



COMMISSIONERS

Maureen Mulheren
Chair

County Member

Gerald Ward
Vice Chair/Treasurer
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Candace Horsley
Special District Member

Madeline Cline
County Member

Mari Rodin
City Member

Susan Mahoney
Special District Member

Vacant
Alternate Special District Member

Douglas Crane
Alternate City Member

John Haschak
Alternate County Member

Raghda Zacharia
Alternate Public Member

STAFF

Executive Officer
Uma Hinman

Senior Analyst
Larkyn Feiler

Clerk/Analyst
Jen Crump

Counsel
Marsha Burch

REGULAR MEETINGS

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

Approved March 19, 2025

FINAL

Executive Committee Meeting Minutes

Hybrid Meeting of Thursday, January 9, 2025, 2:30 p.m.
Ukiah Valley Conference Center, Chardonnay Room
200 South School Street, Ukiah, California 95482

4. CALL TO ORDER and ROLL CALL

Chair Mulheren called the meeting to order at 2:30 p.m.

Members Present: Chair Mulheren, Vice Chair/Treasurer Ward, Commissioner Rodin

Staff Present: Uma Hinman, Executive Officer; Jen Crump, Clerk/Analyst; Marsha Burch, Legal Counsel

5. PUBLIC EXPRESSION

None

6. MATTERS FOR DISCUSSION & POSSIBLE ACTION

3a) Approval of August 21, 2024 Executive Committee Minutes

Upon motion by Commissioner Rodin and second by Commissioner Ward, the August 21, 2024 Executive Committee Meeting Minutes were approved with the following changes:

Commissioner Ward recommended a revision to the second paragraph on page 1; strike the term operational revenues and revise to operations or operational net income.

Commissioner Rodin recommended a revision to the seventh paragraph on page 2; clarify that the District pays Adventist Health \$400,000 per year to cover maintenance.

3b) Mid-Year Review of Budget and Work Plan Implementation

Executive Officer (EO) Hinman presented the item regarding a mid-year review of the status of the Fiscal Year (FY) 2024-25 Budget and Work Plan studies and consideration of adding two studies to the Work Plan. Kathy Wylie, Agency Administrator for the Mendocino Coast Health Care District (MCHCD/District), participated in the meeting remotely.

EO Hinman shared that LAFCo has used about 40 percent of the Annual Budget and 40 percent of the Work Plan budget, with \$45,000 remaining in the Work Plan budget. Three coastal studies from FY 2023-24 are in progress: Westport County Water District, Irish Beach Water District, and Elk County Water District. The three studies are estimated to be 70 to 85 percent complete. EO Hinman further clarified that substantial delays in completing the FY 2023-24 Work Plan are due to districts' response time with information needs.

EO Hinman explained that eight of the nine studies for the FY 2024-25 Work Plan remain to be completed. Two studies are anticipated to be streamlined Municipal Service Review (MSR)/Sphere of Influence (SOI) Updates; the Laytonville County Water District and Hopland Public Utilities District. Administrative drafts are in progress for both Potter Valley Irrigation District and Russian River Flood Control District, both comprehensive MSR/SOI updates, and are estimated to be 50 percent complete. The remaining four studies consist of the Ukiah Valley water districts: Calpella County Water District, Millview County Water District, Redwood Valley County Water District, and Willow County Water District.

EO Hinman requested direction from the Committee regarding implementing the MCHCD MSR Update requested by the Grand Jury. The cost estimate for an outside consultant to prepare the study is \$23,000 to \$25,000 and includes an SOI update. EO Hinman noted the LAFCo response to the Grand Jury committed to initiating the MSR in December 2024 and that since the District has not authorized funding for the MSR/SOI Update as of yet, the Commission could consider using contingency funds to start the study as an option.

