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Ukiah Valley Sanitation District

2022 – Municipal Service Review and Sphere of Influence Update

Prepared For:

Mendocino LAFCo

200 South School Street

Ukiah, California 95482

<http://www.mendolafco.org/>

Workshop: September 12, 2022

Workshop: November 7, 2022

Public Hearing: December 19, 2022

Adopted: **12/19/2022**

LAFCo Resolution No: 2022-23-07

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**Resolution No. 2022-23-07
of the Mendocino Local Agency Formation Commission**

**Approving Adoption of the
Ukiah Valley Sanitation District
Municipal Service Review and Sphere of Influence Update**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Mendocino County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the Ukiah Valley Sanitation District, hereinafter referred to as the “UVSD or District”, pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Commission held two public workshops on September 12, 2022 and November 7, 2022 to hear public and agency comments and provide direction on revisions to the District’s draft MSR/SOI update study; and

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

WHEREAS, the Executive Officer’s report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the testimony and evidence presented at a public hearing held on the municipal service review and sphere of influence update on December 19, 2022; and

WHEREAS, the Commission considered all the factors required under California Government Code Sections 56430 and 56425.

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

1. The Commission, as Lead Agency, finds the municipal service review is categorically exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15306 (Class 6 Exemption). This finding is based on the use of the municipal service review as a data collection and service evaluation study. There are no land use changes or environmental impacts created or recommended by the MSR. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15061(b)(3) (General Rule). This finding is based on the Commission determining with certainty that the sphere of influence update will have no possibility of

significantly effecting the environment given that this update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: "UVSD MSR/SOI Update 2022".
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall update the official records of the Commission to reflect this sphere of influence update for the UVSD, which supersedes all previous records.

BE IT FURTHER RESOLVED that the UVSD MSR/SOI Update 2022 is hereby approved and incorporated herein by reference and a coterminous sphere is adopted for the District and three Areas of Interest are designated for the Overlap Area with City of Ukiah, the Brush Street/Ford Road/Masonite Area, and the Western Hills City Annexation Area as depicted in Exhibit "A", attached hereto.

PASSED and ADOPTED by the Local Agency Formation Commission of Mendocino County this 19th day of December 2022 by the following vote:

AYES: Gonzalez, McGourty, Mulheren, Rodin, Ward

NOES:

ABSTAIN:

ABSENT:



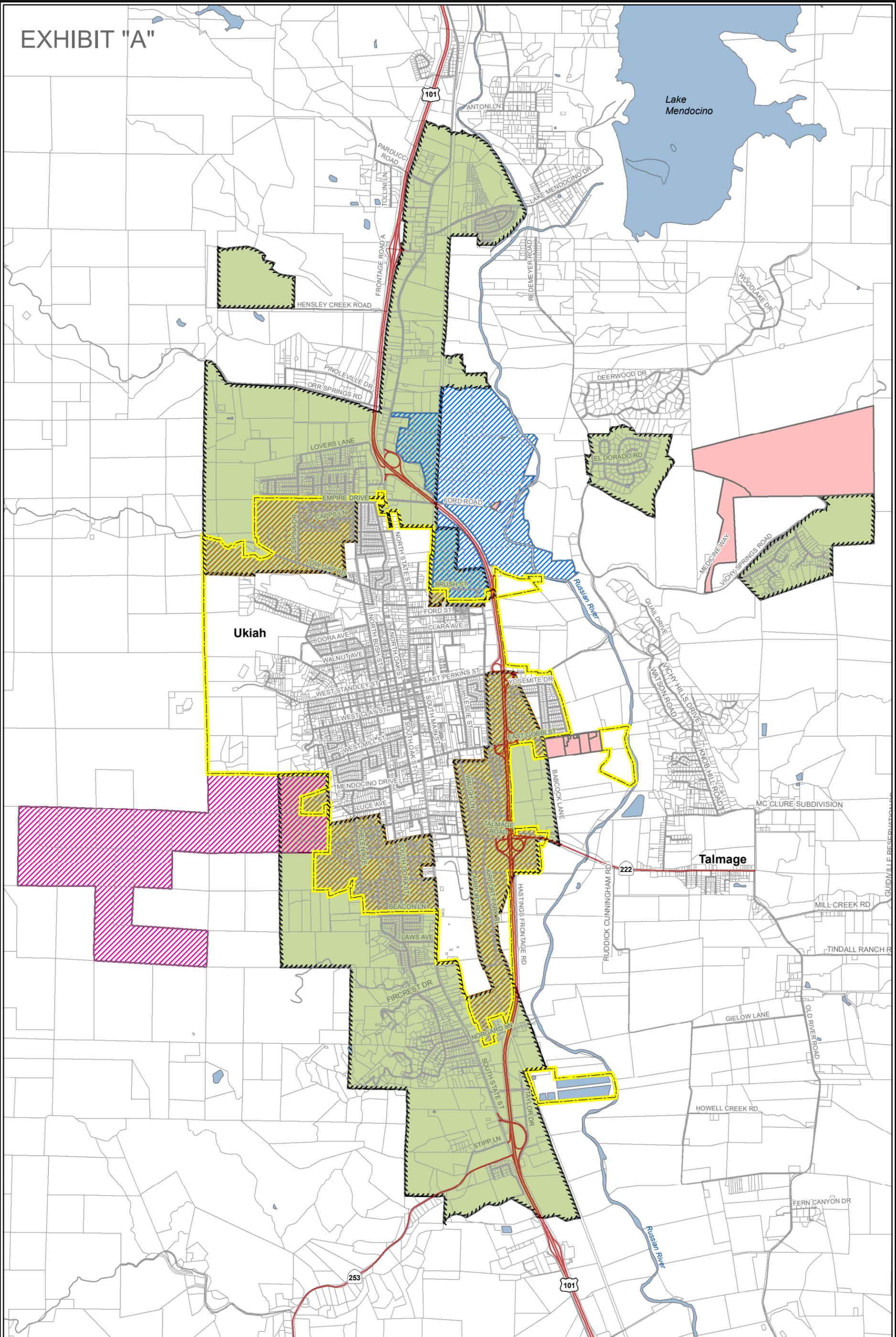
MAUREEN MULHEREN,
Commission Chair

ATTEST:



UMA HINMAN, Executive Officer

EXHIBIT "A"



Ukiah Valley Sanitation District Sphere of Influence

- Ukiah Valley Sanitation District
- Sphere of Influence
- UVSD Out of Agency Service Agreement
- Area of Interest 1
- Area of Interest 2
- Area of Interest 3
- City of Ukiah
- Parcels
- Highways
- Roads

Source: This map was created by the Mendocino County Information Services GIS Program, December 13, 2022.
 Note: This map is not a survey product and should not be used to determine legal boundaries.



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1 INTRODUCTION

1.1 Local Agency Formation Commission

Local Agency Formation Commissions (LAFcos) are quasi-legislative, independent local agencies that were established by State legislation in 1963 to oversee the logical and orderly formation and development of local government agencies including cities and special districts. There is one LAFCo for each county in California.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 (California Government Code Section 56000 et. seq.) in order to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee efficient provision of municipal services.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

1.2 Mendocino LAFCo

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Mendocino LAFCo has adopted policies, procedures and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website at the following location: <http://www.mendolafco.org/policies.html>.

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Board of Directors members, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

1.3 Municipal Service Review

The CKH Act (GC §56430) requires LAFCo to prepare a Municipal Service Review (MSR) for all local agencies within its jurisdiction. MSRs are required prior to or in conjunction with the establishment or update of a Sphere of Influence (SOI).

An MSR is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. An MSR must address the following seven factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.

6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

MSRs include written statements or determinations with respect to each of the seven mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of a service provider's existing and future service area boundary.

1.4 Sphere Of Influence

The CKH Act requires LAFCo to adopt a Sphere of Influence (SOI) for all local agencies within its jurisdiction. A SOI is "a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission" (GC §56076).

When reviewing an SOI for a municipal service provider, under GC §56425(e), LAFCo will consider the following five factors:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to GC §56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Sphere of Influence Updates include written statements or determinations with respect to each of the five mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of establishing or modifying a service provider's SOI or probable future boundary.

1.5 Mendocino LAFCo Policies

In addition to making the necessary determinations for establishing or modifying a SOI consistent with the CKH Act, the appropriateness of an agency's SOI is also based on an evaluation of consistency with local LAFCo policies.

The following Sphere of Influence policies are from the Mendocino LAFCo Policies and Procedures Manual, adopted November 5, 2018.

10.1.1 Legislative Authority and Intent

A sphere of influence is the probable 20-year growth boundary for a jurisdiction's physical development. The Commission shall use spheres of influence to:

- a) promote orderly growth and development within and adjacent to communities;

- b) promote cooperative planning efforts among cities, the County, and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands, and efficient provision of public services;
- c) guide future local government reorganization that encourages efficiency, economy, and orderly changes in local government; and
- d) assist property owners in anticipating the availability of public services in planning for the use of their property.

10.1.2 Definitions

The Commission incorporates the following definitions:

- a) an “establishment” refers to the initial development and determination of a sphere of influence by the Commission;
- b) an “amendment” refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency; and
- c) an “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.

10.1.3 Sphere Updates

In updating spheres of influence, the Commission’s general policies are as follows:

- a) The Commission will review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police, and fire protection services.
- b) Sphere of influence changes initiated by any agency providing a municipal service shall generally require either an updated or new service review unless LAFCo determines that a prior service review is adequate.
- c) Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.

10.1.4 Reduced Spheres

The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission shall, however, consider removal of land from an agency’s sphere of influence if either of the following two conditions apply:

- a) the land is outside the affected agency’s jurisdictional boundary but has been within the sphere of influence for 10 or more years; or
- b) the land is inside the affected agency’s jurisdictional boundary but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

10.1.5 Zero Spheres

LAFCo may adopt a “zero” sphere of influence encompassing no territory for an agency. This occurs if LAFCo determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency (e.g., mergers, consolidations). The local agency which has been assigned a zero sphere should ultimately be dissolved.

10.1.6 Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all of the services of the agency, a “service specific” sphere of influence may be designated.

10.1.7 Agriculture and Open Space Lands

Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency’s sphere of influence unless the area’s exclusion would impede the planned, orderly and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency’s boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency’s sphere. Exclusion of these areas from an agency’s sphere of influence indicates that detachment is appropriate.

10.1.8 Annexations Are Not Mandatory

Before territory can be annexed to a city or district, it must be within the agency’s sphere of influence (G.G. §56375.5). However, territory within an agency’s sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

10.1.10 Overlapping Spheres

LAFCo encourages the reduction of overlapping spheres of influence to avoid unnecessary and inefficient duplication of services or facilities. In deciding which of two or more equally capable agencies shall include an area within its sphere of influence, LAFCo shall consider the agencies’ service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies. Where an area could be assigned to the sphere of influence of more than one agency, the following hierarchy typically applies:

- a) Inclusion within a city’s sphere
- b) Inclusion within a multi-purpose district’s sphere
- c) Inclusion within a single-purpose district’s sphere

Territory placed within a city’s sphere indicates that the city is the most logical provider of urban services. LAFCo encourages annexation of developing territory (i.e., area not currently receiving services) that is currently within a city’s sphere to that city rather than to one or more single-purpose special districts. LAFCo discourages the formation of special districts within a city’s sphere. To promote efficient and

coordinated planning among the county's various agencies, districts that provide the same type of service shall not have overlapping spheres.

10.1.11 Memorandum of Agreements (For City Sphere Amendments and Updates)

Prior to submitting an application to LAFCo for a new city sphere of influence or a city sphere of influence update, the city shall meet with the County to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements as contained in GC §56425. If an agreement is reached between the city and County the agreement shall be forwarded to LAFCo. The Commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by LAFCo and the County, and LAFCo shall give great weight to the agreement to the extent that it is consistent with LAFCo policies in its final determination of the city sphere.

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest to any local agency. (Resolution No. 2018-19-01)

- a) An Area of Interest is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.
- b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.
- c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

(LAFCo, 2018)

1.6 [Senate Bill 215](#)

Senate Bill 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions. Senate Bill 375 (Sustainable Communities and Climate Protection Act) requires each metropolitan planning organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in their Regional Transportation Plan (RTP) by integrating planning for transportation, land-use, and housing in a sustainable communities strategy.

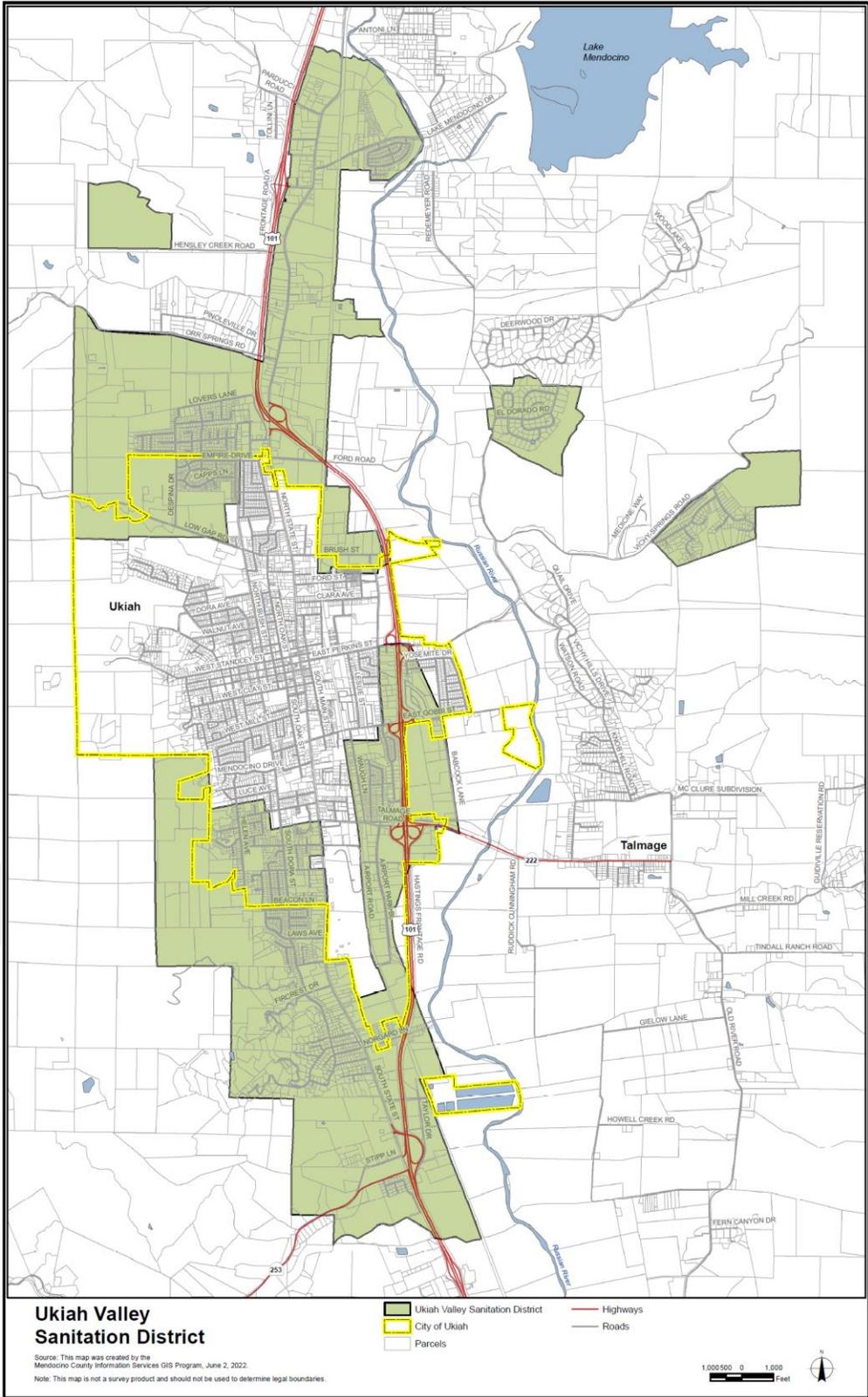
Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits to address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the 2018 Mendocino County Regional Housing Needs Allocation (RNHA) Plan and Vision Mendocino 2030 Blueprint Plan. MCOG is also responsible for allocating regional

transportation funding to transportation improvement projects consistent with the 2017 RTP for Mendocino County.

Mendocino County and the Cities of Fort Bragg, Point Arena, Ukiah, and Willits are the local agencies primarily responsible for planning regional growth patterns through adoption and implementation of general plan and zoning regulations. While Mendocino County is not subject to the provisions of SB 375, LAFCo will review applicable regional transportation and growth plans when considering a change of organization or reorganization application.

DRAFT

Figure 1-1 Ukiah Valley Sanitation District Jurisdictional Boundaries



2 AGENCY OVERVIEW

Agency Name:	Ukiah Valley Sanitation District
Office Location:	151 Laws Avenue, Suite B, Ukiah, CA 95482
Mailing Address:	Same as above
Phone Number:	707-462-4429
Website:	https://www.uvsd.org/
General Email:	aa@uvsd.org
Date of Formation:	July 6, 1954
Agency Type:	Independent Special District, Single-Service Provider
Enabling Legislation	County Sanitation District Act: Health and Safety Code §4700 et seq.
Board Meeting Schedule:	Regular meetings are held on the second Wednesday of every month at 6:00 p.m.

2.1 [History](#)

2.1.1 Formation

Ukiah Valley Sanitation District (District/UVSD) was formed on July 6, 1954, as a dependent district, by the Mendocino County Board of Supervisors (BOS Resolution No. 1267) to provide sewer service to unincorporated areas adjacent to the City of Ukiah (City) and the greater Ukiah Valley Area.

The District transitioned to an independent sanitation district with five board members, elected at-large, on April 3, 2008 ([UVSD Resolution No. 08-04](#)).

2.1.2 Boundary

The UVSD is located in the southern and inland portion of Mendocino County and is situated around the City of Ukiah and serves areas both west and east of Highway 101. The District encompasses approximately 6.62 square miles (4,240 acres) and includes portions of the City of Ukiah and unincorporated areas within the greater Ukiah Valley area (see Figure 1-1).

The Ukiah Valley is a south-west trending valley located in the upper Russian River watershed and is approximately nine miles in length by three miles in width. The Valley represents the largest population center in Mendocino County and includes the City of Ukiah, which is the County seat, and the unincorporated communities of Calpella, The Forks, and Talmage (including the City of Ten Thousand Buddhas).

The District boundaries include areas of urban density and commercial development surrounding the City and also includes high density areas within the northern and southern portions of the City boundaries. Additionally, the District includes two non-contiguous islands consisting of residential subdivisions in the eastern hills, east of the Russian River: El Dorado Estates and Vichy Springs Estates. The District also serves the non-contiguous Mendocino Community College campus.

The District boundaries include the Pinoleville Pomo Nation (a Federally recognized Tribe) Tribal lands located north of the City of Ukiah and the Guidiville Rancheria in the Vichy Springs area.

2.1.2.1.1 Boundary Change History

Since its formation in 1954, the District has undergone 16 boundary changes adding a total of approximately 1,305 acres (see Table 2.2).

