

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

Carol Rosenberg, Alternate
Public Member

Ted Williams, Alternate
County Board of Supervisors

STAFF

Executive Officer
Uma Hinman

Analyst
Larkyn Feiler

Commission Clerk
Elizabeth Salomone

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

A G E N D A

Regular Meeting of Monday, April 1, 2019 ~ 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://mendolafco.org/recorded-meetings/>*

Meeting documents are available online: <http://mendolafco.org/meeting-documents-2019/>

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. Individuals wishing to address the Commission under Public Expression are welcome to do so throughout the meeting.

3. OTHER BUSINESS

None.

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 March 4, 2019 Regular Meeting Summary

4b) Approval of the March 2019 Claims & Financial Reports

4c) Acceptance of the Fiscal Year 2017-2018 Audit

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://mendolafco.org/meeting-documents-2019/>

5a) Proposed Budget and Work Plan for Fiscal Year 2019-20

The Commission will consider the Proposed Fiscal Year (FY) 2019-2020 Budget and Work Plan. RECOMMENDED ACTIONS: 1) Adopt Resolution No. 18-19-07, approving the Proposed Budget and Work Plan for FY 2019-2020, and 2) Direct staff to notice a public hearing for the Final Budget and Work Plan for FY 2019-2020 for May 6, 2019; or 3) Provide direction to staff.

(4-1-19 Agenda Continued...)

6. WORKSHOP ITEMS

None.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) County Service Area 3

The Commission will review recent Mendocino County Board of Supervisor actions relating to County Service Area 3, make a determination regarding the active status of the district, and provide direction to staff. RECOMMENDED ACTIONS: 1) Determine that CSA 3 is an active district pursuant to Government Code Section 56042; and 2) Provide direction to staff related to next steps, including: a) Direct staff to notify the State Controller's Office of the active status of CSA 3, and b) Direct staff to prioritize and fund preparation of a municipal service review and sphere of influence study for CSA 3 as part of the FY 2019-20 Work Plan.

7b) Work Plan Schedule Review for Ukiah Valley Fire District MSR/SOI

The Commission will discuss and consider rescheduling the preparation of the Ukiah Valley Fire District Municipal Service Review and Sphere of Influence Update. RECOMMENDED ACTIONS: Provide direction to staff regarding the scheduling of the Ukiah Valley Fire District MSR/SOI Update.

7c) Annual Legislative Platform

The Commission will consider the Draft 2019 Legislative Platform. RECOMMENDED ACTIONS: 1) Adopt Resolution No. 2018-19-08 approving the 2019 Legislative Platform; or 2) Direct the Policies and Procedures Committee to review the Legislative Platform; or 3) Provide direction to staff.

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 (Policies & Procedures and Executive) (Verbal)

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

8f) CALAFCO Business and Legislative Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, May 6, 2019 at 9:00 AM
in the County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Notes: 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: If you are a disabled person and need a disability-related modification or accommodation to participate in a meeting, please contact the LAFCo office at 707-463-4470 or by e-mail to eo@mendolafco.org. Requests must be made as early as possible, and at least two full business days prior to the meeting. 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 of more than \$250 to any Commissioner in the past 12-months, must disclose the contribution. If you are affected, please notify the Commission prior to the agenda item.

MENDOCINO

Local Agency Formation Commission

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Agenda Item No. 4a

COMMISSIONERS

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Brooktrails Township CSD

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Public Member

Gerardo Gonzalez
Willits City Council

John Huff
Mendocino Coast Recreation
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Regular Meetings

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

MINUTES

Local Agency Formation Commission of Mendocino County

Regular Meeting of Monday, March 4, 2019

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

1. **CALL TO ORDER and ROLL CALL** (Video Time 4:52)

Chair Brown called the meeting to order at 9:01am.

Regular Commissioners Present: Carre Brown, Gerardo Gonzalez, John Huff, Scott Ignacio (arrived at 9:05), John McCowen, Tony Orth, Gerald Ward

Alternate Commissioners Present: Will Lee, Carol Rosenberg

Alternate Commissioners Absent: Jen Bazzani, Ted Williams

Staff Present: Uma Hinman, Executive Officer; Elizabeth Salomone, Clerk

2. **PUBLIC EXPRESSION** (Video Time 5:19)

No one from the public indicated interest in public expression.

3. **OTHER BUSINESS** (Video Time 5:30)

3a) **Announcement of Appointments and Oath of Office**

Chair Brown announced the 2019 City representatives: Gerardo Gonzalez (City of Willits) as Regular Member and Will Lee (City of Fort Bragg) as Alternate Member. The Clerk conducted the Oath of Office for both Commissioners.

