

***LAKE
LOCAL AGENCY FORMATION
COMMISSION***

***LAKE COUNTY
WATERSHED PROTECTION
DISTRICT***

SPHERE OF INFLUENCE REPORT

May 2016

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1 INTRODUCTION

1.1 LAFCO's Responsibilities

This report is prepared pursuant to State of California legislation enacted in 2000 (Cortese-Knox-Hertzberg Local Government Reorganization Act) that requires Lake LAFCO to conduct a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCO's jurisdiction by January 1, 2008 and that MSRs should be updated every 5 years thereafter. A brief history of LAFCO can be found in Appendix A attached at the end of this report.

The history of the Lake County Watershed Protection District starts with the Lake County Flood Control District which was formed in 1954 and its most recent Sphere of Influence was adopted on August 21, 1985 by Lake LAFCO Resolution 6-1985. However, with the passage of SB-1136 in 2004 the Lake County Flood Control and Water Conservation District functions such as compliance with Water Quality Order 2013-0001-DWR and administration of the District were amended.

The Watershed Protection District's most recent Municipal Service Review (MSR) was adopted on December 18, 2014 (Lake LAFCO Resolution 2014-0002). The 2014 MSR provides an overview of the physical setting of Lake County, an overview of the Lake County Watershed Protection District and Lake LAFCO's required determinations.

Information contained in this Sphere of Influence Report is only current as of the date of adoption. As required by Lake LAFCO Policy, the Service Review has been revised to reflect conditions as of 2016.

1.2 Sphere of Influence Requirements

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO periodically review and update of Spheres of Influence (SOIs). 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 Sphere of Influence be updated not less than every five years, as necessary, and §56430 provides that a Municipal Service Review shall be conducted in advance of the Sphere of Influence update.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 currently requires LAFCO to update spheres of influence for all applicable jurisdictions in the county every five years, as necessary. A Sphere of Influence has never been adopted for the creation of the Lake County Watershed Protection District. The last Sphere of Influence for the Lake County Flood Control and Water Conservation District occurred in 1985.

Local governmental agencies, special districts and municipalities, which are subject to LAFCO's jurisdiction must now have an adopted Sphere of Influence (SOI) boundary and territory that define the probable future boundary and service area of the agency. Inclusion of a particular land area within an agency's SOI does not necessarily mean that the area will eventually be annexed. The Sphere of Influence is only one of several factors LAFCO must consider in reviewing individual proposals for annexation or detachment (Government Section 56668.)

In determining the Sphere of Influence for each local agency, LAFCOs must consider and prepare a written statement of determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services which the agency provides, or is authorized to provide.
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.
5. For an update of a sphere of influence of a city or special district which provides public facilities or services related to sewers, municipal or industrial water, or structural fire protection the present and probable need for those public facilities and services of any disadvantaged unincorporated communities (DUCs) within the existing sphere of influence.

Since the Lake County Watershed Protection District (LCWPD) does not provide sewer, water or fire protection, determinations with respect to DUCs are not required.

1.3 Lake LAFCO Sphere of Influence Policies

In addition to the above listed SOI requirements, the Lake LAFCO Policies, Standards and Procedures provide additional guidance on SOI preparation and adoption as follows:

3.1 General Policies (paraphrased from Lake LAFCO Policies, Standards, and Procedures)¹

*LAFCO must adopt a sphere of influence for each city and each district in its jurisdiction, and **must review and, if necessary, update each Sphere of influence at least every five years.** All LAFCO actions must be consistent with the relevant sphere plan. A Sphere of Influence is defined in Government Code Section 56425 as “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the commission.”*

*The **establishment** of Sphere of Influence Plans is perhaps the most important planning function given to LAFCOs by the state legislature. Spheres of Influence are described by the Cortese-Knox-Hertzberg Act as an important tool for “planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities.” Spheres serve a similar function in LAFCO determinations as general plans do for cities and counties. Consistency*

¹ Lake Local Agency Formation Commission, Policies Standards, and Procedures, Adopted May 20, 2009 Resolution 2009-0006 Amended May 21, 2014 Resolution #2013-0003, Page 21.

with the adopted sphere plan is mandatory, and changes to the plan require careful review.

While LAFCO encourages the participation and cooperation of the subject agency, the sphere of influence plan is a LAFCO responsibility, and the Commission is the sole authority as to the sufficiency of the documentation and the plan's consistency with law and LAFCO policy. Staff of LAFCO will work closely with agencies in developing sphere of influence plans.

In determining the sphere of influence of each agency, LAFCO must consider and prepare a written statement of its determinations with respect to the following four factors as stated in Government Code Section 56425 (e):

- The present and planned land use in the area, including agricultural and open-space lands.*
- The present and probable need for public facilities and services in the area.*
- The present capacity of public facilities and adequacy of public services provided by the agency.*
- Any social or economic communities of interest in the area that the Commission determines is relevant to the agency.*

Note: In 2011, an additional Sphere Determination was added by the California Legislature, as follows:

“For an update of a sphere of influence of a city or special district which provides public facilities or services related to sewers, municipal or 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.”

As previously mentioned, determinations regarding disadvantaged unincorporated communities are not required for the LCWPD.

In order to prepare and update spheres of influence, LAFCO is required to conduct a review of the municipal services provided in the county, region, subregion, or other appropriate designated area. The policies and standards Lake LAFCO applies to service reviews will be contained in a subsequent section of these policies and standards.