Table 2.2 History of Jurisdictional Changes			
Year	File Name	Acreage	LAFCo Resolution No.
1968	Talmage/Hastings Road Annexation	1.6	67-11
1978	Parducci/El Dorado Estates Annexation	139	77-2
1980	Johnson Lewis Road Annexation	8	--
1980	Johnson Annexation	2.27	80-05
1983	Vichy Springs Annexation	192	83-3
1988	Georgia Pacific Resin Annexation	12	87-3
1987	El Dorado Parcel Annexation	3	87-8
1989	Forrester Properties Inc. Annexation	7.27	89-3
1989	Vincent Annexation	2.32	89-2
1989	Forrester Annexation	2.32	89-3
1989	Cox/Mayfield Annexation	??	89-10
1990	Carousel Carpet Mills Annexation	570	89-11
1997	Agwood Annexation	13.6	L97-01
1998	Guidiville Indian Rancheria	42	L97-02
2005	Nicoll Subdivision Annexation	6.8	2005-01
2006	Westfork Annexation	32.73	L98-01

In some cases, City of Ukiah annexations were processed without concurrent District detachments, which has resulted in areas of overlap between the agencies in the north, east and south of the City. These areas are unofficially referred to as the “overlap areas”.

In 2014, the City of Ukiah made application to LAFCo to detach 1,304 parcels (approximately 992.5 acres) of overlapping territory from the District (Figure 1-1). The area proposed for detachment represents roughly half of the District’s customers and approximately 23.4 percent of the total jurisdictional area of the District. LAFCo deemed the application incomplete in 2014 and at the City’s request placed the application on hold. The application was re-initiated in 2020 and again deemed incomplete and placed on hold by the City pending the completion of its Sphere of Influence (SOI) update.

The agencies are currently working together to address the areas of overlap, other areas of common interest surrounding the City, and ultimately a plan for a more consolidated provision of sewer services in the Ukiah Valley (UVSD, 2022).

2.1.3 Services

The UVSD maintains various agreements with the City of Ukiah to cooperatively provide wastewater collection and treatment services to the City and the surrounding area through a combined sewer system consisting of multiple interconnecting components.

Both the District and the City separately own sewage collection systems that ultimately drain into a common Wastewater Treatment Plant (WWTP) that is jointly funded but owned and operated by the City. The UVSD owns a system for the collection and transmission of wastewater within the District, including approximately 46 miles of sewer mains, laterals, Trunk Line and related facilities. The Trunk Line is the main sewer line into which all sewer mains flow and transports wastewater to the City WWTP.

Treatment of the combined wastewater is through the City's WWTP, which is operated and managed under an agreement with the City of Ukiah and is jointly funded by the two agencies (City/UVSD, 2020).

Since its formation, the District and the City have entered into various agreements and amendments for the allocation of costs associated with the operation, maintenance, and rehabilitation of the sewer collection system and WWTP. On July 19, 1995 (amended on March 24, 1999 and again on December 15, 2004), the District and City entered into a Participation Agreement whereby the City operates the combined City/UVSD sewer system as one system with the combined treatment and collection costs apportioned between the City and UVSD based on the ratio of City to UVSD Equivalent Sewer Service Strength Units (ESSSUs) for a period of thirty years (City/UVSD, 2004). The City also provides the effluent disposal services.

The District and the City entered into a new Operating Agreement in 2018. The Agreement identifies the methodology for allocation of the sewer collection and treatment services within the respective service areas and how costs will be fairly shared and allocated between the two entities based on ESSSUs (City/UVSD, 2018b). Not to be confused with ESSUs, an ESSSU is defined as the average winter water usage of a residential dwelling unit at residential strength (City/UVSD, 2020b).

Under the 2018 Operating Agreement, the City provides the following services:

- 1) Billing/collection of sewer service and connection fees, and disbursement of funds collected on behalf of the District for payment to the City for District's allocated share of certain sewer system operations, maintenance, capital improvement and financing costs, and accounting;
- 2) Operations and maintenance of the City and District wastewater collection facilities, including the Trunk Line; and
- 3) Operations and maintenance of the City's WWTP.

However, in 2021, following the 2018 Settlement Agreement, the UVSD entered into a contract with Willow County Water District to provide the billing/collection services listed under item 1 above (UVSD, 2021b). The City retains the services identified under items 2 and 3 above.

2.1.3.1 ACTIVE AND LATENT POWERS

Latent powers are those services, functions or powers authorized by the principal act under which the District is formed, but that are not being exercised or authorized by LAFCo. The county sanitation district act (Government Code (GC) §4700-4859) identifies the following potential powers: sewer, solid waste, and water.

The UVSD is a single service provider delivering sewer collection services.

2.2 Government Structure

2.2.1 Governing Body

The Board of Directors is the legislative body for the District and is responsible for establishing policy, adopting and amending the annual budget, enacting ordinances, adopting resolutions, and appointing committees. In 2008, the Ukiah Valley Sanitation District (UVSD) transitioned to a five-member elected board (BOS Resolution No. 08-03). Prior to that, the District was represented by an appointed three-member board of directors chosen from the City Council (1 member) and Board of Supervisors (2 members). (Mendocino County, 2011)

Board directors are elected at-large to serve staggered four-year terms. In 2018, the County of Mendocino Board and Elections Office District approved the District’s request to consolidate elections, which were moved to align with the General Election cycle, and automatically extending the current terms of sitting Directors by one year ([UVSD Resolution 2018-01](#)). Board elections will now be held in even numbered years starting in 2024.

The District maintains public notices regarding Board Director vacancies at its office and its website. In order to be elected to the Board, candidates must be registered voters residing within the District boundaries. If there are insufficient candidates for election of Board vacancies, or if the number of filed candidates is equal to the number of Board vacancies, then District Board members may be appointed in lieu of election by the County Board of Supervisors per Elections Code §10515. (County of Mendocino, 2019)

Government Code §1780-1782 governs the process for appointment of Board of Director seats vacated prior to the scheduled term expiration date. The District Board of Directors has 60 days to appoint an interested and qualified individual to a vacant seat if proper notice requirements have been met. If the District cannot fill the seat within the 60-day period, the Mendocino County Board of Supervisors may appoint a director to the District Board during a 30-day period following the initial 60-day period. If the vacant seat is not filled during the total 90-day period, the vacant seat remains empty until the next election. The District has not had difficulty filling board vacancies in recent years.

The District Board of Directors elects officers annually at the last meeting in December and for one year appointments. Officers include a Chair and Vice-Chair elected and served by Board members.

The current District Board of Directors is shown in Table 2.3 below. Three of the five Director terms expire this year; two seated Directors (*) ran unopposed and have been reappointed in advance of the election, and one Director did not run and no other candidates filed for this election, so this seat remains vacant.

Name	Office/Position	First Year of Service	Term Expiration	Serving Consecutive Terms
Ernie Wipf	Chair	2017	*2022	Yes
Julie Bawcom	Vice-Chair	2017	2022	No
Theresa McNerlin	Director	2004	2024	Yes
Darwin Dick	Director	2021	2024	No
Candace Horsely	Director	2019	*2022	Yes

2.2.2 Public Meetings

Regularly scheduled meetings for the Board of Directors are held on the second Wednesday of the month at 6:00 p.m. at the District Board Room located at 151 Laws Avenue in Ukiah. During the COVID-19 pandemic, meetings have been held via Zoom for Board members and the public; staff and the board continue to meet via a hybrid model with the Board attending in-person and a remote option for public participation in accordance with current health order protocols.

In accordance with the Brown Act, all District Board meetings are open to the public and are publicly posted a minimum of 72 hours prior to regular meetings, or a minimum of 24 hours prior to special meetings. Meeting notices are posted outside the District office and the UVSD website: <https://www.uvzd.org/agendas.html>. Agendas are also distributed by email upon request.

The City's website is a communication vehicle for board meeting agendas, meeting minutes, and information on the District's services and programs. Minutes are kept for all public Board meetings and are adopted at a subsequent meeting. Older meetings are recorded and posted on YouTube; links are available on the UVSD website: <https://www.uvzd.org/recordings.html>. Current meetings are not posted.

2.2.3 Standing Committees

The District Board Standard Operating Procedures (SOP) identifies three standing committees of two members each: the Finance Committee, the Governance Committee, and the Planning and Technical Committee. However, the Board voted to disband all committees and adding a provision for the future establishment of standing committees by amendment to the policy.

The board establishes ad hoc committees as needed, such as budget development and financial planning.

2.2.4 Public Outreach

The District's website (www.uvzd.org) is a useful communication tool to enhance government transparency and accountability. The website contains contact information and agendas and minutes from District Board meetings from October 2017 to current.

2.2.5 Complaints

The public can submit written or provide verbal comments or complaints via the District email; in person or by phone at the District office during business hours, Monday through Friday from 8:00 a.m. to 5:00 p.m.; or at the District Board of Directors meetings during the general public comment period. The District occasionally receives questions and complaints regarding specific service connections, which are immediately relayed to the City of Ukiah, which manages operations of the Combined Sewer System. The District is not aware of any outstanding complaints as of the writing of this document.

2.2.6 Transparency and Accountability

The District maintains adopted Standard Operating Procedures (SOP), which includes policies related to general, personnel, operations, board of directors, board meetings, and financial matters. Included are policies addressing the Board of Directors officers, meeting conduct, conflicts of interest, decisions, rules of order, and responsibilities. This is in addition to general operating policies and procedures for the District, financial policies, and personnel policies that define the obligations, rights, privileges, benefits, and prohibitions placed upon all District employees.

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict of Interest Code pursuant to GC §81000 et seq. The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to GC §87203. The District complies with the above requirements and adopted an updated Conflict of Interest Code in 1998 and again in 2008 to include the General Manager (UVSD, 2019).

According to Assembly Bill (AB) 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to GC §53235. The District provides a stipend to Board members for meeting attendance, and its directors and staff attend Brown Act/Ethics trainings regularly (UVSD, 2019).

Refer to Appendix A for a brief list of educational resources regarding open government laws and Appendix B for a website compliance handout.

Senate Bill (SB) 929 requires all special districts to establish and maintain a website with specific information and accessibility requirements; a website compliance handout is provided in Appendix B.

2.3 [Operational Efficiency](#)

2.3.1 Management and Staffing

The District has no part-time or full-time employees of its own. All management, administrative support, and maintenance and operations staffing is provided via contracts for professional services.

In May 2020, the District entered into a Master Service Agreement with Willow County Water District to provide administrative services, including billing and collection functions to the UVSD office (UVSD, 2021b).

Further, on October 1, 2020, the UVSD entered into an Agreement for Professional Services with [Urban Futures, Inc.](#), for Interim District Manager and Financial Consulting Services (UVSD, 2020). The role of the District Manager is to oversee the daily operations of the District to ensure that the Board's policies, programs, and priorities are implemented. The District Manager is the Executive Director of the District and for the Board of Directors. The responsibilities and specific duties of the District Manager include the following:

- Management and control of operations and works of the District, subject to the approval of the Board of Directors.
- Attendance at meetings of the District's Board and other meetings as the Board determines necessary.
- Maintain cordial relations with all persons entitled to the services of the District, and attempts to resolve public complaints.
- Implement the expressed policies of the Board of Directors.
- Prepare and manage the District's budget, conduct studies, and make oral and written presentations to the Board of Directors.

(UVSD, 2019)

General government services provided under the direction of the District Manager include administration, finance, and planning. Financial activities include accounting, collections, and assisting with the annual audit process. Administrative activities include preparing for public meetings, providing customer service and other outreach opportunities, and maintaining the District's official records such as meeting minutes, ordinances, resolutions, legal documents, and legal opinions.

In addition, the District contracts with auditors, accountants, financial consultants, and legal counsel on an annual basis. The District contracts with Clifton Larson Allen LLP (CLA) to provide accounting services and contracts with Hildebrand Consulting to annually perform 3rd party calculations for the District-City allocation of joint sewer system expenses and debt service true up. Additionally, the District contracts with a professional to provide financial and operational support to the District. For financial audits, the District currently contracts with Van Lant & Fankhanel, LLP. For General Counsel services, the District contracts with Best Best & Krieger, LLP and for IT services, the District contracts with Respectech.

As needed, the District also enters into contracts with engineers, construction contractors, construction monitors, and others. (UVSD, 2019)

The District has a contract with a professional to provide technical staff services, including capacity to serve letters, maintaining current tracking of Equivalent Sewer Service Strength Units (ESSSU) availability (see Section 2.4 for description), and other technical operating aspects of the sewer system. (Fox, 2022)

2.3.2 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity; however, the District contracts with other entities to provide all of its staffing. The District's accountants, general counsel, and contracted Interim District Manager routinely monitor and evaluate agency operations. (UVSD, 2019)

All contracts are reviewed by the Board and/or management staff annually or as may be appropriate. The contract with Willow County Water District is reviewed annually and, if any increase in fees is proposed, the contract is considered by the Board for approval. The contract with Urban Futures, Inc. (UFI) may be terminated at any time with a 30-day notice clause.

During the annual budget development process, the board reviews goals and objectives from the prior fiscal year and establishes goals and objectives for the upcoming fiscal year. Review and adoption of annual budgets and audits are held during open public meetings.

In the regular performance of duty, the Interim District Manager identifies areas of improvement and takes corrective action when feasible and appropriate or informs the board when further direction is needed.

District contract staff also learns about new opportunities to achieve operational efficiencies by attending regional and service-specific meetings and communicating with colleagues regarding industry standards, best management practices, changing regulations, and service delivery models implemented by other local agencies.

The District monitors and evaluates agency operations through Interim General Manager reports at regular Board Meetings, regulatory reporting and review of District databases and records.

2.3.3 Shared Service Delivery and Collaboration

2.3.3.1 REGIONAL AND SERVICE-SPECIFIC PARTICIPATION

The District participates in the following regional and service-specific associations and organizations:

- [Upper Russian River Water Agency](#)
- [California Special Districts Association](#)
- [Special District Risk Management Authority](#)

2.3.3.2 INTERAGENCY COLLABORATION

The District maintains a number of agreements with the City of Ukiah for the joint operation and funding of wastewater collection, treatment and disposal through the City-owned and operated WWTP (Table 2.X). Additionally, the District contracts with the Willow County Water District (WCWD) for administrative and billing/collections services, as well as use of offices and board room.

See Table 2.4 for a summary of interagency agreements the District maintains.

Year	Agreement Name	Participating Agencies
2022	Master Services Agreement Amendment 3	Willow County Water District
2021	Budget Approval Agreement	City of Ukiah
2021	Master Services Agreement Amendment 2	Willow County Water District
2020	City-District 2020 Refinancing Agreement	City of Ukiah
2020	Master Services Agreement Amendment 1	Willow County Water District
2019	Master Services Agreement	Willow County Water District
2018	Settlement Agreement	City of Ukiah
2018	Operating Agreement	City of Ukiah
2006	Financing Agreement	City of Ukiah
2004	Participation Agreement Amendment 2	City of Ukiah
1999	Participation Agreement Amendment 1	City of Ukiah
1995	Participation Agreement	City of Ukiah

The current Participation Agreement with the City of Ukiah was finalized in July of 1995. In March of 1999, an amendment was agreed to by both agencies (Amendment No. 1) and following that in December of 2004, Amendment No. 2 was adopted by both agencies. Collectively, the 1995 Agreement and Amendments 1 & 2 contain the entire Agreement between the City and the District concerning the City-owned WWTP and the City's operation of the sewer system on behalf of both agencies. The term of the Agreement was for thirty years allowing either agency to cancel upon five years notice.

The Participation Agreement specifies that the annual costs of the entire sewer system (WWTP and collection system) be apportioned between the City and the District each year according to the ratio of Equivalent Sewer Service Units (ESSUs) utilized between the two entities. Shared costs include treatment, maintenance, operation, repair and replacement, expansion, upgrading, debt service, insurance, and certain indirect costs for the system. The District and City each pay their own administration costs.

Under this Agreement, the District is required to establish rules and regulations necessary for the orderly administration of the District's collection system. These rules and regulations are to include the use of the

sewers, the installation of sewer laterals and mains and the discharge of wastewater into the collection system. The District is also required to establish fees and charges for use of the system to include connection fees and service fees. Additionally, the District is required to establish fees for permits and inspection sufficient to reimburse the City for its actual performance of these services.

The District also participates in the Special District Risk Management Association (SDRMA) for the purpose of pooled insurance for providing liability, workers compensation for its facilities, operations, and board members.

2.3.3.3 CONTRACT OR JPA SERVICES

The District has no staff of its own and maintains contracts for management, administrative and billing/collections services, and financial services, which are described in detail in Section 2.3.1.

Additionally, in October 2020, the UVSD became a member of the Upper Russian River Water Agency (URRWA) Joint Powers Authority (JPA) ([UVSD Resolution No. 2020-05](#)). The purpose of the URRWA JPA is to provide economies of scale, provide a method of jointly addressing sewer and water issues, and foster coordination on these issues. The intent of the JPA is to work towards the consolidation of Ukiah Valley's water, which was expanded to consider the regional consolidation of water and wastewater service providers with the inclusion of the UVSD. The board now consists of a single board member from Willow County Water District (CWD), Calpella CWD, Redwood Valley CWD, Millview CWD, and the UVSD. The JPA is a collaboration of member agencies formed with the purpose of working together for the voluntary consolidation of Ukiah Valley's water and wastewater service providers. While the City of Ukiah is not a member of the JPA, the water districts within URRWA, similar to UVSD, have recently been communicating with the City to discuss the regional provision of water services in the Ukiah Valley.

2.3.3.4 ADJACENT PROVIDERS

Two other agencies in the Ukiah Valley provide sewer services: the City of Ukiah and the Calpella County Water District.

As discussed above, the UVSD and City wastewater system is interconnected: while both provide collection services, the City's WWTP is the sole point of treatment and disposal for the combined wastewater system.

The Calpella CWD is the only other provider of wastewater services in the Ukiah Valley and operates its own collection system and WWTP north of the District boundaries. The Calpella CWD currently provides wastewater services to approximately 103 customers, all of which are in Calpella CWD boundaries. The Calpella wastewater system was upgraded in 2004 and has additional treatment capacity that can accommodate up to 1,000 residents, approximately 300 more than the current population. All staffing and administrative services of the Calpella CWD have been provided by Willow CWD under contract since 1993. (LAFCo, 2016)

2.3.3.5 SHARED SERVICES AND FACILITIES

The District has leveraged opportunities to produce economies of scale and/or improve buying power in order to reduce costs to the ratepayers. The District currently has contracts in place to facilitate these types of opportunities, most notably, consolidating administrative functions with Willow CWD. (UVSD, 2019). At this time, the District believes that District-only operating costs are well managed and opportunities to achieve economies of scale and reduce costs have been realized. Given that the majority

of the District's costs are related to the shared sewer operating and capital costs with the City of Ukiah, the District has turned its focus on working in partnership with the City to develop a jointly agreed upon path to further improve the efficiency of sewer service delivery in Ukiah Valley.

