

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

Vacant

Ukiah Valley Fire District

Gerardo Gonzalez, Alternate

Willits City Council

John Haschak, Alternate

County Board of Supervisors

Richard Weinkle, Alternate

Public 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

Approved by Commission on June 6, 2022

MINUTES

Local Agency Formation Commission of Mendocino County Regular Meeting of Monday, May 2, 2022

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

1. **CALL TO ORDER and ROLL CALL** (Video Time 0:36)

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, and Maureen Mulheren

Regular Commissioners Absent: Mari Rodin

Alternate Commissioners Present: Gerardo Gonzalez (immediately seated for Commissioner Rodin)

Alternate Commissioners Absent: John Haschak and Richard Weinkle

Staff Present: Uma Hinman, Executive Officer; and Kristen Meadows, Clerk

2. **AB 361 REMOTE TELECONFERENCING ACTION** (Video Time 1:39)

The Commission adopted Resolution No. 2021-22-14 making continued findings pursuant to Assembly Bill 361 to conduct public meetings remotely due to the COVID-19 pandemic.

Commissioner Ward asked when meetings in the Board Chambers will resume. EO Hinman answered that consideration of other agency use of the Chambers is on hold until Summer.

Motion by Commissioner Ignacio to adopt Resolution No. 2021-22-14.

Second by Commissioner Froneberger.

Approved by roll call vote: unanimous.

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

3. **PUBLIC EXPRESSION** None

4. **CONSENT CALENDAR** (Video Time 5:50)

4a) **April 4, 2022 Regular Meeting Summary**

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

4b) **April 2022 Claims & Financial Report**

Treasurer Ward thanked Staff for the Reconciliation report included in the AP packet.

April 2022 Claims totaling:	\$19,875.28
Hinman & Associates Consulting	15,214.64
P. Scott Browne	900.00
County of Mendocino (A-87)	2,462.00
Comcast	93.67
Newspapers	610.02
Streamline	50.00
Ukiah Valley Conference Center	544.95

4c) Fiscal Year 2020-21 Audit

Chair Orth commended staff for work on the Audit.

Motion by Commissioner Mulheren to approve the Consent Calendar.

Second by Commissioner McGourty.

Approved by roll call vote: unanimous.

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

5. PUBLIC HEARING ITEMS (Video Time: 8:06)

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

EO Hinman presented the staff report. Then she presented the proposed budget that includes a Work Plan Contingency that will function as a reserve for work plan tasks. The funds will serve as a buffer to accommodate unanticipated expenses associated with the preparation of MSR/SOI studies. The table below summarizes the Proposed Budget, Reserves and Work Plan Contingency:

Table 1. Summary of Proposed FY 2022-23 Reserves and Work Plan Contingency		
	Projected FY 2022-23 (\$)	Proposed FY 2021-22 (\$)
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>	106,750	115,950
Estimated Unreserved Equity	38,715	(7,900)
Proposed Work Plan Contingency	38,715	30,815

The Work Plan for the next FY will focus on the continued development of the City of Ukiah (City) and the Ukiah Valley Sanitation District (UVSD) studies for the first half, and the second half will focus on the inland and coastal water districts in response to the local drought conditions.

The final Budget and Work Plan Public Hearing is scheduled for June 6, 2022.

Comments and Questions from the Commission

Commissioner Mulheren asked if there is a contingency plan for budget shortfalls. Chair Orth highlighted Staff’s development of the Work Plan Contingency addresses the potential issue. EO Hinman added that the new service rates, proposed to go into effect July 1, 2022, include a portion of overhead and long-term planning costs and should help offset any potential increase in workload related expenses are.

Commissioner Ward asked how the Work Plan’s \$70,000 will be allocated? EO Hinman referenced Table 3 in the agenda packet.

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		\$70,000

Commissioner Ward noted that his calculation of projected fiscal year end savings may result in an additional \$42,000 that he suggested be used to include the City of Point Arena to the next fiscal year Work Plan. He also noted that potential changes in organization for some of the agencies would eliminate the need for their studies.

Commissioner Froneberger commented that the chances of Inland Water District consolidation are slim. He expressed support for Staff's proposed Work Plan agencies and budget.

EO Hinman clarified that cash rollover allocated for Work Plan tasks in the current FY budget into the next is anticipated to be utilized for the City and UVSD studies and may not be available for reallocation. She noted that Staff is proposing to review 16 agencies in the next FY. The proposed workload and staff capacity will likely not allow for the addition of any other studies. She emphasized the necessity for the water agency studies regardless of consolidation.

