



COUNTY OF LAKE

Administrative Office

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MATT PERRY

County Administrative Officer

September 17, 2014

John Benoit
Executive Director, LAFCO

RE: Response to Lake County Watershed Protection District Draft Municipal Service Review, May 2014

Dear Mr. Benoit:

Before the Local Agency Formation Commission (LAFCO) acts on the above referenced document, I would like to provide some comments for its consideration. These brief comments are not intended to reflect an all-inclusive analysis and review of this document, as time does not permit a thorough review at this time. However, I wish to point out at least a few misleading statements to illustrate the point that this document should not be approved at this time.

1. On page 15 the budget units which comprise the Watershed Protection District ("District") are listed. This list included BU 1672 – Lakebed Management and BU 1673 – Lakebed Special Programs. These budget units are not part of the District, though they are managed by the Water Resources Department ("Department").

To better understand the relationship between the District and the Department, I have enclosed relevant pages from the County's FY 2014-15 Final Recommended Budget.

As explained on these pages and illustrated in the chart, the Water Resources Department manages two types of programs: 1) those that are the responsibility of the District and 2) those programs that are the responsibility of the County (i.e. Lakebed Management). The responsibility to manage Clear Lake was delegated to the County of Lake (not the District) by Chapter 639 of the Statutes of 1973.

2. On page 17, the document states that revenues received into BU 8107 from other funds managed by the Department should be "tracked as a transfer as opposed to revenues" to avoid double counting total revenues managed by the District. First, I acknowledge this practice double counts resources managed by the Department, not the District. However, if the payments into BU 8107 from other funds were recorded as reimbursements or transfers, then the net expenditure in BU 8107 would be zero and that may be misleading to the general public who reviews the budget of the Department. An independent annual audit of the Department's and the District's financial activities are included as part of the County of Lake's Comprehensive Annual Financial Report.

Thank you for this opportunity to comment on the Draft Municipal Services Review. I request that action on this document be postponed until a more complete review can be performed and changes be made to the document.

Sincerely,

A handwritten signature in cursive script that reads "Matt Perry".

Matt Perry
County Administrative Officer

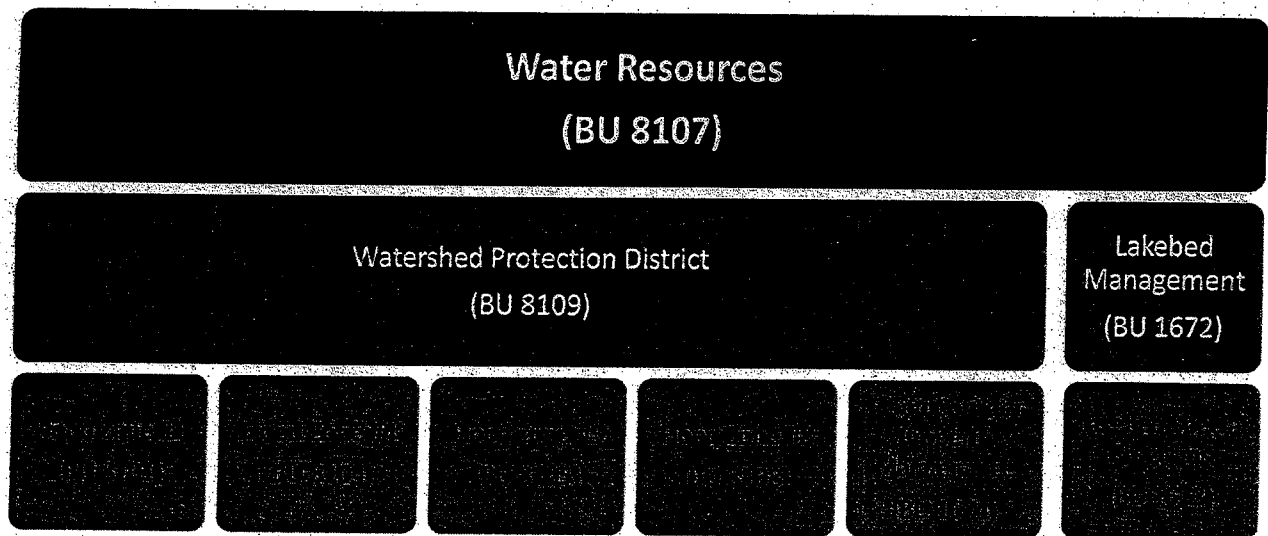
BU 8107 - WATER RESOURCES ADMINISTRATION (Fund 207)

(CAO Staff: Alan Flora)

Position Allocation

Budget Unit No. and Name	FY 2013/14 as of 6/30/2014	FY 2014/15 Requested by Dept.	FY 2014/15 Recommended
8107 WATER RESOURCES ADMINISTRATION			
Water Resources Director I/II (1/4)	0.250 *	0.250 *	0.250 *
Deputy Water Resources Director	1.000 **	1.000 ***	1.000 ***
Water Resources Engineer	1.000	1.000	1.000
Water Resources Program Coordinator	1.000	1.000	1.000
Invasive Species Program Coordinator	1.000	1.000	1.000
Water Resources Technician	1.000	2.000	2.000
Accounting Technician, Senior	0.500 *	0.500 *	0.500 *
Office Assistant II	1.000	1.000	1.000
	6.750	7.750	7.750
*Full-time positions shared with BU 1903.			
**Position funded effective November 1, 2013.			
***Position unfunded.			

