



CITY OF LAKEPORT

Community Development Department

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VIA EMAIL

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Lake Local Agency Formation Commission
P.O. Box 2694
Granite Bay, CA 95746

RE: City of Lakeport Sphere of Influence Update

Dear Honorable Lake LAFCO Commissioners:

On behalf of the City of Lakeport, I write to urge the Commission to approve an update to the City of Lakeport's Sphere of Influence (SOI) consistent with Option #1 as recommended by the Lake LAFCO Executive Officer in his staff report dated July 15, 2015. This proposed update represents the culmination of over five years of community planning and environmental analysis, including the incorporation of many of the recommendations made by the Commission when this update was first presented to LAFCO in 2011.

The recommended SOI most appropriately satisfies the necessary written findings required by Government Code section 56425(e) in determining the sphere of influence of a local agency through:

- The removal of more than 600 acres of land from the City's existing SOI, which includes several hundred acres identified as having agricultural value.
- The retention of areas within a reasonable distance of existing municipal services (i.e. public water and sewer), including the South Main Street / Soda Bay Road commercial corridor in which the City currently provides for the treatment of generated wastewater in the area through an out of district service agreement.
- The demonstration that the City has the ability to provide a full range of public services to areas within the designated SOI, including the ability to provide the South Main Street / Soda Bay Road commercial corridor with ready access to its municipal water system in order to alleviate the growing public health and safety issues related to substandard water quality and insufficient water supply of many individual on-site wells in the area.

The County of Lake's request for a co-terminus SOI boundary contiguous with the City's existing boundary or at a minimum the removal of the South Main Street / Soda Bay Road commercial corridor from the City's existing SOI is inconsistent with LAFCO's mission to assist in the logical and orderly establishment of boundaries, the promotion of the efficient delivery of public services, and planning for the probable future needs for such services.

Working closely with Lake LAFCO, the City has developed a revised SOI that outlines a course for the managed growth and development of the City and its surrounding areas. As presented, the staff-recommended SOI revision as Option #1 best promotes the interests of residents, property owners, and the public as a whole in furthering LAFCO's purposes. The following analysis more specifically demonstrates how the proposed SOI revisions meet the four necessary requirements of Government Code Section 56425(e):

(1) The present and planned land uses in the area including agricultural and open-space lands.

The City agrees in general with the assessment by both the Lake LAFCO's Executive Officer and County of Lake Administrative & Community Development Departments that there are available lands within the existing city limits to allow for the continued development of the City both residentially and commercially. Consistent with this fact the City of Lakeport has prepared a revised SOI which seeks to remove over 600 acres of land, representing a reduction in over 40 percent, from its existing SOI.

This substantial reduction in size of the City's SOI was primarily achieved through the removal of lands identified as having agricultural value (i.e., having prime agricultural soils or operating under an active Williamson Act contract). Additionally, the City proposes eliminating those lands which are located beyond the reasonable scope of being provided with basic public infrastructure. The City's proposed SOI in Option #1 therefore recognizes that any further growth in the City should be directed to those unincorporated areas that are already planned for urban development or where such land use does not encourage urban sprawl, hopscotch development patterns and/or inefficient delivery of public services. Option #1 thus furthers LAFCO's fundamental purposes under Government Code section 56301.

The County's suggestion of removing the South Main Street / Soda Bay Road commercial corridor from the City of Lakeport's SOI (whether through a coterminous SOI or otherwise) does not make good land use sense. Both the City's and County's General Plan's designate this area as a heavy commercial and industrial corridor. The present and planned land uses for this area are thus identical. It is common sense to plan for urban uses within urban boundaries—leaving the South Main Street / Soda Bay Road corridor within the City's SOI. Just as it is common sense to remove agricultural and open space areas from a city's SOI to protect them from future development.

As the Commission is aware, the City is already responsible for providing some services to the South Main Street / Soda Bay Road commercial corridor. For instance, the City's municipal sewer district is responsible for the treatment of wastewater generated from this commercial corridor through an out of district service agreement with the County of

Lake. The Clean Water Act provides a regulatory framework that provides strict standards for commercial waste generation. To protect the public health and safety with its wastewater treatment facility, the City must be able to monitor the waste that comes into the system to mitigate any potential negative effects. However, this current arrangement is not ideal; it gives the County land use authority over an area where development has a direct effect on the City's ability to provide safe sanitary sewer service to its citizens, without allowing the City the ability to oversee land use decisions in this area. For example, though the County is required to notify the City of the issuance of development permits within the subject area under the existing agreement, on several occasions the County has failed to provide the City with such notification. The City does not believe that the County's failure was malicious, but rather this example demonstrates how the current situation is less than ideal. The removal of this commercial corridor from the City's SOI would only further aggravate this existing land use management problem.

