

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
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COMMISSIONERS

Maureen Mulheren, Chair
County Member

Gerald Ward, Vice-Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Katharine Cole
Special District Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Francois Christen, Alternate
Special District Member

Douglas Crane, Alternate
City Member

John Haschak, Alternate
County Member

Richard Weinkle, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

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

Approved May 1, 2023

MINUTES

Mendocino Local Agency Formation Commission

Regular Meeting (Hybrid) of Monday, April 3, 2023

County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

1. CALL TO ORDER and ROLL CALL (Video Time 5:27)

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

Regular Commissioners Present: Maureen Mulheren, Gerald Ward, Gerardo Gonzalez, Glenn McGourty, Mari Rodin, Candace Horsley, and Katharine Cole (seated at 9:03 a.m. after the Oath of Office)

Regular Commissioners Absent: Commissioner McGourty took leave at 10:00 a.m.

Alternate Commissioners Present: Richard Weinkle and Francois Christen

Alternate Commissioners Absent: John Haschak and Douglas Crane

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

2. PUBLIC EXPRESSION None

3. OTHER BUSINESS

3a) Announcement of Commission Appointment and Oath of Office (Video Time 7:00)

The Special District Selection process results were announced for the regular special district term ending December 31, 2024. The Oath of Office was administered to Katharine Cole.

4. CONSENT CALENDAR (Video Time 8:12)

4a) March 6, 2023 Regular Meeting Summary

4b) March 2023 Claims & Financial Report

March 2023 Claims totaling:	\$ 19,784.87
Hinman & Associates Consulting	17,067.50
P. Scott Browne	1,012.50
Commissioner Stipends	179.25
Streamline	50.00
Ukiah Daily Journal	99.59
Mendocino County	625.91
Mendocino County Clerk	93.00
Ukiah Valley Conference Center	657.12

4c) Legislative Support Letter for AB 1753 CALAFCO Omnibus Bill

Motion: Approve the consent calendar.	
Motion Maker: Commissioner Rodin	Motion Second: Commissioner McGourty
Roll Call Vote: Ayes: (6) Ward, Gonzalez, McGourty, Rodin, Horsley, Cole, Mulheren	

5. **PUBLIC HEARING ITEMS** None

6. **WORKSHOP ITEMS** (Video Time 9:40)

6a) WORKSHOP Preliminary Fiscal Year 2023-24 Budget and Work Program

The Commission conducted a workshop on the Preliminary Fiscal Year 2023-24 Budget and Work Program.

EO Hinman provided a [staff presentation](#) on the item. (Video Time 10:07 - 24:24)

Commissioner Horsley asked for more information related to the significant increase in applications and EO Hinman responded that typically staff processes one application a year, currently there are four applications on file pending completion of the tax share negotiation process, and additional applications are anticipated.

Commissioner Horsley noted that the typical application process takes 6 months to a year and EO Hinman confirmed the general timeframe.

Commissioner Horsley asked about the possibility of utilizing technically capable agency staff to assist in preparing their MSR/SOI Update study and EO Hinman responded that it may be a feasible approach, it was a successful process with the City of Ukiah and Ukiah Valley Sanitation District recent studies, this approach would still require LAFCo staff time to coordinate the effort, and is valuable for interagency collaboration and relationship building.

Commissioner Horsley asked whether staff hours are anticipated to shift or increase with outsourcing the work plan and EO Hinman responded that there is LAFCo staff time included in the Work Plan budget for agency coordination and contract management, and there is a proposed increase of \$8,000 in the Basic Services budget for organizational improvements and policies and procedures updates.

Commissioner Horsley asked for more information related to the streamlined MSR/SOI review checklist template and EO Hinman responded that there has been discussion for a few years regarding a shift in approach to a comprehensive 10-year MSR/SOI review schedule with a midpoint streamlined checklist process, especially for agencies without significant changes since the prior study, to satisfy the LAFCo law requirement of SOI Updates every 5-years as needed.

Commissioner Horsley asked who would prepare the MSR/SOI checklist and EO Hinman responded that LAFCo staff would complete the checklist.

