: The division of a city by legislative regulations into areas, or zones, that specify allowable uses for real property and size restrictions for buildings within these areas; a program that implements policies of the general plan.

⁴⁸ http://www.californiataxdata.com/A_Free_Resources/glossary_PS.asp#ps_08

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PREPARERS

LAKE LAFCo, John Benoit, Executive Officer
PO Box 2694, Granite Bay CA 95746
916-797-6003 j.benoit4@icloud.com

Christy Leighton, Planning Consultant
555 E. Willow Street, Willows CA 95988
530-934-4597 christyleighton@sbcglobal.net

LAKE LOCAL AGENCY FORMATION COMMISSION LOWER LAKE COUNTY WATER DISTRICT #1

