

# MENDOCINO

## Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482  
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*Approved December 4, 2023*

### FINAL MINUTES

### Mendocino Local Agency Formation Commission

### Regular Meeting (Hybrid) of Monday, November 6, 2023

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

#### COMMISSIONERS

**Maureen Mulheren, Chair**  
County Member

**Gerald Ward, Vice-Chair/Treasurer**  
Public Member

**Gerardo Gonzalez**  
City Member

**Katharine Cole**  
Special District Member

**Candace Horsley**  
Special District Member

**Glenn McGourty**  
County Member

**Mari Rodin**  
City Member

**Francois Christen, Alternate**  
Special District Member

**Douglas Crane, Alternate**  
City Member

**John Haschak, Alternate**  
County Member

**Richard Weinkle, Alternate**  
Public Member

#### STAFF

**Executive Officer**  
Uma Hinman

**Clerk/Analyst**  
Larkyn Feiler

**Counsel**  
Marsha Burch

#### REGULAR MEETINGS

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

#### 1. CALL TO ORDER and ROLL CALL (Video Time 6:04)

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

**Regular Commissioners Present:** Maureen Mulheren, Gerald Ward, Gerardo Gonzalez, Glenn McGourty, Mari Rodin, Candace Horsley, and Katharine Cole

**Regular Commissioners Absent:** None

**Alternate Commissioners Present:** Richard Weinkle, Francois Christen, and Douglas Crane (remotely)

**Alternate Commissioners Absent:** John Haschak

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

#### 2. PUBLIC EXPRESSION (Video Time 7:17)

None

#### 3. OTHER BUSINESS (Video Time 8:08)

None

#### 4. CONSENT CALENDAR (Video Time 8:09)

##### 4a) September 11, 2023 Regular Meeting Summary

##### 4b) September 2023 Claims & Financial Report

<b>September 2023 Claims totaling:</b>	<b>\$ 24,262.97</b>
Hinman & Associates Consulting	20,816.78
Marsha Burch Law Office	1,912.50
Streamline	63.00
Mendocino County	375.00
Ukiah Valley Conference Center	1,095.69

**4c) October 2023 Claims & Financial Report**

<b>October 2023 Claims totaling:</b>	<b>\$ 20,984.30</b>
Hinman & Associates Consulting	15,554.29
Commissioner Stipends	177.95
Streamline	63.00
CALAFCO/CSDA	1,281.00
SDRMA	2,857.81
Commissioner Gonzalez	366.96
Ukiah Valley Conference Center	683.29

Commissioner Ward provided an update on the Commission’s Reserves account with Westamerica, noting he met with bank representatives and was able to increase the interest rate from .07% to 2.2% on the account. EO Hinman confirmed that the increased rate was reflected on the most recent statement. EO Hinman also confirmed that Westamerica Bank charges a monthly service fee on the account of \$4.00, which is related to receiving paper statements.

Commissioner Ward inquired about Counsel Burch’s charges related to Fort Bragg. EO Hinman responded that staff has been responding to multiple inquiries regarding out of agency services around Fort Bragg, and staff (including Counsel Burch) have been working with City staff to better understand the scope of water and sewer service provision and the City’s Municipal Improvement District. Commissioner Ward asked if this work was related to the Work Plan or an application; EO Hinman responded that it is not currently but could potentially lead to an application in the future. Commissioner Ward asked if this time should be charged to the City of Fort Bragg; EO Hinman responded that it falls under general Counsel Services at this time.

Commissioner Ward inquired about the outstanding balance of \$109 for the Millview County Water District’s Pre-Application Review, to which EO Hinman responded she would follow up with the District.

Commissioner Horsley asked staff how fee deposits for applications are estimated (i.e., City of Ukiah Annexation of City Owned Properties). EO Hinman explained that LAFco has an adopted fee schedule that identifies the minimum deposit needed to accept applications for processing, and noted that all applications are processed at cost and billed at the established service fees, which were adopted by the Commission last year. Once the initial deposit is drawn down, additional deposit to cost is required from the applicant so staff is always working from a held balance. Commissioner Horsley then inquired about the deposit amount for the City of Ukiah’s Annexation; EO Hinman responded that the deposit total was \$8,283.75 and no further expenses are anticipated.