Consistency Requirement.²

Every sphere of influence plan must be consistent with LAFCO's Policies and Standards, the State legislature's policy direction to LAFCO, the sphere plans of all other agencies in the area, the Commission's statement of written determinations with respect to its review of municipal services in the applicable area, and with the long range planning goals for the area.

Sphere Boundaries.³

In establishing the boundaries of a sphere of influence plan for an agency, LAFCO will consider the factors listed in Government Code Section 56425 (e) as noted above.

With respect to Factor (b) above, LAFCO will not include lands that are unlikely to require the services provided by the agency, for example, lands not designated for development by the applicable General Plan, areas where development is constrained by topographical factors, or areas where the projected and historical growth rates do not indicate a need for service within the timeframe of the sphere plan.

With respect to Factor (c) above, LAFCO will not include areas in an agency's sphere of influence, which cannot feasibly be served by the agency within a time frame consistent with the sphere plan.

No Concurrent Amendment.

LAFCO will generally not amend a Sphere of Influence concurrently with its action on a proposal.

Time Factor.

Sphere of Influence amendments will ordinarily take longer to process than applications for a change of organization or reorganization and will generally require more detailed information.

Updated Plans Encouraged.

Agencies are encouraged to keep the supporting documentation for their Sphere of Influence plans up to date so that individual applications for changes of organization or reorganization are not burdened with time delays.

Internal Consistency Required.

Sphere of Influence Plans shall be internally consistent.

² Lake Local Agency Formation Commission, Policies Standards, and Procedures, Adopted May 20, 2009 Resolution 2009-0006, Amended May 21, 2014 Resolution #2013-0003, Page 22.

³ Lake Local Agency Formation Commission, Policies Standards, and Procedures, Adopted May 20, 2009 Resolution 2009-0006, Amended May 21, 2014 Resolution #2013-0003, Page 22.

Agency Incapable of Providing Services.

If the evidence demonstrates that an agency is unable to provide an adequate level of service within a portion of its service area boundaries within the time frame provided for that boundary, the Sphere of Influence Plan shall be amended pursuant to the procedures for periodic review such that the probable service boundaries are consistent with the determinations included in the applicable Municipal Service Review.

Adoption and Revision.

LAFCO will adopt, amend, or update Sphere of Influence Plans after a public hearing and pursuant to the procedures set forth in Government Code Section 56427. Sphere actions are subject to the provisions of the California Environmental Quality Act. Sphere of Influence Plans shall be updated every five years, or more frequently if deemed necessary by the Commission.

g. Zero and Minus Spheres.⁴

The Commission may adopt a “zero” sphere of influence (encompassing no territory) for an agency when the Commission has determined that the public service functions of the agency are either non-existent, no longer needed, or should be reallocated to some other agency of government. Adoption of a “zero” sphere indicates the agency should ultimately be dissolved. The Commission may initiate dissolution of an agency when it deems such action appropriate.

The Commission may adopt a “minus” sphere (excluding territory currently within that agency’s boundaries) when it has determined that territory within the agency’s boundaries is not in need of the agency’s services, or when the agency has no feasible plans to provide efficient and adequate service to the territory in question.

1.4 Possible Approaches to the SOI

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 eight approaches are explained below:

1) **Coterminous Sphere:**

A Coterminous sphere means that the sphere for a city or special district that is the same as its existing jurisdictional boundaries.

2) **Annexable Sphere:**

A sphere larger than the agency’s boundaries identifies areas the agency is expected to annex. The annexable area is outside its boundaries yet inside the sphere.

⁴ Lake Local Agency Formation Commission, Policies Standards, and Procedures, Adopted May 20, 2009 Resolution 2009-0006, Amended May 21, 2014 Resolution #2013-0003, Page 23.

3) Detachable Sphere:

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

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

7) Sphere Planning Area:

LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.

8) Area of Concern:

LAFCO may, at its discretion, designate a geographic area beyond the Sphere of Influence as an Area of Concern to any local agency. An Area of Concern as defined in LAFCO's policies is a geographic area beyond the Sphere of Influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency ("the Concerned Agency").

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.

1.5 SOI Update Process

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every five years, as necessary. In updating the SOI, LAFCO is required to conduct a municipal service review (MSR) and adopt related determinations.

Development of actual SOI updates will involve additional steps, including opportunity for public input at a LAFCO public hearing, and consideration and changes made by Commissioners.

LAFCO must notify affected agencies and provide notice in the newspaper 21 days before holding a 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 prior the public hearing.

1.6 SOI Amendments and CEQA

LAFCO has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCO may require the requester to pay a fee to cover LAFCO costs, including the costs of appropriate environmental review under CEQA. LAFCO may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCO may serve as co-lead agencies for purposes of an SOI amendment. Local agencies are encouraged to consult with LAFCO staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are likely exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, and zero SOIs. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, flood protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth-inducing.

Remy et al. write:

*"In City of Agoura Hills v. Local Agency Formation Commission (2d Dist. 1988) 198 Cal.App.3d 480, 493-496 [243 Cal.Rptr. 740] (City of Agoura Hills), the court held that a LAFCO's decision to approve a city's sphere of influence that in most respects was coterminous with the city's existing municipal boundaries was not a "project" because such action did not entail any potential effects on the physical environment."*⁵

1.7 Lake County Watershed Protection District - SOI Options

1.7.1 Geographic Option #1: Reduced SOI to include only the Clear Lake drainage area

This Sphere of Influence option would contain only the area subject to the NPDES permit (the Lake County Clean Water Program) including the Clear Lake drainage area. Sec. 4 (b) of the Lake County Watershed Protection District Act (enacted by SB-1136) is as follows:

(b) The objects and purposes of this act are also to provide for the participation of the district in the national pollutant discharge elimination system (NPDES) permit program in accordance with the Clean Water Act (33 U.S.C. Sec. 1251 et seq.).

