

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
Telephone: (707) 463-4470 | E-mail: eo@mendolaafco.org | Web: www.mendolaafco.org

A G E N D A

Regular Meeting of **Monday, May 4, 2020** at 9:00 AM

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

*Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel. Links to recordings and approved minutes are available on the LAFCo website <http://mendolaafco.org/recorded-meetings/>
Meeting documents are available online: <http://mendolaafco.org/meeting-documents/>*

Important Notice for the April 6, 2020 Commission Meeting

Pursuant to State Executive Order N-29-20 pertaining to the convening of public meetings in response to the COVID-19 pandemic, effective March 20, 2020, the Mendocino Local Agency Formation Commission (LAFCo) meetings will be conducted remotely and will not be available for in person public participation until further notice.

The regularly scheduled meeting of the Commission will be live streamed and available for viewing on the Mendocino County YouTube page at the following link:

www.youtube.com/MendocinoCountyVideo.

In order to minimize the risk of COVID-19 exposure, the public may provide written and verbal comments in lieu of personal attendance as outlined below.

Submit **written comments** electronically to eo@mendolaafco.org by 8:00 a.m. on May 4th. In the subject line, specify the agenda item number for your comments, and "To be read aloud" if desired. If to be read aloud, please keep your comments to 500 words or less. All written comments will be provided as soon as feasible to the Commission and posted on the website at the following link www.mendolaafco.org/meeting-documents.

Provide **verbal comments** via teleconference with the information below. Please call in at 8:45 a.m. on May 4th to allow staff time to identify callers and provide instructions. Then participants can either be placed in a virtual waiting room or call back in when the desired agenda item is announced by the Chair via the live streaming of the meeting. Each participant will have three minutes to provide comments related to the agenda item.

Dial: 1 (669) 900-9128 (Please note this is not toll free)

Meeting ID: 911-9343-8904 (Press pound when prompted for the participant ID)

We thank you for your understanding and appreciate your continued interest.

1. CALL TO ORDER and ROLL CALL

2. PUBLIC EXPRESSION

The Commission welcomes participation in the LAFCo meeting. Any person may address the Commission on any subject within the jurisdiction of LAFCo which is not on the agenda. There is a three-minute limit and no action will be taken at this meeting. See public participation information above.

3. OTHER BUSINESS

None

COMMISSIONERS

Carre Brown, Chair

County Board of Supervisors

Tony Orth, Vice Chair

Brooktrails Township CSD

Gerald Ward, Treasurer

Public Member

Gerardo Gonzalez

Willits City Council

John Huff

Mendocino Coast Recreation and Park District

Scott Ignacio

Point Arena City Council

John McCowen

County Board of Supervisors

Jenifer Bazzani, Alternate

Ukiah Valley Fire District

Will Lee, Alternate

Fort Bragg City Council

Richard Weinkle, Alternate

Public Member

John Haschak, Alternate

County Board of Supervisors

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

4. CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial, and will be acted on by the Commission in a single action without discussion, unless a request is made by a Commissioner or a member of the public for discussion or separate action.

4a) Approval of the April 6, 2020 Regular Meeting Summary

4b) Approval of the April 2020 Claims & Financial Report

5. PUBLIC HEARING ITEMS

Public Hearings are scheduled for Commission consideration and possible adoption of items. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at: <http://mendola.co.org/meeting-documents/>

5a) Proposed Budget and Work Plan for Fiscal Year 2020-2021

The Commission will hold a public hearing to consider the Proposed Fiscal Year (FY) 2020-2021 Budget and Work Plan. RECOMMENDED ACTIONS: Adopt Resolution No. 19-20-03, approving the Proposed Budget and Work Plan for FY 2020-2021; and 2) Direct staff to notice a public hearing for the Final Budget and Work Plan for FY 2020-2021 for June 1, 2020.

6. WORKSHOP ITEMS

Workshops are scheduled for Commission review of draft reports prior to noticing for public hearing. The Commission is invited to discuss and provide feedback to staff in anticipation of considering formal action as part of a public hearing at a future meeting. No action will be taken by the Commission as part of the following item. Questions and comments from the Commission, participating agencies, and members of the public are welcome. Documents are available for review at: <http://mendola.co.org/meeting-documents/>

6a) Mendocino City Community Services District MSR/SOI Update

The Commission will hold a Workshop on the Draft Mendocino City Community Services District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update. The Commission will review and discuss the Draft and welcomes public comment on the document. The MSR/SOI will not be considered for approval at this meeting and will be brought back at a later date for approval.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

None

8. INFORMATION AND REPORT ITEMS

The following informational items are reports on current LAFCo activities, communications, studies, legislation, and special projects. General direction to staff for future action may be provided by the Commission.

8a) Work Plan, Current and Future Proposals (Written)

8b) Correspondence (Copies provided upon request)

8c) Executive Officer's Report (Verbal)

8d) Committee Reports (Executive Committee/Policies & Procedures) (Verbal)

8e) Commissioner Reports, Comments or Questions (Verbal)

8f) CALAFCO Business and Legislative Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **June 1, 2020** at 9:00 AM in the County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Notice: This agenda has been posted at least five (5) calendar days prior to the meeting and in accordance with the temporary Brown Act Guidelines instated by State Executive Order N-29-20.

Participation on LAFCo Matters: All persons are invited to testify and submit written comments to the Commission on public hearing items. Any challenge to a LAFCo action in Court may be limited to issues raised at a public hearing or submitted as written comments prior to the close of the public hearing.

Americans with Disabilities Act (ADA) Compliance: Because the meeting is being held by teleconference, if you are hearing impaired or otherwise would have difficulty participating, please contact the LAFCo office as soon as possible so that special arrangements can be made for participation, if reasonably feasible.

Fair Political Practice Commission (FPPC) Notice: State Law requires that a participant in LAFCo proceedings who has a financial interest in a Commission decision and who has made a campaign contribution to any Commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission before the hearing.

MENDOCINO

Local Agency Formation Commission

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Agenda Item No. 4a

COMMISSIONERS

Carre Brown, Chair
County Board of Supervisors

Tony Orth, Vice Chair
Brooktrails Township CSD

Gerald Ward, Treasurer
Public Member

Gerardo Gonzalez
Willits City Council

John Huff
Mendocino Coast Recreation
and Park District

Scott Ignacio
Point Arena City Council

John McCowen
County Board of Supervisors

Jenifer Bazzani, Alternate
Ukiah Valley Fire District

Will Lee, Alternate
Fort Bragg City Council

Richard Weinkle, Alternate
Public Member

John Haschak, Alternate
County Board of Supervisors

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

DRAFT MINUTES

Local Agency Formation Commission of Mendocino County

Regular Meeting of Monday, April 6, 2020

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

1. CALL TO ORDER and ROLL CALL (Video Time 3:30)

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

Regular Commissioners Present: Carre Brown, Tony Orth, Gerald Ward, Gerardo Gonzalez, John Huff, Scott Ignacio, and John McCowen

Regular Commissioners Absent: None

Alternate Commissioners Present: Jenifer Bazzani, Richard Winkle

Alternate Commissioners Absent: Will Lee, John Haschak

Staff Present: Uma Hinman, Executive Officer; Larkyn Feiler, Analyst; Kristen Meadows, Clerk; Scott Browne, Legal Counsel

2. PUBLIC EXPRESSION (Video Time 3:14)

No one from the public indicated interest in public expression.

3. OTHER BUSINESS None

4. CONSENT CALENDAR (Video Time 4:25)

4a) Approval of the March 2, 2020 Regular Meeting Summary

4b) Approval of the March 2, 2020 Claims & Financial Report

Commissioner Ignacio asked staff to verify the order of items for the final meeting summary.

March 2020 Claims totaling	\$ 15,134.95
Hinman & Associates Consulting	\$ 12,285.50
P. Scott Browne	\$ 1453.30
Ukiah Valley Conference Center	\$ 464.00
County of Mendocino	\$ 576.30
Commissioner Reimbursements	\$ 355.85

Following a motion by Commissioner McCowen and a second by Commissioner Ignacio, the March 2, 2020 Regular Meeting Summary and the Claims & Financial Report were approved by roll call vote.

Ayes: (7) Orth, McCowen, Ward, Gonzalez, Huff, Ignacio, Brown

5. PUBLIC HEARING ITEMS

None

6. WORKSHOP ITEMS (Video Time 8:40)

6a) Preliminary Budget and Work Plan for Fiscal Year 2020-21

EO Hinman presented the Draft Preliminary FY 2020-21 Budget and Work Plan. EO Hinman provided background, noting this was the second Workshop on the Preliminary Budget, and summarized direction given to staff at the previous workshop.

- Coordinate with Scott Browne to refine the preliminary budget item for legal counsel services.

Present the preliminary budget with apportionment options for \$160,000 and \$170,000.

EO Hinman noted that the Preliminary Budget includes the following proposed increases:

- Notices received from SDRMA and CALAFCO indicate substantial increases in insurance (increase of 174%) and membership (increase of 148%) fees.
- A review of the current fiscal year usage of Legal Counsel shows approximately four hours per month over the past six months. The current contract is for an average of two hours per month. Due to complex issues that are anticipated to continue into the foreseeable future, an increase for legal counsel (Account 6300) is proposed to provide for an average of four hours per month. Scott Browne also advised that the hourly rate will be increasing in the next fiscal year, the last increase was in 2017.

EO Hinman noted that no change to the prior preliminary Work Plan was proposed, and is as follows: finishing Ukiah Valley Sanitation District and CSA 3, and including the City of Ukiah, the Ukiah Valley Fire Protection District, and the Covelo Community Services District.

EO Hinman noted that staff will notice and distribute the Proposed Budget and Work Plan for fiscal year 2020-21 to the County, cities and special districts in preparation for a public hearing on May 4, 2020 for the Proposed Budget and Work Plan. A Final Budget and Work plan public hearing will be scheduled for June 1, 2020.

Following the presentation, Chair Brown called on each Commissioner individually for comments and questions.

Commissioner Orth suggested re-evaluating the following budget line items due to the COVID-19 emergency:

- A possible increase to Televising Meetings
- Possible decreases to In-County Travel & Stipends, Travel & Lodging Expenses, and Conferences for a potential savings of approximately \$12,500.

Commissioner Ward agreed with Commissioner Orth and recommended apportionment fees of \$160,000.

Commissioners Gonzalez, Huff and Ignacio agreed.

Commissioner McCowen questioned the increase in legal fees and shared his opinion that the increase in legal fees should be off-set by application fees from the applicants or agencies whenever appropriate. He noted that all public jurisdictions will experience a significant hit to revenue as well as increases to expenses due to COVID-19. He suggested directing staff to explore a more modest increase to apportionment fees of \$150,000.

Alternate Commissioners Bazzani and Weinkle agreed with the comments noted above.

Counsel Browne reminded the Commissioners that although there is a mid-year budget review, there is no ability to increase apportionment fees, only to move money from reserves and/or accounts within the existing budget.

EO Hinman asked for clarification regarding In-County Travel and Stipends. Commissioner Ward confirmed the suggestion is a reduction. He also confirmed that he will submit his budget worksheet to staff to disseminate to all Commissioners.

Commissioner Ward asked if the remaining \$20,000 from the current year's Work Plan budget line would be spent by the end of this fiscal year. EO Hinman responded depending on timeliness of responses from agencies, it is anticipated that staff will come close to utilizing that amount. Commissioner Ward added that some items on the work plan could be pushed into the next fiscal year if necessary.

Commissioner McCowen asked Commissioner Ward if he believes that \$150,000 in apportionment fees would be enough. Commissioner Ward concurred.

Public Comment

One public comment was received via email, after the item concluded, from Elizabeth Salomone, General Manager, Russian River Flood Control District (see Attachment 1).

Direction to Staff

Notice and distribute the Proposed Budget and Work Plan for fiscal year 2020-21 to the County, cities and special districts in preparation for a public hearing on May 4, 2020.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION (Video Time 35:20)

7a) Sustainable Agricultural Lands Conservation Grant Project Agreement for Services

EO Hinman presented the item. The Commission discussed approval of signing an Agreement for Services with the Mendocino County Resource Conservation District for the Sustainable Agricultural Lands Conservation project with a maximum grant reimbursement of \$10,200 and authorizing staff to perform the assigned tasks. The project is being administered by the District under contract with the County of Mendocino Department of Agriculture and funded by the Department of Conservation in conjunction with the Natural Resources Agency. Mendocino LAFCo is identified as the lead for Task 4 described as to increase communication with diverse stakeholders regarding the coalescence of agricultural land conservation and sustainable housing development. LAFCo's total budget for the project is \$14,200, of which \$10,200 is reimbursable through the grant and \$4,000 is match funding. The match funding will be in kind services performed and documented by LAFCo staff through typical operations and application processing.

Commissioner Orth expressed his support of the project stating that this is a very valued service.

Commissioner Ward asked the following questions:

- How would the \$4,000 be returned to LAFCo? EO Hinman clarified that the match requirement would be accounted for in typical LAFCo activities including application processing and sphere of influence studies. Staff time would be recorded and submitted as in-kind services, therefore having no impact to the budget.
- Would the work be done by LAFCo staff or Hinman & Associates Staff? EO Hinman answered that the grant services qualify as a special project.
- Would the Executive Officer need approval to work on the project? Legal Counsel clarified that the agreement is referring to LAFCo staff, therefore the agreement for services is not technically an assignment.
- What is Legal Counsel's opinion on the indemnification? Counsel Brown answered that initially it was a one-sided indemnification, so he added a paragraph to the agreement to make it even handed.
- Does LAFCo have public liability insurance of \$1,000,000? EO Hinman noted the question and will confirm.
- Do we have to purchase the Smart Sheet software program? EO Hinman responded that it is provided through the MCRCD.

PUBLIC COMMENT:

One public comment was received via email, after the item concluded, from Phil Williams, City of Ukiah Special Counsel (see Attachment 2).

Following the questions and expressed support from the Commissioners, Commissioner Gonzalez motioned to approve with a second from Commissioner Huff. Signing of the Grant Agreement was approved by roll call vote.

Ayes: (7) Orth, McCowen, Ward, Gonzalez, Huff, Ignacio, Brown

8. INFORMATION/ REPORT ITEMS (Video Time: 47:10)

8a) Work Plan, Current, and Future Proposals

EO Hinman presented the staff report, noting the following in particular:

Applications

- The Weger/Mendocino Coast Health Care District application was approved by the Commission at its regular meeting on March 2, 2020. The CEQA Notice of Exemption was filed on March 2, 2020.
- The Moores application to annex a parcel of approximately 16.8 acres directly north of the Irish Beach Water District (IBWD) into the District has been reviewed and staff has sent correspondence to Mr. Moores and IBWD regarding requirements and next steps for processing the application.
- The application by the City of Ukiah to detach UVSD served areas from the City was deemed incomplete in December 2014. The City has requested the application remain on hold; there remains a balance of \$1,532 held in LAFCo's account.

Work Plan

- County Service Area (CSA) No. 3 – The Administrative Draft MSR/SOI is in process and has been delayed due to COVID-19 emergency.
- Mendocino City Community Services District - The Workshop Draft MSR/SOI is ready for a May 4th Workshop.
- Ukiah Valley Sanitation District (UVSD) – The District has requested until the end of April to submit their response to the Request for Information. The Administrative Draft is in process.
- Covelo Community Services District - Due to delays with other MSR/SOI updates, the data collection process has been initiated and the Request for Information has been sent to the District.

Commissioner Orth asked what the deadline is to file a challenge to the Weger application decision. EO Hinman answered there is a 30-day reconsideration period following the decision, which has passed. Additionally, the CEQA Notice of Exemption was recorded with the County Clerk-Recorder's Office on March 2, 2020, and the associated 35-day statute of limitations has passed.

Commissioner Ward asked that EO Hinman reach out to agencies listed on this year's Work Plan to confirm their participation in order to do a final accounting of expenses for the end of the year. EO Hinman confirmed corresponding with the City of Ukiah and their confirmation of readiness to proceed with the MSR/SOI update.

Chair Brown shared her understanding that many agencies' staff are working from home during the pandemic; nevertheless, she agreed it would be good to have an update.

Legal Counsel Browne encouraged a virtual process/platform that would allow for real time public participation, noting the importance of public participation in public workshops and hearings.

Commissioner McCowen requested staff to explore additional resources that would allow live public comment at future public hearings.

EO Hinman responded that staff has been working closely with County Information Services who is working to get a webinar component for Zoom, which would allow for public participation at the next meeting/public hearing.

8b) Correspondence None

8c) Executive Officer's Report (Video Time 55:50)

EO Hinman reported the following:

- The LAFCo office is closed due to COVID-19, however staff is working remotely from home, the clerk visits the office twice a week to check for correspondence. A notice has been posted on the website and sent to agencies and interested parties.
- A public records request has been received and staff is working to complete it.

Commissioner McCowen asked the nature of the request. EO Hinman clarified the request is in regard to the City of Ukiah's application for detachment of Ukiah Valley Sanitation District lands.

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

8e) Commissioners Reports, Comments or Questions None

8f) CALAFCO Business and Legislation Report (Video Time 58:10)

- EO Hinman expressed gratitude to CALAFCO for the support provided over the last month during the closure of LAFCo offices due to COVID-19. They have provided weekly teleconferences and webinars specifically related to temporary revisions to Brown Act requirements, remote meeting platforms, responding to public records act requests, and office operations in general.
- The FPPC has extended the filing date for Form 700 until June 1, 2020.
- The CALAFCO Staff Workshop scheduled for April 2020 was canceled due to the COVID-19 emergency order.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:00 a.m. The next regular meeting is scheduled for Monday, May 4, 2020 at 9:00 a.m. The location is to be determined based on guidelines recommended by the Mendocino County Public Health Officer and Executive Orders regarding the COVID-19 pandemic.

Live web streaming and recordings of Commission meetings are now available via the County of Mendocino's YouTube Channel. Links to recordings and approved minutes are also available on the LAFCo website.

<https://www.youtube.com/watch?v=8scxYelAmGY&list=PLraKTU7AyZLQXUgRLLzYuAU9eq1qMFheb&index=4&t=0s>

Attachment 1: Public Comment Email, Elizabeth Salomone, General Manager, Russian River Flood Control District

Attachment 2: Public Comment Email, Phillip Williams, Special Counsel, City of Ukiah

MENDOCINO Local Agency Formation Commission Staff Report

DATE: May 4, 2020
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Financial Report and Claims for April 2020**

RECOMMENDED ACTION

Approve the April 2020 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 8,061.00	\$ 9,876.00
	5600 Office Expenses	\$ 70.00	
	6200 Bookkeeping	\$ 370.00	
	7000 Work Plan	\$ 1,105.00	
	8020 Weger Application	\$ 270.00	
P. Scott Browne	6300 Legal Counsel-Monthly (Apr)	\$ 600.00	\$ 600.00
Ukiah Valley Conf. Center	5502 Office space	\$ 434.00	\$ 434.00
County of Mendocino	6000 Televising Meetings	\$ 271.66	\$ 271.66
Commissioner Stipends	6740 Bazzani	\$ 50.00	\$ 200.00
	6740 Huff	\$ 50.00	
	6740 Orth	\$ 50.00	
	6740 Weinkle	\$ 50.00	
Total:			\$ 11,381.66

Deposits: None

Attachments:

- Budget Track Spreadsheet
- Invoices: Hinman & Associates Consulting, P. Scott Browne

Please note that copies of all invoices, bank statements, and petty cash register were forwarded to the Commission Treasurer.

Mendocino Local Agency Formation Commission
 FY 2019-20 Budget and Application Tracking

Acct #	Task	FY 19-20 Budget	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES											
5300	Basic Services - EO/Analyst/Clerk	\$72,060	\$13,977.00	\$18,484.00	\$23,473.00	\$8,061.00			\$64,935.00	\$7,125.00	90%
	Unfunded Mandates (RDA Oversight)	\$0		\$525.00	\$415.00						
5500	Rent	\$5,460	\$1,365.00	\$1,374.00	\$1,392.00	\$434.00			\$4,565.00	\$895.00	84%
5600	Office Expenses	\$2,700	\$450.20	\$414.01	\$492.19	\$70.00			\$1,426.40	\$1,273.60	53%
5700	Internet & Website Costs	\$1,300	\$1,152.52	\$0.00	\$0.00				\$1,152.52	\$147.48	89%
5900	Publication & Legal Notices	\$2,000	\$54.87	\$1,078.08	\$0.00				\$1,132.95	\$867.05	57%
6000	Televising Meetings	\$3,000	\$0.00	\$457.71	\$377.31	\$271.66			\$1,106.68	\$1,893.32	37%
6100	Audit Services	\$3,500	\$1,625.00	\$0.00	\$1,625.00				\$3,250.00	\$250.00	93%
6200	Bookkeeping	\$4,500	\$1,090.00	\$1,120.00	\$1,450.00	\$370.00			\$4,030.00	\$470.00	90%
6300	Legal Counsel (S Browne)	\$7,200	\$1,800.00	\$1,800.00	\$1,800.00	\$600.00			\$6,000.00	\$1,200.00	83%
6400	A-87 Costs County Services	\$428	\$0.00	\$0.00	\$1,633.00				\$1,633.00	\$-1,205.00	382%
6500	Insurance - General Liability	\$1,100	\$0.00	\$0.00	\$0.00				\$0.00	\$1,100.00	0%
6600	Memberships (CALAFCO/CSDA)	\$2,750	\$1,075.00	\$1,446.00	\$0.00				\$2,521.00	\$229.00	92%
6670	GIS Contract with County	\$2,500	\$0.00	\$77.13	\$380.10				\$457.23	\$2,042.77	18%
6740	In-County Travel & Stipends	\$4,000	\$673.06	\$609.37	\$655.35	\$200.00			\$2,137.78	\$1,862.22	53%
6750	Travel & Lodging Expenses	\$3,500	\$0.00	\$1,052.03	\$0.00				\$1,052.03	\$2,447.97	30%
6800	Conferences (Registrations)	\$3,000	\$2,080.00	\$0.00	\$73.30				\$2,153.30	\$846.70	72%
7000	Work Plan (MSRs and SOIs)	\$41,250	\$1,309.00	\$2,108.00	\$11,995.00	\$1,105.00			\$16,517.00	\$24,733.00	40%
Monthly/ Year to Date Totals		\$160,248.00	\$26,651.65	\$30,545.33	\$45,761.25	\$11,111.66	\$0.00	\$0.00	\$114,069.89	\$46,178.11	71%
APPLICATIONS											
		BALANCE (total by application)	1st Qtr Subtotals	2nd Qtr Subtotal	3rd Qtr Subtotal	April	May	June	Year to Date	Remaining Budget	Notes
A-2009-8001	Irish Beach WD Moores Annexation	\$2,889.44	\$0.00	\$0.00	\$1,487.00	\$0.00	\$0.00	\$0.00	\$1,487.00	\$1,402.44	
P-2014-8010	City of Ukiah Detachment of UVSD lands	\$1,532.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,532.75	
D-2019-1 (8020)	Weger Detachment from MCHD	\$10,470.15	\$5,647.00	\$2,173.15	\$0.00	\$270.00	\$0.00	\$0.00	\$10,768.65	\$-815.50	includes activity from FY 2018-19
P-2019-2 (8021)	RRFC Annexation Pre-Application	\$1,200.00	\$244.00	\$275.00	\$681.00				\$1,200.00	\$0.00	\$681 refunded 01/20
Applications to Date Totals		\$14,892.34	\$5,891.00	\$2,448.15	\$4,846.50	\$270.00	\$0.00	\$0.00	\$13,455.65		
EXPENSES AND APPLICATION TOTALS			\$32,542.65	\$32,993.48	\$50,607.75	\$11,381.66	\$0.00	\$0.00	\$127,525.54		

DEPOSITS

None

ACCOUNT BALANCES

County of Mendocino Account Balance	\$ 2,204	County statement as of	2/18/2020
Operations (Checking) Account Balance	\$ 32,360	Quickbooks as of	4/28/2020
Legal Reserve Balance	\$ 35,000	Bank statement as of	3/31/2020
Operations Reserve Balance	\$ 55,426	Bank statement as of	3/31/2020
Total	\$ 124,990		

Mendocino LAFCo
FY 2019-20 Estimated Work Plan Implementation Schedule and Cost Tracking
 April 2020

Disclaimer: The estimated schedule and costs for the Fiscal Year 2019-20 Work Plan are subject to change based on agency responsiveness and timely provision of requested information, complexity of issues, and public controversy. Each study is assumed to be exempt from CEQA; therefore, a separate cost estimate would be necessary for studies subject to a Negative Declaration or EIR. It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of the studies listed below may roll over to the next fiscal year. This estimated work plan implementation schedule and cost tracking table will be prepared on a monthly basis to enhance communication and transparency.

Agency	Request for Information	Outreach	Admin Draft	Public Workshop	Public Hearing	Final Study	Cost Estimate	Cost to Date ⁽¹⁾
<i>Brooktrails CSD</i>	<i>Complete</i>				<i>8/5/2019</i>	<i>8/31/2019</i>		<i>\$544</i>
Ukiah Valley Sanitation District	In progress	Initiated	In progress	TBD	TBD	TBD	\$20,000	\$1,802
County Service Area 3	In progress	Initiated	In progress	TBD	TBD	TBD	\$10,000	\$3,876
Mendocino City CSD	In progress	In progress	In progress	5/4/2020	TBD	TBD	\$11,250	\$9,989
Covelo CSD	In progress	In progress		TBD	TBD	TBD	\$8,000	\$102
Estimated Total							\$49,250	\$16,313

(1) The Cost to Date category accounts for all staff activities related to each study and is not limited to a specific fiscal year.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924
 (916) 813-0818
 uhinman@comcast.net

Date April 26, 2020
To Mendocino LAFCo
Project Executive Officer Services
Work Period March 30 - April 26, 2020

Invoice No. 474
Invoice Total \$ 9,876.00

Account Description	Staff/Hours			Other (At Cost)	Totals
	Executive Officer \$100	Analyst \$68	Clerk \$40		
5300 Basic Services	55.25	17.00	34.50		\$ 8,061.00
5601 Office Supplies Quickbooks Online Fee Office Supplies				\$ 70.00	\$ 70.00
6200 Bookkeeping	3.00		1.75		\$ 370.00
7000 Work Plan (MSR/SOI/Special Studies)					
MCCSD		7.25			\$ 493.00
UVSD		5.00			\$ 340.00
CSA 3		4.00			\$ 272.00
Covelo CSD					\$ -
8020 Weger MCHD Detachment Application	1.00	2.50			\$ 270.00
8001 Moores Annexation to IBWD					\$ -
Totals	\$ 5,925.00	\$ 2,431.00	\$ 1,450.00	\$ 70.00	\$ 9,876.00

5300 Basic Services

Administrative tasks and Clerk duties. Website updates and postings. File research and maintenance. Communications with Commissioners, public inquiries, etc. April 6th and May 4th agenda packets for regular Commission meetings. Coordinated with County Information Services regarding remote meeting programs and public participation options. Coordinated with Treasurer regarding proposed budget for FY 2020-21. Researched Public Records Act Request from City of Ukiah regarding the application for detachment of UVSD served areas.

6200 Bookkeeping

Prepared April claims. Entered claims into Quickbooks and prepared checks. Coordinated with Treasurer regarding claims. Reconciled Quickbooks. Budget development reports, review of budget worksheets, and confirmation of financials.

7000 Work Plan (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Prepared Workshop Draft MCCSD MSR/SOI Update. Worked on development of Administrative Draft CSA 3 MSR/SOI. Coordinated with UVSD board members and attorney regarding information request; collected information.

8020 Weger MCHD Detachment Application

Prepared accounting of project costs and additional deposit needs and sent to applicant; coordinated with County Surveyor and GIS, and BOE regarding mapping requirements. Prepared and sent letter to applicant outlining remaining requirements to complete application.

Law Office of P. Scott Browne
 131 South Auburn Street
 Grass Valley, CA 95945
 5302724250
Tax ID: 68-0348904

04-15-2020

Mendocino LAFCo
 200 South School St. Ste F
 Ukiah, CA 95482

Invoice Number: 453
 Invoice Period: 03-16-2020 - 04-15-2020

Payment due by the 15th of next month.

RE: Mendocino LAFCo
 Mendocino LAFCo

Mendocino LAFCo

Time Details

Date	Staff Member	Description	Hours
03-16-2020	PSB	Monthly flat rate per legal representation agreement	
03-24-2020	PSB	Revise RCD grant contract; Email to Uma	1.25
03-25-2020	PSB	Review agenda and respond with comments	1.00
03-26-2020	PSB	Review multiple emails re: meeting agenda language and respond; Review and respond to email re: contract language	1.00
03-30-2020	PSB	Respond to Uma re: legal budget needs	0.50
04-06-2020	PSB	Meeting of Commission by Zoom teleconference; Telephone call from Uma	1.40

Total Fees 600.00

Total for this Invoice	600.00
Previous Invoice Balance	1,200.00
Payment - ck# 1572 on 04-15-2020	(1,453.30)
Payment Applied to CALAFCo on 04-15-2020	73.30
Payment Applied to Moore on 04-15-2020	180.00
Total Amount to Pay	600.00

We appreciate your business.

Page 1 of 2

Project Statement of Account

As of 04-15-2020

Project	Balance Due
Mendocino LAFCo	600.00
Total Amount to Pay	600.00

Mendocino LAFCo

Transactions

Date	Transaction	Applied	Invoice	Amount
03-15-2020	Previous Balance			1,200.00
04-15-2020	Payment Received - Reference ck# 1572			(1,453.30)
04-15-2020	Payment Applied	600.00	417	
04-15-2020	Payment Applied	600.00	443	
04-15-2020	Payment Applied to CALAFCo	73.30	443	73.30
04-15-2020	Payment Applied to Moore	180.00	444	180.00
04-15-2020	Invoice 453			600.00
			Balance	600.00

Open Invoices and Credits

Date	Transaction	Amount	Applied	Balance
04-15-2020	Invoice 453	600.00		600.00
			Balance	600.00

We appreciate your business.

