

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
Telephone: (707) 463-4470 | E-mail: eo@mendolaafco.org | Web: www.mendolaafco.org

COMMISSIONERS

Tony Orth, Chair

Special District Member

Scott Ignacio, Vice-Chair

City Member

Gerald Ward, Treasurer

Public Member

Matthew Froneberger

Special District Member

Glenn McGourty

County Member

Maureen Mulheren

County Member

Mari Rodin

City Member

Jenifer Bazzani, Alternate

Special District Member

Gerardo Gonzales, Alternate

City Alternate Member

John Haschak, Alternate

County Alternate Member

Richard Weinkle, Alternate

Public Alternate Member

STAFF

Executive Officer

Uma Hinman

Analyst

Larkyn Feiler

Commission Clerk

Kristen Meadows

Counsel

Scott Browne

REGULAR MEETINGS

First Monday of each month
at 9:00 AM in the
Mendocino County
Board of Supervisors
Chambers
501 Low Gap Road, Ukiah

A G E N D A

Regular Meeting of **Monday, May 2, 2022 at 9:00 AM**

Special Notice

On September 16, 2021, Governor Newsom signed AB 361, which modified the Brown Act to allow for teleconferencing participation at local legislative body public meetings during a proclaimed state of emergency. As urgency legislation, this law took effect immediately. Pursuant to Government Code §54953(e)(1)(B), the Commission will conduct its March 7, 2022 meeting by Zoom. Therefore, Commissioners, staff and members of the public will attend this meeting via teleconference, as provided below.

Instructions for Meeting Participation

Join Meeting Live: Please click the following Zoom link below to join the meeting or utilize the telephone option for audio only.

1. Zoom meeting link: <https://mendocinocounty.zoom.us/j/87181526152>

2. Telephone option (audio only):

Dial: **(669) 900-9128** (Please note that this is not a toll-free number)

Meeting ID: **871 8152 6152**

Public Participation is encouraged and public comments are accepted:

1. Live: via the Zoom meeting link or telephone option above

2. Via Email: eo@mendolaafco.org by 8:30 a.m. the day of the meeting

3. Via Mail: Mendocino LAFCo, 200 S School Street, Ukiah, CA 95482

Meeting Participation

To provide comments, please use the raise hand function in Zoom.

a) For those accessing from a computer, tablet, or smartphone, the raise hand function may be selected by clicking or tapping it from the reactions options. When joining the Zoom meeting, please enter your name so that you can be identified to speak.

b) For those utilizing the telephone option (audio only), please use the raise hand feature by pressing ***9** on your keypad to raise your hand, and ***6** to unmute yourself. When it is your turn to speak, you will be called on by the last four digits of your phone number, if available, and asked to identify yourself for the record.

All comments received will be conveyed to the Commission for consideration during the meeting. All meetings are live-streamed, recorded and available through the link below.

The Commission appreciates the public's flexibility and patience during this health crisis.

Live web streaming and recordings of Regular Commission meetings are available via the [Mendocino County YouTube Channel](#).

Links to recordings, approved minutes, and meeting documents are available on the LAFCo website: <https://www.mendolaafco.org/commission-meetings>

1. CALL TO ORDER and ROLL CALL

2. AB 361 REMOTE TELECONFERENCING ACTION

Pursuant to AB 361, the Commission will consider the status of the ongoing emergency and facts related to health and safety of meeting attendees due to COVID-19 and consider Resolution No. 2021-22-14 making further findings related to holding this Commission meeting by teleconference pursuant to the provisions of Government Code Section 54953(e).

3. PUBLIC EXPRESSION

The Commission welcomes participation in the LAFCo meeting. Any person may address the Commission on any subject within the jurisdiction of LAFCo which is not on the agenda. There is a three-minute limit and no action will be taken at this meeting. See public participation information above.

4. CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial, and will be acted on by the Commission in a single action without discussion, unless a request is made by a Commissioner or a member of the public for discussion or separate action.

4a) April 4, 2022 Regular Meeting Summary

4b) April 2022 Claims & Financial Report

4c) Fiscal Year 2020-21 Audit (accept and file)

5. PUBLIC HEARING ITEMS

5a) Proposed Budget and Work Plan for Fiscal Year 2022-23

The Commission will hold a public hearing to consider and take action on the Proposed Fiscal Year (FY) 2022-2023 Budget and Work Plan.

6. WORKSHOP ITEMS

None

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) SWRCB Presentation and Request for Support of Water Services Reorganization Efforts in Ukiah Valley

The Commission will hear an informational presentation from Michelle Frederick, State Water Resources Control Board, and provide direction to staff regarding a request for a letter of support for potential reorganization of water service providers in the Ukiah Valley.

7b) Report on Work Program Status and Commission Assignments

The Executive Officer will provide an informational update on staff workload and Commission-assigned tasks and status.

8. INFORMATION AND REPORT ITEMS

The following informational items are reports on current LAFCo activities, communications, studies, legislation, and special projects. General direction to staff for future action may be provided by the Commission. No immediate action will be taken on any of the following items.

8a) Informational Presentation on the City of Ukiah 2040 General Plan Update

Craig Schlatter, City of Ukiah Community Development Director

8b) Work Plan, Current and Future Proposals (Written)

8c) Correspondence (Copies provided upon request)

8d) CALAFCO Business and Legislative Report

8e) Executive Officer's Report (Verbal)

8f) Committee Reports (Executive Committee, Policies & Procedures, Work Plan Ad Hoc) (Verbal)

8g) Commissioner Reports, Comments or Questions (Verbal)

ADJOURNMENT

The next Regular Commission Meeting is tentatively scheduled for Monday, **June 6, 2022** at 9:00 AM.
Meeting may be held remotely only due to current State and local mandates related to the COVID-19 pandemic.

Notice: This agenda has been posted at least 72 hours prior to the meeting and in accordance with the temporary Brown Act Guidelines instated by State Executive Order N-29-20 and AB 361.

Participation on LAFCo Matters: All persons are invited to testify and submit written comments to the Commission on public hearing items. Any challenge to a LAFCo action in Court may be limited to issues raised at a public hearing or submitted as written comments prior to the close of the public hearing.

Americans with Disabilities Act (ADA) Compliance: Because the meeting is being held by teleconference, if you are hearing impaired or otherwise would have difficulty participating, please contact the LAFCo office as soon as possible so that special arrangements can be made for participation, if reasonably feasible.

Fair Political Practice Commission (FPPC) Notice: State Law requires that a participant in LAFCo proceedings who has a financial interest in a Commission decision and who has made a campaign contribution to any Commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission before the hearing.

**Resolution No. 2021-22-14
of the Mendocino Local Agency Formation Commission**

Making Continued Findings Pursuant to Assembly Bill 361 to Conduct Remote Public Meetings for the Commission and its Standing Committees During a Proclaimed State of Emergency Due to the COVID-19 Pandemic

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all the meetings of the Commission are open and public, as required by the Ralph M. Brown Act (“Brown Act”) (California Government Code 54950 -54963), so that any member of the public may attend, participate, and watch the Commission conduct business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the boundaries of Mendocino County, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, if the legislative body meeting in person would present imminent risks to the health and safety of attendees, Commissioners and staff; and

WHEREAS, the Commission previously adopted a Resolution, Number 2021-22-06 on November 1, 2021, finding that the requisite conditions continue to exist for the legislative bodies of Mendocino Local Agency Formation Commission to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in Section 54953(e), the Commission must reconsider the circumstances of the state of emergency that exists in the County, and the Commission has done so; and

WHEREAS, such conditions now exist in the County of Mendocino, specifically, the State of Emergency proclaimed by Governor Newsom on March 4, 2020, due to the COVID 19 pandemic; and

WHEREAS, the California Department of Public Health and the Mendocino County Public Health Department continues to recommend requiring face coverings in all public indoor settings attributable to the rise in SARS-CoV-2 Delta Variant and the Commission cannot be certain that all persons in attendance at meetings will follow the guidelines or be fully vaccinated; and

WHEREAS, the Commission does hereby find that the rise in SARS-CoV-2 Delta Variant has caused, and will continue to cause, conditions of peril to the safety of persons within the County that are likely to be beyond the control of the Commission or its staff, and desires to proclaim a local emergency exists and ratify the proclamation of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Commission does hereby find that the legislative bodies of the Mendocino Local Agency Formation Commission shall continue to conduct their meetings without compliance with Government Code Section 54953(b)(3), as authorized by Section 54953(e), and that such legislative bodies shall comply with the requirements to provide the public with access to meetings as prescribed in Section 54953(e)(2); and

WHEREAS, the Commission provides written agenda that fully describes the process for the public to fully participate in the Commission's virtual meetings to include viewing, listening and commenting in real time on all agenda items; and

NOW, THEREFORE, the Mendocino Local Agency Formation Commission does hereby RESOLVE, DETERMINE, and ORDER as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Local Emergency. The Commission hereby proclaims that a local emergency now exists throughout the Commission's jurisdictional boundaries, and the rise in SARS-CoV-2 Delta Variant has caused, and will continue to cause, conditions of peril to the safety of all persons participating in the Commission's meetings that are likely to be beyond the control of the Commission or its staff, equipment, and facilities of the Commission.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Commission hereby ratifies the Governor of the State of California's Proclamation of State of Emergency for COVID 19, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The Executive Officer and the Mendocino Local Agency Formation Commission are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the next regular meeting of the Commission when the Commission shall consider renewing its findings by subsequent resolution, in accordance with AB 361 and in accordance with Government Code section 54953(e)(3).

PASSED and ADOPTED by the Local Agency Formation Commission of Mendocino County this 2nd day of May, 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CHARLES A. ORTH, Commission
Chair

ATTEST:

UMA HINMAN, Executive Officer

DRAFT

MENDOCINO

Local Agency Formation Commission

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COMMISSIONERS

Tony Orth, Chair

Brooktrails Township CSD

Scott Ignacio, Vice Chair

Point Arena City Council

Gerald Ward, Treasurer

Public Member

Matthew Froneberger

Special District Member

Glenn McGourty

County Board of Supervisors

Maureen Mulheren

County Board of Supervisors

Mari Rodin

City Member

Jenifer Bazzani, Alternate

Ukiah Valley Fire District

Gerardo Gonzalez, Alternate

Willits City Council

John Haschak, Alternate

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Counsel

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REGULAR MEETINGS

First Monday of each month

at 9:00 AM in the

Mendocino County

Board of Supervisors

Chambers

501 Low Gap Road, Ukiah

Agenda Item No. 4a

DRAFT MINUTES

Local Agency Formation Commission of Mendocino County Regular Meeting of Monday, April 4, 2022

Meeting held via Zoom due to COVID-19 Pandemic Emergency Conditions

1. CALL TO ORDER and ROLL CALL (Video Time 1:10)

Chair Orth called the meeting to order at 9:00 a.m.

Regular Commissioners Present: Tony Orth, Scott Ignacio, Gerald Ward, Glenn McGourty, Matthew Froneberger, Maureen Mulheren, and Mari Rodin

Regular Commissioners Absent: None

Alternate Commissioners Present: Richard Weinkle (9:10)

Alternate Commissioners Absent: John Haschak, Gerardo Gonzalez, and Jenifer Bazzani

Staff Present: Uma Hinman, Executive Officer; Larkyn Feiler, Analyst; Kristen Meadows, Clerk; and Marsha Burch, Legal Counsel

2. AB 361 REMOTE TELECONFERENCING ACTION (Video Time 2:07)

The Commission adopted Resolution No. 2021-22-11 making continued findings pursuant to Assembly Bill 361 to conduct public meetings remotely due to the COVID-19 pandemic.

EO Hinman reported that the Board of Supervisors will resume meeting in its Chambers at the end of the month, however, it is not open to other meetings at this time.

Chair Orth informed the Commission of the Meeting Owl, a 360-degree camera, mic, and speaker device for hybrid meetings from Owl Labs. Local agencies currently using the Owl include Anderson Valley CSD and Brooktrails Township CSD.

Commissioner McGourty expressed support for hybrid meetings.

Motion by Commissioner Ignacio to adopt Resolution No. 2021-22-11.

Second by Commissioner McGourty.

Approved by roll call vote: unanimous.

Ayes: (7) Froneberger, Rodin, Ignacio, McGourty, Mulheren, Ward, Orth

3. PUBLIC EXPRESSION None

4. CONSENT CALENDAR (Video Time 7:02)

4a) February 7, 2022 Regular Meeting Summary

There were no comments from the Commission regarding the Meeting Summary.

4b) February 2022 Claims & Financial Report

March 2022 Claims totaling:	\$18,524.82
Hinman & Associates Consulting	14,646.25
P. Scott Browne	900.00
Banners & Signs	120.16
Pehling & Pehling, CPA	1760.00
County of Mendocino	306.80
Comcast	97.30
Streamline	50.00
Weinkle	100

Commissioner Ward asked about the Assistant Planner itemized on the Hinman & Associates invoice. EO Hinman responded that she is an employee of Hinman & Associates Consulting.

4c) Ratification of AB 2957 CALAFCO Omnibus Bill Support Letter

There were no comments from the Commission regarding the Support Letter.

Motion by Commissioner Mulheren to approve the Consent Calendar.

Second by Commissioner McGourty.

Approved by roll call vote: unanimous.

Ayes: (7) Mulheren, McGourty, Rodin, Ward, Froneberger, Ignacio, Orth

5. PUBLIC HEARING ITEMS (Video Time: 8:50)

5a) Proposed Service Rates and Fee Schedule Update

EO Hinman summarized the proposed services rates, methodology and fee schedule presented to the Commission at the March 7th Regular Meeting.

Pursuant to Government Code (GC) Section 56383, the Commission is authorized to establish a schedule of fees and service charges provided the fees are reasonable for the service provided. Currently, all services are billed at staff hourly charge-out rates which do not include overhead costs. Therefore, LAFCo currently relies entirely on apportionment fees to fund operations. Establishing weighted service rates will enable LAFCo to recoup some overhead costs and potentially reduce apportionment fees to member agencies.

GC Sections 66016-66019 require a publicly noticed meeting, consideration of public comments, and action by resolution, and a 60-day delay from adoption. Staff recommended that the new rates take effect July 1, 2022 to coincide with the new budget and staff rates.

Commissioner Ward asked how the rates would affect applications submitted before July 1st. EO Hinman answered the rates will be applied to all applications as soon as they are effective and invited Counsel Burch to comment. Ms. Burch agreed and encouraged using a consistent approach when establishing the rates to ensure fairness to all applicants.

Commissioner Ignacio suggested communicating the rate change to pending applicants for transparency.

Commissioner Rodin asked the amount of additional revenue anticipated by the new rates. EO Hinman responded, based on calculations from the past two fiscal years, staff estimates revenues between \$15,000 - \$20,000 annually.

Motion by Commissioner Froneberger to adopt Resolution 2021-22-13 establishing weighted service rates that capture a portion of overhead and long-term planning costs for services subject to the Fee Schedule and that will go into effect July 1, 2022; and direct staff to update and post the Mendocino LAFCo Fee Schedule accordingly.

Second by Commissioner Rodin.

Approved by roll call vote: unanimous.

Ayes: (7) Mulheren, McGourty, Rodin, Ward, Froneberger, Ignacio, Orth

6. WORKSHOP ITEMS (Video Time: 18:28)

6a) County Service Area No. 3 Municipal Service Review and Sphere of Influence Study

Analyst Feiler presented the item regarding a Workshop for the County Service Area No. 3 (CSA 3 or District) Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) establishment study. The following local agency representative participated in the discussion: Howard Dashiell, Director of the Department of Transportation, Mendocino County. Following are summary discussion points for this item organized by topic for ease of review:

Overlap with City Boundaries

- The City of Point Arena was included in the original 1974 CSA 3 boundary and there was no change proposed in the 1985 annexation to add all unincorporated areas of the County to the District.
- When City annexations occur, there should be a concurrent detachment from CSA 3. This has not occurred historically and has resulted in areas of overlap between the City and District boundaries that will need to be addressed, along with potential duplication of services, in moving forward now that the District is reactivated.