The District provides several core services as delegated or regulated in joint powers agreements, The Watershed Protection Act and the County Code. Responsibility for Clear Lake as a public trust asset was delegated to the County of Lake by the State Lands Commission (Chapter 639, Statutes of 1973). Lakebed Management services are defined by Lake County Municipal Code Chapter 23, *Shoreline Protection*.

The District's responsibility for protection of groundwater resources is codified in Lake County Municipal Code Chapter 28, *Groundwater Management* and administration of aquatic plant management and invasive species prevention is defined in Lake County Municipal Code Chapter 26/26A, *Aquatic Plant Management*. The District's role in managing the Lake County Clean Water Program is defined in the Joint Powers Agreement between the cities, County and the District.

Although the Lake County Watershed Protection District has responsibilities for the Clear Lake drainage area, the recommendation is for the SOI to include all of Lake County since the Watershed Protection District provides core services related to Flood control and floodplain management, Storm water management, Groundwater management, Water quality protection and water supply management and Watershed stewardship which are provided throughout Lake County.

⁵ Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, *Guide to CEQA*, Solano Press Books, Point Arena, CA, February 2007, page 111.

1.7.2 Geographic Option #2: SOI to include the Entire County

Another option may be to include the entire County. The existing Lake County Flood Control and Water Conservation District SOI boundary includes all the territory incorporated and unincorporated within Lake County (Resolution 6-85, August 21, 1985). Likewise, the Lake County Watershed Protection District Boundary as included in Lake County Watershed Protection District Act (enacted by SB-1136) includes the entire county area. Sec. 4 (a) of the Act is as follows:

Sec. 4 (a) The objects and purposes of this act are to provide for the control, impounding, treatment, and disposal of the flood and storm waters of the district, the conservation and protection of all waters within the district, including both surface water and groundwater, and the control of flood and storm waters of streams that have their source outside of the district, but which streams and the flood waters thereof flow into the district, to protect from flood or storm waters the watercourses, lakes, groundwater, watersheds, harbors, public highways, life, and property in the district, to develop and improve the quality of all waters within the district for all beneficial uses, including domestic, irrigation, industrial and recreational uses, and to protect and improve the quality of all waters within the district.

The Lake County Watershed Protection District currently operates without local enabling ordinances, but relies on the County structure for management and oversight similar to the many other dependent special districts under which the Board of Supervisors act as the Board of Directors. The Lake County Department of Water Resources is operated by the Lake County Department of Public Works and the Public Works Director is also the Director of the Water Resources Department. Through this structure the District is able to obtain interagency services from County departments and to administer revenues or expenditures. As recommended in the MSR, the Board of Directors should consider creating local enabling ordinances to formalize the structure, as some other districts throughout the State have done.

This is the preferred alternative for the Lake County Watershed Protection District SOI, to include the entire County as provided for in the Act.

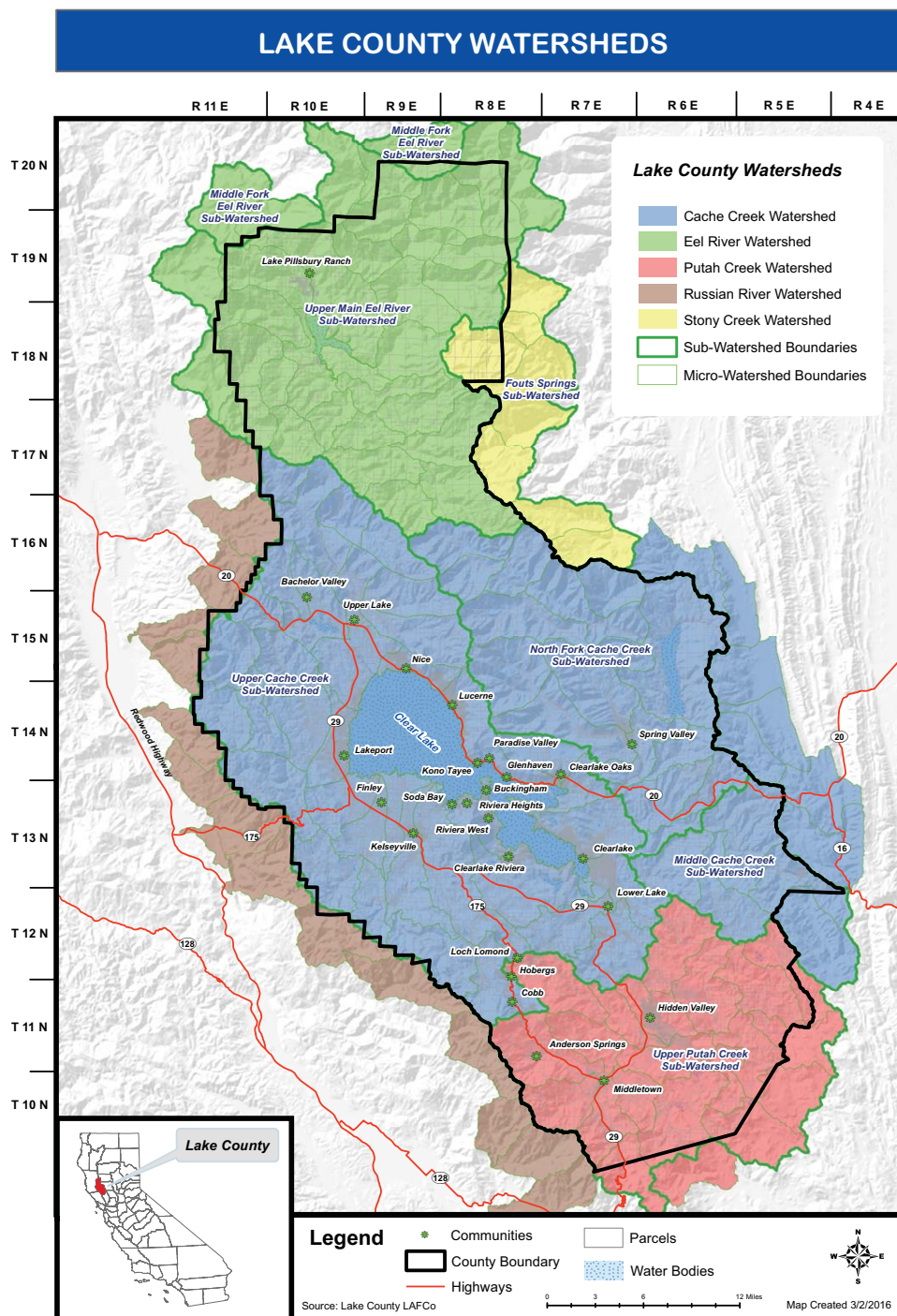
1.7.3 Geographic Option #3: SOI to include Watershed areas outside the County boundaries