Commissioner Ward commented on the trend in higher apportionment fees in relation to Work Plan progress. Commissioner McGourty echoed Commissioner Ward's comments and concerns regarding the progress of the Work Plan studies, specifically the City of Ukiah and UVSD.

EO Hinman reminded the Commission of the comprehensive update on the status of both agencies provided at the April Regular Meeting and invited them to review the detailed documents and timeline included in the April agenda packet available on the LAFCo website.

Motion by Commissioner Ignacio to adopt Resolution 2021-22-15 approving the Proposed Budget and Work Program for Fiscal Year 2022-2023 and directing the Executive Officer to distribute the Draft Budget and Work Program to the 54 funding agencies for review and comment, and to 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.

Second by Commissioner Froneberger.

Approved by roll call vote:

Ayes: (6) Mulheren, McGourty, Gonzalez, Froneberger, Ignacio, Orth

Noes: (1) Ward

6. **WORKSHOP ITEMS** None

7. **MATTERS FOR DISCUSSION AND POSSIBLE ACTION** (Video Time: 40:32)

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

Michelle Frederick, of the State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) Program provided an informational report on consolidation programs and coordination efforts in the County. As a former employee of the local Drinking Water Division, she has years of knowledge Mendocino County water services. EO Hinman reminded the Commission of its recommendation in the last round of municipal service reviews for water districts to consolidate water service providers for more efficient and reliable service provision. The SWRCB, City of Ukiah and Ukiah Valley water districts' staff have requested a letter of support from LAFCo for the agencies' efforts in developing consolidation plans, future application to LAFCo, and to pursue grant funding for the studies and process.

Ms. Frederick began by explaining the fragmented infrastructure of water systems in California and the Board's reorganization efforts. A needs analysis revealed that of the 7,300 statewide public water systems, 77% of community water systems serve less than 1000 connections and 90% of violations are from systems serving less than 500 connections. Therefore, the Board's concentration is on efficiency and drought resilience through regional partnerships and consolidations. The SAFER program's website offers tools and information including boundaries, well density, system risk status, and census data. Current consolidation efforts include letters to water agencies recommending consolidation, workshops, an increase in large regional consolidation projects and consolidation grant incentives. The Water Board is offering new funding opportunities for Receiving Water Systems – systems that take in smaller water systems. A full consolidation can receive up to a \$5 million incentive grant and up to \$10 million zero interest loan for an individual project which are in addition to Board coverage of consolidation costs. These opportunities are generational due to increased available funding – \$1.1 Billion in various SAFER Program opportunities. For the Ukiah Valley conversations, the Board is asking for a letter of support as an indication of general acceptance of consolidation efforts and willingness to work together.

Commissioner Froneberger suggested that most water system violations are reporting and or laboratory issues rather than water quality issues. Ms. Frederick confirmed that most of the violations revealed in the analysis were water quality issues.

Commissioner McGourty asked if there has been any communication with Rogina Water Company regarding its water supply challenges and aging infrastructure. Ms. Frederick responded that she personally had not had conversation with the district but was aware of conversations between the Water Board's District Office and the water agency about aging infrastructure and succession planning. She has had conversations with the City of Ukiah as to whether they would be included in the consolidation planning process.

Commissioner McGourty also asked about the governing structure of a consolidation. Ms. Frederick answered that most consolidations are run by one organization for maximum efficiency.

Sean White, City of Ukiah Director of Water/Sewer Utilities, commented that Rogina Water Company is a private agency not available for sale and will not be participating in the consolidation efforts.

Commissioner Ward asked about the consensus among the local water agencies regarding consolidation. Ms. Frederick responded that she is more optimistic now due to the City's initiation of the conversation and the increased support from the agencies.

Commissioner Ward asked if the available funding includes federal funds. Ms. Frederick confirmed that Commissioner Ward was referring to Redwood Valley, and then answered that the community would have to be designated and a Disadvantage Community to allow the Water Board to consider the use of federal funds in the form of restructuring and asked to continue the conversation offline.

Commissioner Mulhern commented that changes in leadership can challenge agencies and expressed appreciation for the conversation with the Water Board, the City and the local water agencies.

Darcy Antle, Mendocino County Interim CEO, expressed interest in joining the offline conversation about the Redwood Valley water situation.

Commissioner Ignacio asked that the PowerPoint presentation be made available to the Commission for further review and for publication on the LAFCo website.

Commissioner McGourty commented on resiliency, and the significant amount of groundwater available in the Ukiah Valley and working together.

Chair Orth reminded the commission that the Item was a request to consider providing a letter of support.