2.3.4 Governmental Structure and Community Needs

2.3.4.1 ENHANCED SERVICE DELIVERY OPTIONS

The County of Mendocino provides law enforcement, code enforcement, transportation, and stormwater collection services within the District. Firefighting and prevention services are provided by the Ukiah Valley Fire Authority (UVFA), a JPA between the Ukiah Valley Fire District and City of Ukiah, and the Redwood Valley-Calpella Fire Protection District north of the District. Water services in the Ukiah Valley are provided by the City of Ukiah, Willow CWD, Calpella CWD, Millview CWD, and the privately-held Rogina Water Company. Ambulance service in the Ukiah Valley area is provided by Medstar Ambulance and the UVFA.

Additional opportunities for the District to achieve organizational or operational efficiencies are primarily related to consolidation of services with the City of Ukiah. The interconnected systems and contracts with other agencies and consultants for management, staffing and operations suggest efficiencies could be gained by reorganization with the City.

2.3.4.2 GOVERNMENT RESTRUCTURE OPTIONS

Government restructure options should be pursued if there are potential benefits in terms of reduced costs, greater efficiency, better accountability or representation, or other advantages to the public.

There is a substantial area of jurisdictional overlap between the District and City of Ukiah that equates to approximately 50% of the District's customers and 23% of its geographical area. The existing City limits is substantially built-out, and future proposals for City annexation or expansion have the potential to extend into areas already served by special districts and the County, or within the jurisdictional boundary of these agencies for undeveloped properties.

Significant wastewater service efficiencies have already been realized through the partnership agreement between the District and the City and associated functional consolidation for wastewater services. It is likely that further efficiencies or cost savings for wastewater service in the Ukiah Valley could only be accomplished upon a future reorganization effort between these agencies.

The City and the Sanitation District have been working through an ad hoc committee assigned for the purpose to develop an interim agreement for service provision in the areas adjacent to the City, and ultimately, the long-term plan for the provision of wastewater services in the region. The *Agreement between the Ukiah Valley Sanitation District and City of Ukiah Regarding the Provision of Interim Services and Out of Area Service Agreements* (Interim Service Agreement) identifies the applicant and future annexation thresholds for reorganization of the UVSD into either a subsidiary district or merger with the City, among other things.

The mutually developed points of the Interim Service Agreement are roughly as follows (paraphrased):

- The City will be the applicant for any Out of Area Service Agreement for properties connecting to District sewer lines, and the District will bear the costs for the application process to LAFCo.

- The City will not pursue detachment of District territory from the City now or in the future and will not pursue piecemeal annexations.
- The District will support City annexations and will work cooperatively with the City on General Plan and SOI Updates.
- Consistent with statutes, the District will support merger or reorganizing as a subsidiary district of the City upon reaching the threshold of 70% or more of District registered voters and 70% of District area is annexed into the City.
- The District will support the City's pursuit of legislation to eliminate the statutory threshold for 70% of area of land.
(City/UVSD, 2022)

As the City of Ukiah expands in accordance with the annexation plan developed for and in conjunction with its 2040 General Plan Update, the area served by the District will concurrently decrease. The interrelated nature of the sewer collection, treatment and disposal systems support a merger or reorganization of the District. This concept has gathered momentum as a result of the substantial groundwork of the City/UVSD ad hoc committee established for the purpose of the collaborative development of a long-term plan for the interim and long-term provision of sewer services in the Ukiah Valley.

2.4 Finances

The District provides wastewater collection services and receives wastewater treatment and disposal services from the City of Ukiah (City) via participation and operating agreements (refer to Section 2.1.3 for more information).

The District and the City have a longstanding joint venture for shared operation of the City-owned WWTP that treats the combined sewage from the District and City sewer collection systems, based on the number of Equivalent Sewer Service Strength Units (ESSSUs). There are several agreements between the agencies that constitute the arrangement regarding the allocation of cost for the combined sewer system operation, as briefly listed below (see also Table 2.4).

- 1995 Participation Agreement
- 2018 Operating Agreement
- 2018 Settlement Agreement
- 2020 Refinance Agreement

- Annual Budget Approval Agreement

The UVSD Board of Directors and Ukiah City Council adopt an annual Wastewater Enterprise Joint Budget for the combined City/District sewer system operation, including shared expenses and capital projects. For Fiscal Year (FY) 2021-22, a total budgeted estimate of \$5,166,465 for the Wastewater Enterprise was projected to be shared at a rate of 49.48% District and 50.52% City, and included \$4,524,050 in direct operating budgeted costs, defined as costs of Personnel and Operations, and an Operating Indirect Rate (OIR) on such costs of 14.20% (\$642,415). The joint budget also included total direct costs of \$2,730,000 for Capital Outlay funded at the same share of cost of 49.48% District and 50.52% City, and a Capital Indirect Rate (CIR) of 9% for costs less than \$200,000, and a negotiated rate for projects over \$200,000 based on an estimate of required indirect costs to complete the capital project.

The District and the City have retained Hildebrand Consulting, LLC to provide consulting services related to the share of cost between the agencies for the combined City/District sewer system operation. Since wastewater flow meters are not in place, the share of cost is allocated based on each agency's proportionate share of winter water usage (monthly average of January through March) from multiple water providers in the valley from the prior fiscal year, and the relative strength of sewage discharge to the wastewater treatment plant, based on the relative number of Equivalent Sewer Service Strength Units (ESSSUs). Not to be confused with ESSUs, an ESSSU is defined as the average winter water usage of a residential dwelling unit at residential strength (City/UVSD, 2020b). The term ESSU was established in the Operating Agreement for the purpose of defining the number Capacity Project units available or used by each service provider ((City/UVSD, 2020b).

The relative number of ESSSUs varies slightly every year due to the ever-changing volume of water usage and number of customers in the overall service area but remains close to a 50-50 share of cost. The water usage data needed to determine the ESSSU percentages for the share of cost becomes available after the annual joint budget is adopted. Therefore, often an Annual ESSSU Reconciliation Memo is prepared by the consultant resulting in amendments to the annual joint budget and re-adoption by the agencies, if material.

Additional components of the Wastewater Enterprise Joint Budget are as follows.

- The District and City are each responsible for the administrative and other overhead costs allocated directly to the wastewater activities of their respective agencies.
- The District makes fixed monthly payments to the City of 1/12th of the District's share of the agreed upon operating budget (Personnel, Operations, and Indirect Rate) by the 1st of every month.
- The budgeted share of cost (operating, capital, and debt service) between the agencies can change based on updated ESSSU percentages and result in true-up payments after the fact.
- Every quarter, the City and District review the actual costs incurred and reconcile differences between actual costs incurred, budget costs, and over/under payments made by either agency within 90 days after the end of the fiscal year.
- Prior to the refunding, the share of debt service between the City and District was based on two components. A constant calculation for the "Capacity" portion of 25.8414% of the existing debt was allocated 65% to the District and 35% to the City. Secondly, a variable calculation for the "Upgrade/Rehabilitation" portion of the remaining 74.1586% of the existing debt was allocated based on the ESSSU percentages or split. After the 2020 refunding, debt service is no longer shared; and the City and District are each responsible to pay their respective debt service. However, a calculation according to the methodology described above is made by Mark Hildebrand each year; and true-up payments are made between the two parties if needed. So far, any true up payments have been nominal.
- The agencies negotiate the rate of City indirect administrative and overhead costs for joint or District-only projects (e.g. a main line replacement of a District asset) performed by the City or City contractor on the District's behalf.
- Any portion of capital projects paid by the District over \$5,000 is generally capitalized on its books as intangible assets and depreciated.

(City/UVSD, 2021) (Fox, 2022)

The financial arrangement between the agencies for the combined sewer system operation is based on terms and conditions contained in multiple legal agreements. This complex structure represents the historically complicated nature of the relationship between the agencies involved and emphasizes the need for a more simplified service delivery structure for public wastewater in the Ukiah Valley area. It is recommended that the District and City prepare a summary of the key points of agreement between the agencies related to finances in a single document to improve broad-based understanding and overall public transparency.

2.4.1 Current Fiscal Health

2.4.1.1 FINANCIAL SUMMARY

This section includes District financial information for FYs 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21 and long-term financial considerations.

The District maintains a single Waste Water Fund (V&F, 2021). The District prepares and adopts an annual District Expense Budget prior to the beginning of each fiscal year (July 1), which serves as a financial planning tool and an expense control system. Expenses cannot materially exceed the authorized budgeted amounts unless the budget is amended by the Board of Directors by resolution during the fiscal year. The District also has annually audited financial statements prepared by a Certified Public Accountant (CPA) which serves as financial assurance for the use of public funds.

Proprietary or Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. (V&F, 2021)

Year-end revenue over expenses (net income) is an important measure of an agency's financial performance during a fiscal year. When an agency operates at a net surplus, annual revenue exceeds annual expenses producing a surplus. When an agency operates at a net deficit, annual expenses exceed annual revenue producing a deficit. When an agency operates at a net neutral, annual revenue equals annual expenses producing a balance.

When year-end revenue over expenses for multiple years is compared, it shows the financial planning and policy of an agency, such as structural surplus/deficit budgeting practices or a balanced budget. Under normal operating circumstances, the financial approach of prior years can be useful in projecting the long-term financial standing of an agency. This comparison may serve as a valuable indicator for upcoming decision-points, such as whether there is sufficient annual revenue generated to continue the current level of service or whether a rate increase is necessary to maintain or expand the level of service.

The following table (Table 2.5) provides year-end audit (not budget) financial information for the District. This table summarizes the Statement of Revenues, Expenses, and Changes in Fund Net Position prepared by Van Lant & Frankhanel, LLP, a firm of CPAs that the City also contracts with for independent audited financial statements. The table below represents the short-term financial standing of the District based on reporting annual income, expenses, and profits/losses using the full accrual basis of accounting, which

is an accounting method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.

The financial information in the table below also includes depreciation expense, which is a method of spreading the cost of a capital asset over its estimated useful life, as opposed to recognizing the full cost of a capital asset as an expenditure at the date of acquisition. The District’s annual financial report defines capital assets, including collection lines and nonstructural improvements, as assets with a cost of more than \$5,000 and an estimated useful life of more than two years. (V&F, 2021)

Figure 2-4 shows the most recent Statement of Net Position, which represents the long-term financial standing, or net position, of the District based on reporting the difference between the District’s assets and liabilities.

Table 2.5 UVSD Financial Summary					
	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Beginning Net Position	\$11,214,561	\$10,330,481	\$9,536,155	\$13,928,342	\$15,104,346
Prior Period Adjustments	\$0	\$0	\$0	\$0	\$0
Ending Net Position	\$10,330,481	\$9,536,155	\$13,928,342	\$15,104,346	\$17,354,693
Operating Revenues					
Charges for Services	\$5,443,828	\$5,477,965	\$5,242,705	\$5,595,914	\$5,282,116
Connection Fees	\$131,221	\$1,272,087	\$186,898	\$1,521,579	\$760,817
<u>Total Operating Revenues</u>	\$5,575,049	\$6,750,052	\$5,429,603	\$7,117,493	\$6,042,933
Operating Expenses					
Salaries and Benefits	\$87,825	\$34,950	\$30,972	\$35,714	\$0
Services and Supplies	\$172,413	\$487,110	\$171,343	\$379,903	\$377,947
Operating Expense Allocation (City)	\$4,109,145	\$4,340,467	\$4,082,822	\$4,225,298	\$2,190,756
Legal Expenses	\$1,497,036	\$2,016,316	\$1,095,162	\$290,240	\$0 ¹
Depreciation and Amortization	\$333,529	\$333,529	\$333,529	\$488,018	\$787,162
<u>Total Operating Expenses</u>	\$6,199,948	\$7,212,372	\$5,713,828	\$5,419,173	\$3,355,865
Operating Income (Loss)	(\$624,899)	(\$462,320)	(\$284,225)	\$1,698,320	\$2,687,068
Nonoperating Revenue (Expenses)					
Taxes and Assessments	\$53,122	\$46,396	\$57,734	\$59,373	\$56,618
Interest Income	\$45,894	\$54,822	\$88,760	\$210,256	\$102,642
Intergovernmental Revenues	\$3,300	\$8,250	\$5,390	\$360	\$0
Other Revenue (Expenses)	\$114,057	\$20,441	\$24,182	\$0	(\$5,207)
Settlement Revenue	\$0	\$0	\$4,984,310	\$0	\$0
Interest Expense	(\$475,554)	(\$461,915)	(\$483,964)	(\$500,407)	\$0
Bond Issuance Expense	\$0	\$0	\$0	(\$291,898)	\$0
Interest Expense and Bond Expense	\$0	\$0	\$0	\$0	(\$590,774) ²

Table 2.5 UVSD Financial Summary

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
<u>Total Nonoperating Revenue (Expenses)</u>	(\$259,181)	(\$332,006)	\$4,676,412	(\$522,316)	(\$436,721)
Change In Net Position from Prior FY	(\$884,080)	(\$794,326)	\$4,392,187	\$1,176,004	\$2,250,347

Notes:

¹ In FY 2020-21 the District discontinued breaking out the legal expenses as a separate line item. From this point forward, they are included in Services and Supplies.

² The Interest Expense and Bond Expense line item is almost entirely interest. The only other expense included is an annual trustee fee of \$1,200 for the bonds.

Source: V&F, 2019a; 2019b; 2020a; 2020b; 2021.

2.4.1.2 AUDIT COMPARISON

According to the audited financial information in the table above, the District operated at a net loss, or revenue shortfall, in FY 2016-17 and FY 2017-18, and operated at a net income, or revenue gain, in FY 2018-19, FY 2019-20, and FY 2020-21. Over the five fiscal years studied, the District has experienced an overall increase in net position, which signals a strengthening in financial position. The District has transitioned from a deficit to a surplus budget model in this time period. The District has adequate finances to meet current and future demands for public services within the next five years.

Net income is a key measure of fiscal health and indicates that an agency does not need to utilize reserve funds to balance the budget or meet current operating costs. Net income or revenue gain also indicates that an agency maintains a sufficient fund balance to protect against unexpected costs and/or build reserves to fund capital improvements and equipment maintenance.

The District’s financial performance was not consistent during the five years studied for multiple reasons, as described further below.

The changes in Legal Expenses (FY 2016-17 through FY 2019-20) and Settlement Revenue (FY 2018-19) were related to a multi-year lawsuit between the District and City that was settled in October 2018. The District initiated the lawsuit against the City in October 2013 alleging the City overcharged the District for services provided in accordance with the operating agreement and amendments beginning in 1967 (V&F, 2019b). A Settlement Agreement was entered into, effective October 1, 2018, whereby the City agreed to transfer funds and pay to the District a monetary sum in combination totaling \$7,500,000. A portion of the total settlement amount was used to pay down the District’s share of outstanding debt service and the remaining was recorded in the District’s audited financial statements in FY 2018-19, although the actual receipt of a portion of the settlement revenue has been transferred from the City to the District over time. Additionally, the District and the City contemporaneously executed the *Operating Agreement for the Combined Sewer System Serving the Ukiah Valley Sanitation District and the City of Ukiah* (“Operating Agreement”).

During the lawsuit, the District experienced fiscal years where a deficit occurred due to extraordinary legal costs (legal expenses totaled over \$5.6 million in FY 2015-16 through FY 2018-19, and the District had substantial cash reserves to handle these deficits). Since then, legal expenses have dropped significantly (\$290,240 in FY 2019-20, \$40,727 in FY 2020-21, and estimated \$31,741 in FY 2021-22).

The change in Operating Expense Allocation (City) between FY 2019-20 and FY 2020-21 from \$4,225,298 to \$2,190,756 was related to the prepayment of the City of Ukiah’s 2006 Installment Sale Agreement, of which the District was apportioned an allocable share of payments. The 2006 Installment Sale Agreement financed upgrades and rehabilitation of the WWTP. As set forth in the Operating Agreement, 25.84% of bond proceeds was apportioned to upgrades (“Capacity Component”), and 74.16% was apportioned to rehabilitation (“Rehabilitation Component”).

The City and District agreed that the debt service related to the Capacity Component would be split 65% to the District and 35% to the City (with the assumption that development would more likely occur in the District rather than the City). The Rehabilitation Component would be allocated to the District and City according to an Allocation Methodology each year, as described in the Operating Agreement—the same methodology used to determine the allocation of Operating Expenses each year (i.e., calculating each party’s estimated volume and strength of wastewater from an average residential dwelling). When allocating expenses to the District each year, the Rehabilitation Component was passed on as Operating Expenses while the Capacity Component was accounted for as a long-term liability on the District’s financial statements (see footnotes in the District’s financial statements over the last five years). In 2020, the District and City each issued bonds to pay off its allocated share of debt service of the 2006 Installment Sale Agreement. The refinancing bonds issued by the District are now fully accounted for as a long-term liability, therefore reducing the Rehabilitation Component of Operating Expenses.

Through the refinancing process, the District internally discussed the fact that it was paying for capital improvements to the WWTP but had no ownership in the WWTP asset. However, the District does own a Right to Use the WWTP, and the District determined that it should capture that right as an intangible asset on its financial statements. The change in depreciation and amortization between FY 2019-20 and FY 2020-21 from \$488,018 to \$787,162 was related to the Right to Use asset (the WWTP) that was placed into service on the District’s audited financial statements on February 28, 2020 to be amortized over 40 years. Assuming no new significant assets to be added, depreciation and amortization expenses are expected to be consistent going forward. (Fox, 2022)

The addition of Bond Expense for FY 2019-20 of \$291,898 was related to refinancing of the City’s 2006 Bonds as further described in Section 2.4.2.2.

In regard to capital assets of the City/District combined sewer system, the City retains title, management, and control of the WWTP, including any additions or changes made to it (V&F, 2021). The District pays a portion towards the WWTP facility and owns capacity, which is an intangible asset that depreciates or amortizes over time (Fox, 2022). In conjunction with the issuance of the District’s 2020 Bonds, the District recorded an intangible asset in the amount of \$17,571,680 for its right to use a portion of the City’s WWTP Upgrade/Rehabilitation Project (V&F, 2020b).

The change in Connection Fees is highly variable from year to year and based on the number and type of new sewer system connections in a given year.

2.4.1.3 ENTERPRISE ACTIVITIES

The Wastewater Enterprise is accounted for and reported as Proprietary Funds, or business-type activities, instead of governmental activities. Enterprise or proprietary services are financed and operated in a manner similar to private business enterprises where the intent is for the costs (including depreciation)

to provide the public service are recovered through service rates or supported by user charges paid by customers based on the amount of the service used.

The District has two fees for wastewater service, including Connection Fees and Monthly Usage Fees. Connection Fees were established by the District Board on July 21, 2011 through adoption of Ordinance No. 35. Sewer Service Charges or Monthly Usage Fees were established by the District Board on June 30, 2011 through adoption of Ordinance No. 36.

The connection fee helps to offset the expansion/capacity costs of the sewer system. Once paid the landowner has a commitment from the District (“will serve”) that it will provide sewer services to the landowner’s property. One unit of capacity, known as an Equivalent Sewer Service Unit (ESSU), is equal to the expected usage demand that a two-bedroom house will provide on the system. At present, the purchase price of one ESSU is \$12,240.00. A larger house with more bedrooms will pay a multiple of that price, for example the connection fee for a 3-bedroom house will be 1.10 times \$12,240, a four bedroom 1.20 times \$12,240.00. Commercial and industrial connections may pay many multiples of one ESSU; certain kinds of operations will pay millions of dollars for the right to connect. Purchase of the necessary ESSU’s provides the property owner the right to connect to the system for the indicated.