This option includes expanding the District SOI to areas outside of the County Boundary that are located within Watersheds that originate or Cross into other Counties. See the attached figure "Lake County Watersheds" There are five major watersheds in Lake County including the Cache Cree, Eel River, Putah Creek, Russian River and Stony Creek watersheds. These watersheds include territory in adjacent counties including portions of Sonoma, Mendocino, Glenn, Colusa, Yolo and Napa Counties.

The Napa, Sonoma, Mendocino and Glenn Flood Control and Water Conservation Districts are coterminous with their respective County boundaries, whereas the Colusa, and Yolo Flood Control and Water Conservation Districts contain a portion of their respective counties lying on the valley floor.

A Sphere of Influence as defined in the LAFCo Act is as follows: A *“Sphere of Influence” means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission.* Since the Lake County does not provide services outside Lake County, is not empowered to provide services outside the county, which other Flood Control and Water Conservation Districts are, a conflicting sphere(s) would be created by including areas outside Lake County in the LCWPD SOI, and there is a remote probability the LCWPD would ever provide services therefore this option is not practical and feasible.

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1.7.4 Governance Options

As a dependent special district of the County, the District is governed by the County Board of Supervisors, which acts *ex officio* as its Board of Directors. As the District's governing body, the Board of Directors authorizes its budgets and expenditures. Operations of the District are provided by the Lake County Department of Water Resources staff as directed by the Board of Supervisors. It is not unusual for a Flood Control and Water Conservation

district to be governed by the local Board of Supervisors acting *ex officio* in this capacity albeit many of the Flood Control and Water Conservation Districts are independent and have elected or appointed boards of directors.

The following options were considered for governance and operation of the Lake County Watershed Protection District:

Governance Option #1: The Board of Supervisors continues acting as the *ex officio* District Board of Directors and continues to use various County departments to perform work for the District.

Governance Option #2: The Board of Directors consisting of a body different from the Board of Supervisors but appointed by the Board of Supervisors. This could cause problems because ultimately every decision would have to be supported and implemented by the Board of Supervisors through the various County departments.

Governance Option #3: District Staffing options:

- a) Continue to operate along with the Lake County Department of Public Works.
- b) Create a separate department such as the Special Districts Department.

Governance Option #4: The District becoming independent of County Government with an elected Board of Directors and independent staff. This option would also require additional funding.

In the absence of a complete fiscal analysis and unknown costs of going independent from the County, the recommended alternative is that the District continue to operate with the Board of Supervisors as the Board of Directors using County Staff as it deems appropriate.

1.8 Recommendation for Lake County Watershed Protection District Sphere of Influence

The recommendation for the Lake County Watershed Protection District is for the District boundary to include all of Lake County and for the Board of Supervisors to continue as the *ex officio* Board of Directors of the District. The determinations required for the Sphere of Influence will be shown in the following chapters of this report. The Board of Supervisors may continue to use a division within the Department of Public Works to take the lead in work for the Lake County Watershed Protection District but cooperation and coordination with other County departments will also be required. A map of the District showing the boundary and the Sphere of Influence is shown at the end of this report.

2 PRESENT AND PLANNED LAND USES IN THE LAKE COUNTY WATERSHED PROTECTION DISTRICT AREA, INCLUDING AGRICULTURAL AND OPEN SPACE LANDS⁶

2.1 General Plan and Zoning for the Lake County Watershed Protection District SOI Area

Within Lake County are two incorporated cities, Clearlake, the largest city; and Lakeport, the county seat. Other communities include the following:

Anderson Springs	Blue Lakes
Clearlake Oaks	Clearlake Park
Cobb	Finley
Glenhaven	Hidden Valley Lake
Kelseyville	Loch Lomond
Lower Lake	Lucerne
Middletown	Nice
Clear Lake Rivas	Soda Bay
Spring Valley	Upper Lake
Witter Spring	

The cities of Lakeport and Clearlake each have their own General Plan and Zoning. The remainder of the County and all of the smaller communities listed above are included in the County General Plan and the County Zoning Ordinance.