(2) The present and probable need for public facilities and services in the area.

Lands identified within the City's SOI have been carefully identified as areas where the logical extension of existing public services can be provided and will likely be needed. The City of Lakeport currently has sufficient ability to provide basic infrastructure and public services to areas directly adjacent to its city limits. In many instances the City already provides some public services to these areas, including but not limited to: police protection through mutual aid agreements with the Lake County Sheriff's office, a water service intertie agreement with Lake County Special Districts serving Community Service Area #21 in North Lakeport, and the previously aforementioned out of district provision of wastewater treatment for the South Main Street / Soda Bay Road commercial corridor.

The granting of the County of Lake's request to remove the South Main Street / Soda Bay Road commercial corridor from the City of Lakeport's SOI is directly contrary to necessary findings of Government Code 56425(e) utilized in the determination of sphere of influence boundaries. This developed commercial corridor does not have access to a public water system. Each property is currently limited to use of on-site wells or water systems. To make matters worse, many of these individual on-site water systems are experiencing issues with water quality and in some cases have been known to periodically run out of water. Indeed, the County itself has noted this fact in its recently-conducted hydrological analysis for the area performed by O'Conner Environmental, Inc. in November 2014. Several businesses in the South Main Street / Soda Bay Road area must have off-site water delivered regularly and others are operating under regulatory notifications from the California Department of Water Resources requiring the operators to either hook into a public water system or prepare costly upgrades to their existing private systems.

Despite claims to the contrary, the County of Lake does not have the ability to supply this commercial and industrial area with water from a public system. The County is in the preliminary design stages for the development of a small water system to serve approximately 60 property owners in this area. The County has yet to complete the required environmental analysis required by the California Environmental Quality Act or apply to the California Department of Water Resources for this new standalone system

serving this small area. The development of such a small standalone water system is contrary to State's efforts to consolidate smaller water systems to achieve better economies of scale, as is evidenced by the Legislature's recent passage of SB 88, which allows the State Water Resources Control Board to order consolidation of failing water systems.

The City of Lakeport, on the other hand, currently has water stubbed-out to the city limits along South Main Street, directly adjacent to this commercial corridor. It also has water lines stubbed-out across State Highway 29 on Parallel Drive to the Mendocino College Lake Campus. Through the construction of a looped system connecting these two service lines, the City of Lakeport is best poised to provide public water service to the South Main Street / Soda Bay Road commercial corridor with very minimal maintenance and operation costs to the consumer due to existing economies of scale by being made part of a larger, proven water system. Indeed, this loop line is already contemplated by the City's Water Master Plan. The City currently has funds set aside for the completion of this looped system as a means to improve the existing water quality of the system through the elimination of two dead-end water lines. The staff-recommended Option #1 therefore best allows for the planned and probable service needs of the residents, landowners and businesses in this community.

The City's ability to provide efficient public services to the South Main Street / Soda Bay Road commercial corridor is not just limited to the provision of domestic water services. This commercial and industrial corridor faces serious constraints in the provision of necessary water availability for fire protection services. This issue was most recently demonstrated by the need for the Lakeport Fire Protection District to utilize water from City of Lakeport fire hydrants to suppress a fire at the Waste Solutions Transfer Station located at 230 Soda Bay Road, rather than using the low-pressure and limited quantity of water available from on-site private systems. It is also known that Mendo Mill & Lumber Company, located at 2465 South Main Street, does not have adequate on-site water capacity to operate its fire sprinkler system in the event of an emergency. Thus, removing the South Main Street / Soda Bay Road commercial corridor from the City of Lakeport's SOI would have serious public health and safety consequences. As it stands, the City of Lakeport is the closest and most capable public service provider that can effectively and economically provide emergency and domestic water to this developed urban corridor.