Once connected, the property owner is additionally obligated to pay a monthly usage fee which includes a fixed minimum amount (presently \$53.47/month), which includes an allotment of 3.4 units (2,543 gallons) of wastewater flow into the sewer for residential customers. In Fiscal Year 2012-13, an additional charge of \$4.45 per unit (748 gallons) was assessed for usage exceeding that amount. In Fiscal Year 2013-14, the unit fee increased to \$5.50 per unit. The wastewater flow into the collection system is estimated by examining the property's water bill and determining the average water consumption for the months of January, February, and March. The variable portion of the monthly fee is computed based on this average and applied for each month of the year. The fee pays for the operations and maintenance of the sewer system, including payments for loans for building or upgrading the system. Figure 2-2 below shows the District’s current Usage Fee Rate Schedule.

Figure 2-1 UVSD Current Usage Fee Rate Schedule

Use	Current	Effective Dates for Sewer Rates			
		7/1/2011	7/1/2012	7/1/2013	7/1/2014
Residential Dwelling Units Including Multi-family units of Apartment Complexes and Mobile-home Parks					
Fixed Minimum Charge for each Dwelling Unit: includes up to 3.4 units of water consumption	\$47.18	\$53.47	\$53.47	\$53.47	\$53.47
Consumption Rate per One Unit of Water 1 unit = 100 cubic feet = 748 gallons. Applies when water consumption is greater than 3.4 units	\$1.85	\$3.40	\$4.45	\$5.50	\$6.60
Commercial and Industrial Rates: Based on consumption, but in no case will the sewer bill be lower than the fixed minimum charge for Residential Dwellings. No credit for the first 3.4 units of water use is provided.					
Commercial Low Strength	\$7.40	\$7.91	\$8.46	\$9.06	\$9.69
Commercial Moderate Strength	\$7.91	\$8.46	\$9.05	\$9.68	\$10.36
Commercial Medium Strength	\$13.99	\$14.96	\$16.00	\$17.12	\$18.32
Commercial High Strength	\$18.02	\$19.26	\$20.61	\$22.05	\$23.60
Commercial Special Circumstances	Determined on a case-by-case basis considering all aspects of the impact on the system and all other information deemed pertinent				
Industrial	Determined on a case-by-case basis considering all aspects of the impact on the system and all other information deemed pertinent				

Source: UVSD, 2021c.

As a requirement of the 2020 loan refinance process, the District and the City collaborated in contracting with Hildebrand Consulting, LLC and The Reed Group, Inc. to prepare the 2020 Joint Sewer Rate Study completed on April 24, 2020. The rate increase proposed by the joint rate study has not been considered by the District Board through a Proposition 218 Public Hearing process to date due to financial hardships on customers from the COVID-19 pandemic. Additionally, it was determined by the District that since the District has sufficient reserves and projected sufficient Net Revenues to meet the Rate Covenant of its 2020 Refunding Bonds, it would not be necessary to increase rates in the near term. The Interim District Manager recommends the District commission another rate study in FY 2022-23 or FY 2023-24.

2.4.1.4 TAXES

The District receives a portion of Mendocino County property taxes. The total amount of taxes and assessments received by the District between FY 2016-17 and FY 2020-21 ranged from a high of \$59,373 and a low of \$46,396. The taxes are levied as of July 1, and installments are collected in December and April. The District also receives unsecured, SB 813, supplemental, prior years and HOPTR taxes which are allocated at various times throughout each year. Mendocino County collects and administers the taxes. The District records these amounts as non-operating revenues at the time of the levy. (V&F, 2021)

2.4.1.5 GANN LIMIT

Local agencies that receive taxes are subject to certain spending limits (Gann Limit or Proposition 4). Annual appropriations that are subject to spending limits may not exceed an appropriations limit based on a calculated limit for fiscal year 1978-1979, adjusted annually for population and cost of living increases. On or before July 1st of each year the board is required to adopt its appropriation limit and

make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution and Government Code Section 7900 et seq. [61113(b)].

Not all appropriations are subject to this limit. The limit only applies to tax revenues. The limit does not apply to proceeds from user charges, user fees or other such assessments provided that these revenue sources do not exceed the costs reasonably borne in providing the product or service for which the fee or assessment is imposed. The limit does not apply to a district which existed on January 1, 1978 and which did not as of 1977-1978 fiscal year levy an ad valorem tax on property in excess of 12½ cents per hundred dollars of assessed value.

No Gann Limit is identified for the District. (Mendocino, 2022)

2.4.2 Long Term Financial Considerations

2.4.2.1 RESERVES

As part of the refinancing process, the District established a Debt Service Reserve Fund for the 2006 Refunding Bonds of approximately \$502,000, or 25% of maximum annual debt service. This is reflected as Restricted Cash on the District's financial statements. Additionally, the District established a Rate Stabilization Fund, within the meaning of the Indenture, which is funded with cash in an amount equal to one year's debt service, or approximately \$2 million, and is accounted for as part of the District's Cash and Investments. The District does not currently have a formal reserve policy, but is planning on adopting one in Fiscal Year 2022-23.

2.4.2.2 OUTSTANDING DEBT

On March 2, 2006, the District and City entered into a financing agreement related to the City's 2006 Water and Wastewater Revenue Bonds, Series A (City's 2006 Bonds), issued in the original principal amount of \$75,060,000, for the dual purpose of performing an Upgrade/Rehabilitation Project and an increased Capacity Project for the City's WWTP. Under the financing agreement, the District was required to pay for 65% of the portion of the bonds related to the Capacity Project, which was 25.8414% of the bonds in the amount of \$12,607,761. (V&F, 2020b)

On February 24, 2020, the District and City entered into a Refinancing Agreement to facilitate refunding of the City's 2006 Bonds. As a result of this agreement, the District and City simultaneously and individually refinanced their respective portions of the City's 2006 Bonds. The District issued its Ukiah Valley Sanitation District Wastewater Revenue Refunding Bonds, Series 2020 (District's 2020 Bonds) in the amount of \$25,005,000 through a loan from BBVA, a Private Placement Bank, which will result in net savings to the District over the life of the loan of \$4,308,902. The proceeds of the District's 2020 Bonds, combined with a \$2.5 million cash contribution from the District, were used to fully prepay the District's allocable share of the City's 2006 Bonds. (V&F, 2020b) (UVSD, 2019)

The District's 2020 Refunding Bonds carry an interest rate of 2.42%. The semiannual payments began on September 1, 2020, with principal payments ranging from \$689,000 to \$986,000, and will mature on March 1, 2035. The District is required to have Adjusted Net Revenues for the specified period equal to at least 120% of the debt service. The District has no other outstanding loans or debt obligations.

Figure 2-3 shows the District's long-term debt activity and schedule of bond payment requirements to maturity as of FY 2021-22 under the District's 2020 Refunding Bonds. The District will be obligated through 2035 for =debt payments.

Figure 2-2 Long-term Debt Activity for FY 2021-22

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,430,000	\$ 563,074	\$ 1,993,074
2023	1,466,000	528,250	1,994,250
2024	1,504,000	492,543	1,996,543
2025	1,541,000	455,928	1,996,928
2026	1,580,000	418,406	1,998,406
2027-2031	8,504,000	1,495,572	9,999,572
2032-2035	7,600,000	419,447	8,019,447
Total	<u>\$ 23,625,000</u>	<u>\$ 4,373,220</u>	<u>\$ 27,998,220</u>

Source: V&F, 2021

2.4.2.3 CAPITAL IMPROVEMENT PLAN

The District is responsible for prioritizing and budgeting for long-term District-only capital needs in addition to ongoing operations and maintenance costs for District-only facilities and infrastructure. The District does not have a Capital Improvement Plan (CIP). The District defines capital improvement priorities on an as-needed basis and in the annual District budget process.

For Fiscal Year 2022-23, the District identified a capital project need known as Connect Sewer North State Street, which is intended to make the sewer system more available and efficient. There is currently no known deferred maintenance in the District collection system. (Fox, 2022)

The City is responsible for maintaining and furnishing personnel for the operation of the sewer treatment plant and provides inspection services and maintenance for the sewer trunk and collection lines in the combined sewer system. (V&F, 2021)

The District and City work together annually to review capital project needs according to the Operating Agreement and through the Joint Budget Agreement process for purposes of shared funding. The District has adequate funds to finance its share of planned capital improvements and equipment purchases for the combined sewer system. (UVSD, 2019)

Figure 2-3 FY 2020-21 Statement of Net Position

ASSETS	
Current Assets:	
Cash and Investments	\$ 8,818,741
Accounts Receivable	867,203
Interest Receivable	50,898
Restricted Cash	502,015
Due from City of Ukiah	1,000,000
Prepaid Expenses	3,210
Total Current Assets	<u>11,242,067</u>
Noncurrent Assets:	
Due from City of Ukiah	1,000,000
Capital Assets:	
Depreciable, Net	28,991,201
Total Noncurrent Assets	<u>29,991,201</u>
Total Assets	<u>41,233,268</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	43,100
Accrued Interest	190,575
Customer Deposits Payable	19,900
Bonds Payable - Due in One Year	1,430,000
Total Current Liabilities	<u>1,683,575</u>
Long-Term Liabilities:	
Bonds Payable - Due in More Than One Year	22,195,000
Total Long-Term Liabilities	<u>22,195,000</u>
Total Liabilities	<u>23,878,575</u>
NET POSITION	
Net Investment in Capital Assets	5,366,201
Unrestricted	11,988,492
Total Net Position	<u>\$ 17,354,693</u>

Source: V&F, 2021.

2.5 Growth

2.5.1 Present and Planned Land Use and Development

The Ukiah Valley is located approximately 30 miles east and inland from the Pacific Ocean. The Valley runs north to south for approximately nine miles, with a maximum width of about three miles. With an average elevation of approximately 630 feet, the hills surrounding the Valley range up to about 3,000 feet. The Russian River enters the Valley at the north end and runs south along the eastern Valley floor. Soils are composed of fertile alluvium, and many pear orchards and vineyards flourish along the east side of the river. Residential and commercial land uses predominate on the west side of the river. The railroad right-of-way and Highway 101 also parallel the river through the Valley. Existing land uses in the Ukiah Valley include residential, commercial, industrial, and agricultural uses. Unincorporated communities include Calpella, The Forks, Vichy Springs and Talmage, while the City of Ukiah is the sole incorporated community in the Valley.

The UVSD boundaries include an unincorporated community known as The Forks in the northern part of the District. Additionally, the District includes three non-contiguous residential areas and Vichy Springs as an island east of the contiguous boundaries. Calpella is located north of the existing boundaries. (See Figure 1-1.) The Forks and Vichy Springs are unincorporated and are governed by Mendocino's land use authority, while the City of Ukiah represents its own jurisdictional land use authority. The UVSD boundaries include an area of approximately 6.62-square miles, and the resident population is approximately 9,400.

Development in the vicinity of The Forks is of a mixed nature, including commercial uses on North State Street near the intersection with Lake Mendocino Drive, residential uses (single-family homes and mobile homes), and light industrial activities. The North State Street corridor south of The Forks has historically been developed with heavier industrial uses interspersed with commercial uses; however, the area may be entering a period of transition with shifts away from timber related uses. Mendocino Community College, Pinoleville Indian Reservation, and urban residential uses are located west of US 101.

Southeast of Ukiah is the community of Talmage. Situated around the intersection of Talmage Road (State Route 222) and Eastside Road, the area has slowly developed with urban uses (mostly commercial activities and rural residential lots) replacing historical agricultural uses. Talmage is also home to the City of Ten Thousand Buddhas, which encompasses the site originally occupied by the State Hospital.

(PMC, 2008; Mendocino, 2011)

The District boundaries include an area of overlap with the City of Ukiah's jurisdictional limits consisting of 1,304 parcels and an estimated population of 3,500. The City of Ukiah is the Mendocino County seat and the largest incorporated city in Mendocino County. Ukiah serves as the economic hub for Mendocino County and much of neighboring Lake County due to its accessible location on the US Route 101 corridor. (USCB, 2021; Ukiah, 2019)

Development patterns in the Ukiah Valley are anticipated to generally follow historical zoning and development patterns, maintaining a north-south pattern following the major transportation corridors. The area within the City limits is approaching build-out and a relatively significant level of urban development has occurred north and south of the City limits, areas that are within the UVSD boundaries. The Ukiah Valley Area Plan (UVAP) adopted by Mendocino County in 2011 for the unincorporated areas generally maintains the development patterns of the Valley, allowing expansion of The Forks Rural

Community, and along the U.S. 101 corridor, as well as limited growth in the eastern hills. (Mendocino, 2011)

Relevant Ukiah Valley Area Plan policies pertaining to growth and land use development are identified in Appendix C.

The policies reflect a compelling desire on the part of the community for strong collaboration between the City and County in land use planning and government operations in the Ukiah Valley, both for community continuity and cost sharing purposes. These policies also promote development in already-impacted areas such as the main transportation corridors as well as a mix of uses with strong supporting infrastructure for those uses.

2.5.1.1 LAND USE

The Ukiah Valley contains the unincorporated communities of Calpella, The Forks, Talmage, as well as the City of Ukiah. Existing land uses include residential, commercial, industrial, and agricultural uses.

The 1995 City of Ukiah General Plan, although serving as the City's municipal general plan, was designed as an early area plan for the Ukiah Valley. This effort established a large Planning Area, as well as goals, policies and programs that reflected an area-wide approach. (Ukiah, 2020b; pg 24) The City has initiated an update to refine the Plan, address emerging trends and recent State laws, consider new issues, and remove completed implementation measures. The City General Plan Update is being developed by City staff with direction from the City Council and input from the Planning Commission and the community. Completion is expected by 2023.

In 2011, Mendocino County adopted the Ukiah Valley Area Plan (UVAP), a comprehensive and long range inter-jurisdictional planning document that defines how the Ukiah Valley will develop in the future. (Ukiah, 2020b; pg 24)

In the UVAP, the County supplements its General Plan inland land use classifications, adding several special land use classifications associated with specific parcels within the UVAP planning area. The following new land use classifications are specific to the UVAP planning area:

- Mixed Use North State Street (MUNS)
- Mixed Use Brush Street Triangle (MUBST)
- Mixed Use General (MU-2)

Generally, mixed use and compact development patterns allows greater efficiency and economy in providing public services, conserves agriculture and resource lands, preserves the rural character desired by many of the County's residents, and can provide more affordable housing. Within the UVAP, Land Use policies encourage higher population, building and land use density and intensity along appropriately classified roads with existing capacity.

(Ukiah, 2020b)

The following land use classifications established in the County General Plan also apply without modification to lands in the Ukiah Valley Area Plan:

- SR – Suburban Residential (all densities)
- RC – Rural Community
- RR – Rural Residential (all densities)

- RMR – Remote Residential (all densities)
- C – Commercial
- AG – Agricultural
- RL – Range Lands
- I – Industrial
- PS – Public Services
- PL – Public Lands
- OS – Open Space
- MU – Mixed Use MUNS – Mixed Use North State Street
- MUBST – Mixed Use Brush Street Triangle
- MU-2 – Mixed Use General

See Figure 2-5 for the County’s land use map of the Ukiah Valley.

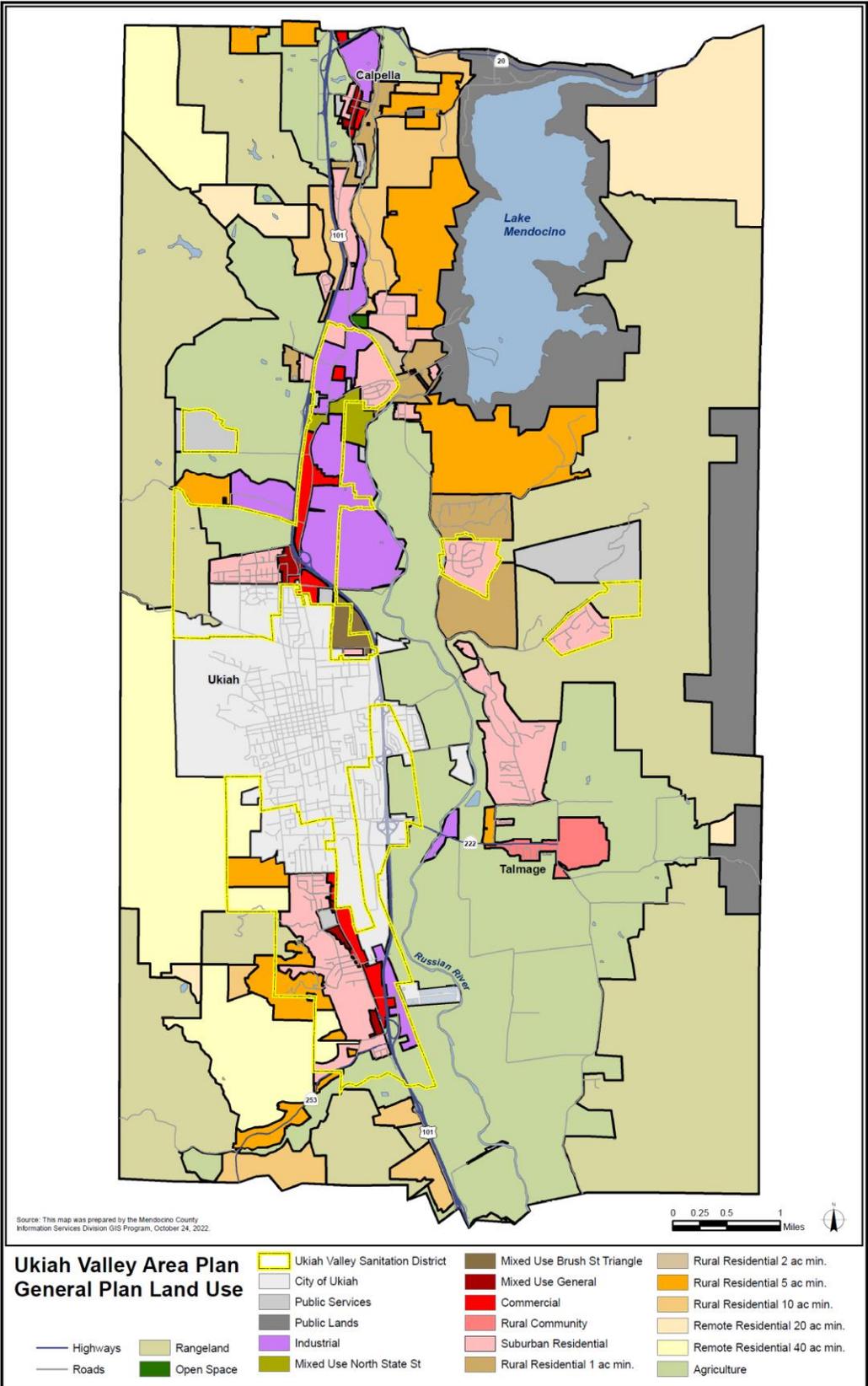
The UVAP goals and policies direct that higher density residential uses be located within the City of Ukiah’s sphere of influence, areas designated Rural Communities, and within the City itself, in order to concentrate development in areas with adequate services and access and limit impacts to resource lands. Development potential can be maximized through comprehensive and coordinated planning of areas which are currently undeveloped or underdeveloped.