Lake County is primarily a rural county, with an economy based on agriculture and tourism. The population is 64,184⁷ which increases seasonally due to tourism. The boundaries of Lake County are a logical description of a region, as the County boundaries are essentially the watershed boundaries for the headwaters of the Eel River, Cache Creek and Putah Creek.⁸

The Lake County General Plan predicts a County population of 101,557 by 2030.⁹ With this much development anticipated it is important that planning and building regulations are developed to promote the goals of the Watershed Protection District.

2.2 SOI Determinations on Present and Planned Land Use for the Lake County Watershed Protection District SOI Area

- 1-1] As of 2014, Lake County Watershed Protection District (LCWPD) has an estimated population of 64,184¹⁰.
- 1-2] Population growth throughout Lake County has slowed significantly and most likely will not rebound significantly for some time. Over the long term, the Department of Finance projects 59 percent growth over the 50-year period from 2010 until 2060, or approximately one percent average annual growth.

⁶ California Government Code Section 56425 (e)(1)

⁷ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06033.html>, February 22, 2016.

⁸ <http://www.co.lake.ca.us/Assets/CDD/Stormwater+Mgt/Clean+Water+PDFs/Stormwater+Management+Plan.pdf>

⁹ Lake County General Plan, Page 2-15.

¹⁰ US Census Bureau, <http://quickfacts.census.gov/qfd/states/06/06033.html>, February 22, 2016.

- 1-3] While LCWPD is not directly responsible for land use planning, which impacts future growth and development, the District makes recommendations regarding, and takes part in, the development of land use planning policies, documents and development reviews.
- 1-4] As a County-wide program coordinator, the District should likewise participate in City planning processes. The District should continue to coordinate watershed-related activities and requirements with applicable County and city agencies for new development as well as in the development of land use policies to encourage consistency with LCWPD plans and objectives.
- 1-5] In addition to working with planning and development departments the District should also work with the agricultural community to promote watershed protection measures along with agricultural development and practices.
- 1-6] Services offered by the District are necessary and in demand regardless of the rate of population growth experienced in the County.
- 1-7] The District's core services are mandated by Federal, State, and local regulations, which ensures a continued need for the District's operations.
- 1-8] Demand for services is also impacted by other factors, such as presence of pollution sources, introduction of non-native or invasive species into local habitats, evolution of regulations, condition of infrastructure, and weather patterns.
- 1-9] The Sphere of Influence for the Lake County Watershed Protection District should be the entire County and the Board of Supervisors should be the Board of Directors in order to facilitate coordination with all County departments and efficient use of funds.
- 1-10] The assistance of a Watershed Protection District advisory committee can be most helpful in working with volunteers and promoting community knowledge about the District.

3 PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE LAKE COUNTY WATERSHED PROTECTION DISTRICT AREA¹¹

3.1 Service Background

Since its formation, the LCWPD has developed five principal and distinct service activities with respect to water conservation and flood control, the overarching categories of which include the following:

1. Flood control and floodplain management
2. Stormwater management
3. Groundwater management
4. Water quality protection and water supply management
5. Watershed stewardship

The District provides several programs in each of these categories. Specific projects and programs often fulfill multiple district objectives by benefitting more than one area of focus. For example, restoration of a creek may improve water quality, promote habitat protection/restoration/enhancement, and improve water supply reliability.¹²

The various projects and programs are described in the Municipal Service Review. The Lake County Watershed Protection District also maintains the following infrastructure:

The District is responsible for maintaining 11 miles of levees and 13 miles of creeks and drainage ditches (does not include Historic Clover Creek through Upper Lake) in four zones of benefit and a groundwater recharge structure on Kelsey Creek. The District also operates and maintains the Adobe Creek Reservoir, the Highland Springs Reservoir, and the Highland Springs Recreation Area.

In total LCWPD owns approximately 2,700 acres of property in the Adobe Creek Watershed, which includes reservoirs, open space property, and recreation areas. LCWPD owns property in the vicinity of the Highland Creek and Adobe Creek Reservoirs (approximately 2,400 acres), which is maintained for watershed protection and passive recreational use. LCWPD also owns property purchased for the Middle Creek Restoration Project (approximately 367 acres).

A continued infrastructure need is the Adobe Creek Conjunctive Use Project, which would implement modifications of the primary spillway of

¹¹ California Government Code Section 56425 (e)(2)

¹² LAKE LOCAL AGENCY FORMATION COMMISSION, Lake County Watershed Protection District Municipal Service Review, Adopted December 18, 2014, Lake LAFCO Resolution 2014-0002, Page 23.

Highland Creek Reservoir to permit additional storage in the spring. The additional storage would be released during the summer and fall to recharge the groundwater. Increased water supply would improve reliability and water quality by helping to reduce overdraft during peak demand periods. This project is on hold, due to lack of funding (a benefit assessment was voted down in 2005). CEQA approval and a water rights permit must be obtained before the project can proceed.

In times of extreme drought conditions, the District must truck in water to allow for recreational uses at the Highland Springs Reservoir. In light of the historic drought and low water conditions, modification of water supply system would be ideal to eliminate the need to truck in water during periods of low lake conditions.