Page 2 of 2

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: May 4, 2020
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Public Hearing** for the Proposed Budget and Work Plan for FY 2020-21

RECOMMENDATION

- 1) Adopt Resolution 19-20-03, approving the Proposed Budget and Work Plan for Fiscal Year 2020-2021, and
- 2) Direct the Executive Officer to notice a public hearing for the Final Budget and Work Plan for FY 2020-2021 for June 1, 2020; or
- 3) Provide direction to staff.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCo) shall be annually funded by the affected counties, cities, and independent special districts on a one-third apportionment basis. Apportionments for cities and independent special districts are further divided and proportional to each agency's total revenues as a percentage of the overall revenue amount collected in the county. LAFCos are also authorized to establish and collect fees to offset agency contributions.

The Commission held workshops on the Preliminary Budget and Work Plan for Fiscal Year (FY) 2020-21 during its March 2 and April 6, 2020 regular meetings. Following the April 6th meeting, the Commission provided direction to staff to work with Treasurer Ward to confirm the estimated financial summary for the remainder of FY 2019-20 and preliminary apportionment need for the next FY.

Staff distributed a modified Preliminary FY 2020-21 Budget and Work Plan to member agencies for review (Attachment 2) and noticed the item for a public hearing on May 4, 2020.

Proposed Operating Expenses

The Preliminary Budget and Work Plan that was distributed to special districts, cities, and the County included operating expenses totaling \$167,150 funded with \$160,000 in apportionment fees and the remainder from operations reserves. No member agency comments have been received as of the writing of the staff report.

In recognition of the fiscal challenges faced by special districts, cities and the County due to the ongoing COVID-19 emergency, there are multiple reductions to the April 6th Preliminary Budget that have been discussed by staff and Treasurer Ward and are presented in the Preliminary Budget and Work Plan. The result is an overall reduction in expenditures of \$5,500 and assumes no Commissioner or Executive Officer attendance for the CALAFCO Conference in October 2020. Additionally, it assumes only six months of Commission meeting mileage reimbursements in the next FY.

Since the distribution of the Preliminary Budget and Work Plan, there is more information available on the impacts of the COVID-19 emergency on local government agencies and Work Plan implementation. Additionally, the necessity of responding to the current emergency and directives to eliminate in-person public meetings has resulted in unanticipated staff time in the current FY to research and establish remote meeting venues and protocols, as well as increasing public outreach through available electronic methods in advance of public meetings.

Staff has been able to further refine projected expenses for the remainder of FY 2019-20 and the Work Plan for FY 2020-21, resulting in an anticipated roll-over of approximately \$13,500 from the Work Plan. Staff recommends a Proposed FY 2020-21 Budget and Work Plan of \$161,650, which reflects the anticipated staffing services for office operations, Commission meetings, and for conducting Municipal Services Reviews and Sphere of Influence (MSR/SOIs) updates scheduled for FY 2020-21 as presented below (Table 1) and Attachment 3. The proposed FY 2020-21 expenses presented below are a reduction of \$5,500 from the April 6th Preliminary Budget related to the Work Plan of \$42,500 and is similar to the FY 2019-20 Work Plan Budget of \$41,250.

Table 1. Summary of FY 2019-20 Budget and Preliminary and Proposed FY 2020-21 budgets

Estimated Budget Summary	FY 2019-20		FY 2020-21	
	Adopted (\$)	Projected (\$)	Preliminary Budget ¹ (\$)	Proposed Budget (\$)
Apportionment	135,000	135,000	160,000	160,000
Interest	350	450	450	450
Special Project (SALC Grant)			5,100	5,100
Estimated Revenues Total	135,350	135,450	165,550	165,550
Staffing Total	72,060	75,060	72,060	72,060
Services and Supplies Total	46,938	39,472	47,090	47,090
Work Plan Total	41,250	27,750 ²	48,000	42,500 ²
Estimated Operations Total	160,248	142,282	167,150	161,650
Special Project (SALC Grant)			5,100	5,100
Total Expenditures	160,248	142,282	172,250	166,750
Estimated Use of Reserves	-24,898	-6,832	-6,700	-1,200

¹ Distributed to special districts, cities and County April 2020.
² Due to agency delays in response to LAFCo requests for information resulting from the COVID-19 pandemic, staff anticipates rolling \$13,500 of the Work Plan budget into FY 2020-21.

In addition to operating expenses, the Sustainable Agricultural Lands Conservation (SALC) grant funded project is a two-year project that will incur staff time beginning in FY 2020-21 and will be reimbursed through the grant. For purposes of the budget development, half of the overall grant reimbursement for the project (\$10,200) is accounted for in each of the next two fiscal years (Attachment 2).

Changes from last year's budget are summarized in Table 2, not including anticipated applications and the SALC grant project, which are zero sum items. LAFCo has also received notices from the Special District Risk Management Agency (SDRMA) and CALAFCO of substantial increases in insurance and membership fees. Additionally, due to increasingly complex issues that are anticipated to continue into the foreseeable future, an increase in budget for legal counsel (Account 6300) is proposed. The proposed increase will allow for an average of four hours of consultation per month, which is consistent with FY 2019-20 actual monthly services from Counsel to date.

Commission discussion and additional coordination with Treasurer Ward resulted in changes to the following accounts as a result of the COVID-19 emergency and are noted in bold: 6740 In-County Travel and Stipends, 6750 Travel and Lodging Expenses, and 6800 Conferences (Table 2).

Table 2. Explanation of budget changes from FY 2019-20 to 2020-21

Account No.	Account Description	Adopted FY 2019-20 (\$)	Proposed FY 2020-21 (\$)	Net Change (\$)	Notes
5500	Rent	5,460	5,568	108	Increase in rent per contract (4%/yr)
5600	Office Expenses	2,700	3,450	750	New office computer
6000	Televising Meetings	3,000	2,000	(1,000)	Based on last few years' fees
6300	Legal Counsel	7,200	10,200	3,000	Increase to allow for an average of 4 hours/month legal consultation in anticipation of complex issues
6400	A-87 Costs	428	2,131	1,703	Estimate received from County
6500	Insurance-General Liability	1,100	3,000	1,900	SDRMA estimated increase (174%)
6600	Memberships (CALAFCO/CSDA)	2,750	3,691	941	CALAFCO increase
6740	In-County Travel & Stipends	4,000	3,000	(1,000)	Assumes first 6 months of meetings will be held remotely due to COVID-19 emergency
6750	Travel & Lodging Expenses	3,500	100	(3,400)	Assumes no Commissioner participation in 2020 CALAFCO Conference
6800	Conferences	3,000	150	(2,850)	Assumes no Commissioner or EO participation in 2020 CALAFCO Conference
7000	Work Plan (MSR/SOI)	41,250	42,500	1,250	City of Ukiah (partial), Ukiah Valley FPD, Covelo CSD, UVSD (roll over)
Increase/(Decrease) from FY 2019-20 Budget				1,402	

Proposed Operating Revenues

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCo) shall be annually funded by the affected counties, cities, and independent special districts on a one-third apportionment process. Apportionments for cities and independent special districts are further divided and proportional to each agency's total revenues as a percentage of the overall revenue amount collected in the county. LAFCos are also authorized to establish and collect fees to offset agency contributions.

The Preliminary Budget distributed to agencies in April included apportionment fees of \$160,000 to meet expenditures. The following table (Table 3) summarizes the FY 2019-20 budget and Proposed FY 2020-21 budget options for apportionment fees and the associated impact to reserves.

Table 3. Summary of projected and proposed budgets and apportionment fee options

	Projected FY 2019-20 Expenditures (\$)	Proposed FY 2020-21 Budget (\$)		
	142,282	161,650		
Revenue/Funds				
Apportionment Fees	135,000	150,000	155,000	160,000
Interest	450	450	450	450
Projected use of reserves ¹	-6,293	-11,200	-6,200	-1,200
Anticipated Reserve Balances				
Balance at beginning of FY	90,383	84,090	84,090	84,090
Estimated balance at end of FY	84,090	72,890	77,890	82,890
<i>Target Reserves balance per policy</i>	<i>70,571</i>	<i>75,413</i>	<i>75,413</i>	<i>75,413</i>
<i>Difference</i>	<i>13,520</i>	<i>-2,523</i>	<i>2,477</i>	<i>7,477</i>
¹ Based on projected end of FY 2019-20 expenditures (Attachment 1).				

The total remaining FY 19-20 budget is \$46,178; however, projections through the end of the fiscal year indicate expenditures of approximately \$28,212. The difference in budgeted and actual expenditures is primarily due to delays on the Work Plan as a result of the COVID-19 emergency declarations, which have made it difficult to obtain the information necessary to proceed.

Based on the April claims, it is anticipated that approximately \$6,293 will need to be withdrawn from reserves before the end of the fiscal year (Attachment 1), as opposed to the budgeted amount of \$24,898. As anticipated in the adoption of the FY 2019-20 budget, this will be the second year that reserve funds will be used to meet expenditures. The previous six adopted budgets anticipated utilization of cash balances and reserves to meet operational expenditures. FY 2018-19 was the first year that necessitated actually withdrawing from reserves in the amount of \$4,000, which was replaced with revenue from this fiscal year.

Proposed FY 2020-21 Work Plan

The COVID-19 emergency has caused delays in agency responses to LAFCo’s request for information, which has caused numerous delays in the Work Plan efforts during the second half of FY 2019-20. While staff has adjusted by advancing another agency that was ready to proceed (Covelo CSD), the delays will result in rolling both Ukiah Valley Sanitation District and CSA 3 into the next FY (Table 4). In doing so, the five-year rolling Work Plan has been re-evaluated and adjusted (Attachment 4). The result is a proposed reduction in Account 7000 Work Plan of the Proposed Budget for Fiscal Year (FY) 2020-21. Further, due to the complexity of issues and to track with the City’s General Plan Update, it is anticipated that part of the City of Ukiah MSR/SOI will roll into the following fiscal year (FY 2021-22).

Table 4. Proposed FY 2020-21 Work Plan

Agency	Last MSR/SOI Update
Ukiah Valley Sanitation District	(initiated in FY 2019-20)
City of Ukiah	MSR 2012 (initiate in FY 2020-21)
Ukiah Valley Fire Protection District	MSR/SOI 2008
Covelo Community Services District	MSR/SOI 2010 (initiated in FY 2019-20)
CSA 3	Initiated in FY 2019-20
<p>Work Plan Notes:</p> <ul style="list-style-type: none"> • No CEQA analysis costs have been included in the estimates other than the preparation of CEQA Exemptions • Future budgets noted in Attachment 3 are estimates only and will be reviewed annually and adjusted as needed as part of the budget development process for the next FY. 	

NEXT STEPS

Budget development steps and schedule are set forth in the Mendocino LAFCo Policies and Procedures (Chapter 5) and Government Code Section 56381(a) (Table 5).

Table 5. Budget development schedule

Budget Phase	Schedule
Preliminary Budget and Proposed Work Plan – Workshop	March 2, April 6
Proposed Budget and Work Plan – Public Hearing	May 4
Final Budget and Work Plan – Public Hearing	June 1

- Attachments: (1) FY 2019-20 Financial Summary and Projection
 (2) Preliminary FY 2020-21 Budget and Work Plan, as distributed to agencies
 (3) Proposed FY 2020-21 Budget and Work Plan
 (4) Draft Resolution No. 19-20-03

Attachment 1

Financial Summary

The following table summarizes LAFCo’s current financial status and end of FY 2019-20 projection, as of April 30, 2020 (after April claims).

Cash in Savings Bank (after April 2020 claims)	\$ 21,248
Cash in Treasury (County) March 2019	2,204
Total Funds in Accounts	\$ 23,452
Accounts Receivable - Apportionment still due	\$ 0
Total Funds Available	\$ 23,452
Accounts Payable – Estimated remaining Claims due by June 30, 2020	(46,178)
Application Deposit Held - City of Ukiah Detachment/UVSD	(1,533)
2019/2020 Operating Budget Deficit ¹	17,966
2019/2020 Proposed Additions to Operating Budget	-
Estimated Net Funds Available 6-30-20	\$ (6,293)
Reserves: Operations FYE	\$ 49,127
Legal FYE	\$ 35,000

¹ See attached FY 2019-20 Budget Review. Due to agency delays in response to LAFCo requests for information resulting from the COVID-19 pandemic, staff anticipates rolling \$13,500 of the Work Plan budget into FY 2020-21.

Mendocino Local Agency Formation Commission
 FY 2019-20 Budget Review

Acct #	Task	FY 19-20 Budget	Year to Date	Remaining Budget	% of Budget Expended	Anticipated Remainder
EXPENSES						
5300	Basic Services - EO/Analyst/Clerk	\$72,060	\$64,935.00	\$7,125.00	90%	\$ (3,000)
	Unfunded Mandates (RDA Oversight)	\$0				
5500	Rent	\$5,460	\$4,565.00	\$895.00	84%	\$ (63)
5600	Office Expenses	\$2,700	\$1,426.40	\$1,273.60	53%	\$ 750
5700	Internet & Website Costs	\$1,300	\$1,152.52	\$147.48	89%	\$ 148
5900	Publication & Legal Notices	\$2,000	\$1,132.95	\$867.05	57%	
6000	Televising Meetings	\$3,000	\$1,106.68	\$1,893.32	37%	\$ 1,000
6100	Audit Services	\$3,500	\$3,250.00	\$250.00	93%	\$ 250
6200	Bookkeeping	\$4,500	\$4,030.00	\$470.00	90%	
6300	Legal Counsel (S Browne)	\$7,200	\$6,000.00	\$1,200.00	83%	\$ -
6400	A-87 Costs County Services	\$428	\$1,633.00	\$-1,205.00	382%	\$ (1,205)
6500	Insurance - General Liability	\$1,100	\$0.00	\$1,100.00	0%	
6600	Memberships (CALAFCO/CSDA)	\$2,750	\$2,521.00	\$229.00	92%	\$ 229
6670	GIS Contract with County	\$2,500	\$457.23	\$2,042.77	18%	\$ 1,000
6740	In-County Travel & Stipends	\$4,000	\$2,137.78	\$1,862.22	53%	\$ 2,062
6750	Travel & Lodging Expenses	\$3,500	\$1,052.03	\$2,447.97	30%	\$ 2,448
6800	Conferences (Registrations)	\$3,000	\$2,153.30	\$846.70	72%	\$ 847
7000	Work Plan (MSRs and SOIs)	\$41,250	\$16,517.00	\$24,733.00	40%	\$ 13,500
Monthly/ Year to Date Totals		\$160,248.00	\$114,069.89	\$46,178.11	71%	\$ 17,966

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
Telephone: (707) 463-4470 | E-mail: eo@mendolafco.org | Web: www.mendolafco.org

COMMISSIONERS

Carre Brown, Chair
County Board of Supervisors

Tony Orth, Vice Chair
Brooktrails Township CSD

Gerald Ward, Treasurer
Public Member

Gerardo Gonzalez
Willits City Council

John Huff
Mendocino Coast Recreation
and Park District

Scott Ignacio
Point Arena City Council

John McCowen
County Board of Supervisors

Jenifer Bazzani, Alternate
Ukiah Valley Fire District

Will Lee, Alternate
Fort Bragg City Council

Richard Weinkle, Alternate
Public Member

John Haschak, Alternate
County Board of Supervisors

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

Date: April 13, 2020

To: Mendocino County, Cities, and Independent Special Districts

From: Uma Hinman, Executive Officer

Subject: Notice of Public Hearing to Adopt a Proposed LAFCo Budget for Fiscal Year 2020-2021

The Mendocino Local Agency Formation Commission (LAFCo) is responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by local funding agencies is required between the two adoption periods. The legislation also specifies the proposed and final budgets shall, at a minimum, be equal to the budget adopted for the previous fiscal year unless LAFCo finds any reduced costs will nonetheless allow the agency to meet its regulatory and planning duties.

Enclosed is a proposed budget and work plan for fiscal year 2020-2021, as directed by the Commission on April 6, 2020. Budgets for the past few fiscal years relied on accumulated reserves to bridge the gap between revenues and expenses, which had allowed LAFCo to keep apportionment fees low for a time. However, reserves are now consistent with our policies and can no longer be relied upon to balance the budget.

In order to meet operational expenses, an increase in apportionment fees is required for fiscal year 2020-2021. Like many agencies, LAFCo has experienced a growing number of unfunded legislative mandates and an increase in operating costs such as insurance and memberships.

The Commission will hold a public hearing at its regular meeting on May 4, 2020 to consider adopting a draft budget for fiscal year 2020-2021. A subsequent hearing to adopt the final budget will be held on June 1, 2020.

Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470.

MENDOCINO

Local Agency Formation Commission

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John Haschak, Alternate

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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

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Monday, May 4, 2020, at 9:00 AM (or as soon thereafter as the matter may be heard) in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the following:

Proposed Budget for Fiscal Year 2020-2021

This item is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15306 and Section 15061(b)(3).

Copies of all related documents are on file and may be reviewed at the LAFCo website (www.mendolaafco.org) or at the LAFCo office. If you cannot attend the public hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolaafco.org; phone: (707) 463-4470.

All interested persons are invited to attend, be heard, and participate in the hearings.

BY ORDER OF THE MENDOCINO
LOCAL AGENCY FORMATION COMMISSION

UMA HINMAN, Executive Officer

Date Posted: April 8, 2020

Mendocino Local Agency Formation Commission
Preliminary Budget FY 2020-21

10-Apr-20

ACCOUNT #	DESCRIPTION	FY 2019-20 Adopted	FY 2020-21 Proposed
REVENUE			
	<i>Anticipated Cash Balance</i>	\$ -	\$ -
4000	LAFCO Apportionment Fees	\$ 135,000	\$ 160,000
4100	Service Charges		
4800	Miscellaneous		
4910	Interest Income	\$ 350	\$ 450
Revenue Subtotal		\$ 135,350	\$ 160,450
8000	Applications		
8601	Special Project (SALC Grant Project Reimbursement)		\$ 5,100
Revenue Total		\$ 135,350	\$ 165,550
EXPENSES			
5300	Basic Services	\$ 72,060	\$ 72,060
5500	Rent	\$ 5,460	\$ 5,568
5600	Office Expenses	\$ 2,700	\$ 3,450
5700	Internet & Website Costs	\$ 1,300	\$ 1,300
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000
6000	Televising Meetings	\$ 3,000	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 3,500
6200	Bookkeeping	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 7,200	\$ 10,200
6400	A-87 Costs County Services	\$ 428	\$ 2,131
6500	Insurance-General Liability	\$ 1,100	\$ 3,000
6600	Memberships (CALAFCO/CSDA)	\$ 2,750	\$ 3,691
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 2,500
6740	In-County Travel & Stipends	\$ 4,000	\$ 3,000
6750	Travel & Lodging Expense	\$ 3,500	\$ 100
6800	Conferences (Registrations)	\$ 3,000	\$ 150
7000	Work Plan (MSRs and SOIs)	\$ 41,250	\$ 48,000
9000	Miscellaneous (Special District Training Support, bank fees)	\$ -	\$ -
Operating Expenses Subtotal		\$ 160,248	\$ 167,150
8000	Application Filing Expenses	\$ -	\$ -
8601	Special Project (SALC Grant Project)	\$ -	\$ 5,100
Expenses Total		\$ 160,248	\$ 172,250

REVENUE/EXPENSE DIFFERENCE \$ (24,898) \$ (6,700)

(Negative balance indicates use of fund balance and/or reserves)

Mendocino LAFCo 5-Year Rolling Work Plan

FY 2020-21 through 2024-25

April 6, 2020

Disclaimer: The schedule for each study identified in this Work Plan is an estimate and is subject to change based on overall staff workload, agency responsiveness and timely provision of requested information, complexity of issues, and public controversy. Each study is assumed to consist of a combined MSR and SOI Update and be exempt from CEQA. The cost estimate reflects the minimum staff time to: coordinate a response to the Request for Information (RFI), draft the study for agency review and make revisions, prepare the study for one Public Workshop and Public Hearing and make revisions, and finalize the study to post online and mail to the subject agency. This Work Plan will be reviewed mid-year, or sooner as needed, and revised to account for a more refined level of detail related to the anticipated scope of work for specific studies. The estimated Work Plan schedule and costs may roll over to the next Fiscal Year.

Prior Study	Service Provider
Fiscal Year 2020-21	
n/a	Ukiah Valley Sanitation District (continued from FY 2019-20)
2012	City of Ukiah
2013	Ukiah Valley FD (Ukiah Valley Fire Authority JPA)
2010	Covelo CSD
n/a	Lighting Districts Discovery Only (11?)
Fiscal Year 2021-22	
2015	City of Point Arena
2015	Anderson Valley CSD
2015, 2016	Water/Wastewater Districts (14) - include Mutual Water Companies
2008	Mendocino Coast Recreation and Park District
Fiscal Year 2022-23	
2017	City of Fort Bragg
2016	Mendocino County Resource Conservation District
2016	Noyo Harbor District
2017	Cemetery Districts (8)
2016	Mendocino Coast Health Card District
Fiscal Year 2023-24	
2016	Hopland PUD
2019	Brooktrails Township CSD
2018	Fire Districts (16)
2019	City of Willits
Fiscal Year 2024-25	
2008	Mendocino City CSD
n/a	Ukiah Valley Sanitation District
n/a	County Service Area 3

Attachment 3

Mendocino Local Agency Formation Commission Proposed Budget FY 2020-21

4-May-20

ACCOUNT #	DESCRIPTION	FY 2019-20 Adopted	FY 2020-21 Proposed
REVENUE			
	<i>Anticipated Cash Balance</i>	\$ -	\$ -
4000	LAFCO Apportionment Fees	\$ 135,000	\$ 160,000
4100	Service Charges		
4800	Miscellaneous		
4910	Interest Income	\$ 350	\$ 450
Revenue Subtotal		\$ 135,350	\$ 160,450
8000	Applications		
8601	Special Project (SALC Grant Project Reimbursement)		\$ 5,100
Revenue Total		\$ 135,350	\$ 165,550
EXPENSES			
5300	Basic Services	\$ 72,060	\$ 72,060
5500	Rent	\$ 5,460	\$ 5,568
5600	Office Expenses	\$ 2,700	\$ 3,450
5700	Internet & Website Costs	\$ 1,300	\$ 1,300
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000
6000	Televising Meetings	\$ 3,000	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 3,500
6200	Bookkeeping	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 7,200	\$ 10,200
6400	A-87 Costs County Services	\$ 428	\$ 2,131
6500	Insurance-General Liability	\$ 1,100	\$ 3,000
6600	Memberships (CALAFCO/CSDA)	\$ 2,750	\$ 3,691
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 2,500
6740	In-County Travel & Stipends	\$ 4,000	\$ 3,000
6750	Travel & Lodging Expense	\$ 3,500	\$ 100
6800	Conferences (Registrations)	\$ 3,000	\$ 150
7000	Work Plan (MSRs and SOIs)	\$ 41,250	\$ 42,500
9000	Miscellaneous (Special District Training Support, bank fees)	\$ -	\$ -
Operating Expenses Subtotal		\$ 160,248	\$ 161,650
8000	Application Filing Expenses	\$ -	\$ -
8601	Special Project (SALC Grant Project)	\$ -	\$ 5,100
Expenses Total		\$ 160,248	\$ 166,750
REVENUE/EXPENSE DIFFERENCE		\$ (24,898)	\$ (1,200)
<i>(Negative balance indicates use of fund balance and/or reserves)</i>			

Mendocino LAFCo 5-Year Rolling Work Plan

FY 2020-21 through 2024-25

May 4, 2020

Disclaimer: The schedule for each study identified in this Work Plan is an estimate and is subject to change based on overall staff workload, agency responsiveness and timely provision of requested information, complexity of issues, and public controversy. Each study is assumed to consist of a combined MSR and SOI Update and be exempt from CEQA. The cost estimate reflects the minimum staff time to: coordinate a response to the Request for Information (RFI), draft the study for agency review and make revisions, prepare the study for one Public Workshop and Public Hearing and make revisions, and finalize the study to post online and mail to the subject agency. This Work Plan will be reviewed mid-year, or sooner as needed, and revised to account for a more refined level of detail related to the anticipated scope of work for specific studies. The estimated Work Plan schedule and costs may roll over to the next Fiscal Year.

Prior Study	Service Provider	Estimated Cost
Fiscal Year 2020-21		
n/a	Ukiah Valley Sanitation District (continued from FY 2019-20)	\$ 12,000
n/a	CSA 3 (continued from FY 2019-20)	\$ 6,000
2012	City of Ukiah (initiated)	\$ 12,500
2013	Ukiah Valley FD (Ukiah Valley Fire Authority JPA)	\$ 7,000
2010	Covelo CSD (continued from FY 2019-20)	\$ 2,000
	Contingency	\$ 3,000
Estimated Subtotal		\$ 42,500
Fiscal Year 2021-22		
2012	City of Ukiah (continued from FY 2020-21)	\$ 12,500
2015	City of Point Arena	\$ 8,000
2015	Anderson Valley CSD	\$ 7,500
2015, 2016	Water/Wastewater Districts (14) - include Mutual Water Companies (initiated)	\$ 10,000
n/a	Lighting Districts Discovery Only (11?)	TBD
2008	Mendocino Coast Recreation and Park District	\$ 8,000
	Contingency	\$ 4,600
Estimated Subtotal		\$ 50,600
Fiscal Year 2022-23		
2015, 2016	Water/Wastewater Districts (14) - include Mutual Water Companies (continued)	\$ 10,000
2017	City of Fort Bragg	\$ 10,000
2016	Mendocino County Resource Conservation District	\$ 5,000
2016	Noyo Harbor District	\$ 8,000
2016	Mendocino Coast Health Care District	\$ 10,000
	Contingency	\$ 3,300
Estimated Subtotal		\$ 46,300
Fiscal Year 2023-24		
2016	Hopland PUD	\$ 8,000
2019	Brooktrails Township CSD	\$ 8,000
2018	Fire Districts (16)	\$ 10,000
2019	City of Willits	\$ 12,000
	Contingency	\$ 3,800
Estimated Subtotal		\$ 41,800
Fiscal Year 2024-25		
2008	Mendocino City CSD	\$ 8,000
2017	Cemetery Districts (8)	\$ 10,000
n/a	Ukiah Valley Sanitation District	\$ 15,000
n/a	County Service Area 3	\$ 8,000
	Contingency	\$ 4,100
Estimated Subtotal		\$ 45,100

Attachment 4

Resolution No. 2019-20-03 of the Local Agency Formation Commission of Mendocino County

Adopting the Proposed Budget and Work Plan for Fiscal Year 2020-21

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, annually adopts a proposed budget by May 1st and a final budget by June 15th to fulfill its purposes and functions that are set by State law; and

WHEREAS, the Commission has prepared a Proposed Budget and Work Plan for public review that meets the criteria set forth in Government Code Section 56381, including adopting a Proposed Budget that will allow the Commission to fulfill its purposes and programs; and

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

WHEREAS, the Commission heard and fully considered all oral and written testimony submitted and presented on the proposed budget and work plan, including the Executive Officer’s report and recommendations, at a public hearing held on May 4, 2020; and

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

1. The Commission hereby approves a Proposed Budget for fiscal year 2020-21 as set forth in Exhibit A, attached hereto; and
2. Finds that the Proposed Budget as set forth in Exhibit A, attached hereto, will not result in reductions in staffing or program costs to such an extent that the Commission would be impeded from fulfilling the purpose and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and
3. Directs the Executive Officer to forward the Proposed Budget, as adopted, to all independent special districts, cities and the County, and to schedule the Final Budget hearing for no later than June 1, 2020.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 4th day of May 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

CARRE BROWN, Chair

UMA HINMAN, Executive Officer

MENDOCINO

Local Agency Formation Commission

Staff Report

MEETING May 4, 2020
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Workshop** for Mendocino City Community Service District Municipal Service Review and Sphere of Influence Update

RECOMMENDATIONS

Hold a Workshop on the Draft Mendocino City Community Services District Municipal Service Review and Sphere of Influence Update, provide comments and requested revisions, and direct staff to notice the matter for Public Hearing as soon as feasible for consideration.

INTRODUCTION

This is a Workshop to introduce the Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Mendocino City Community Services District (MCCSD or District). The prior MSR and SOI for the District was adopted by the Commission on November 3, 2008. The Workshop Draft MCCSD MSR/SOI Update includes the following information related to the District: history, government structure and accountability, operational efficiency, finances, projected growth, disadvantaged unincorporated communities, service capacity and needs, and proposed sphere. The District reviewed and provided feedback on an Administrative Draft of the study and requested changes have been incorporated into this Workshop Draft as appropriate.

As background, the District was formed on August 31, 1970 and encompasses the coastal community of Mendocino, an unincorporated area of Mendocino County. The District boundary is approximately one square mile (640 acres) in size, is located 9.5 miles south of Fort Bragg on the Mendocino Headlands between Slaughterhouse Gulch and Big River, and is bisected by State Route 1. The District provides the following municipal services: wastewater, groundwater management, and street lighting. The District was formed in large part to provide wastewater services to the Russian Gulch State Park located approximately one mile north of the District boundaries. Street lighting is paid for by the District, but the street lights are owned and maintained by PG&E.

In 2008, the Commission adopted a reduced SOI for the District to reflect the area that the District's wastewater treatment plant and groundwater resources have the capacity to serve. There have been no changes to the District boundary or SOI since then. The District's SOI is recommended to be reduced to a coterminous sphere, which is a sphere that is the same as the jurisdictional boundary, based on the limited projected growth for the area and low demand for additional District services. The District confirmed that their current boundary reflects existing service needs and projected service demands over the next five years.

The Area of Interest Policy, per Section 10.1.12 from the Mendocino LAFCo Policies and Procedures Manual, provides for the designation or identification of geographical 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. The District's 2008 SOI has been designated as an Area of Interest (AOI) to further emphasize and support the District in requesting consideration from the County of Mendocino regarding discretionary land use

entitlements or other development plans with the potential to impact District lands, facilities, and/or services.