Mendocino County has identified housing, mixed-use development, and agriculture as especially important to the area. The UVAP supports affordable worker housing by designating more properties for mixed uses and allowing for higher density development in more locations and configurations, with much of the density around community areas and the City of Ukiah for multiple family and mixed uses. The UVAP also provides for mixed use development patterns to allow greater efficiency and economy in providing public services, conserves agriculture and resource lands, preserves the rural character desired by many of the County’s residents, and adds more affordable housing.

The UVAP also protects agriculture, which is a major part of Mendocino County’s economy. Many types of agriculture exist in the Ukiah Valley, including vineyards, orchards, forage crops, specialty crops, and livestock. Farms are both full time and part time operations. Agricultural production in some areas is threatened both by pressures of urban development and by creation of small residential lots in the midst of agricultural lands.

(Mendocino, 2011)

Figure 2-4 UVAP Land Use Map



2.5.1.2 DEVELOPMENT

Because the District boundaries include areas within both the City of Ukiah and unincorporated areas of the County, land use jurisdiction is a combination of the two agencies.

The Mendocino County General Plan Development Element allows for higher density development on parcels that receive water and/or sewer services.

Existing development in Ukiah Valley consists of a mixture of uses, including agricultural, residential, commercial, and light industrial. Within the UVSD boundaries are high density residential communities, county governmental buildings including a county courthouse and jail, Mendocino Community College, Dharma Realm Buddhist University, industrial and commercial complexes, hotels, multi-family residential complexes, multiple mobile home parks, Ukiah Municipal Airport, US 101 and State Route 253.

The availability of municipal wastewater and water services are constraints to future development in the Valley, complicated by legal, environmental, political and socioeconomic issues. Challenges include inadequate percolation rates in low-lying areas near the Russian River, development at densities not suitable for on-site septic systems, and industrial and large-scale commercial development requiring municipal treatment of wastewater.

Non-environmental constraints to development include a limited amount of developable land and regulatory requirements mandated by state government. While neither factor prevents development, it does increase time and cost of land use projects.

(Mendocino, 2011)

2.5.1.2.1 City of Ukiah Proposed Annexations

Annexation efforts for the City of Ukiah have been discussed over the last three decades and addressed in multiple planning documents. Themes within these documents include collaboration between cities on regional housing and the need for preservation of open space and agricultural lands. Consistent with direction received from Council, an adopted Annexation Policy, and relevant City and County planning documents, the City of Ukiah intends to pursue annexation of land within the next 10-20 years. The areas currently proposed by the City for annexation (Table 2.6) are nearly all located within the District boundaries as well as some overlap of the boundaries of Willow County Water District and Millview County Water District.

Annexation Area	LAFCo File No.	Approx. Acreage	Status
City-Owned Properties	A-2021-01	437	Submitted 2020
Western Hills Area	A-2022-02	707	Submitted 2022
Brush Street/Masonite Area	P-2020-02	473	Tentatively proposed for 2023
Total		1,617	

Source: LAFCo, 2022

In considering reorganization proposals, applicable statutes and local LAFCo policies require the commission to consider the impacts to impacted agencies, particularly their ability to remain viable and continue to provide adequate services to their remaining customers.

The mosaic of special districts in the Ukiah Valley presents a unique challenge; as the City naturally grows and requires additional space for housing and commercial development, resulting expansion will impact adjacent wastewater and water service providers. The City and UVSD established an ad hoc committee to develop the Interim Service Agreement that describes the coordinated provision of wastewater services as the City expands. Further, recent discussions between the City and water districts in the Ukiah Valley are a positive step towards planning for the efficient provision of services and logical expansion of the City to serve future population growth.

2.5.2 Existing Population and Projected Growth

The UVSD boundaries include small portions of seven census tracts that have a combined population estimated at 32,947 in the 2020 census (USCB, 2021). Table 2.7 shows the population estimates of the identified census tracts in comparison to the population of the City of Ukiah and Mendocino County to portray the estimated population of the Ukiah Valley and surrounding foothills. However, because the census tracts are so much larger than the UVSD boundaries, it is not an accurate reflection the District’s population.

Area	2020 Population Estimates
Census Tract 109	4,983
Census Tract 113	6,010
Census Tract 114	4,434
Census Tract 115.01	3,390
Census Tract 115.02	3,596
Census Tract 116	6,298
Census Tract 117	4,236
Combined Census Tract Population	32,947
City of Ukiah	16,607
City Overlap Area (estimated)	4,566
Mendocino County (estimated)	91,601

Sources: USCB, 2021; DOF, 2021.

Similarly, population growth projections specific to Ukiah are unavailable. As of January 1, 2022, the US Census estimates a population for the City of Ukiah was 16,607. (DOF, 2022)

Another means to estimate population within an area not specifically limited to a single census tract is through the number of service connections or similar measure of service provision. Approximately 64% of the UVSD customers are residential while 36% are commercial customers. Equivalent Sewer Service Units (ESSUs) are utilized as a measure of flow volume and treatment capacity. One ESSU is equivalent to a two-bedroom dwelling unit.

The population of the UVSD can be estimated by the number of service units. Since approximately half the ESSUs are within the Ukiah City limits, the persons per household data taken from the 2020 census can be used to estimate the population. Table 2.8 shows the estimated population and persons per household for Ukiah and (2.67) for the unincorporated area of the County (2.48). Based on the current number of ESSUs (5,688), 64% of which are residential representing an estimated 3,640 households, and

half of which are located within the City limits, and using the current values for persons per household in Table 2.8, the estimated population of the UVSD is 9,400 ($[3,640/2 = 1,820]$, $[1,820 \times 2.67 = 4,860]$, $[1,820 \times 2.48 = 4,514]$, $[4,860 + 4,514 = 9,374]$). (City/UVSD, 2020b)

Table 2.8 Population, Housing and Persons Per Household Estimates—2020			
Jurisdiction	Total Population	Total Households	Persons Per Household
Ukiah	16,607	5,698	2.67
Remaining County	74,994	28,466	2.48
County Total	91,601	34,164	

Source: USCB, 2021

The California Department of Finance estimates that Mendocino County as a whole will grow by 6% by 2040, or an average rate of 0.3% annually (Ukiah, 2020b). As of January, 2022, similar to the State of California, a slight population decline was noted for the City of Ukiah (-0.9%) and the County of Mendocino (-0.7%).

Population growth rate estimates vary depending on the source. Based on Department of Finance population projections, Mendocino County will increase by approximately 486 people by 2030, and then begin to decline, as shown in the table below.

Table 2.9 Mendocino County Population Projections						
Area	2022	2025	2030	2035	2040	2045
Mendocino County	88,353	88,746	89,232	89,106	88,205	86,956

Source: DOF, 2021.

Overall, Ukiah has a population that is decreasing in age. The median age, based on 2017 American Community Survey estimates, is 34.8 years old, down from 35.9 in 2010. Much of this change is due to an increased percentage of young adults between 25 and 35 in the City, indicating that young families are moving to Ukiah. This is a substantial divergence from Countywide trends, which suggest, on average, an older and increasingly aging population. In 2010, the median age in the County was 41.5 years old, which increased to 42.4 years old in 2017. Ukiah also has a high percentage of working age residents between 25 and 54, which combine to make up nearly 42% of the population.

Assuming a District service population of approximately 9,400, based on this growth rate the District can expect a population increase of around 150 people by 2030. However, according to the DOF data, after the year 2030, the population will begin declining at a very slow rate.

2.6 Disadvantaged Unincorporated Communities

Senate Bill (SB) 244, which became effective in January 2012, requires LAFCo to evaluate any Disadvantaged Unincorporated Communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80% of the State MHI of \$80,440 or \$64,000

(USCB, 2019c). This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

2.6.1 CALAFCO DUC Mapping

Four DUCs are identified per the [CALAFCO Statewide DUC Mapping Tool](#), which is based on the American Community Survey 5-Year Data (2015-2019) and updated March 2022. The mapping parameters meet the definition of DUCs per SB244 and utilizes a threshold of 50 registered voters to identify communities. The following DUCs are located within the UVSD service area (Figure 2-6) (CALAFCO, 2022).

- DUC #1: Ukiah SXS
- DUC #2: Norgard/Airport South
- DUC #3: Empire Gardens

Additionally, further refined General Plan DUC studies prepared by the City of Ukiah and County of Mendocino identified five distinct DUCs in the area surrounding the City, including the three noted above.

- Ukiah SXS
- Norgard/Airport South
- Empire Gardens
- Talmage
- The Forks

These five areas are located in the City's proposed SOI and DUCS 1-4 are located within the UVSD boundaries. In DUCs 1-3, the District currently provides wastewater services to the areas. DUC 4 is within the District boundaries but is not currently provided wastewater service. DUC 5 is in the community of Talmage, which is located east of the District boundaries, and is also considered underserved for wastewater services.

Following is a description of the DUCs located in and around the City of Ukiah and District boundaries:

Ukiah SXS (DUC #1): The Ukiah SXS DUC is located adjacent to the southwestern boundary of the City of Ukiah in unincorporated Mendocino County. This area spans from Beacon Lane to Gobalet Lane and includes ±586 parcels totaling ±286 acres with a mixture of single-family, mobile-home and multi-family residential units. This area is considered a 'Fringe Community', which means any inhabited and unincorporated territory that is within a city's sphere of influence, and was first identified by the City of Ukiah in 2019.

The DUC boundaries identified by CALAFCO are slightly different than those further refined by the City. The City has updated the boundaries to remove parcels not contiguous to City limits or the DUC itself. The community is associated with Block Group 2, Census Tract 113, which has a MHI of approximately \$44,229.

The UVSD provides wastewater service to this community. Based on the most recent data available from the District, there does not appear to be wastewater deficiencies in this community.

Norgard/Airport South (DUC #2): The Norgard/Airport South DUC is located adjacent to the southern boundary of the City of Ukiah in unincorporated Mendocino County to the north of Norgard Lane. This area is considered a 'Fringe Community'. Approximately half of this DUC was identified by the City of Ukiah in 2019. Presently, this area includes 36 parcels totaling nearly 15 acres. It is adjacent to the Ukiah Municipal Airport, and is bifurcated by U.S. Route 101 (US 101).

The DUC boundaries identified by CALAFCO are slightly different than those further refined by the City. The City has modified this boundary to include similar residential development to the east of the US 101. The community on the eastern side of the US 101 is within a different Census Block Group, which is a potential reason why it was not included with the previous analysis.

The community is primarily associated with Block Group 3, Census Tract 116, which has a MHI of approximately \$31,344. Again, a portion of the community also exists in Block Group 2, which is substantially wealthier.

This DUC is located within the UVSD boundaries, and no wastewater service deficiencies are noted for this area.

Empire Gardens (DUC #3): This Empire Gardens DUC is adjacent to the northern boundary of the City of Ukiah in unincorporated Mendocino County. This area is considered a 'Fringe Community', and was identified as a DUC by the City of Ukiah in 2019. This area includes 295 parcels spanning approximately 66 acres that feature a mixture of single-family, duplexes and multifamily residential.

The DUC boundaries identified by CALAFCO are slightly different than those further refined by the City. The City has modified the boundaries, as previous iterations included a gap between the City boundary and the identified DUC. Additionally, the DUC as identified by CALAFCO included portions of active agricultural land, as well as tribal properties.

The community is associated with Block Group 1, Census Tract 113, which has a MHI of approximately \$47,833

This DUC is located within the UVSD boundaries, and no wastewater service deficiencies are noted for this area.

The Forks (DUC #4): The Forks DUC is located due north of Ukiah and one mile west of Lake Mendocino. It was originally identified by the County of Mendocino and the City of Ukiah in their respective 6th Cycle Housing Elements. This area is considered a 'Fringe Community'. The Forks DUC was not identified by the CALAFCO Statewide DUC Mapping Tool, but is included to ensure consistency with the County of Mendocino's Housing Element.

The existing residential land uses located in The Forks DUC consist of approximately 75 housing units on approximately 85 acres. The current Mendocino County zoning is primarily Suburban Residential (SR), although there are some agricultural parcels as well. Surrounding land uses consist mainly of low-density residential uses, but the DUC itself includes the mobile-home park communities of "Happiness Is" and 'Lake Mendocino Mobile Home Estates'. The West Fork Estates subdivision was not included or identified as part of this DUC. Per the County of Mendocino's Housing Element, The Forks DUC has a median household income of \$53,735 or lower.

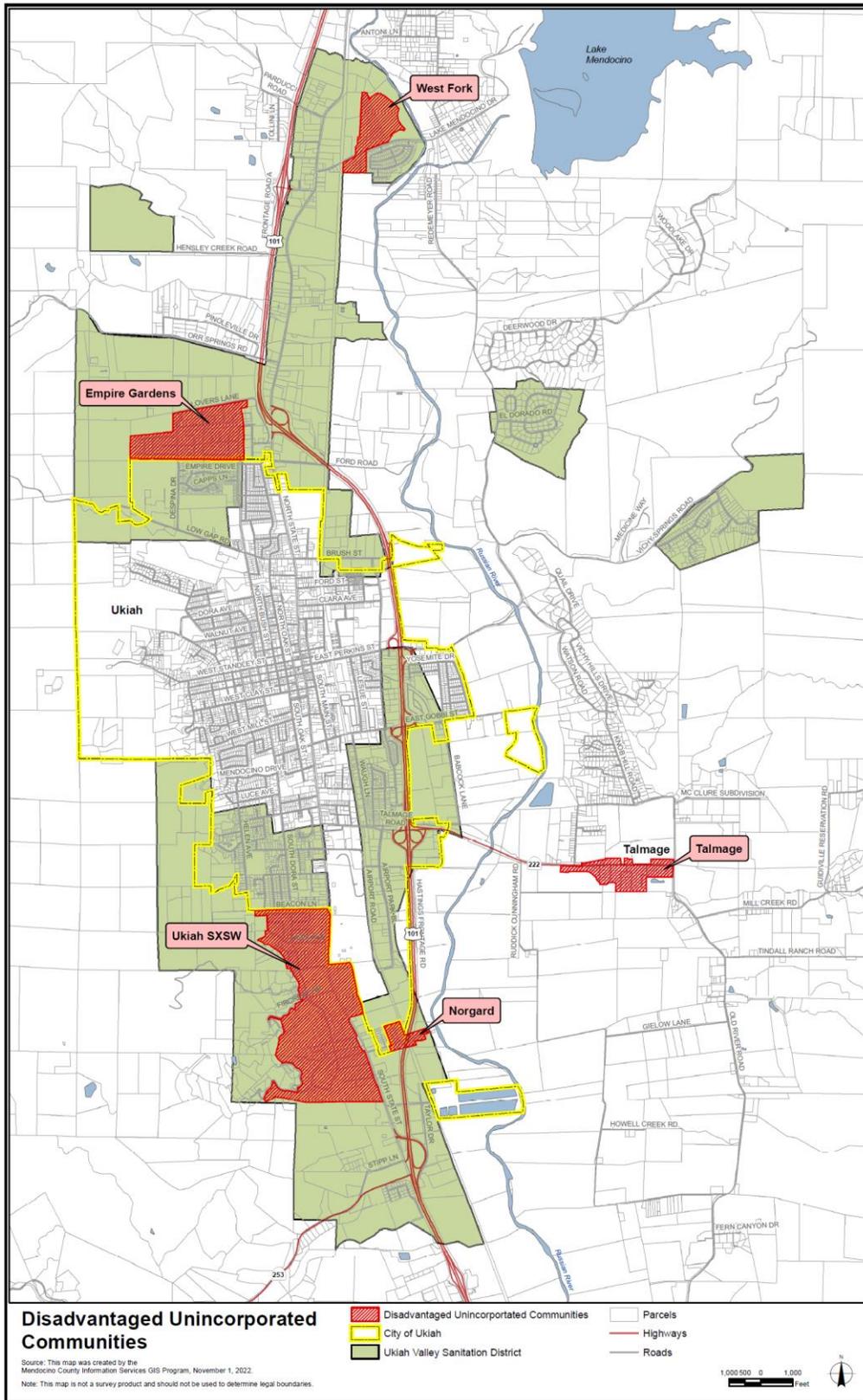
The Forks region is within the UVSD boundaries. However, given the extent of area covered by the UVSD and the pace of development in those areas since 2012, it is unknown if there are sufficient ESSUs available to serve the area. The County of Mendocino has identified the Forks DUC as underserved for wastewater.

Talmage (DUC #5): The Talmage DUC is located one mile southwest of Ukiah along Talmage Road and bounded by Mill Creek to the south. Existing residential land uses located in Talmage DUC consist of approximately 136 housing units within an area of 49 acres, leading to an average density of 2.8 dwelling

units per acre. The current Mendocino County zoning in Talmage DUC is Suburban Residential (SR), Multi-Family Residential (R3), and Inland Limited Commercial (C1). Surrounding land uses consist mainly of agricultural and low-density residential uses. The Census tract where Talmage DUC is located contains median household incomes of \$53,735 or lower.

Talmage is located well east of the UVSD boundaries. Wastewater disposal in Talmage DUC is addressed by private septic systems; there is currently no wastewater service provider available to the community. Due to high production wells in the area, sensitivity to potential groundwater contamination from private septic leach fields and minimal lot sizes, the area was identified by the County as undeserved for wastewater.

Figure 2-5 Disadvantaged Unincorporated Communities



3 MUNICIPAL SERVICES

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. The MSR determinations inform the SOI Update process and assist LAFCo in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.7.

3.1 Service Overview

3.1.1 Services

The Ukiah Valley Sanitation District is a single-service provider, providing wastewater collection services to its customers.

The District maintains a Participation Agreement and Operating Agreement with the City of Ukiah for the provision of wastewater operations and maintenance, including operations and maintenance of the District's collection system and the City's WWTP at which District sewerage is treated and disposed. The Participation Agreement provides that the annual costs of the entire sewer system (the WWTP and collection systems) are apportioned between the City and District according to the ratio of Equivalent Sewer Service Strength Units (ESSUs) each entity uses during the year. Annual costs include operating and capital costs for the system.

The Operating Agreement was entered into on October 3, 2018 as a result of a Settlement Agreement between the City and District to amend the terms of the Participation Agreement. Where they conflict, the Operating Agreement controls. (City/UVSD, 2018b)

Other municipal services are provided to District residents by other public agencies or non-profit organizations through agreements and Joint Powers Authority (JPA) and by private businesses through service contracts. This MSR only reviews services provided by the District, including commonalities with the City of Ukiah due the interconnectedness of the agencies' provision of wastewater services.

3.1.2 Service Areas

The District's jurisdictional boundaries cover 6.62 square miles, or approximately 4,240 acres, in and surrounding the City of Ukiah (see Figure 1-1). The District boundaries encompass areas both within the City of Ukiah and within the surrounding unincorporated Mendocino County. Carousel Lane represents the approximate northern limit of the service area just west of Lake Mendocino, and Robinson Creek bounds the southern end. The District service area trends north to south generally oriented along the railroad tracks, but also includes some non-contiguous territory in the unincorporated communities of Vichy Springs, El Dorado Road, Hensley Creek Road, The Forks, Guidiville Rancheria, and Mendocino Community College.

