

CITY MANAGER'S BUDGET MESSAGE

As we navigate the ever-changing dynamics and unstable economic outlook of the current economy, it is crucial to acknowledge the critical power that uncertainty has played in the development of this budget for the upcoming fiscal year 2023-24. For the first time in several years, sales tax revenue projects are not expected to rise. If anything, they are expected to contract 1-2% in the short term with limited growth projected over the five-year time horizon as the fallout from high inflation, rising prices, and unpredictable supply chain dynamics contribute to a sluggish economy almost uniformly across all sectors of the market. It remains unclear as to whether this is a temporary situation or a longer-term economic shift. From a budgeting perspective, the City of Lakeport is utilizing a more conservative budget outlook approach and avoiding the addition of new programs that would result in ongoing spending requirements for future budget years.

The focus of the FY 2023-24 budget is providing sustainable resources to ensure the consistent delivery of high-quality services to our residents and businesses. Commitment is given to spending on new technologies that expand the City's digital service capacity both providing greater opportunity for residents to engage with its local government online and at the same time maximizing information technology to create greater efficiencies in the delivery of services. Unfortunately, the projected revenue reductions resulting from a slowdown in the local economy do not leave much room for the outlay of new capital improvement projects. This is not to say that the proposed budget does not include any spending on capital improvements, rather, the focus is on the completion of existing projects and continue to strategically position the City to aggressively pursue grant funding to complete larger capital improvement projects in the future. Some of the largest capital improvement projects to be completed this fiscal year includes:

- **Completion of Lakefront Park.** Great progress has been made this past budget year in the beginning of construction of the \$6.7 million park project situated on seven (7) acres of waterfront near the heart of downtown. Park amenities include a splash pad, skate park, basketball court, outdoor amphitheater, passive recreation areas and large green space for community gatherings and events. The project, despite winter weather delays, is on track to be completed in the Fall of 2023.
- **South Main Street Pavement Rehabilitation Project.** The City plan to utilize its \$1.2 million in American Rescue Plan Local Fiscal Recovery Funds for the paving of South Main Street from Lakeport Boulevard to First Street, including completion of sidewalk gaps and enhanced pedestrian crossings. Engineering and design for the project is nearly complete. This project will be broken into two phases. The first phase is the completion of pedestrian improvements scheduled to be constructed in the Fall of 2023 followed by the paving portion of the project to be completed by the end of the 2023-24 fiscal year.
- **Water & Wastewater Main Line Replacement Projects.** The current fiscal year budget includes over \$5.9 million in various water and wastewater capital infrastructure improvements. These projects include the replacement of over two (2) miles of water mainline pipe and over one (1) mile in sewer mainline pipe. These projects are currently in the design and engineering stage with construction on several projects slated to begin this upcoming Fall. Given the size and scope of these projects, construction is expected to take place over the course of the next two fiscal years.

The above listed projects hold immense promise in terms of economic growth, improved infrastructure, and enhanced services for our residents that are critical to the City's long-term economic success.

This combined with the slated retail re-use of the former KMART retail site represent bright spots for the City's economic future. The timely completion of these critical capital improvement projects remains a high priority for City staff.

Furthermore, City staff recognizes that seeking external funding is crucial for the realization of future projects. Staff will maintain an aggressive stance in identifying and pursuing grants, exploring every opportunity that arises. By actively engaging with grant providers, forging greater relationships with other community and regional partners, and advocating for our jurisdiction's we will continue to secure funding for various large capital improvement projects. Though the path ahead may be uncertain, this presented budget document provides flexibility to continue to weather economic uncertainties and continue a clear path to propel the community forward.

2022-23 FISCAL YEAR IN REVIEW

In the 2022-23 fiscal year, our small City continued upon the successes of the past several years in strategically utilizing our limited resources to the maximum effect in the completing of capital improvement projects and setting the groundwork for future endeavors through comprehensive planning efforts. Attentiveness to trends in risk management and municipal finance along with an aggressive approach to pursuing grant opportunities to better leverage the City's available resources has been an ongoing strategy of the City Council and Staff for the past several years. Specifically, work over the past few years in the development of greater partnerships between Lakeport, the County of Lake, City of Clearlake, and various other community organizations has led to some exciting opportunities that are clearly seen in many of the City's successes this past fiscal year. Some of the most notable achievements are presented here:

- Lakefront Park Construction contract approved. Construction is underway and project on schedule to be completed this summer, weather delays pending. The City Council further authorized funding for the demolition of the old Natural High Building adjacent to the park project. Demolition on schedule to be completed prior to park opening.
- The South Lakeport Annexation application was approved by Lake LAFCo (Local Agency Formation Commission). Landowner protest triggered voter approval of the annexation application by registered voters in the affected area. Measure P was placed on the November 8, 2022, ballot and subsequently failed by a vote of 2 in favor and 12 opposed. Per LAFCo rules and regulations the City cannot file a subsequent application on this matter for at least one year.
- Fiscal year 2022-23 Pavement Management Projects: 1) South Main pavement rehabilitation: project divided into two components, sidewalk gap construction and pavement rehab. Bid for sidewalk construction on track for distribution this February and full pavement rehabilitation bid to be conducted later this spring. 2) Forbes Street micro surfacing project: project completed, included areas of 3rd, 4th & 5th Streets between Main and Park Streets as well as the Police Department, Community Center & Westside Park parking lots. North High Street to be completed in future years to ensure better economies in scale in project funding. 3) Palm, Orchid & Fourteenth neighborhood chip seal project: complete.
- Contract with Retail Coach extended. Entitlements issued for re-use of old KMART property. Tenant improvement upgrades are slated for this Spring. Actively recruiting potential retailers for remaining vacancies in the center. Grading of 10-acre Lakeport HUB development scheduled for this spring and vacancies actively being filled High Street Village. Working on mitigation strategy for the Vista Point Shopping Center.

- City Council authorized the use of the City's Permanent Local Housing Allocation (PLHA) monies for the development of navigation center to include temporary housing options and access to services to connect individual experiencing homelessness with available services.
- The city is working with County and City of Clearlake on forming a Recreational Joint Powers Authority and implementing a strategy for developing an aquatic center and recreational center in Lakeport.
- City staff actively attending County initiated Community Visioning Forum analyzing work plan for addressing systemic issues in Lake County.

In addition to the listed accomplishments above, many more accomplishments are listed by department below:

Public Safety

- Increased collaboration with other City Departments for efficiency and effect.
- Adoption of recruitment and retention policy.
- Fleet replacement and enhancement utilizing USDA (United States Department of Agriculture) Grant funding.
- Maintenance of Canine Handler/Officer program amid retention difficulties.
- Maintenance of Federal and State Legislative Compliance requirements such as: RIPA, CIBRS, SB2, AB481 Military Equipment Use, etc.
- Equipment and Technical Upgrades such as: radios, sidearms, ALPR (Automated License Plate Reader) System, Evidence Inventory Tracking System
- Enhancement of Community Interaction and Outreach such as: National Night-Out, Special Olympics Torch Run, National Prescription Drug Take Back, etc.
- Directed and collaborated with other City Departments on Abatement and Rehabilitation of 6 Homeless Encampments.
- Completed US DOJ (Department of Justice) COPS (Community Oriented Policing Services) Officer Grant Program.
- Received 2nd consecutive Excellence in Policy Management Award.
- Successfully tested, promoted, and trained 3 new Police Sergeants
- Fully Implemented the Community Crisis Responder Program including enhancement that positively affect efficiency and tracking.

Public Works

- Completed Palm, Orchid & 14th neighborhood chip seal project.
- Completed Hartley Safe Routes to School ATP (Active Transportation Program) project, providing sidewalk along Hartley Street from Twentieth Street to the school sports fields near the intersection with Anastasia Drive.
- Completed Forbes micro surfacing project from Martin Street to Clear Lake Avenue.
- Completed the contracting process for the development of an on-call engineering protocol system to assist the City in the procuring of greater technical services not available through in-house staffing. This will allow City staff to streamline design processing for capital improvement related projects and be better positioned to be more competitive in grant applications that often require greater technical capacity.
- Awarded grant for the completion of a citywide sidewalk inventory and development of project ready plans for priority projects.

- Completed boating and waterways grant replacing the First and Third Street restrooms at Library Park.
- Completed Forbes Creek drainage study which includes detailed cost estimates and action plan for priority drainage projects within this critical flood prone corridor of the City.

Economic Development

- LEDAC (Lakeport Economic Development Advisory Committee) is actively working on updates to the strategic plan. Currently 50% complete. To be presented to the City Council for adoption before the calendar year ends.
- Criteria for listing of the Dutch Harbor property as surplus compliant with California Department of Housing and Community Development (HCD) requirements complete. Staff currently drafting RFP (REQUEST FOR PROPOSALS) to be solicited from potential hoteliers.
- Bid specifications completed for Carnegie Library ceiling repair and lighting replacement project. Looking to circulate bid package in spring. Anticipated construction to begin this summer/fall. Continuing to work with the Clear Lake Environmental Resource Center (CLERC) on the development of a public education center for the upstairs portion of the building.
- Contract with Retail Coach extended. Entitlements issued for re-use of old KMART property. Tenant improvement upgrades are slated for this Spring. Actively recruiting potential retailers for remaining vacancies in the center. Grading of 10-acre Lakeport HUB development scheduled for this spring and vacancies actively being filled High Street Village. Working on mitigation strategy for the Vista Point Shopping Center.
- LEDAC subcommittee formed for the development an Arts and Cultural Master Plan. Community survey on its desires for art within the community recently circulated.
- City staff is working closely with the Judicial Council to develop a new courthouse building near the Vista Point Overlook on Lakeport Blvd by the end of 2025. The primary focus is on the development of intersection improvements at Lakeport.
- Development of Outdoor Dining Regulation, including private property and parklet standards.