Additionally, the District reported that ramp control is necessary at Clear Lake in order to have an effective invasive species control program. As it exists presently, the Lake has several boat launch sites where access is not controlled. All water craft must be inspected and hold a permit prior to entering the lake; however, there is no way to ensure that the craft does not visit another water body and return to Clear Lake after the original inspection. Any substantial advancements of the current invasive species control program will require a sizeable sustainable funding source. The District has indicated that a top priority of additional funding, such as a sales tax measure, will be the advancement of this program.¹³

3.2 SOI Determinations on Facilities and Services Present and Probable Need for Lake County Watershed Protection District

- 2-1] The Lake County Watershed Protection District appears to have a limited financial capacity to handle present demand for services and to support District operations.
- 2-2] It appears that the District is providing limited services given financial constraints, based on the breadth and quality of services provided, and professional management practices; however, several improvements could be made to enhance the level of services offered, including the following:
 - 1) greater outreach and coordination with stakeholder groups,
 - 2) development of a District website to enhance clarity to the functions the District performs, and
 - 3) implementation, to the extent practicable, of successful invasive mussel prevention practices as demonstrated by other agencies.

¹³ LAKE LOCAL AGENCY FORMATION COMMISSION, Lake County Watershed Protection District Municipal Service Review, Adopted December 18, 2014, Lake LAFCO Resolution 2014-0002, Page 29.

- 2-3] The District's workload has increased significantly with the passage of SB 1136 in 2004, adding responsibility for the County's National Pollutant Discharge System (NPDES) permit requirements and establishing its revenue generating authorities to fund NPDES-mandated stormwater management actions.
- 2-4] The District could improve upon long-term planning by developing a strategic plan, which establishes goals to guide its efforts and identifies measures of effectiveness in meeting these program objectives. Correspondingly, the District should regularly evaluate its success in meeting its goals outlined in the strategic plan.
- 2-5] The District could further capitalize on the use of volunteers to enhance the capacity of the services it offers.
- 2-6] The District is responsible for maintaining 11 miles of levees and 13 miles of creeks and drainage ditches (does not include Historic Clover Creek through Upper Lake) in four zones of benefit, a groundwater recharge structure on Kelsey Creek, two reservoirs, and a recreation area.
- 2-7] A continued infrastructure need is the Adobe Creek Conjunctive Use Project, which would implement modifications of the primary spillway of Highland Springs for groundwater recharge. This project is on hold, due to lack of funding.
- 2-8] Additional infrastructure needs include water supply modifications at the Highland Springs Reservoir and controlled boat ramps at Clear Lake.
- 2-9] National Flood Insurance ratings and Floodplain Management funding is derived from all residents in the Clear Lake Basin lowlands, including those located within incorporated areas that also pay property taxes that in part fund the LCWPD but whose incorporated areas are also responsible for flood protection services. District inter-jurisdictional responsibilities are unclear.
- 2-10] The County's Groundwater Management Ordinance prohibits exportation of groundwater supplies out of the county boundaries. This ordinance needs to be updated in concert with recent groundwater legislation and for compliance with the District's NPDES permit.
- 2-11] The Shoreline Protection Ordinance was last revised in 2003, at the time of the first Stormwater Management Permit issuance, and requires updating along with other or all authorities respective to implementation of the permit (note: Permit WQO 2013-0001 has specific update standards).
- 2-12] A Habitat Conservation Plan in accordance with related ordinances and the approved Wetlands Policy should be considered.
- 2-13] The District services are needed now and in the future; therefore, the Sphere of Influence for the District should be the entire County of Lake and the Board of Supervisors should be the Board of Directors.

4 PRESENT CAPACITY OF PUBLIC FACILITIES PRESENT AND ADEQUACY OF PUBLIC SERVICES¹⁴

4.1 Capacity Background

The capacity of the Lake County Watershed Protection District is directly related to the amount of financing available for the District. The District is administered by the director of Water Resources who reports to the County Board of Supervisors , which acts as its Board of Directors.

The Department of Water Resources is responsible for all functions of LCWPD. The Department of Water Resources provides District services separately from Lakebed Management. Lakebed Management revenues and expenditures are tracked through separate funds in compliance with the State Lands Commission statutes of 1973.¹⁵ County Water Resources Department staff provides the personnel support to accomplish the various programs and activities of the District.

The District is currently managed by the Public Works Director/Water Resources Director. A total of 6.75 full-time equivalent staff are allocated to the functions of LCWPD. Staffing for the District includes the Director of Public Works (25 percent), the vacant Deputy Water Resource Director, a water resources engineer, a water resources program coordinator, an invasive species coordinator, two water resources technicians, a senior account technician (50 percent), and an office assistant II. All positions report to the Water Resources Director.

The District also hires additional part-time help to assist with its Invasive Mussel Prevention Program. Through this sharing of resources with the County, the District is able to benefit from efficiencies and cost savings that might otherwise not be available (i.e., bulk purchasing, use of office space). Several volunteers provide assistance to the District for water quality monitoring (sampling and satellite imagery projects), ongoing multi-agency negotiations for restoration of the Middle Creek Marsh, and compliance with the NPDES Stormwater Management Permit requirements. The District would benefit from collection of volunteer hours as in-kind matching funds for future grant applications and development of broader stakeholder support for District programs.¹⁶

As a dependent special district of the County, the County's other departments (outside the Water Resources Department) provide services to LCWPD, for example, the County's Auditor-Controller provides fiscal and auditing support. The District relies on contract service providers for maintenance of Highland Springs Recreation Area, preparation of various planning and analysis documents, vegetation and rodent control eradication for various flood works throughout the county, mowing of levees, and herbicide spraying.