Duplication of Services

- CSA 3 has been a longstanding inactive district and does not provide any services.
- The CSA 3 boundary includes State and Reservation lands and currently there is no duplication of services because the District does not currently provide any services.
- Reviewing duplication of services will be considered in future applications to activate latent powers.

Countywide CSA Services

- On page 63 of the packet, in Section 2.3.10, it notes that CSA Law discourages the organizational formation of a countywide CSA and CSA service provision on a countywide basis because CSAs are intended to provide municipal services to smaller areas of the County.
- When a CSA includes the entire County boundary, the provision of CSA services may be provided more effectively and efficiently by the County directly, which is not subject to LAFCo purview, instead of through a County-dependent district.

Districtwide vs. ZOB Service Activation

- The current District boundary includes all areas of the County except the Cities of Fort Bragg, Ukiah, and Willits.
- There is no record of an existing SOI for this County-dependent District.
- The draft study recommends establishing a Service Specific Sphere that is limited to the future Sherwood Firewise Community (FWC) Zone of Benefit (ZOB) for road maintenance of emergency access routes.
- Districtwide CSAs are problematic because once a power or service is activated Districtwide, there is no LAFCo oversight in extending services to specific areas.
- By creating a Service Specific Sphere, LAFCo can limit the activation of latent powers to a specific community area and prevent duplication of services with existing local government agencies.
- To date, MSR/SOI Update studies have generally not resulted in anything less than a coterminous sphere, whereas the recommended reduced sphere for CSA 3 would be service specific and is a tool to limit disorderly and overlapping service provision.
- Districtwide activation of latent powers through CSA 3 is not necessarily feasible under LAFCo Law, especially related to the funding mechanism requirement that identifies property owners that would benefit from the proposed service and creates sufficient taxation and collection for the service.

Long-term Plan for CSA 3 Powers

- The extent of possible latent powers for CSA 3, which covers all unincorporated areas, is very broad and similar to the scope of services available to a community services district or a city.
- The CSA 3 activation of latent powers is not being discussed as part of the Mendocino County Water Agency (MCWA) which was created under separate State law.
- There is community need and interest for additional County services that CSAs can provide as a platform to address various emergencies including drought and wildfire danger.

- Brooktrails Township CSD provided a letter to the County requesting that additional CSA 3 powers be activated including fire, water, and potentially transportation for the Brooktrails FWC ZOB.
- Sonoma County has CSAs for water and fire services and tax share agreements with local districts for elevating the level of service and support to independent districts that function in County areas.
- CSA 3 could support water infrastructure projects such as ponds for groundwater recharge and well systems for raw and domestic water supply in areas not served by water districts and could augment funding to fire districts that are serving areas outside their boundaries that do not pay taxes.
- There have been struggles in Sonoma County with independent districts going through lengthy battles to separate from the CSA structure due to issues of unequal level of service provision to different areas.
- A long-term plan for CSA 3 powers or services is needed in order to make a more informed decision.
- The County has been exploring options for how the existing CSA 3 service area can be used to provide municipal services.
- The County has not discussed the possibility of creating multiple smaller CSAs to serve specific communities instead of creating multiple Zones of Benefit under a single CSA.
- A smaller government is better as long as it is effective; a single entity may be best to oversee this.
- It is important to ensure we are fully aware of and discussing potential unintended consequences based on independent district struggles in other counties related to large CSAs.

Independent vs. Dependent Districts

- The difference in forming an independent or dependent special district is generally based on the level of local population support and capacity to provide local government services.
- When sufficient community interest and resources exist, then an independent district can be a feasible government structure option. If not, a dependent district is a more feasible option initially.
- CSAs are often formed to address unique community needs of subdivisions or community areas.
- Fire services in the Sanel Valley area in the 1990's is an example of shifting from a dependent to independent district service provision model based on community interest and involvement.
- In order to change from a CSA to an independent district government structure, the CSA would need to agree to secede the area and people in the area would need to vote to assume the responsibility of service provision and taxation, which in past experience has been a long and difficult process.

Community Organizational Structure Options

- Another aspect of how communities organize and manage themselves is through HOAs and CC&Rs.
- For Brooktrails Township, the CC&Rs were created by the developer through the subdivision process with the County and had a sunset clause requiring establishment of a Specific Plan to replace the CC&Rs, which was a costly process.
- HOAs are not government agencies and cannot collect taxes or similar funding mechanisms to provide municipal services.
- HOAs can collect fees from property owners and require payment of outstanding dues through lawsuits and other means.
- A government agency that collects funding via the County Tax Collector has a more streamlined and effective collection process.
- There are a number of vehicles available for addressing the issues facing Mendocino County, such as HOAs and PRDs, and some of the issues CSA 3 is facing may be larger in scale than these types of smaller organizational structures that are geared towards subdivisions.

Process to Authorize CSA 3 Service Provision

- The CSA Zone of Benefit (ZOB) creation process is what triggers the activation of latent powers and concurrent sphere amendment application process with LAFCo.
- A funding mechanism is needed to provide CSA 3 services.

- ZOB creation would require voter approval to pay for the cost of the service requested, such as through a Proposition 218 benefit assessment.
- The benefit assessment total amount and cost allocation for a specific Zone of Benefit would be established based on an Engineering Study.
- Once LAFCo activates CSA latent powers, LAFCo purview is limited to the periodic MSR/SOI process.

Sherwood FWC ZOB

- Sherwood Road is a public road and crosses the jurisdictional boundaries of the City of Willits, Brooktrails Township CSD, the County, and CSA 3.
- The benefit of the Sherwood FWC ZOB is unimpeded two-lanes of travel for improved evacuation safety along the 3.5-miles of Sherwood Road from the intersection at Poppy Drive to North Main Street in the City of Willits during wildfire incidents.
- The current benefit assessment does not include property owners in the City because the most likely emergency traffic flow scenario is evacuation from the Brooktrails area to the major transportation corridors of Highway 20 and 101.

Public Comments

- One written public comment was received from Ben MacMillan and was distributed to the Commission and staff and will be posted on the website.
- Staff responses to public comments will be included in the staff report for the Public Hearing tentatively scheduled for the June 6th Commission meeting.
- No verbal public comments were received during the workshop item.

Requested Changes, Information, and Follow-up

- Confirm how CSA 3 will participate in the allocation of LAFCo apportionment fees.
- Add two additional maps in the study to depict and designate areas of interest for the service gap areas in between existing fire and water district boundaries to identify where the CSA 3 function could support existing local agencies.
- Provide a more detailed outline/list in the study for the intent of CSA 3 to add specific powers and provide services to specific areas over the next 5, 10, and 20 year timeframes.
- Add a statement related to the lack of historical records to clarify the purpose or reason for the 1985 CSA 3 significant expansion from the original 1974 South Coast area boundary to the entire unincorporated area of the County.
- Contact former Supervisors Jim Eddy and Carre Brown for historical information on the purpose of the 1985 District annexation.
- Discuss with County Counsel the legal procedure of activating latent powers through LAFCo for a specific Zone of Benefit area as opposed to Districtwide.

The Commission provide comments and requested revisions on the draft study and directed staff to notice the matter for Public Hearing at the June Commission Meeting.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION (Video Time: 1:18:45)

7a) Progress Report on Development of City of Ukiah and Ukiah Valley Sanitation District MSR/SOI Updates

On March 7th the Commission approved staff's recommendation, with agency support, to prepare both MSR/SOI updates in-house. The development and service pressures occurring in the Ukiah Valley represent the most complicated and important sphere decisions LAFCo will likely make for the foreseeable future. In addition, the studies will lay the foundation for the upcoming MSR/SOI Updates for the water districts.

EO Hinman's progress report summarized the development process for the studies:

- Staff develops a White Paper describing the interconnected provision of sewer and water services.
- The City's SOI Update will be included in the GP Update CEQA review.

- Staff works with the UVSD staff to develop SOI options for the District. The required level of CEQA review is unknown and is not included in the Work Plan budget.
- Administrative drafts for both agencies – in progress.
- The agencies will review drafts for accuracy.
- Potentially a joint public workshop for in depth discussion and review.
- Public Hearings.
- Adoption and finalization.

The tentative schedules, developed in consultation with agency staff, project completion toward the end of the calendar year for both agencies. EO Hinman noted that two schedules were prepared for the UVSD because the level of CEQA analysis is unknown at this time. The schedules will be revisited regularly and may be modified depending on General Plan Update progress, information needs, agency responsiveness, and CEQA processes.

Discussion (Video Time 1:26:24)

Commissioner Rodin asked what analysis determines the level of CEQA required. EO Hinman responded that it depends on the recommended SOI. For example, a CEQA exemption may be applied for a coterminous sphere, otherwise, an initial study will be prepared determine the level of CEQA. The current budget does not include a CEQA analysis. Commissioner Rodin asked what information determines the level of CEQA. Counsel Burch explained that the baseline conditions are analyzed followed by any changes made based on the adopted SOI. Then, determination if there is a reasonably foreseeable change (i.e. population and/or development) that would have a significant impact to the environment. If the answer is yes in any area of impact, the next steps are to prepare a Negative Declaration (ND), Mitigated Negative Declaration (MND) or an Environmental Impact Report (EIR).

Commissioner Froneberger asked about the duration of workshops for the studies. EO Hinman answered that for the purposes of the timeline, staff scheduled them during a regular meeting, however, there is flexibility at the Commission’s discretion.

Commissioner Ward expressed appreciation for the report. He asked if there are agendas for the coordination meetings. EO Hinman responded that the staff-level meetings are one-on-one and are not item specific. He asked if there are discussions of consolidation. EO Hinman explained that those discussions are through the City and UVSD’s Ad Hoc Committee LAFCo staff are not a part of those discussions at this time. The agencies are considering many options for future service provision, and she encouraged him to address City Staff in attendance.

Chair Orth invited public Comment.

Sage Sangiacomo, Manager for the City of Ukiah, expressed support of the presented project timeline and approach.

Commissioner Rodin expressed support of the White Paper and invited Staff to elaborate. EO Hinman explained that the White Paper is a way to clearly explain the interconnectedness of the service provisions in the Ukiah Valley. A joint MSR/SOI study on all special districts in the valley was completed in 2013, excluding the City of Ukiah. The White Paper will serve as a budget conscious alternative to updating that study and will inform the City, UVSD, and upcoming water agency studies.

Chair Orth asked if the White Paper would address comments from the State Water Board and regulatory agencies. EO Hinman agreed to include known information. She reminded the Commission of its past recommendations to consolidate the water agencies and noted the topic will be identified in the White Paper. Chair Orth asked if the State Water Board provides grants for similar reviews. EO Hinman said that staff will investigate potential opportunities.

Commissioner Ward asked Mr. Sangiacomo if there are discussions of consolidating. Mr. Sangiacomo confirmed there are discussions regarding consolidation, which is one of the reasons the City requested its detachment application be on hold. In the event of consolidation, it would eliminate the need for a SOI and CEQA review for the UVSD.

8. INFORMATION AND REPORT ITEMS

8a) Work Plan, Current, and Future Proposals (Video Time: 1:44:11)

EO Hinman summarized staff’s workload, providing an update on current and potential future proposals and the status of Fiscal Year 2021-22 Work Plan tasks.

- Staff received updated materials for the City’s Application for annexation of City owned properties at the end of February. The referral was sent to agencies and the tax share agreement is in progress.
- Staff expects an application from Elk CSD for activation of latent powers later this month.

Chair Orth suggested an edit to pg. 105 of the agenda packet. “... a secondary *emergency* road access for the community of Brooktrails.”

Commissioner Ward commented that the work plan for CSA 3 is overbudget and asked if the County could support the project. EO Hinman responded that meeting coordination and the history portion of the Administrative Draft required extensive work to complete; however, the meetings overlap with the anticipated application to activate latent powers.

Chair Orth complimented Staff on their preparation of the draft MSR/SOI for CSA 3.

Mr. Sangiacomo informed the Commission that the City will close escrow on the Western Hills Properties today (April 4, 2022), and City Staff will be working with LAFCo on the application for annexation in the coming months.

8b) Correspondence (Video Time: 1:49:54)

Staff received a resignation letter from Alternate Commissioner Bazzani effective March 31, 2022.

8c) CALAFCO Business and Legislation Report (Video Time: 1:50:33)

SB 938 passed out of the Senate Governance and Finance Committee last week and is on its way to the Senate Floor. The Bill aligns protest hearing provisions for LAFCo-initiated dissolutions with the standard protest provisions of 25%.

8d) Executive Officer’s Report (Video Time: 1:51:58)

EO Hinman summarized miscellaneous tasks in progress:

- Staff will initiate the selection process to fill Alternate Commissioner Bazzani’s recently vacated seat.
- Staff is responding to a public information request for documents regarding the Mendocino City CSD.
- Staff continues to maintain contact with the Clerk of the Board regarding the return to in-person meetings.
- Staff continues to field calls from concerned members of the public regarding the Mendocino Coast Health Care District.

Commissioner Froneberger asked about the nature of the request for information on the Mendocino City CSD. EO Hinman and Analyst Feiler answered that the request is for all documents relating to the District from 2019 to March 2022 and is believed to relate to the provision of water and/or groundwater services.

8e) Committee Reports (Executive Committee/Policies & Procedures) None

8f) Commissioners Reports, Comments or Questions (Video Time: 1:57:52)

Commissioner Ward asked for an update on Mr. Browne’s recovery. Ms. Burch answered that he is at home and feeling better. He has been attending some meetings virtually and the Commission can expect to see him soon.

ADJOURNMENT (Video Time: 1:58:59)

There being no further business, the meeting adjourned at 10:58 a.m. The next regular meeting of the Commission will be held on Monday, May 2, 2022 at 9:00 a.m. and will be conducted remotely due to the continued state of emergency, guidelines adopted by the Mendocino County Public Health Officer, and Executive Orders regarding the COVID-19 pandemic.

Live web streaming and recordings of Commission meetings are available via the County of Mendocino’s YouTube Channel. [April 4, 2022, YouTube meeting recording.](#) Links to recordings and approved minutes are also available on the [LAFCo website.](#)

MENDOCINO Local Agency Formation Commission Staff Report

DATE: May 2, 2022
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Claims and Financial Report for April 2022**

RECOMMENDED ACTION

Approve the April 2022 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 9,685.00	\$ 15,214.64
	Public Records Requests	\$ 952.50	
	5601 Office Supplies (QB)	\$ 80.00	
	5700 Internet & Website (Hostinger)	\$ 89.64	
	6200 Bookkeeping	\$ 735.00	
	7000 Work Plan (Ukiah City, UVSD, CSA 3)	\$ 2,297.50	
	8025 City of Ukiah Annex City Properties	\$ 310.00	
	Elk CSD Latent Powers Activation	\$ 1,065.00	
P. Scott Browne	6300 Legal Counsel - General Services	\$ 900.00	\$ 900.00
County of Mendocino	6400 A-87	\$ 2,462.00	\$ 2,462.00
Comcast	5700 Internet	\$93.67	\$93.67
Newspapers	5900 PHN for Fee Schedule and Budget	\$ 610.02	\$ 610.02
Streamline	5700 Website Hosting	\$ 50.00	
Ukiah Valley Conf. Center	5502 Office Space	\$ 530.00	\$ 544.95
	5600 Postage	\$ 14.95	
Total:			\$ 19,825.28

Deposits: Elk CSD \$2,500

Transfers: From SBMC (Checking) to WestAmerica (Reserves) \$34,900

Attachments:

- Budget Tracking Spreadsheet
- Work Plan Tracking
- Invoices: Hinman & Associates Consulting

Please note that copies of all invoices, bank statements, and petty cash register were forwarded to the Treasurer.