Commissioner Horsley asked for more information related to increasing the Legal Services budget and EO Hinman responded that staff is in a Request for Proposals (RFP) process to establish a contract for legal counsel services and several proposals include higher hourly rates, and staff anticipates an increased utilization of legal counsel expertise for legal opinions and preparing comments in response to CEQA document circulation.

Commissioner Horsley asked whether the CEQA documents are related to applications and EO Hinman provided recent examples including a CEQA referral from the City of Ukiah for a proposed Prezone of lands outside the City limits and one from the City of Willits for a proposed Land Use Element Update.

Commissioner Gonzalez asked about how the tax share process is address for special districts in relation to the current Master Tax Share negotiation process between the County and Cities and EO Hinman responded that the tax share process would continue to be on a case-by-case basis for special district applications. Commissioner Gonzalez noted that applications seem to stall in that part of the process which is concerning. EO Hinman agreed and noted that there have been significant delays in the tax share process over the last year.

Commissioner Gonzalez asked for clarification regarding the change from 5-year to 10-year MSR/SOI study schedules and EO Hinman responded that staff is proposing development of a procedure for a streamlined MSR/SOI review upon 5-years of the prior study for situations when a comprehensive MSR/SOI Update is not needed and can wait 10-years.

Commissioner Ward noted that the current work plan includes the coastal and inland water agencies for \$45,000 and the proposed budget only includes the coastal water agencies at \$100,000, which is a significant cost increase.

Commissioner Ward asked when the prior water agency studies were completed and EO Hinman responded that the combined MSR's were completed in 2013 and 2014 and individual SOI Updates were completed in 2015 and 2016.

Commissioner Ward commented that the inland water agencies should be a priority due to the need for consolidation.

Commissioner Ward asked about the source for the 8.2% CPI for next fiscal year and EO Hinman responded that this estimate is from CALAFCO and SDRMA in their current budget forecasting.

Commissioner Ward noted that there was a cost savings when the Clerk completed bookkeeping at \$40/hour instead of the EO at \$110/hour and asked whether the future Administrative Assistant would assume those duties. EO Hinman explained that it is beneficial for the EO to be directly involved in the finances to streamline the audit process and noted that some components of bookkeeping may be handled by an assistant with the necessary skillset.

Commissioner Ward noted that CEQA comments associated with applications should be paid for by the applicant.

Commissioner Ward recommended that apportionment fees remain the same for next fiscal year.

Commissioner McGourty asked for more information related to how apportionment fees are established and EO Hinman responded that state law requires that LAFCo is funded by the affected county, cities, and independent special districts on a one-third apportionment calculation, which is further divided for cities and special districts proportional to the prior year agency operating revenues, and the formula is applied by the County Auditor and funds are collected and held in the County Treasury on behalf of LAFCo.

Commissioner McGourty asked about the anticipated level of LAFCo involvement in the inland water agencies consolidation effort and EO Hinman responded that LAFCo has had a limited role to date and the intent of the proposed work plan schedule is to allow time for inland water agency consolidation efforts to get further along in the process.

Commissioner McGourty asked for more information related to the work plan cost increase for the coastal water agencies from \$20,000 to \$100,000 and EO Hinman responded that it is a combination of higher rates for outsourcing the study and a change in scope. EO Hinman explained that the scope has expanded from six coastal water districts to seven water and wastewater districts, one of which will be the first MSR/SOI study prepared for the agency, ten mutual water companies, and there is potential interest in consolidation of private water companies. EO Hinman noted that the Ukiah Valley Sanitation District RFP bids in 2020 were roughly \$50,000 for one, single-service agency.

Commissioner McGourty noted that most of these water providers are at capacity, and some are almost unable to deliver to existing customers, thus making service expansion infeasible and asked for clarification on what LAFCo anticipates learning from the studies. EO Hinman responded that agency capacity information is critical to develop determinations and recommendations to guide agency service areas, consolidations, and efficient delivery of services. EO Hinman also noted that through the County facilitated drought response and subsequent planning efforts, LAFCo discovered that the prior 2014 coastal MSR studies did not address interagency water hauling occurring. Commissioner McGourty offered to keep LAFCo in the loop regarding current studies being prepared by EKI & Associates related to grant priorities and applications for water delivery improvements in coastal areas.