3b) **Appointments to Committees**

Chair Brown reviewed appointments of Commissioners to the Executive and Policies & Procedures Committees, and confirmed them as follows:

Executive Committee: Chair Brown, Vice Chair Orth, Commissioner Ignacio

Policies & Procedures: Commissioners Gonzalez, McCowen, Rosenberg

4. CONSENT CALENDAR (Video Time 11:38)

4a) Approval of the February 4, 2019 Regular Meeting Summary

4b) Approval of the February 2019 Claims & Financial Reports

<u>February 2019 Claims totaling</u>	\$ 9,829.52
Hinman & Associates Consulting	\$ 8,366.99
P. Scott Browne	\$ 600.00
Ukiah Valley Conference Center	\$ 481.57
Mendocino County, GIS & Televising	\$ 380.96

Upon motion by Commissioner Orth and second by Commissioner Ignacio, Consent Calendar items 4a) Approval of the February 4, 2018 Regular Meeting Summary Minutes with noted edit, 4b) Approval of the February 2018 Claims and Financial Report, were approved by roll call vote:

Ayes: (6) Brown, Huff, Ignacio, McCowen, Orth, and Ward
Abstain: (1) Gonzalez

5. PUBLIC HEARING ITEMS (Video 13:20)

**5a) Public Hearing for the Fort Bragg Rural Fire Protection District (FPD),
Municipal Service Review (MSR) and Sphere of Influence (SOI) Update**

EO Hinman presented the Municipal Service Review and Sphere of Influence Update. Comments and questions were offered by Commissioners Ward, Orth, McCowen, and Gonzalez.

Chair Brown opened the public hearing at 9:17am.

The following points were noted:

- Include the table showing the terms of Board members without their names.
- Page 2-2, Section 2.1.3. Consider changing “service” to “power.”
- Reinforcement of the request for future reviews of Fire Authorities to include all Authority entities together (e.g., the Fort Bragg Rural Fire Protection District and the City of Fort Bragg), so as to capture all finances of the Fire Authority in one document.

Chair Brown invited public comment at 9:25am. No public comments were offered.

Chair Brown closed the public hearing at 9:26 am.

Upon motion by Commissioner Ward and second by Commissioner Gonzalez, adoption of LAFCo Resolution 18-19-05, approving the Fort Bragg Rural Fire Protection District Municipal Service Review and Sphere of Influence Update and affirming the District’s existing Sphere of Influence that is coterminous with the District’s boundary; finding the Fort Bragg Rural Fire Protection District Municipal Service Review and Sphere of Influence Update exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 California Code of Regulations Sections 15306 and 15061(b)(3); and approving the Notice of Exemption for filing was approved by roll call vote:

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

6. WORKSHOP ITEMS

6a) Workshop on Preliminary Draft Budget and Work Plan for FY 2019-20

EO Hinman presented the Preliminary FY 2019-20 Budget and Work Plan. Comments and questions were offered by Commissioners Ward, Orth, Rosenberg, and McCowen.

- Treasurer Ward reported the Mendocino County Auditor's office updated the County held LAFCo account total as \$36,560.38 as of today, with \$144 accounts receivable. He recommended removing \$35,000 from the account to deposit into the checking account. Based on the information provided, EO Hinman estimated that at the end of the FY 2018-19 expenditures should be approximately \$6,300 under the adopted budget. She noted that the adopted budget anticipated withdrawing from Reserves to meet operational expenses and that amount is now anticipated to be \$1,500.
- Treasurer Ward noted that because reserves were going to reach or be below the policy minimums, it was very likely that apportionment fees will need to be raised for the next budget.
- Commissioner Orth spoke supporting incremental increases in the apportionment fees rather than a major increase in a future year, as well as noting the possibility of unanticipated additional costs associated with a potential MSR/SOI for the CSA #3.
- Commissioner Rosenberg spoke supporting Commissioner Orth's concerns and noted the recent unfunded mandated requirements placed upon the Commission.
- Commissioner McCowen spoke supporting lowering the legal reserves and not increasing the apportionment fees, referencing the structure of LAFCo provides it the ability to increase the apportionment fees annually to cover the costs of running the Commission and any potential litigation.
- Commissioner Gonzalez spoke supporting incremental increases rather than an upcoming major increase.

Chair Brown tabled Item 6a) Workshop on Preliminary Draft Budget and Work Plan for FY 2019-20 and moved to Item 7a).