Finance

- Facilitated utility expansion fee study to update these development fees.
- Complete AT&T fiberoptic project to improve internet access and connectivity between City facilities.
- Participated in Lake County Recreation Task Force to complete two phases of a feasibility study and establish a county-wide Joint Powers Authority.
- Participated on Cal Cities Revenue and Taxation Committee.
- Prepared ACFR with no audit findings.
- Received GFOA Certificate of Achievement of Excellence in Financial Reporting for the City 2020-21 ACFR. Received GFOA Certificate of Achievement of Excellence in Financial Reporting for the City 2020-21 ACFR.

Community Development

- CDBG grant application submitted to secure funding for the re-establishment of a housing program including owner occupied rehabilitation and first-time homebuyer assistance. Grant awards anticipated in spring of 2023.
- Building Division pursuing a more pro-active code enforcement strategy through the International Property Maintenance Code. Staff exploring amendments to the City's nuisance abatement ordinance to streamline severe violations.

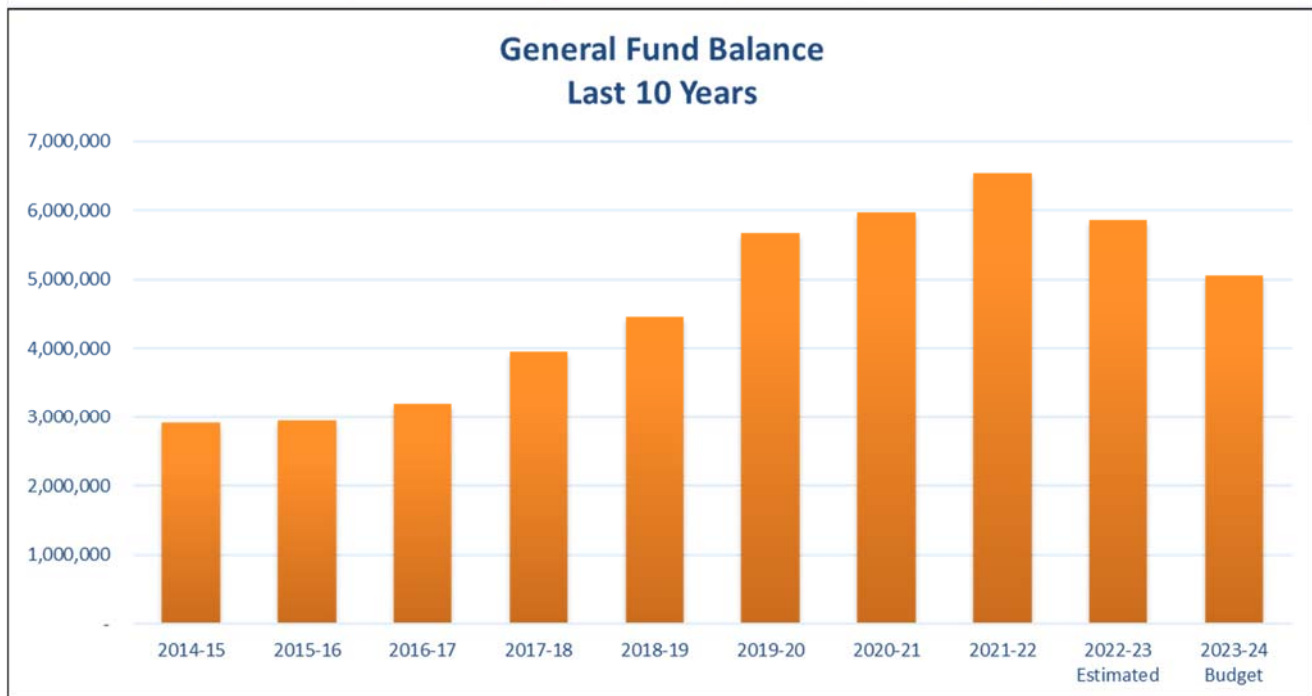
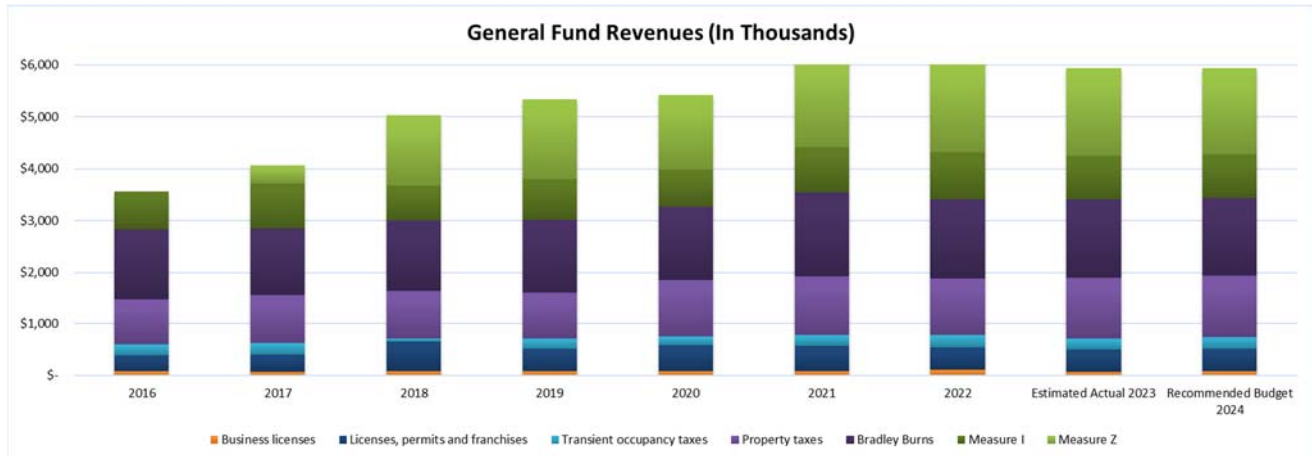
- Grant secured for the conducting of a citywide sidewalk inventory which was found to be a precursor to possible amendments to the City's Right-of-Way ordinance by the City's Ad-Hoc committee. Through CIRA's assistance, staff are exploring a free software program to further develop the City's sidewalk inspection program.
- Hired new Administrative Specialist and actively working to hire Community Development Director.
- Entitlement of the former KMART building allows the division into three tenant spaces including Tractor Supply Company, Marshalls, and a future tenant.
- Adoption of an ordinance amending various sections of the Lakeport Municipal Code to incorporate Outdoor Design Guidelines.
- Adoption of the 2022 California Codes & 2021 International Property Maintenance Code.
- Developed and released Request for Proposal – Call for Artists for inclusion of art in the new Lakefront Park. The staff is selecting a proposal.
- Executed lease agreement with the Clear Lake Environmental Research Center (CLERC) for the operation of offices, laboratory, and public environmental resource center within the Carnegie Library Building.
- Entitlement of the Parkside Residential project consisting of 176 affordable dwelling units.