Commissioner Horsley inquired about the status of the work plan and if any administrative drafts have been completed. EO Hinman responded that rough administrative drafts have been completed for all the districts identified in the work plan, some information requests have been sent to districts, and meetings with two of the districts are scheduled in November.

<b>Motion:</b> Approve the consent calendar.		
<b>Motion Maker:</b> McGourty	<b>Motion Second:</b> Rodin	<b>Outcome:</b> Passed unanimously
<b>Roll Call Vote:</b> Ayes: (7) Ward, Gonzalez, McGourty, Rodin, Horsley, Cole, Mulheren		

**5. PUBLIC HEARING ITEMS**

None

**6. WORKSHOP ITEMS**

None

## **7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION**

### **7a) Ukiah Valley Groundwater Sustainability Agency Fee Rate Study (Video Time 14:54)**

EO Hinman briefly introduced the item. The Ukiah Valley Groundwater Sustainability Plan (GSP) was approved by the state earlier this year and is currently in its implementation phase. The Ukiah Valley Basin Groundwater Sustainability Agency (GSA) has hired consultants to develop a plan and rate study to establish long term funding for implementation of the GSP. She noted that LAFCo has been identified as a stakeholder in the process and then introduced Shaylene Rollins of Rollins PR Consulting and Catherine Hansford of Hansford Economic Consulting to present to the Commission.

Shaylene Rollins and Catherine Hansford then presented on the item to the Commission.

Commissioner Horsley inquired as to who the proposed fees would apply. Ms. Hansford responded that the GSA Board would determine the assessment area and that potentially all properties within the GSA boundaries may be subject to the proposed assessment. Hansford also clarified that the fee would not be applied to federal and Tribal properties held in trust; however, the assessment may be applied to domestic well-owners if the GSA Board determines it is appropriate to regulate. Ms. Hansford further explained that the assessment could be added onto property tax bills or through service providers.

Commissioner McGourty commented that while recent numbers indicate that the groundwater resources in the Ukiah Valley appear promising, the GSP is an unfunded mandated required by state law. He stated that when considering how the proposed rates are applied, the general notion of ‘those who pump should pay’ (i.e., the largest users such as agriculture) should be considered. Commissioner McGourty recommended that rates be charged on an ‘irrigated acre basis’, based on the crop, that meters should not be used, and that large users should not be subsidized. He further commented that legacy issues in the region should also be considered.

Commissioner Ward asked what role LAFCo has in the rate study. EO Hinman explained that GSAs are not subject to LAFCo except when they have formed a special district; however, the information would be requested and analyzed in the service reviews of water districts located in the Ukiah Valley region.

Commissioner Ward questioned why other areas in the County were not subject to the mandate to which Commissioner McGourty responded that the state determined that the Ukiah Valley Basin is a ‘medium priority basin’, which makes it subject to the requirements of the Sustainable Groundwater Management Act (SGMA). Commissioner McGourty clarified that the GSA board is a Joint Powers Authority (JPA) made up of a number of entities/agencies. Upon Commissioner Ward’s question of why the Mendocino County Water Agency (MCWA) is not involved in the GSA Board, Commissioner McGourty stated that the MCWA is minimally funded and has little power.

Commissioner Ward asked about the cost of the rate study, the annual maintenance fee, and how the rate study was being funded. Ms. Hansford responded that the study cost \$120,000 and the annual administration is expected to be no more than \$15,000, which would cover billing and management of the collected funds. She also clarified that it was funded by the rate payers themselves, but was not sure by what funding mechanism. Commissioner McGourty clarified that each member agency contributes a fee that is supporting the development of the rate study.

EO Hinman noted that the member agencies of the Board include the City of Ukiah, the County of Mendocino, the Russian River Flood Control District, and the Upper Russian River Agency.

Commissioner Rodin inquired about how fees could be passed onto users and requested clarification of the purpose of the presentation. Ms. Hansford responded that the purpose of the presentation was informational, to which Commissioner Rodin responded by supporting the efforts of the study.

Commissioner McGourty commented on the importance of supporting studies like this one to better understand the water resources of the region.

Commissioner Ward commented that he hopes that the public has the opportunity to be involved in the process as they will ultimately be the ones affected by the rates.

Chair Mulheren assured the Commissioners that they would be notified about local workshops on the subject.