Public Comments

In response to physical limitations posed by the COVID-19 emergency and to encourage early public comment, LAFCo staff increased electronic outreach efforts related to this Public Workshop through early posting of the document on the LAFCo website on April 18, 2020 and sending notice for this Workshop and document availability to the LAFCo email distribution list.

On April 21, 2020, the attached correspondence was received from Ed Powers regarding documentation of failing private septic systems on properties located north of the District boundary on Road 500D, the location of the wastewater line from Russian Gulch State Park to the MCCSD wastewater treatment plant through this area, and requested clarification regarding the legal mandate to update an agency's SOI every five years and why this area has not been identified as a Disadvantaged Unincorporated Community (DUC) in the Workshop Draft MCCSD MSR/SOI Update. LAFCo staff provided the attached response to Mr. Powers on April 24, 2020, which included the following DUC information.

Pursuant to GOV §56033.5, a DUC is an area with 12 or more registered voters and a Median Household Income (MHI) that is less than 80 percent of the State MHI. In addition, Policy 9.14.1 from the Mendocino LAFCo Policies and Procedures Manual further defines a DUC as a developed area that has been identified as such by LAFCo, the County or applicable city; or one that meets all the following standards:

- a) is substantially developed with primarily residential uses;
- b) does not have reliable public water, sewer, or structural fire protection service available;
- c) contains at least 12 registered voters; and
- d) has a median household income level of 80% or less than the statewide median household income.

The Workshop Draft MCCSD MSR/SOI Update includes DUC determinations based on the following analysis, consistent with prior studies.

A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80 percent of the State MHI of \$61,937, or \$49,550.

The Town of Mendocino is a Census Designated Place (CDP). Mendocino CDP has a median household income (MHI) of \$51,124 and therefore does not qualify as a DUC. The areas surrounding Mendocino CDP may qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

The properties located on Road 500D were not addressed in the above DUC analysis for various reasons. The four residences located on Road 500D do not appear to contain 12 registered voters, which is considered uninhabited per the statute, and therefore does not meet the definition of a DUC. Road 500D is not within or contiguous to the District's proposed coterminous sphere, and therefore does not require evaluation. Existing economic data is not available at a small enough scale to represent the area in question.

The properties located on Road 500D were addressed as a Study Area in the SOI Update section of the study to document failing septic systems in this area and landowner interest in annexation to the District and provision of wastewater service. Annexation of properties located on Road 500D would also require annexation of approximately 9 intervening parcels to the District boundary line and considerable costs associated with extending wastewater infrastructure. According to the District, the intervening landowners lost interest in such a proposal based on the estimated costs.

LAFCo staff has conducted additional DUC analysis based on a new census data website and for areas surrounding the Mendocino Census Designated Place (CDP), as shown in the following table.

2018 Median Household Income (MHI)	
California MHI	\$75,277
80% of California MHI	\$60,222
Mendocino CDP MHI	\$63,801
Block Group 2, Census Tract 110.2 MHI	\$73,097
Block Group 3, Census Tract 110.2 MHI	\$82,596

Source: United States Census Bureau website: <https://data.census.gov/cedsci/>
2018: American Community Survey (ACS) 5-Year Estimates Detailed Tables
Table B19013: Median Household Income in the Past 12 Months (In 2018 Inflation-Adjusted Dollars)

This updated economic information shows that the District and surrounding areas do not meet the income threshold to qualify as a DUC. MHI data is not available at a geographic unit smaller than census tract block group in order to conduct a more refined level of economic analysis for the area in question. Upon identification of a geographic area containing 12 or more registered voters and household income information provided for those registered voters, LAFCo staff can conduct further review of potential DUC status consistent with Policy 9.14.1.

Attachments: Workshop Draft Mendocino City CSD MSR/SOI Update
Public Comments

WORKSHOP DRAFT



**MENDOCINO CITY
COMMUNITY SERVICES DISTRICT**

**Municipal Service Review and
Sphere of Influence Update**

Prepared for:

MENDOCINO LAFCO

200 South School Street
Ukiah, California 95482

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

Workshop: May 4, 2020

Public Hearing: TBD

Adopted: TBD

LAFCo Resolution No: TBD

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DRAFT

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1 INTRODUCTION

1.1 LOCAL AGENCY FORMATION COMMISSION

Local Agency Formation Commissions (LAFCo) 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://mendolafco.org/policies-procedures/>.

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 representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

1.3 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, 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 subdivision (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.

1.4 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 and in conjunction with the 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.

1.5 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 G.C. §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

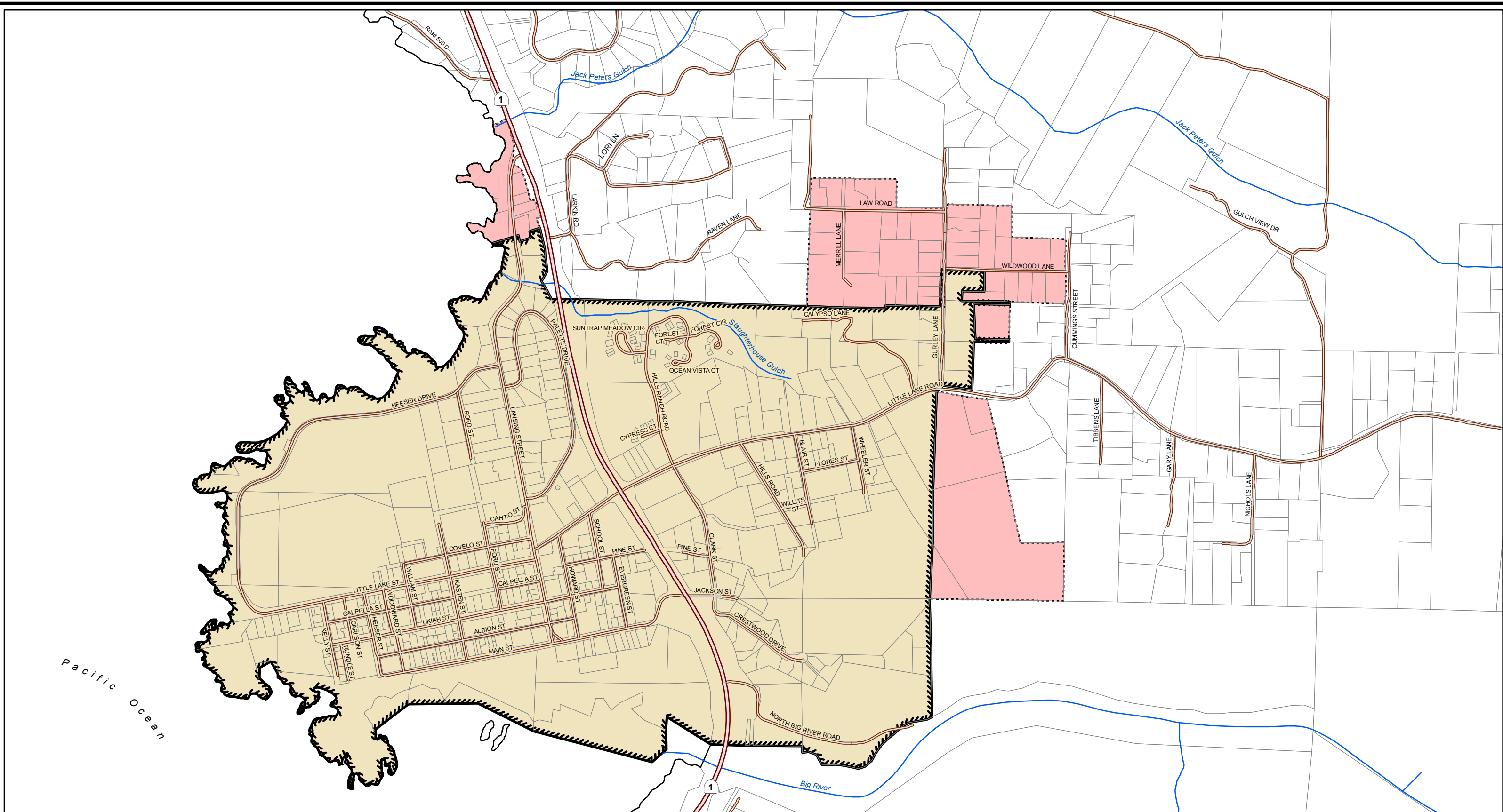
Senate Bill 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions. Senate Bill 375 (Sustainable Communities and Climate Protection Act) requires each metropolitan planning organization (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 (RHNA) 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.








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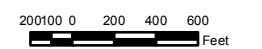
Figure 2-1



Mendocino City Community Services District

Source: This map was created by the Mendocino County Division of Information Services GIS Program, April 2020.
 Note: This map is not a survey product.

- | | |
|---|--|
|  Mendocino City CSD |  Parcels |
|  Sphere of Influence |  Highways |
|  Area of Interest |  Roads |
| |  Streams |



2 AGENCY OVERVIEW

Table 2.1 MCCSD Profile

Agency Name:	Mendocino City Community Services District
Phone Number:	(707) 937-5790
Fax Number:	(707) 937-3738
Mailing Address:	P.O. Box 1029, Mendocino, CA 95460
District Office:	10500 Kelly Street, Mendocino, CA 95460
Website:	mccsd.com
General Email:	mccsd@mcn.org
Date of Formation:	1971
Agency Type:	Independent Special District, Multi-Service Provider
Enabling Legislation:	Community Services District Law: Government Code §61000 et seq.
Board Meeting Schedule:	Last Monday of each month at 7:00 p.m. at the District Office, 10500 Kelly Street, Mendocino, CA

Source: MCCSD, 2019a.

2.1 HISTORY

2.1.1 FORMATION

The Mendocino City Community Services District (MCCSD or District) was formed on August 31, 1970 by Mendocino LAFCo Resolution No. 70-7 to provide a wastewater treatment system to collect and treat wastewater for properties within the District and the Russian Gulch State Park located outside the jurisdictional boundaries of the District. While the District has the name Mendocino City CSD, the community is unincorporated.

2.1.1.1 Background

The community of Mendocino was founded in 1851. For 120 years, the community functioned on individual wells and septic systems. General obligation bonds for the wastewater treatment facility were approved by a margin of 86 percent of District voters. Four years after the District was formed, the treatment plant became operational.

Around the time of District formation, well contamination also became a concern for the area. In 1985, the District called an election to add water supply powers to the District, and the measure passed. In 1986, when Public Contract Code 20681(a) was repealed, water authority was transferred to CSD law. CSD law was revised in 2005 which allowed any CSD that had water authority prior to 2005 to supply water for any beneficial uses pursuant to 61100 (a) & Water Code 71000 et seq.

After two years of effort, the District was unsuccessful in locating an adequate water source for the community. To this day, the community continues to rely on private wells for its water supply. In 1987, the Legislature passed Water Code Sections 10700 - 10717 which authorized the District to function as a water replenishment district and to establish programs for the management of the groundwater resources within the District. Prior to enactment of this legislation, the County Health Department enforced the groundwater extraction provisions of the Mendocino Town Plan. In 1990, the District

adopted a Groundwater Management Plan/Groundwater Extraction Permit Ordinance (Ordinance No. 90-1).

Water Code Section 10717 provides that upon implementation of a central water system supplying water to the inhabitants within the boundaries of the District, the District’s authorization to manage groundwater is terminated. A community water source has not been developed; therefore, the need for groundwater from the local aquifer to supply private wells continues to be necessary.

(MCCSD, 2019c)

2.1.2 BOUNDARY

The coastal community of Mendocino is an unincorporated area of Mendocino County, located 9.5 miles south of Fort Bragg and located on the Mendocino Headlands between Slaughterhouse Gulch and Big River, as shown on Figure 2-1. The District boundary is approximately one square mile (640 acres) in size, with State Route (SR) 1 bisecting the District.

Since 1981 there have been several annexations to the District, as shown in Table 2.2 below. There have been no changes to the District boundary since the prior 2008 MSR.

Year	File Name	Acreage	Status	LAFCo Reso No.
1981	Sea Rock Annexation	2.5	Completed	81-11
1989	Jacobson/Fox Annexation	5.17	Completed	89-12
1993	Slauson Annexation	1.27	Completed	93-2
1994	SOI & Master Service Element Plan	--	Completed	94-4
2002	Hassebrock/Sawyer Annexation	--	Incomplete	--
2008	Chapman Annexation	2.02	Completed	2008-07
2008	General SOI MSR documentation	--	Completed	2008-08

2.1.3 SERVICES

The Mendocino City CSD provides the following municipal services: Wastewater, Groundwater Management, and Street Lighting. For more information regarding these services, refer to Chapter 3. For more information regarding other services provided by contract or agreement refer to Section 2.3.5.

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. The District is governed by a five-member Board of Directors elected at-large to serve staggered four-year terms (Table 2.3). 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, or if the number of filed candidates is equal to the number of vacancies, then Board members may be appointed by the Board in lieu of election. Directors take office at noon on the first Friday in December following their election.

The Board of Directors elects officers, including a President (Chairman) and Vice-President every year at the December organizational meeting of the Board. The Board may create additional offices and elect

Board members to those offices, provided that no member of a Board of Directors holds more than one office. Board members receive no compensation. Staff support for the Board include a Superintendent, three additional full-time staff, and contract services of legal counsel, accountant, architect, and engineer as needed. (MCCSD, 2019a)

Name	Title	Term Expiration
Harold Hauck	Vice-President	2022
Otto Rice	Director	2020
Jean Arnold	Director	2022
James Sullivan	Director	2020
Vacant	Director	2020

Source: MCCSD: 2019a & 2020.

The District recently had two vacancies on the Board of Directors. On March 24, 2020, the Mendocino County Board of Supervisors appointed James Sullivan to the MCCSD Board of Directors per County Resolution No. 20-028. Three seats are set to expire this year and are scheduled to be filled by election in November 2020 (MCCSD, 2020).

2.2.2 PUBLIC MEETINGS

Regularly scheduled meetings for the District Board of Directors are held on the last Monday of each month at 7:00 p.m. at the District office located at 10500 Kelly Street in Mendocino. In accordance with the Brown Act, all meetings are open to the public and are publicly posted in three places within District, including at the meeting location, a minimum of 72 hours prior to regular meetings or a minimum of 24 hours prior to special meetings. Public notice and meeting information including agendas, meeting minutes, reports, resolutions, and ordinances are published on the District's website and are available at the District's office upon request. Minutes are kept for all public Board meetings and are adopted at a subsequent meeting. (MCCSD, 2019a)

2.2.3 STANDING COMMITTEES

Committees assist in carrying out various functions of local government. The District has five standing committees: Plant Operations, Finance, Personnel and Management, Groundwater Management, and Street Lighting. Additional ad hoc committees are also formed as needed. One additional ad hoc committee on Safety is also currently meeting. These committees meet as needed at the District Office at 10500 Kelly Street in Mendocino. Committees must have at least one Board member and must seek Board approval for actions taken on behalf of the Board, including expenditure of funds. Committees may consist only of Board members as appointed by the Board, or consist of one or more Board members and residents of the District.

2.2.4 PUBLIC OUTREACH

The District maintains a website at www.mccsd.com as required by SB 929, which is a helpful communication tool to enhance government transparency and accountability. The District's website has well organized information that appears to meet the special district transparency requirements of State law, including the availability of agendas, ordinances, and financial information. The website also contains staffing and Board member information; job postings; plans and reports on upcoming projects such as the wastewater treatment plant upgrade project; educational materials on water conservation,

water recycling, and fat, oil, grease (FOG) waste; ordinances and resolutions; and the Sewer System Management Plan. The District encourages public participation and keeps constituents informed of District activities through its website and with press releases and mailers.

The District's website could be enhanced by posting a map of the District boundaries and permit applications, and a link to the regular Board meeting schedule on the Board of Directors page. Also valuable for public access would be a comprehensive content management system, such as DocuShare, to provide a searchable document archive system for Board meeting packets and adopted ordinances, resolutions, annual budgets, past and current financial audit reports, and other digital records. The website could also be further improved with an update to the "Services" tab of the website to incorporate more information about the most recent drought from late 2011 to early 2019 (US Drought Monitor, 2019).

2.2.5 COMPLAINTS

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 5:00 p.m., or at the District Board of Directors meetings during the general public comment period. The District has received several complaints of odors from the wastewater system in the last five years. These complaints have been addressed in person by District staff and District operations were found to be in compliance with applicable laws and regulations. The District now has an Online Odor Reporting Form for customer use and responds to these reports immediately. (MCCSD, 2019a; Kelley, 2019)

2.2.6 TRANSPARENCY AND ACCOUNTABILITY

The District adopted Governance Guidelines by motion on September 30, 2008, which address the Board of Directors' elections, officers, meeting conduct, conflicts of interest, decisions, rules of order, and responsibilities. The District also adopted Fiscal Policies by motion on September 30, 2008, which include administrative policies, fiscal policies, personnel policies, and purchasing policies and bidding regulations. On October 27, 2008, the District adopted by Ordinance 08-3 Policies and Procedures for Purchasing of Supplies and Equipment, for Procuring Professional and Maintenance Services, and for the Disposal of Surplus Property. This is the District's primary purchasing policy document. These policies were all adopted following the recommendations of the previous MSR for MCCSD. (MCCSD, 2008; LAFCo, 2008)

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict of Interest Code pursuant to Government Code §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 Government Code §87203.

According to 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 Government Code §53235.

The District complies with these above requirements (MCCSD, 2019a).

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

2.3 OPERATIONAL EFFICIENCY

2.3.1 MANAGEMENT AND STAFFING

The Board of Directors appoints a Superintendent to support their efforts and oversee the daily operations of the District to ensure that the Board's policies, programs, and priorities are implemented. The responsibilities and specific duties of the District Superintendent include the following:

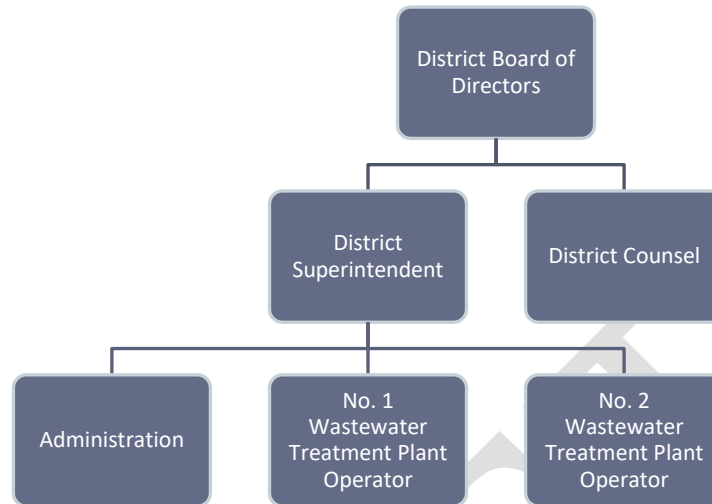
- The implementation of the policies established by the Board of Directors for the operation of the District, including planning, organizing, directing, and reviewing the operation of the wastewater treatment facilities, collection and recycled water systems, groundwater management, and street lighting.
- The appointment, supervision, discipline, and dismissal of the District's employees, consistent with the employee relations system established by the Board of Directors.
- The daily supervision of the District's wastewater treatment facility.
- The supervision of the District's administrative activities and finances.

(MCCSD, 2019a)

General government services provided under the direction of the District Superintendent include wastewater treatment plant operations, administration, finance, and planning. Financial activities include accounting, utility billing, purchasing, payroll, collections, and assisting with the annual audit process. Wastewater treatment plant operations include day-to-day operations and maintenance of the plant, management of employees, and ensuring compliance with the National Pollutant Discharge Elimination System (NPDES) permit for the Wastewater Treatment Plant for waste discharge and water recycling requirements.

Administrative activities include preparation of reports such as the monthly Groundwater Management Report, preparing for public meetings and updates to the Board, providing customer service at the District office and other outreach opportunities, and maintaining the District's official records such as meeting minutes, ordinances, resolutions, legal documents, and legal opinions. Planning activities include review and vetting of the Sewer System Management Plan, Groundwater Management Plan, and other long-range plans and policies such as District ordinances. Planning activities also include application for grant funds for capital improvement and planning projects for wastewater facilities and groundwater planning/services. The District Superintendent also processes new Groundwater Extraction Permit and Special Event Permit applications, which involves assisting customers with the application, reviewing the required hydrological studies, and making recommendations to the Board on water metering and allotment as applicable.

District staffing consists of four (4) Full Time Equivalent (FTE) positions. Table 2.4 shows District staffing levels by personnel groups. The District has authorization for 4 full-time positions and currently has 4 full-time employees as follows: one Superintendent, one District Secretary, and two (2) Wastewater Treatment Operators. Figure 2-2 shows the District's organizational chart, and Table 2.4 summarizes staffing levels.

Figure 2-2 MCCSD Organizational Chart

Source: MCCSD, 2019a.

Personnel Groups	FTE
Management	1.0
Administration	1.0
Wastewater	2.0
Total	4

Source: MCCSD, 2019a.

Three (3) of these four (4) positions will be retiring within the next 18 months; the District Superintendent, District Secretary, and a Wastewater Treatment Operator. Given the remote location of the District and the small number of staff, it is recommended that the District consider early recruitment and overlapping training of new personnel with current personnel.

The District also maintains part-time professional services contracts with an attorney for general legal counsel, a Certified Public Accountant for financial services, and an architect and engineer for District facilities projects. These contracts are used on an as-needed basis.

(MCCSD, 2019a)

2.3.2 AGENCY PERFORMANCE

A component of monitoring agency performance is routinely evaluating staff productivity. The District has indicated that it does not track employee workload and productivity through a timekeeping mechanism but does conduct annual written performance evaluations for all employees.

During the annual budget development process, the Board reviews the goals and objectives from the prior fiscal year and establishes goals and objectives for the upcoming fiscal year.

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

District 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 regulatory reporting and review of District databases and records.

(MCCSD, 2019a)

2.3.3 REGIONAL AND SERVICE-SPECIFIC PARTICIPATION

The District participates in the California Rural Water Association (CRWA) (MCCSD, 2019a). CRWA provides training, technical assistance, resources and information to assist rural water and wastewater utilities. Their services include but are not limited to assistance developing rate schedules, setting up proper testing methods, understanding changing government regulations, preparing a Consumer Confidence Report (CCR), and updating operator certification requirements.

2.3.4 INTERAGENCY COLLABORATION

Below are examples of the District's interagency collaborative arrangements:

- The District participates in the California Water/Wastewater Response Agency (CalWARN) for mutual assistance. CalWARN provides a mutual assistance program consistent with other statewide mutual aid programs and the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS) through a process that allows for sharing emergency resources among signatories statewide and the resources to respond and recover more quickly from a disaster.
- The District participates in the Golden State Risk Management Authority for the purpose of pooled insurance for providing liability and workers compensation for its facilities, operations, and employees.
- Retirement for District employees is provided through the California Public Employee Retirement System (CalPERS).

(MCCSD, 2019a)

2.3.5 CONTRACT OR JPA SERVICES

The District does not contract with private or public entities or provide services to District residents through Joint Powers Authority (JPA). Other services within the community are provided outside the purview of the District, such as road maintenance through the County of Mendocino and solid waste and recycling through Waste Management, as described further in Section 2.3.7 below.

2.3.6 SHARED SERVICES AND FACILITIES

The District works cooperatively with other local agencies to deliver services more effectively or efficiently by sharing public facilities, resources, and/or service delivery responsibility when feasible.

The District provides wastewater treatment to Russian Gulch State Park and the Headlands State Park via contract. Russian Gulch State Park is outside the District boundaries, and Mendocino Headlands State Park is within the District boundaries.

The District also maintains a Memorandum of Understanding (MOU) with the Mendocino Unified School District (MUSD) for recycled water to irrigate the School District's fields. MCCSD and MUSD approved a 1997 Memorandum of Understanding and Joint Resolution 97-1 at the regular MCCSD Board of Directors meeting on February 24, 1997 to commit the necessary capital for upgrading the old water reclamation system. Water Reclamation Requirements Order No. 97-66, adopted by the California Regional Water Quality Control Board North Coast Region on August 27, 1997, outlined the provisions of the joint water reclamation system. The system pumps tertiary treated effluent from the wastewater plant to the Mendocino High School. The treated water is used to irrigate the school athletic fields. An average of two million gallons per year is transferred to the school. The fields are now in excellent condition, in part due to the reused water, and the reused water has helped reduce the demand on the groundwater resource.

There are planned expansions of the recycled water system that include a recycled water fire hydrant system, an irrigation system for the middle and grammar schools, and an irrigation system for Friendship Park. These expansions will require cooperative agreements between the Mendocino Fire Protection District, the MUSD and the Mendocino Coast Recreation and Park District.

2.3.7 ENHANCED SERVICE DELIVERY OPTIONS

The District is the primary municipal service provider in the community of Mendocino and the immediate surrounding area. The County of Mendocino provides law enforcement, code enforcement, transportation, and stormwater collection services within the District. The Mendocino Fire Protection District and Mendocino Volunteer Fire Department provide fire suppression, basic life support and medical services, cliff and water rescue, hazardous conditions and vehicle collision response, as well as other safety assistance such as lift assist, locked in car, etc. CAL FIRE Mendocino Unit provides wildland fire suppression and mutual aid to local fire agencies during the declared fire season. (County, 2008)

There is no redundancy in the provision of municipal services to the District.

No new opportunities for the District to achieve organizational or operational efficiencies were identified during the preparation of this MSR.

2.3.8 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 no recommendation for a reorganization of local municipal service providers in the area at this time.

2.4 FINANCES

The District's financial resources are accounted for as an enterprise or proprietary fund type. Enterprise funds use the accrual basis of accounting, wherein revenues are recorded when earned and expenses are recorded when liabilities are incurred. The activities of enterprise funds closely resemble those of private businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds are used for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The District's financial resources are accounted for in different funds based on organizational units, which are further distinguished by being operating or non-operating revenues and expenses. Operating

revenues include income derived from wastewater services and related activities. Operating expenses include all costs applicable to providing these services. Non-operating revenues and expenses include income and costs not associated with the District's normal business of providing wastewater services. Other operating items include groundwater management and administration.

The cost of providing enterprise services is intended to be financed predominantly through service user fees, which include regular recurring charges for wastewater use, wastewater right of use, annual grease mitigation fees for commercial properties that qualify, groundwater management fees, and water meter reading fees. Non-recurring fees are collected for new groundwater extraction permits and special event permits. Property taxes are also received from the County, which is considered non-operating revenue. (G&A, 2019)

2.4.1 CURRENT FISCAL HEALTH

2.4.1.1 Financial Summary

The District prepares and adopts an annual budget prior to the beginning of each fiscal year (July 1), which serves as a financial planning tool and an expense control system. Budgetary revenue estimates represent original estimates modified for any authorized adjustments, contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. Expenses cannot exceed the authorized budgeted amounts unless the budget is amended by the Board of Directors by resolution during the fiscal year. Unused appropriations lapse at the end of the fiscal year (June 30) and are available to be allocated in the following budget. This method is known as zero-based budgeting. The District also has annually audited financial statements prepared by a Certified Public Accountant (CPA) which serve as financial assurance for the use of public funds. This section includes District financial information for Fiscal Years (FY) 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19 and highlights specific revenue sources and long-term financial considerations.

Table 2.5 provides year-end (not budget) financial information for the District. This table summarizes the Statement of Activities for FY 2014-15 through 2018-19, prepared by Goranson & Associates, and for FY 2014-15 prepared by Rick Bowers, CPA. The table 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. This involves depreciation, which is a method of spreading the cost of a capital asset over its estimated useful life, as opposed to recognizing the cost of a capital asset as an expenditure at the date of acquisition. The District defines a capital asset as a fixed asset (land, buildings and improvements, equipment, and vehicles) with an initial cost of \$5,000 or greater with an estimated useful life in excess of one year (MCCSD, 2020). 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. The following hyperlink from the District's website can be accessed to download a full copy of the District's FY 2018-19 Audit: <http://www.mccsd.com/2019-pdf/10/2018-19%20Audit.pdf>.

Table 2.5 MCCSD Financial Summary					
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY18-19
Beginning Aggregated Net Position	\$1,938,423	\$1,769,895	\$4,692,276	\$4,747,215	\$4,763,632
Prior Period Adjustments	(\$258,207)	\$2,868,691	\$0	\$0	\$0
Ending Aggregated Net Position	\$1,769,895	\$4,692,276	\$4,747,215	\$4,763,632	\$4,770,555
Revenue					
<u>General Revenues</u>					
Property Taxes	\$85,475	\$88,957	\$89,836	\$92,939	\$97,086
Debt Service Taxes	\$1,837	\$4,225	\$316	\$0	\$0
Loan Fees	(\$1,569)	\$18,186	(\$1,458)	(\$1,400)	(\$5,141)
Investment Earnings	\$1,998	\$2,502	\$2,575	\$4,945	\$5,839
Sub-total	\$87,741	\$113,870	\$91,269	\$96,484	\$97,784
<u>Program Revenues</u>					
Wastewater Services	\$588,706	\$680,191	\$698,401	\$679,965	\$674,722
Groundwater Surcharge and Permit Fees	\$137,097	\$69,458	\$35,724	\$69,265	\$103,547
Hookup Fees and Other Revenues	\$32,187	\$25,316	\$22,610	\$11,423	\$1,650
Sub-total	\$757,990	\$774,965	\$756,735	\$760,653	\$675,835
Total Revenue	\$845,731	\$888,835	\$848,004	\$857,137	\$877,703
Expenses					
Personnel and Benefits	\$365,687	\$408,779	\$390,743	\$392,587	\$380,047
Collection	\$2,899	\$4,527	\$12,193	\$5,791	\$12,391
Disposal	\$18,307	\$20,255	\$21,810	\$21,899	\$25,189
Groundwater Management	\$56,733	\$60,850	\$20,505	\$88,158	\$33,257
Treatment	\$151,553	\$122,073	\$139,555	\$112,549	\$126,199
Wastewater	\$0	\$0	\$0	\$0	\$77,104
General and Administrative	\$46,922	\$79,471	\$45,018	\$50,206	\$44,896
Interest Expense	\$15,504	\$15,504	\$14,533	\$13,936	\$16,906
Depreciation	\$98,447	\$133,686	\$148,708	\$155,594	\$154,791
Total Expenses	\$756,052	\$845,145	\$793,065	\$840,720	\$870,780
Net Program Revenues/(Expenses)	\$89,679	\$43,690	\$54,939	\$16,417	\$6,923

Sources: Bowers, 2015; G&A: 2017, 2018a, 2018b, 2019.