Administrative Services and Human Resources

- Employee Recruitment—Implemented a recruitment calendar tool to reduce the timeline for non-police recruitments. Participated in a police recruitment taskforce group, resulting in adoption of a Police Recruitment Plan to provide more tools. Implemented the policy including updates to all recruitment documents and website. Began work with a marketing firm to assist with employer branding and recruitment strategies.
- Employee Retention—Conducted successful negotiations with the Lakeport Police Officers Association. Prepared, adopted, and implemented a telework policy. Implemented more employee appreciation gatherings.
- Process Automation—Built a Public Records Request form and an online Employment Application via the website. Created a form and workflow for the management of professional service agreements and updated the e-signature policy and implemented Adobe sign.
- Risk Management Audit—Personnel rules update completed, and labor groups consulted. Request for Proposals completed for an ADA Self-Evaluation and Transition Plan. Implemented measures to improve meeting accessibility.
- Elections & Appointments—Processed 2022 city elections, including a ballot measure. Recruited for two City Council vacancies and for various termed commission/committee seats.

BUDGET YEAR 2023-24 FINANCIAL HIGHLIGHTS

I am pleased to present, once again, to the City Council and residents of the City of Lakeport, a structurally balanced budget. Revenues this year are projected on a slight decline. A decline driven by sales tax revenues returning to pre-pandemic levels after consecutive historic highs. After projecting sales tax revenues for 2022-23 to continue to rise we saw a significant correction. The projections used underestimated the impact of stimulus packages in prior years and inflation would have on our local economy. We are hopeful that only a minor correction remains in 2023-24 and that the steady economic growth in the pre-pandemic era will return, however we remain cautious about volatility of current economic conditions.



While revenue growth has stalled, the above table also demonstrates another important feature in the City’s revenue structure — its dependence on tax revenues as compared to other revenue sources. Nearly eighty five percent (85%) of the City’s general fund revenue comes from property and sales taxes. Sales tax alone makes up sixty-two percent (62%). The City is always vulnerable to shocks associated with economic downturns. The strongest defense against such shocks is the maintenance

of a healthy reserve. This year's budget continues to maintain healthy General Fund reserves of approximately sixty-eight percent (68%) of total budgeted expenditures. The City Council has acted in strengthening its reserve with the adoption of a more formal reserve policy. This policy established specific reserve categories with minimum recommended funding amounts for: operations, economic uncertainty, disaster contingency, unfunded pension liabilities, vehicle and equipment replacement and road improvements reserve funds.