Commissioner Froneberger expressed support of consolidation but cautioned against rushing a decision on consolidation. He stressed the need for public transparency as it has not happened in the past. Although LAFCo's typically support consolidations per its mandates, he does not believe it is proper for LAFCo to support a specific consolidation. He encouraged recognition of the hard work that has been done in laying the groundwork for a JPA.

Elizabeth Salomone, General Manager of the Russian River Flood Control District, encouraged public education, transparency, and consideration of other agencies effected by consolidation.

Mr. White clarified that the goal of the presentation and requested letter is for a vote of confidence from LAFCo in the consolidation efforts to help encourage leadership to agree with the viability of consolidation. He commented that time is of the essence due to the significant cost of consolidation and the current availability of funds through the State Water Board.

Commissioners Ward, Orth, McGourty, and Gonzalez expressed support for consolidation with public transparency. Chair Orth suggested hosting a public water forum in September at the height of fire season and when stress from the drought will be on the minds of the public.

Ms. Salomone asked EO Hinman if the previous LAFCo recommendations for consolidation included the City. EO Hinman answered that it did not, rather, it focused on the water districts surrounding the City and included the Hopland Public Utility District. Ms. Salomone then asked the Commission to share the determination contributing to its support of consolidation.

Motion by Commissioner Gonzalez to 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.

Second by Commissioner Mulheren.

Approved by roll call vote:

Ayes: (6) Ward, Mulheren, Gonzalez, Ignacio, McGourty, Orth

Noes: (1) Froneberger

Following the vote Commissioners Orth, McGourty, and Froneberger thanked the State Water Board for its engagement with Mendocino County.

7b) Report on Work Program Status and Commission Assignments (Video Time: 1:27:47)

EO Hinman shared an informational report in response to questions from the Commissioners regarding assigned tasks.

She reminded the Commission that the budget allows for 0.7 full-time equivalent employee hours shared between the EO, Analyst, and Clerk. The following principles adopted by the Commission in 2012 guide prioritization of staff's workload:

1. Public Inquiries – Staff responds to 3-5 inquires a week.
2. Application Processing – Two applications were completed this fiscal year: City of Ukiah Annexation to the Ukiah Valley FPD, Fort Bragg Out of Agency Services Agreement. Applications in progress: Annexation of City owned properties, and Elk CSD activation of latent wastewater powers. In addition, staff spends time working on applications that are pending formal submission.
3. Work Plan Implementation

EO Hinman shared a summary status of the current work plan tasks. The studies for Covelo CSD and the Ukiah Valley FPD are complete and the study for CSA 3 is 90% complete. A detailed report on the status of the UVSD and the City of Ukiah was presented at the last meeting.

In addition, the following policies have been assigned for updates/development:

1. SOI Policy Update. Staff recommends placing this task on hold due to the timing of other projects in process.
2. Emergency out of Agency Water Transfer Policy. The task was assigned in response to the drought emergency. However, with the installation of Fort Bragg's desalination plant, it has lost its urgent necessity. However, Staff continues to participate in drought coordination efforts. She noted Governor Newsom's March 2022 Executive Order suspending the prohibition of hauling water out of a basin. The decision could affect LAFCo's ability to address out of agency provisions of services.
3. Electronic Signature Policy. Following its adoption in 2021, staff investigated the ability to electronically sign checks and has been unable to identify a secure method allowing for the two signatures required by policy. Staff will continue to research e-signature options and will work with Treasurer Ward and the banks to find a solution.

Other Assignment(s):

- SALC Grant Project – completed April 30, 2022.
- Office Operations

Commissioner Ward suggested working with the Work Plan Ad Hoc Committee regarding Staff's workload.

Chair Orth noted that he has been signing resolutions electronically.

Commissioner McGourty asked if emergency passages for Brooktrails are still being explored. EO Hinman responded that the pilot project will be addressed in the CSA 3 MSR/SOI. The Public Hearing is scheduled June 6, 2022.

INFORMATION AND REPORT ITEMS

8a) Informational Presentation on the City of Ukiah 2040 General Plan Update (Video Time: 1:43:37)

(Craig Schlatter, City of Ukiah Community Development Director)

Craig Schlatter, Community Development Director for the City of Ukiah, provided an overview and update on the City of Ukiah's General Plan (GP) Update process, community engagement efforts, and methodologies.

The General Plan Update process began in the spring of 2019. Of the 6 phases, Mr. Schlatter and his team are currently in phase 3 of the process, Alternative Choices. The General Plan Update Environmental Impact Report (EIR) is projected to be ready for certification and adoption at the end of 2022.