According to the audited financial information in the table above, the District generally operates at a net income, or revenue gain, which is a key measure of fiscal health and indicates that the District does not need to utilize reserve funds to balance the budget or meet current operating costs. The District has maintained a balanced budget for the past several years. (G&A, 2019)

The District's financial performance decreased in FY 2014-15 and increased during FY 2015-16. The decrease for FY 2014-15 was due to the recording of the net pension liability as required by GASB 68. However, operating revenues increased during FY 2014-15 by \$65,259 because of an increase in wastewater service, groundwater surcharge and permit fees. Operating expenditures increased during FY 2014-15 by \$117,317 because of corrected reporting of depreciation expense and increase of personnel expenses. Net capital assets decreased by \$14,676 during FY 2014-15 because of depreciation. A prior period restatement for FY 2014-15 was due to GASB 68 and a requirement to disclose net pension liability. (Bowers, 2015; G&A, 2017)

The increase for FY 2015-16 was due to prior understated fixed assets as well as net income. Operating revenues increased during FY 2015-16 by \$16,975 because of an increase in customers. General revenues increased by \$40,185 because of an increase in property taxes and loan fee income. Operating expenditures increased during FY 2015-16 by \$89,093 because of correct reporting of depreciation expense and increase of personnel expenses. Net capital assets increased by \$3,228,231 during FY 2015-16 because of understated prior year fixed assets and overstated accumulated depreciation. Investment in capital assets are 91 percent of total net position. Long-term liabilities decreased by \$73,719 for FY 2015-16 because of deferred inflows and principal payments to debt. A prior period adjustment for FY 2015-16 is due to incorrectly stated fixed assets for the prior years. (G&A, 2018a)

The District's financial performance continued to increase in FY 2016-17 through FY 2018-19. In FY 2016-17 the increase was due to increased net income. At the end of FY 2016-17 the District's net position was \$4,747,215. The increase in FY 2017-18 and 2018-19 was due to a combination of construction in process and a decrease in long-term debt. At the end of FYs 2017-18 and 2018-19, the District's aggregated net position was \$4,763,632 and \$4,770,555, respectively. Net capital assets increased in FYs 2016-17 through 2018-19 because of an increase to projects in progress. At the same time, long-term liabilities decreased in FYs 2016-17 through 2018-19 because of deferred inflows and principal payments to debt. In FY 2018-9, the District took out a line of credit for \$200,000, and it is due to be paid in March 2020. (G&A; 2018b, 2019)

2.4.1.2 Enterprise Activities

The District's business-type operations include wastewater collection and treatment services and groundwater management services. These enterprise activities are funded by service rates. The District reviews rates and fees during the annual budget development process and proposes an increase when necessary to support the ongoing delivery of services. The District Board of Directors adopts rates and fees annually at a duly noticed Public Hearing based on actual expenditures and cost recovery.

It is District policy that connection fees are proportionately charged to all users. The connection fee is called the Right of Use fee by MCCSD. This is a hook-up fee or capacity share fee. The charge is based on an Equivalent Single Dwelling (ESD) of wastewater treatment plant capacity. The fee represents the value of the proportionate share of the existing wastewater system charges to new customers or expanding users. The fee is normally calculated by adding existing system value, previously paid debt service, future capital improvements, and a proportionate share of current debt service.

The District adopted Rates and Fees for Fiscal Year 2018-2019 per Resolution No. 2019-1. The District's monthly sewer charge is \$50.60 per ESD, and the one-time hook-up fee, the "Right of Use Capacity Charge," per ESD is \$2,858. Groundwater extraction permits involve three one-time fees, which include \$200 for the administrative portion of the permit, \$300 for the Board permit approval, and \$700 for the

Hydrological Study approval. The District also charges \$10.63 per ESD on a monthly basis for groundwater management services, \$100 for an annual water metering by the District, and a one-time fee of \$120 to administer the water meter reading agreement. The District's enterprise services are currently operating at a net income or revenue gain. (G&A, 2019)

2.4.2 LONG TERM FINANCIAL CONSIDERATIONS

2.4.2.1 Reserves

The District does not have any reserve accounts established. The District practices zero-sum budgeting and reserves are zeroed out at the end of the year. (G&A, 2019)

The District currently has \$400,000 in cash reserves in a Local Agency Investment Fund (LAIF) and approximately \$200,000 in checking and savings accounts (MCCSD, 2020).

It is recommended that the District establish a financial reserves policy for fiscal stability, unforeseen operating needs, and to accumulate restricted funds for capital improvements and equipment replacement costs.

2.4.2.2 Long-Term Liabilities

The District has a note payable to California Infrastructure and Economic Development for a biosolids drying unit and housing for the unit for \$650,000 that is originally dated April 2005. The note matures August 2034 and has an interest rate of 3.05 percent. The District also has a line of credit with a local financial institution in the amount of \$750,000. The interest rate for the line of credit is 7.25 percent and the loan matures March 2020. (G&A, 2019)

Other long-term liabilities consist of compensated absences and retirement pension liability. Figure 2-3 shows the District's long-term liabilities for FY 2018-19.

Figure 2-3 Long-term Liabilities for FY 2018-19

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 425,551	\$ -	\$ (20,455)	\$ 405,096	\$ 21,077
Deferred outflows	270,268	51,603	(52,386)	269,485	46,000
Line of credit	-	200,000	-	200,000	200,000
Compensated absences	2,738	-	-	2,738	-
Total long-term liabilities	\$ 698,557	\$ 251,603	\$ (72,841)	\$ 877,319	\$ 267,077

Source: G&A, 2019.

Future maturity for notes payable and line of credit at June 30, 2019 is as follows:

2020	\$221,077
2021	\$21,721
2022	\$22,835
2023	\$23,066
2024	\$24,495

Thereafter \$312,806

Source: G&A, 2019.

2.4.2.3 Capital Improvement Plan

The District's Capital Improvement Plan (CIP) is for anticipated wastewater system improvements. This program includes the cost of major rehabilitation, expansion or upgrading of the treatment plant and the collection system as they reach their useful lives. Improvements can include increasing system design capacity or improvements needed for new regulatory operational requirements.

The District does not have a restricted or separate fund for capital improvements. The funds that are not used in a fiscal year are added to the District's unrestricted general fund.

The original residential hook-up fee was \$250 and the commercial connection cost was \$350 until the Right of Use ordinance and connection fee schedule were revised. The connection fee charges were increased based on an engineering study that revalued the wastewater system and recommended the fee increase to recover the current value of the remaining plant capacity. Major rehabilitation, expansion or upgrading of the District's collection system, as shown in Table 2.6 below, will be funded by this program. The ocean outfall survey has been completed and construction of the plant upgrades is scheduled to be completed by December 2020 (MCCSD, 2020).

(MCCSD, 2018)

Component	Acquisition Date	Unit Cost	Average Life, Years
Outfall survey	2019	\$21,900	20
Upgrade plant & recycled water systems	2019	\$1,048,500	20
Upgrade drying beds	2019	\$216,000	40
Backwash PLC controls	2019	\$80,000	30
Replace pond liner	2019	\$60,000	40
Plant electrical system upgrade	2019	\$515,000	40
Collection system upgrades	2023	\$697,731	40
Storage unit	2025	\$500,000	40
Wastewater outfall additional cost over replacement	2025	\$5,000,000	45

Source: MCCSSD, 2019d.

2.4.2.4 Equipment Replacement Program

An inventory of critical spare parts and collection system sewer lines are stored at the treatment plant or at individual lift stations to ensure that critical equipment can be repaired immediately. If a component fails that is not in stock, the District has pump-around equipment and lift station bypass equipment to prevent a Sanitary Sewer Overflow (SSO) until the replacement parts can be delivered and the repairs made.

The District sets aside equipment replacement funds on an annual basis as a line item budget expense determined from the amount equal to the straight-line depreciation (based on original costs) of the assets. The original plant, collection system, outfall, two lift stations and subsequent plant improvements were valued at \$3.77 million for the connection fee study in 2006. For the FY 2019-20 budget, \$96,297 was included in the budget for equipment replacement. The District does not have a restricted Equipment Replacement Fund (Depreciation Fund); revenues collected for equipment replacement are deposited into the general fund. (MCSSD, 2019d)

2.4.2.5 Rehabilitation and Replacement Plan

Following regularly scheduled annual collection system cleaning and videotaping, the private contractor prepares a detailed report and videotape of the work that was performed. The location of damaged sewer lines root intrusion and excessive grease deposits are identified in the report. Cracked and damaged lines are scheduled as soon as possible for repairs. The District uses local plumbing and underground contractors to make the point repairs. Equipment Replacement Fund reserves are used to pay for sewer line rehabilitation and lift station equipment replacement.

Any deficiencies in the collection system that are identified during routine maintenance are scheduled to be upgraded during the current fiscal year. Cash reserves from the Capital Improvement Fund are used for collection system upgrades and improvements. (MCCSD, 2018)

Figure 2-4 FY 2018-19 Statement of Net Position

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,270	\$ 11,995
Current portion of note payable	221,077	20,454
Total current liabilities	<u>231,347</u>	<u>32,449</u>
Long term liabilities:		
Note payable	404,473	425,551
Compensated absences	2,738	2,738
Deferred outflows:		
Net pension liability	269,031	270,268
Total long term liabilities	<u>676,242</u>	<u>698,557</u>
Total liabilities	<u>907,589</u>	<u>731,006</u>
NET POSITION		
Net investment in capital assets	4,694,108	4,580,972
Restricted for debt service	67,640	67,640
Restricted for Groundwater Management	200,793	200,793
Unassigned	(191,986)	(85,773)
Total net position	<u>4,770,555</u>	<u>4,763,632</u>
Total liabilities and net position	<u>\$ 5,678,144</u>	<u>\$ 5,494,638</u>

Source: G&A, 2019.

2.5 GROWTH

2.5.1 PRESENT AND PLANNED LAND USE AND DEVELOPMENT

2.5.1.1 Town of Mendocino

Founded in 1851, the unincorporated community of Mendocino was the first lumber town on California's north coast. The District encompasses this historical community on the Mendocino Headlands, which was added to the National Register of Historic Places listings in 1971 as the Mendocino and Headlands Historic District (NPS, 2010).

Mendocino Headlands is a peninsula that is bounded on three sides by ocean cliffs that range in height from 40 to 100 feet. Maximum elevations within the community are on the eastern edges of the community with a slope of approximately 10 percent toward the western bluffs. The location of the community on the headlands has the effect of geographically constraining growth, and the natural decline of the area provides a pathway for surface flow and aquifer drainage to the ocean bluffs.

The District's historical area of development, which includes the core community of Mendocino, is west of SR 1 on the headlands, with newer development to the east.

Mendocino's economy is largely tourism-based, with a downtown commercial district facing the ocean and a large number of hotels and bed and breakfasts. Mendocino Headlands State Park is within the community of Mendocino, and Russian Gulch State Park is located approximately one mile north of the District boundaries. These open space and recreational lands are also a draw for tourists and recreationists.

During the tourist season, the day and night time population increases substantially. Since 1987, Mendocino has been the site of the Mendocino Music Festival, which is held annually in the Mendocino Headlands State Park. This event and others like it bring large crowds of visitors to the area that put an additional demand on groundwater and wastewater treatment resources.

The Town of Mendocino is a "special community" as described in Section 30253(5) of the Coastal Act with a balance of residential, commercial, and visitor serving facilities.

2.5.1.2 Land Use Authority

The County of Mendocino regulates land use growth in the unincorporated community of Mendocino through Division III of Title 20 of the Mendocino County Code, the "Mendocino Town Zoning Code." The Mendocino Town Zoning Code implements the Mendocino Town Plan geographical segment, which is an area certified by the California Coastal Commission through the Local Coastal Program. The Local Coastal Program consists of the Town Plan, the Town Land Use Map, the Town Zoning Code, and the Town Zoning Map, all of which must be certified by the Coastal Commission. The Town Zoning Code supersedes the County's Zoning Code because of the involvement of the Coastal Commission with development in the community, and Chapter 3 of the California Coastal Act and the decisions of the Coastal Commission guide the implementation and interpretation of the Town Zoning Code. (County, 2019)

2.5.1.3 Mendocino Town Plan

The Mendocino Town Plan is a chapter within the Mendocino County General Plan's Coastal Element. The Town Plan was adopted on June 10, 1992. During the Plan development the community voiced strong support for maintaining the Town's residential character and limiting population growth.

The primary issues facing the Town of Mendocino identified in the plan are as follows:

1. **Specificity of Plan:** The historic attractiveness of the Town largely arises from its architectural diversity, so a single set of development standards would be contrary to the preservation of the historic nature of the community. As described further in Section 2.5.14, the Mendocino Historical Review Board now oversees development review in the Town of Mendocino to ensure the preservation of the architecture and character of the Historic District of the Town of Mendocino.
2. **Growth:** There is general community agreement that growth in the town must be limited, but disagreement as to how controlled it should be. The Town Plan calls for preserving Mendocino as a "real" town, rather than as a resort, to limit expansion of overnight visitor accommodations. The resulting reduction in total visitor days spent in the town offsets the slight increase in additional automobile travel per visitor. Section 30007.5 of the Coastal Act applies as the conflict between maximum accessibility and preservation of the town must "be resolved in a manner which on balance is the most protective of coastal resources." The plan attempts to achieve compromise between "no-growth" and "free-market" partisans.
3. **Amount of Development:** Some residents believe that virtually all vacant land in the Historic District should remain unbuilt, while others hold that well-designed new buildings at some locations will not harm, and will perhaps improve, the town.
4. **Historic Preservation:** The County of Mendocino recognized, through adoption of the Mendocino Historic Preservation District for the Town of Mendocino, the importance of preserving the style of architecture which dominates the Town. Examples of early Northern California architecture and the character of the community resulting from development connected with the early redwood lumber industry along the Mendocino Coast in the last half of the 19th Century is evident throughout the community. Additionally, it is found that the preservation of the architecture and the community character is essential in maintaining the Town as a special community within the context of the Coastal Act and which contributes to the economy of the Town and the County.
5. **Design of New Buildings:** Some find new development that closely follows the architectural style of the pre-1900 buildings most acceptable. Others want new buildings to be readily distinguishable as such, but less prominent than historic buildings.
6. **Intensity of Development:** There is no one intensity that is typical. Some blocks have high building coverage; others are largely open. Two-story buildings are interspersed with one-story buildings, but most commercial buildings are two stories. Water towers and outbuildings, often crowded in back yards, contrast with a vacant lot adjoining or across the street. Most houses are modest cottages on lots 40 to 50 feet wide, but there are about a dozen mansions on larger lots with wide yards.
7. **Views of the Town:** Public acquisition of the headlands effectively conserves the view of the Historical District (Zone A) from Highway 1. Though each large tree and water tower is important, the main visual concern of the plan is the character of the district as seen from within the town and

the view of the town as seen from the southerly approaches. The asphalt expanse of the highway is the only significant element of discord seen from outside the town. The less noticeable new development east of Highway 1 can be, the sharper the definition of the old town.

8. **Views from the Town:** West of Highway 1, Mendocino's gridiron street pattern and sloping site provide marine views from most streets and from many buildings over vacant lots or low buildings. Coastal Commission policy has been to protect views from public right of way but avoid restricting the use of private property to preserve private views. Some private views could be preserved by regulating the location of a new building on a lot in a view corridor, but in most instances, shifting the new building would block another existing or potential view. Limiting the height of new buildings to one story would preserve some views, but would adversely affect both town character and equity. Limiting maximum height would help to preserve town character.
9. **Affordable Housing:** Affordable housing is scarce within the Mendocino town plan area. New affordable units will not be provided unless specifically addressed as a housing program within the scope of the housing element of the General Plan or accomplished through considerations of Mixed Use, RR-2 or R+ designations. Preservation of existing affordable units may be another effective measure available to protect affordable units. Allowing non-transient lodging houses and second units in predominantly single-family areas and requiring construction of housing as a condition of development of commercial space would be additional ways of increasing the supply of relatively low-priced rentals.
10. **Water Supply and Wastewater Disposal:** In 1983, the MCCSD wastewater treatment plant operated at two-thirds capacity, partially because most residents use their limited water supply sparingly. Lack of a community water system limits development to the satisfaction of some and the frustration of others. Many wells went dry during the 1977 drought and some run low nearly every summer. Residents endure inconvenience and are concerned that new development could deplete their water supply. No information is available which would allow determination of the population that can be supported by individual wells. Although many residents favor a community water system, there was also a concern that it could affect the visual character of the Historical Zone because of the growth inducing impacts it could have. Lots smaller than 12,000 square feet could be created if permitted by zoning regulations; water towers would be decorative only; and less open space would be necessary.

(County, 2017)

2.5.1.4 Historic Preservation District

The Historical Preservation District for the Town of Mendocino was incorporated into the Mendocino County Zoning Ordinance in 1973. The Preservation District established the Mendocino Historical Review Board (MHRB) that must approve demolition, construction, remodeling, excavation, and painting within Zone A, comprising the 19th century town west of Highway 1. The Board has less specific powers of approval in Zone B, the area east of Highway 1 visible from Zone A (see Figure 2-5). Together the two areas constitute a National Register Historic District, allowing building owners to qualify for federal grants and tax incentives for preservation and restoration. There are only two such districts in the State of California; the Town established the Preservation District as a condition of the State acquiring the headlands.

The Mendocino Historical Review Board reviews applications for development to protect the landmark status of buildings and ensure development is compatible with surrounding development. The Mendocino Historical Review Board consists of five members who must be electors and residents within the Historic District. Members of the Review Board are appointed by the Board of Supervisors.

(County, 1992)

2.5.1.5 Land Use

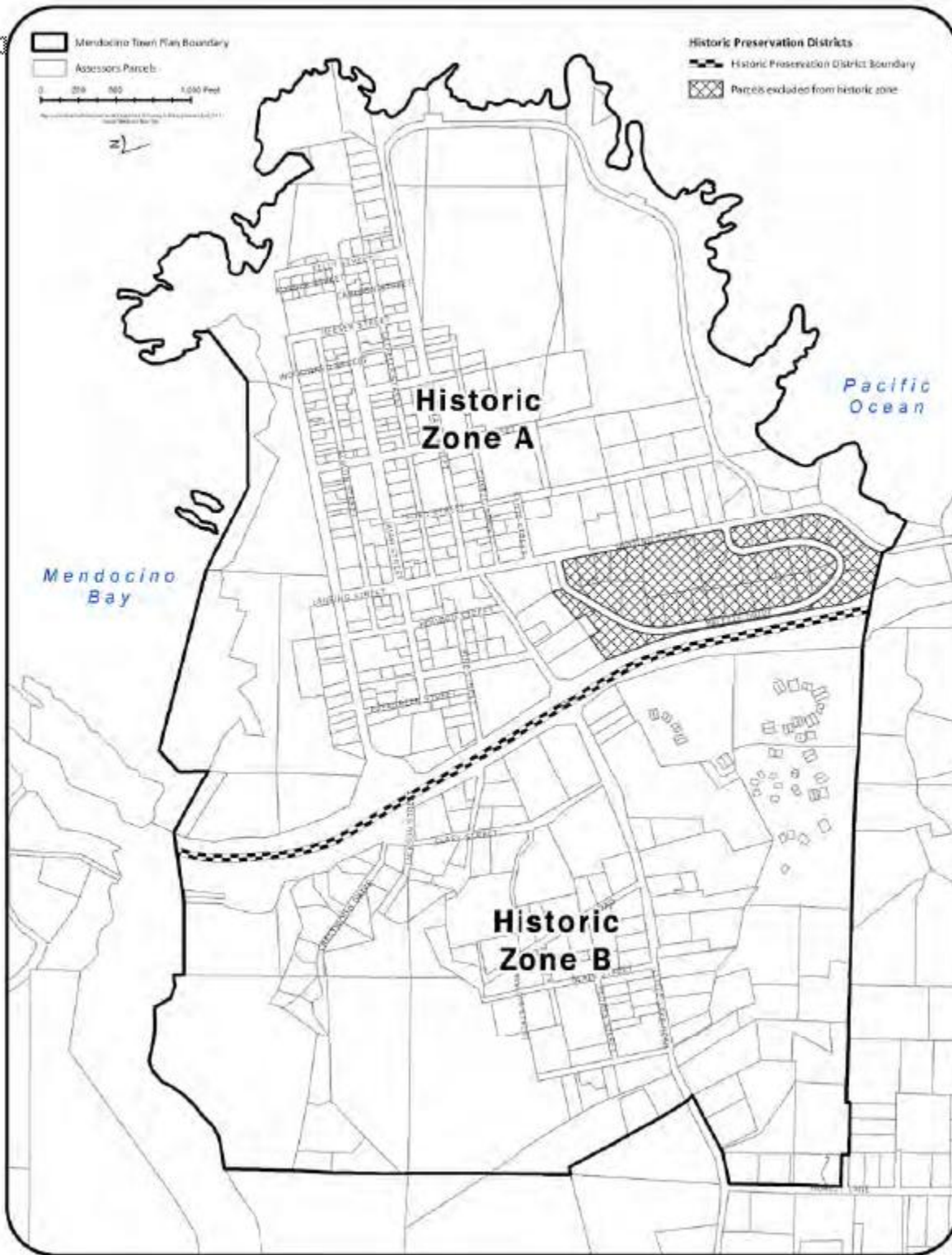
The Mendocino Town Plan Land Use Map (Figure 2-6) shows that the downtown area is comprised largely of residential and commercial uses, but also has a large amount of public facility use designation and nearby open space in the Mendocino Headlands State Park. East of State Route 1 is some suburban residential development, as well as more rural residential development and open space. The specific zoning designations for the Town of Mendocino are listed below and are based on the Mendocino Town Plan. Both the Mendocino Town Land Use Map and Mendocino Town Zoning Map were last updated on November 7, 2017. Both Plans were adopted by the Mendocino County Board of Supervisors and certified by the California Coastal Commission.

- MC - Commercial
- MMU - Mixed Use
- MRM - Multiple Family Residential
- MOS - Open Space
- MPF - Public Facilities
- MRR1 - Rural Residential (1 acre minimum)
- MRR2 - Rural Residential (2 acre minimum)
- MRR2: - PD Rural Residential (Planned Development)
- MSR – Suburban Residential
- MTR – Mendocino Town Residential

The Mendocino Town Zoning Map shows the Town boundaries as approved by the California Coastal Commission in the 1990 geographic segmentation of the Town for Local Coastal Plan map purposes. The map also shows hotels, inns, and bed and breakfast accommodations (Figure 2-7).

(County, 2017)

Figure 2-5 Mendocino Town Plan Historic Zones



Source: County, 2017.

2.5.1.6 Development

Existing development in the Town of Mendocino consists primarily of residential, commercial, public facilities, and open space uses. The controlling goal of the Town Plan, as stated in Coastal Element Policy 4.13-1, is the preservation of the Town's character, which is a blend of historic character, the natural setting, the aesthetic features of the of the architecture and land forms, and the blend of cultural, educational and commercial facilities. The Plan seeks to preserve the Town's character while allowing for orderly growth. The community seeks to balance residential units, visitor accommodations and commercial uses, while providing open space and siting structures to retain public views of the sea. Specifically, this balance is implemented by regulating additional commercial uses through development limitations cited in the Mixed Use and Commercial Land Use Classifications and by limiting the number of visitor-serving uses.

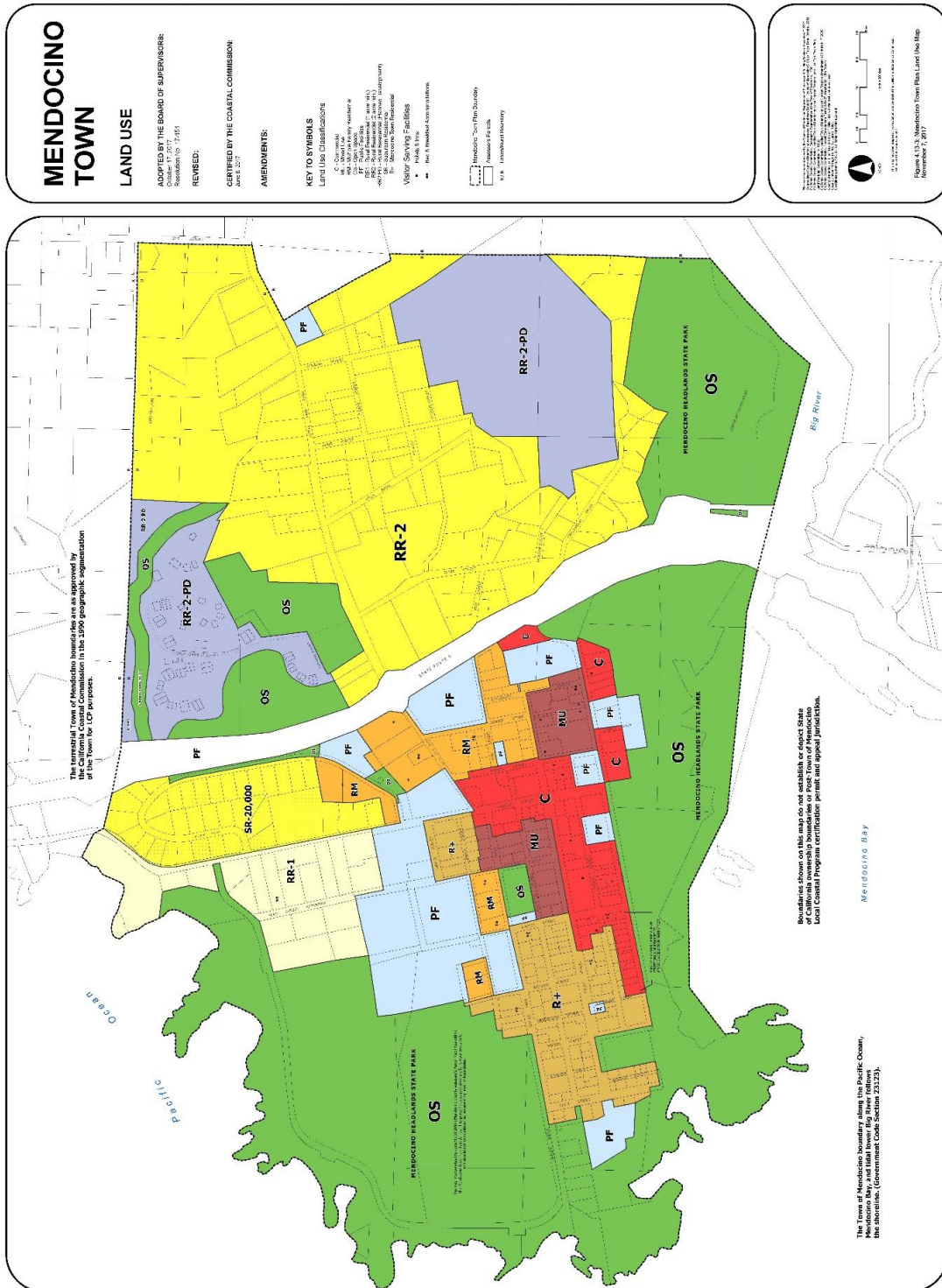
The Town has a large number of visitor-serving facilities, including hostels, hotels, bed and breakfast inns, motels, student/instructor temporary housing, single unit rentals, and vacation home rentals, as denoted on the Town Plan Land Use and Zoning Maps (Figure 2-6 and 2-7). The Mendocino Town Plan designates existing Visitor Serving Facilities providing overnight accommodations on a parcel-by-parcel basis by placing the appropriate designation on the Town Plan Map. Any additional Visitor Serving Facilities for overnight accommodations above and beyond these designations require a Plan amendment. No hotels or motels with more than 25 overnight units are permitted. Existing visitor serving facilities that propose to expand beyond the maximum number of units listed in the Plan require a General Plan Amendment. Visitor Serving Units remain fixed, with a ratio of 13 long-term dwelling units to one Vacation Home Rental or one Single Unit Rental.

To maintain the scale of the town, the Town Plan land use classifications limit the size of a single store to 8,000 square feet. Much of the downtown area is designated mixed use, with arts and crafts studios and professional offices. The intent of the Town Plan is to continue this mix, while maintaining an environment that will encourage new residential investment. North of Saint Anthony's Church along the west side of Lansing Street, the plan shows one unit per acre. In the Palette Drive area on the east side of Lansing Street a pattern of 20,000 square foot lots is established, with the exception of the Hill House property which is RM.

East of SR 1 the plan recognizes the Hills Ranch Planned Unit Development, approved with 54 units on 40.6 acres, and designates the remaining area east of SR 1 as two-acre minimum sites. Two large parcels totaling approximately 41 acres at the southeast boundary of the district are shown as planned unit development to ensure the preservation of the wooded hillside viewed from the south side of Big River and by north bound traffic on SR 1. The plan notes existing public facilities, such as schools, churches, cemeteries, community buildings, and utilities, and assumes that all will remain.

Acquisition of Mendocino Headlands State Park in 1975 preserved the town's setting. Grindle Park on Little Lake Road, the only locally controlled public open space, was deeded to the Town by the heirs of an early resident and is now owned by the Mendocino Fire Protection District. Heider Field, a parcel of approximately one acre in the center of town, has been acquired by State Parks and Recreation to remain as community open space. Mendocino's present charm is in part dependent on the many vacant or partially unused parcels within the town. The plan calls for three approaches to preservation of some of this open space: dedication of scenic easements, special site planning standards, and property acquisition.