All staff are evaluated annually by the director of the District. Staff workload is tracked in detailed times sheets by various tasks in a cost accounting management software.¹⁷

¹⁴ California Government Code Section 56425 (e)(3)

¹⁵ http://www.slc.ca.gov/Granted_Lands/Lake.html

¹⁶ LAKE LOCAL AGENCY FORMATION COMMISSION, Lake County Watershed Protection District Municipal Service Review, Adopted December 18, 2014, Lake LAFCO Resolution 2014-0002, Page 15.

¹⁷ LAKE LOCAL AGENCY FORMATION COMMISSION, Lake County Watershed Protection District Municipal Service Review, Adopted December 18, 2014, Lake LAFCO Resolution 2014-0002, Pages 16.

Overall functions of the District are not regularly reviewed or evaluated by the agency itself in the form of evaluating success in meeting goals or standards for services. However, the District does submit annual reports to the State Water Resources Control Board on the Clean Water Program and steps taken to comply with the Stormwater NPDES Permit, and sends an annual financial report to the State Lands Commission.

The District does not conduct benchmarking with other similar service providers. It is recommended that the District consider adopting standards by which to evaluate the success of its various projects and its effectiveness in achieving short- and long-term goals. Reviewing best management practices of other similar service providers could provide the District with useful tools to advance services.¹⁸

4.2 SOI Determinations on Public Facilities Present and Future Capacity for the Lake County Watershed Protection District

- 3-1] While watershed and flood control services benefit from State and Federal grant funds, lakebed management and clean water program services are constrained by limited revenue streams.
- 3-2] Historical lakebed management service levels are not sustainable without an additional reliable continuous revenue stream to fund additional programs that have been initiated since the inception of permit and lease fees shoreline structures.
- 3-3] The District would greatly benefit from a new regular revenue source, such as the new sales tax that was being pursued. However, the voters rejected the sales tax measure, the District would have been able to significantly enhance the services that it presently offers.
- 3-4] It is recommended that the District's budget be described in a complete, detailed, integrated budget plan encompassing all plan spending, revenues, assets and liabilities and unfunded budget requirements be summarized as a separate agency within the County budget in order to clearly depict actual district resources for the public.
- 3-5] While not legally required at this time, the Board may consider conducting budgets and audits of the District's finances separate from the County's other departments to improve clarity for the lay reader. As a first step towards enhancing understanding of the District's funds, an improved summary of revenues and expenditures could be included in the County's budget.
- 3-6] The best way to maintain and improve the capacity of the Lake County Groundwater Management District is to keep the Sphere of Influence boundary the same as the County boundary and to continue operation of the Department of Water Resources in conjunction with the Department of Public Works.

¹⁸ LAKE LOCAL AGENCY FORMATION COMMISSION, Lake County Watershed Protection District Municipal Service Review, Adopted December 18, 2014, Lake LAFCO Resolution 2014-0002, Pages 16.

5 SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST FOR LAKE COUNTY WATERSHED PROTECTION DISTRICT¹⁹

5.1 Community Background

Lake County includes several diverse communities but these communities all work together for county-wide goals and are focused on Clear Lake and tourism.

5.2 SOI Determinations on Social or Economic Communities of Interest for Lake County Watershed Protection District

- 4-1] Over the years, several committees, subcommittees and advisory boards dealing with various aspects of watershed protection have been created. To enhance public involvement, under its direction, the Board of Directors could consider centralizing District programs under the umbrella of an advisory council or body and be made continuously consistent with current permit requirements and District operations.
- 4-2] The District may benefit from local enabling ordinances that define LCWPD's policies, services, resources, management structure and statutory regulations under its authority. In addition, a local enabling ordinance should identify implementation measures ensuring clarification of the District's obligations to meet local, State and Federal standards and regulations.
- 4-3] The Sphere of Influence should remain the same as the County boundary. The District should continue to operate in conjunction with the Public Works Department.

¹⁹ California Government Code Section 56425 (e)(4)

APPENDIX A

HISTORY OF LOCAL AGENCY FORMATION COMMISSIONS

1 Origin of Local Agency Formation Commissions

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 in a given region, and existing agencies often competed for expansion areas. The lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service boundaries, and the premature conversion of California's agricultural and open-space lands.

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 except San Francisco.

The Lake LAFCO was formed as a countywide agency to discourage urban sprawl and encourage the orderly formation and development of local government agencies. 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 that services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, LAFCO conducts service reviews to evaluate the provision of municipal services within the County.

LAFCO regulates, through approval, denial, conditional approval or modification of boundary changes proposed by public agencies or individuals. 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 or consolidation of special districts, mergers, establishment of subsidiary districts, and any reorganization including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected registered voters, landowners, cities or districts.

2 Lake LAFCO

Lake LAFCO consists of seven regular members: two members from the Lake County Board of Supervisors, one member from the City of Clearlake City Council, one member from the City of Lakeport City Council, two members from independent special districts and one public member who is appointed by the other members of the Commission. One alternate member is appointed for each category. All Commissioners are appointed to four-year terms.