Commissioner Rodin asked for more information regarding CEQA review that is unrelated to applications and the work plan and EO Hinman explained that LAFCo receives referrals from other agencies for CEQA comments related to regional planning efforts, such as general plan updates and proposed development projects within a sphere boundary. EO Hinman further explained that in the past LAFCo has often been unable to provide CEQA comments due to staff capacity limitations and the amount of legal research involved, but it is important to be proactive in these processes and utilizing legal counsel to prepare such comments streamlines the process.

Commissioner Horsley asked for clarification on how CEQA review and comments are funded and EO Hinman responded that most agency spheres in the past have been coterminous and subject to a CEQA exemption. EO Hinman explained the past practice has been for agencies requesting a sphere expansion to pay for the associated CEQA costs and noted that the Work Plan budget does not account for CEQA costs which can range from \$500 for an exemption, to \$20,000 for an initial study, and upwards of \$100,000 for an EIR.

Commissioner Horsley asked whether an agency can tier from CEQA documents for other projects and EO Hinman confirmed and noted the benefit of a combined CEQA process for Land Use Element Updates and sphere changes.

Commissioner Horsley asked for clarification on the proposed budget change increase of \$10,000 and EO Hinman confirmed the scope and noted the increase in apportionment would be spread out over the 54 member agencies.

Commissioner Horsley asked for clarification regarding the smaller scale of the MSR/SOI effort for the coastal water agencies as compared to the City of Ukiah and Ukiah Valley Sanitation District recent studies and EO Hinman confirmed that the coastal agencies are smaller in size and noted that there could be considerable additional information to address since the 2014 studies, given the recent severe drought conditions and potential consolidation needs and assessments.

Commissioner Horsley provided an update that there is an upcoming deadline for agencies to reach agreement regarding the Ukiah Valley water consolidation efforts and there are more details to be worked out in general.

Commissioner Horsley noted that on page 32 of the packet there appeared to be calculation errors related to the five percent rent increase and the internet service increase of roughly 20%. EO Hinman noted that the rent increase only applied to six months of the budget due to calendar year not the fiscal year and the numbers would be verified.

Chair Mulheren thanked staff for planning for inflationary charges in the proposed budget to avoid potential overages, specifically noting the recent two percent cost-of-living adjustment (COLA) increase for County employees that impacts line items for County services. Chair Mulheren noted in consideration of the additional expenses associated with outsourcing the work plan, that it is important for LAFCo projects to be completed in a timely manner to prepare agencies in moving forward to address changes in community needs, such as growth in housing or tourism, especially for smaller agencies that lack technical skills and funding to address complex issues.

Commissioner Ward commented that a few years ago the apportionment fees were as low as \$135,000 and now it is over \$100,000 more and there is not enough progress being made on the work plan due to a heavy applications workload, which takes priority, and staffing limitations. Commissioner Ward noted concern that the budget continues to increase in part to allow for consultant assistance on the work plan due to increasing application activity and the lack of in-house staff capacity to meet the demand.

Commissioner Ward asked about the scope of CEQA costs for the coastal studies and EO Hinman responded that the budget accommodates CEQA exemptions only and it is currently unknown whether sphere expansions will be needed.

Commissioner Ward noted that there appears to be little capacity for growth on the coast, sphere expansion costs should be recovered through applications instead of the annual budget, and the existing apportionment is sufficient.

EO Hinman noted that apportionment fees were artificially low for several years due to Commission direction to draw down excess work plan reserves that accumulated from deferred work plan roll-over and the roughly \$100,000 apportionment fee increase was necessary to cover operating expenses once the work plan reserves were exhausted.

Commissioner Rodin commented that staff is offering solutions to find a balance between work plan requirements and anticipated applications, application processing requires local knowledge and familiarity with local policies and practices, outsourcing the work plan is more costly more but completion of the studies is important, and it makes sense for staff time to focus on applications, policy development, organizational improvements, and core services.