6a) CONTINUED (Workshop on Preliminary Draft Budget and Work Plan for FY 2019-20) (Video 49:00)

Upon motion by Commissioner McCowen and second by Commissioner Gonzalez, direction to staff to notice a public hearing for the Proposed Draft Budget and Work Plan for FY 2018-19 for April 1, 2019 with apportionment fees at \$135,000 and the budget at \$160,248 was approved by roll call vote:

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

7. MATTERS FOR DISCUSSION & POSSIBLE ACTION

7a) Proposed Amendment to Financial Reserves Policy (Video 38:36)

EO Hinman presented the staff report. Comments and questions were offered by Commissioners Ward, Orth, Huff, McCowen, Rosenberg, and Ignacio.

Upon motion by Commissioner McCowen and second by Commissioner Ward, adoption of Resolution 2018-19-06 approving LAFCo Resolution No. 18-19-06 amending Policy 5.1.5 to reduce the legal reserve amount to \$35,000 was approved by roll call vote:

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

Chair Brown called a break from 9:52am – 10:01am. (Video 52:02-1:01:48)

7b) County Service Area 3 Status Determination (Video 1:02:00)

EO Hinman presented the item regarding the State Controller's Office (SCO) notification to Mendocino LAFCo that County Service Area (CSA) 3 was identified as an inactive district in accordance with SB 448, noting the Commission reviewed and tabled the matter during its February 4, 2019 Regular meeting to allow the County Board of Supervisors an opportunity to address the issue at their Regular meeting of February 5, 2019. Comments and questions throughout the discussion were offered by Commissioner McCowen, Ward, Gonzalez, Orth, Rosenberg, and Ignacio.

Katherine Elliot, Mendocino County Counsel, addressed the Commission submitting a letter to the Commission "Re: County Service Area #3, Agenda Item 7b)." The letter was distributed to the Commissioners and placed in the record. Counsel Elliot noted that once the CSA #3 is funded by the County, it no longer meets the criteria for dissolution and once it is funded, a letter from LAFCo notifying the State Controller's office of the current status, would serve as determination of an active status.

Carmel Angelo, Mendocino County CEO, provided an update to the Commission on the progress at the Board of Supervisors on this matter and the proposal for additional revenue for ongoing funding of the CSA #3.

Chief Andres Avilla, Anderson Valley Community Service District, address the Commission. He summarized the past efforts of the District to annex and how an active CSA 3 could assist the District in serving the public.

Upon motion by Commissioner McCowen and second by Commissioner Ward, authorize LAFCo staff that once they have received confirmation that the County of Mendocino has transferred assets into County Service Area, to notify the State Controller's office that CSA 3 does not meet the requirements of an inactive District was approved by unanimous vote:

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

7c) Special District Risk Management Agency Board of Directors 2019 Nominations (Video Time: 1:24:15)

EO Hinman presented the call for nominations of candidates for the SDRMA Board of Directors 2019 Election. Commission consensus was to take no action.

8. INFORMATION/ REPORT ITEMS

8a) Work Plan, Current, and Future Proposals (Video Time: 1:25:45)

EO Hinman presented the staff report, noting updates including a pre-application for detachment from the Mendocino Coast Health Care District. She also provided details on the upcoming schedule for MSR/SOI updates.

8b) Correspondence (Video Time: 1:27:20)

EO Hinman noted no correspondence to report.

8c) Executive Officer's Report (Video Time: 1:27:50)

EO Hinman reported on the following:

- Reminder that 700 Forms due.
- Update on communications with Mendocino Coast Health Care District representatives regarding pre-application for detachment from the District.
- Update on development of a LAFCo newsletter to member agencies.

8d) Committee Reports (Video Time: 1:29:00)

EO Hinman noted nothing to note.

8e) Commissioners Reports, Comments or Questions (Video Time: 1:29:32)

Vice Chair Orth noted the Brooktrails Community Service District's MSR and SOI were delayed due to staff changes within the District and the District has appointed an Ad Hoc Committee to review the draft.

Treasurer Ward noted the draft financial statements for the FY 2017-18 Audit were received, recommending the audit be brought forward for Commission review in April and the final payment be made to the auditor.

Treasurer Ward noted he reviewed and reported on the billing for Legal Counsel.

8f) CALAFCO Business and Legislation Report

EO Hinman reported on two requests from CALAFCO for support letters to sponsored bills:

AB 1253 (Rivas) is a bill seeking one-time grant funding for LAFCos as a follow up to the Little Hoover Commission report in 2017 and to last year's attempt. It also calls for reimbursement for the mandatory dissolution of inactive districts pursuant to SB 448 (2017, Wieckowski).

AB 213 (Reyes) is a bill restores funding for inhabited annexations. Payments come from ERAF which is backfilled from the general fund. CALAFCO has historically supported this bill each year.

