



CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Discussion and Consideration of Resolution 2026-27,
Supporting the Lake County Sanitation District's
Proposed Interim Governance Reorganization

MEETING DATE:

July 16, 2026

SUBMITTED BY: Alan D. Flora, City Manager

PURPOSE OF REPORT: ☐ Information only ☒ Discussion ☒ Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is to discuss the reorganization of the Lake County Sanitation District Board of Directors.

BACKGROUND/DISCUSSION:

The Lake County Sanitation District was formed by the Board of Supervisors in 1963. At the time it included all of the County with the exception of the City of Lakeport and Clearlake Oaks. The District was established for the purpose of constructing wastewater improvements in various areas of the County. Multiple assessment districts were formed, within the District to finance sewer collection. A total of 10 assessment districts are completely or partially within the City of Clearlake. The Lake County Sanitation District (LACOSAN) is a separate legal entity from the County of Lake, but has always been governed by the Lake County Board of Supervisors as its Board of Directors. The Sanitation District has no staff and is operated and managed by staff from Lake County Special Districts, with direction from the Board. Lake County Special Districts also manages other utility districts within the County and is split into three Utility Areas: 1 (Clearlake, Spring Valley, Middletown), 2 (Kelseyville, Cobb, South Lakeport), 3 (North Lakeport, Upper Lake, Nice, Lucerne, Glenhaven).

According to the information available on Special Districts website, the sewer system has 11,053 connections (excluding 932 connections in Kelseyville's system which is not a part of LACOSAN). This includes 492 connections in Middletown, 196 connections in South Lakeport, 4,088 connections in the Northeast system (North Lakeport, Upper Lake, Nice, Lucerne, Glenhaven), and 6,277 connections in the Southeast system (Clearlake and Lower Lake). It should be noted that these numbers appear to be several years old and do not reflect a significant number of new connections in Clearlake over the past several years. The population served by LACOSAN that resides within the City is approximately 60%.

When the City was incorporated in 1980, the conditions of the District changed and a shift of governance should have occurred. There was no change at the time and some years later the City realized they should have been afforded a role in the governance of the District per Health and Safety Code (HSC) 4730. In 1983 the City Council took action to formally designate the Board of Supervisors as the governing Board of LACOSAN, essentially foregoing its right at that time to be involved in the governance.

After a significant period of time trying to address concerns over system operation and maintenance at a staff level, in April of 2024 the City Council took action to request the Board of Supervisors meet with the City to determine a governance structure was consistent with HSC 4730 and the population of those served by the District.

Requests to meet from the City were unsuccessful until February of 2025 the Board narrowly voted (3-2) to meet with the City and appointed Supervisor Sabatier and Supervisor Owen for that role. Still no meeting was scheduled and attempts by the City to schedule a meeting were again unsuccessful. In November of 2025, the City Council took action to rescind the delegation of authority from 1983. This action did result in a staff level discussion in January and ultimately nearly weekly meetings between with City/County representatives since then to discuss issues.

The Board of Supervisors, sitting as the LACOSAN Board, have noticed an agenda item on July 14th to consider a notice of intent to establish an interim composition of the governing board that would include City representation. If approved, this would start a 30-day period where objections to the new governance structure could be submitted to the LACOSAN Board, after which the Board could take final action. Presumably this action would be on August 18th. The new Board would be effective immediately upon that action.

While I will not try to summarize all of the discussion or scenarios that were part of the City/County meetings, the proposed end result is summarized here. The organization of a Sanitation District is outlined in Health and Safety Code Section 4730-4732. The District boundary itself is even unclear, but is presumed to potentially include two additional sewer service providers that are not connected to LACOSAN. They are the Kelseyville Water Works District #3 and Hidden Valley Lake Community Services District. Based on the assumption the District boundary includes both districts, they would qualify for a representative on the LACOSAN Board. Kelseyville is also governed by the Board of Supervisors as its Board of Directors, and propose to appoint a second Board member as a representative, even though they are separate entities. The Hidden Valley Lake CSD expressed no interest in representation on LACOSAN as they are also distinct entities, but recommended a “non-county” representative hold their seat. This seat is proposed to be appointed by the Clearlake City Council. The Chair of the Board of Supervisors and the Mayor of Clearlake would hold an additional two seats. The final seat would be a public seat, appointed by the four members of the new board, pending a future election. The current timing does not allow the seat to be placed on the November 2026 election.

This governance structure is intended to be an interim framework, pending the application for re-organization through the Lake Local Agency Formation Commission (LAFCO), an application the City is currently working on.

The Board of Supervisors/Board of Directors will be considering the Resolution of Intent on Tuesday July 14th. The recommended approval of the resolution has been conditioned based on the City rescinding its Resolution 2025-24, which rescinded the delegation of authority to the Board of Supervisors to represent the City on LACOSAN’s Board. While this contingency is somewhat perplexing, staff recommends taking this action in order to facilitate the long-awaited transition of governance to something that is more representative of LACOSAN’s customers served.

The City’s determination for a representative role in the governance of the system is rooted in longstanding concerns over operations and maintenance of the system and under the current administration frequent hurdles, and unnecessary conflict, for development projects that require sewer service and infrastructure projects that require the adjustment of utilities.

OPTIONS:

1. Adopt Resolution 2026-27
2. Other Direction to Staff.

FISCAL IMPACT:

☒ None ☐ \$ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

STRATEGIC PLAN IMPACT:

☒ Goal #1: Economic Development

☒ Goal #2: Public Facilities and Infrastructure

☒ Goal #3: Celebrate Clearlake

☒ Goal #4: Clean

☒ Goal #5: Fiscal Sustainability

☒ Goal #6: Safe

SUGGESTED MOTIONS:

Adopt Resolution 2026-27.

☒ **Attachments:** Resolutions 2026-27