Commissioner Horsley asked about the potential for a budget decrease once the workload is caught up and EO Hinman confirmed that the intent is a cost savings over time through outsourcing the current work plan for timely completion and shifting staff time to developing a streamlined review process to reduce the number of comprehensive studies required and lengthen the time in between studies to make the work plan more manageable. EO Hinman also noted that the purpose of preparing comprehensive studies, instead of abbreviated compliance studies every 5-years, is that comprehensive studies remain relevant and reliable for a longer period of time than 5-years.

Commissioner Horsley asked for more information about inconsistent mapping requirements and EO Hinman responded that it was recently discovered that there are differences in the mapping requirements for LAFCo, the Board of Equalization, the County Surveyor, and various County departments that has resulted in recurring delays and

miscommunications in processing LAFCo boundary change applications, and which will require a substantial amount of staff time to resolve in order to streamline the agency referral and tax share negotiation process for applications.

Commissioner Gonzalez supported Commissioner Rodin's comment about trying to find a workload balance and supported an increase in the Legal Services line item since complex questions often arise needing legal expertise, with the caveat that the current RFP process results may be different than anticipated. Commissioner Gonzalez also noted that the work plan has been delayed multiple times due to staffing limitations and information pending from agencies to proceed and robust dialogue is important when considering the use of public money.

Commissioner Ward supported finding an approach to keep the apportionment fees the same and complete the work plan, such as outsourcing the application processing or hiring more staff. Commissioner Ward also noted support for a budget increase if it would result in completing more of the work plan.

Chair Mulheren commented that there are real challenges to attracting and retaining quality employees and finding candidates with the technical experience and skills needed, noted that there may be budget savings this year which may change the proposed budget, and supported relying on consultants to make progress on work plan completion.

EO Hinman provided staff recruitment updates and noted that the on-going job solicitation effort is for a planner/analyst and administrative assistant, staff has reviewed over 100 applications, so far there are no candidates with the background necessary to fill the positions, a temp agency is another avenue to consider for the administrative assistant, and in general it is difficult to find suitable candidates willing to work part-time.

EO Hinman noted that outsourcing is more feasible for the work plan than application processing because there are more contractors that prepare MSR/SOI Updates and applications are specific to a region or locale.

Commissioner Rodin offered to provide contact information for local consultant planners that could potentially assist with the work plan as subcontractors at lower rates than out-of-county LAFCo professionals and noted the potential for cost savings from legal counsel attending fewer meetings. Commissioner Rodin also requested that the bar graph from the Executive Committee meeting be included in the staff report for further review.

Chair Mulheren requested the presentation or slide deck be included in the next meeting packet.

Commissioner Horsley thanked EO Hinman for the patience and maturity in answering the questions and noted that the detailed information in the staff report was very helpful for the budget discussion and consideration.

Elizabeth Salomone, General Manager of the Mendocino County Russian River Flood Control & Water Conservation Improvement District, confirmed, as the former long-time Clerk for the Commission, that LAFCo apportionment fees were artificially low for multiple years to draw down high reserve levels. She also noted that many of the MSR/SOI studies completed under the prior EO were streamlined compliance studies that did not assess or identify real challenges facing the agencies. Her understanding is that the intent was for the next round of studies is to dig deeper into the issues, such as the weaknesses exposed by the drought and service providers that are not regulated by LAFCo but are integral to what is happening in the big picture. Ms. Salomone noted that a \$10,000 budget increase spread out over 54 agencies is reasonable and it is important to have the funding necessary to complete the work plan in a timely manner to support the efforts of local agencies to address massive and quick regulatory, climate, and social changes.

Alternate Commissioner Christen supported the potential for agencies working together to combine two part-time positions into one full-time recruitment effort.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) Ukiah Valley Basin Groundwater Sustainability Agency (Video Time 1:21:21)

The Commission received an informational presentation from Elizabeth Salomone, General Manager of the Mendocino County Russian River Flood Control & Water Conservation Improvement District and Chair of the Technical Advisory Committee to the Groundwater Sustainability Agency, on activities of the Ukiah Valley Groundwater Basin Groundwater Sustainability Agency.

Ms. Salomone provided an interactive [presentation](#) on the item.