The implementation of Measure Z, a one cent sales tax measure, in 2017 has been critical to the City's ability to fund capital improvement projects. Enhancements to law enforcement services, roadways and parks were central tenants to Lakeport residents support of Measure Z. While this year's budget does not include project related spending of Measure Z the funding continues to maintain law enforcement services, roadways and parks.

Recently adopted utility rate increases have been instrumental in stabilizing the City's water enterprise fund and created the ability to fund necessary water system enhancement projects, specifically the replacement of aging water main citywide. The City Council has recently approved the issuance of \$5.9 million in bonds to address the City's 10-year capital improvement needs. Projects to be completed include the replacement of nearly two (2) miles of water lines, groundwater well enhancements and water treatment upgrades. These projects are scheduled to be designed and bid in this 2023-24. This proactive approach allows the City to remain in the important position of continuing to choose enhancement projects rather than letting water system failures choose themselves for us at a much higher price tag.

The sewer enterprise fund continues to stay in a good financial position. Recently adopted rate increases were minimal, representing only an increase to keep up with the consumer price index. Identified 5-year capital improvement projects will be cash funded from available reserves and revenues. Projects include the upsizing of sewer line between the Lakeshore and Rose lift stations, sewer main replacement along Lakeport Boulevard and Martin Street along with slip lining of laterals citywide to better control Infiltration and Inflow (I&I) which will reduce the costly treatment of stormwater at the wastewater treatment plant.

FISCAL YEAR 2023-24 PROJECTS & GOALS

As noted in the introduction, revenue projections for this upcoming budget year are flat. This does not provide a wonderful opportunity for the inclusion of many new projects in the current budget. This year's focus is on completing previously budgeted capital improvement projects and continuing to aggressively pursue available grant funding opportunities to address unfunded needs. As always, the list of needed capital infrastructure improvements far outstrips the available revenues in any given budget year. A thoughtful strategic plan is a critical component to making sure that limited resources are being used to their maximum efficiency in addressing capital improvement needs. The City Council has developed seven (7) key priority areas to further focus monetary and staff resources. These priority areas are outlined more comprehensively on page 15 of this document but are listed in summary below:

- Public Safety and Crisis Response
- Disaster Resiliency
- Good Governance and Fiscal Stability
- Capital Infrastructure Improvement
- Safe, Sustainable & Attractive Neighborhoods
- Economic Development

My job as City Manager is to implement programs, activities, and directives to further progress in these established City Council priority areas. Department heads have tailored their individual goals for this budget year with these priorities in mind and structured their budgets accordingly. Many of the proposed projects scheduled for this year build upon endeavors already begun, but in short, all of them aim to address at least one (1), if not several of the City Council priority areas outlined above. A short analysis follows showing how these listed projects combined with the daily work product to the City's departments furthers each of the stated priority areas.

Public Safety & Crisis Response. Maintaining adequate law enforcement staffing remains the dominant priority for this upcoming budget year. The City Council in recognizing the current challenges that are acute to the hiring and retaining of law enforcement personnel, adopted a specialized plan that allows for greater flexibility in position hiring and takes into account the possible need to allow for overstaffing to combat the long lead time between when an officer is hired and when they are qualified to work on the streets alone. This specialized plan combined with recent salary increases has already led to an increase in recruitment numbers and aided in overall officer morale. Efforts to build upon this success in the current year's budget include the development and implementation of a citywide recruitment and retention marketing plan to better promote the benefits of living and working in the Lakeport community.

The impact of the mental health and homeless crisis in our State continues to be the largest source of service calls for local law enforcement. The ongoing partnership between the Lakeport Police and the Lake Family Resource Center identified funding sources for the City's crisis responder program through 2025. Focus will remain on strengthening the Police Department's crisis responder partnership with Lake Family Resource Center through stronger connections with other existing programs and service providers in Lake County and the region to better assist those experiencing mental health crises and homelessness get off the streets permanently. However, it has become clear that access to higher levels of specialized services in Lake County remains an incredible impediment. Having a location where housing and basic services are provided is critical to law enforcement efforts to comply with recent court cases and state laws to prosecute criminal behaviors associated with homelessness. Without a location for such services, law enforcement cannot relocate individuals from other public spaces and away from business storefronts. This budget year City staff will complete a needs assessment for the development of a low barrier navigation center to better provide a one-stop help center for those experiencing homelessness, mental health crises and struggling with substance abuse issues. The City will also continue to partner with Lake County Behavioral Health Services, the Lake County Continuum of Care and other partner agencies in the identification of additional funding for both the construction and operation of a future navigation center.

Lastly, City Council and staff plan to make a greater concerted effort to better inform the State Legislature and the local voter of the consequences of recent voter initiatives, state legislation and court decisions of the past decade or more that have eroded many of the abilities of local law enforcement to address citizen complaints related smaller nuisance related crimes including misdemeanor theft. Staff will take a more active role in flagging potentially harmful legislation being considered by the State Legislature and provide greater community education on the effects of recent law changes and the ability of law enforcement to act on certain nuisance related issues.