It should be further noted that if this commercial corridor is removed from the City's SOI and the County of Lake's hypothetical small water system is unable to come to fruition in a timely manner, then Lake LAFCO is likely to experience a sharp influx in the number of applications for out of district water service connections as more and more on-site water systems continue to fail in this area and pressure from the State for them to connect to an existing provider mounts. LAFCO approval for such agreements will be complicated if this area lies outside the City's sphere because the Cortese-Knox-Hertzberg Act includes additional requirements for the approval of such services under Government Code section 56133(c). Option #1 thus represents the best alternative to providing for the present and probable need for public services in and around the City.

(3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

Together with the SOI revision, the City of Lakeport has also provided an updated Municipal Service Review (MSR), consistent with LAFCO requirements under Government Code section 56430 and Lake LAFCO Policy 3.3. This MSR is an update to the previously approved version in 2011. The MSR demonstrates that the City of Lakeport has adequate ability and capacity to meet the long term needs of its residents.

Additionally, the City of Lakeport has the ability to provide a full range of public services to areas within its SOI, including the South Main Street / Soda Bay Road commercial corridor. As noted in previous sections of this analysis, the City already provides wastewater treatment services to this area and the Lakeport Fire Protection District has had to utilize water from city hydrants to serve this area during some emergency events. Due to geographical proximity to the City, the Lakeport Police Department frequently is the first responder to calls for police protection services in this area.

The South Main Street / Soda Bay Road commercial corridor has been a part of the City of Lakeport's SOI since the mid 1980's. Its proximity and location to the City mean that it is served by traffic patterns that affect the City and, in turn, affect it. Traffic from the north destined for this area necessarily comes through Lakeport, affecting its residents, while traffic going through it invariably then impacts the City. As a result, the City itself has contributed to the investment in the Soda Bay Road project to the amount of \$1 million. The South Main Street / Soda Bay Road area's geographical proximity to the city limits and the already existing public services demonstrate that this commercial corridor's retention within the City of Lakeport's SOI is consistent with the basic principles for establishing spheres of influence—the establishment of a logical boundary for the orderly pattern of growth together with the promotion of the most efficient delivery of public services.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

As noted in the staff report prepared by the Lake LAFCO Executive Officer, dated July 15, 2015, there are no Disadvantaged Unincorporated Communities (DUCs) within the logical development region of the City of Lakeport.

The Community of Lakeport, like other communities in the County, is reeling from the lingering effects of the "Great Recession". This has resulted in a great number of commercial vacancies and a reduction in population size. To hold the City hostage to this static snapshot in time at the trough of this most recent economic cycle is counterproductive to the purpose of such an important long-range planning document as the City's sphere.

The co-terminus boundary option (Option #4), eliminating the City of Lakeport's existing SOI entirely, based on a reduction in population size and the presence of vacant commercial lands would result in a precedent that would necessitate that future SOI

updates for all public agencies under the purview of Lake LAFCO conduct a vacant lands inventory and likely require many agencies to also adopt co-terminus boundaries. This precedent runs the risk of unintentionally prohibiting good development projects (e.g. the County's recent approval of the Valley Oaks Planned Development project adjacent to the community of Hidden Valley Lake) which provide for a logical pattern of development but are not located within an existing service boundary.

Any proposal to remove the South Main Street / Soda Bay Road commercial corridor from the existing SOI would hurt the land and business owners in that area by exasperating existing problems with the provision of services (e.g., wastewater treatment) through out of district mechanism inconsistent with LAFCO policies and is likely to only grow in magnitude as the existing public health and safety issues related to the non-existence of a public water system in this area continue worsen. The removal of the closest and most logical water service provider as a viable option would be irresponsible to LAFCO's mission to ensure the adequate and efficient development of services in this area.

In conclusion, the City of Lakeport urges Lake LAFCO to approve the staff-recommended Lakeport SOI Option #1. This option is appropriately aligned with the mandate of LAFCO to oversee the orderly pattern of growth, not only for the City of Lakeport but also for the entire region, by:

- Removing lands with agricultural value and protecting them from development pressures that could contribute to urban sprawl.
- Careful identification of areas where both existing development and possible future development resulting from logical land use patterns are able to benefit from the provision of more efficient and reliable public services from the City.
- Retention of existing urban land uses within the SOI of an incorporated municipality.

I thank you for your thoughtful consideration of this important matter.

Sincerely,



KEVIN M. INGRAM
Community Development Director

cc: John Benoit, Executive Officer
Margaret Silveira, Lakeport City Manager