Mendocino Local Agency Formation Commission
 FY 2021-22 Budget and Application Tracking

Acct #	Task	FY 21-22 Adopted Budget	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES											
5300	Basic Services - EO/Analyst/Clerk	\$108,000	\$25,936.00	\$22,359.00	\$31,780.00	\$9,685.00			\$92,222.00	\$15,778.00	85%
	Unfunded Mandates (Public Records Requests)	\$0	\$952.00	\$0.00	\$557.50	\$952.50					
5500	Rent	\$5,775	\$1,392.00	\$1,414.00	\$1,562.92	\$530.00			\$4,898.92	\$876.08	85%
5600	Office Expenses	\$3,300	\$797.26	\$430.89	\$881.81	\$94.95			\$2,204.91	\$1,095.09	67%
5700	Internet & Website Costs	\$2,500	\$622.97	\$420.12	\$446.41	\$183.31			\$1,672.81	\$827.19	67%
5900	Publication & Legal Notices	\$2,000	\$275.71	\$0.00	\$0.00	\$610.02			\$885.73	\$1,114.27	44%
6000	Televising Meetings	\$2,000	\$180.69	\$896.91	\$306.80				\$1,384.40	\$615.60	69%
6100	Audit Services	\$3,500	\$1,760.00	\$0.00	\$1,760.00				\$3,520.00	\$-20.00	101%
6200	Bookkeeping	\$4,500	\$690.00	\$930.00	\$1,705.00	\$735.00			\$4,060.00	\$440.00	90%
6300	Legal Counsel (S Browne)	\$19,000	\$3,565.50	\$2,430.00	\$2,700.00	\$900.00			\$9,595.50	\$9,404.50	51%
6400	A-87 Costs County Services	\$2,100	\$0.00	\$0.00	\$0.00	\$2,462.00			\$2,462.00	\$-362.00	117%
6500	Insurance - General Liability	\$2,450	\$2,600.87	\$0.00	\$0.00				\$2,600.87	\$-150.87	106%
6600	Memberships (CALAFCO/CSDA)	\$3,525	\$2,220.00	\$1,250.00	\$0.00				\$3,470.00	\$55.00	98%
6670	GIS Contract with County	\$2,500	\$0.00	\$620.12	\$0.00				\$620.12	\$1,879.88	25%
6740	In-County Travel & Stipends	\$4,000	\$126.45	\$150.00	\$150.00				\$426.45	\$3,573.55	11%
6750	Travel & Lodging Expenses	\$6,250	\$0.00	\$0.00	\$0.00				\$0.00	\$6,250.00	0%
6800	Conferences (Registrations)	\$4,100	\$0.00	\$0.00	\$0.00				\$0.00	\$4,100.00	0%
7000	Work Plan (MSRs and SOIs)	\$51,500	\$0.00	\$5,152.00	\$8,996.25	\$2,297.50			\$25,303.75	\$26,196.25	49%
Monthly/ Year to Date Totals		\$227,000.00	\$49,977.45	\$36,053.04	\$50,846.69	\$18,450.28	\$0.00	\$0.00	\$155,327.46	\$71,672.54	68%

APPLICATIONS		DEPOSIT (total by application)	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Project Total to Date	Remaining Budget	Notes
D-2014-8010	City of Ukiah Detachment of UVSD lands	\$19,032.75	\$0.00	\$0.00	\$0.00				\$14,518.25	\$4,514.50	
P-2020-01 (8022)	City of Ukiah North Annexation Pre-Application	\$1,500.00	\$0.00	\$0.00	\$0.00				\$1,122.00	\$378.00	
P-2020-04 (8024)	Millview CWD Annexation Pre-Application	\$3,500.00	\$0.00	\$748.00	\$140.00				\$3,609.50	\$-109.50	
A-2021-01 (8025)	City of Ukiah Annexation of City-Owned Properties	\$5,000.00	\$34.00	\$0.00	\$1,100.00	\$310.00			\$3,225.00	\$1,775.00	
A-2021-02 (8026)	UVFD Annexation of City of Ukiah	\$24,570.86	\$5,335.00	\$19,120.36	\$0.00				\$24,863.36	\$0.00	
O-2021-03 (8027)	Fort Bragg Extension of Water Service to Minnesota Ave	\$500.00	\$500.00	\$0.00	\$0.00				\$500.00	\$0.00	
L-2022-01 (8028)	Elk CSD Activation of Latent Powers	\$2,500.00	\$0.00	\$0.00	\$0.00	\$1,065.00			\$1,065.00	\$1,435.00	
8601	Sustainable Ag Lands Committee Grant Project	\$5,100.00	\$850.00	\$75.00	\$1,725.00				\$3,225.00	\$1,875.00	
Application Totals		\$61,703.61	\$6,719.00	\$19,943.36	\$2,965.00	\$1,375.00	\$0.00	\$0.00		\$7,993.00	
EXPENSES AND APPLICATION TOTALS		\$288,703.61	\$56,696.45	\$55,996.40	\$53,811.69	\$19,825.28	\$0.00	\$0.00			

DEPOSITS/TRANSFERS

4/8/2022	Elk Community Services District	\$ 2,500.00
	From SBMC Checking to Westamerica Reserves	\$ 34,900.00

ACCOUNT BALANCES

County of Mendocino Account Balance	\$ 65,188	MUNIS Balance as of	3/31/2022
Operations (Checking) Account Balance	\$ 85,857	Bank Statement as of	3/31/2022
Legal Reserve Balance	\$ 50,000	Bank Statement as of	3/31/2022
Operations Reserve Balance	\$ 31,050	Bank Statement as of	3/31/2022
Total	\$ 232,095		

Mendocino LAFCo
FY 2021-22 Estimated Work Plan Implementation Schedule and Cost Tracking
 April 2022

Subject to Change: The estimated schedule and costs for the Fiscal Year 2021-22 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.

CEQA: Based on LAFCo practice, the work plan assumes minimal costs for CEQA compliance related to preparing a Notice of Exemption, unless an agency proposes a non-coterminous SOI and pays for any necessary studies and preparation of a Negative Declaration or Environmental Impact Report.

Rolling Work Plan: It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule and cost tracking table is intended to enhance communication and transparency.

Agency	Coordination/ Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Cost Estimate ¹	FY 2021-22 Budget	FY 2021-22 Expenses	Cost to Date ²
Ukiah Valley Sanitation District	Ongoing	Pending	TBD	TBD	TBD	\$40,000	\$20,000	\$5,176	\$8,917
City of Ukiah	Ongoing	Pending	TBD	TBD	TBD	\$25,000	\$12,500	\$2,814	\$5,183
County Service Area 3	Ongoing	In progress	4/4/22	Tentative 5/2/22	Tentative 5/31/22	\$10,000	\$6,000	\$10,096	\$14,091
Ukiah Valley Fire District	Complete	Complete	9/13/21	10/4/21	10/8/21	\$7,000	\$6,000	\$5,991	\$9,068
Covelo CSD	Complete	Complete	7/12/21	9/13/21	9/24/21	\$8,000	\$3,000	\$1,329	\$8,769
Estimated Total						\$90,000	\$51,500	\$25,406	\$46,028

¹ Column indicates the initial cost estimated for each study and accounts for in process studies rolled over from prior fiscal years.

² Column indicates a running total for actual expenses incurred to date for each study in process and is not limited to a specific fiscal year.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924
(916) 813-0818 | uhinman@comcast.net

Date April 25, 2022
To Mendocino LAFCo
Project Executive Officer Services
Work Period March 28 - April 24, 2022

Invoice No. 652
Invoice Total \$ 15,214.64

Account Description	Staff/Hours			Assist Planner \$45	Other (At Cost)	Totals
	Executive Officer \$100	Analyst \$70	Clerk \$40			
5300 Basic Services	55.75	30.00	50.25			\$ 10,637.50
Public Records Act Requests	6.75	3.25	1.25			
5601 Office Supplies						
Quickbooks Online Fee					\$ 80.00	\$ 80.00
5700 Internet & Website Costs (Hostinger)					\$ 89.64	\$ 89.64
6200 Bookkeeping	5.25		5.25			\$ 735.00
7000 Work Plan (MSR/SOI/Special Studies)						
City of Ukiah	13.50					\$ 1,350.00
Ukiah Valley Sanitation District	6.50					\$ 650.00
CSA 3		4.25				\$ 297.50
8010 City of Ukiah Detachment Application						\$ -
8025 City of Ukiah Annex City Properties	1.00	3.00				\$ 310.00
8027 ECSD Activation of Latent Powers	4.50	5.50	5.75			\$ 1,065.00
8601 SALC Project (grant reimbursed)						\$ -
Totals	\$ 9,325.00	\$ 3,220.00	\$ 2,500.00	\$ -	\$ 169.64	\$ 15,214.64

5300 Basic Services

Administrative tasks and Clerk duties. File research and maintenance. March and April claims. Communications with Commissioners, public inquiries, etc. Agenda packet development for April 4th and May 2nd Commission meetings. Respond to public information requests (MCCSD). Respond to numerous public information requests. FY 2022-23 proposed budget and work program public noticing and distribution to affected agencies.

6200 Bookkeeping

Prepared and coordinated with Treasurer regarding claims. Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks. Followed up on outstanding checks.

7000 Work Plan (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Follow up on Workshop items and preparation of Public Hearing Draft of the CSA 3 MSR/SOI. Development of administrative draft water and wastewater service provide white paper. Coordinate with UVSD and City staff on the development of the Administrative Draft City of Ukiah and UVSD MSR/SOI Updates and a White Paper on Sewer and Water Services in Ukiah Valley. The White Paper will be a existing conditions report that will be used for the Ukiah, UVSD and upcoming inland water district MSR/SOI Updates.

8025 City of Ukiah Annexation of City-owned Properties

Coordination meetings with City staff and review of application submittals. Coordination with County Assessor and GIS staff regarding comments received on application referral and tax share negotiation process. Application is incomplete pending tax share agreement.

8027 Elk Community Services District Activation of Latent Powers

Coordination with ECSD staff and staff review of application submittals. Preparation and distribution of agency referrals and Notice of Filing to initiate the tax share negotiation process.

8601 Sustainable Agricultural Lands Committee Grant Project

From: Intuit QuickBooks Team <intuit@notifications.intuit.com>
Sent: Tuesday, April 19, 2022 5:58 AM
To: eo@mendolafco.org
Subject: We received your QuickBooks subscription payment!



Payment success

Executive Officer, thank you for your payment.

Invoice number:
10001154300157
Invoice date: 04/19/2022
Total: \$80.00
Payment method: VISA ending in

Sign in to QuickBooks where you can see your billing history and view, save, and print your invoice.

[View billing history](#)

Account details

Billed to: Mendocino LAFCo
Company ID ending:
Items on this invoice: QuickBooks Online Plus

(1) For subscriptions, your payment method on file will be automatically charged monthly/annually at the then-current list price until you cancel. If you have a discount it will apply to the then-current list price until it expires. To cancel your subscription at any time, go to [Account & Settings](#) and cancel the subscription. (2) For one-time services, your payment method on file will reflect the charge in the amount referenced in this invoice. Terms, conditions, pricing, features, service, and support options are subject to change without notice.



via Paddle.com

Receipt PAID

Receipt to

Receipt from

Paddle.com Inc

3811 Ditmars Blvd #1071
New York, 11105-1803
Astoria
United States

Your order

USA 95924

Payment method: **Visa card ending**

Order Number / Receipt: **#36250005-44107803**

Currency: **USD**

Billing date: **Apr 21, 2022**

	Billing period	Quantity	Price
hostinger.com Purchase	-	1	US\$89.64

Sales Tax (0%) US\$0.00

YOUR ORDER

US\$89.64

The US\$89.64 payment will appear on your bank/card statement as:
PADDLE.NET* HOSTINGER

If you have a problem with your order (e.g. don't recognise the charge, suspect a fraudulent transaction), please visit paddle.net.



LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

**LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2020 & 2021**

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Mendocino Local Agency Formation Commission Management Discussion & Analysis of Fiscal Years Ending June 30, 2021 & 2020

1. Discussion of Basic Financial Statements

Mendocino Local Agency Formation Commission's (LAFCo) primary funding source for its annual budget is mandated by Government Code Section 56381. Section 56381 requires that the costs of LAFCo are to be paid in equal one-third shares by the agencies represented on the Commission; that is, the County pays one-third of the adopted budget, the four Cities pay one-third and the fifty Special Districts pay one-third. LAFCo does not receive its annual income directly; instead, an independent third party, the County Auditor, receives and holds the funds for LAFCo.

LAFCo's General Fund is its primary operating fund; it is used to account for most all transactions of the Commission. When application fees are received, a Project Fund will be developed for the income and expenditures associated with that particular Project.

The Commission also maintains a reserves account for holding funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget (Mendocino LAFCo Policy 5.1.5).

LAFCo has no other specialized funds such as enterprise funds, capital asset funds, debt payment funds, or other similar funds. Because of the size of its budget, the type of income, and the nature of the funding process mandated by Government Code Section 56381 and the keeping of the funds by the County Auditor, LAFCo has historically utilized a modified cash basis of accounting.

2. Comparative Financial Information

All services needed by LAFCo, including County services received by LAFCo, must be paid for from LAFCo's budget. This includes such services as staff, legal counsel, GIS, County surveyor, Auditor, (A-87 costs), Assessor and Recorder, engineering services, publications of legal notices, communications, website, insurance, the cost of annual audits, etc. These costs have been reflected in LAFCo's budget since Fiscal Year 2001-2002. Additionally, the costs of the Sphere of Influence/Municipal Service Review process as mandated by G.C. 56425 and 56430 have been reflected in LAFCo's budget.

For Fiscal Years 2011/2012, 2012/2013, 2013/2014 and 2014/2015 apportionment costs to the County, Cities, and Special Districts remained at \$135,000. For Fiscal Year 2015/2016 apportionment costs were lowered to \$125,000. In Fiscal Year 2016/2017, apportionment costs were again lowered to \$120,000 where they remained consistent for Fiscal Year 2017/2018. With excess reserves expended, apportionment costs were raised again to \$135,000 for Fiscal Years 2018/2019 and 2019/2020 so as to work back toward annual balancing of revenues and expenditures.

3. Condensed Financial Information

A summation of LAFCo's financial circumstances is provided in the below tables:

	Statement of Net Position	
	June 30, 2021 & 2020	
Assets	2021	2020
Cash	93,985	104,847
Accounts Receivable	2,986	
Total Assets	96,971	104,847
Liabilities	20,990	12,633
Total Net Position	75,980	92,214
	2021	2020
Program Expenses	192,650	150,748
Program Revenues	173,718	149,494
Net Program Income	(18,794)	(1,254)
General Revenue	337	86
Increase (Decrease) in Net Position	(18,457)	(1,168)
Net Position-July 1	94,437	95,606
Net Position-June 30	75,980	94,437

4. LAFCo's Overall Financial Position

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. At end of Fiscal Year 2020/2021, general reserve funds were at \$90,506.

5. Analysis and Transactions of General Fund-LAFCo's Budget

Following is the adopted budget for Fiscal Year 2020/2021, which was adopted by the Commission in May 2020

Commission's Adopted Amended (No. 2) Final Budget Fiscal Year 2020-21			
Line #	Account #	Description	Fiscal Year 2020/21
Revenue			
1	4000	LAFCo Apportionment Fees	\$ 150,000
2	4030	Application Filing Fees	-
3	4800	Miscellaneous	-
4	4910	Interest Income	450
5		Total	\$ 150,450
Use of Residual Cash			
6			
7		Total Income	\$ 150,450
Expenses			
8	5300	Contract Services - Office & Staff	107,060
9	5500	Office Rent	5,568
10	5600	Office Expense	3,550
11	5700	Internet & Website Costs	1,550
12	5900	Publication & Legal Notices	1,000
13	6000	Televising Commission Meetings	1,500
14	6100	Audit Services	3,380
15	6200	Bookkeeping	4,500
16	6300	Legal Counsel	19,150
17	6400	A-87 Costs - County Services	2,093
18	6500	Insurance - General Liability	2,815
19	6600	Memberships (CALAFCO/CSDA)	3,727
20	6670	GIS Contract with County	1,000
21	6740	In-County Travel & Stipends	300
22	6750	Travel & Lodging	-
23	6800	Conferences (Registrations)	-
24	7000	Work Plan (MSRs and SOIs)	19,000
25	9000	Special District Training Support	
26		Total Expenses before Application Fees	\$ 176,193
27	8000	Application Filing Fees	-
28		Total Expense	\$ 176,193

6. Analysis of Significant Budgetary Variations-Unspent Funds

Each year, since the beginning of the budget process under Cortese-Knox-Hertzberg (CKH), there have been unspent funds from the various line items. The Commission through its budget deliberations process has determined that money not spent in one budget year from various line items, is to be used in the next year's budget to increase reserves and as a Fund Balance Carryover to offset the forthcoming year's budget for G.C. 56425 & 56430 mandates.

