

# MENDOCINO

## Local Agency Formation Commission

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### COMMISSIONERS

**Tony Orth, Chair**

Special District Member

**Scott Ignacio, Vice-Chair**

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**Gerald Ward, Treasurer**

Public Member

**Matthew Froneberger**

Special District Member

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County Member

**Maureen Mulheren**

County Member

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City Member

**Jenifer Bazzani, Alternate**

Special District Member

**Gerardo Gonzales, Alternate**

City Alternate Member

**John Haschak, Alternate**

County Alternate Member

**Richard Weinkle, Alternate**

Public Alternate Member

### STAFF

**Executive Officer**

Uma Hinman

**Analyst**

Larkyn Feiler

**Commission Clerk**

Kristen Meadows

**Counsel**

Scott Browne

### REGULAR MEETINGS

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

*Approved by the Executive Committee January 9, 2023*

## Executive Committee Meeting Minutes

March 2, 2022, 11:00 a.m.

Meeting held remotely via Zoom due to pandemic.

### 1. CALL TO ORDER & ROLL CALL

Chair Orth called the meeting to order at 11:00 a.m.

Members Present: Chair Orth, Vice Chair Ignacio, and Treasurer Ward

Staff Present: Executive Officer Hinman, Analyst Feiler, Legal Counsel Marsha Burch

### 2. PUBLIC EXPRESSION

None.

### 3. MATTERS FOR DISCUSSION & POSSIBLE ACTION

#### 3a) Approval of the September 23, 2021 Executive Committee Minutes

Upon motion by Commissioner Ignacio and second by Commissioner Ward, the September 23, 2021 Executive Committee Meeting Minutes were approved unanimously with no changes.

#### 3b) Approach to Remaining Fiscal Year 2021-22 Work Plan Tasks

EO Hinman presented the item regarding changes in approach to the remaining tasks for the FY 2021-22 Work Plan and noted that written public comment was received from Alan Nicholson with the Inland Mendocino County Land Trust and was distributed to the Committee and posted on LAFCo's website. The following local agency staff participated in the discussion: Wing-See Fox, Interim General Manager for the Ukiah Valley Sanitation District (UVSD or District), and Craig Schlatter, Community Development Director for the City of Ukiah (City).

Following is a brief summary of the discussion organized by topic for ease of review:

#### MSR/SOI History

The Sphere of Influence (SOI) for the City and District dates back to 1984 and there has not been comprehensive consideration of service area expansions for either agency in modern times based on reliable information from a Municipal Service Review (MSR). The last MSR process for the District was in 2014 and for the City was in 2012. In 2013, there was an effort to update the City's sphere that stalled out in the CEQA phase. There were years of litigation between the District and City that delayed completing studies. There is no clear record of the District's 1984 SOI boundary and the District's SOI needs to be updated for the Commission to consider annexation applications. The District has received new service requests for areas outside their boundary and the MSR/SOI Update process is delaying development needing public sewer instead of on-site septic.

### RFP Status

In 2020, a Request for Proposals (RFP) was released to solicit proposals for consultant-prepared MSR/SOI studies for the City and UVSD, due to limited LAFCo staff capacity. The cost estimates received significantly exceeded the Work Plan budget and would have required multiple fiscal years for LAFCo to fund. In order to expedite the process, the City offered to fund the City's study and the Commission approved consultant selection and directed staff to negotiate and execute agreements on December 7, 2020. The contract negotiation process between LAFCo and City Attorney's stalled out in 2021. A tentative plan for UVSD upfront funding with multi-year reimbursement for the District's consultant-prepared study also stalled out in 2021.

### Proposed Change in Approach

LAFCo, District, and City staff have been supporting each other through coordination meetings and have a good team assembled for the collaborative development of both studies. The City's General Plan Update (GPU) is proceeding on a schedule that supports the MSR/SOI Update in 2022. LAFCo law supports coordinating GPU and SOI planning processes, including CEQA, and will result in significant time, public outreach, and cost efficiencies and will ultimately result in better planning for the communities these agencies serve. The District and City have committed staff to work with LAFCo on the MSR/SOI Update process to facilitate a coordinated approach that will build interagency relationships. Therefore, LAFCo staff is requesting approval to change the approach from consultant-prepared studies to the in-house development of the MSR/SOI Updates for both the City and UVSD.