A workshop for the Land Use Alternatives Process, the most important part of the GP, was hosted on April 12, 2022. The Planning Commission and City Council were asked to choose one of three preferred alternatives to serve as the basis for the Land Use element, the details of which were included in the Land Use Memo, released in February 2022 in preparation for the workshop. The Planning Commission unanimously chose option 3 which will apply to the current City and annexation areas within the proposed SOI.

Annexation areas:

- City Owned Properties, 437 acres
- Brush Street/Masonite area, 473 acres
- Ukiah Western Hills, 707 acres

The driving force behind the planning methodology for Land Use are the following Policy Directives and Resolution.

Policy Directives

- Update the GP
- Update the SOI
- Improve efficiencies/public service and protect Natural Resources

Resolution 2020-06:

“The city will pursue, supply for and support the annexation of unincorporated areas to the City to avoid negative consequences of continued urban sprawl and to ensure the efficient provision of municipal services to unincorporated areas without placing undue financial burden on the City or its residents.”

In closing Mr. Schlatter announced that staff will be recommending, for the first time in the City’s history, an Agricultural Element to protect land use and promote synergy in the City’s proposed SOI.

More information can be found on the GP website: ukiah2040.com

Commissioners McGourty and Orth thanked Mr. Schlatter for his presentation and expressed interest and appreciation for the addition of the agricultural element.

Commissioner McGourty asked about Talmage as a potential area of annexation and the provision of services. Sage Sangiacomo, City Manager, responded that the area was not included in the planning documents for the City and County. Commissioner McGourty suggested consideration of expansion due to the existing community, its level of density and lack of infrastructure and services. Mr. Sangiacomo commented that the hesitation to incorporate areas east of the river was to preserve ag land and resources.

EO Hinman thanked Mr. Schlatter for his presentation and noted the importance of keeping the Commission informed of the efforts in progress, especially in relation to MSR/SOI Updates.

8b) Work Plan, Current and Future Proposals (Video Time: 2:11:18)

EO Hinman provided an update on the two active proposals: the Annexation of City Owned Properties and the Elk CSD Activation of Latent Powers for Wastewater Services. Both applications are incomplete in part pending adopted tax share agreements.

Chair Orth asked Commissioner Mulheren if she is still serving on the Tax Share Ad Hoc Committee. Commissioner Mulheren confirmed that she is and a meeting is scheduled for next week.

Commissioner Ward asked EO Hinman regarding the reason for delays of the Millview County Water District application to annex the Masonite area and who would determine the best agency to provide services. EO Hinman answered that is part of the coordination efforts and conversation occurring between the City and the agencies. Mr. Sangiacomo commented that the discussions are significant and include water agency consolidation among other considerations. It is his hope, that as conversations continue, that there will be a coordinated provision of services rather than choosing one agency over another. He recognizes the appearance of delay; however, the delay is replaced by collaboration efforts to provide a better solution. Commissioner Ward asked if the conversation is about control of

the well. Mr. Sangiacomo answered that the conversation is about the best provision of services not control of resources.

Commissioner McGourty commented that the Groundwater Sustainability Agency will be empowered to issue permits for wells through the drought emergency and will play a role in any changes to groundwater pumping.

Chair Orth asked Commissioner McGourty if the agency has considered developing commercial wells in at-risk outlying areas. Commissioner McGourty responded that the Ad Hoc Committee for Wells and Commercial Water Hauling is exploring the issue.

8c) Correspondence None

8d) CALAFCO Business and Legislation Report (Video Time: 2:22:08)

EO Hinman reported on two CALAFCO initiatives in progress:

- SB 938 for standardization of protest provisions has made its way to Senate Floor.
- CALAFCO is supporting San Diego's efforts to seek legislative changes to Government Code 56133 regarding extensions of services and clarification of LAFCo requirements.

8e) Executive Officer's Report (Video Time: 2:24:11)

EO Hinman reminded the Commission of a few items.

- With the resignation of former Commissioner Bazzani and the expiration of Commissioner Froneberger's term, staff has initiated the selection process for both the Alternate and Regular Special District seats. The deadline for nominations is August 1, 2022.
- Two public hearings are scheduled for June 6.
 - CSA 3 MSR/SOI
 - Final Budget for FY 2022-23

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

8g) Commissioners Reports, Comments or Questions None

ADJOURNMENT (Video Time: 2:26:25)

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, June 6, 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. [May 2, 2022, YouTube meeting recording](#). Links to recordings and approved minutes are also available on the [LAFCo website](#).