Additionally, LAFCo Policies dictate maintenance of a reserve account. LAFCo Policy 5.1.5 *Reserves for Fiscal Stability, Cash Flow, and Contingencies* (Resolution No. 2018-19-06) states: *"Mendocino LAFCo will strive to maintain reserves for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. The reserves consist of an Operating Reserve of 25 percent of the annual operating budget and a Legal Reserve of \$35,000 and are to be maintained in separate accounts."*

7. Description of Significant Capital Assets and Long-term Debt Activity

Except for a provision in CKH that allows the Board of Supervisors to lend temporary operational funds to the Commission, LAFCo has no authority to borrow or to develop capital projects. The Commission has no mortgages, leases, liens, short-term loans, long-term debt, or any other encumbrances. It owns no stocks, bonds, securities or other investments. It has no capital assets or capitalization programs. The Commission does have the authority to pursue grants to assist in its decision making, but has no grants at this time.

8. Discussion of Significant Changes in Conditions and Estimated Maintenance Expenses for Infrastructure Assets

The Commission owns no land, buildings or infrastructure. Other than normal office furniture, filing cabinets, telephone, computer, and printer, the Commission has no physical assets. Paper and electronic records or past actions and activities are maintained in the LAFCo office, and from the date of inception of LAFCo in 1963.

9. Currently Known Facts, Decisions or Conditions

There are no facts, decisions or conditions that are currently known that are expected to significantly alter LAFCo's future financial picture.

10. Additional Financial Information

This financial report is designed to provide LAFCo's participating agencies, members of the public, customers, and other interested parties with an overview of LAFCo's financial results and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Mendocino LAFCo at 200 South School Street, Ukiah, CA 95482; 707-463-4470.



March 17, 2022

Mendocino LAFCO

Ukiah, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Mendocino LAFCO as of and for the year-ended June 30, 2021, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

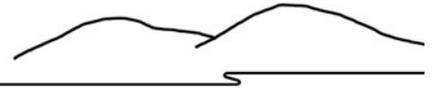
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mendocino LAFCO as of June 30, 2021, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.


Zach Pehling, CPA’s

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF NET POSITION
& GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2021 & 2020

	Statement of Net			Statement of Net		
	General Fund	Adjustments Note 3	Position 2021	General Fund	Adjustments Note 3	Position 2020
<u>Assets</u>						
Cash - Note 2	\$ 93,985	\$ -	\$ 93,985	\$ 107,070	\$ -	\$ 107,070
Accounts Receivable	2,986	-	2,986	-	-	-
Total Assets	\$ 96,971	\$ -	\$ 96,971	\$ 107,070	\$ -	\$ 107,070
<u>Liabilities</u>						
Accounts Payable	16,615	-	16,615	10,792	-	10,792
Fees Received in Advance	4,376	-	4,376	1,841	-	1,841
Total Liabilities	\$ 20,990	\$ -	\$ 20,990	\$ 12,633	\$ -	\$ 12,633
<u>Fund Balance/Net Position</u>						
<u>Fund Balances</u>						
Reserved for Legal	50,000	(50,000)	-	35,000	(35,000)	-
Reserved for Operating Reserve	40,506	(40,506)	-	55,436	(55,436)	-
Unassigned	(14,526)	14,526	-	4,001	(4,001)	-
Total Fund Balance	\$ 75,980	\$ (75,980)	\$ -	\$ 94,437	\$ (94,437)	\$ -
Total Liabilities & Fund Balances	\$ 96,971	\$ (96,971)	\$ -	\$ 107,070	\$ (107,070)	\$ -
<u>Net Position</u>						
Unrestricted		\$ 75,980	\$ 75,980		\$ 94,437	\$ 94,437
Total Net Position		\$ 75,980	\$ 75,980		\$ 94,437	\$ 94,437

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 & 2020

	2021	2020
<u>General Government - Planning</u>		
Insurance-General	\$ 2,815	\$ -
Memberships	3,727	2,521
Audit Fees	3,380	3,250
Internet and Website Costs	1,780	1,153
Legal Counsel	17,017	7,200
Architect, Engineering and Planning Services	-	-
Professional Services	120,255	95,366
Rent	5,538	5,433
Office Expenses	3,655	1,567
Publication and Legal Notices	833	1,610
County Support Services (GIS)	603	1,717
Televising Commissioner Meetings	1,537	1,618
Bookkeeping-Financial	4,500	4,500
Professional Fees-Applications	24,508	17,381
Transportation and Travel Out of County	-	1,052
In-County Travel & Stipends	350	2,535
Miscellaneous Expense	2,015	3,846
Special District Training Support	-	-
	192,512	150,748
 <u>Program Revenues</u>		
Assessments	150,000	135,000
Application Fees & Reimbursements	23,718	14,494
	173,718	149,494
 Net Program Income/(Loss)	 (18,794)	 (1,254)
 <u>General Revenues</u>		
Interest Earnings	337	86
	337	86
 Total General Revenues	 337	 86
 Increase (Decrease) in Net Position	 (18,457)	 (1,167)
 Net Position - July 1,	 94,437	 95,604
 Net Position - June 30,	 \$ 75,980	 \$ 94,437
	\$ 75,980	\$ 94,437

The accompanying notes are an integral part of these financial statements.

Mendocino Local Agency Formation Commission
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 & 2020

Note 1 – Summary of Significant Accounting Policies

Organization

The Mendocino Local Agency Formation Commission's (LAFCo) primary operates under the rules and requirements of the Cortese-Knox-Hertzberg Local Government Act of 2000. This act is commonly referred to as C-K-H or AB 2838. This act is found in the Government Code beginning with Section 56000. However, this part of the Government Code does not comprise of all the requirements of laws that LAFCo must meet. Other elements of the law such as the Public Resources Code, Guidelines to California Environmental Quality Act (CEQA), Revenue and Taxation Code, Election Code, Brown Act, case decisions, state and local policies and the policies and procedures of LAFCo also affect the decision making responsibilities of LAFCo. However, the primary controlling authority of LAFCo is the Government Code beginning with Section 56000 and LAFCo's policies which implement the law.

Accounting Policies

The Commission's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments. The following is a summary of the more significant policies.

Basis of Presentation

The Statement of Net Position and Statement of Activities display information about the reporting of the Commission as a whole.

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities. The Commission maintains two bank accounts to manage the Fund: a checking account with Savings Bank of Mendocino County and a reserves account with Westamerica Bank in Ukiah, CA. The reserves are set aside for legal and operational contingencies; policies are established for both.

Basis of Accounting

Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net assets are available, the Commission's policy is to apply restricted net assets first.

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When an expense is incurred for the purpose for which either committed, assigned or unassigned net assets are available, the Commission's policy is to apply committed or assigned net asset first.

Budget

The Commission is required to adopt an annual budget for the Commission's general operations each fiscal year. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by the Commission. The budget is amended from time-to-time as needed and is approved by the Commissioners with each amendment.

Deposits and Investments

It is the Commission's policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission's deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2020 and 2019. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.

- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.

- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and Investments as of June 30, 2020 and 2019 consist of Category 1 type only.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The Commission's deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Risk Management

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

Equity Classifications – Government-wide Statements

Equity is classified as net position and displayed as follows:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities used for acquisition, construction or improvement of these assets.
- b. Unrestricted net position – All other net assets that do not meet the definition of “Investment in capital assets, net of unrelated debt”.

Equity Classifications – Fund Statements

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned.

Note 2 – Cash

The Commission maintains an account with Savings Bank of Mendocino County used for issuing checks for the payment of general operating expenses. The County of Mendocino collects the Apportionment Fees from the County, Cities and Special Districts and holds those funds in an account with the County Auditor. When sufficient funds are collected (Apportionment Fees), LAFCo will then transfer funds into the checking account at Savings Bank of Mendocino County. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County, until transferred, are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2021 and 2020 were \$337 and \$86, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

The Commission's deposits with County Treasury have a risk category of "uncategorized" which represents investments in pools where the Commission's investments are not evidenced by specific identifiable securities.

The Commission also maintains an account with Westamerica Bank used for holding reserve funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget.

Note 3 – Reconciliation to Statement of Net Position

There are no differences in the amounts reported for government activities in the Statement of Net Position.

Note 4 – Accounts Receivable

On an accrual basis, Revenues are recognized in the fiscal year in which the services are billed.

Note 5 – Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received.

Note 6 – Fees Received in Advance

On an accrual basis, Revenues are recognized in the fiscal year in which the services are provided. Some fees are received by the Commission in advance of performing the requested services and are therefore carried as a liability until the work has been completed and the revenues earned.

Note 7 – Joint Powers Agreement

The Commission participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the Commission and the JPA is such that is not a component unit of the Commission and the JPA is not a component unit of the Commission for financial reporting purposes.

The JPA's purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage's for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the Commission. This program is provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. Copies of SDRMA annual financial reports may be obtained from their executive office at 1112 I Street #300, Sacramento, CA 95814.

Note 8 – Risk Management

The Commission is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets, errors and omissions; injuries to employees; and natural disasters. During 2019/2020 the

Commission contracted insurance for liability, property, crime damage, and employee and director insurance.

Note 9 – Contingencies

As of June 30, 2021, the Commission did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

Note 10 – Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred that meet the above definition.

SUPPLEMENTAL INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Amend No. 2		Actual Amounts	Variance with
	Budgeted	Amounts		Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ 94,437	\$ 94,437	\$ 94,437	\$ -
Resources (Inflows)				
Assessments	150,000	150,000	150,000	-
Fees & Reimbursements	-	-	23,718	23,718
Miscellaneous	-	-	-	-
Interest Earnings	450	450	337	(113)
Total Resources	150,450	150,450	174,055	23,605
Charges (Outflows)				
Insurance-General	3,000	2,815	2,815	-
Memberships	3,691	3,727	3,727	-
Audit Services	3,500	3,380	3,380	-
Bookkeeping	4,500	4,500	4,500	-
Internet and Website Costs	1,300	1,550	1,780	(230)
Legal Counsel	10,200	19,150	17,017	2,133
Basic Services (Contract)	72,060	107,060	104,939	2,121
Office Rent	5,568	5,568	5,538	30
Office Expenses	3,450	3,550	3,655	(105)
Publication & Legal Notices	2,000	1,000	755	245
Televising Commission Meetings	2,000	1,500	1,537	(37)
A-87 Costs-County Services	2,131	2,093	2,093	-
In-County Travel & Stipends	3,000	300	350	(50)
Travel & Lodging	100	-	-	-
Conferences (Registrations)	150	-	-	-
Work Plan (MSR and SOI)	42,500	19,000	15,316	3,684
Contract Services-GIS Services	2,500	1,000	603	397
Misc Expenses (Special District Training Support, bank service charges)	-	-	-	-
Applications	-	-	24,508	(24,508)
Total Charges	161,650	176,193	192,512	(16,319)
Ending Budgetary Net Position	\$ 83,237	\$ 68,694	\$ 75,980	

The accompanying notes are an integral part of these financial statements.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: May 2, 2022
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **PUBLIC HEARING Proposed Budget and Work Program for FY 2022-23**

RECOMMENDATION

Adopt Resolution 21-22-15, approving the Proposed Budget and Work Program for Fiscal Year 2022-2023 and directing the Executive Officer as follows:

- a) Distribute the Draft Budget and Work Program for review and comment to the 54 funding agencies (4 cities, 49 special districts, and county); and
- b) Schedule a public hearing, pursuant to Government Code Section 56381, for consideration and adoption of a Final Budget and Work Program for FY 2022-2023 at the June 6, 2022 Regular LAFCo Meeting.

BACKGROUND

The State Government Code Section 56381(a) requires the Commission to hold a public hearing to adopt a proposed annual budget. The proposed FY 2022-23 budget is presented in line-item detail for the Commission's review and consideration (Attachment 1).

Per the [Cortese-Knox-Hertzberg Local Government Act of 2000 \(CKH\)](#) (Section 56381(a)), at a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of this chapter.

The Proposed Budget shows anticipated revenues and expected expenditures by line item in sufficient detail to allow for Commission, member agency, and public review. The Work Program provides a narrative of the expected work products to be accomplished during the fiscal year, and likewise shall be in sufficient detail to allow for Commission, member agency, and public review.

In February, staff participated in meetings with the Commission's Executive Committee, comprised of Chair Orth, Vice Chair Ignacio and Treasurer Ward, to review the preliminary budget. In accordance with the Commission's Policies and Procedures Manual, the Executive Committee reviews the preliminary budget and serves in an advisory role on this matter to the full Commission.

The preliminary budget was presented to the Commission for feedback during a public workshop held on March 7, 2022. Upon Commission direction, staff distributed the proposed budget for review and comment to the county, cities, and independent special districts and scheduled a public hearing for May

2, 2022 (Attachment 4). Subsequently, the final budget, together with any submitted comments, will be considered by the Commission at a second public hearing during the June 6, 2022 regular meeting.

FY 2022-23 Mendocino LAFCo Proposed Budget

The proposed FY 2022-23 budget is balanced; the expected expenditures are funded by the projected ongoing revenues and includes a small amount for increasing reserves to minimums. The proposed budget totals \$263,800 resulting in an overall increase of approximately 16% from the FY 2021-22 budget and takes into consideration the current inflationary trends. The following provides a description and discussion of the revenues, expenditures and reserves contained in the FY 2022-23 proposed budget.

Revenue

Revenues in FY 2022-23 total \$265,100. There are four categories of revenues: (1) County, Cities, and Special Districts apportionments, (2) interest, (3) unreserved equity or cash balance and (4) service fees. The fourth category is new and effective next fiscal year and consists of recently adopted service fees that include revenue that will help offset a portion of overhead and long-term planning costs. Apportionments to the funding agencies constitute nearly all of the revenue.

(1) Apportionment Fees

The apportionments from the funding agencies provide the primary revenue source for Mendocino LAFCo. The total apportionment for FY 2022-23 of \$265,000 to be collected from the county, cities and special districts remains unchanged from the FY 2021-22 budget. The apportionments for the individual cities and independent special districts are calculated by the County Auditor-Controller using the formula set forth in Government Code Section 56381(b) and are proportional to each agency's total revenues as a percentage of the overall revenue amount collected in the county.

(2) Interest

This revenue category includes interest earned from LAFCo's reserves account, checking account, and the Mendocino County Treasury. Since the Commission receives an influx of revenues in the beginning of each fiscal year from the funding agencies, which are collected by the County Auditor-Controller, the apportionments are held in the Mendocino County Fund (Treasury). Throughout the fiscal year, LAFCo's Treasurer withdraws funds from the account to cover operational expenses. LAFCo also has a reserves account held at Westamerica Bank and a checking account at Savings Bank of Mendocino County, both of which earn standard interest throughout the year. The proposed FY 2022-23 budget projects that the combined interest of these accounts will be approximately \$100.

(3) Unreserved Equity

In its reserve policies, the Commission specifies minimum balances of \$35,000 for legal reserves and 25% of the annual operating budget for operational reserves. Additionally, in FY 2021-22, the Commission directed an increase in legal reserves to \$50,000.

Unreserved equity, or cash balance, is any balance available above those minimums. There is a projected unreserved equity of \$38,715 at the end of this fiscal year, primarily due to COVID related cancellations of conferences, trainings and in-person meetings, and unused work plan budget that will roll into the next fiscal year. To increase the reserves account to minimum balances, \$7,900 of unreserved equity will be transferred to reserves. The remaining unreserved equity (\$30,815) will be held for work plan contingencies (Table 1).