### Slow Work Plan Progress Concerns

MSR/SOI Update studies are taking longer and costing more than anticipated to complete and LAFCo is falling behind in the state-mandated schedule of completing MSR/SOI Updates every 5-years. To date, only 5-10% of the Work Plan budget has been expended on coordination meetings with no real progress made. Work Plan progress is getting bogged down and CSA 3 study costs have exceeded the budget with no clarity on who will pay the extra costs. The Rolling Work Plan was developed to allow flexibility in implementing MSR/SOI studies because the schedule and costs in the Work Plan budget are estimates and do not account for change. The studies must be completed and may require multiple fiscal years to be completed, especially when there is a high level of controversy. The behind-the-scenes coordination activities are critical to moving long-standing issues forward and will be worth the wait. The RFP approach was to address staff capacity limitations that remain and there appears to be a need to increase staff capacity to accomplish outdated tasks and get back on track.

### Change in Work Plan Approach

LAFCo staff works towards preparing MSR/SOI studies for agencies providing water, sewer, fire, and police services every 5-years, as budget allows and as needed, consistent with our local policy. LAFCo has been under pressure to catch up on state-mandated first-round sphere updates and so focused efforts on the completion of a large number of abbreviated MSR/SOI Update studies in a relatively short period of time and within a very limited budget. LAFCo staff recommends moving towards a work plan model of preparing quality studies that require more time, funding, and interagency collaboration to prepare in order to address real issues facing our communities and lay meaningful groundwork for creating efficiencies of services. Higher quality studies do not necessarily require 5-year updates.

### Agency Support for In-house Studies

LAFCo staff shares the frustration of the Commission, local agencies, and property owners that the MSR/SOI Update has not been completed for the District and City yet. LAFCo could rush the MSR/SOI Update process and not effectively address long-standing issues, but that will just perpetuate the historical conflict that brought us all here in the first place. A far superior outcome is for the agencies involved to reach agreement on how to resolve these issues than for the Commission to make the difficult decision for them. LAFCo, District, and City staff have been supporting each other in coordination meetings and have a good team assembled to dig in and develop a solution to address these long-standing issues. This interagency collaboration will take time and patience, but ultimately it will yield more lasting results to the benefit of the public whom we all serve.

### Direction

Staff received direction to prepare an item for Commission reconsideration of the prior direction to negotiate and execute agreements for consultant-prepared MSR/SOI studies for the City and UVSD based on agency funding.

### **3c) Proposed Changes to Contract Staff Rates**

EO Hinman presented the item regarding proposed changes to contract staff rates which have not been amended since 2018 and would take effect on July 1, 2022. No public comments were received. The Committee directed staff to proceed with an item for consideration of the Commission.

### **3d) Proposal for Establishing Weighted Staff Rates**

EO Hinman presented the item regarding a proposal to establish weighted staff rates to offset administrative overhead and long-term planning costs intended to apply to services subject to the Mendocino LAFCo Fee Schedule which are currently zero sum or at cost items. The Committee supported Option 1 which provided a break-out by staff position and recommended a language change from staff rate to service rate in reference to weighted rates. No public comments were received. The Committee directed staff to proceed with an item for consideration of the Commission.

### **3e) Proposed Preliminary Budget and Work Plan for Fiscal Year 2022-23**

EO Hinman presented the item regarding a preliminary Fiscal Year 2022-23 budget and work plan. It was clarified that the apportionment fees table on page 19 of the packet intentionally included missing information because data received from the County report was incomplete, and the information that was included is accurate and reliable.

There was discussion of a current Grand Jury investigation on the Mendocino Coast Health Care District (MCHCD) related to Board of Directors management. It was clarified from LAFCo Counsel that the Grand Jury does not have the authority to require LAFCo to expedite an MSR/SOI Update. The Committee discussed that a Grand Jury Report will support a future MSR on the District and should be completed first, and also noted that the District has not contributed to LAFCo apportionment fees for many years based on a statutory exemption and directed staff to confirm with the Auditor whether the District is still operating in the red and subject to the exemption. Staff confirmed that MCHCD is still a public agency even with current arrangements for private operation of the hospital.

LAFCo staff recommended establishing a work plan contingency that would: allow unutilized work plan budget to accumulate between fiscal years, support flexibility in implementing the work plan, and help fund CEQA review for proposed non-coterminous spheres. It was confirmed that the estimated end of year \$38,000 cash balance would roll into the work plan contingency.

The Committee discussed potentially adding Point Arena to the FY 2022-23 Work Plan budget, local agencies are under pressure so it is not a good time to increase the budget again, the need to increase staff capacity and concentrate on Work Plan completion, and to table a \$5,000 proposal for logo design and branding to make LAFCo more visible in the community consistent with a recommendation from the Little Hoover Commission.

The Committee directed staff to proceed with an item for consideration of the Commission.

## **4. EXECUTIVE OFFICER REPORT**

EO Hinman provided a brief report on the new office space, resubmittal of an application to annex City of Ukiah owned properties, and a pending application from Elk CSD to activate latent powers.

## **ADJOURNMENT**

There being no further business, the meeting was adjourned at 1:03 p.m.