Commissioner Rodin inquired if the Board will be considering committing funding for the study at the next scheduled meeting of the MCHCD Board of Directors. Ms. Wylie responded that the MCHCD is prioritizing the required earthquake retrofit of the existing hospital, a condition of its State license. Ms. Wylie noted that the MCHCD has not paid LAFCo apportionments because it has not received billing from the Auditor-Controller but is willing to contribute funds.

Commissioner Ward inquired about the District's approved \$35,000 for consulting services that was discussed at the August 2024 Executive Committee meeting. Ms. Wylie responded that the funds were allocated for other consulting services and the LAFCo study wasn't on the District's radar during the FY 2024-25 budget process. Commissioner Ward asked if the District will earmark funds for the MSR/SOI Update in next year's budget. Ms. Wylie responded that it must be discussed further with the District Chief Financial Officer (CFO).

Commissioner Rodin suggested that LAFCo front the cost of the study using contingency funds and that the MCHCD pay in arrears. EO Hinman noted there may not be a way to retroactively collect apportionments through the County Auditor's Office because of the way apportionments are calculated and distributed amongst all the special districts.

At Counsel Burch's inquiry, Ms. Wylie confirmed an updated study would be useful given that there has been a substantial change in its hospital operations since the previously adopted MSR. MCHCD no longer runs the hospital and has entered a 30-year lease agreement with Adventist Health, who is now the operator of the hospital. Ms. Wylie also confirmed that the recent 60-day renegotiation period between MCHCD and Adventist Health is completed.

In response to development of a funding MOU, Counsel Burch will research whether an agreement with a deferred payment of the consulting fees would be a feasible option. Ms. Wylie stated that she could further investigate the availability of District funds to initiate the MSR.

Ms. Wylie noted that the District is behind on its audits and anticipates that the 2020 audit will be completed in the first quarter of 2025. It was generally acknowledged that it would be preferable to initiate the study once the audit information is available. Counsel Burch asked Ms. Wylie if the District was operating in the positive in the years after 2020, as it was mentioned that the District was operating in deficit in 2020. Ms. Wylie acknowledged the District wasn't aware it was operating at a deficit because financial records weren't maintained from 2020 to 2024. Commissioner Ward requested staff contact the County Auditor's Office to confirm the District would be included in future annual apportionment calculations. Ms. Wylie noted that the County Auditor needs the District's audit information to confirm the District financial status.

Commissioner Ward asked for an update regarding the ongoing coordination between LAFCo and the Mendocino County Civil Grand Jury on this issue. EO Hinman responded that correspondence had been sent to the foreperson to provide an update on delay of the study. Commissioner Ward suggested that staff prepare a letter to the Grand Jury stating that LAFCo is willing to support the development of a Memorandum of Understanding (MOU) with the MCHCD for funding the study.

The Committee recommends that staff prepare a letter to the Grand Jury clarifying that the MSR/SOI Update is on hold until LAFCo receives audit information from the MCHCD and identifies adequate funding the study, and that LAFCo will follow up with an update to the Grand Jury in six months. Staff will update the Commission at its next regular Commission meeting.

3c) Mendocino Coast Recreation and Park District Request for Municipal Service Review

EO Hinman provided a summary of the request of the Mendocino Coast Recreation and Park District (MCRPD/District) for an MSR Update. EO Hinman explained that the rolling Work Plan currently prioritizes municipal services, and that the MCRPD MSR Update is tentatively scheduled for FY 2027-28. The last MSR for the District was adopted in 2008. The Committee discussed whether to recommend to the Commission that the MSR Update be added to the FY 2024-25 Work Plan. Additionally, EO Hinman suggested that a SOI Update be prepared at the same time for efficiency purposes. District General Manager Kylie Felicich and District Board of Director Dave Shpak attended and presented at the meeting remotely.

Commissioner Rodin asked what the District hoped to gain from an MSR. Mr. Shpak responded that the service framework of the District has significantly changed since 2008, and summarized the points made by the District in the letter to LAFCo requesting the MSR.