(4) Service Fees

At its April 4, 2022 regular meeting, and in accordance with Government Code Sections 56383 and 66016, the Commission adopted weighted service rates applicable to tasks subject to the Fee Schedule (i.e.,

processing public requests and applications, etc.). The service rates will take effect July 1, 2022 and include a portion of overhead (administrative) and long-term planning (Work Plan) costs.

Based on application processing over the past two years, conservative estimates of revenue resulting from the recently adopted service rates indicate approximately \$10-15,000 might be collected to offset overhead and Work Plan costs in the coming fiscal year. The accumulated revenue for overhead and long-term planning will be evaluated and reflected in the following year’s budget development process.

Reserves and Contingencies

Reserves

Mendocino LAFCo Policy 5.1.5 Reserves specifies minimum balances for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. Reserves consist of an operating reserve of 25% of the annual operating budget, which makes it somewhat variable from year to year, and a legal reserve of \$50,000 as directed by the Commission. Table 1 summarizes an analysis of reserves for the coming fiscal year.

	Projected FY 2021-22 (\$)	Proposed FY 2022-23 (\$)
Budget	200,675	263,800
Revenue/Funds		
Apportionment fees	265,000	265,000
Misc Revenue (interest)	100	100
Difference	64,425	1,300
Reserves		
Balance at beginning of FY	81,040	106,750
<i>Target Reserves balance per policy</i>	<i>106,750</i>	<i>115,950</i>
Estimated Unreserved Equity	38,715	(7,900)
<i>Proposed Work Plan Contingency</i>	<i>38,715</i>	<i>30,815</i>

With apportionment fees remaining constant, minimum reserves will be met and there will remain an end of fiscal year anticipated unreserved equity of \$30,815 that will be held for work plan contingencies.

Work Plan Contingency

The Work Plan Contingency will provide a buffer to accommodate unanticipated or higher than estimated expenses associated with issues arising during the preparation of MSR/SOI Updates and for some level of associated environmental reviews required under the California Environmental Quality Act (CEQA). An example of unanticipated costs is when consultant-prepared MSR/SOI studies are needed, which are generally calculated at higher hourly rates than in-house staff prepared studies.

SOI Updates are subject to CEQA and can run from a Notice of Exemption (approximately \$500) to an Environmental Impact Report (EIR) that can be upwards of \$100,000 or more depending on the complexity of the agency and sphere. To date, Mendocino LAFCo has had insufficient budget to prepare CEQA documents above Exemptions for LAFCo-initiated SOI Updates. Accumulating funds in the Work Plan Contingency will allow flexibility for SOI Update CEQA-related costs, which will better position staff and the Commission for emphasizing good planning principles rather than establishing SOIs limited by the costs of CEQA analysis.

The contingency will function as a reserve for work plan tasks – money not used in a fiscal year will accumulate and be tracked for subsequent years for the Work Plan Contingency and will provide for a buffer to support Work Plan efforts that are dynamic by nature and not limited to a single fiscal year.

Per the proposed budget, the unreserved equity of approximately \$30,815 will be allocated to a Work Plan Contingency for the next fiscal year (Table 3).

Expenditures

The proposed budget expenditures reflect the resources necessary to support LAFCo’s operations and to effectively manage the mandated projects that are not supported by applicant fees, such as preparing updates of agencies’ Spheres of Influence and conducting Municipal Service Reviews.

The proposed budget includes adjustments to specific budget categories based on the current national Consumer Price Index (CPI), past trending, actual expenditures and cost projections for insurance and memberships. The Commission expenses are described in three categories: (1) Basic Services (staffing), (2) Services and Supplies, and (3) Work Plan. The percentage of each category is depicted in Figure 1 and described briefly in the following sections.

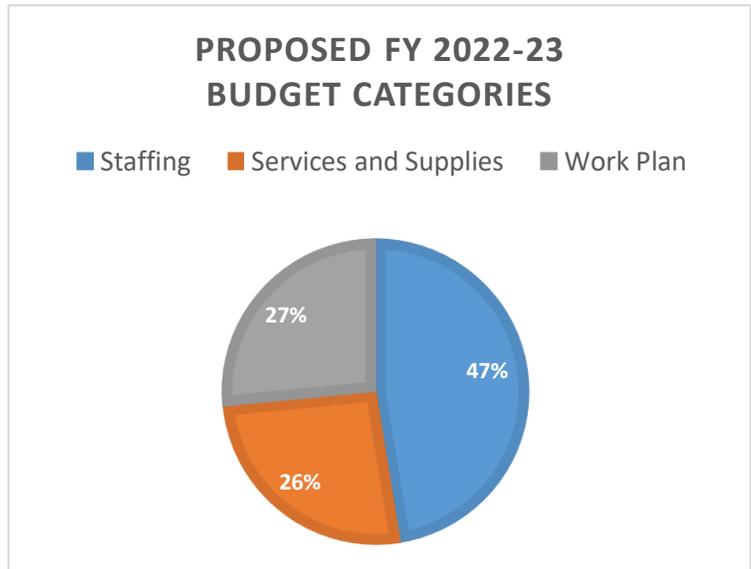


Figure 1 Proposed FY 2022-23 Budget Allocation by Category

The proposed operating expenses for Fiscal Year (FY) 2022-23 are \$263,800 and reflect the anticipated staffing services for day-to-day operations and for conducting the proposed Work Plan for FY 2022-23 (Attachment 1 and 2). The expenses represent an increase of 16% above the previous fiscal year’s budget and reflect the current inflationary trends.

The following table provides a summary of the adopted FY 2021-22 budget and the Proposed Budget for FY 2022-23 (Table 2).

Estimated Budget Summary	FY 2021-22		FY 2022-23 Proposed Preliminary Budget (\$)
	Adopted (\$)	Projected (\$)	
<i>Anticipated Cash Balance</i>	0	0	0
Apportionment	265,000	265,000	265,000
Interest	100	100	100
Estimated Revenues Total	265,100	265,100	265,100
Basic Services (Staffing)	108,000	108,000	125,100
Services and Supplies	67,500	47,133	68,700
Work Plan	51,500	45,000	70,000
Estimated Operations Total	227,000	200,675	263,800
<i>Difference</i>	<i>38,100</i>	<i>64,425*</i>	<i>1,300*</i>

* See Revenues and Reserves section, below.

(1) Basic Services (Staffing)

The proposed Basic Services budget supports approximately a 0.72 full time equivalent (FTE) employee shared between the Executive Officer, Analyst and Clerk (up from 0.69 FTE in the current FY). The proposed FY 2022-23 Basic Services budget represents an increase of 15.8% and includes an approved

cost-of-living increase in staff rates that go into effect July 1, 2022. See Attachment 2 Work Program for a summary of tasks proposed under Basic Services. Note that applications and Work Plan tasks are under separate budget accounts, both of which may either be conducted in-house or by an outside consultant.

(2) Services and Supplies

Services and supplies consist of operating expense for typical office functions, membership fees, insurance, contracted Legal Counsel, Commissioner and staff trainings and conferences, and Commissioner stipends and travel expenses. The Services and Supplies operating budget continues to demonstrate prudent management of LAFCo expenses. While there are minor changes to some accounts to accommodate inflationary increases, no significant changes from FY 2021-22 are proposed. See Attachment 1 for details by account.

(3) Work Plan

The Cortese-Knox-Hertzberg Act (CKH) mandates the periodic review of local government agencies through municipal service reviews (MSRs) and sphere of influence (SOI) updates (GC Section 56425(g)). To meet that mandate, Mendocino LAFCo has until recently focused its efforts on updating the MSR and SOI studies with the local policy-supported goal of every five years for agencies providing water, sewer, fire and police services (Mendocino LAFCo Policy 10.1.3(a)) and other service providers as needed.

SOI studies can range in scope from abbreviated to comprehensive or in-depth. The less comprehensive the study, the faster and less costly the product. The more in-depth the study, the more coordination occurs, the longer it will take, and the more it will cost to produce.

The proposed work plan represents a shift in the model away from fast, abbreviated, and inexpensive studies that do not sufficiently address complex issues facing our communities or lay meaningful groundwork for creating efficiencies of services and government restructure options.

The proposed establishment of a work plan contingency (see below), which would allow unutilized work plan budget to accumulate between fiscal years, would support flexibility in implementing the work plan (e.g., shifting to consultant-prepared studies or expanding efforts to address unanticipated issues/needs) as well as fund compliance with CEQA, beyond an exemption, for proposed non-coterminous spheres.

In the next fiscal year, the Work Plan will remain focused on the development of the City of Ukiah and Ukiah Valley Sanitation District studies that will continue into the first half of the next FY. Additionally, in response to the drought conditions and emergency coordination that started last year, the proposed Work Plan includes two MSR/SOI Updates addressing all municipal water districts separated into coastal and inland agencies; the water agencies were last reviewed in 2013-2016. See Table 3.

Table 3. Proposed FY 2022-23 Work Plan	
Agency	Last MSR and/or SOI Update
City of Ukiah ¹	MSR 2012
Ukiah Valley Sanitation District ²	N/A
Coastal Water Districts (6)	MSR 2014; SOI 2015 and 2016
Inland Water Districts (8)	MSR 2013 and 2014; SOI 2015-16
Work Plan Notes:	
¹ The MSR/SOI Update was initiated in FY 2021-22. The study is anticipated to track with the City's General Plan Update and associated CEQA document.	
² The MSR/SOI Update was initiated in FY 2021-22. Plans for CEQA analysis is unknown at this time.	

While it is the intent to implement the entire identified Work Plan within one fiscal year, actual completion of a specific study may span multiple fiscal years. Work Plan implementation can change due to various factors, such as: (a) agency responsiveness and timely provision of requested information, (b) complexity of issues involved, (c) level of public and affected agency controversy, (d) changing needs and priorities, (e) overall staff workload, and (f) higher than anticipated costs.

Attachment 2 also identifies an estimated cost for each agency; however, cost allocations are an estimate only and may change as noted above. Further, the Work Plan budget assumes minimal costs for CEQA compliance related to filing a Notice of Exemption (NOE). As an option, agencies requesting a non-coterminous SOI may expedite a potential multi-fiscal year process by contributing to the cost of preparing an Initial Study and associated environmental document (i.e., Negative Declaration, Environmental Impact Report, etc.).

NEXT STEPS

Budget development steps and schedule are set forth in the Mendocino LAFCo Policies and Procedures (Chapter 5) and Government Code Section 56381(a) and states that the Proposed Budget must be adopted by May 1st and the Final Budget by June 15th. The budget is based on a July 1 to June 30 fiscal year.

Table 4. Budget development schedule	
Budget Phase	Schedule
Preliminary Budget and Proposed Work Plan – Workshop	March 7
Proposed Budget and Work Plan – Public Hearing	May 2
Final Budget and Work Plan – Public Hearing	June 6

Following Commission direction on the Proposed Budget, staff will make any changes as directed by the Commission and send the Draft Final Budget to the City/County/Special District managers for review and comment. Staff will report on all feedback received and any proposed changes during the final budget hearing on June 6, 2022.

- Attachments: (1) Proposed FY 2022-23 Budget
 (2) Proposed Work Program
 (3) Resolution No. 2021-22-15
 (4) Proof of Public Notice

Attachment 1

Mendocino Local Agency Formation Commission Proposed Budget for FY 2022-2023

26-Apr-22

ACCOUNT #	DESCRIPTION	FY 2021-22		FY 2022-23
		Final	Projected	Proposed
REVENUE				
	<i>Anticipated Cash Balance</i>			
4000	LAFCO Apportionment Fees	\$ 265,000	\$ 265,000	\$ 265,000
4100	Service Fee Overhead			
4800	Miscellaneous			
4910	Interest Income	\$ 100	\$ 100	\$ 100
	Revenue Subtotal	\$ 265,100	\$ 265,100	\$ 265,100
EXPENSES				
5300	Basic Services (<i>EO, Analyst, Clerk</i>)	\$ 108,000	\$ 108,000	\$ 125,100
5500	Rent	\$ 5,775	\$ 5,904	\$ 6,500
5600	Office Expenses	\$ 3,300	\$ 3,300	\$ 3,300
5700	Internet & Website Costs	\$ 2,500	\$ 2,500	\$ 2,500
5900	Publication and Legal Notices	\$ 2,000	\$ 1,200	\$ 2,000
6000	Televising Meetings	\$ 2,000	\$ 1,500	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 3,500	\$ 3,800
6200	Bookkeeping	\$ 4,500	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 19,000	\$ 15,000	\$ 19,000
6400	A-87 Costs County Services	\$ 2,100	\$ 2,100	\$ 2,100
6500	Insurance-General Liability	\$ 2,450	\$ 2,601	\$ 3,200
6600	Memberships (<i>CALAFCO/CSDA</i>)	\$ 3,525	\$ 3,470	\$ 3,700
6670	GIS Contract with County (<i>Counsel training, IT support</i>)	\$ 2,500	\$ 1,500	\$ 2,000
6740	In-County Travel & Stipends	\$ 4,000	\$ 600	\$ 4,000
6750	Travel & Lodging Expense	\$ 6,250	\$ -	\$ 6,000
6800	Conferences (<i>Registrations</i>)	\$ 4,100	\$ -	\$ 4,100
7000	Work Plan (<i>MSRs and SOIs</i>)	\$ 51,500	\$ 45,000	\$ 70,000
	Operating Expense Total	\$ 227,000	\$ 200,675	\$ 263,800
	REVENUE/EXPENSE DIFFERENCE <i>(Negative balance indicates use of fund balance and/or reserves)</i>	\$ 38,100	\$ 64,425	\$ 1,300
RESERVES / CONTINGENCIES				
	Legal Reserves		\$ 50,000	\$ 50,000
	Operations Reserves @ 25% Annual Operating Budget		\$ 56,750	\$ 65,950
	Total Reserves		\$ 106,750	\$ 115,950
	<i>Anticipated Cash Balance</i>		\$ 38,715	\$ 30,815
	Proposed Work Plan Contingency			\$ 30,815

Attachment 2

Work Program (Basic Services and Work Plan) FY 2022-23 Proposed Budget

Tasks	Description & Assumptions	Estimated Budget
Basic Services		
Office Hours & Administrative Duties	Clerk duties not related to projects; office hours; public assistance; PRA requests; budget development, tracking, amendments; accounts payable, QuickBooks; annual audit; EO correspondence; response to requests for Agency Comments for projects and/or environmental documents routed to LAFCo for review, etc.; carrying out Commission direction.	\$ 75,000
Commission & Committee Meetings	Commission & Committee meeting attendance (12 Regular and 8 Committee); agenda packet development, staff reports, presentations, minutes.	\$ 34,000
Work Plan Support	Prepare and distribute Public Notices, development of staff reports specifically related to MSR/SOI studies, presentation at Commission meetings for Public Workshops and Public Hearings.	\$ 5,000
Consult Legal Counsel	Contract allows for a minimum of 5 hours per month.	Current Contract
Application Processing	Process change of organization or reorganization applications initiated by landowner petition or resolution of application from Cities and Special Districts to modify existing powers, annex and/or detach territory from agency boundaries, and create, dissolve, or consolidate/merge local agencies.	Paid by applicant
Policy Development	Prepare expedited process for out-of-area water services; outreach and update SOI policy; policy amendment and development as needed.	\$ 10,000
Transparency Improvements to Website	Assess/implement website improvements (JPAs, maps, etc.); Post JPA Agreements on website (SB 1266).	\$ 1,100
Total		\$ 125,100
Work Plan		
MSR/SOI Update	Prepare and adopt combined Municipal Service Review and Sphere of Influence (MSR/SOI) Update studies pursuant to GOV §56425 and §56430, either in-house or by contract.	\$ 70,000
<p>The agencies listed below have priority for preparation of a LAFCo-initiated MSR/SOI Update in Fiscal Year 2022-23. The actual completion of a specific study may span multiple fiscal years. The budget allocation for each agency is based on estimated costs. Actual costs for study completion may be higher or lower than estimated below.</p> <p>Work Plan implementation is subject to change due to various factors, such as: (a) agency responsiveness and timely provision of requested information, (b) complexity of issues involved, (c) level of public and affected agency controversy, (d) changing needs and priorities, (e) overall staff workload, and (f) higher than anticipated costs.</p> <p>The Work Plan budget assumes minimal costs for CEQA compliance related to filing a Notice of Exemption (NOE). Agencies requesting a non-coterminous SOI may expedite a potential multi-fiscal year process by contributing to the cost of preparing an Initial Study and associated environmental document (ND/MND, EIR, etc.).</p>		
The total Work Plan Budget of \$70,000 is not limited to the following designations. These budget allocations may shift to other agencies as needed during the year.	City of Ukiah	\$ 15,000
	Ukiah Valley Sanitation District	\$ 10,000
	Coastal Water Districts (6)	\$ 20,000
	Inland Water Districts (8)	\$ 25,000
	Total	