A common area between the City of Ukiah and the District service areas, known as the "overlap area", represents roughly half of the District's customers and one-third of City residents. The overlap area is a result of City annexations without concurrent detachment from the District. In 2014, the City applied to LAFCo to detach the overlap area from the District boundaries. The application has been on hold pending completion of the City's SOI Update. (UVSD, 2019)

3.1.3 Out of Agency Services

The District also provides a number of services to parcels outside its jurisdictional boundaries. Out of Agency Services are provided to seven parcels in the East Gobbi Street area, a residential parcel on Ford Road and the City's Landfill off Vichy Springs Road.

3.2 Wastewater

3.2.1 Service Overview

The District's facilities consist of a sewer collection system (Trunk Line, laterals, mains, and related facilities) that is part of a combined sewer system operating in conjunction with the City of Ukiah's sewer collection and treatment facilities (as shown in Figure 3-1). The Operating Agreement with the City of Ukiah designates the City as the responsible entity to operate and maintain the combined public collection system, treatment plant, and disposal system (City/UVSD, 2018b).

The District is responsible for general management and administrative functions within District boundaries, which is achieved through contracts. All administrative services and management functions are contracted, the District has no staff of its own. See Section 2.3 for more information about management and staffing.

Although all system maintenance and operations are managed by the City, the District helps fund and develop the capital improvement plan (CIP) through the annual City of Ukiah and UVSD Budget Agreement process (City/UVSD, 2021). The City maintains a CIP for all public infrastructure in the City limits, including the sewer system (see 2022 City of Ukiah MSR/SOI for more information).

3.2.2 Wastewater Treatment and Disposal Services

Under the terms of the Operating Agreement with the City of Ukiah, all wastewater treatment and disposal for the combined sewer collection system is provided by the City at its WWTP on Plant Road near the southern end of the District boundaries. Through the Participation Agreement, the District has Right to Use capacity (ESSUs) within the WWTP, which was jointly funded by the two agencies.

The City of Ukiah owns the WWTP that treats the combined sewage from the City's and District's sewer collection systems. The WWTP complex of approximately 60 acres is located on the south end of the Ukiah Valley, east of Highway 101, approximately 2500 feet south of the Ukiah Airport; sited on the west bank of the Russian River. It is largely surrounded by agricultural land to the north, south and east across the River. Immediately west of the WWTP are a variety of commercial and industrial land uses between the Northwest Pacific Railroad lines and State Street. Access to the WWTP is from State Street via Plant Road.

The WWTP became operational in 1958 after being constructed for the then-population of 9,000. Since that time, the population has grown to approximately 22,500 residents within both the City and District service areas. An extensive upgrade of the WWTP in 2009 was jointly funded by the City and District, with the District receiving Right to Use capacity at the facility. The \$56.5 million improvement project brought the WWTP into compliance with permit requirements and is sized to meet future growth demand. The City and UVSD entered into a Financing Agreement to share costs of the upgrades (City/UVSD, 2020a). See Financial Section 2.4.2 for discussion of service bonds, etc.

The WWTP has a dry weather capacity of 3.01 million gallons per day (MGD), and a peak wet-weather capacity of 24.5 MGD (Ukiah, 2021). Wastewater is processed through a tertiary treatment system, with primary treatment removing floating material, oils and greases, sand and silt and organic solids heavy

enough to settle in water; secondary treatment biologically removing most of the suspended and dissolved organic material, and tertiary treatment including final clarification through sludge digestion, disinfection, and dichlorination (Ukiah, 2022b). Effluent is then discharged to the percolation ponds. Roughly 2.7 million gallons (MG) of wastewater each day is treated through the WWTP (Ukiah, 2021).

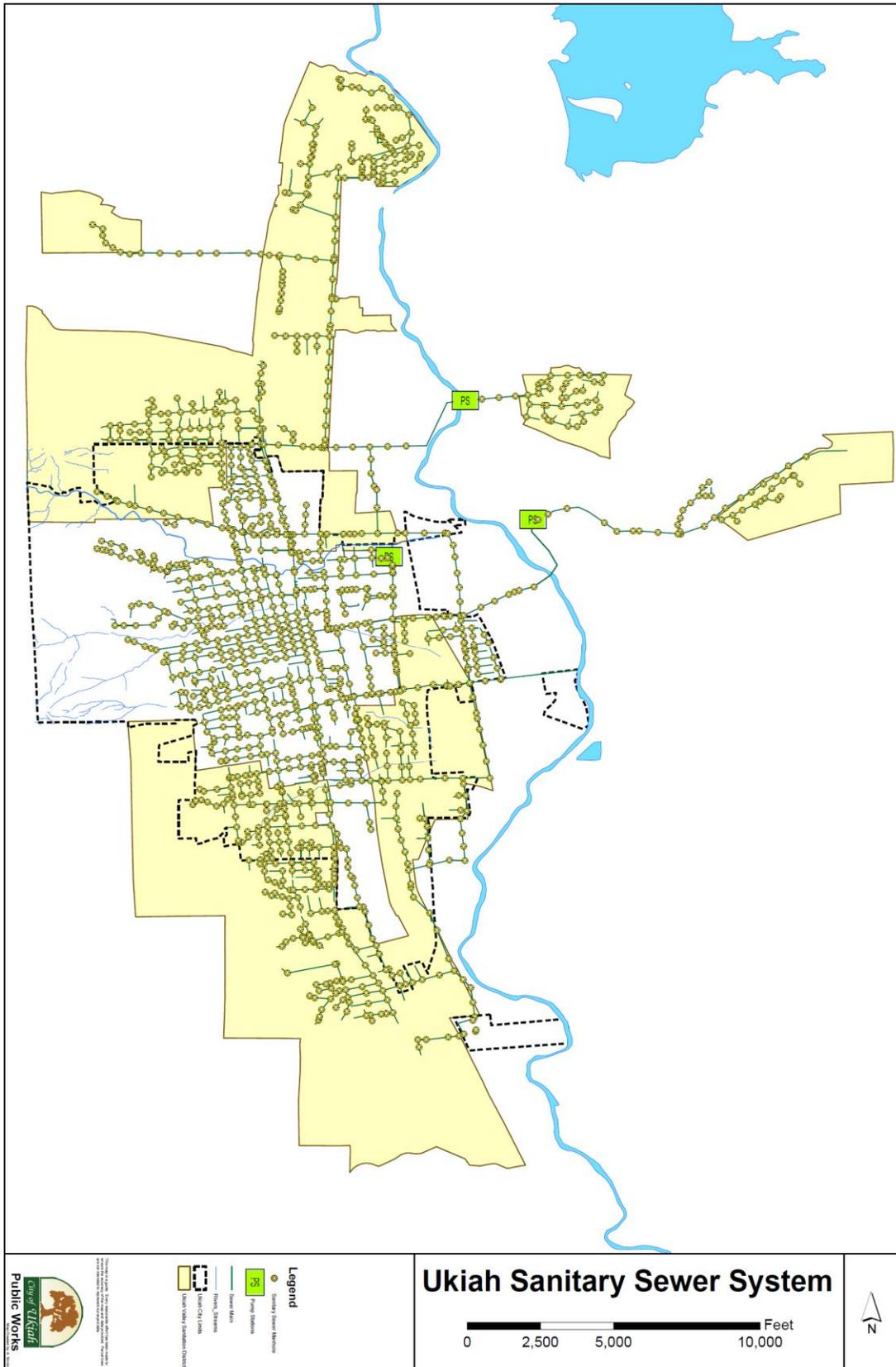
See the *2022 City of Ukiah Municipal Service Review* for more detailed information about the WWTP. (LAFCo, 2022)

3.2.3 Collection System

The District owns a portion of the overall sewer collection system, which consists of approximately 46 miles of sewer collection pipelines and two pump stations: El Dorado Estates and Vichy Springs Estates. The City has approximately 44 miles of sewer collection pipelines and one pump station within its corporate limits. The pipelines vary in size from 6- to 42-inches. (Winzler & Kelly, 2009)

Both jurisdictions deliver collected wastewater to the WWTP located in the southern part of Ukiah. Figure ES-2 shows an overview of the City and District collection systems, including the WWTP. The District's facilities are generally satellite facilities to the City's collection system. The City, through the Participation and Operating Agreements, maintains all collection system facilities using maintenance staff from its Public Works Department. (Winzler & Kelly, 2009)

Figure 3-1 Ukiah Valley Sewer Collection System



3.2.4 System Capacity

The District’s sewer capacity is a measurement of the ESSUs determined through the 2018 Settlement Agreement to be its share of the City’s WWTP (City/UVSD, 2018a). Per the Agreement, the District and City agreed that the 2009 Capacity Project increased the capacity of the WWTP by 2,400 ESSUs (one ESSU is equivalent to a two-bedroom dwelling unit). In so doing, the agencies agreed that the pre-Capacity Project capacity of the WWTP had already been utilized by the agencies and the increased capacity was the measure of the remaining available ESSUs of the facility. (UVSD, 2019).

Of this capacity, the District has approximately 942 ESSUs of reserved capacity at the WWTP. As noted above, the WWTP has a dry weather capacity of 3.01 million gallons per day (MGD), and a peak wet-weather capacity of 24.5 MGD (Ukiah, 2021).

Area	UVSD	City of Ukiah	Totals
Current Usage (May 2022)	5,688	6,833	12,521
Percent of Total ESSUs	45.43%	54.57%	49.84%
New WWTP Agreement	65%	35%	100%
New WWTP Capacity	1,560	840	2,400
New WWTP ESSU’s Used	618	406	1,024
New WWTP ESSU’s Percent Used	39.63%	48.33%	42.68%
New WWTP ESSUs Remaining	942	434	1,376

Source: City/UVSD, 2020b

3.2.5 Facilities and Assets

The District owns approximately 46 miles of sewer lines, including the main trunk line, laterals, and mains within the District boundaries, as well as two pump stations and approximately 942 ESSUs of reserved capacity at the WWTP. Other assets identified in the annual financial audits are intangible assets for purposes of depreciation, and are a calculated depreciation of the District’s share of WWTP capacity (see Section 2.4.1 for more information). The City owns the balance of the collection system, the WWTP and other facilities and equipment needed to maintain the system.

3.2.6 Sewer System Management Plan

The most recent Sewer System Management Plan (SSMP) for the combined sewer system was updated and adopted in 2021. The City is responsible for all sewer system management for both agencies and prepares and maintains the plan on behalf of the two agencies. One of the provisions of the SSMP is a requirement that operators of sanitary sewer systems reduce Sanitary Sewer Overflows (SSO) and report all SSO’s to the Regional Water Quality Control Board electronically. Another provision of the permit calls for a five-year audit and the recertification of the document itself. The City of Ukiah staff update the SSMP annually according to the progress being made on various components within the plan. On February 3, 2021, the Ukiah City Council recertified the plan and the District Board followed with its recertification on February 10, 2021.

3.2.7 Operation and Maintenance Program

In accordance with the Participation Agreement, the City provides all operation and maintenance of the sewer collection systems and WWTP for the UVSD, and UVSD shares the costs based on their respective number of ESSUs. Development of the annual Budget Approval Agreement includes the breakdown of

operating costs for personnel and operations for the year and is based on the number of ESSUs utilized by each agency, which are tracked by the City and a District consultant. The FY 2022-23 Budget Approval Agreement, dated July 1, 2022, directs operating costs (personnel and operations) are to be shared 50.09% District and 49.91% percent City (City/UVSD, 2022).

Standard operating procedures (SOP) are memorialized in District policies. Operations SOP consist primarily of easement acceptance and abandonment policies, illness and injury policies and an expense reimbursement policy.

As the agency responsible for maintenance of the joint sewer system, the City notifies the District of any recommended or required maintenance of District-owned assets.

3.3 Determinations

This section presents the required MSR determinations pursuant to California Government Code §56430(a) for the Ukiah Valley Sanitation District.

3.3.1 MSR Review Factors

3.3.1.1 GROWTH

Growth and population projections for the affected area

1. The District boundaries include areas immediately surrounding the City and 1,304 parcels within the City limits (approximately half of the District’s customers). The District boundaries also include three non-contiguous areas, two of which are residential subdivisions, and the third is Mendocino College. The estimated population of the District is approximately 9,400 residents.
2. The UVSD usage is 5,688 ESSUs, of which 64% is residential (3,640 ESSUs) and 36% is commercial (2,048 ESSUs).
3. Population growth is expected to increase at an annual rate of approximately 0.3% for the Ukiah Valley area. Based on the current growth rate, the District could reach full buildout in the next 20 years.
4. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County’s Inland General Plan and Zoning Regulations.
5. The City of Ukiah has land use authority over the “overlap area” within the District boundary and makes land-use decisions based on the City’s General Plan, which is currently being updated.

3.3.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

6. Four of the DUCs identified in and surrounding the UVSD qualify as disadvantaged unincorporated communities (DUC) with less than 80% of the States Median Household Income (MHI). DUC #2 is classified as a severe disadvantaged community (SDAC) with less than 60% of the State’s MHI. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.
 - o DUC #1: Ukiah SXS
 - o DUC #2: Norgard/Airport South
 - o DUC #3: Empire Gardens
 - o DUC #4: The Forks
 - o DUC #5: Talmage

7. Five DUCs have been identified within the UVSD jurisdictional boundaries and immediately adjacent. DUCs 1-4 are located within the District boundaries, and DUC 5 is located east of District boundaries. The District currently serves DUCs 1-3; wastewater deficiencies have been identified within DUCs 4 and 5.

3.3.1.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence

8. The District provides wastewater services within its boundaries with no distinct service areas.
9. The District provides service to several out-of-agency parcels.
10. The District provides wastewater services totaling 5,668 ESSUs.
11. The District shares wastewater capacity at the City of Ukiah's WWTP and has approximately 942 ESSUs of reserved capacity remaining.
12. The District's wastewater system facilities and infrastructure includes a portion of the reserved capacity at the WWTP as well the trunk line shared between the District and the City, and the lateral lines within the District boundary.
13. The City's WWTP has a current treatment capacity of 3.01 million gallons per day (MGD) of dry weather flow and 23.5 MGD of peak wet weather flow.
14. There are currently no wastewater capacity issues or infrastructure needs for the District that need to be addressed within the timeframe of this MSR.
15. The City maintains and implements a SSMP on behalf of both the City and District. The SSMP was last updated in 2021 and was adopted by both agencies (UVSD Resolution No. 2009-04).
16. The District indicates it has Geographic Information Systems (GIS) mapping of the District. GIS maps are a useful tool for management of the wastewater system and may include manhole, sewer line, and lift station layers, as well as an attribute table with manhole and sewer line information georeferenced to each manhole and sewer line, which lists the line type, line material and the pipe diameter. Accurate and comprehensive mapping of the District's facilities provides many benefits for managing, planning and transparency.

3.3.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

17. The District prepares an annual budget agreement with the City of Ukiah, an annual budget for the District, and has annual independent financial audits prepared by qualified Certified Public Accountants. Financial documents are posted on their website.
18. According to the audited financial information from Fiscal Years 2016-17 through 2020-21, the District operated at a net loss, or revenue shortfall, in FY 2016-17 and FY 2017-18 due to legal expenses associated with a lawsuit with the City of Ukiah, and operated at a net income, or revenue gain, in FY 2018-19, FY 2019-20, and FY 2020-21. Over the five fiscal years studied, the District has experienced an overall increase in net position, which signals a strengthening in financial position. The District has transitioned from a deficit to a surplus budget model in this time period. The District has adequate finances to meet current and future demands for public services within the next five years.

19. A Capital Improvement Plan is considered annually in the Budget Agreement process with the City of Ukiah for purposes of shared funding. The City performs the maintenance, repair, replacement, and upgrades of both City and District systems. Additionally, the District may have District-only capital projects and can choose to ask the City to bid them out on its behalf.

3.3.1.5 SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities

20. The District provides wastewater services through an interconnected system of collection and shared WWTP capacity that is operated and maintained under agreements with the City of Ukiah.
21. There is a common area between the City of Ukiah’s service area and the District’s service area, known as the “overlap” area, which was created over the years when the City incorporated areas without concurrent detachment from the District. The City has applied to LAFCo for detachment of the overlap area from the District’s service boundaries, which is on hold in accordance to the Interim Services Agreement between the City and the District.
22. The District is a part of the Upper Russian River Water Agency Joint Powers Agreement, which was amended on October 15, 2020 to include the UVSD. The purpose of the JPA is to provide economies of scale, provide a method of jointly addressing sewer and water issues, and fostering coordination on these issues.
23. The District contracts for billing, collections, and other administrative functions with the Willow County Water District, with which the District has a Master Services Agreement.

3.3.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies

24. The District is governed by a Board of Directors comprised of five seats and elected to serve staggered 4-year terms. Three of the five Director terms expire in 2022; two seated Directors ran unopposed and have been reappointed in advance of the election, and one Director did not run and no other candidates filed for this election, so this seat remains vacant.
25. Regularly scheduled meetings for the District Board of Directors are held on the second Wednesday of the month at 6:00 p.m. at the District’s Board Room located at 151 Laws Avenue in Ukiah. All meetings are open to the public and are publicly posted a minimum of 72 hours prior to the meeting in accordance with the Brown Act. Meetings are currently being held via a hybrid model with the Board attending in-person and virtual option for public participation.
26. The District Board of Directors conducts business and takes action by approving motions and adopting resolutions and ordinances by a majority vote of a sufficient quorum. The District Board of Directors has adopted policies and procedures related to elected officials including conflict of interest and reimbursement, finances, and personnel. The District Board members file a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to Government Code §87203 of the Political Reform Act and receive two hours of training on public service ethics laws and principles at least once every two years pursuant to AB 1234. The District Board of Directors considers proposed increases to rates and fees at a properly noticed public hearing and subject to mailing a notice of hearing for protests to all property owners pursuant to Proposition 218. The District complies with local government ethics laws and regulations and operates with accountability and transparency.

27. With the passage of Senate Bill 929 in 2018, all special districts are required to maintain a website that includes contact information and all other requirements by January 2020. The District has a website at <https://www.uvsd.org>, which contains the District’s contact information and agendas and minutes from District Board meetings from 2017 to the present. The website is well organized and presented and contains agreements, older Board meeting recordings (current meetings are not posted online), bond refinance information, annual budgets from 2010 to the present, audited financial statements from 2014 to the present, system maps, ordinances, notices, and resolutions.
28. The District’s website would be enhanced by posting the current Board members and their contact information.
29. The District has no employees but contracts for administrative functions such as collections and billing with the Willow County Water District, and financial consulting services and district management with UFI. In addition, the District contracts with a Certified Public Accountant and legal counsel on an annual basis.
30. The public can submit written or provide verbal comments or complaints in person or by phone at the District office during business hours, Monday through Friday from 8:00 a.m. to 4:00 p.m., or at the District Board of Directors meetings during the general public comment period. Additionally, they may be emailed via the contact page at the UVSD website.
31. The interconnected sewer collection systems and shared WWTP capacity, and contracts with other agencies for management, staffing and maintenance, suggest efficiencies could be gained by either merger or reorganization with the City of Ukiah.