Overview: This is the administrative budget for labor, management, and general operating costs of the programs and services provided by the various flood control, watershed protection, and lakebed management budget units (see below for a chart of the administrative structure). The programs administered by this department serve both the incorporated and unincorporated areas of Lake County. The Water Resources Department has two main divisions: 1) Lakebed Management, which is under the County of Lake and governed by the Board of Supervisors; and 2) the Lake County Watershed Protection District, which is governed by the Board of Supervisors, sitting as the Board of Directors of the Watershed Protection District. Within the Watershed Protection District there are four separate flood control districts in specific areas of the County. The chart below illustrates the organization and responsibilities of the Water Resources Department.



Funding Sources: This budget unit is funded by transferring funds from the countywide Watershed Protection District (BU 8109), the separate Flood Control Zones (BU 8101, 8104, 8105, and 8108), Lakebed Management budget unit (BU 1672) and the Flood Corridor Property Maintenance Fund (BU 1674). Due to higher than anticipated fund balance this year the required support from the other budget units is reduced. \$65,000 is transferred from BU 1918-Geoothermal Royalties for staff support of the Clean Water Program.

Salaries and Benefits: The Deputy Director position, which was added last year, but not filled, is left unfunded. This is needed as the Department of Water Resources assumes responsibility to administer the Lake County Clean Water Program as well as provide overall day-to-day direction of the Water Resource Department.

BU 1672 – LAKEBED MANAGEMENT (Fund 133)

(CAO Staff: Alan Flora)

Overview: The Lakebed Management program was established to support the purposes of the State trust on Clear Lake, per Chapter 639 of the Statutes of 1973. These purposes include improving the navigation, commerce, fishery, and recreation of Clear Lake, and wherever possible and appropriate, preserve the land and waters in their natural state. The Department is responsible for the development and implementation of the Aquatic Plant Management Program and to coordinate with the Invasive Species Council to prevent quagga mussel and other invasive species from entering bodies of water in Lake County. The services provided by this program impact both incorporated and unincorporated areas of Lake County. The operations supported by this fund are managed by the Water Resources Department (BU 8107).

Funding Sources: This budget unit is funded by Clear Lake encroachment permits and annual lease fees which are initially deposited into Fund 179, Budget Unit 1673 and then transferred to Fund 133. Other sources of funding deposited directly into this fund include aquatic plant management permit fees and a grant from the Audubon Society for grebe habitat preservation. Proceeds from the sale of quagga mussel inspection stickers, formerly recorded in this budget, are now recorded in BU 8109.

Salaries and Benefits: There are no appropriations for salaries and benefits, as staffing is provided by the Water Resources Department (BU 8107).

Services and Supplies: The Recommended Budget includes appropriations to maintain, store, and operate boats and other equipment; maintain breakwaters and piers in public parks, navigational lights, buoys, swim lines and signs; and to replace navigational lights. Appropriations for algae, aquatic weed and quagga mussel programs, formerly in this budget, have been moved to BU 8109. The cost of labor for programs, department overhead, and countywide overhead to support the programs of this budget unit are reflected in account 23.91 which is a payment to Budget Unit 8107. The amount in the budget to reimburse Budget Unit 8107 for staff reflects the historical cost of staffing in this budget when it was an independent department.

Inventory Items/Capital Assets: There are no inventory items or capital assets in the budget.

Reserves/Designations: An increase in reserves is recommended for a total amount of \$45,146. Additional information about reserves in this fund can be found in Schedules 2-4 (Section B).

BU 1673 - LAKEBED SPECIAL PROGRAMS (Fund 179)

(CAO Staff: Alan Flora)

Overview: The funding in this budget is derived from encroachment leases and permits and is used to support the purposes of the State trust on Clear Lake, which was established by Chapter 639 of the Statutes of 1973. The statute conveyed in trust the submerged lands of the lake to the County to improve navigation, commerce, fisheries, and recreation on Clear Lake. Under the statute, the County is authorized to lease land lakeward to zero feet Rumsey and issue permits for structures.

Funding Sources: This budget unit is funded by lake encroachment permits and annual encroachment lease payments.

Salaries and Benefits: There are no appropriations for salaries and benefits, as staffing is provided by the Water Resources Department (BU 8107).

Services and Supplies: No direct expenditures are planned. Instead, the total recommended outflow of resources will be transferred to the Lakebed Management budget (BU 1672) to finance authorized appropriations in that budget unit. The amount to be transferred is shown in account 81-23.

Reserves: The budget includes increasing reserves leaving a balance of \$77,720. Additional information about reserves in this fund can be found in Schedules 2-4 (Section B).

State Controller Schedules

COUNTY OF LAKE

Schedule 9

Detail of Financing Sources and Financing Uses

Governmental Funds

Fiscal Year 2014-15

County Budget Act
January 2010 Edition, revision #1

Detail by Revenue Category and Expenditure Object	2012-13 Actuals	2013-14		2014-15 Recommended	2014-15 Final Recommended
		Actual Estimated	<input type="checkbox"/>		
1	2	3	<input checked="" type="checkbox"/>	4	5
PERMITS					
21-60 Other	12,120	11,970		11,000	11,000
REVENUE FROM USE OF MONEY					
42-01 Interest	534	388		150	150
OTHER					
79-97 Contributions Lakebed	159,394	160,114		160,000	160,000
OPERATING TRANSFERS					
81-23 Out	(211,904)	(160,000)		(161,000)	(161,000)
Total Revenue	(39,856)	12,472		10,150	10,150
Net Cost	39,856	(12,472)		(10,150)	(10,150)