Attachment 3

Resolution No. 2021-22-15 of the Local Agency Formation Commission of Mendocino County

Adopting the Proposed Budget and Work Program for Fiscal Year 2022-23

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, annually adopts a proposed budget by May 1st and a final budget by June 15th to fulfill its purposes and functions that are set by State law; and

WHEREAS, the Commission has prepared a Proposed Budget and Work Plan for public review that meets the criteria set forth in Government Code Section 56381, including adopting a Proposed Budget that will allow the Commission to fulfill its purposes and programs; and

WHEREAS, the Executive Officer has given sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Commission heard and fully considered all oral and written testimony submitted and presented on the proposed budget and work program], including the Executive Officer’s report and recommendations, at a public hearing held on May 2, 2022; and

NOW, THEREFORE, the Mendocino Local Agency Formation Commission does hereby RESOLVE, DETERMINE, and ORDER as follows:

1. The Commission hereby approves a Proposed Budget for fiscal year 2022-23 as set forth in Exhibit A, attached hereto; and
2. Finds that the Proposed Budget as set forth in Exhibit A, attached hereto, will not result in reductions in staffing or program costs to such an extent that the Commission would be impeded from fulfilling the purpose and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and
3. Directs the Executive Officer to forward the Proposed Budget, as adopted, to all independent special districts, cities and the County, and to schedule the Final Budget hearing for no later than June 6, 2022.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 2nd day of May 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

CHARLES A. ORTH, Chair

UMA HINMAN, Executive Officer

Exhibit A

Mendocino Local Agency Formation Commission Proposed Budget for FY 2022-2023

26-Apr-22

ACCOUNT #	DESCRIPTION	FY 2021-22		FY 2022-23
		Final	Projected	Proposed
REVENUE				
	<i>Anticipated Cash Balance</i>			
4000	LAFCO Apportionment Fees	\$ 265,000	\$ 265,000	\$ 265,000
4100	Service Fee Overhead			
4800	Miscellaneous			
4910	Interest Income	\$ 100	\$ 100	\$ 100
	Revenue Subtotal	\$ 265,100	\$ 265,100	\$ 265,100
EXPENSES				
5300	Basic Services (<i>EO, Analyst, Clerk</i>)	\$ 108,000	\$ 108,000	\$ 125,100
5500	Rent	\$ 5,775	\$ 5,904	\$ 6,500
5600	Office Expenses	\$ 3,300	\$ 3,300	\$ 3,300
5700	Internet & Website Costs	\$ 2,500	\$ 2,500	\$ 2,500
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	Proposed Work Plan Contingency			\$ 30,815

Ukiah Daily Journal

617 S. State St
Ukiah, California 95482
(707) 468-3500
advertising@record-bee.com

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/22/2022

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
April 26th, 2022



Molly E. Lane, LEGAL CLERK

Legal No. 0006654641

5962-22

3-22/22

Mendocino Local Agency Formation Commission (LAFCo) NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on Monday, May 2, 2022, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, or via teleconference pursuant to State Executive Order N-29-20 in response to the emergency declaration for COVID-19, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2022-2023. This item is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15306 and Section 15061(b)(3). Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470.

All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. Date Posted: 3/22/22

Ukiah Daily Journal

617 S. State St
Ukiah, California 95482
(707) 468-3500
advertising@record-bee.com

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/23/2022

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
April 26th, 2022



Molly E. Lane, LEGAL CLERK

Legal No. 0006654644

WN22015

Mendocino Local Agency Formation Commission (LAFCo) NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on Monday, May 2, 2022, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, or via teleconference pursuant to State Executive Order N-29-20 in response to the emergency declaration for COVID-19, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2022-2023. This item is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15306 and Section 15061(b)(3). Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470.

All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. Date Posted: 3/23/22

Fort Bragg Advocate-News

690 S. Main Street
Fort Bragg, California 95437
707-964-5642

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the Fort Bragg Advocate-News, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

03/24/2022

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
April 26th, 2022



Molly E. Lane, LEGAL CLERK

Legal No. 0006654649

AB22-052

Mendocino Local Agency Formation Commission (LAFCo) NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on Monday, May 2, 2022, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, or via teleconference pursuant to State Executive Order N-29-20 in response to the emergency declaration for COVID-19, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2022-2023. This item is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15306 and Section 15061(b)(3). Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470.

All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. Date Posted: 3/24/22

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING May 2, 2022
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **SWRCB Presentation and Request for Support of Water Services Reorganization Efforts in Ukiah Valley**

RECOMMENDATION

The Commission will receive an informational presentation from Michelle Frederick, State Water Resources Control Board (SWRCB), regarding its consolidation programs and coordination efforts within the County.

Direct staff to prepare a letter of support to the SWRCB, City of Ukiah, and Ukiah Valley water districts for potential reorganization of water service providers in the Ukiah Valley.

SUMMARY

The SWRCB has a number of programs encouraging, and in some cases, mandating consolidation of public water systems. In drinking water terminology, consolidation as used by the SWRCB is the joining of two public water systems. The SWRCB also refers to annexation, which is defined as falling under the jurisdiction of LAFCo and is consistent with Cortese-Knox-Hertzberg definitions. Depending on the governance type of the water system (i.e., mutual water companies, etc.), a formal annexation process may or may not be required for consolidation.

A public water system is generally defined as a system that provides water for human consumption with 15 or more connections, or regularly serves at least 25 people daily for at least 60 days out of the year. California has more than 7,500 public water systems, of which approximately 92 percent serve less than 1,000 connections. Small public water systems are often less resilient to natural disasters, such as drought and fire, have more difficulty adjusting to regulatory changes, and may struggle to fund infrastructure maintenance and replacement due to poor economies of scale and lack of staff. As a result, the SWRCB supports water partnerships whenever feasible, a component of the [Safe and Affordable Funding for Equity and Resilience \(SAFER\) Program](#). Water partnerships can take many forms, including: local resource sharing, physical consolidation, managerial consolidation, and full regionalization.

SWRCB staff have been working with water service providers in the Ukiah Valley for many years and have recently included LAFCo staff in discussion of options for supporting consolidation efforts. Additionally, the State's current drought emergency and bonds means there is a plethora of support and funding to assist service providers with consolidation efforts.

The SWRCB, City of Ukiah and Ukiah Valley water districts' staff have requested a letter of support from LAFCo indicating support for the agencies' efforts in developing consolidation plans, future application to LAFCo, and to pursue grant funding for the studies and process.

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING May 2, 2022
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Report on Work Program and Staff Workload**

RECOMMENDATION

The Commission will receive an update on Commission-assigned tasks and status and consider direction to staff regarding prioritization of assignments.

BACKGROUND

Implementation of the annual Work Program and Work Plan is balanced with carrying out the directives of the Commission. In 2012, the Commission completed a strategic planning exercise that resulted in the adoption of guiding *Priorities and Principles* (Attachment 1).

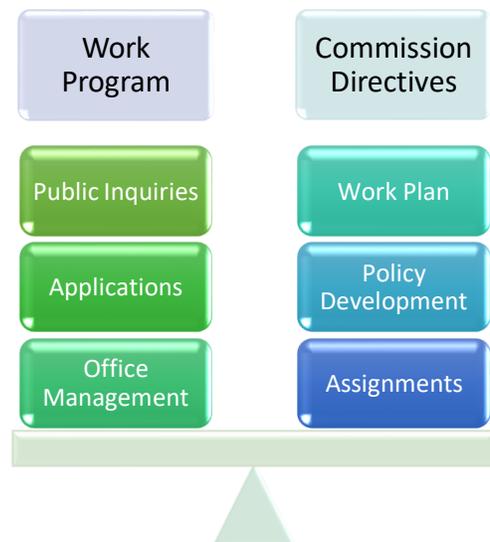
Mendocino LAFCo's Basic Services budget allows for an approximately 0.7 full time equivalent employee shared between the Executive Officer, Analyst and Clerk. The Basic Services budget is for implementing the Work Program (Attachment 2) and includes implementing office and Commission operations and meetings, public and agency outreach and coordination, policy development, budget development, responding to public inquiries and information requests, etc.

The Work Plan identifies the municipal service reviews, sphere of influence updates and special studies planned for a given fiscal year. The Work Plan is a separate budget account that may be implemented in-house or contracted out for preparation. Our staff typically prepare the studies in-house with support from independent contracts when available and cost-effective.

In order to effectively manage and implement the Work Program (workload and office operations), staff generally prioritizes the workload as follows:

1. Public inquiries
2. Application processing
3. Work Plan implementation

This item is a report on the Commission directives and Work Program.



COMMISSION DIRECTIVES

Commission directives include the Commission-adopted Work Plan for the fiscal year, policy development that is directed to staff and/or the Policies & Procedures Committee and any special assignments.

Work Plan Implementation

The following table identifies the agencies scheduled in the FY 2021-22 Work Plan for MSR/SOI Updates and the current status of those efforts. The Work Plan tasks still in process are being discussed in detail under a separate agenda item.

Agency (MSR/SOI Updates)	Status	Notes
Covelo Community Services District	Complete	
Ukiah Valley Fire District	Complete	
County Service Area 3	In Process (90%)	The Public Workshop was held on April 4, 2022. Public Hearing scheduled for June 6, 2022.
City of Ukiah	In Process (20%)	Regular coordination meetings with Ukiah staff are held and serve to facilitate the sharing and coordination of information and the preparation of the administrative draft MSR/SOI Updates.
Ukiah Valley Sanitation District	In Process (10%)	Regular coordination meetings with UVSD staff are held to facilitate the process and development of SOI options; the administrative draft is in progress.

Policy Development

The Commission periodically assigns the development of policies and guidelines to the Policies & Procedures Committee and/or staff. The following list identifies assigned directives and a status.

➤ **Sphere of Influence Policy Update**

In 2020, the Policies & Procedures Committee initiated an update of the Sphere of Influence policies to codify the long-existing practices of the Commission regarding LAFCo-initiated Sphere of Influence Updates and related CEQA analysis and a proposed definition for “outdated spheres.”

Several Committee meetings and a public workshop were held to receive public input on the intent of the policy updates and proposed language, all of which garnered substantial concern from agencies who participated in the discussions. Special counsels were brought into the discussion and there were requests for increased outreach and coordination with the agencies.

Status

At a Committee-hosted public workshop held on May 11, 2021, the Committee informally agreed to continue discussion at another SOI Policy Workshop and directed staff to continue to engage with stakeholders on the proposed policy revisions prior to the next workshop. Thereafter, staff prepared an item for Commission guidance on the overarching SOI policy principles and dedication of limited staff

resources on continuing stakeholder involvement and policy development at the June 7, 2021 regular meeting. As recommended by staff of LAFCo, the City of Ukiah, and the Ukiah Valley Sanitation District, the Commission informally agreed to delay SOI policy development and allow staff time to work together with the City and District toward forward progress on a plan for future sewer services in the Ukiah Valley. With the continued positive working relationship between the agencies, it has been unnecessary to revisit SOI policy development to date and staff efforts have focused on updating the City and District SOIs.

In June 2021, the Ukiah Valley Fire District and City of Ukiah jointly submitted an application to annex the City of Ukiah, which was fast tracked by staff at the request of the agencies and support of the Commission.

Staff Recommendation

Over the past 10 months, LAFCo, Ukiah and UVSD staff have developed good working relationships that have proven essential in moving forward projects of interest to the agencies including the MSR/SOI Updates for the two agencies and planning for sewer service provision around the City. The issues being addressed by the agencies are delicate and this interagency collaboration should continue to be supported as the agencies work through these difficult big-picture service issues. There is concern that revisiting the SOI Policy updates at this time would be counterproductive to great progress being made.

In working with the City and UVSD, and allowing the City and UVSD staff to continue to negotiate their future relationship and provision of services in the Ukiah Valley, LAFCo's efforts to update the MSR and SOI studies will be significantly streamlined and supported. Additionally, discussions now include valley water districts, which further underscores the benefit of focusing on collaborative efforts.

➤ **Emergency Out of Agency Water Transfer Policy**

Throughout the summer and fall of 2021, the drought conditions worsened and communities were struggling with increasing numbers of dry wells and limited water supplies, particularly in the coastal communities. LAFCo received numerous inquiries from the public and water supply agencies for support and action in addressing the failing water supplies and out of agency water hauling issues.

The Executive Officer participated in the ongoing Countywide-emergency drought coordination and County Board of Supervisor Drought Ad Hoc Committee meetings, and learned more about the scope of water hauling within the County. Additionally, a significant emergency water hauling effort was initiated under a Mutual Aid Agreement between the County, the City of Ukiah and the City of Fort Bragg.

In September 2021, the Commission heard a report from the Executive Officer on the emergency drought conditions and Countywide coordination and support efforts, and referred the matter to the Executive Committee for support. The Executive Committee took up the matter in mid-September and heard a report from staff regarding emergency water provision between agencies and the applicability of Government Code §56133, which requires LAFCo review of proposals for the extension of municipal services both for a determination of exemption or approval before services are provided.

A number of legal questions were raised including whether LAFCo has authority over mutual aid agreements and whether exemptions apply in this case.

Status

Staff received direction to work with Counsel on the legal questions identified during the Committee meeting and in developing local policy language for consideration by the Policies and Procedures Committee and Commission consideration.

In November 2021, the City of Fort Bragg put its portable desalination plant into operation and restarted water supply availability to the coastal community of Mendocino and residents with dry wells. With the halt in water hauling from inland to coastal communities, and staff's commitment to completing the fast-tracked Ukiah Valley Fire District/City of Ukiah application, the next steps in policy development were delayed.

Staff Recommendation

As we enter yet another year of severe drought, the emergency hauling of water will again be a critical tool in the Countywide efforts to support communities and residents suffering water scarcity impacts. As the County works on its ordinance for emergency water hauling, LAFCo should restart efforts to establish policy over the next few months.

LAFCo should continue to be involved in the Countywide Drought Coordination and Drought Ad Hoc Committee efforts to aid in the response efforts as appropriate and to ensure that LAFCo's directives are addressed. Additionally, LAFCo should also coordinate with the Mendocino County Water Agency as it works to coordinate efforts on a regional level.

Governor Newsom's [Executive Order No. N-7-22](#), issued on March 28, 2022, calls for local water suppliers to activate drought contingency plans and for the State Water Resources Control Board to consider a ban on watering of decorative grass around commercial, industrial and institutional buildings. The Order specifies the following:

To facilitate the hauling of water for domestic use by local communities and domestic water users threatened with the loss of water supply or degraded water quality resulting from drought, any ordinance, regulation, prohibition, policy, or requirement of any kind adopted by a public agency that prohibits the hauling of water out of the water's basin of origin or a public agency's jurisdiction is hereby suspended. The suspension authorized pursuant to this paragraph shall be limited to the hauling of water by truck or bottle to be used for human consumption, cooking, or sanitation in communities or residences threatened with the loss of affordable safe drinking water. Nothing in this paragraph limits any public health or safety requirement to ensure the safety of hauled water.

➤ **E-Signatures for Checks**

The Commission adopted a policy on electronic signatures (e-signatures) on May 3, 2021 to allow for greater staff efficiencies and capabilities, particularly during conditions such as the pandemic that make coordination of wet-signatures more difficult.

Staff have been applying the policy to documents using the office's Adobe Pro program, which greatly streamlines the collection of signatures on PDF documents.