3.3.1.7 OTHER SERVICE DELIVERY MATTERS

Any other matter related to effective or efficient service delivery, as required by commission policy

32. There are no other matters related to service delivery required by Mendocino LAFCo Policy.

4 SPHERE OF INFLUENCE

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. An SOI Update considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports CKH Law and the Policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI Update. This chapter presents the SOI Update and required determinations pursuant to California Government Code §5642(e).

4.1 SOI Update

4.1.1 Existing Sphere of Influence

This is the first SOI Update for the UVSD. In 1984, based on recommendations contained in a report known as the Zion Study, SOIs were adopted for nearly all of the special districts and cities in Mendocino County, including the District. However, historical records are incomplete and the 1984 SOI boundary for the District is unclear. This SOI Update will determine the official SOI boundary for the District in moving forward.

4.1.2 Study Areas

Study areas are unique to a specific agency and are used to define the extent of one or more locations for SOI analysis purposes. Study areas may be created at different levels of scope and/or specificity based on the circumstances involved. The following descriptions demonstrate the array of scenarios that may be captured by a SOI study area.

- An area with clear geographic boundaries and scope of service needs based on years of interagency collaboration or public engagement and a project ready for grant funding or implementation.
- An area involving broader community regions or existing residential subdivisions with a large or long-term vision in need of fostering and/or establishing interagency partnerships.
- An area in early stages of conception that is not currently geographically well-defined and generally involves one or more ideas identified by agency or community leaders needing further definition.
- An area geographically defined by a gap between the boundaries of existing public service providers.
- An area adjacent to an existing agency's boundary slated for development needing urban services.

Study areas can result in a proposed SOI or sphere expansion area or the designation of an Area of Interest to earmark areas for enhanced interagency coordination or for future SOI consideration.

4.1.2.1 OVERLAP AREA WITH CITY OF UKIAH

The City of Ukiah has proposed (LAFCo Application No. D-2021-02) to detach an overlap area that lies within both the City and the UVSD boundaries and consists of approximately 1,304 parcels. The detachment area represents approximately half of the District's customers.

The overlap area was created over the years as parcels were annexed into the City without concurrent detachment from the UVSD. If the area is detached, wastewater service for the parcels would be transferred to the City, in addition to transfer of ownership, operation, maintenance and repair of the District's collection system related to those parcels.

The District has a number of concerns with the detachment. Of greatest concern is the District's financial viability should the overlap areas be detached from the District, since the loss of revenue in the affected area could negatively impact the District's ability to serve their remaining customers outside the City limits and pay for debt service

The original 2014 and proposed 2020 reactivation of the City's detachment application remains on hold. The two agencies have developed a strategy and agreement for the interim provision of wastewater services to areas around the City seeking to develop and ultimately the long-term plan for the provision of wastewater services in the region (Interim Service Agreement). The Interim Service Agreement also conditions a delay in detaching overlap areas until minimum thresholds are met, after which the District would cease to be independent and separate from the City, through a LAFCo application process. The thresholds identified in the Interim Service Agreement are summarized as follows:

- Consistent with statutes, the District will support merger or reorganizing as a subsidiary district of the City upon reaching the threshold of 70% or more of District registered voters and 70% of District area is annexed into the City.
- The District will support the City's pursuit of legislation to eliminate the statutory threshold for 70% of area of land.

4.1.2.2 BRUSH STREET/FORD ROAD/MASONITE AREA

The UVSD serves a portion of the Brush Street Triangle and Masonite area and has received will-serve requests from landowners in the area to extend service into the adjacent unserved portions of these areas for development.

Additionally, the City has filed a Pre-Application Review request with LAFCo indicating their intent to annex these areas. Consistent with the annexation plan being developed for the 2040 City General Plan Update, the City proposes to annex 63 properties totaling approximately 473 acres north of the City limits, within areas locally known as the "Masonite" and "Brush Street Triangle" along Kunzler Ranch Road, Ford Road, Masonite Road, Brush Street, Brunner Street, and Orchard Avenue. Development in this area includes some commercial, industrial and manufacturing uses (both existing and decommissioned), as well as areas containing vacant and agricultural land. For the Brush Street Triangle, development assumptions were analyzed by using the current Ukiah Valley Area Plan Mixed-Use: Brush Street Triangle designation. For the Masonite area, the existing Industrial designation was used. For the remaining area south of the Masonite site and north of Ford Road that is currently vacant and/or developed with agriculture uses, the Agriculture designation is proposed to remain. (Ukiah, 2020)

The Interim Service Agreement describes the intended coordinated provision of services in the areas adjacent to the City, and ultimately, the long-term plan for the provision of wastewater services in the region. The Interim Service Agreement identifies the applicant and potential future annexation thresholds for reorganization of the UVSD into either a subsidiary district or merger with the City, among other things.

The mutually developed points of the Interim Service Agreement are roughly as follows (paraphrased):

- The City will be the applicant for any Out of Area Service Agreement; and for properties that would connect to District lines, the City would subcontract with the District to provide the interim sewer services. Additionally, the District will bear the costs for the application process to LAFCo.
- The City will not pursue detachment of District territory from the City now or in the future.

- The District will support City annexations and will work cooperatively with the City on General Plan and SOI Updates.
- Consistent with statutes, the District will support merger or reorganizing as a subsidiary district of the City upon reaching the threshold of 70% or more of District registered voters and 70% of District area is annexed into the City.
- The District will support the City’s pursuit of legislation to eliminate the statutory threshold for 70% of area of land.
(City/UVSD, 2022)

4.1.2.3 WESTERN HILLS CITY ANNEXATION AREA

The City’s proposed annexation efforts include annexation of the “Western Hills Area” associated with the Ukiah Western Hills Open Land Acquisition and Limited Development Agreement Project, approved by City Council on September 15, 2021. The project includes acquisition and annexation of approximately 707 acres total within the Ukiah Western Hills; all of the land is currently located within the City’s adopted Sphere of Influence (SOI), with the exception of approximately 296 acres. 640 acres of land is preserved as open space conservation; this land is rezoned as Public Facilities and would not be developed with commercial or residential development. In addition, the project includes a Development Agreement with the current property owner to restrict residential development on the 54 easternmost acres (beginning at the terminus of Redwood Avenue). Although these parcels are rezoned Single-Family Residential-Hillside Overlay (with a Rural Residential designation), which may allow more units, development is restricted to a maximum number of 14 units total (seven-single family homes and seven accessory dwelling units).

In the absence of an agreement as discussed in the previous section, annexation of these parcels into the City would normally require the concurrent detachment of several parcels from the UVSD.

4.1.3 Area of Interest Designation

LAFCo’s Area of Interest Policy, per Section 10.1.12, provides for the designation or identification of unincorporated areas located near to, but outside the jurisdictional boundary and established SOI of a city or district, in which land use decisions or other governmental actions of another local agency directly or indirectly impact the subject local agency.

An Area of Interest (AOI) designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in the intermediate or long-range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

An AOI designation is most helpful when the county and city or district can reach agreement that development plans related to LAFCo designated AOI will be treated the same as if these areas were within the city or district SOI boundary, particularly regarding notification to and consideration of input from the city or district.

The three SOI Study Areas described above have been designated as an AOI (refer to Figure 4-2) to further emphasize and support the continued coordination and long-term service strategies that have been collaboratively developed by the District and City.

4.1.4 Proposed SOI Changes

As the City of Ukiah expands in accordance with the annexation plan developed for and in conjunction with its 2040 General Plan Update, areas served by the District will be incorporated. As previously noted, both agencies have signed an Interim Service Agreement that describes the intended coordinated provision of services in the areas adjacent to the City, and ultimately, the long-term plan for the provision of wastewater services in the region. The interrelated nature of the sewer collection, treatment and disposal systems support the ultimate merging of the two agencies. The Interim Service Agreement also identifies the applicant and potential future annexation thresholds for reorganization of the UVSD into either a subsidiary district or merger with the City, among other things (see Section 4.1.2.2 for more detail). In recognition and support of those efforts and results, Figure 4-1 identifies a coterminous sphere recommended for the District.

Figure 4-1 UVSD Sphere of Influence Map

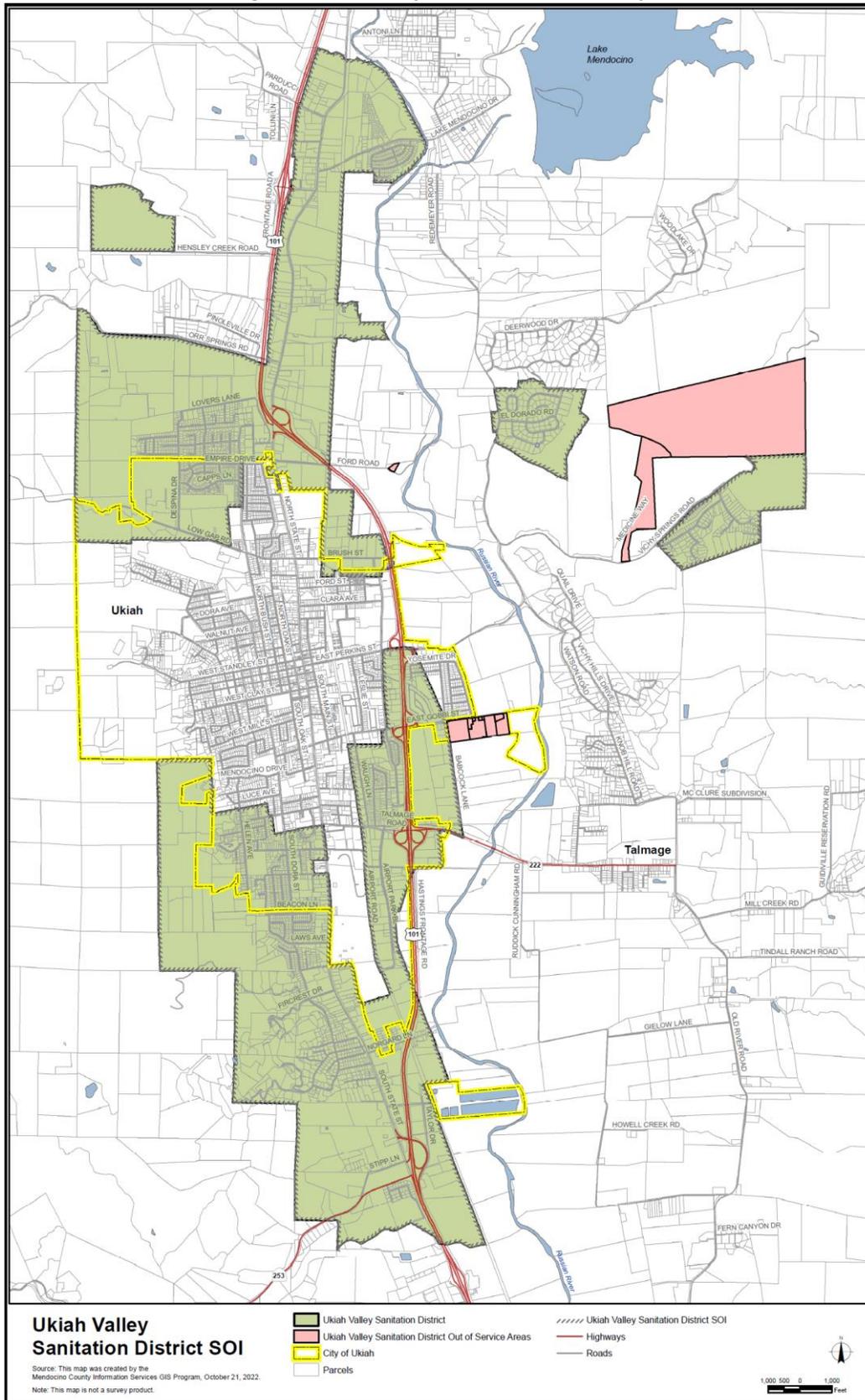
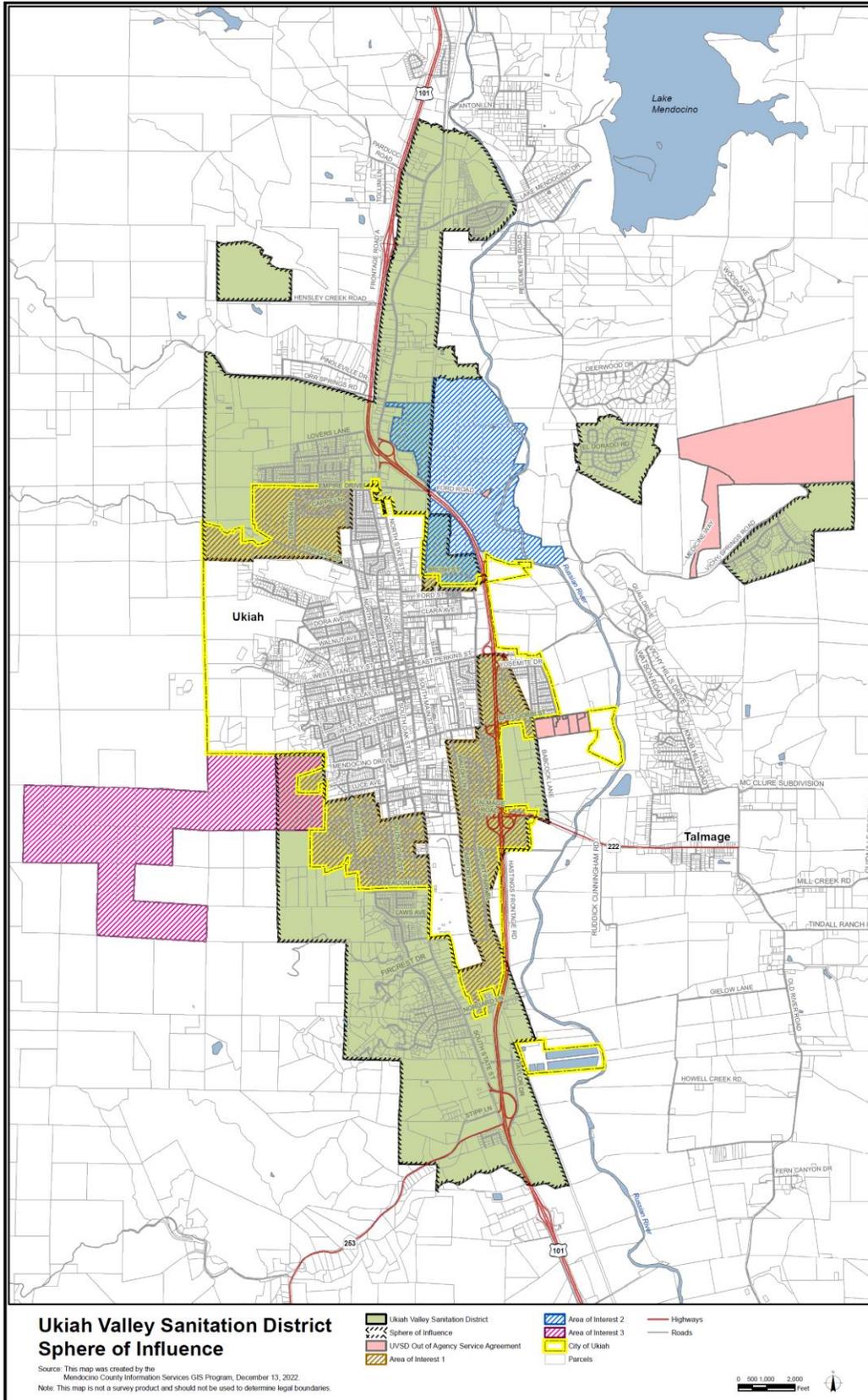


Figure 4-2 UVSD Area of Interest Map



4.1.5 Consistency with LAFCo Policies

Mendocino LAFCo has established policies to help meet its Cortese-Knox-Hertzberg Act mandates. This section identifies potential inconsistencies between the proposed SOI and local LAFCo policies.

Exhibit 4-1 shows two areas labeled as out-of-agency services. One area corresponds to the closed City of Ukiah landfill near Vichy Springs; District services to the area consist of leachate disposal. The second area receiving District services is along East Gobbi Street; however, the services were provided prior to 2001 and are exempt from LAFCo approval per GC 56133(e)(4).

The District is comprised primarily of unincorporated areas surrounding the City of Ukiah and consists of residential, commercial, and public facility (school) uses. The District does include some areas of overlap that are a result of the City annexing areas in the past without concurrent detachment from the District. The overlap areas represent approximately one-third of the District's geographic area and one-half of its customers.

Mendocino LAFCo Policy 10.1.10 specifies that agencies providing the same type of service should not have overlapping spheres in order to avoid unnecessary and inefficient duplication of services or facilities. Recognizing that there are existing areas of overlap within the City of Ukiah, the Interim Service Agreement established between the City and District represents a significant evolution in the relationship between the agencies and sets forth the general framework for the collaborative provision of sewer services to the areas surrounding the City. The Interim Service Agreement also sets forth the eventual intent to combine services upon specific thresholds and that would result in consolidation or merger of the agencies. The thresholds identified in the Interim Service Agreement are summarized as follows:

- Consistent with statutes, the District will support merger or reorganizing as a subsidiary district of the City upon reaching the threshold of 70% or more of District registered voters and 70% of District area is annexed into the City.
- The District will support the City's pursuit of legislation to eliminate the statutory threshold for 70% of area of land.

Excluding the overlap area from the District SOI would clearly state the Commission's intent to reduce overlapping services areas through detachment from the District, consistent with Policy 10.1.10. However, Mendocino LAFCo Policy 9.8 requires the Commission to consider whether a proposal will have significant potential to diminish the level of service in an agency's jurisdiction. Given that the overlap area represents approximately half of the District's customers, detachment of this area from the District would likely conflict with Policy 9.8, and the agencies have established the Interim Service Agreement that states their intent to combine agencies once certain thresholds are met, staff supports a SOI that is coterminous with the District boundaries. It should be noted, however, that in the absence of the Interim Service Agreement, or another effectively similar arrangement, the District's SOI should be reviewed again for appropriateness and policy consistency.

4.1.6 Determinations

It is recommended that the Commission adopt a SOI for the UVSD that is coterminous with the District boundary (Figure 4-1). Should the stipulations under "Mutual Cooperation" in the Interim Service Agreement, as it relates to detachments, annexations and consolidation of the agencies, not come to fruition, the Commission will re-evaluate the District's coterminous SOI related to overlapping spheres

per Mendocino LAFCo Policy 10.1.10. The following statements have been prepared in support of this recommendation.

4.1.6.1 LAND USES

The District covers areas both within and outside the City of Ukiah. Land uses within the City of Ukiah are governed by the City of Ukiah General Plan, which is currently undergoing a comprehensive update. District areas within the unincorporated areas surrounding the City fall under the County's land use authority and are governed by the County of Mendocino General Plan and the guiding principles within the Ukiah Valley Area Plan.