Disaster Resiliency. Whether it be wildfire, flooding, global pandemics, or even man-made PG&E (Pacific Gas & Electric) Public Safety Power Shutoffs, we know the importance of being prepared for the next disaster. Key to this effort is making sure that a continuity of governance remains in place to ensure the continuance of vital public services including law enforcement and water and sewer services. Maintaining appropriate staff levels and ensuring continued opportunities for professional growth within the organization are critical to these efforts. Additionally, the updating of outdated water,

wastewater and storm drainage master plans are critical to keeping critical systems functioning during various disasters. This year's budget includes commitments to these basic elements in addition to the bigger ticket water and sewer main line replacement projects. Additional projects are also included within the Utilities enterprise fund budgets that will have significant effect in hardening these systems for better performance during disasters and insulating them from cyber-attacks.

Although the various atmospheric river events of this past winter may have ended the severe drought conditions of the past few years, we know that the next drought could be just around the corner. The City of Lakeport remains committed to the completion of the updates to the City's Drought Operations Plan identifying specific thresholds for the implementation of more specialized water conservation measures considering the distinct differences between the City's two unique water sources—Clear Lake and the Scotts Valley Groundwater Basin.

Good Governance & Fiscal Stability. Careful monitoring of best practices in risk management and strategic fiscal stewardship are a core principle in City of Lakeport activities. This does not equate to a no spending policy but rather a pro-active recognition of trends in the market and implementation of policies and practices aimed at controlling costs in the long term. This becomes of even more critical importance during periods of economic uncertainty and reduced revenues. Significant monetary resources are dedicated this year to the upgrading of several software systems. Technology needs continue to change rapidly, and demand for greater digital services at both the citizen and industry level continues to increase. For decades, individual departments have pursued individual strategies to address their technology needs. This has been an effective and cost-effective strategy in the past. However, as technology systems evolved, the demand for communication between the different software increased, and the City's existing systems were unable to keep up. This year the City is embarking on a more unified and comprehensive technology systems approach that will unify systems across the different departments and allow for greater efficiencies as well as allow for greater opportunity for the public to engage and report problems through the development of an online portal through the City's website. Other notable features will include a greater ability to submit permits, licenses and make payments through the City's website.

The City has also made development of strategic plans in various areas of municipal service areas a high priority. The completion of these studies has contributed greatly to successes in obtaining significant grant funding for projects such as the Lakefront Park, affordable housing developments and roadway infrastructure improvements. This year the City will continue to engage in this strategic planning process with the completion of a sidewalk inventory study, development of a housing services plan, updating its water and sewer master plans, engage in a comprehensive citywide fees analysis and begin efforts in updating the City's General Plan. The completion of these studies will lay the groundwork for future grant applications to assist in funding larger capital improvement projects that otherwise could not be completed with the City's limited resources alone.

City staff will also continue to participate and partner in the regional efforts to better identify strategies to address fiscal, health and diversity inequalities confronting our community. This includes participation in the newly formed Lake County Recreation Authority, exploring countywide efforts to develop greater recreational opportunities countywide including the development of an aquatic center in the Lakeport area. Other important regional efforts include addressing the mental health and homelessness crisis in our community and continuing to work as a region on overall disaster preparedness and area wide hazard mitigation related projects to name just a few.

Capital Infrastructure Improvement. A strong commitment to the completion of capital improvement projects remains a top priority this budget year. Several large capital improvement projects were started last fiscal year and are slated to be completed this upcoming budget year. Great progress has been made this past budget year in the beginning of construction of the \$6.7 million park project situated on seven (7) acres of waterfront near the heart of downtown. Park amenities include a splash pad, skate park, basketball court, outdoor amphitheater, passive recreation areas and large green space for community gatherings and events. The project, despite winter weather delays, is on track to be completed in the Fall of this year. I am personally most excited about the inclusion of a waterfront promenade walking path that once completed will provide over a 1/3 of a mile of contiguous pathway stretching to the southern end of Library Park.

This year's budget also includes several roadway enhancements furthering the City's commitment to its annual three-pronged approach to improve the entire community's roadway network incrementally and strategically. The tenants of this strategy include:

1. Rehabilitate a segment of arterial/collector roadway
2. Keep 'good roads' good through preventive maintenance for a section of arterial/collector roadway to avoid more costly rehabilitation efforts in the future
3. Addressing neighborhood roadways strategically based on traffic volumes and scheduling of utility improvement projects.

The City plan to utilize its \$1.2 million in of American Rescue Plan Local Fiscal Recovery Funds for the paving of South Main Street from Lakeport Boulevard to First Street including completion of sidewalk gaps and enhanced pedestrian crossings. Engineering and design work is slated to be completed this budget year for the next installment of micro surfacing projects aimed as more cost-effectively extending the life of several citywide collector roads at nearly one tenth of the price of full road reconstruction. Roadway segments include High Street (Clear Lake Avenue to Lakeshore Boulevard), Charlie Jolin Way, and Parallel Drive (City limits to Lakeport Boulevard). Several local roadway improvement projects are also scheduled including the repaving of Green, Sayre, and Loch in the Terraces as well as pavement rehabilitation and chip seal for North Main Street (Clear Lake Avenue to terminus) and Sixteenth Street (North Main to North High).