The Commission also directed staff to investigate the possibility of utilizing e-signatures on checks. The difficulty in allowing e-signatures on checks is our Commission policy that requires two Commissioner signatures for all checks. The Savings Bank of Mendocino County (SBMC), which holds LAFCo's checking account, has an online banking option that would allow for electronic bill payment; however, the online banking option does not provide an option for the two-signature requirement.

Status

Staff continues to research options for e-signatures on checks through other sources (i.e., Quickbooks, Deluxe Checks, Adobe Pro, etc.) that will be consistent with our policies.

Until a means for e-signatures on checks is identified, SBMC does allow for one or both signatures to be called in by Commissioners identified on the signature card held by the bank.

Staff Recommendation

Staff continues to research options for e-signatures and work with the Commission Treasurer and banks to find a solution.

Assignments

➤ **Sustainable Agricultural Lands Conservation Grant**

The [Mendocino County Sustainable Ag Lands](#) Committee is implementing a project that aims to protect valuable agricultural lands while also supporting sustainable housing development and to build a sustainable and resilient agricultural community through promotion of climate beneficial farming practices that sequester carbon and reduce greenhouse gas emissions.

LAFCo's role has been in stakeholder engagement and outreach. The project included both match and grant funding. Much of the outreach work by LAFCo was performed in the typical processing of applications and development of sphere of influence updates. The preservation of agricultural and open space areas are a directive of LAFCo and were discussed through the processes mentioned above. The grant funding was applied to offset the staff cost of attending meetings that were focused on these resources.

Status

The grant project completion date is April 30, 2022 and all LAFCo deliverables and match documentation have been met. The final invoice was submitted on March 28, 2022. A report on the final project deliverables will be made at a future meeting.

WORK PROGRAM

The Work Program includes office operations, which consist of typical activities associated with the day-to-day running of the office and office management. Also included in operations are responses to public inquiries and processing of applications; generally speaking, these take priority over directives such as Work Plan studies and policy development.

Public Inquiries

Public inquiries range from emails or phone calls asking for general information to in-depth public records requests. Staff typically respond to 2-5 public inquiries a week ranging from a half hour to hours of staff time.

Official Public Records Act (PRA) requests made pursuant to Government Code 6253 can require many hours to compile. Staff performed extensive research and document compilation in response to a subpoena received in March related to Mendocino City Community Services District that was fulfilled in mid-April.

Proposals and Applications

The application process often includes a substantial amount of coordination and staff activities before a proposal is actually submitted with fees for processing. We have been working with several agencies on pending proposals that we anticipate will be submitted within the next few months.

Additionally, because of the relationship to potential future proposals, staff reviewed and provided written comments on several environmental documents as a Responsible Agency under CEQA.

Table 2 summarizes the current activity that has been in process this fiscal year.

Proposal	Proponent	Status
Annexation of the City of Ukiah	Ukiah Valley Fire District/ City of Ukiah	Completed; fast tracked
Out of Agency Services for Water	City of Fort Bragg	Completed; administrative approval for two residences with failed wells
Annexation of City-Owned Properties	City of Ukiah	Application submitted and being processed
Activation of Latent Wastewater Powers	Elk County Water District	Application submitted and being processed
Activation of Latent Powers for CSA 3	County of Mendocino	Regular coordination meetings ongoing
Out of Agency Service Agreement for Sewer Services	City of Ukiah/Ukiah Valley Sanitation District	Regular coordination meetings ongoing
Annexation of Masonite Area	Millview County Water District	Responsible Agency comments submitted for CEQA document
Annexation of Western Hills Properties	City of Ukiah	Coordination ongoing; submittal anticipated before June

Office Operations

Typical operations to support the Commission include coordination with agencies and members of the public and office management.

Coordination Activities:

- Participated in the Countywide drought emergency response and County Drought Ad Hoc Committee meetings.
- Communications with SWRCB regional staff to coordinate the sharing of information and issues affecting water service providers in Mendocino County.
- Regular coordination meetings with City of Ukiah and Ukiah Valley Sanitation District staff regarding plans affecting future agency growth.

Office Operations and Management:

- Transitioned internet service provider, email service provider, website, and phone service provider from Pacific Internet to more efficient and reliable providers.

- Negotiated a new and improved office location in the Ukiah Valley Conference Center building. The new office is larger, more visible and is a much more professional space with natural light.
- Comprehensive update of special district and interested parties contact information and email distribution lists.
- Developed a methodology and proposal for new fully burdened staff rates to offset overhead and long-range planning costs.

Staff is providing this informational report as a means to update the Commission on typical workload and Commission-assigned tasks and no action is requested. Any official action on the items contained in this report will be agendaized for a future meeting.

Attachment (1) Mendocino LAFCo 2012 Principles and Priorities

Attachment 1

In 2012, the Commission conducted a strategic planning process that included the development of guiding principles and priorities. Public involvement in the process consisted of a facilitated public workshop, online survey, and public meeting, which resulted in Commission adoption of the following *Principles and Priorities* (Resolution 2012-13-02).

Commissioners and staff will uphold the following principles in carrying out their duties:

Mendocino LAFCo Principles

- ❖ LAFCo is dedicated to hearing and responding to community needs through an open and engaged process;
- ❖ LAFCo looks beyond individual agencies and seeks the greater good for citizens;
- ❖ LAFCo is committed to delivering an excellent level of service and emphasizes transparency, efficiency, integrity and fairness in its operations;
- ❖ LAFCo strives to optimize its independent cross-boundary perspective to advance goals of the Cortese-Knox-Hertzberg Local Government Act; and
- ❖ LAFCo's desired result is the efficient delivery of services by local entities including the County, cities, special districts, and service delivery companies throughout Mendocino County.

Additionally, the Commission adopted priorities to guide and focus staff work programs and plans, outreach and regional planning efforts.

Mendocino LAFCo Priorities

1. Complete Municipal Service Reviews in accordance with the schedule approved by the Commission.
2. Outreach to special districts, educate the public, and train Commissioners.
3. Facilitate district consolidations.
4. Enhance LAFCo's communication and credibility.
5. LAFCo's internal practices are structured to be efficient and to provide for an annual work plan, regularly updated policies and procedures, Commissioner orientation, staff succession planning, and streamlined office management.
6. Update LAFCo's policies and procedures on a regular basis.
7. Facilitate agency problem solving.
8. Revenue sharing: LAFCo will encourage a facilitated revenue sharing agreement by providing comments and other support.
9. Participate in conservation efforts.

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING May 2, 2022
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Applications and Work Load**

RECOMMENDATION

The Commission will receive a status report on the active proposals currently on file with the Commission as well as anticipated filings based on ongoing discussions with proponents. Also included is a summary of progress on the Work Plan scheduled for the fiscal year. The item is for information and satisfies LAFCo's reporting requirement for current and future applications.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates Local Agency Formation Commissions (LAFCos) with regulatory and planning duties to coordinate the logical formation and development of local government agencies. This includes approving or disapproving proposals for reorganizations (i.e., annexations, detachments, dissolutions, etc.), activation of latent powers, sphere of influence amendments, and outside service agreements.

LAFCo proceedings for jurisdictional changes are generally initiated by outside applicants through petitions (landowners or voters) and resolutions (local agencies). LAFCos may also initiate jurisdictional changes to form, consolidate, or dissolve special districts if consistent with the recommendations of approved municipal service reviews.

ACTIVE PROPOSALS

This item provides the Commission its regular update on active proposals on file as well as identifies future proposals staff anticipates being filed with LAFCo in the near term based on discussions with local agencies and proponents. All active and future proposals are also summarized in Attachment 1.

City of Ukiah Annexation of City-Owned Properties (File No. A-2021-01)

On February 22, 2021, LAFCo received an application from the City of Ukiah proposing to annex City-owned parcels that are used for government purposes and consisting of approximately 446 acres in total. Parcels include the City's Wastewater Treatment Plant, solid waste transfer station, a portion of the municipal airport and open space. The application referral and notice to the County to initiate the tax share negotiation were routed and comments received. A revised application was submitted to LAFCo on February 25, 2022 and is being referred to affected agencies and County Auditor and Assessor. LAFCo and City staff have established regularly scheduled coordination meetings for the proposal. An incomplete letter has been sent to City staff for the tax share agreement and mapping issues identified by County GIS.

Elk Community Services District Activation of Latent Powers for Wastewater Services

On April 8, 2022, the ECSD submitted an application proposing to activate latent powers for the provision of wastewater services. The District will be assuming ownership and operation of a community leach field within the community of Elk. The application has been referred to affected agencies and a Notice of Filing sent to the County Assessor and Auditor-Controller to initiate the tax share negotiation process in accordance with Revenue & Tax Code Section 99.

City of Ukiah Detachment of UVSD Served Areas (File No. D-2020-01)

In April 2020, the City of Ukiah submitted a request to restart a 2014 application for detachment of Ukiah Valley Sanitation District (UVSD) served areas from the City that had been deemed incomplete and placed on-hold by the City in 2015. LAFCo staff responded to the City in May, requiring a new application submittal due to the lapse of time and change in conditions, as well as noting the application as premature pending completion of the UVSD SOI Update. The application will be processed concurrently with the City of Ukiah Municipal Service Review and Sphere of Influence Update. The City submitted an Appeal to the Commission of the Executive Officer's determination that the application is incomplete (letter dated April 26, 2021). The Commission continued the item to June 7, 2021 (Item 5d). The Appeal has been temporarily placed on hold by the City. No activity in the past 11 months.

City of Ukiah Pre-Application: Annexation of Areas North of the City (File No. P-2020-02)

Pre-Application request for consultation on the process and potential issues regarding the City's proposal to annex the Brush Street Triangle and Masonite area properties. Staff is coordinating with City staff regarding next steps in the process and timing of application processing. No activity in the past 13 months.

Millview County Water District Pre-Application: Annexation of Masonite Properties (File No. P-2020-04)

Pre-Application request for consultation on process and draft documents associated with the MCWD's proposal to annex the Masonite area properties. LAFCo staff have participated in several conference calls with the District and its consultants regarding the proposal and has provided feedback on draft CEQA and application materials. LAFCo, as a Responsible Agency, submitted comments on the District's Draft Initial Study/Mitigated Negative Declaration on December 6, 2021. No activity in the past five months.

POTENTIAL FUTURE PROPOSALS

LAFCo staff has been made aware of the following potential future proposals that may come before the Commission for consideration. Also see Attachment 1 Summary Table – Application Activity and Potential Future Proposals.

City of Ukiah Annexation of Western Hills (Hull Properties)

The City has routed a project referral package stating its intent to acquire and annex approximately 695 acres in the Western Hills for open space preservation, while allowing the potential for future low density residential development on the approximately 55 easternmost acres, consistent with existing development in the Western Hills within the City of Ukiah limits. On August 25, 2021, the City of Ukiah Planning Commission considered and recommended to the City Council approval of the Western Hills Open Land Acquisition and Limited Development Agreement Project and adoption of the Draft Initial Study and Mitigated Negative Declaration. The City Council adopted the project's CEQA document at its September 15, 2021. It anticipated that this proposal will be submitted to LAFCo in the next few months.

County Services Area 3 Activation of Latent Powers

County and LAFCo staff are coordinating on the proposed services to be offered through CSA 3, which is anticipated to be processed concurrently with the MSR/SOI Study for the district. The initial proposal is expected to be the Sherwood Road Pilot Project, a secondary access for the community of Brooktrails.

WORK PLAN

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence updates over the course of the fiscal year. This report provides an update on progress made in terms of accomplishing the activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities. See Attachment 2 Summary Table – Work Plan Tracking and Status.

Attachments

1. Summary Table – Application Activity and Potential Future Proposals
2. Summary Table – Work Plan Tracking and Status

Attachment 1. Summary Table – Application Activity and Potential Future Proposals

APPLICATION ACTIVITY								
<i>Project status as of April 25, 2022</i>								
LAFCo File No.¹	Applicant	Project Name	Date Application Received	Certificate of Filing	LAFCo Hearing Date	Certificate of Completion	BOE Submittal Date	Additional Comments
L-2022-01	ECSD	Elk Community Services District Activation of Latent Powers for Wastewater Services	4/8/2022					Application under review; agency referral and Notice of Filing distributed
A-2021-01	Ukiah	City of Ukiah Annexation of City-Owned Properties	3/1/2021 2/25/2022					Revised application received 2/25/2022; agency referral distributed and incomplete letter sent
D-2020-01	Ukiah	City of Ukiah Detachment of UVSD Served Areas	2014; 4/29/2020					Incomplete; no activity in 11 months
P-2020-02	Ukiah	City of Ukiah Pre-Application for Annexation of Areas North of the City	8/12/2020	N/A	N/A	N/A	N/A	Incomplete; no activity in 13 months
P-2020-04	MCWD	Millview County Water District Pre-Application for Annexation of Masonite Properties	10/23/2020	N/A	N/A	N/A	N/A	Draft IS/MND comments submitted December 6, 2021; no activity in 5 months
Potential Future Proposals								
N/A	Ukiah	City of Ukiah Annexation of Western Hills (Hull Properties)						City Council adopted CEQA MND in September 2021; anticipate proposal submittal in the next few months
N/A	County	County Service Area 3 Activation of Latent Powers						Coordination meetings with County ongoing

¹Key: A – Annexation
C – Consolidation
D – Detachment
F – Formation

L – Activation of Latent Powers
O – Out of Agency Service Agreement
P – Pre-application Review Request
R – Reorganization

Attachment 2. Summary Table – Work Plan Tracking and Status

FY 2021-22 ESTIMATED WORK PLAN IMPLEMENTATION SCHEDULE AND STATUS

Work Plan status as of April 25, 2022

Subject to Change: The estimated schedule and costs for the Fiscal Year 2021-22 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.

CEQA: Based on LAFCo practice, the work plan assumes minimal costs for CEQA compliance related to preparing a Notice of Exemption, unless an agency proposes a non-coterminous SOI and pays for any necessary studies and preparation of a Negative Declaration or Environmental Impact Report.

Rolling Work Plan: It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule is intended to enhance communication and transparency.

Agency	Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Status/Notes
Covelo CSD	Complete	Complete	7/12/21	9/13/21	9/24/21	Study complete and posted to website.
Ukiah Valley Fire District	Complete	Complete	9/13/21	10/4/21	10/8/21	Study complete and posted to website.
County Service Area 3	In progress	In progress	4/4/22	6/7/22 (Tentative)	6/31/22 (Tentative)	This is the first MSR/SOI study for the CSA. Staff is coordinating with County staff on a weekly basis on development of the MSR/SOI Study and on process and policy regarding activating latent powers for the CSA. The County is considering utilizing CSA 3 for a number of local and regional needs including Sherwood Road emergency access routes for the Brooktrails area.
Ukiah Valley Sanitation District	Ongoing	Pending	TBD	TBD	TBD	LAFCo and District staff have been meeting regularly to discuss the development of the MSR/SOI Update. The Administrative Draft is in progress and LAFCo and UVSD staff are working on developing SOI options for consideration in the SOI Update.
City of Ukiah	Ongoing	Pending	TBD	TBD	TBD	LAFCo and City staff have been meeting regularly to discuss approach and process for development of the MSR/SOI Update. The MSR/SOI Update will parallel the City's General Plan Update that is proceeding on a schedule that compliments the MSR/SOI Update schedule for 2022. Additionally, the coordination of planning processes will result in both being addressed in the General Plan EIR. The Administrative Draft is in progress.



HURST+BROOKS+ESPINOSA

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ APRIL 1, 2022

Governor Issues Drought Executive Order

This week, Governor Gavin Newsom issued Executive Order [N-7-22](#) directing new state and local efforts to address the ongoing drought and, for the time being, avoiding mandatory statewide restrictions for most residential uses. The Governor instructed local water suppliers to move to Level 2 of their Water Shortage Contingency Plans, which require locally appropriate actions that will conserve water across all sectors. In most cases, Level 2 requires 10-20 percent conservation within a district though local discretion is allowed.