3 Municipal Service Review Origins

The MSR requirement was enacted by the State Legislature months after the release of two studies recommending that LAFCOs conduct reviews of local agencies. The “Little Hoover Commission” focused on the need for oversight and consolidation of special districts, whereas the “Commission on Local Governance for the 21st Century” focused on the need for regional planning to ensure adequate and efficient local governmental services as the California population grows.

4 Little Hoover Commission

In May 2000, the Little Hoover Commission released a report entitled *Special Districts: Relics of the Past or Resources for the Future?* This report focused on governance and financial challenges among independent special districts, and the barriers to LAFCO’s pursuit of district consolidation and dissolution. The report raised the concern that “the underlying patchwork of special district governments has become unnecessarily redundant, inefficient and unaccountable.” In particular, the report raised concern about a lack of visibility and accountability among some independent special districts. The report indicated that many special districts hold excessive reserve funds and some receive questionable property tax revenue.

The report expressed concern about the lack of financial oversight of the districts. It asserted that financial reporting by special districts is inadequate, that districts are not required to submit financial information to local elected officials, and concluded that district financial information is “largely meaningless as a tool to evaluate the effectiveness and efficiency of services provided by districts, or to make comparisons with neighboring districts or services provided through a city or county.”

The report questioned the accountability and relevance of certain special districts with uncontested elections and without adequate notice of public meetings. In addition to concerns about the accountability and visibility of special districts, the report raised concerns about special districts with outdated boundaries and outdated missions. The report questioned the public benefit provided by health care districts that have sold, leased or closed their hospitals, and asserted that LAFCOs consistently fail to examine whether they should be eliminated. The report pointed to service improvements and cost reductions associated with special district consolidations, but asserted that LAFCOs have generally failed to pursue special district reorganizations.

The report called on the Legislature to increase the oversight of special districts by mandating that LAFCOs identify service duplications and study reorganization alternatives when service duplications are identified, when a district appears insolvent, when district reserves are excessive, when rate inequities surface, when a district’s

mission changes, when a new city incorporates and when service levels are unsatisfactory. To accomplish this, the report recommended that the State strengthen the independence and funding of LAFCOs, require districts to report to their respective LAFCO, and require LAFCOs to study service duplications.

5 Commission on Local Governance for the 21st Century

The Legislature formed the Commission on Local Governance for the 21st Century ("21st Century Commission") in 1997 to review statutes on the policies, criteria, procedures and precedents for city, county and special district boundary changes. After conducting extensive research and holding 25 days of public hearings throughout the State at which it heard from over 160 organizations and individuals, the 21st Century Commission released its final report, *Growth Within Bounds: Planning California Governance for the 21st Century*, in January 2000. The report examines the way that government is organized and operates and establishes a vision of how the State will grow by "making better use of the often invisible LAFCOs in each county."

The report points to the expectation that California's population will double over the first four decades of the 21st Century, and raises concern that our government institutions were designed when population was much smaller and society was less complex. The report warns that without a strategy open spaces will be swallowed up, expensive freeway extensions will be needed, job centers will become farther removed from housing, and this will lead to longer commutes, increased pollution and more stressful lives.

Growth Within Bounds acknowledges that local governments face unprecedented challenges in their ability to finance service delivery since voters cut property tax revenues in 1978 and the Legislature shifted property tax revenues from local government to schools in 1993. The report asserts that these financial strains have created governmental entrepreneurship with cities, counties and districts competing for sales tax revenue and market share.

The 21st Century Commission recommended that effective, efficient and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission recommended consolidation of small, inefficient or overlapping providers, transparency of municipal service delivery to the people, and accountability of municipal service providers. The sheer number of special districts, the report asserts, "has provoked controversy, including several legislative attempts to initiate district consolidations," but cautions LAFCOs that decisions to consolidate districts should focus on the adequacy of services, not on the number of districts.

Growth Within Bounds stated that LAFCOs cannot achieve their fundamental purposes without a comprehensive knowledge of the services available within its county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider. The report argued that comprehensive knowledge of water and sanitary providers would promote consolidations of water and sanitary districts, reduce water costs and promote a more comprehensive approach to the use of water resources. Further, the report asserted that many LAFCOs lack such knowledge and should be required to conduct such a review to ensure that municipal services are logically extended to meet California's future growth and development.

MSRs would require LAFCO to look broadly at all agencies within a geographic region that provide a particular municipal service and to examine consolidation or reorganization of service providers. The 21st Century Commission recommended that the review should include water, wastewater, garbage, and other municipal services that LAFCO judges to be important to future growth. The Commission recommended that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation indicated that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation.

ABBREVIATIONS

AB	Assembly Bill
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
District	Lake County Watershed Protection District
DOF	Department of Finance
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
EPA	Environmental Protection Agency
FY	Fiscal Year
LAFCO	Local Agency Formation Commission
LCCWP	Lake County Clean Water Program
LCFCWCD	Lake County Flood Control and Water Conservation District
LCWPD	Lake County Watershed Protection District
MCMs	Minimum Control Measures
MS4s	Municipal Separate Storm Sewer Systems
MSR	Municipal Service Review
NFIP	National Flood Insurance Program
NCFC&WCD	Napa County Flood Control and Water Conservation District
NPDES	National Pollutant Discharge Elimination System
RWMG	Regional Water Management Group
SB	Senate Bill
SCWA	Solano County Water Agency
SOI	Sphere of Influence
TMDLs	Total Maximum Daily Loads
USDA	United States Department of Agriculture
USDOI	United States Department of the Interior
WRA	Water Resource Association (Yolo County)

REFERENCES

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Sphere of Influence Map