The current fiscal year budget includes over \$5.9 million in various water and wastewater capital infrastructure improvements. These projects include the replacement of over two (2) miles of water mainline pipe and over one (1) mile in sewer mainline pipe. These projects are currently in the design and engineering stage with construction on several projects slated to begin this upcoming Fall. Many of the water lines slated to be replaced are more than 70 years old.

Other important capital improvement projects include the completion of HVAC (Heating, Ventilation, and Air Conditioning) and electrical upgrades to the Silveira Community and ceiling and lighting repairs to the second story of the Carnegie Library building allowing each of these buildings to be utilized by the public. In the case of the Carnegie Library, a partnership with the Clear Lake Environmental Resource Center (CLERC), who currently lease the ground floor, are exploring the development of lake and wildfire awareness education center which would return the space to its original mission of serving as a location of community education.

Safe, Sustainable & Attractive Neighborhoods. Over the past several years, the City has been quite successful the granting land use entitlements and partnering with several affordable housing developers aiding in the securing of funding for the construction of affordable housing projects consistent with State housing objectives. This past year the City granted land use entitlements for three separate projects that have the potential to add over 150 new affordable housing units in the community. Funding for many of these housing units has been recently secured by the developers with building permits for a couple of the projects expected to be issued this year and construction is likely to begin in the Spring of 2024. The City was also successful in its grant application for technical assistance funding through the Community Development Block Grant (CDBG) program to re-establish a first-time homebuyer's program and owner-occupied rehabilitation program.

Other undertakings already mentioned in other City Council policy area synopsis sections have positive spillover effects here as well. The development of citizen's portal through the City's website will provide greater ability for residents to report various problems more easily in their neighborhoods to City staff for action. The continuation of the Police Department's crisis responder partnership with Lake Family Resource Center to further address the impacts that mental health and homelessness are having in our community. The completion of Lakefront Park, Community Center enhancement and re-opening of the Carnegie Library building for public access will all contribute to overall improvement to quality of life in the community. The recent efforts by the three jurisdictions of Lakeport, Clearlake, and the County of Lake in the establishment of the Lake County Recreation Agency has solidified the collaborative regional effort to improve recreational opportunities including the development of a funding strategy for the potential development of a community aquatic and recreation center in Lakeport.

Economic Development. The City's adopted economic development strategic plan is currently in the process of being revised, but its core objectives remain the same:

- Promote and participate in regional economic development initiatives.
- Expand and support business retention and attraction efforts.
- Strive to enhance the historic downtown and lakefront areas.

Several budgeted projects contribute to these stated objectives, but continued engagement with regional collaborators is equally important. City staff will continue to actively participate and assist in the funding of various regional economic development initiatives including the Lake County Economic Development Corporation (Lake EDC), Lake County Tourism Improvement District (LCTID), and Hands Up Lake County—1 Team 1 Dream business competition. Engagement will also continue with other similar efforts to collaborate on needed economic development activities that can only be achieved regionally such as the updating of the Lake County Comprehensive Economic Development Strategy, efforts to obtain monies through the State's broadband middle mile funding initiative and take advantage of the over \$5 million in available planning study monies through California's Community Economic Resilience Fund program.

Efforts to support business retention and attraction efforts remain focused on redevelopment of vacant commercial spaces. The transformation of the old KMART building at the south end of town is well underway with active construction taking place to divide the large commercial space into three separate spaces with Tractor Supply Company and Marshall's leasing two of the areas. The new ownership group at the High Street Shopping Center at the north end of town is also actively moving forward with the filing of vacant spaces at their site. City staff remains engaged with Retail Coach in the education of local entrepreneurs of the many business and retail opportunities provided by data collected on the local market. The City will continue to partner with Retail Coach to gather data to attract potential businesses and retailers to Lakeport.

Wonderful progress has been made the past several years in the downtown and lakefront area. Several additional projects are slated for this budget year that will continue to enhance this strategically important economic area. The completion of Lakefront Park will be an incredible economic driver strengthening this area. Following the completion of the Lakefront Park, City staff intends to push immediately forward with the solicitation of a Request for Proposal to attract a potential hotelier to the Dutch Harbor waterfront property adjacent to the park site. Last year, City staff completed the critical step of designating this city owned property as surplus through the State, clearing the path for future development. This past year the City Council adopted formal outdoor dining standards for the downtown area and businesses who utilized this opportunity temporarily during the COVID-19 pandemic are working with Community Development Department staff on permanent outdoor dining options that positively contribute to the overall aesthetic of the downtown area. Both the attraction of a waterfront hotel and development of enhanced outdoor dining opportunities in the downtown area are key components outlined in the community adopted Lakeport Lakefront Revitalization Plan.