In addition to the water supplier conservation directive, the Order includes a number of additional provisions, including:

- **New Local Well Permitting Requirements.** Bars local governments from approving a permit for a new groundwater well or alteration of an existing well in a basin with a Groundwater Sustainability Agency (medium- or high-priority) without first obtaining written verification from the managing Groundwater Sustainability Agency. Local governments must also determine that the groundwater well is not likely to interfere with nearby wells and/or cause subsidence that may damage nearby infrastructure. Domestic and small wells are excluded.
- **Certain Water Hauling Ordinances Suspended.** Suspends all local prohibitions on hauling of water for human consumption, cooking, or sanitation out of a water basin of origin, or public agency jurisdiction.
- **Groundwater Recharge Projects Expedited.** Expedites and reduces permitting requirements for groundwater recharge projects to support future flood-flows.
- **Expanded Illegal Diversion Enforcement.** Expands State Water Board inspections for illegal diversions and/or waste and unreasonable use of water.

The Governor also ordered the State Water Board to evaluate the adoption of regulations banning irrigation of “non-functional” turf (or grass), such as decorative grass adjacent to large industrial and commercial buildings. The ban would not include residential lawns or grass used for recreation, such as school fields, sports fields, and parks.

Worth Noting: Acting Governor Eleni Kounalakis Signs Extension of Tenant Protections

In a mere week’s time, the Legislature struck a deal on language and then, just yesterday, approved [AB 2179](#) (Grayson and Wicks) to extend tenant protections for renters who have applied for the state’s rental assistance program but whose applications have yet to be processed. AB 2179 extends the protections through June 30, 2022.

Lt. Governor Eleni Kounalakis, who is the acting Governor while Governor Gavin Newsom is traveling abroad, signed the bill Thursday afternoon, marking the first time a woman signed legislation into law in California. May it not be the last.

LAO Weighs in on the State Appropriations Limit (SAL): Fix It or Forget It

The Legislative Analyst's Office (LAO) released a very interesting (okay, interesting for budget nerds!) [report](#) this week outlining the implications of the Governor's budget proposal. The thrillingly titled "State Appropriations Limit Implications" examines various state revenue scenarios to predict budget outlooks into the future. Here's the quick takeaway: without making some serious reforms to the state's tax structure (to reduce state revenues) or seeking voter approval to modify the State Appropriation Limit (to allow for more expenditures), the Governor's budget is unsustainable whether state revenues grow slower, faster, or as expected.

To mitigate this eventuality, the LAO offers some short- and long-term options. For short-term options, the Legislature could reject all non-SAL excluded proposals in the Governor's proposed budget and then save those resources for future SAL requirements. The Legislature could opt to delay SAL-required payments for a two-year period, as authorized by the Constitution, but it must save those revenues to be able to pay the SAL-required payments in the future. Finally, the Legislature could change the definition of subventions to count more funding at the local level. As for longer-term fixes, the LAO suggests that the Legislature could reduce taxes on an ongoing basis to bring state revenues to the SAL, which would necessarily constrain state government spending, or the Legislature could ask voters to make reforms to the state's appropriations limit by placing a constitutional amendment on the ballot.

The constraints imposed by the Gann Limit appear to have become inescapable for the state's budget crafters and must be carefully considered in the coming months as the May Revision is released and final negotiations on the budget begin.

Beneficial Fire Strategic Plan Released

This week, the Governor's Wildfire and Forest Resilience Task Force issued its [Strategic Plan for Expanding the Use of Beneficial Fire](#) to guide the state's efforts in expanding the use of prescribed fire and cultural burning to build forest and community resilience in addressing forest management and wildfire mitigation. The Strategic Plan sets a target of expanding beneficial fire to 400,000 acres annually by 2025 as part of an overall goal to treat 1 million acres annually in California by 2025.

Key elements include:

- An online prescribed fire permitting system to streamline the review and approval of prescribed fire projects;
- The state's new Prescribed Fire Claims Fund to reduce liability for private burners;
- A new statewide program to enable tribes and cultural fire practitioners to revitalize cultural burning practices;
- A prescribed fire training center to grow, train, and diversify the state's prescribed fire workforce;
- An interagency beneficial fire tracking system;
- Undertaking pilot projects to undertake larger landscape-scale burns;
- A comprehensive review of the state's smoke management programs to facilitate prescribed fire while protecting public health.

Children and Behavioral Health Initiative Update

The Newsom Administration recently held a webinar to share updates on Children and Behavioral Health Youth Initiative (CYBHI), which included an overview of the CYBHI, a presentation on the plans and scope of work for each workstream, and information on stakeholder engagement. Here are links to a [recording](#) and [slide deck](#) from the webinar.

The CYBHI engagement plan includes convening and engaging three groups:

- **Children, youth, and families**, including children and youth 25 years of age and younger and their families as the key constituency of the initiative.
- **Cross-sector and inter-agency partners**, including healthcare and education partners, subject matter experts, state, local, and federal agencies, community-based organizations, social services, legislature, philanthropy, academia, and other public and private sector partners.
- **Community partners on the ground and in the field**, including California community members interested in children and youth behavioral health (e.g., Californians with professional and/or lived experiences).

The table below summarizes planned engagement efforts in the near term and going forward.

Group	Near term activities (Through May 2022)	Future activities (June 2022 and beyond) <i>To be refined</i>
Children, youth, and families	<ul style="list-style-type: none"> ▪ Focus groups on CYBHI outcomes ▪ Initial focus groups and interviews on workstreams 	Surveys, interviews, focus groups, design sessions, and ongoing engagement opportunities on initiative-level topics and workstreams
Cross-sector and interagency partners	<ul style="list-style-type: none"> ▪ Discussions with existing groups on outcomes ▪ Targeted engagement on initiative-level topics ▪ Engagement forums (e.g., think tank, listening tours) on workstreams 	<ul style="list-style-type: none"> ▪ Targeted engagement on initiative-level topics ▪ Engagement forums on workstreams
Community partners on the ground and in the field	Regular updates and opportunity to submit e-mail input	<ul style="list-style-type: none"> ▪ Listening sessions on outcomes (through end of summer 2022) and initiative-level topics ▪ Website updates and opportunities to comment

Assembly Budget Subcommittee Hearing Focuses on CalAIM and Medi-Cal Issues

Assembly Budget Subcommittee No. 1 on health and human services met on March 28 to discuss CalAIM and Medi-Cal proposals ([agenda](#)). DHCS provided overviews of Enhanced Care Management, community supports, CalAIM behavioral health reforms, the long-term services and supports component of CalAIM, and the proposed changes to the suspension of Medi-Cal benefits when an adult is incarcerated.

DHCS reported that as of January 1, 2022, 25 counties went live with Enhanced Care Management (ECM). The next phase of ECM implementation begins July 1, 2022. Additionally, in January 2023, ECM will be expanded to long-term care, nursing home residents transitioning to communities, and the justice-involved population. In July 2023, ECM will be expanded to focus on children and youth.

As on January 1, 2022, 25 managed care plans in 47 counties started offering over 520 community supports. Approximately 40,000 people – mostly individuals transitioning from Whole Person Care – are receiving community supports. By July 2022, nearly all managed care plans in all counties will offer some level of community supports. Recall that managed care plans can choose whether they offer community supports and which of the state’s 14 identified community supports the plan will offer. Most Medi-Cal managed care plans are electing to provide five to six community supports. The most common community supports being offered are housing related services, medically tailored meals, and asthma remediation. DHCS expects the plans will continue to expand community support elections in 2023 and 2024.

Vaccine Mandate Bill Held for Now

Assembly Member Buffy Wicks announced earlier this week that she was pulling [AB 1993](#), which would impose a COVID-19 vaccine mandate in all California workplaces. The bill was scheduled to be heard in the Assembly Labor and Employment Committee on March 30. It faced opposition from several organizations, including public safety labor organizations and the California Chamber of Commerce.

Assembly Member Wicks released a [statement](#) on AB 1993, which in part reads: “We are now in a new and welcome chapter in this pandemic, with the virus receding for the moment. This provides for us the opportunity to work more collaboratively with labor and employers to address concerns raised by the bill. That is why we have decided to put AB 1993 on pause, and allow space for these conversations to continue and progress.”

It's not clear whether AB 1993 will be heard before the April 29 policy committee deadline. In January, a group of Democratic lawmakers announced the formation of a Vaccine Work Group with the goal of developing “cohesive and comprehensive, evidence-based policies” to stop the spread of COVID-19 and other diseases. AB 1993 is part of the package of bills introduced by the Vaccine Work Group.

COVID-19 Testing in Schools Measure Moves Forward

[SB 1479](#), Senator Pan’s measure to address COVID-19 testing in schools, passed out of Senate Health Committee on March 30 on a 9-2 vote (with Republican members voting no). The bill would require the California Department of Public Health (CDPH) to continue administering COVID-19 testing programs in schools that are currently funded by federal resources. SB 1479 also would require CDPH to administer testing programs for teachers, staff, and pupils that help schools reopen and keep them operating safely for in-person learning. Finally, the measure would require schools to create a COVID-19 testing plan consistent with CDPH guidance.

Although the measure does not mandate vaccinations, the bill garnered significant opposition from the anti-vaccine community; more than 100 individuals testified in person and over the phone to express concerns about and opposition to COVID-19 testing.

Legislation to Implement the Kaiser Contract for Medi-Cal Introduced

[AB 2724](#) was gutted and amended last week to incorporate provisions to implement the Kaiser Medi-Cal single contract language (also known as “alternate health care service plan”) proposed by the Newsom Administration in trailer bill language. The revamped measure, now authored by Assembly Member Joaquin Arambula, is in the Assembly Health Committee but has not yet been set for hearing. Although introduction of the Kaiser language into a bill suggests the contract will be discussed via the policy committee process, it remains possible that the issue could become part of budget negotiations this summer. We will keep you apprised on developments.

Changes to REAP Grant Program Eligibility and Draft Guidance Public Comment Period

The California Department of Housing and Community Development (HCD) released draft guidance for the expenditure of Regional Early Action Planning (REAP) Grant funds (\$600 million approved in the 2021-22 state budget). Unfortunately, the guidelines make significant changes to the eligible uses criteria as the state has “changed the color” of federal money supporting the program, which is more restrictive and focuses almost exclusively on housing-related activities. See [pages 49-50 of the draft guidelines](#) for a table outlining what is an eligible use pursuant to the state budget but is no longer allowed due to federal restrictions. Regional and local stakeholders are currently working on a strategy to find more flexible funds so that the program can be used for a wider range of sustainable housing, land use, and transportation uses in support of SB 375 implementation.

Regardless of the funding source, most of the program’s funding (85 percent, or \$510 million) will flow directly to the state’s 18 Metropolitan Planning Organizations (MPOs), and the MPOs may subgrant a portion of the funds to eligible entities (cities, counties, transit/transportation agencies) in their metropolitan region. The remaining funds are split into a set aside for non-MPO regions for smaller counties and tribal entities (5 percent, or \$30 million), as well as for a higher impact transformative set aside for all eligible entities (5 percent, or \$30 million).

The comment period is open through April 15, 2022. To submit public comment on these Draft Guidelines, please email REAP2021@hcd.ca.gov with the subject line, “Comments on REAP 2.0 Draft Guidelines.”

Strategic Growth Council Releases AB 285 “California Transportation Assessment” Report

The Strategic Growth Council (SGC) recently released a [new report](#) (as required by [AB 285](#) – Friedman; Chapter No. 605, Statutes of 2019) offering its assessment of the state’s transportation funding and policy environment in the context of the state’s overarching climate change goals. SGC also made a series of recommendations for “improving” state grant programs and other transportation funding programs to better align with state climate and related goals.

The AB 285 Report has made a big splash with a broad range of stakeholders from regional and local governments to the transportation construction industry and to environmental and equity advocates. Several of the report’s key messages and recommendations (see below) are already serving as the foundation for legislation this year ([AB 2438 \(Friedman\)](#), for example) and the recommendations are not without controversy. From “aligning” existing transportation funding to climate plans (including local street and road monthly apportionments) to reevaluating land use authority, the AB 285 Report is full of consequential ideas that may fuel legislative proposals for years to come.

- **Align existing funding programs with state goals.** SGC opined that there is a gap between (1) the vision for a more climate friendly and equitable transportation system and actions, and (2) infrastructure spending decisions.
- **Updating and better aligning among existing state and regional plans.** SGC suggested this could include strengthening or modifying the California Transportation Plan (including adding a fiscal constraint analysis) and finding opportunities to further align the CTP with other state modal plans and the Regional Transportation Plans (RTPs)/Sustainable Community Strategies (SCSs).
- **Reevaluating project and program funding and reviewing the current transportation project pipeline.** SGC stated in the report that projects in the pipeline are rarely reevaluated to assess their alignment with current state priorities.
- **Assessing the roles of state transportation institutions.** According to the SGC, the institutional structure for transportation is complicated and decision-making levers can be disparate. This recommendation would involve exploring the roles and responsibilities for planning and delivering transportation projects across state entities and changes and clarifications to various state, regional, and local institutional roles.
- **Assessing MPO and local government roles and responsibilities.** This could involve a review of the specific authorities and institutional structure of MPOs to ensure they have appropriate tools to effectively accomplish what is expected of them, such as giving MPOs a greater role in reviewing local land use and transportation actions.

The SGC is holding stakeholder meetings and conducting focus groups to get more feedback on whether and how to operationalize one or more of the AB 285 Report’s recommendations.

HCD Investigating Potential SB 9 Violations

HCD recently released an [SB 9 Fact Sheet](#) as a resource to local agencies, homeowners, and other stakeholders. Recall that [SB 9](#) (Atkins; Chapter No. 162, Statutes of 2021) requires ministerial approval of a housing development for duplexes, a lot split, or both. The fact sheet provides a high-level overview of key parts of the law and addresses common questions received by HCD from local agency staff and members of the public over recent months. According to HCD, its [Housing Accountability Unit](#) has received 29 complaints about local SB 9 implementation ordinances that it is currently investigating for potential violations of state law. The HAU is coordinating with the California Office of the Attorney General on SB 9-related complaints. HCD does not have authority to enforce SB 9, but violations of SB 9 may violate other statutes over which HCD does have enforcement authority, including Housing Element Law, the Housing Crisis Act of 2019, Accessory Dwelling Unit Law, and the Housing Accountability Act.

State Auditor Opines on HCD Regional Housing Needs Assessment Process

The Bureau of State Audits (BSA) released [a new report evaluating HCD’s Regional Housing Needs Assessment \(RHNA\) process](#) for providing key housing guidance to counties and cities. Overall, the audit determined that HCD does not ensure that its needs assessments are accurate and adequately supported. Specifically, the BSA reviewed RHNA assessments for three regions and found multiple areas that need improvement. For example, HCD does not ensure that staff accurately enter data when they calculate how much housing local governments must plan to build (although in two cases, the staff errors lead to lower RHNA numbers than were likely needed). BSA also found that HCD could not demonstrate that it adequately considered all the factors that state law requires. The report also included an analysis of the Department of Finance (Finance) projections that support

HCD's work. While the report found that most of Finance's projections were reasonably accurate, it has not adequately supported the rates it uses to project the number of future households that will require housing units in the state. The report's specific recommendations to the Legislature include:

- To ensure that its needs assessments are accurate and do not contain unnecessary errors, by June 2022 HCD should institute a process to ensure that its staff performs multiple reviews of data in its assessments.
- To demonstrate that its needs assessments are complete and address all relevant factors, by September 2022 HCD should establish a formal process to document its consideration of all factors required by state law in its needs assessments.
- To ensure that it adequately supports the vacancy rate adjustments it makes to needs assessments, by February 2023 HCD should perform a formal analysis of healthy vacancy rates and historical trends to inform those adjustments.
- To ensure that the household formation rates that it provides HCD are appropriate, Finance should, by February 2023, conduct a comprehensive review of its assumptions about the household formation rates it uses in projections, and it should document that review.

HCD and Finance agreed with the recommendations and plan to implement them over the next year.

Please feel free to contact any one of us at Hurst Brooks Espinosa with questions ...

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