Figure 2-6 Mendocino Land Use



Source: County, 2017.

be intermixed with commercial uses in the Commercial (C) and Mixed Use (MU) land use classifications, limiting the conversion of dwelling units to non-residential uses, and allowing for student/instructor intermittent temporary housing in the Mendocino Art Center.

(County, 2017)

Growth in the community is governed both by the applicable land use regulatory authorities of Mendocino County and the California Coastal Commission, and by groundwater resource and wastewater system constraints. Growth of the wastewater system could occur through new development within the MCCSD boundaries or expansion of the system to serve existing areas adjacent to the District in the 2008 Sphere of Influence area currently utilizing on-site septic systems. There are currently approximately 87 acres of undeveloped land within the District, and approximately 125 acres of land adjacent to the District's boundaries contained within the 2008 Sphere of Influence. The wastewater system is generally in good condition with sufficient capacity for full build out within the 2008 Sphere of Influence (SHN, 2010). Groundwater resources, however, may be limited depending on specific location and use, and so are evaluated on a case-by-case basis as development occurs.

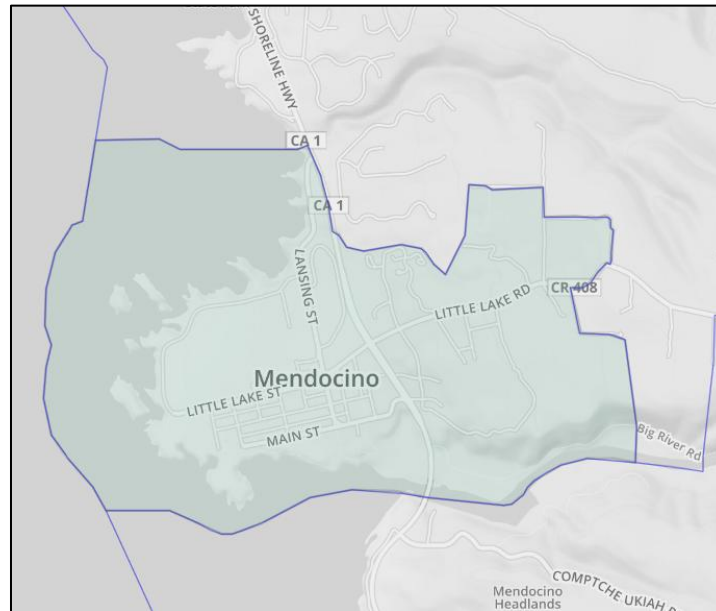
2.5.2 EXISTING POPULATION AND PROJECTED GROWTH

The Town of Mendocino is a Census Designated Place (CDP) in Mendocino County. According to the Census Bureau, Mendocino CDP has a total area of 7.4 square miles, of which 2.3 square miles are land and 5.2 square miles are water. As of the 2010 census, there were 894 persons living in Mendocino, up from 824 in 2000. Of those, 830 people lived in households, 64 lived in non-institutionalized group quarters, and 10 were institutionalized. There were 447 households. The average household size was 1.86, down from 1.94 in 2000, and the average family size was 2.41, also down from 2.51 in 2000. Median age was 56.1 years. There were 617 housing units at an average density of 83.1 per square mile, of which 271 were occupied by renters. The homeowner vacancy rate was 3.9 percent and the rental vacancy rate was 9.2 percent.

While the CDP boundaries are not the same as the District; this information provides some insight into demographic circumstances of the District. The size of the District is slightly over one square mile.

According to the American Community Surveys Demographic and Housing Estimates for 2018, there are 548 housing units in Mendocino CDP, with the total population of 782 being divided at 61.6 percent male, 38.4 percent female, and with a median age of 55.8.

Based on the 2013-2017 American Community Survey 5-Year Estimates, the population estimate for Block Group 4 is 782 (USCB, 2018a) as shown in Figure 2-8 below.

Figure 2-8 MCCSD and Block Group 4 Boundaries

Source: US Census Bureau: ACS 5-Year Estimates, 2018.

Another way to determine the estimated population size for the District is the number of residential units, or wastewater service connections, multiplied by the average household size. Based on CDP data of 1.86 persons per household and the District's current data of 425 residential wastewater service connections, there are approximately 790 people residing in the District. For the purposes of this study, the current District population is estimated to be approximately 800 people.

Population growth is expected to increase at an annual rate of approximately 0.5 percent for Mendocino County (DOT, 2017). Based on this growth rate, the District can expect a small population increase of 20 people within the next five years.

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 percent of the State MHI of \$61,937 (USSB 2019a), or \$49,550 (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.

The Town of Mendocino is a Census Designated Place (CDP). Mendocino CDP has a median household income (MHI) of \$51,124 and therefore does not qualify as a DUC (USCB, 2018a). The areas surrounding Mendocino CDP may qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

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

Mendocino City CSD provides the following municipal services:

- Wastewater Collection and Treatment
- Groundwater Management
- Street Lighting

Planning and design review is provided by the Historical Review Board, and additional municipal services are provided to District residents by other public agencies or non-profit organizations through agreements and by private businesses through service contracts, as detailed in Section 2.3.4.

This MSR only reviews services provided by the District. This is the second MSR prepared for the District; the first one was adopted by the Commission on November 3, 2008 (LAFCo Resolution No. 2008-08).

3.1.2 OUT-OF-AGENCY SERVICES

Special districts are required to obtain LAFCo approval prior to entering into contracts with private individuals or organizations to provide services outside of the agency's boundaries. The District provides wastewater services to Russian Gulch State Park, which is located approximately one mile north of the District boundaries. The District was formed in 1970 in large part to provide wastewater services to the State Park. The District does not provide any other out-of-agency services.

3.2 WASTEWATER

3.2.1 SERVICE OVERVIEW

The District owns, operates, and maintains a public wastewater system. The MCCSD service area encompasses a population of approximately 800 residents and covers a one square mile area. This area is predominantly characterized by residential and commercial development and open space, with one larger institutional user, the Mendocino Unified School District. There is no industrial flow to the MCCSD sewerage system.

The District reports the following wastewater customers by use type: 425 residences, 1 cottage industry, 11 guest cottages, 2 sleeping units, 26 vacation homes, 255 hotels, motels, and bed and breakfasts, and a number of commercial and institutional uses. There are also 12 residences served by on-site septic systems within the District boundaries. Usually the residences on the visitor accommodation parcels are

for the manager or owner of the inn or Bed & Breakfast. There are no industrial dischargers in the District.

The MCCSD wastewater system is comprised of collection, treatment and disposal facilities. The District manages and maintains over 47,000 feet of collection system sewer lines and 3 lift stations (Figure 3-1). The California Department of Parks and Recreation maintains a collection system and fourth lift station at Russian Gulch State Park. State Park wastewater is pumped from their lift station through a force main to the MCCSD gravity collection system. Wastewater collected from the Mendocino wastewater system is treated at the District's wastewater treatment plant. The plant provides full tertiary treatment before discharge via an ocean outfall.

3.2.2 WASTEWATER SYSTEM MANAGEMENT PLAN

MCCSD's sewer services are regulated under the Statewide General Waste Discharge Requirements (WDR), which mandates the development of a Sewer System Management Plan (SSMP) and the reporting of SSOs using an electronic reporting system. The SSMP outlines the annual management and scheduled maintenance for the sewer lines and the District's three lift stations. The District last updated its SSMP in 2018.

The SSMP identifies the staff responsible for various elements and programs of the SSMP, including for its overflow emergency response plan, system evaluation and capacity assurance plan, and fats, oil, and grease (FOG) control program. It also identifies the chain of communication for responding to and reporting SSOs. It provides details on its operation and maintenance program, which includes maintaining map layers of wells, manholes, and sewer lines; how and on what schedules sewer lines are cleaned and videotaped; and provides a maintenance schedule as shown in Figure 3-2.

3.2.3 COLLECTION SYSTEM

The District's wastewater collection system is comprised of vitrified clay, concrete, and PVC pipe ranging in size from 15-inch trunk lines to 4-inch laterals. The collection system includes the major portion of the system that was built in the mid 1970's, several pre-existing concrete collection lines, and a private collection system constructed three years after the District system was completed in the Hills Ranch Subdivision.

Several of the old sewer lines were incorporated into the District collection system that was completed in 1975. The date of the installation of the original system is unknown. In 2003, the District added a privately owned Hills Ranch Subdivision collection system and lift station at the request of the property owners. This system was constructed in 1978.

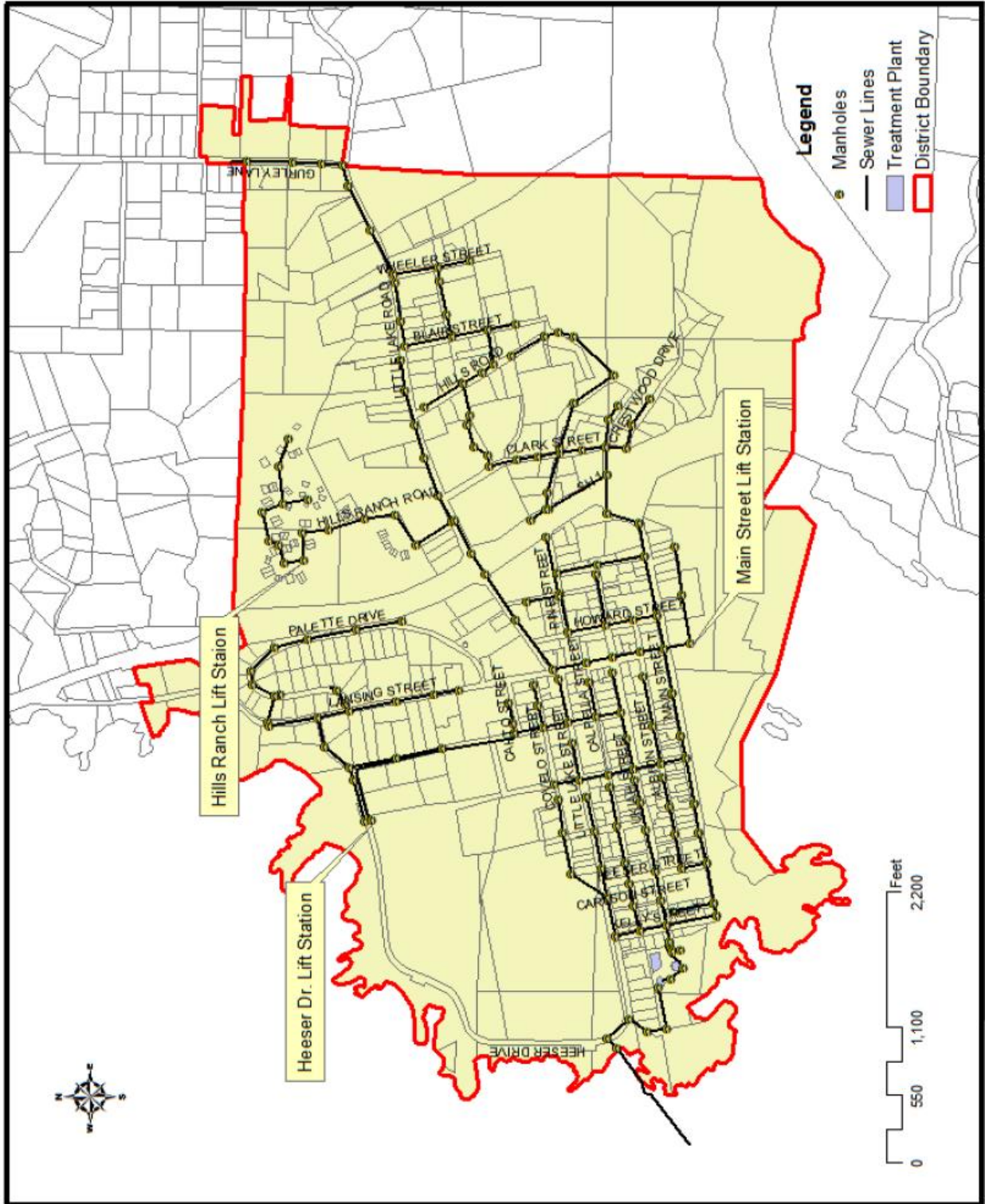
Three lift stations, "A" (Main Street), "B" (Heeser Drive), and "C" (Hills Ranch) are now maintained and operated by the MCCSD. Originally, lift stations "A" and "B" served only a limited number of local residents and had wet wells designed to provide 12 hours storage capacity, which eliminates the need for standby power facilities. Hills Ranch Lift Station C, located in the Suntrap Meadow Circle cul-de-sac, collects wastewater from the areas within the subdivision. This station pumps wastewater by means of centrifugal pumps through a 4-inch PVC force main to the gravity portion of the system at Manhole No. HR9 located in the intersection of Hills Ranch Road and Suntrap Meadow Circle. The lift station has an emergency generator.

In addition to the District's three lift stations, the California Department of Parks and Recreation maintains a collection system and lift station at Russian Gulch State Park. Park water is pumped from

their lift station through a force main to the MCCSD gravity system. Headlands State Park, with whom the District has a contract to provide wastewater services, discharges directly into the gravity system.

DRAFT

Figure 3-1 Location Map Showing MCCSD Collection System and Lift Stations



Source: MCCSD, 2018.

3.2.4 OPERATION AND MAINTENANCE PROGRAM

The District has a System Operation and Maintenance Program (SOMP) which establishes procedures intended to prevent or minimize the potential for sanitary sewer overflows. The program includes guidelines for the operation and maintenance of the sanitary sewer collection system, which includes a detailed discussion about the District's collection system maps, operation and maintenance activities, the District's capital improvement program, system rehabilitation and replacement, and District personnel training. As part of the SOMP, MCCSD has developed a five-year cleaning and videotaping schedule of the sewer lines and lift stations. The District performs ongoing repair and maintenance activities to the collection system and the ocean outfall line as needed. Any damage to the collection system found during regular collection system maintenance is repaired during that year.

To prevent or contain SSOs, the District has emergency pump-around and containment equipment for sewer line blockages. This equipment is installed until the blockage is cleared and any wastewater that has been contained in a storm drain is pumped back to the gravity collection system. Plant operators are given regular training in the operation and setup of the pump-around and containment equipment.

Areas where visual or video inspections indicate repeated or unusual accumulation of grease, grit, roots or other debris, or in areas with a past history of sewage blockages, are considered hot spots. Hot spots are cleaned as frequently as necessary to prevent sewer line blockages and spills; however, in no case is the interval greater than once annually for cleaning or inspection. Hot spots are also mapped and added to the Collection System Operation and Maintenance Program when they are identified.

The variety of lift station equipment requires different operation and maintenance procedures for each lift station design and the type of pumps that are used at each station. To facilitate the maintenance of the District's lift stations, a pump run is initiated several times during the week during routine inspections. Routine maintenance is performed, including the monthly greasing of all bearing and fittings, until major service is required. Additional pump maintenance is based upon manufacturer's recommendations. A checklist, tailored to each site, is used to document and assist in the routine maintenance. Routine maintenance is performed at each lift station from a weekly maintenance checklist printed from the District's Jet Stream maintenance program. Work performed at the lift stations is entered into the District's wastewater maintenance database on a weekly basis from the data obtained from the checklist.

Each lift station has an emergency bypass, so in case of a prolonged power outage or an equipment failure the lift station wet well can be pumped to the gravity portion of the collection system. A bypass pump installed in the wet well is powered by an emergency generator in these situations. District personnel are trained on the setup and operation of this equipment. The District also has a Safety Program that includes training in confined space entry, infections and infectious diseases, traffic hazards, and underground excavation safety.

3.2.4.1 Collection System Maps

In 2001, the District approved development of a Geographic Information System (GIS) for the wastewater system. Manhole and sewer line layers were created to show the sewer lines between manholes. An attribute table with manhole and sewer line information was georeferenced to each manhole and sewer line, which lists the line type, line material and the pipe diameter. The District is able to use the attribute table and map displays for collection system maintenance scheduling, to query information about the system, and to create maps and labels. A well layer was also created with the

location of 420 wells, along with an attributes table that includes well depths and coordinates. The collection system overlies the town's shallow aquifer, as knowing the location of all wells in relation to the collection system is critical to preventing contamination of the groundwater supply. The sewer line layer was used to create a no-well-drilling buffer zone. Mendocino County restricts well drilling within 50 feet of a sewer line.

New lateral connections and existing laterals are added to the sewer lateral layer as needed. A hot spot layer will also be generated in the near future to assist maintenance crews to regularly maintain these trouble areas.

3.2.4.2 Sewer Line Cleaning

In 2009, MCCSD purchased a trailer mounted high pressure jetter for sewer line cleaning of sewer mains and emergency cleaning of mainline blockages. In 2011 MCCSD purchased an Aries Portable Pipeline Television Inspection System. The District cleans and videotapes the collection system using the jetter and camera system. Contractors are used to clean lift station wet wells. Normally one-fifth of the collection system and hot spot areas are cleaned on an annual basis. There are several old sections of the collection system that are not accessible to jetting equipment or are exceptionally long sections without manhole access. In these areas, flushing is used to keep the lines clear of material that may cause blockages.

3.2.4.3 Videotaping of Sewer Lines

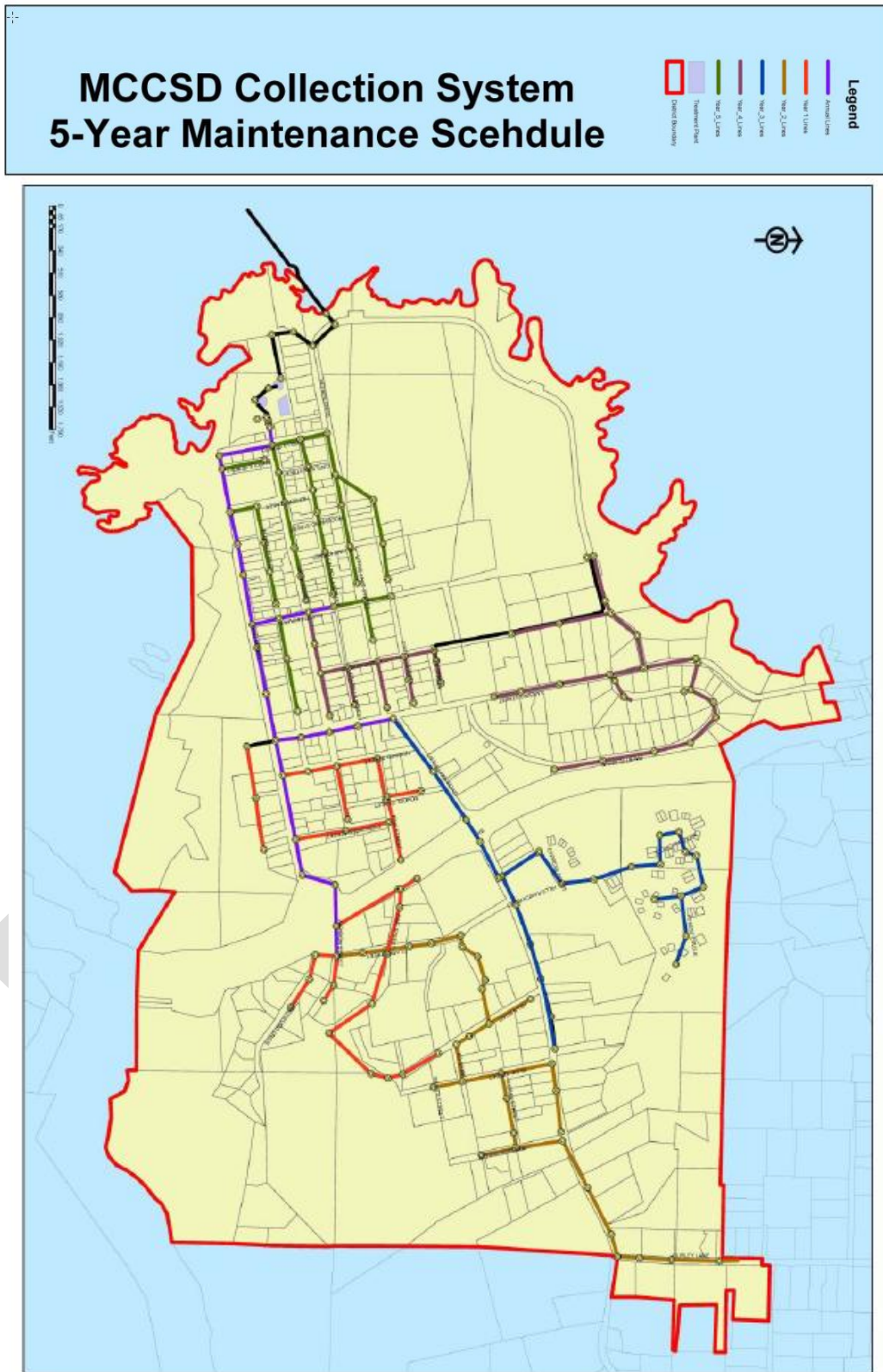
During annual cleaning, all sewer lines that are high pressure water jetted are then videoed and recorded. The video recording is used to locate damage to the collection system, which is next scheduled for repair during the current budget year. Hot spots are video inspected to determine if the cause is due to damage, root intrusion, breakage or separation, etc., and corrective actions are then initiated.

3.2.4.4 Record Keeping

The District maintains collection system cleaning logs and video recording records, which are then used to locate and schedule repairs to damaged sections. The Sewer Maintenance Database is regularly updated from the data collected during annual maintenance. Maintenance logs include data on hot spot line segments, the condition of lines, line size and type, and any offset or cracked sewer lines.

(MCCSD, 2018)

Figure 3-2 Five-Year Collection System Maintenance Program Map



Source: MCCSD, 2018.

3.2.5 SYSTEM CAPACITY

The MCCSD wastewater collection, treatment, and disposal facilities serve a community with an approximate resident population of 800, covering an area of approximately one square mile. This area is predominantly characterized as oceanside residential, commercial, and visitor serving facilities.

The District's total plant capacity is divided by an Equivalent Single Dwelling (ESD) of system capacity and there are 1,500 ESDs of plant capacity in the MCCSD wastewater system. In FY 2016-17, 1,098.36 ESDs of plant capacity were collected from past and current users. The remaining portion (401.64 ESDs of plant capacity) of the capital costs of the system will be recovered from future users and expanding users through connection fees.

In 2020, there are 1,115 ESDs of wastewater system use resulting in a remaining plant capacity of 385 ESDs for new development, changes in use, and expansion of existing uses (MCCSD).

Growth of the wastewater system could occur through new development within the boundaries of the MCCSD or expansion of the system to serve existing areas adjacent to the MCCSD currently utilizing on-site sewage disposal systems (septic systems). There are approximately 87 acres of undeveloped land within the District, and approximately 125 acres of land adjacent to the District's boundaries contained within the 2008 Sphere of Influence. However, growth in Mendocino is anticipated at only 0.5 percent per year, for a total population increase of only 20 individuals within the next five years.

The District completed a Sewer System Capacity Analyses study in November 2009. The study was performed by SHN Consulting Engineers & Geologists, Inc. to inventory collection system components, determine the effects of population growth on existing wastewater capacity, and analyze and evaluate wastewater collection system performance during peak day flows and storm and wet weather events. The study also measured collection system inflow and infiltration. SHN hydraulically modeled the collection system to recognize hydraulic deficiencies that could lead to future SSOs. A capital improvement plan was included in the SHN report. Eight capital improvement projects with their 2010 estimated costs were recommended by SHN, as shown in Figure 3-3 below, which have not been completed to date. (MCCSD, 2018)

Figure 3-3 Capital Improvements Summary

Project #	Location	Description	Estimated Cost
Project #1	MH 10 to MH 11	Upgrade line size form 15" to 24"	\$98,337
Project #2	MH 16 to MH 19	Repair/Replacement for Sags	\$212,850
Project #3	MH 4A to C/O 4A	Manhole Additions	\$29,700
Project #4	MH 81 to hr0 and hr0 to hr1	Upgrade line size from 6" to 8"	\$159,300
Project #5	MH H to MH I and MH I to MH J	Upgrade line materials from Plastic to PVC	\$132,894
Project #6	MH 47 to C/O 47 and C/O 47 to Capped Main Line	Manhole Additions	\$23,625
Project #7	MH 73 to C/O 73 to C/O 73a to C/O at Parcel	Manhole Additions	\$29,025
Project #8	Various Locations	Root Treatment	\$10,000

The SHN report indicates that the wastewater system is in good condition and that the system currently has no capacity problems and will not have capacity problems even at build out, except where an oversized line was installed on an extremely low slope. One of the improvements included in the capital improvements recommendations is replacement of this section of line; however, the priority for

implementing this project is low. Other project identified in Figure 3-3 above address specific defects or material susceptible to failure. Overall, the collection system has been maintained in such a way that has extended the useful life of the system well past its design life, and continued maintenance at existing levels will continue to extend its practical functions.

(SHN, 2010)

3.2.6 FACILITIES AND ASSETS

The District owns, operates, and maintains multiple capital assets including land, structures, equipment, and infrastructure to provide services to its constituents. As of June 30, 2019, the District's capital assets totaled \$5,319,658, including projects in process. The District also has a no-cost lease from the State of California for one square-foot of ground space related to seven monitoring wells that was set to expire in October 2019. The District requested that the lease be renewed; however, State Parks has not renewed the lease to date (MCCSD, 2020).

The Districts owns and operates its wastewater collection, treatment, and disposal system, as described in Sections 3.3.1 and 3.3.3. It also owns office equipment and three vehicles to support its operations. Capital assets as of June 30, 2019, with depreciation, are shown in Figure 3-4 below.

Figure 3-4 MCCSD Capital Assets as of June 30, 2019

	Beginning Balance	Net additions and deletions	Ending Balance
Capital assets, not being depreciated:			
Projects in process	\$ 706,296	\$ 592,817	\$ 1,299,113
Land	1,600,000	-	1,600,000
Total capital assets, not being depreciated	2,306,296	592,817	2,899,113
Capital assets, being depreciated:			
Improvements & Infrastructure	\$ 4,649,129	\$ 10,249	\$ 4,659,378
Vehicles	46,800		46,800
Office equipment and furniture	50,736		50,736
Equipment	650,733	-	650,733
Total capital assets, being depreciated	5,397,398	10,249	5,407,647
Less accumulated depreciation for:	(2,832,311)	(154,791)	(2,987,102)
Total capital assets, being depreciated, net	2,565,087	(144,542)	2,420,545
Capital assets, net	\$ 4,871,383	\$ 448,275	\$ 5,319,658

Source: G&A, 2019.

The District is also in the process of upgrading its wastewater treatment plant as follows:

- Treatment plant process facilities: Construction of a new plant operations building, upgrade of the treatment plant's main electrical service, replacement of tertiary filter backwash control panel, upgrade of motor control panels in the blower room, and updating the electrical wiring throughout the treatment plant facility to current electrical code.

- Relocation of existing laboratory in the old control building to the new operations building.
- Relocation of service vehicle and sewer maintenance and emergency equipment into the new plant operations building's garage area.
- Installation of new electrical panel in the new plant operations building for future upgrade of the recycled water system, #2 plant water system, and chlorination and de-chlorination systems.
- Remodel of the District Office to meet ADA access compliance, addition of an ADA-compliant parking space with a path of travel between facility buildings, and conversion of the existing laboratory/ control room into a meeting room for monthly Board meetings.

The Notice of Award for the construction contract was issued in October 2019, and construction is anticipated to begin on the new operations building in spring 2020. The upgrade to the plant wiring will begin during the winter of 2019-20. (MCCSD, 2019b)

3.3 GROUNDWATER MANAGEMENT

3.3.1 GROUNDWATER MANAGEMENT OVERVIEW

Groundwater is the primary water supply for the unincorporated Town of Mendocino. Mendocino residents and business owners rely on approximately 420 privately owned wells for their water supply. Although the permanent population in the District is less than 800, the Town of Mendocino is a popular tourist destination, which increases the population served by the District substantially at various times of the year.

Groundwater is pumped from the unconfined Mendocino Headlands aquifer (Department of Water Resources Bulletin 118 Groundwater Basin 1-021, Fort Bragg Terrace Area Basin). Unlike typical California groundwater basins, which contain alluvial sediments surrounded by low permeability bedrock that holds the water in the basin, the Mendocino Headlands are surrounded by cliffs. A major portion of the annual inflow into the aquifer is discharged through these cliffs via springs generally within the same water year, so a significant amount of water loss occurs annually.

Groundwater conditions are strongly influenced by the amount of annual precipitation. Historically, the Town of Mendocino has experienced water shortages during dry years and even during years with normal rainfall. In response to the high concentration of wells, lack of inter-annual (carryover groundwater) storage in the aquifer, and frequent water shortages, MCCSD obtained groundwater management authority in 1987 (CWC § 10700 et seq.) under Assembly Bill 786, which provided the District with the authority to establish programs for the management of groundwater resources within the District. Prior to enactment of AB 786, the Mendocino County Department of Environmental Health enforced the groundwater extraction provisions of the Mendocino Town Plan. In 1990, MCCSD assumed responsibility of groundwater management from Mendocino County.

The groundwater management authority provided in Water Code 10700 et seq. was considered an interim authority until the District could find a water source suitable for a community water system. Due to a lack of water source, however, a community water system has never been completed, and the Groundwater Management Plan, which limits water extraction, has stayed in effect.

The Groundwater Management Plan was initially developed in 1990, along with a Groundwater Extraction Permit Ordinance, to limit groundwater withdrawals from the Mendocino Headlands aquifer.

The Groundwater Management Plan was most recently updated in 2019, and includes a Water Conservation Program, Data Management Program, Groundwater Monitoring Program, Water Recycling Program, and Water Shortage Contingency Plan.