Mr. Shpak clarified that MCRPD believes the MSR will provide an objective understanding of its financial standing and how costs differentiate both geographically and programmatically. The District's service area encompasses 77 miles extending to the County's south coast border, and the District is interested in better understanding the recreational needs throughout its service area. Mr. Shpak commented on the financial commitments in the Fort Bragg area and the change in ownership and obligations warrants an update of the MSR. Lastly, Mr. Shpak shared the District's concern about the ongoing operations and maintenance of Bower Park in Gualala, which is currently the responsibility of the County. The County has received \$2.2 million from the State to rehabilitate the park, with the District's contribution of \$188,000 of capita allocation to close the gap for the project. However, capital costs have increased, and the ability of the County to complete the planned project is a concern. The project will need to be completed in 2026 as outlined in the state funding requirements. Historically, the County hasn't had the financial capacity to maintain the facility. Both the District and County want to be able to demonstrate to taxpayers that there is a plan and an agreement in place to guarantee perpetual maintenance of the park facility. Mr. Shpak shared that their hope is the MSR will help the District address these urgent issues and increase transparency with the public.

Commissioner Rodin noted that an MSR provides a snapshot of a special district's finances and governance; if an in-depth financial analysis is needed, the California Special Districts Association (CSDA) might be able to recommend a consultant that has the knowledge and capacity to analyze the District's financial status. Commissioner Rodin further clarified that the MSR examines certain findings that may or may not be suitable to the District's needs. EO Hinman added that LAFCo examines factors such as governance, finances, services being provided, operations, and efficiencies for its reporting and that an update of the District's MSR does seem appropriate given that there have been substantial changes in its operations. However, if the District is looking for strategic planning, then a consultant might be more suitable. Mr. Shpak affirmed that the District is seeking an MSR Update.

Upon Commissioner Ward's inquiry, EO Hinman noted a rough estimate of \$20,000 for the MSR. Mr. Shpak indicated that the District Board of Directors is prepared to assume the cost, but would prefer to share the cost.

Commissioner Ward inquired if the SOI Update is required as it is an additional cost. EO Hinman responded that the requirement for a five-year MSR is based on the SOI Update requirement per statute and that staff have found it is more efficient to do the studies concurrently. Chair Mulheren noted that the SOI Update could cost more money if it is completed separately from the MSR Update. EO Hinman responded that MCRPD is not requesting an expansion of its SOI, so the SOI Update portion would be a fairly minimal cost. Mr. Shpak shared that the District is willing to work with LAFCo on the scope and cost of the study.

Commissioner Ward inquired if the MSR request will need to be presented to the Commission. EO Hinman recommended staff develop a funding MOU with the District and schedule it for Commission consideration. EO Hinman suggested that the District fund the MSR portion and LAFCo assume the costs of the SOI Update, reminding the Committee of the work plan contingency that could be drawn on to pay LAFCo's responsibility.

Staff will coordinate with the District to develop a draft MOU and will schedule the item for the next regular Commission meeting.

3d) Options for Alternative Schedule of Regular Commission Meetings

The Committee discussed options for an alternative schedule for regular Commission meetings, including changing the start time and/or day of the meeting. The item was in response to Commissioners' direction during the January regular meeting and was proposed to provide more time for commuting Commissioners, District representatives, and public members who attend the regular Commission meetings in-person.

The Committee recommended 9:30 a.m. as the new regular Commission meeting start time with meetings to continue to fall on the first Monday of the month excepting holidays. Staff will present the recommendation for consideration at the next scheduled regular Commission meeting.

4. INFORMATION AND REPORT ITEMS

4a) Executive Officer Report

EO Hinman advised the Committee that working with the City of Fort Bragg (City) on outside agency services related to its Municipal Improvement District (MID) will require substantial staff and legal counsel time and resources. EO Hinman further shared that staff and legal counsel is continuing to research the MID and work with the City on developing options.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:49 p.m.