8. INFORMATION AND REPORT ITEMS

8a) Work Plan, Current and Future Proposals (Video Time 1:50:20)

EO Hinman presented the item and noted that there are four applications on file that are pending a tax share agreement, a new pre-application request was received after the meeting packet was distributed from the City of Fort Bragg related to proposed annexation of newly acquired properties for a potential reservoir, and staff is working on developing the scope of the coastal water/wastewater agencies MSR/SOI study.

Commissioner Rodin asked for more information about the next steps for the coastal agencies MSR/SOI study and EO Hinman responded that the approach is to develop an RFP scope of work and identify potential consultants that are interested and available to prepare the study.

Commissioner Ward asked about the status of outstanding application fees for the Ukiah out-of-agency services agreement and EO Hinman responded that a check has already been received.

8b) Correspondence (Video Time 1:52:21)

EO Hinman summarized a letter sent to County Counsel regarding the County Service Area (CSA) 3 Zone of Benefit (ZOB) Pilot Program for the Sherwood Firewise Community (FWC) activation of latent powers requirements and process and LAFCo authority over CSAs. EO Hinman noted that the letter included a summary of interagency coordination and communications since 2021 and a history of key milestones as background on the matter.

Commissioner Rodin asked for clarification about LAFCo paying for legal research for the County and Counsel Burch noted that generally this type of research is conducted by the attorney of the agency, but it seemed important to respond to the request for information due to on-going confusion on LAFCo's role related to this matter.

Chair Mulheren commented that she intended to follow-up with the County Executive Office on utilizing outside legal resources for LAFCo matters since County Counsel has a heavy workload.

Commissioner Ward asked for clarification about the purpose of the letter and Counsel Burch responded that County Counsel requested clarification about LAFCo's authority over CSAs. EO Hinman noted that LAFCo staff worked with Counsel Raff during the CSA 3 MSR/SOI study and that Counsel Curtis is now involved and coming up to speed.

Commissioner Horsley commented that it appeared to be a difference of opinion on the interpretation of the law.

8c) CALAFCO Business and Legislation Report (Video Time 1:59:16)

EO Hinman provided an update about a call for nominations due on April 13 for the CALAFCO Board of Directors Northern Region City Member special vacancy for a term ending in December 2024 and noted that a current Legislative Status Report is also attached. Chair Mulheren asked if travel would be required and EO Hinman noted it was virtual.

Commissioner Rodin volunteered to be nominated to fill the current term vacancy.

Motion: Nominate Commissioner Rodin for the CALAFCO Board of Directors Northern Region City Member term vacancy ending in December 2024.	
Motion Maker: Commissioner Mulheren	Motion Second: Commissioner Horsley
Roll Call Vote: Ayes: (6) Ward, Gonzalez, Rodin, Horsley, Cole, Mulheren	

8d) Executive Officer's Report (Video Time 2:02:34)

EO Hinman provided the following updates: the review of Legal Counsel Services proposals is underway, there is a staff level meeting immediately following the Commission meeting, and the Executive Committee will meet in the next two weeks to consider the proposals and develop a recommendation for the May Commission meeting; 700 Forms (wet signed) were due in the LAFCo office on April 1 and all Commissioners need to submit a form specifically naming LAFCo; 700 Forms are also required for Commissioners upon being sworn in or leaving office.

8e) Committee Reports (Executive Committee, Policies & Procedures, Work Plan Ad Hoc) (Video Time 2:03:53)

Chair Mulheren appreciated the budget workshop discussion as requested by the Executive Committee for education of new Commissioners and transparency.

8f) Commissioners Reports, Comments or Questions (Video Time 2:04:26)

Commissioner Cole appreciated the welcoming to the Commission, noted being a part of the Hopland Cemetery District Board of Directors, and looked forward to working together and helping as needed.

ADJOURNMENT (Video Time 2:04:59)

There being no further business, the meeting adjourned at 11:00 a.m.

The next regular meeting of the Commission is scheduled on Monday, May 1, 2023 at 9:00 a.m. The meeting will be conducted in a hybrid format to accommodate both in-person and remote participation. The in-person meeting will be held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel. [April 3, 2023 YouTube meeting recording](#). Links to recordings and approved minutes are also available on the [LAFCo website](#).