The primary goals of the Groundwater Management Plan are to

- Promote water conservation
- Limit groundwater withdrawals to prevent aquifer overdraft
- Manage Mendocino's groundwater supply during drought
- Ensure groundwater quality is protected
- Develop groundwater management programs that serve as a foundation for groundwater management decision-making

(MCCSD, 2019c)

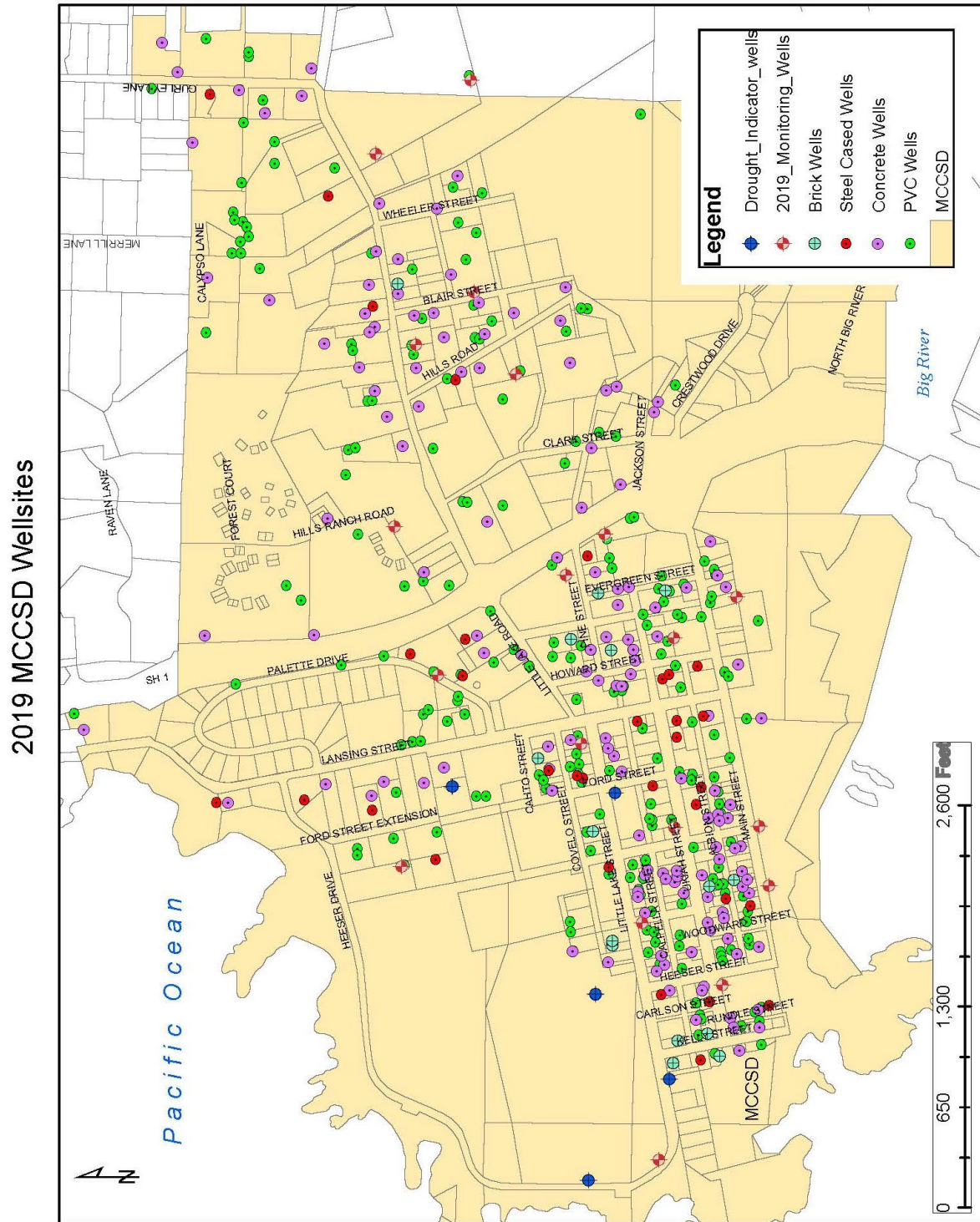
3.3.2 WATER DEMAND AND CAPACITY

The permanent population of the Town of Mendocino is about 800. However, Mendocino is a well-known tourist destination and the population increases to approximately 3,500 during the high tourist season. The main business district of the Town of Mendocino is along the southern portion of the peninsula along Mendocino Bay. The population is concentrated near the main business district. Other residential areas are located to the north and east of the main business district. The northern and western portions of the peninsula are primarily open space with much of the land included in Mendocino Headlands State Park.

As shown in Figure 3-5 below, groundwater wells are located throughout the extent of the District, with the highest density of pumping wells lying in the southern portion of the Mendocino Headlands where commercial development is most concentrated. Well depths typically range between 40 to 200 feet, with most new wells in the range of 100 to 150 feet. A few older wells are as shallow as 20 to 25 feet. Shallower wells may be completed solely in the terrace gravels; however, most wells are composite and are completed in the underlying Franciscan bedrock. Flow rates to wells are quite variable, but typically range from less than 1 gallon per minute (gpm) to over 25 gpm. Wells which produce above 10 gpm are considered high yield wells in this area, while high yield wells in most areas typically produce over 100 gpm. Higher flow rates are typically for short time intervals and during high water level periods during the winter months.

Because of these low yields, most properties employ storage tanks and, through the MCCSD, the community has implemented significant water conservation measures. Even so, some wells run dry in the late fall months, especially in drier than normal years, and water is trucked in to replenish storage tanks at several properties on a regular basis in the fall. This practice becomes more widespread during periods of drought.

Figure 3-5 2019 MCCSD Well Locations



Source: MCCSD, 2019c.

As shown in Table 3.1, residential users represent the largest amount of groundwater demand, with visitor-serving uses such as vacation and hotel accommodations and restaurants also using a considerable amount of groundwater.

User Category	Gal/day
Residential	118,396
Inns, Hotels, B&Bs, Vac. Home Rentals	40,938
Restaurants, Bars	31,708
Retail, Office, Grocery, Service, Vet., Station, Home Occupation, Personal Services, gov. buildings	26,344
Library, MFPD	690
Churches, Halls	4,175
Ballpark, Community Center	2,314-
Rainbow School	240
Headlands Park	2,000
TOTAL (gallons per day)	226,805
TOTAL (acre-feet per year)	254.07

Source: MCCSD, 2019c.

3.3.3 WATER SUPPLY CONSERVATION AND ENHANCEMENT

The function of the Groundwater Management Plan is to conserve water in order to strike a balance between the water needs of the community and the amount of water available on an annual basis. To that end, the Groundwater Management Plan includes several plans and programs to monitor water usage, model future supply and demand, and limit groundwater use. These programs include the groundwater extraction permit ordinance, water conservation program, groundwater monitoring program, water recycling program, data management program, and water shortage contingency plan.

3.3.3.1 Groundwater Model

In 2002, MCCSD received a California Department of Water Resources (DWR) Local Groundwater Management Assistance Grant, in part for the purpose of developing a groundwater model using the U.S. Geological Survey developed model code MODFLOW to assist MCCSD in managing the groundwater resources for the Town of Mendocino. Other portions of the grant funded the development of an updated groundwater monitoring system, including the drilling and completion of ten new monitoring wells to supplement the existing monitoring well network.

A numerical model, Groundwater Modeling Study of the Mendocino Headlands, was developed to help implement the District's groundwater management program. Model development combined the existing understanding of the Mendocino Headland hydrogeology from the DWR 1985 study with recently collected data from the MCCSD. This existing data includes historic pump test results, new pump tests completed on the monitoring wells, a well water level canvass, and topographic survey information. The model development includes locating the saturated zones of the marine terrace deposits. Model calibration was based on groundwater elevation data collected by MCCSD from wells in the area. From the model results, an estimate of the perennial or safe yield of the Mendocino Headlands aquifer was calculated.

The Groundwater Model has been updated several times since its development as additional groundwater data, new hydrologic budgets, and updated software become available. Water data has been updated to incorporate recent years, and the results compared to measured groundwater elevation data. Drought criteria in the 2007 Water Shortage Contingency Plan has also been updated. The long-term “sustainable” yield for the Mendocino Headlands aquifer and a series of model scenarios to evaluate groundwater conditions at potential future “build-out” has also been evaluated. A number of different scenarios and conditions has also been evaluated, including various rainfall conditions, groundwater conditions during droughts, and the effects of water conservation on the groundwater supply.

3.3.3.2 Groundwater Extraction Permit Ordinance

On January 29, 1990 MCCSD adopted a Resolution of Intention, Resolution No. 113, to adopt the Groundwater Management Plan. On February 26, 1990 the District Board of Directors voted in favor of Groundwater Extraction Permit Ordinance 90-1, which was the first element in the District’s groundwater management program. The Ordinance included groundwater extraction permitting procedures and a mandatory water conservation requirement. Since that time, there have been several amendments to the Groundwater Extraction Permit Ordinance (Resolutions 91-3, 92-2, 00-1, 01-1, and 04-1), which have clarified the original ordinance, outlined the hydrological study and aquifer test procedures and methodology, enabled the ordinance to conform to the Mendocino Coastal Groundwater Development Guidelines, defined several terms, and addressed the issue of cumulative effects to surrounding wells during aquifer testing.

The District’s extraction permit ordinance requires any person seeking to extract groundwater for a new development, change in use, or expansion of existing use to apply for and obtain a valid and current MCCSD Groundwater Extraction Permit (GWEP). The GWEP process includes a hydrological study and aquifer pump test. Approval of the hydrological study is a prerequisite for application of the GWEP, and issuance of a GWEP is a prerequisite to the issuance of a County building permit for any new development or a use permit for any change in use within the District. Water may not be imported from outside the District to supplement available local groundwater for the purpose of proving the existence of adequate water for a project.

Public comment on the proposed development is heard at a regular meeting of the Board of Directors. Following public comment, the Board independently determines whether to approve the hydrological study. The Board of Directors may not approve a hydrological study or a Groundwater Extraction Permit application if the aquifer pump test had an adverse impact on a hydrologically contiguous well or the aquifer. The Board may also consider mitigation measures that eliminate adverse impacts to surrounding wells as a condition of approval of the hydrological study.

A GWEP contains standard conditions with an approved allotment of water, installation of a water meter, and submission of monthly meter readings. Water use allotments are based on the size and type of approved parcel development, and are calculated from the District’s Water Use Standards. The Water Use Standards are periodically reevaluated based on actual data collected by the District. An approved water meter must also be installed to monitor water use. Meter readings are sent monthly to the District office.

(MCCSD, 2019c)

3.3.3.3 Water Conservation Program

The community of Mendocino is extremely conservative in its water use as compared with other North Coast towns, with an estimated 70 gallons per day (gpd) per capita on average, or 45-76 percent of use in towns similarly situated.

The following recommendations were made by the Department of Water Resources in their 1982 Groundwater Study for the Mendocino Coast and hold continued relevance to any discussion of water conservation. DWR stated that the first two recommendations could reduce water consumption by 50 percent, while the subsequent recommendations are designed to maximize groundwater recharge while minimizing run-off.

1. All new development should incorporate proven water conservation technology in planning and construction of the project (E.g., low-flush toilets, low-flow shower heads, single faucets with aerators, water-efficient clothes washer and dishwashers, hot-water pipe insulation, water reclamation, water storage, and drought-tolerant landscaping).
2. The installation of efficient irrigation systems, such as drip irrigation, soil moisture sensors, and automatic timers, which minimize runoff and evaporation and maximize the amount of water reaching the plant's roots, is recommended to all citizens.
3. Where feasible, all new development should endeavor to retain rainwater for groundwater recharge. At minimum, the development and construction of a project should be designed to reduce, retard, and disperse runoff (e.g., mulched or terraced slopes reduce erosion and retain rainfall; porous drain swales and paving materials allow infiltration of rainwater; out sloped roads spread runoff evenly down a slope; landscaping with drought-resistant ground cover will protect the soil, facilitate infiltration, and reduce runoff).
4. Cluster development should be encouraged wherever appropriate.
5. The preservation of existing natural drainage areas and incorporation of natural drainage in new developments aids groundwater recharge.
6. Flood plains and aquifer recharge areas, which are the best sites for groundwater recharge, should be preserved as open space.
7. In addition, all new street and off-street parking development should utilize permeable materials to aid groundwater recharge. Water that might otherwise recharge the aquifer is presently lost to run-off from the use of non-permeable paving materials.
8. The District adopted its Water Conservation Program on February 25, 1991. The District promotes water conservation by both voluntary water conservation education program and a mandatory water conservation requirement in the Groundwater Management Plan ordinance.

(DWR, 1982)

MCCSD uses an ongoing public awareness campaign to promote water conservation in Mendocino, and the Groundwater Extraction Permit Ordinance requires that water conservation devices be installed for all new development as a condition of permit approval. Water use standards are included in the ordinance to limit the quantity of water that can be extracted for new development, changes of use, or expansion of an existing use.

Recommendations provided in the Groundwater Management Program include encouraging gardeners and residents to cultivate drought tolerant plants, and cataloging low water use technologies for public reference, in addition to adopting the above recommendations from DWR-82 as applicable. The District also plans to expand the recycled water system.

(MCCSD, 2019c)

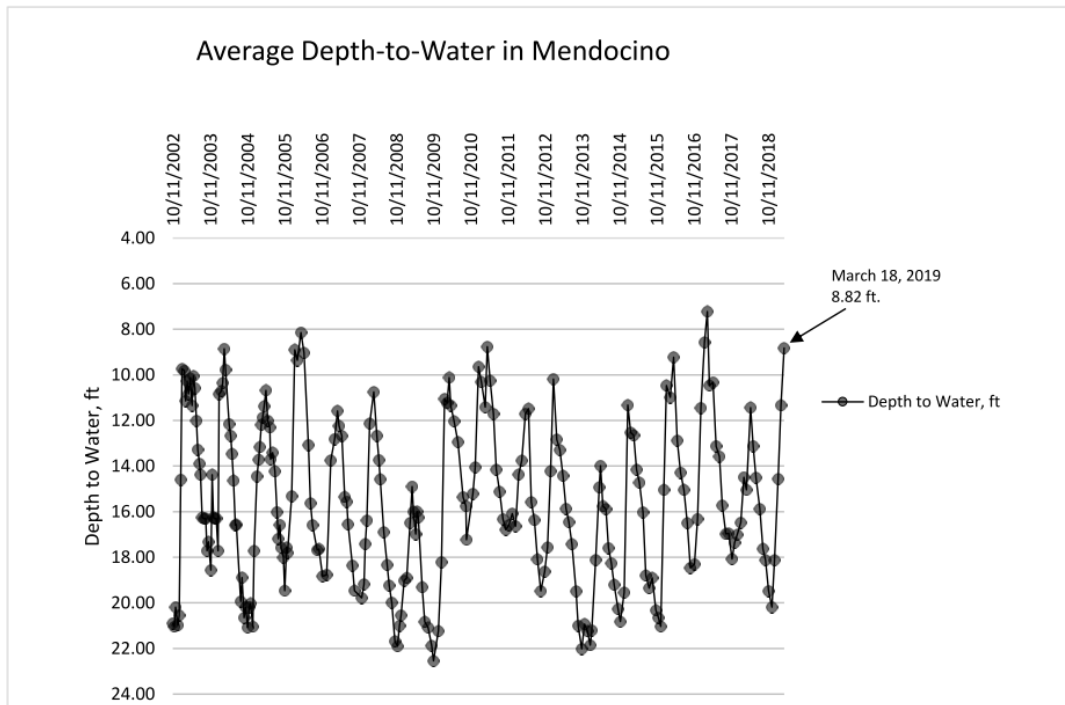
3.3.3.4 Groundwater Monitoring Program

In 1987, the California Department of Health Services recommended that the District develop a Groundwater Monitoring Program. The purpose of the groundwater monitoring program is to provide information that will allow computation of the change of groundwater in storage. The information needed includes spring and fall groundwater levels, the hydraulic properties of the aquifer (such as permeability and specific yield), and the land area covered by the District.

An adequate monitoring well network has been developed with 24 monitoring wells that are representative of the vertical and lateral dimensions of the aquifers. Establishing the network of monitoring wells required that each monitoring well log was reviewed to ensure that the well tapped the monitored aquifer.

Data collected from each monitoring well is entered into a computer database. These data can then be used to create hydrographs, groundwater elevation contour maps, and groundwater change contour maps that will provide the tools to evaluate groundwater levels and determine changes in the amount of groundwater in storage. All of these factors are then used to regularly update the Mendocino Groundwater Model. Changes in average groundwater levels have been monitored in the revised well field from October of 2002 to March 2019 (see Figure 3-6).

Figure 3-6 Average Depth-to-Water in Mendocino



Source: MCCSD, 2019c.

District groundwater level monitoring data since 2002 indicate that changes in groundwater storage are directly related to annual precipitation as shown in Figure 3-7 below and are not due to increased groundwater extraction, since Mendocino water demand has declined since 2002. The District's GWMP has been effective in preventing aquifer depletion by conserving the groundwater resource based on current groundwater level data.

Figure 3-7 Measured Rainfall 2002-2018

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2015	2016	2017	2018
Rainfall	34.7	49.6	36.4	43.0	53.5	29.8	31.8	24.4	47.2	46.9	32.6	32.4	24.2	44.5	57.3	32.2

Source: MCCSD, 2019c.

3.3.3.5 Water Recycling Program

MCCSD and Mendocino Unified School District approved a Memorandum of Understanding and Joint Resolution 97-1 on February 24, 1997 to commit the necessary capital for a water reclamation project using treated wastewater for irrigation purposes at Mendocino High School's (MHS) sports fields. In 1998 the water reclamation system was constructed with funds provided by MCCSD and a grant from the Reebok Corporation. Approximately two million gallons per year of reused water has been used on the MHS athletic fields for irrigation since the new system was installed. Due to many field improvements and reclaimed water, the MHS soccer field is now considered one of the best in the conference.

An expansion of the recycled system may include: 1) a recycled water fire hydrant system, 2) an irrigation system for the middle and grammar schools, and 3) an irrigation system for Friendship Park.

3.3.3.6 Data Management Program

In 2004 MCCSD received a second Local Groundwater Assistance Program Grant from DWR to create a GIS geodatabase to upgrade the District's GIS and to expand the well database. The geodatabase allowed for easy presentation of charts, graphs, and maps from attribute data for wells, parcel maps, water demand, and other themes in the database. Potential future uses include determination of drought stage in accordance with the proposed Water Shortage Contingency Plan, assistance in project review for permitting new extraction wells, permitting for well abandonment, permitting for changes to existing wells, and groundwater management planning and infrastructure engineering.

3.3.3.7 Proposed Water Shortage Contingency Plan

A Water Shortage Contingency Plan was developed in 2006 for the Groundwater Management Plan. The various rainfall/recharge and water conservation scenarios for the Water Shortage Contingency Plan were based on typical drought year rainfall. Five numeric groundwater model scenarios were run: baseline average rainfall, 25 percent below normal rainfall, 40 percent below normal rainfall, historic drought (64 percent below normal rainfall), and a no rainfall year scenario. The Water Shortage Contingency Plan was prepared with a plan for serious and critical water shortages. The Plan included how to determine a groundwater shortfall, possible responses to a water supply shortage, a water shortage contingency plan with drought stage conditions and requirements, and an emergency water rationing plan.

The plan provides a strategy and specific response measures for different stages of drought, forecasts drought impacts so that appropriate measures can be taken to curtail water use for overall protection of the groundwater supply for the community, and establishes a program of voluntary and mandatory water conservation measures to be implemented after the Plan is reviewed and adopted by the District. The Water Shortage Contingency Plan documents the drought history of the District, previous DWR Grants, existing MCCSD Groundwater Management Planning, and the Water Budget. An analysis of the water budget includes correlation of pumping demand and rainfall correlated from the groundwater model. This information and model data was used to determine the criteria for declaring four different drought stages with corresponding conservation efforts. Finally, an economic impact analysis of drought was completed and is summarized in the plan.

A Water Shortage Emergency Ordinance draft was also developed to address both the need for the Board of the MCCSD to declare a water shortage emergency and to implement non-emergency water conservation measures. The Draft Ordinance was based on a review of a number of Water Conservation Ordinances and Water Shortage Emergency Ordinances throughout California, but was specifically tailored to Mendocino's unique conditions. The District plans to adopt both the Water Shortage Contingency Plan and the Water Shortage Emergency Ordinance in 2020 (MCCSD, 2020).

(MCCSD, 2019c)

3.3.4 OPERATIONS AND CAPITAL NEEDS

The District does not own, operate or maintain any water collection, treatment, or distribution facilities and infrastructure, so there are no infrastructure needs. However, the District does own and operate groundwater monitoring facilities and equipment, including a well sounder, monitoring wells, a utility trailer, a weather station, and various office equipment. According to the 2019 Capital Improvement Program, there is currently no need to replace or add to these facilities and equipment. Additionally, the minor nature of these items in tandem with the dedicated annual funds and annual surcharges and permit fees for groundwater management, there are no issues foreseen with replacing or maintaining these items into the future.

3.4 STREET LIGHTING

3.4.1 SERVICE OVERVIEW

Street lighting within the Mendocino City CSD is paid for by the District, but the street lights are owned and maintained by PG&E. There are no facilities or equipment associated with street lighting that are the responsibility of MCCSD. MCCSD does have a standing committee on Street Lighting to address any issues with it as the need arises. (Kelley, 2019)

3.5 DETERMINATIONS

This section presents the required MSR determinations pursuant to California Government Code §56430(a) for the Mendocino City Community Services District.

3.5.1 MSR REVIEW FACTORS

3.5.1.1 Growth

Growth and population projections for the affected area

1. The Mendocino City CSD is estimated to serve a population of approximately 800 residents; however, the number of actual users of the water and wastewater systems increases to approximately 3,500 during large events held in the area, and during tourist season.
2. There are approximately 87 acres of undeveloped land within the District, and approximately 125 acres of land adjacent to the District's boundaries contained within the 2008 Sphere of Influence. According to the Sewer System Capacity Analysis in November 2009, the District's wastewater treatment plant has the capacity to accommodate all growth at build out.
3. Population growth is expected to increase at an annual rate of approximately 0.5 percent for Mendocino County. Based on this growth rate, the District can expect a small population increase of 20 people within the next five years. It is anticipated that the District will experience very limited growth.
4. Mendocino County and the California Coastal Commission have land use authority over privately-owned lands within the District boundary. Mendocino County makes land use decisions based on the Mendocino Town Plan and the Mendocino Town Zoning Code.
5. MCCSD has authority over groundwater extraction permits, which include proof of adequate water supply, and are required prior to any development or change in land use that uses more water, within the District boundaries.

3.5.1.2 Disadvantaged Unincorporated Communities

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

6. The Town of Mendocino is a Census Designated Place (CDP). Mendocino CDP has a median household income (MHI) of \$51,124 and therefore does not qualify as a DUC (USCB, 2018a). The areas surrounding Mendocino CDP may qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

3.5.1.3 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

7. The District provides wastewater collection and treatment, groundwater management, and street lighting services.
8. The MCCSD service area encompasses a population of approximately 800 residents and covers a one square mile area. This area is predominantly characterized by residential development, with two

larger institutional users, the Mendocino Unified School District and Russian Gulch State Park. There is no industrial flow to the MCCSD wastewater system.

9. The District provides wastewater treatment services to Russian Gulch State Park, which is located approximately one mile north of the District boundaries. The District does not provide any other out of agency services.
10. The District manages and maintains over 47,000 feet of collection system sewer lines and three lift stations. The California Department of Parks and Recreation maintains a collection system and fourth lift station at Russian Gulch State Park. State Park wastewater is pumped from their lift station through a force main to the MCCSD gravity collection system. Wastewater collected from the Mendocino wastewater system is treated at the District's wastewater treatment plant. The plant provides full tertiary treatment before discharge via an ocean outfall.
11. The total plant capacity is divided by an Equivalent Single Dwelling (ESD) of system capacity and there are 1,500 ESDs of plant capacity in MCCSD wastewater system. In 2020, there are 1,115 ESDs of wastewater system use resulting in a remaining plant capacity of 385 ESDs for new development, changes in use, and expansion of existing uses. The District has adequate capacity to serve all land uses at projected buildout.
12. Current CIP projects planned to implemented in 2020 and 2021 include constructing a new plant operations building, upgrading the treatment plant's main electrical service, replacing the tertiary filter backwash control panel, upgrading the motor control panels in the blower room, bringing the electrical wiring throughout the treatment plant facility up to current electrical code, relocating the existing laboratory in the old control building to the new operations building, relocating the service vehicle and sewer maintenance and emergency equipment into new plant operations building's garage area, and installing a new electrical panel in the new plant operations building for future upgrade of the recycled water system, #2 plant water system, and chlorination and de-chlorination systems. Also planned is remodeling the District Office to meet ADA access compliance, add an ADA compliant parking space with a path of travel between facility buildings, and convert existing laboratory/ control room into a meeting room for monthly Board meetings.
13. The District Superintendent, District Secretary, and a Wastewater Treatment Operator will be retiring within the next 18 months. These positions comprise 3 of 4 full-time positions in the District. Given the remote location of the District and the small number of staff, it is recommended that the District consider early recruitment and overlapping training of new personnel with current personnel.
14. The SSMP recommends that additional documentation of the collection system using the MCCSD GIS system should be considered.
15. The Groundwater Management Program recommends encouraging gardeners and residents to cultivate drought tolerant plants, cataloging low water use technologies for public reference, and adopting the recommendations from DWR's Mendocino County Coastal Groundwater Study as applicable.

3.5.1.4 Financial Ability of Agency

Financial ability of agencies to provide services

16. The District prepares an annual Budget and has annual Independent Financial Audits prepared by a qualified Certified Public Accountant. The District must provide LAFCo a complete copy of all future financial audit reports (starting with Fiscal Year 2019-20) prepared by a Certified Public Accountant

- within 12 months of the end of the fiscal year or years under examination consistent with the timeframes established by Government Code Section 26909(a)(2)(b)(ii) as amended by SB 448.
17. According to audited financial information from Fiscal Years 2014-15 through 2018-19, the District generally operates at a net income or revenue gain to sufficiently cover operating costs and maintains a sufficient fund balance. This indicates that under the current level of service delivery, the District is able to meet its ongoing financial obligations. The District has adequate finances to meet current and future demands for public services within the next five years.
 18. The District has a note payable with California Infrastructure and Economic Development for \$405,096 as of June 30, 2019, for a capital facilities improvement, which matures August 2034 and has an interest rate of 3.05 percent. The District also has a line of credit with a local financial institution. The line of credit is \$750,000, and the District currently owes \$200,000, due within one year. These amounts are budgeted in the annual CIP and accounted for in the overall budget.
 19. Previous grants reduced the cost to the District of the facilities. Connection fees are only required to recover the present value of the actual costs to the District of the facilities. Funds to replace the facilities (depreciation) should be collected as a part of user fees and should be adequate to cover the full replacement costs of the facilities as grants may not be available in the future.
 20. The District currently has \$400,000 in cash reserves in a Local Agency Investment Fund and approximately \$200,000 in checking and savings accounts. As of June 30, 2019, the District's cash and cash equivalents balance was \$141,502 for its enterprise activities. It is recommended that the District establish a financial reserves policy for fiscal stability, unforeseen operating needs, and to accumulate restricted funds for capital improvements and equipment replacement costs.
 21. The District has a Capital Improvement Program that is updated on an annual basis.

3.5.1.5 Shared Services and Facilities

Status of, and opportunities for, shared facilities

22. The District provides wastewater treatment services for Russian Gulch State Park and Mendocino Headlands State Park by agreement.
23. The District maintains a Memorandum of Understanding (MOU) with the Mendocino Unified School District for recycled water to irrigate the School District's fields.
24. There are planned expansions of the recycled water system that include a recycled water fire hydrant system, an irrigation system for the middle and grammar schools, and an irrigation system for Friendship Park. These expansions will require cooperative agreements between the fire district, the school district and the park district.
25. The District participates in the California Water/Wastewater Response Agency (CalWARN) for mutual assistance. CalWARN provides a mutual assistance program consistent with other statewide mutual aid programs and the Standardized Emergency Management System (SEMS) and the National Incident Management System (NIMS) through a process that allows for sharing emergency resources among signatories statewide and the resources to respond and recover more quickly from a disaster.
26. The District participates in the Golden State Risk Management Authority for the purpose of pooled insurance for providing liability and workers compensation for its facilities, operations, and employees.
27. Retirement for District employees is provided through the California Public Employee Retirement System (CalPERS).

28. The District does not contract with private or public entities or provide services to District residences through Joint Powers Authority (JPA). Other services are provided outside the purview of the District, such as road maintenance through the County of Mendocino and solid waste and recycling through Waste Management.
29. There are no additional opportunities for the District to achieve organizational or operational efficiencies identified during the preparation of this MSR.

3.5.1.6 Accountability, Structure, and Operational Efficiencies

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

30. The District is governed by a five-member Board of Directors elected to serve 4-year terms. Several of the Board members have served the District for multiple consecutive terms which can be a significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge. The District currently has one vacancy on the Board of Directors and three seats that are set to expire this year and are scheduled to be filled by election in November 2020.
31. Regularly scheduled Board meetings are held on the last Monday of each month at 7:00 p.m. at the District office located at 10500 Kelly Street in Mendocino. 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.
32. 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.
33. The District adopted Governance Guidelines by motion on September 30, 2008, which addresses the Board of Directors elections, officers, meeting conduct, conflicts of interest, decisions, rules of order, and responsibilities. The District adopted Fiscal Policies by motion on September 30, 2008, which include administrative policies, fiscal policies, personnel policies, and purchasing policies and bidding regulations. On October 27, 2008, the District adopted by Ordinance 08-3 Policies and Procedures for Purchasing of Supplies and Equipment, for Procuring Professional and Maintenance Services, and for the Disposal of Surplus Property. 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. 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.
34. The District maintains a website, at www.mccsd.com, which is a helpful communication tool to enhance government transparency and accountability. The District's website has well organized information that appears to meet the special district transparency requirements of State law including the availability of agendas, ordinances, and financial information. The website also contains staffing and Board member information; job postings; plans and reports on upcoming projects such as the wastewater treatment plant upgrade project; educational materials on water conservation, water recycling, and fat, oil, grease (FOG) waste; ordinances and resolutions; and the Sewer System Management Plan.