CAPITAL PROJECTS & STUDIES

Several of the large scheduled projects for this upcoming year have been discussed in the previous section but many others are also budgeted this year. A comprehensive listing of background projects is listed here:

Capital Projects:

- Completion of Lakefront Park Construction
- South Main Street pavement rehabilitation project (First St. to Lakeport Blvd.)
- North Main Street local roadway enhancement project (Clearlake Ave to terminus and section of 16th Street between N. Main Street and High)
- Green, Sayre & Loch pavement rehabilitation project
- Purchase of one (1) marked and one (2) unmarked police vehicle
- Lakeport Blvd. main replacement project (Bevins St. to S. Main St.)
- Lakeport Blvd. sewer main replacement project (Larrecou Ave. to S. Main St.)
- Armstrong main replacement project (Berry St. to Smith St.)
- Lupoyoma Circle main replacement project
- Martin main replacement project (Bevins St. to S. Main St.)
- Harry main replacement project (Central Park Ave. to Fifth Street)
- Fairview main replacement project (Green St. to Hillcrest)
- Tenth & Tunis main replacement project
- Generator Installation at water treatment plant, surface water intake and Scotts Creek well
- Water filtration systems upgrade for surface water plant
- Green Ranch well productivity improvements
- Wastewater pump systems upgrade
- City-wide wastewater collection improvements including point repairs, lateral replacements and manhole improvements
- Lift station upgrades (Linda Lane, Larrecou Avenue and C Street lift stations)
- Utility access hole rehabilitation (citywide)
- Replace wastewater treatment plant HVAC
- Carnegie Library Building ceiling and lighting repair and upgrades
- Hartley Storm Drain Emergency Repair Project

- Forbes Creek Headwall Emergency Repair Project
- North Main Street culvert slip line
- Sixteenth Street storm drain improvements
- Water and wastewater chlorine system upgrades
- HR Software Upgrades
- Completion of Electronic Records Management System
- GIS (Geographic Information Systems) Public Portal
- Top dress and oversee of Westside Park Phase I
- SCADA Upgrade Improvements
- Replace Lake Intake perimeter fencing

In addition to capital improvement projects, the 2023/24 fiscal year budget includes investment in several project studies and other endeavors that are critical to the achievement of the City's goals and broader quality of life improvement objectives. Many represent the starting point for future capital projects. Some of these projects are noted here:

General Projects, Studies & Engineering:

- Lakeshore Blvd. pavement rehabilitation engineering project (Lange to Geiselman)
- Armstrong pavement surface treatment engineering project (Berry to Polk)
- Replacement of Scotts Creek well study
- Lakeshore sewer lift station capacity upgrade study
- Citywide recruitment and retention marketing plan
- Navigation Center Feasibility Study
- General Plan Update
- Sidewalk Inventory Study
- Citywide Fee Study
- Wastewater treatment plant expansion study
- ADA Transition Plan Update
- Ordinance Updates (establish a vacant building registry, sidewalk vending, business license modernization, streamline short-term rental process, modify nuisance abatement procedures, and cannabis regulation updates)
- Retail Attraction and Retention Study
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LOOKING AHEAD

The budget presented in the following pages represents a fiscal spending plan for services and capital improvement projects as directed by the policies and objectives of the City Council. City department heads have tailored their budget plans to address these objectives with a focus on public safety and the completion of projects that enhance the City's existing roadway, water, and wastewater infrastructure. City staff will continue to be good stewards of our resident's tax dollars and user charges and remain aggressive in pursuing grant monies along with other opportunities to enhance the quality of life in Lakeport. This budget was developed in this context, and resources are being maximized to provide the greatest benefit possible to the community.

Monetary resources, although important, are not the most critical component to ensuring the City remains successful through uncertain times. The City of Lakeport is first and foremost a service-based operation and its staff talent and resources are its greatest asset. I want to personally thank the entire staff of the City of Lakeport for their steadfast commitment and solution-oriented mindset during these unpredictable and challenging past few years.

In closing, I would like to extend my heartfelt gratitude to the residents of Lakeport, our wonderful business community, and many supportive community partners. Thank you for your incredible patience and resilience. Your dedication and collaborative spirit have been instrumental in overcoming obstacles and driving progress for our City. Together, we have navigated through tough times, finding creative solutions, and embracing change. Your unwavering support and commitment to our shared goals have laid a solid foundation for a brighter future. As we move forward, let us continue to build upon our achievements and continue to create a thriving community for all. Lastly, I want to directly thank the City Council for your trust in your professional staff, vision, and unwavering optimism in our collective potential as a City.

Respectfully,

A handwritten signature in blue ink, appearing to read "K. M. Ingram".

Kevin M. Ingram
City Manager