The Ukiah Valley Area Plan (UVAP) was adopted in August of 2011 providing a comprehensive land use plan for the area from just south of Ukiah and north to Calpella (Figure 2-4). Development of the UVAP included substantial community input and describes the vision for development in the valley.

UVAP identifies much of the area within the UVSD as rural residential or suburban residential, areas which are likely to require sewer service to reach maximum development potential. There are also some industrial areas on the north side of Orr Springs Road.

Although substantial development is likely to occur within the District boundaries, the annexation plan for the City of Ukiah will result in competing interests for sewer services in the same areas. The Interim Service Agreement between the UVSD and City of Ukiah supports the eventual merger or reorganization of the District based on thresholds and milestones.

4.1.6.2 NEED FOR FACILITIES AND SERVICES

The District provides wastewater collection and shares expenses with the City of Ukiah to operate and maintain the City's WWTP. The District is estimated to serve a population of approximately 9,400. Population growth is expected to increase at an annual rate of 0.5 percent for Mendocino County. Based on the growth rate, the District can expect a small population increase of approximately 150 by 2030. It is anticipated that growth will continue to be approximately 0.5 percent for the planning period of this document.

As discussed in the MSR, the District collection system and combined City/District wastewater collection/treatment system are functionally interconnected and, in some areas, overlapping. The District is dependent on the City's WWTP and disposal services as it has no treatment facilities of its own.

Wastewater services are critical for public health and safety in the District's service area. The residents and visitors currently receiving wastewater services from the District will continue to need this public service. The District has adequate finances to meet current and future demands for public services within the next five to ten years.

The nearest other sewer service providers are the Calpella County Water District to the north and Hopland Public Utilities District to the south of the District. Both agencies have small, independent wastewater systems that serve approximately 100 customers each.

Except as noted above, sewer services in the area surrounding the District are not presently available. The areas are primarily rural residential with a large amount of existing development as well as agricultural lands under production. All adjacent development has occurred utilizing on-site septic systems.

As noted in the previous sections, low-lying areas between the District boundaries and the Russian River are known to be unsuitable to all but highly engineered septic systems, and septic systems are not ideal in floodplain areas. These areas, including the Masonite properties and Ford Road area, are some of the only industrially zoned lands in the Ukiah Valley and will require sewer connection for full buildout potential. These areas have been identified by the City of Ukiah for annexation in their 2040 General Plan Update and a pre-application annexation review request has been filed with LAFCo.

The two agencies have developed an interim agreement for service provision in the areas adjacent to the City, and ultimately, the long-term provision of wastewater services in the region. The mutual agreement identifies the applicant and future annexation thresholds for reorganization of the UVSD into either a subsidiary district or merger with the City. Fully integrating the systems, governance, and rates will create efficiencies of services and costs.

4.1.6.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Expansion of the wastewater system is limited by the capacity of the WWTP. Upgrades to the WWTP were completed in 2010. The upgrades added 2,400 ESSUs, of which 65 percent are allocated to the UVSD. As of May 2022, the UVSD has 942 ESSUs remaining of its 1,560 ESSU share.

4.1.6.4 COMMUNITIES OF INTEREST

Generally speaking, communities of interest are typically located adjacent to an agency's boundary or a proposed sphere. Except for the area to the west centered around Gibson Creek, the UVSD's present boundaries surround the City of Ukiah.

Unincorporated communities in the region include The Forks and Calpella to the north and Talmage to the east. Calpella is served by the Calpella County Water District that provides both water and sewer services; Redwood Valley-Calpella Fire Protection District provides fire suppression services to the northern end of the Ukiah Valley. Talmage is designated a rural community in the Ukiah Valley Area Plan and has been identified by the County as a DUC per SB 244.

No social or economic communities of interest have been identified that should be included in the District boundary or SOI. There are three SOI Study Areas identified as an Area of Interest (AOI), including the City overlap area, the Brush Street Triangle/Masonite/Ford Road Area, and the Western Hills Properties. These areas have been identified to recognize the intended coordinated interim provision of wastewater services until such time as the District and City consolidate.

4.1.6.5 DISADVANTAGED UNINCORPORATED COMMUNITIES

Several communities within the UVSD have been identified as DUCs (see Section 2.6). Of the DUCs identified within the District boundaries, only The Forks remains underserved by the District. The unincorporated community of Talmage is located east of the District boundaries and has been identified as a DUC and underserved with sewer services.

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6 ACRONYMS

AF	Acre-feet
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CIR	Capital Indirect Rate
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPA	Certified Public Accountant
CSD	Community Services District
CWD	County Water District
DUC	Disadvantaged Community
ESSU	Equivalent Sewer Service Units
ESSSU	Equivalent Sewer Service Strength Units
FY	Fiscal Year
FTE	Full Time Equivalent
GPM	gallons per minute
I&I	Infiltration and inflow
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MG	Million gallons
MGD	Million gallons per day
MHI	Median Household Income
MSR	Municipal Service Review
OIR	Operating Indirect Rate
RRFC	Mendocino County Russian River Flood Control and Watershed Improvement District
SB	Senate Bill
SDAC	Severely Disadvantaged Community
SDRMA	Special District Risk Management Association
SOI	Sphere of Influence
SSMP	Sewer System Management Plan
SOP	Standard Operating Procedures
SSMP	Sewer System Management Plan
SSO	Sanitary Sewer Overflows
URRWA	Upper Russian River Water Agency
UVFA	Ukiah Valley Fire Authority
UVFD	Ukiah Valley Fire District
UVSD	Ukiah Valley Sanitation District
WWTP	Wastewater Treatment Plant

7 ACKNOWLEDGEMENTS

7.1 Report Preparation

This Municipal Service Review and Sphere of Influence Update was prepared by Hinman & Associates Consulting, Inc., contracted staff for Mendocino LAFCo.

Uma Hinman, Executive Officer
Larkyn Feiler, Analyst
Kristen Meadows, Commission Clerk

Additionally, technical writing support was provided by Jessica Hankins, an independent contractor to Hinman & Associates Consulting, Inc.

7.2 Assistance and Support

This Municipal Service Review and Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

Ukiah Valley Sanitation District	Wing-See Fox, Interim District Manager (Urban Futures, Inc.) Ernie Wipf, Board Chair Mark DeMeulenaere, Contractor
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8 APPENDICES

8.1 Appendix A – Open Government Resources

The purpose of this appendix is to provide a brief list of some educational resources for local agencies interested in learning more about the broad scope of public interest laws geared towards government transparency and accountability. This appendix is not intended to be a comprehensive reference list or to substitute legal advice from a qualified attorney. Feel free to contact the Mendocino LAFCo office at (707) 463-4470 to make suggestions of additional resources that could be added to this appendix.

The websites listed below provide information regarding the following open government laws: (1) **Public Records Act** (Government Code §6250 et seq.), (2) **Political Reform Act** – Conflict-of-Interest regulations (Government Code §81000 et seq.), (3) **Ethics Principles and Training** (AB 1234 and Government Code §53235), (4) **Brown Act** – Open Meeting regulations (Government Code §54950 et seq.), and (5) **Online Compliance** regulations (Section 508 of the US Rehabilitation Act and Government Code §11135).

- Refer to the State of California Attorney General website for information regarding public access to governmental information and processes at the following link: <https://oag.ca.gov/government>.
- Refer to the State of California Attorney General website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <https://oag.ca.gov/ethics>.
- The Fair Political Practices Commission (FPPC) is primarily responsible for administering and enforcing the Political Reform Act. The website for the Fair Political Practices Commission is available at the following link: <http://www.fppc.ca.gov/>.
- Refer to the California Department of Rehabilitation website for information regarding Section 508 of the US Rehabilitation Act and other laws that address digital accessibility at the following link: <http://www.dor.ca.gov/DisabilityAccessInfo/What-are-the-Laws-that-Cover-Digital-Accessibility.html>.
- Refer to the Institute for Local Government (ILG) website to download the Good Governance Checklist form at the following link: www.ca-ilg.org/post/good-governance-checklist-good-and-better-practices.
- Refer to the Institute for Local Government (ILG) website to download the Ethics Law Principles for Public Servants pamphlet at the following link: www.ca-ilg.org/node/3369.
- Refer to the Institute for Local Government (ILG) website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <http://www.ca-ilg.org/ethics-education-ab-1234-training>.
- Refer to the California Special Districts Association (CSDA) website for information regarding online and website compliance webinars at the following link: <http://www.csda.net/tag/webinars/>.

8.2 [Appendix B – Website Compliance Handout](#)

Appendix B

California Website Compliance Checklist

Use this checklist to keep your district's website compliant with State and Federal requirements.

Public Records Act

SB 929

Our district has created and maintains a website

Passed in 2018, all independent special districts must have a website that includes contact information (and all other requirements) by Jan. 2020

SB 272

Our Enterprise System Catalog is posted on our website

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at getstreamline.com/sb272

AB 2853 (optional):

We post public records to our website

This bill allows you to refer PRA requests to your site, if the content is displayed there, potentially saving time, money, and trees

The Brown Act

AB 392:

Agendas are posted to our website at least 72 hours in advance of regular meetings, 24 hours in advance of special meetings

This 2011 update to the Act, originally created in 1953, added the online posting requirement

AB 2257:

A link to the most recent agenda is on our home page, and agendas are searchable, machine-readable and platform independent

Required by Jan. 2019—text-based PDFs meet this requirement, Microsoft Word docs do not

State Controller Reports

Financial Transaction Report:

A link to the Controller's "By the Numbers" website is posted on our website

Report must be submitted within seven months after the close of the fiscal year—you can add the report to your site annually, but posting a link is easier

Compensation Report:

A link to the Controller's PublicPay website is posted in a conspicuous location on our website

Report must be submitted by April 30 of each year—you can also add the report to your site annually, but posting a link is easier

Healthcare District Websites

AB 2019:

If we're a healthcare district, we maintain a website that includes all items above, plus additional requirements

Including budget, board members, Municipal Service Review, grant policy and recipients, and audits

Open Data

AB 169:

Anything posted on our website that we call "open data" meets the requirements for open data

Defined as "retrievable, downloadable, indexable, and electronically searchable; platform independent and machine readable" among other things

Section 508 ADA Compliance

CA gov code 7405:

State governmental entities shall comply with the accessibility requirements of Section 508 of the federal Rehabilitation Act of 1973

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at achecker.ca



California Special Districts Association
Districts Stronger Together

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The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

Placement:

What it says: An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda.

What that means: Add a link to the **current agenda directly to your homepage**. It cannot be in a menu item or otherwise require more than a single click to open the agenda.

Exception:

What it says: A link to the agenda management platform may be added to the home page instead of a link directly to the current agenda, if the agency uses an integrated agenda management platform that meets specified requirements, including, among others, that the current agenda is the first agenda available at the top of the integrated agenda management platform.

What that means: If you use an agenda management system, you may add a link to that system directly to your homepage (again, not in a menu item), if the format of the agenda meets the requirements below, and if the current agenda is the first at the top of the list.

Format:

What it says: [agenda must be] Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications. Platform independent and machine readable. Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

What that means: You cannot add Word Docs or scanned (image-based) PDFs of your agenda to your website—Word Docs are not platform independent (the visitor must have Word to read the file), and scanned PDFs are not searchable. Instead, **keep your agenda separate from the packet** and follow these steps:

1. From Word or other document system: Export agenda to PDF
2. Add that agenda to your website (or to your agenda management system), and include a link to that agenda on your homepage
3. Then, you can print the agenda, add it to your pile of documents for the packet, and scan that to PDF - just keep the packet separate from the agenda (only the agenda must meet AB 2257)
4. Keep the link on the homepage until the next agenda is available, then update the link

Questions? Contact sloane@getstreamline.com or dillong@csga.net

8.3 Appendix C – Applicable Policies

County of Mendocino 2009 General Plan

Chapter 6: Community – Specific Policies: Ukiah Valley Goals and Policies

The following goals, policies, and actions are specific to the Ukiah Valley, and supplement the countywide goals and policies elsewhere in this General Plan.

Ukiah Valley Goals

Ukiah Valley Area Policies

The following goals, policies, and action items from the Mendocino General Plan Development Element could apply to public services and wastewater in particular in the Ukiah Valley. (Mendocino County, 2021)

Ukiah Valley Area Plan

The following Ukiah Valley Area Plan (UVAP) policies are applicable to sewer service provision in the Ukiah Valley (Mendocino County, 2011):

WM4.2a

Limited Sewer Extensions

Confine new sewers and sewer extensions to urban and suburban areas. Alternate sewage treatment systems, rather than sewers, should be used to solve existing water quality problems outside the urban and suburban areas.

WM4.2b

Water Quality

Reduce impacts to water quality from community sewage systems and on-site septic systems.

WM4.2c

Sewer Treatment Facilities

Support increased sewage treatment facility capacity to serve the future needs of the Ukiah Valley

WM4.2d

Cost of New Development

Ensure that the cost of providing sewer and water service to new development proposed outside existing service areas should be borne solely by those proposing the development, thus eliminating any financial burden to existing customers for any required expansion of the sewer and water system network to serve such development.

Additional UVAP Guidelines for the Brush Street Triangle and North State Street areas include connection to public water supply and sewers, when available, is required for new development (Mendocino County, 2011).

Goal DE-7 (Infrastructure)

Basic infrastructure – roadways, water and sewer services, schools, libraries, internet access, etc. – sufficient to support existing and future development, in place when needed, and fully funded both initially and on an ongoing basis.

Goal DE-16 (Water/Sewer)

Efficient and adequate public water and sewer services.

Chapter 3 Development Element: Water Supply and Sewer (Wastewater Treatment) Services Policies

Policy DE-192 Coordinate community water and sewer services with General Plan land use densities and intensities.

Policy DE-193 The County supports efficient and adequate public water and sewer services through combined service agencies, shared facilities, or other inter-agency agreements.

Action Item DE-193.1 Work aggressively with water and sewer service providers to overcome the current and projected system and supply deficiencies necessary to serve planned community growth and emergency response needs.

Action Item DE-193.2 Support funding applications to improve and expand water and sewer service capabilities in areas planned for future growth or resolve existing deficiencies.

Action Item DE-193.3 Work with communities and public water and sewer service entities to monitor, manage and/or maintain community-wide or decentralized water or sewer systems.

Policy DE-194 Encourage water and sewer service providers to incorporate water conservation, reclamation, and reuse.

- Encourage the development and use of innovative systems and technologies that promote water conservation, reclamation, and reuse.
- Encourage the development of systems that capture and use methane emissions from their operation.
- Encourage the development and use of innovative systems and technologies for the treatment of wastewater.

Policy DE-195 Oppose extension of water or sewer services to rural non-community areas when such extensions are inconsistent with the General Plan's land use and resource objectives, except where the extension is needed to address a clear public health hazard.

Policy DE-196 Development of residential, commercial, or industrial uses shall be supported by water supply and wastewater treatment systems adequate to serve the long-term needs of the intended density, intensity, and use.

Policy DE-197 Land use plans and development shall minimize impacts to the quality or quantity of drinking water supplies.

Policy DE-198 The County shall coordinate with water and sewer system providers to ensure that water and wastewater treatment facilities are protected from flooding and erosion hazards.

Chapter 3 Development Element: Infrastructure (Facilities and Services) Policies

Policy DE-117: Deliver programs and services to communities in an integrated, coordinated and equitable manner, reflective of local conditions.

Policy DE-118: The County shall discourage the extension of sewer and water service outside of areas designated by this General Plan or any city's General Plan for urban uses.

Action Item DE-118.1: Work with the Local Agency Formation Commission and service providers to coordinate service capabilities with this General Plan's land use designations.

Policy DE-119: Consider infrastructure capabilities, spheres of influence and master service elements adopted by the Local Agency Formation Commission, and city rezoning when adopting or revising General Plan elements.

Policy DE-120: General Plan changes to increase density or intensity should not be granted when basic infrastructure deficiencies are identified unless there is a program in place for timely resolution of the problem.

Policy DE-121: New discretionary development will be required to demonstrate that basic infrastructure is available and has adequate capacity to serve the project without degrading existing level of service standards.

Policy DE-122: When committing to serve new development, the County will encourage service providers to grant priority to allocation of available and future water resources to lower income housing developments that help meet the regional housing need.

Policy DE-123: Plans for completion of basic infrastructure should be made concurrent with discretionary development entitlement actions.

Policy DE-124: Plan for the expansion of commercial and industrial uses and sites for affordable housing when planning and designing community spaces and infrastructure.

Policy DE-125: The County supports the extension of affordable broadband internet access to all areas of the county, particularly rural areas which currently (2009) do not have broadband access.

Section 3: Development Element Land Use and Community Policies

GOAL LU1 Create compact, mixed-use, and well-balanced communities that can achieve this plan's principles of sustainability.

Policy LU 1.1: Promote development and building practices that support healthy communities.

Policy LU 1.2: Utilize planning tools and incentives to guide the development process towards creating a compact, mixed use community achieving a balance among social, economic, and environmental systems.

Policy LU1.3: Promote suitably located housing and services for a range of ages and incomes within the Ukiah Valley

Policy LU 1.4: Continue to allow growth in High Intensity Development Corridors.

GOAL LU2 Promote compatible land uses adjacent to important transportation facilities and protect against incompatible ones.

GOAL LU4 Manage future growth to ensure that essential support infrastructure is in place prior to development.

Policy LU 4.1: Apply growth management strategies when reviewing discretionary projects.

Policy LU 4.2: Promote balanced development to improve the community's ability to support and fund facilities and services.

Goal LU 7 Recognize that the Ukiah Valley is one community, and foster collaborative decision-making between County and City Agencies.

Policy LU 7.1: Collaborate with the City of Ukiah to fund programs and evaluate planning issues in the Valley.

LU 7.1a: Tax-Sharing Agreements: Continue to collaborate with the City of Ukiah to create and implement a tax-sharing agreement that will help fund services in both the County and the City.

LU7.1b: Sphere of Influence: Work with the City of Ukiah to revise the City’s Sphere of Influence (SOI), and continue to collaborate on planning decisions that regulate land in the SOI.

Chapter 3 Development Element: LAFCo Policies

Policy DE-37: Work with LAFCO and other agencies to reduce suburban sprawl, promote efficient service delivery, and protect agricultural, timber and open space areas from unintended conversion to urban uses.

Policy DE-118: The County shall discourage the extension of sewer and water service outside of areas designated by this General Plan or any city’s General Plan for urban uses.

Action Item DE-118.1: Work with the Local Agency Formation Commission and service providers to coordinate service capabilities with this General Plan’s land use designations.

Policy DE-119: Consider infrastructure capabilities, spheres of influence and master service elements adopted by the Local Agency Formation Commission, and city rezoning when adopting or revising General Plan elements.

Section 8: Health and Safety

GOAL HS1 Consider natural and human-made hazards when planning development and minimize potential conflicts.

Policy HS1.2: Minimize impacts from flooding through flood mitigation components and ongoing flood management practices including implementation of the “No Adverse Impacts” (NAI), as recommended by the Association of Flood Plain Managers.

Policy HS1.2.c: Russian River floodway development standards and restrictions Prohibit development within the floodway except as permitted by Federal Emergency Management Agency regulations. Maintain site development standards to ensure that new development within the floodway is kept to the absolute minimum.