35. 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 5:00 p.m., or at the District Board of Directors meetings during the general public comment period.
36. The District’s website could be enhanced by posting a map of the District boundaries and permit applications, and a link to the regular Board meeting schedule on the Board of Directors page. Also valuable would be a comprehensive content management system, such as DocuShare, to provide a searchable document archive system for Board meeting packets and adopted ordinances, resolutions, annual budgets, past and current financial audit reports, and other digital records. The website could also be further improved with an update to the “Services” tab of the website to incorporate more information about the most recent drought from late 2011 to early 2019 (US Drought Monitor, 2019).

3.5.1.7 Other Service Delivery Matters

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

37. 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 §56425(e) for Mendocino City Community Services District.

4.1 SOI UPDATE

4.1.1 EXISTING SPHERE OF INFLUENCE

The existing Sphere of Influence (SOI) for Mendocino City CSD is larger than the District boundary, as shown in Figure 2-1, and was established by LAFCo on November 3, 2008 (LAFCo Resolution No. 2008-08). In 2008, LAFCo approved a reduction in the size of the SOI for the District to reflect the area that the wastewater treatment plant had the capacity to serve. There have been no changes to the District boundary or SOI since then.

4.1.2 STUDY AREAS

4.1.2.1 2008 SOI

The 2008 SOI adopted by the Commission included a total of approximately 55 parcels located north of the District boundary along Lansing Road and located east of SR 1 adjacent to the District boundary along Law Road, Merrill Lane, Wildwood Lane, and an area accessed from Little Lake Road, as shown on Figure 2-1.

4.1.2.2 Road 500 D

A property owner with an undeveloped parcel on Road 500D, located north of the District boundary and west of SR 1, is interested in receiving wastewater services from the District via a sewer line that crosses the subject parcel between Russian Gulch State Park and the District's treatment plant. According to the property owner, this area is known to have failing septic systems; no official documentation has been received to date.

Serving this parcel would require annexation of all intervening parcels to the District boundary line; approximately 9 parcels along Lansing Road and at least 2 of the 5 parcels along Road 500D. In addition, the annexing property owners would be responsible for considerable costs associated with extending wastewater infrastructure. At a minimum, extending services would entail engineering and developing a gravity collection system, lift station, and force main to the District's collection system. (Kelley, 2019)

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 Areas of Interest will be treated the same as if these areas were within the city or district SOI boundary regarding notification to and consideration of input from the city or district.

The 2008 SOI Study Area described above has been designated as an AOI to further emphasize and support the District in requesting consideration from the County of Mendocino regarding discretionary land use entitlements or other development plans with the potential to impact District lands, facilities, and/or services.

4.1.4 PROPOSED SOI CHANGES

The District has confirmed that their current boundary is adequate and accurately reflects existing service needs and projected service demands within and adjacent to the District's boundary over the next five years. (MCCSD, 2019a) A coterminous SOI, which is a sphere that is the same as the jurisdictional boundary, is appropriate given the limited projected growth for the area and low demand for additional District services. The SOI for the Mendocino City CSD is recommended to be reduced to a coterminous sphere as shown in Figure 2-1.

4.1.5 CONSISTENCY WITH LAFCO POLICIES

The District is comprised of a historical mixed use residential and commercial community with a visitor-oriented economy and open space resources. Reducing the District's existing 2008 SOI to a coterminous sphere is consistent with Mendocino LAFCo Policies (refer to Section 1.5 for the specific SOI policies).

4.1.6 OTHER LOCAL POLICIES

Mendocino County's General Plan establishes a policy framework for the Mendocino town area in Chapter 7 Coastal Element, Chapter 4.13 Mendocino Town Plan, dated June 10, 1992. The following policies are specific to the Mendocino town area, and supplement the countywide goals and policies included elsewhere in the County's General Plan. Where there are conflicts between the Town Plan and the County General Plan, the Town Plan controls due to the involvement of the California Coastal Commission with oversight of the area.

Growth Management

Policy 4.13-1: The town of Mendocino shall be designated a special community and a significant coastal resource as defined in Coastal Act Section 30251. New development shall protect this special community which, because of its unique characteristics, is a popular visitor destination point for recreational uses.

Mendocino shall be recognized as a historic residential community with limited commercial services that are important to the daily life of the Mendocino Coast. The controlling goal of the Town Plan shall be the preservation of the town's character. This special character is a composite of historic value, natural setting, attractive community appearance and an unusual blend of cultural, educational and commercial facilities.

The preservation of the town's character shall be achieved, while allowing for orderly growth. This shall be done by careful delineation of land uses, provision of community services and review and phasing of

development proposals. Balance shall be sought between residential units, visitor accommodations and commercial uses. Provision of open space and siting of structures to retain public views of the sea shall be considered as part of all new development proposals. The objective shall be a Town Plan which retains as much as possible the present physical and social attributes of the Mendocino Community.

"Balance" between residential uses, commercial uses and visitor serving uses shall be maintained by regulating additional commercial uses through development limitations cited in the Mixed Use and Commercial Land Use Classifications; and, by limiting the number of visitor serving uses.

Visitor Serving Units listed on Table 4.13-1 (234) shall remain fixed, and a ratio of thirteen long term dwelling units to one Vacation Home Rental or one Single Unit Rental (Tables 4.13-2 and 4.13-3) shall remain fixed; until the plan is further reviewed and a plan amendment is approved and certified by the California Coastal Commission.

For example, an increase in long term residential dwelling units from the current count of 306 to 319, would allow an increase of one short term rental, whether Single Unit Rental or Vacation Home Rental. Tables 4.13-2 (Single Unit Rentals) and 4.13-3 (Vacation Home Rentals) shall be flexible as to location and such changes of location shall not require a plan amendment.

Policy 4.13-2: This amended plan shall be reviewed three years after certification of this plan amendment date to determine the effect of development on town character. The plan shall be revised, if necessary, to preserve town character consistent with Policy 4.13-1.

Policy 4.13-3: To preserve town character, commercial development shall be limited as mapped and shown in the plan, though at some point the amount of commercial space will be less than the market could support.

Policy 4.13-4: Visitor Serving Accommodations: These policies are intended to preserve town character and Visitor Serving Facilities shall be limited and regulated consistent with the provisions set forth below. All development of Visitor Serving Facilities shall be designed in scale, architecture and materials to maintain existing character of the town consistent with the special community designation.

(1) The Mendocino Town Plan designates existing Visitor Serving Facilities providing overnight accommodations for these uses on a parcel by parcel basis by placing the appropriate designation on the Town Plan Map. Any additional Visitor Serving Facilities for overnight accommodations above and beyond these designations shall require a plan amendment. Any legally existing Visitor Serving Facility inadvertently omitted from the Town map shall be corrected as a mapping error. Bed and Breakfast rooms are identified with an asterisk "B" and all others with an asterisk. A listing of these rooms appear on Table 4.13-1.

(2) No Inn, Hotel or Motel operated as one business entity shall exceed 25 overnight units.

(3) All visitor serving facilities shall be designed in scale, architecture and materials to maintain existing character of the town consistent with the special community designation.

Any expansion of visitor accommodation units to the number allowable on a parcel by parcel basis identified on Table 4.13-1, but not yet existing, shall require a conditional use permit.

The designation of new visitor serving facilities not listed on Table 4.13-1 shall require a General Plan Amendment. Existing visitor serving facilities listed on Table 4.13-1 that propose to expand beyond the maximum number of units listed on Table 4.13-1 shall require a General Plan Amendment.

The total number of units allowable (234) on Table 4.13-1 shall remain fixed until the plan is further reviewed and a plan amendment is approved and certified by the California Coastal Commission.

(4) All existing locations approved for inns, hotels, motels, hostels, Bed and Breakfast rooms and Student/Instructor housing are specifically designated on the Town Plan Map. All new Visitor Serving Facilities providing overnight accommodations, over and above those designated in Table 4.13-1, not specifically designated on the Town Plan Map shall only be allowed in the Mixed Use or Commercial Zoning Districts and shall be deemed commercial development and subject to the development limitations of the applicable zoning district. In the Mixed Use Zone, the 50 percent commercial/50 percent residential requirement for long term residential dwelling housing shall apply.

(5) In addition to the visitor accommodations listed on Table 4.13-1, the plan allows for two other categories of visitor serving uses.

Table 4.13-2 is a listing of Single Unit Rentals (attached or detached) operated as a short term rental in conjunction with an existing residential dwelling unit or commercial use.

Table 4.13-3 is a listing of Vacation Home Rentals (a dwelling unit that is the only use on the property which may be rented short term for transient occupancy).

Table 4.13-2 currently lists 23 such units and Table 4.13-3 currently lists 23 such units.

Single Unit Rentals and Vacation Home Rentals shall be subject to Chapter 520 (Uniform Transient Occupancy Tax) and Chapter 6.04 (Business License Tax) of the Mendocino County Code.

Tables 4.13-2 and 4.13-3 shall remain flexible as to location and the County of Mendocino shall have the authority to adjust locations on these two tables from time to time without a plan amendment process, but not to add to the tables numbers of units that would exceed the following criteria:

To preserve town character and maintain the town as a residential community with limited commercial services, the County shall maintain, at all times, for new Vacation Home Rentals or Single Unit Rentals approved subsequent to certification of this amendment, a ratio of thirteen long term residential dwelling units to either one Single Unit Rental or Vacation Home Rental, but shall not require any reduction in the number of Vacation Home Rentals or Single Unit Rentals in existence on the date of certification by the Coastal Commission of this amendment.

Single Unit Rentals (Table 4.13-2) shall be exempted from the above limitations in the Commercial Zone.

Business licenses for Single Unit Rentals (Table 4.13-2) and Vacation Home Rentals (Table 4.13-3) shall not be transferable.

Applications for new locations to be listed on Tables 4.13-2 and 4.13-3 shall be subject to a conditional use permit and an additional nonrefundable fee of \$100.00 shall be required of such applicants and applications shall be considered in chronological order from date of application, with first priority given to Single Unit Rentals.

(6) Any visitor serving facility listed on Table 4.13-1 that is operating without a coastal development permit where one is necessary must file an application for a coastal development permit within one year of the adoption of the revised table, or the option to continue providing visitor serving accommodations shall be deemed forfeited and such locations eliminated from the table.

(7) The reservation of specific sites for visitor serving facilities providing overnight accommodations shall not be preempted by conversion to other permanent uses excepting residential uses.

(8) Existing Student/Instructor Temporary Housing is identified in Table 4.13-1. Any new sites other than those identified on Table 4.13-1 shall require a plan amendment.

(9) Student/Instructor, temporary and intermittent, housing facilities provided by the Mendocino Art Center on site are recognized in Table 4.13-1. This use shall require a County Business License and adequate record keeping to ensure payment of bed tax on monies grossed from transient occupancy (less than 30 days stay, per occupant).

Policy 4.13-5: NONCONFORMING USES: A nonconforming use is a use of a structure or land which was lawfully established and maintained prior to the adoption of this amended plan, but which does not conform with the use for the land use category in which it is located.

(A) All existing legal uses shall be deemed consistent with the town plan.

(B) A nonconforming use that is discontinued for a period of one (1) year, or is changed or replaced by a conforming use, shall be deemed abandoned and shall not be resumed, and subsequent use of the site shall be in conformance with all provisions of this plan.

(C) A nonconforming use may be continued and structures used therefore may be maintained, provided that:

(1) Structural alterations shall be limited to the interior of a building, with no change in the exterior dimensions of a building or portions thereof used for a nonconforming use.

(2) Structural alterations shall be made only in compliance with applicable building code requirements and, where applicable, with the requirements of the Mendocino Historical Review Board.

(3) There shall be no expansion of the nonconforming use.

NONCONFORMING LOTS: All legally created lots shall be deemed potential building sites, subject to the same controls as lots 12,000 square feet or larger.

Policy 4.13-6: All persons operating Visitor Serving Facilities or Student/Instructor temporary housing as herein defined are subject to the provisions of Chapter 5.20 (Uniform Transient Occupancy Tax) and Chapter 6.04 (Business License Chapter) of the Mendocino County Code.

Policy 4.13-7: Residential dwelling units in the town shall not be converted to any nonresidential use except in the Commercial "C" zone, or as provided for by the permitted ratio referenced in Policy 4.13-4(5).

Design Guidelines

Policy 4.13-8: The Historical Preservation District Zoning Ordinance, as amended, shall be made a part of the implementing ordinances of the Mendocino Town Plan and the Mendocino Historical Review Board shall continue to exercise those charges as specified by the ordinance.

Policy 4.13-9: Design review guidelines shall set criteria which will be utilized to ensure preservation, protection, enhancement, rehabilitation, reconstruction and perpetuation of existing structures of historic significance in a manner consistent with the character of the Town.

New buildings, rehabilitations and renovations to existing structures will be consistent with the character of the town and they shall not degrade the setting of buildings of landmark stature (as described in the Inventory of Historic Building, Appendix, Historic Structures). Regulations shall be consistent with the historic ordinance and guidelines as accepted by the County Board of Supervisors. Such criteria shall include, but not be limited to architectural design, size, height, dormers, windows, structures, appurtenances, proportion and placement of improvements on the parcel, and landscaping, including planting or removal of vegetation, must be reviewed in the application process.

Policy 4.13-10: No building permit shall be finalized or occupancy permit issued until all aspects and conditions of the permit approval have been met.

Policy 4.13-11: Review of applications for all new development shall include consideration of requiring dedicated scenic easements to protect views from Highway 1, as well as public views to the sea and landmark structures as described in the Inventory of Historic Structures (Appendix).

Policy 4.13-12: Any proposed private use of the Middle School site or changed public use that would remove existing permanent buildings or would intensify development of the site shall require amendment of the Town Plan.

Policy 4.13-13: In addition to any design review related to protection of the character of the town, all development shall conform to Section 30251 of the Coastal Act, and any specifically designated scenic and view areas as adopted on the map. Provisions of open space and siting of structures to retain public views shall be considered as part of all new development proposals.

Circulation and Parking

Policy 4.13-14: The County technical staff shall be directed to review the submittal by the appointed Mendocino Citizens Advisory Committee outlining the eleven (11) priorities for safety improvements (dated October 17, 1989) and implement improvements at the earliest possible funding date(s).

Policy 4.13-15: Installation of a traffic signal at the intersection of Highway 1 and Little Lake Road (1989) should alleviate safety problems at that intersection. The California Department of Transportation should continue to monitor traffic safety at the intersection of Highway 1 and Main Street and make improvements as necessary for optimal safety.

Policy 4.13-16: The County shall implement a requirement for off-street parking on all new development and use permit applicants consistent with requirements of the applicable zoning district. Where no off-street parking is feasible, then the County shall require in-lieu fees, such fees to be placed in an encumbered account to be used solely in the Town of Mendocino for street and parking improvements.

Policy 4.13-17: The County shall make every effort to develop a plan for optimal circulation and parking of heavy weight tourist vehicles (large recreational vehicles, tour busses, pickup campers, etc.) on designated County or State lands.

Policy 4.13-18: Consistent with the Town designation as a Special Community with historic significance, and recognizing that historically Main Street, east to Highway 1, was "Main" Street in the early years of this century, the Board of Supervisors shall direct that Main Street be so designated and the incorrect Lansing Street naming shall be abandoned.

Policy 4.13-19: Consistent with the Town designation as a Special Community, and with the reality of the continued use of the old three and four digit street numbers, the County Board of Supervisors shall restore the old numbering system and abandon the County's five digit numbering system, with the restoration of the three and four digit numbers being based on the street the structures face, within the Town boundaries.

Affordable Housing

Policy 4.13-20: Consistent with the Affordable Housing criteria cited on Page 7 of this plan, residential dwelling units in the town shall not be converted to any nonresidential use except in the Commercial "C" zone, or as provided for by the permitted ratio referenced in Policy 4.13-4(5).

Policy 4.13-21: Second residential dwelling units are allowable in the R+ Zoning District on parcels larger than 9,000 square feet; and, in the RR-2 Zoning District on parcels larger than 40,000 square feet, subject to the following criteria and standards. Second dwelling units are intended to provide long term housing. Deed restrictions, as a part of the permit process, shall ensure maintenance of the housing inventory and consistency with the balance cited in Policy 4.13-1.

- (1) The parcel contains an existing single family dwelling unit.
- (2) The second dwelling unit does not exceed 900 square feet.
- (3) An adequate water system as approved by the County Division of Environmental Health and the Mendocino City Community Services District is available to serve the second dwelling unit.
- (4) The second dwelling unit shall conform to height, setback, lot coverage, architectural review, site plan review, off street parking and other zoning district requirements applicable to the zone in which the second dwelling unit is located.
- (5) Second dwelling units are intended for long term occupancy, by family members or tenants, and are not intended for sale.
- (6) A second dwelling unit shall not have a negative impact on the designated land use and second dwelling units shall not be permitted if identified impacts are contrary to the goals and policies of this plan.
- (7) Second dwelling units shall not be permitted in Planned Unit Development Combining Districts.

Water

Policy 4.13-22: All new development shall be contingent upon proof of an adequate water supply during dry summer months which will accommodate the proposed development and will not deplete the

ground water table of contiguous or surrounding uses. The findings of the Coastal Ground Water Study of June 1982 shall be incorporated in the Mendocino Town Plan.

Public Facilities

Policy 4.13-23: Previous Policy 4.13-17(1) (November 5, 1985) requested that the centrally located vacant parcel known then as the "Heider Lot" now known as "Heider Field", be acquired by a public agency or nonprofit agency. This acquisition has been accomplished (1987) through special legislation that allowed a trade of parcels between State Parks and Recreation and the Mendocino Presbyterian Church. A rezoning of the Heider Field to Open Space and a rezoning of the exchange parcel south of the Presbyterian Church have been effected, subject to the following criteria:

(1) Construction of any structure upon that portion of Assessor's Parcel Number 119-250-24, conveyed by State Parks to the Mendocino Presbyterian Church, shall be compatible with the character and use of Mendocino Headlands State Park in consultation with the State Historic Preservation Officer. Any improvements made, including landscape screening, shall not obscure visibility of any portion of the Church sanctuary from State Highway One or Brewery Gulch Drive. Any improvements made shall also be in conformance with all local ordinances pertaining to the Historic District.

(2) Public pedestrian access via the end of Church Street, shall be provided at all times to the Mendocino Headlands State Park and the mouth of Big River on that part of Assessor's Parcel Number 119-250-24, conveyed by State Parks and Recreation to the Mendocino Presbyterian Church and designated PF by Mendocino Coastal Plan Amendment 2-87. An alternative access way will be identified at the time of development and should that development include a parking area, vehicular access and parking by the public shall be granted upon the property, except during regular church services and after dusk.

Policy 4.13-24: A public agency or private nonprofit agency, in that order, shall be requested to acquire the former Middle School (44800 Pine Street), owned by the Mendocino Unified School District and currently leased to Mendocino Coast Parks and Recreation, for permanent community use.

Policy 4.13-25: To ensure preservation, in perpetuity, of the Memorial Triangle, privately owned and a portion of Assessor's Parcel Number 119-250-07, the County, other public agency or private nonprofit association should acquire, through outright purchase or an easement given in perpetuity, this small area and preserve it as Open Space, Memorial Site, in perpetuity.

Policy 4.13-26: The plan amendment now defines Vacation Home Rental as a Visitor Serving Accommodation and limits the number to a ratio of one Vacation Home Rental (or Single Unit Rental) to thirteen residential units.

Policy 4.13-27: Because Mendocino is a registered historic district, categorical exemptions within the California Environmental Quality Act shall not apply unless it can be clearly demonstrated that there is no potential for adverse impact. The County shall amend the County's California Environmental Quality Act (CEQA) Guidelines to provide specificity for the Town of Mendocino.

(County, 2017)

4.1.7 DETERMINATIONS

It is recommended that the Commission reduce the existing 2008 Sphere of Influence for Mendocino City Community Services District to a coterminous sphere as shown in Figure 2-1. The following statements have been prepared in support of this recommendation.

4.1.7.1 Land Uses

The present and planned land uses in the area, including agricultural and open space lands

The Mendocino Town Plan Land Use Map shows that the downtown area is comprised largely of residential and commercial uses, but also has a large area of public facility uses, as well as surrounding open space with the Mendocino Headlands State Park. East of State Route 1 is some suburban residential development, as well as more rural residential development and open space. The County of Mendocino regulates land use growth in the unincorporated community of Mendocino through Division III of Title 20 of the Mendocino County Code, the “Mendocino Town Zoning Code.” The Mendocino Town Zoning Code implements the Mendocino Town Plan geographical segment, which is certified by the California Coastal Commission through the Local Coastal Program. The Local Coastal Program consists of the Town Plan, the Town Land Use Map, the Town Zoning Code, and the Town Zoning Map, all of which must be certified by the Coastal Commission. The Town Zoning Code supersedes the County’s Zoning Code because of the involvement of the Coastal Commission with development in the community, and Chapter 3 of the California Coastal Act and the decisions of the Coastal Commission guide the implementation and interpretation of the Town Zoning Code.

4.1.7.2 Need for Facilities and Services

The present and probable need for public facilities and services in the area

The District provides Wastewater Collection and Treatment, Groundwater Management, and Street Lighting services. The Mendocino City CSD is estimated to serve a population of approximately 800 residents, which increases to approximately 3,500 during large events in the area. Population growth is expected to increase at an annual rate of approximately 0.5 percent for Mendocino County. Based on this growth rate, the District can expect a small population increase of 20 people within the next five years. It is anticipated that the District will experience very limited growth. The residents and visitors currently receiving services from the District will continue to need these public services.

4.1.7.3 Capacity of Facilities and Adequacy of Services

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

As determined in the MSR prepared for the District, the Mendocino City CSD has adequate facilities and equipment to meet current and future demands for public services within the next five years. The District Superintendent, District Secretary, and a Wastewater Treatment Operator will be retiring within the next 18 months. These positions comprise 3 of 4 full-time positions in the District. Given the remote location of the District and the small number of staff, it is recommended that the District consider early recruitment and overlapping training of new personnel with current personnel. Additionally, as determined in the MSR, funds to replace the facilities (depreciation) should be collected as a part of user fees and should be adequate to cover the full replacement costs of the facilities as grants may not be available in the future.

4.1.7.4 Communities of Interest

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

No social or economic communities of interest have been identified that should be included in the Mendocino City CSD boundary or SOI.

4.1.7.5 Disadvantaged Unincorporated Communities

The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence

The Town of Mendocino is a Census Designated Place (CDP). Mendocino CDP has a median household income (MHI) of \$51,124 and therefore does not qualify as a DUC (USCB, 2018a). The areas surrounding Mendocino CDP may qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

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6 ACRONYMS

AF	Acre-feet
CalPERS	California Public Employees Retirement System
CalWARN	California Water/Wastewater Response Agency
CDP	Census-Designated Place
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPA	Certified Public Accountant
CRWA	California Rural Water Association
CSD	Community Services District
ESD	Equivalent single-family dwelling unit
FOG	fat, oil, grease
FY	Fiscal Year
GHG	Greenhouse gas
GPD	Gallons per day
GPM	Gallons per minute
GWEP	Groundwater Extraction Permit
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
LLFPD	Little Lake Fire Protection District
MCCSD	Mendocino City Community Services District
MCOG	Mendocino Council of Governments
MG	million gallons
MGD	million gallons per day
MHI	Median household income
MHS	Mendocino High School
MOU	Memorandum of Understanding
MSR	Municipal Service Review
MUSD	Mendocino Unified School District
NIMS	National Incident Management System
RHNA	Regional Housing Needs Allocation
RTP	Regional Transportation Plan
SEMS	Standardized Emergency Management System
SOI	Sphere of Influence
SOMP	System Operations and Maintenance Program
SSMP	Sewer System Management Plan
SSO	Sanitary Sewer Overflow
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

7 ACKNOWLEDGEMENTS

7.1 REPORT PREPARATION

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

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

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.

Mendocino City CSD	Michael Kelley, Former District Superintendent Ryan Rhoades, New District Superintendent Jodi Mitchell, Former District Secretary
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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

Refer to the next page.

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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
CSDA
Districts Stronger Together

csda.net



getstreamline.com

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

April 20, 2020

Uma Hinman, Executive Officer
Mendocino Local Agency Formation Commission
200 School Street,
Ukiah, CA 95482 (via email to: eo@mendolafco.org)

re: Potentail MCCSD Annexation of N. Lansing St & Road 500, Mendocino, CA

Dear Uma,

As you know from our many conversations, I am working with property owners on Road 500 D to obtain a Coastal Development Permit for an undeveloped 1.3 acre parcel, APN 119-010-01, located just north of the town of Mendocino. The lot is shown on map attached in [exhibit 2](#). As you also know, there is currently a State Parks owned sewerline that runs from Russian Gulch State Park to the MCCSD processing facility in the town of Mendocino. This sewerline was not installed per engineered plans and is instead located along the center of Road 500 D and a portion of the line actually encroaches onto my client's lot, [please see exhibit 1](#). The actual location of the line was verified by hand digging on my client's site after receipt of this map and a public records request has been submitted to get an official map copy from the State.

The MCCSD currently accepts sewage from Russian Gulch State Park, north of Road 500 D, and aforementioned [exhibit 2](#) illustrates the areas west of Highway 1 currently served by the MCCSD. The map also shows how MCCSD currently leapfrogs over the northernmost end of Lansing Street, south of Jack Peters Creek, and the residential lots on Road 500 D, north of Jack Peters Creek. Of the four existing homes on the Road 500 D, three have non-standard systems and one, APN 118-320-02, was installed prior to the county issuing septic permits. Two of the three non standard systems, APNs 118-320-03 and 118-32-05, have failed or are currently in failure ([see exhibit 3](#)). The status of APN119-010-48 septic system is unknown as request for records from Mendocino County Environmental Health Dept is still pending as of the writing of this letter.

Appendix 5 of the Mendocino County Coastal Element deals with Community Water Supply and Sewage Disposal Systems ([see exhibit 4](#)). Regarding the MCCSD, it shows MCCSD is using only a fraction of the district's capacity and also states annexation to north the is in process. Given excess capacity exists, and given there is an existing sewer line that runs along Road 500 D, and given the existing septic systems along the existing sewer line to MCCSD have failed, and continue to fail (and are not being inspected as required by permits, a matter I have taken up with Mendocino County's EH's Land Use Program Manager) annexation of these parcels into the MCCSD is a logical next step from a County Environmental Health standpoint and should be included in MCCSD annexation process. Additionally, as for the APN 119-010-01, the owners request annexation into MCCSD per *Mendocino County Local Agency Management Plan (LAMP), pg 19* ([see exhibit 5](#)).

Please contact me with any questions or comments regarding any information provided in this letter and its exhibits. As for the documentation regarding the failed/failing septic systems along road 500D, I have a lot of additional paperwork to substantiate the unsuitability of these systems and can provide if needed. I also request this correspondence be made available to the LAFco board / decision makers prior to the May 4th meeting so they can be aware of the issue prior to the meeting. Please advise if this will take place and please send me information on how I can participate remotely via cell phone.

Thank you for your attention to this matter,

Ed Powers
ed@mcn.org
707-357-0902

cc: Marlayna Duley, Mendocino County Environmental Health

exhibit 1 – Map showing sewerline from Russian Gulch State Park (RGSP) to MCCSD

note: This map shows actual location of State owned Forced Main Line (from RGSP to MCCSD) along Road 500 D; Location was confirmed by digging on APN 119-010-01 after CDP application for parcel was submitted; Public Records Request for official State Parks copy of this map is in process.