Alternative Commissioner Crane commented that he is the Vice-Chair of the GSA and noted that the four member agencies that make up the GSA Board each contributed \$50,000/ year, in addition to obtaining grant money.

No public comments were provided on the item.

**7b) AB 399** (Video Time 57:44)

EO Hinman provided an informational presentation on AB 399 Water Ratepayers Provisions Act of 2023.

Commissioner Ward asked if San Diego LAFCo opposes the legislation. EO Hinman confirmed, noting that they worked closely with CALAFCO's Legislative Committee to oppose the legislation. Upon Commissioner Ward's question as to how the legislation affects LAFCo, Counsel Burch explained that although this legislation is limited to the San Diego County Water Authority territories, it sets a precedence for circumventing LAFCo processes with special legislation, which is a legitimate concern.

Commissioner Rodin suggested that the information learned could be used to apply to Mendocino LAFCo. As an example, the importance of avoiding bankrupting agencies/districts affected by annexation processes, and what mechanisms (besides exit fees) may be employed to minimize impacts to affected agencies. Counsel Burch responded that with respect to the San Diego case, the exit fee was determined based on multiple factors; EO Hinman added that San Diego LAFCo required an extensive financial analysis prepared to support the application and conditions of approval.

Commissioner Horsley asked if the main concern of the San Diego case was the Water Authority's loss of revenue; EO Hinman confirmed and added that the intent of the legislation was to expand the voting requirements. Commissioner Horsley responded that without fully understand the situation, voters would most likely vote 'no' to annexation. She added that the situation was similar to the Ukiah Valley Sanitation District negotiations with the City of Ukiah, noting there are many ways to negotiate the situation.

Commissioner Gonzalez commented that the situation is similar to when cities/agencies want to detach from PERS, they must pay an exit fee; he agreed that most people would likely vote 'no' to annexations to avoid increased expenses.

No public comments were provided on the item.

**7c) AB 557** (Video Time 1:08:08)

Counsel Burch provided an informational presentation on AB 557, which amends GOV 54953 regarding open meeting law for local agencies.

Chair Mulheren commented that the legislation is in direct opposition to what Mendocino County needs; virtual/remote attendance has increased public participation in the region.

Commissioner Gonzalez asked if attending committee meetings virtually would still be allowed and Counsel Burch responded she thinks that is a fair interpretation.

Commissioner Ward asked Chair Mulheren why she thinks this legislation does not go far enough; she responded virtual or hybrid meetings accommodate greater attendance in the rural communities. Chair Mulheren expressed that she will continue to push representatives and board members to advocate for expanded remote teleconference opportunities, and encouraged others to contact their local representatives as well. EO Hinman noted that the issue can be relayed to the CALAFCO Legislative Committee for consideration.

No public comments were provided on the item.

**7d) SB 938** (Video Time 1:15:35)

Counsel Burch provided an informational presentation on SB 938, which amends the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) to streamline LAFCo-initiated consolidations and protest proceedings.

Commissioner Ward inquired as to why LAFCo would dissolve a district. Counsel Burch responded that they most often they should not, but that it may be applicable in situations where a district is facing significant maintenance and financial issues (e.g., cemetery districts). She added that struggling water or wastewater districts can result in a cascading effect of issues, which often ultimately becomes the County's responsibility. Commissioner Ward noted two detachments with protest hearings that Mendocino LAFCo has processed and asked if they would be affected by the legislation. Counsel Burch responded that the legislation affects LAFCo-initiated dissolutions and added that she will share a helpful infographic that explains the dissolution process.

Commissioner Horsley asked about the Sonoma Water Agency case and asked Counsel if she thought that was LAFCo-initiated. Counsel Burch responded that it may have been and that there are cases in which there are successor agencies and court appointed receivers.

Commissioner McGourty commented that there are many districts (e.g., cemetery districts) that are in need of funding within the County.

Commissioner Cole commented that perhaps some of the cemetery districts would welcome intervention from LAFCo if there are options for successors. Counsel Burch responded that many rural districts are facing the same funding issues and perhaps state-level action is necessary; she further noted that dissolution could be considered.

Commissioner Rodin encouraged the Hopland Cemetery District to consider its options.

Upon Commissioner Christen's request for clarification of changes resulting from the legislation, EO Hinman responded that prior to SB 938 the protest threshold for LAFCo-initiated dissolutions was 10% of the registered voters within the affected district. Now the protest threshold is consistent for all proceedings at 25% of registered regardless of whether it is LAFCo or applicant initiated.