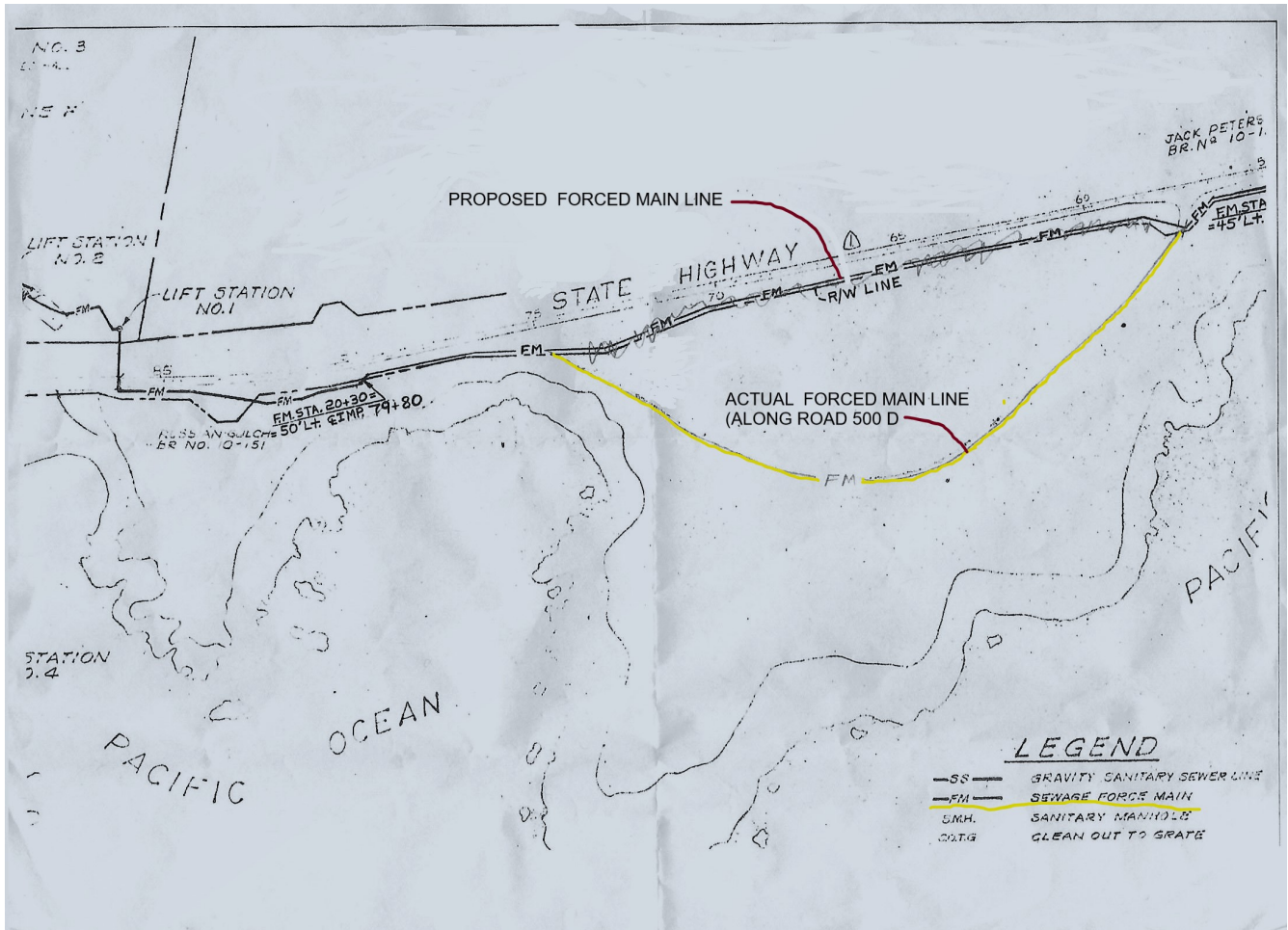


exhibit 2 – Map showing areas west of Highway 1 currently serviced by MCCSD

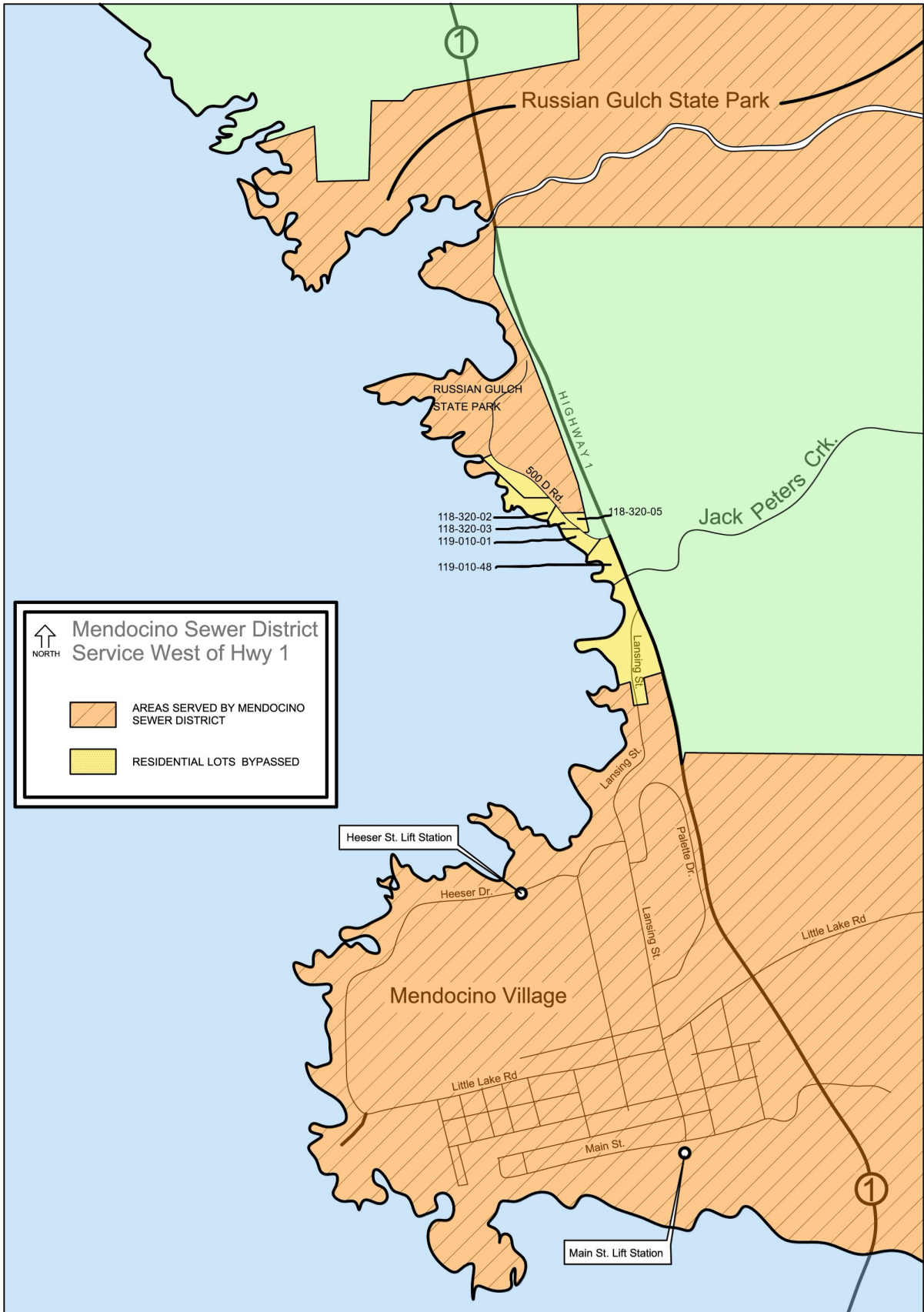
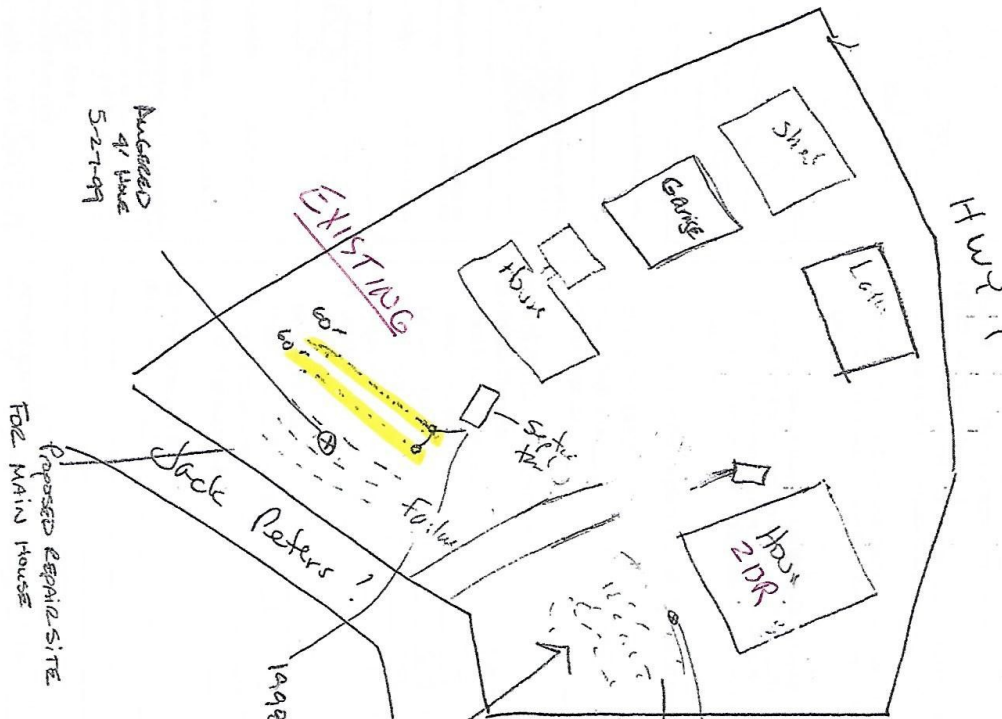


exhibit 3 – Failed Septic System along Road 500 D (APN 118-320-05, owner Hathaway)

note: excerpt from Sewage Disposal Permit # 008619 dated 7-6-98

Jay/Norma Hathaway
 12700 N. Hwy. 1, Mendocino
 118-320-05



AUGUSTED
 9/1/98
 5-27-99

Proposed repair site
 for main house

1998

* NOTE: SEPTIC SYSTEM IS UNDERGROUND AS TO WHERE IT IS LOCATED AND TYPE PRESERVAT.
 THE SOIL IN THE AREA AUGUSTED WAS SEEN AS NOTED ABOVE. I WOULD RECOMMEND IF THE SYSTEM WOULD TO GO IN THAT AREA A COUNTY APPROVED SITE CONSULTANT WOULD NEED TO BE HIRED TO DESIGN A SYSTEM.

5-26-99
 AUGUSTED WARE: 11" HOTTLED STICKY CLAY
 FIELD OF BRACKEN BUSHES.
 15"-20" LINED, HOTTLED CLAY.
 REPAIR HOUSE SITE
 SYSTEM IS FAILING. PAVING UP INTO SEW D-BOX. WATER OF THE SEW
 (AFTER THINK)

5-26-99
 DURING: TERRY MORTICE
 SEPTIC TRUNK OK.

exhibit 3 (cont.)- Failed Septic System along Road 500 D (APN 118-320-03, owner Moeller)



RAYMOND HALL
DIRECTOR

TELEPHONE
(707) 964-5375

COUNTY OF MENDOCINO
DEPARTMENT OF PLANNING AND BUILDING SERVICES

MAILING ADDRESS:
790 SO. FRANKLIN
FORT BRAGG, CA 95457

COASTAL DEVELOPMENT PERMIT
AUTHORIZATION FOR EMERGENCY WORK

CASE FILE #EM 13-98

APPLICANT: Nora Moeller
#18 Sunview Ave.
San Anselmo, CA 94960

AGENT: Carl Rittiman
Mendocino, CA 95460

SITE ADDRESS: 11700 Jack Peters Creek Road (Road 500 D)
Mendocino, CA 95460

ASSESSOR'S PARCEL NUMBER: 118-320-03

NATURE OF EMERGENCY: Exiting septic system is in failure.

CAUSE OF EMERGENCY: Inadequate septic system

REMEDIAL ACTION: Replace septic system

CIRCUMSTANCES TO JUSTIFY EMERGENCY: Continued failure of the exiting septic system could result in seepage of effluent over the bluff face. Immediate remedial action is necessary to ensure that a septic system is available to serve the existing residence.

The proposed work would be consistent with the certified Local Coastal Program, and the applicant is required to submit an application for a coastal development permit for this project. The work authorized by this emergency permit shall be completed within thirty (30) days from issuance.

This emergency permit is effective immediately and shall become null and void at the end of sixty (60) days. Prior to expiration of this emergency permit, the applicant shall submit a standard coastal development permit for the work authorized by this permit.

RECEIVED

AUG 25 1998

MENDO. ENV. HEALTH

exhibit 3 (cont.) – Failed Septic System along Road 500 D (APN 118-320-03, owner Moeller)

note: This is a current posting (as of 4-20-2020) for CDP application to address septic system issues. The 'Proposed Development' is stated as “replace root filled piping within leachfield”. Please note the existing Sewage Disposl Permit for this APN (dated 9-17-98) specifically states, “no driving shall take place leach field areas”, and the septic field map for the permit shows the leach field under the existing driveway. Copy of the entire existing septic permit is in-hand and available.

COMPLETE FOR PROJECT LOCATED WITHIN THE COASTAL ZONE ONLY

NOTICE OF PENDING PERMIT

A COASTAL PERMIT APPLICATION FOR DEVELOPMENT ON THIS SITE IS PENDING BEFORE THE COUNTY OF MENDOCINO:

PROPOSED DEVELOPMENT: ① Replace root filled piping within existing leach field
 ② re roof existing residence

LOCATION: 11700 ROAD 500D APN 118-320-03

APPLICANT: MIRA MOELLER

ASSESSOR'S PARCEL NUMBER(S): 118-320-03

DATE NOTICE POSTED: _____

FOR FURTHER INFORMATION, PLEASE TELEPHONE OR WRITE TO:

COUNTY OF MENDOCINO
 PLANNING & BUILDING SERVICES
 860 NORTH BUSH STREET
 UKIAH, CA 95482
 707-234-6650

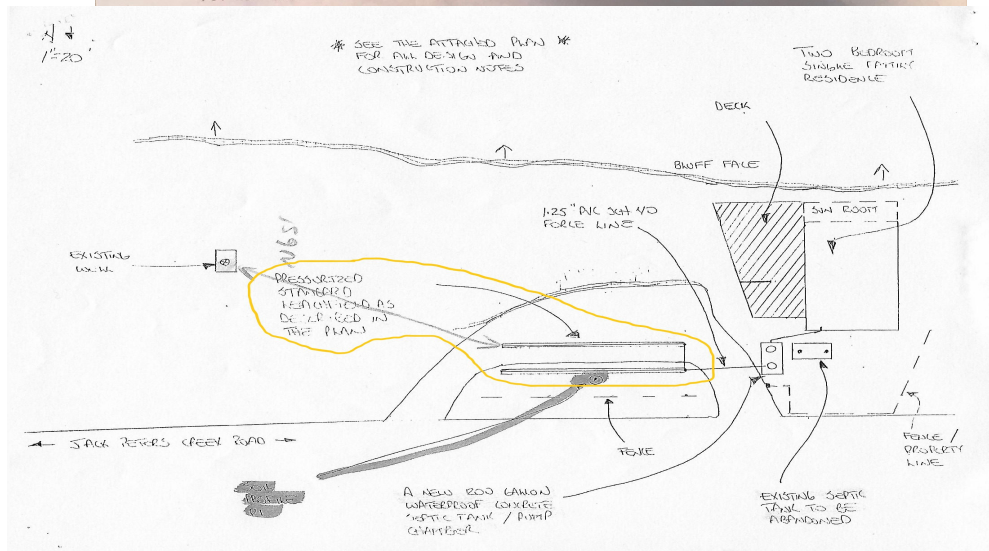


exhibit 3 (cont.)- Failed Septic System along Road 500 D (APN 118-320-03, owner Moeller)

note: Excerpt from Moeller letter to Mendocino Cnty. Environmental Health, June 29, 1998

What is the reason Pittman's plan is "non standard"? and why is the estimated cost so exhorbitant ~~as~~ as predicted?

Is there no alternative?
'Could we not some day join the Mendocino town sewer system?'

So far we have ~~no~~ no bid under 12,000 dollars, which seems outrageous to me.
Thank you for your attention.

Nora Moeller

P.S. Of course I will abide by the rules of caring for the environment.

n.m.

exhibit 4 – Mendocino County Coastal Element, Appendix 5

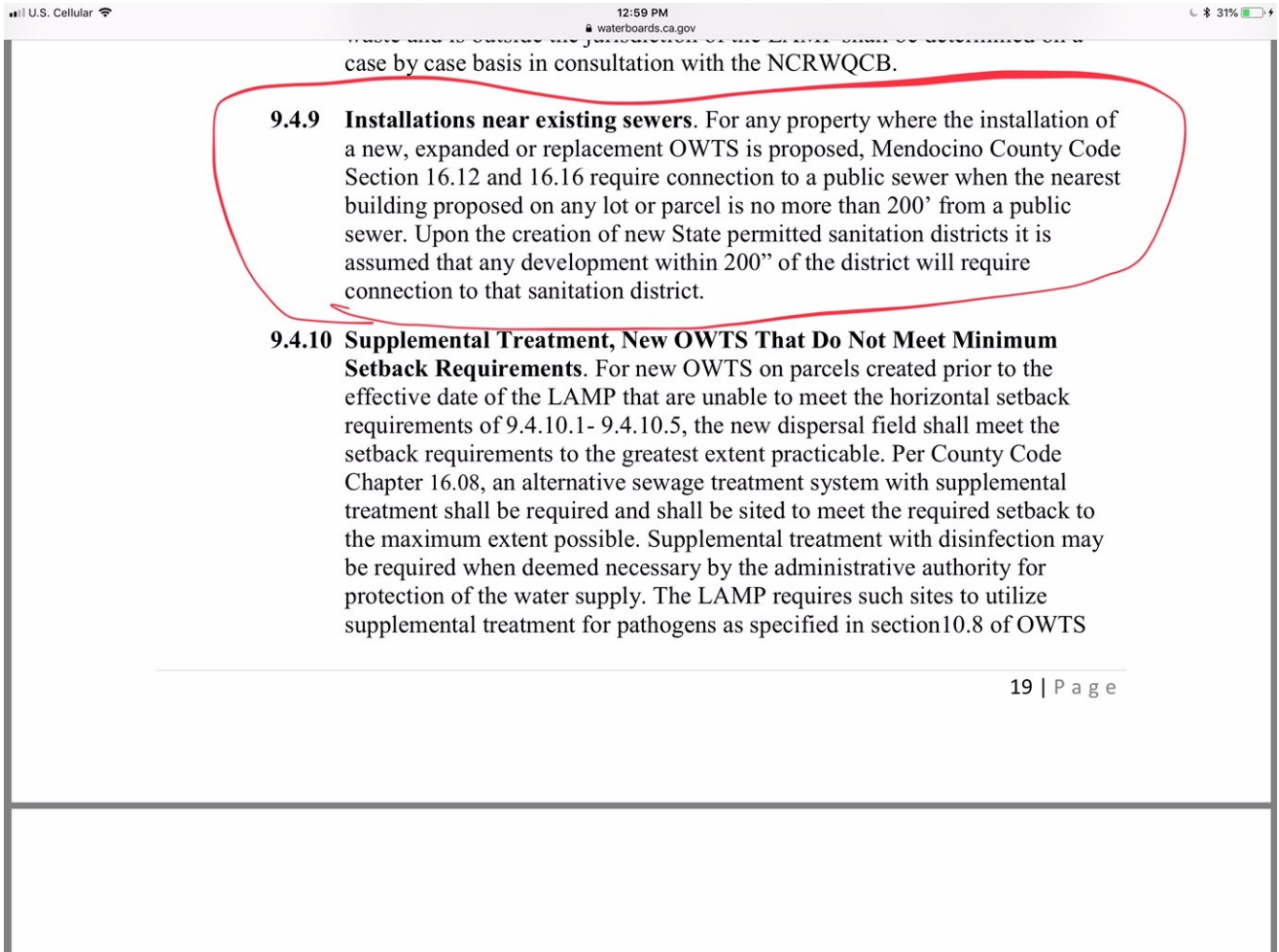


-MENDOCINO COUNTY COASTAL ELEMENT-



APPENDIX 5 -- COMMUNITY WATER SUPPLY AND SEWAGE DISPOSAL SYSTEMS

District	Current Service	Unused Capacity	Total Capacity	Adequacy/Comments by District
Westport County Water District	Water: 54 connections Sewage: 54 connections	41 connections 41 connections	95 connections 95 connections	System designed to serve all lots in district; no expansion planned.
Fort Bragg Municipal Improvement District	Water: 1.94 MG/D 5,500 pop. Sewage: .68 MG/D 5,500 pop.	7,500 pop. 1.5 MG/D 11,800 pop.	13,000 pop. 2.2 MG/D 17,300 pop.	Need additional water storage capacity. Will not accept septage from outside district.
Caspar South Water District	Water: 42 connections Sewage: 32 connections to community septic system; 10 individual systems	53 connections Undetermined	95 connections buildout 85 connections buildout	Existing on-site community septic disposal system is inadequate; alternatives are being investigated using a Clean Water Program facilities planning grant.
Surfwood Mutual Water Corporation	Water: 55 connections	26 connections	81 connections	Need additional improvements to current system before service expansion can be accommodated.
Mendocino City Community Services District	Sewage: 350 connections 100,000 G/D	100 connections 200,000 G/D	1,050 connections 3,000,000 G/D	Annexation of small area to north is in process; no plant capacity expansion planned.
Albion Mutual Water Company	Water: 25 connections	5-6 connections	30% connections	Upgrade completed.
Pacific Reefs California Water Dist.	Water: 10 connections	16 planned	26 connections	District is uncertain whether supply will meet need at buildout.
Elk County Water District	60-70 connections	Undetermined source capacity		Source may be able to handle more use; pipes to storage are at capacity.
Irish Beach Calif. Water District	Water: 104 connections OSWMD: 104	316 connections	420 connections	Water supply not adequate for buildout until source and treatment facilities are upgraded.



MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center | 200 South School Street | Ukiah, California 95482
Telephone: (707) 463-4470 | E-mail: eo@mendolafco.org | Web: <http://mendolafco.org>

April 24, 2020

SENT VIA EMAIL TO: ed@mcn.org

Ed Powers
ed@mcn.org
707-357-0902

Dear Mr. Powers,

Thank you for your interest in the upcoming Public Workshop for the Mendocino City Community Services District (MCCSD) Municipal Service Review (MSR) and Sphere of Influence (SOI) Update and your comments provided on April 21, 2020 regarding properties located north of the MCCSD boundary on Road 500D.

In your correspondence you provided documentation regarding the status of failing septic systems in this area, the location of the wastewater line from Russian Gulch State Park to the MCCSD wastewater treatment plant through this area, and requested clarification regarding the legal mandate to update an agency's SOI every five years and why this area has not been identified as a Disadvantaged Unincorporated Community in the MCCSD Workshop Draft MSR/SOI Update. The following information is provided in response to your request.

By way of history, the District was formed in 1970 in large part to provide wastewater services to the Russian Gulch State Park located approximately one mile north of the District boundaries. The properties on the north end of Lansing Street and Road 500D are not within the District boundary due to the historic nature of development in the area.

The information you provided from the Mendocino County Coastal Element related to an application for annexation of a small area to the north of MCCSD and available wastewater system capacity is likely outdated. There is no current application on file with LAFCo related to MCCSD. The District's total plant capacity is divided by an Equivalent Single Dwelling (ESD) of system capacity and there are 1,500 ESDs of plant capacity in the District's wastewater system. According to the District, currently there are 1,115 ESDs of wastewater system use resulting in a remaining plant capacity of 385 ESDs for new development, changes in use, and expansion of existing uses in the District boundary.

Pursuant to GOV §56425(g), on or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence. Therefore, this legal-mandate specifies that once the first-round SOI study is complete, subsequent SOI Updates can occur as needed within the framework of a five year review cycle. We intend to update the SOI for each local agency under our purview on a five year basis; however, limited staffing, budget constraints, and shifting priorities related to unfunded state mandates, unforeseen applications, and changes in the needs and circumstances of local agencies can make this timeframe unrealistic to achieve at times.

According to the following code sections, a Disadvantaged Unincorporated Community (DUC) is an area with 12 or more registered voters and a Median Household Income (MHI) that is less than 80 percent of the State MHI.

GOV §56033.5: “Disadvantaged unincorporated community” means inhabited territory, as defined by Section 56046, or as determined by commission policy, that constitutes all or a portion of a “disadvantaged community” as defined by Section 79505.5 of the Water Code.

GOV §56046: “Inhabited territory” means territory within which there reside 12 or more registered voters. The number of registered voters, as determined by the elections officer, shall be established as of the date a certificate of filing is issued by the executive officer.

WAT §79505.5(a): “Disadvantaged community” means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

In addition, Policy 9.14.1 from the Mendocino LAFCo Policies and Procedures Manual further defines a DUC as a developed area that has been identified as such by LAFCo, the County or applicable city; or one that meets all the following standards:

- a) is substantially developed with primarily residential uses;
- b) does not have reliable public water, sewer, or structural fire protection service available;
- c) contains at least 12 registered voters; and
- d) has a median household income level of 80% or less than the statewide median household income.

Senate Bill (SB) 244, effective January 1, 2012, established a number of regulations and requirements related to DUCs. The elements of SB 244 that impact LAFCo operations and authority have been codified into three sections of State Law. GOV §56375(a)(8) affects city annexation proposals and does not apply to special districts. The following two code sections are related to MSR and SOI studies.

Pursuant to GOV §56430(a)(2), the Commission is required to make the following determination related to DUCs when preparing a MSR: The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

Pursuant to GOV §56425(e)(5), the Commission is required to make the following determination related to DUCs when updating a SOI: 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 subdivision (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.

The MCCSD Workshop Draft MSR/SOI Update includes DUC determinations based on the following analysis, consistent with prior studies.

A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80 percent of the State MHI of \$61,937, or \$49,550.

The Town of Mendocino is a Census Designated Place (CDP). Mendocino CDP has a median household income (MHI) of \$51,124 and therefore does not qualify as a DUC. The areas surrounding Mendocino CDP may qualify as a DUC. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A) and LAFCo Policy.

The properties located on Road 500D were not addressed in the above DUC analysis for various reasons. The four residences located on Road 500D do not appear to contain 12 registered voters, which is considered uninhabited, and therefore does not meet the definition of a DUC. Road 500D is not within or contiguous to the District’s proposed coterminous sphere, and therefore does not require evaluation. Existing economic data is not available at a small enough scale to represent the area in question.

The properties located on Road 500D were addressed as a Study Area in the SOI Update section of the study to document failing septic systems in this area and landowner interest in annexation to the District

Mr. Powers
April 24, 2020

and provision of wastewater service. Annexation of properties located on Road 500D would also require annexation of approximately 9 intervening parcels to the District boundary line and considerable costs associated with extending wastewater infrastructure. According to the District, the intervening landowners lost interest in such a proposal based on the estimated costs.

We have conducted additional DUC analysis based on a new census data website and for areas surrounding the Mendocino Census Designated Place (CDP), as shown in the following table.

2018 Median Household Income (MHI)	
California MHI	\$75,277
80% of California MHI	\$60,222
Mendocino CDP MHI	\$63,801
Block Group 2, Census Tract 110.2 MHI	\$73,097
Block Group 3, Census Tract 110.2 MHI	\$82,596

Source: United States Census Bureau website: <https://data.census.gov/cedsci/>
2018: American Community Survey (ACS) 5-Year Estimates Detailed Tables
Table B19013: Median Household Income in the Past 12 Months (In 2018 Inflation-Adjusted Dollars)

This updated economic information shows that the District and surrounding areas do not meet the income threshold to qualify as a DUC. MHI data is not available at a geographic unit smaller than census tract block group in order to conduct a more refined level of economic analysis for the area in question. Upon identification of a geographic area containing 12 or more registered voters and household income information provided for those registered voters, LAFCo staff can conduct further review of potential DUC status consistent with Policy 9.14.1.

Please keep us updated as you continue to work with the Mendocino County Environmental Health Department related to addressing septic system failure in the area and the Mendocino County Local Agency Management Plan (LAMP).

Instructions on how to participate in the upcoming Commission meeting on May 4, 2020 will be included on the meeting agenda and will be distributed to you via email once available as requested. Thank you again for providing early comments related to the MCCSD Workshop Draft MSR/SOI Update and please let me know if you have further questions or information to share.

Sincerely,



Uma Hinman
Executive Officer
Mendocino LAFCo

Cc: Marlayna Duley, Mendocino County Environmental Health

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING May 4, 2020
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Status of Applications, Proposals, and Work Plan**

RECOMMENDATION

Informational report.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates Local Agency Formation Commissions (LAFCos) with regulatory and planning duties to coordinate the logical formation and development of local government agencies. This includes approving or disapproving proposals for reorganizations (i.e., annexations, detachments, dissolutions, etc.), activation of latent powers, sphere of influence amendments, and outside service agreements.

APPLICATIONS

Following is a summary of active and future proposals.

Active Proposals

There are currently two (2) active proposals.

Weger Mendocino Coast Health Care District Detachment Application Review

The application was approved by the Commission at its regular meeting on March 2, 2020. Staff is working with the applicant and coordinating with the County Surveyor to finalize the mapping requirements for a submittal to the State Board of Equalization.

Moore's Annexation to Irish Beach Water District (IBWD)

The application to annex a parcel of approximately 16.8 acres directly north of the IBWD into the District has been on-hold since 2015 pending completion of a concurrent processing of a Local Coastal Plan (LCP) amendment and rezone. The applicant has submitted a deposit and requested the application be processed. Staff has reviewed the application materials on file and has sent correspondence to Mr. Moore's and IBWD regarding requirements and next steps for processing the application.

Applications On-Hold

There is currently one (1) application on hold. Any updates available are noted below in addition to the date of last activity.

City of Ukiah Detachment of Ukiah Valley Sanitation District (UVSD) Served Areas

The application by the City of Ukiah to detach UVSD served areas from the City was deemed incomplete in December 2014. The City has requested the application remain on hold; there remains a balance of \$1,532 held in LAFCo's account.

Future Proposals

Following is a summary of potential future proposals to the Commission:

Anderson Valley CSD Proposed Activation of Latent Powers to Provide Water/Sewer Services

The Anderson Valley CSD has obtained two state planning grants to prepare a feasibility study and CEQA review for wastewater and water treatment plants and infrastructure to serve the community area of Boonville. Public workshops and a CEQA document are in process. No updates have been received in some time.

WORK PLAN

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence reports over the course of the fiscal year. This report provides an update on progress made in terms of accomplishing the activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

County Service Area (CSA) No. 3

The Administrative Draft MSR/SOI is in process. This will be the first MSR/SOI report for the CSA. Due to the COVID-19 emergency, there have been delays in receiving a response to requests for information from the County.

Mendocino City Community Services District

The Workshop on the Draft MSR/SOI is scheduled for May 4, 2020.

Ukiah Valley Sanitation District (UVSD)

The Request for Information (RFI) was sent to the District and staff has been collecting available documentation for the MSR/SOI report. The District had requested additional time to respond to the RFI as they were finishing up a number of substantial projects that had dominated staff time. Further delays have occurred due to the COVID-19 emergency.

Covelo Community Services District

Due to delays in collecting information from other agencies scheduled for FY 2019-20, staff initiated the data collection efforts for the Covelo CSD. The District has responded to the RFI and the Administrative Draft MSR/SOI is in process.