EO Hinman added that justifications for Commission actions such as dissolutions require supporting determinations in municipal service reviews. With respect to the work plan and the studies being prepared for various water and wastewater districts, it will be very important to work closely with the districts and develop strong, substantiated determinations to support future actions.

No public comments were provided on the item.

**8. INFORMATION AND REPORT ITEMS**

**8a) Work Plan, Current and Future Proposals** (Video Time 1:37:00)

EO Hinman presented the staff report. She explained the approach to the work plan studies is to use development of administrative drafts to front load the work to better inform the coordination and information needs with the districts. The studies are progressing and it is anticipated that public workshops for the studies will begin in early 2024, depending on the responsiveness of the districts. Commissioner Ward asked if there are specific districts that have been difficult to contact. EO Hinman responded that some of the districts are tiny and that Caspar South Water District in particular has been difficult to get a response from, but there are multiple. Some of the agencies do not have full boards and have not been meeting regularly. Commissioner Ward suggested that Commissioners could participate in the districts' meetings.

Commissioner Rodin commented that analyzing the district's finances and operations is a beneficial thing.

Commissioner Gonzalez commented on the role LAFCo played in a case of a wayward special district in Ventura County, which was a session example at the annual conference.

Commissioner Ward asked if the Board of Supervisors could do anything about the lack of board members representing special districts; Commissioner McGourty responded that the Board actively solicits quality participants but it is difficult given multiple factors.

Commissioner Horsley then commented on the issue of who would run the cemeteries if the districts were dissolved.

**8b) Correspondence** (Video Time 1:47:18)

EO Hinman noted the letter from the Hopland Municipal Advisory Committee (HMAC) included in the agenda packet, noting that staff would be reaching out to the County to coordinate communications and response from the County's financial team.

**8c) CALAFCO Business and Legislation Report** (Video Time 1:48:08)

EO Hinman reported that three members of Mendocino LAFCo (Commissioner Gonzalez, EO Hinman, and Analyst Feiler) attended the CALAFCO conference in Monterey. Commissioner Gonzalez reported on the CALAFCO Business Meeting, which recapped the recent elections and highlighted recent legislation. EO Hinman was part of a session panel on disaster preparedness and presented on the Mendocino County drought emergency; she expressed interest in providing an informational presentation to the Commission focused on the disaster-related studies and services that could be considered for inclusion in MSRs. Commissioner Rodin suggested that session take place before the Commission reviews the work plan reports. Commissioner Gonzalez noted that Counsel Burch was also a presenter at the conference.

**8d) Executive Officer's Report** (Video Time 1:51:21)

EO Hinman informed the Commission that a Policies & Procedures Committee meeting would be taking place right after the Commission meeting. She also provided an update that staff has been researching and coordinating with the City of Fort Bragg regarding the water and sewer service connections outside City boundaries.

**8e) Committee Reports (Executive Committee, Policies & Procedures)** (Video Time 1:52:30)

None.

**8f) Commissioners Reports, Comments or Questions** (Video Time 1:52:37)

Commissioner McGourty gave an update on the Potter Valley Project and PG&E's plan to decommission Scotts Dam and Van Arsdale Dam and the local proposal to transfer the assets to a JPA, which is still being negotiated. He noted that the JPA must be formed by the end of the year and they need a plan for operations by March of 2024 so that the plan is developed by 2025 for review. He noted that LAFCo will presumably get involved in the process given the infrastructure and jurisdictional changes.

EO Hinman commented that she had invited Janet Paulie to provide an informational presentation to the Commission at the December meeting.

Commissioner Gonzalez provided a recap on the CALFACO conference and stated that a lot of work is being done by LAFCos across the state and acknowledged LAFCo's role in assisting agencies and districts.

**ADJOURNMENT** (Video Time 1:58:20)

There being no further business, the meeting adjourned at 10:53 a.m.

The next regular meeting of the Commission is scheduled on Monday, **December 4, 2023** at 9:00 a.m. The meeting will be conducted in a hybrid format to accommodate both in-person and remote participation. The in-person meeting will be held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

*Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel [November 6, 2023 YouTube meeting recording](#). Links to recordings and approved minutes are also available on the [LAFCo website](#).*