ADJOURNMENT

There being no further business, at 10:32am the meeting was adjourned. The next regular meeting is scheduled for Monday, April 1, 2018 at 9:00am in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

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<https://www.youtube.com/watch?v=03h7LJ0isTw>

MENDOCINO Local Agency Formation Commission Staff Report

DATE: April 1, 2019
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: Financial Report and Claims for March 2019

Claims The following claims are recommended for payment authorization:

Name	Account Description	Amount	Total
Hinman & Associates	5300 Basics Services	\$ 6,763.50	\$ 8,720.50
	6200 Bookkeeping	\$ 21.00	
	7000 MSR SOI Workplan	\$ 544.00	
	5600 Office Expenses	\$ 60.00	
	8019 Weger Pre-Application	\$ 1,332.00	
P. Scott Browne	6300 Legal Counsel-Monthly flat fee	\$ 600.00	\$ 600.00
Ukiah Valley Conf. Center	5502 Office space	\$ 425.00	\$ 455.00
	5503 Work room	\$ 30.00	
Commissioner Reimbursement In-County Travel & Stipends	6740 Bazzani (Mar mtg - ABSENT)	-	\$ 214.96
	6740 Huff (Mar mtg)	\$ 84.80	
	6740 Orth (Mar mtg)	\$ 79.00	
	6740 Rosenberg (Mar mtg)	\$ 51.16	
Pehling & Pehling CPA	6100 Audit Services	\$ 1,550.00	\$ 1,550.00
Newspapers	5900 Ft Bragg FBRFPD MSR SOI	\$ 118.06	\$ 118.06
Total:			\$ 11,658.52

PAID, NEEDING RATIFICATION:

Ukiah Valley Conf. Center	5603 Photocopy (February)	\$ 37.20	\$ 51.70
	5605 Postage (February)	\$ 14.50	
Total:			\$ 51.70

Deposits:

- On 2/4/19: \$14,000 from County account to SBMC checking account.
- On 2/26/19: \$1,500 from Lisa Weger to SBMC checking account.
- On 3/26/19: \$35,000 From County account to SBMC checking account.

Attachments:

- Budget Track Spreadsheet
- Work Plan Cost Tracking
- Invoices: Hinman & Associates Consulting, Scott Browne, & Pehling & Pehling CPA

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

Mendocino Local Agency Formation Commission
 FY 2018-19 Budget and Application Tract

Acct #	Task	FY 18-19 Budget	1st Qtr Subtotals	2nd Qtr Subtotal	January	February	March	3rd Qtr Subtotal	Year to Date	Remaining Budget
EXPENSES										
5300	Basic Services - EO/Analyst/Clerk	\$70,560	\$14,985.00	\$17,390.50	\$8,367.00	\$7,006.00	\$5,563.50	\$20,936.50	\$54,987.00	\$15,573.00
	Unfunded Mandates (CSA 3 Status)	\$0		\$400.00		\$75.00	\$1,200.00	\$1,275.00		
5500	Rent	\$5,360	\$1,335.00	\$1,345.00	\$455.00	\$455.00	\$455.00	\$1,365.00	\$4,045.00	\$1,315.00
5600	Office Expenses	\$3,450	\$411.33	\$459.45	\$60.00	\$101.56	\$60.00	\$221.56	\$1,092.34	\$2,357.66
5700	Internet & Website Costs	\$1,300	\$1,081.24	\$0.00		\$72.00		\$72.00	\$1,153.24	\$146.76
5900	Publication & Legal Notices	\$2,000	\$557.45	\$0.00			\$118.06	\$118.06	\$675.51	\$1,324.49
6000	Televising Meetings	\$3,000	\$384.48	\$401.07	\$138.30			\$138.30	\$923.85	\$2,076.15
6100	Audit Services	\$3,100	\$1,550.00	\$0.00			\$1,550.00	\$1,550.00	\$3,100.00	\$0.00
6200	Bookkeeping	\$4,000	\$2,220.50	\$244.00	\$31.50	\$121.00	\$21.00	\$173.50	\$2,638.00	\$1,362.00
6300	Legal Counsel (S Browne)	\$7,200	\$1,800.00	\$1,800.00	\$600.00	\$600.00	\$600.00	\$1,800.00	\$5,400.00	\$1,800.00
6400	A-87 Costs County Services	\$0	\$0.00	\$0.00				\$0.00	\$0.00	\$0.00
6500	Insurance - General Liability	\$1,000	\$0.00	\$0.00				\$0.00	\$0.00	\$1,000.00
6600	Memberships (CALAFCO/CSDA)	\$2,300	\$925.00	\$1,377.00				\$0.00	\$2,302.00	\$-2.00
6670	GIS Contract with County	\$3,500	\$1,068.85	\$0.00				\$0.00	\$1,068.85	\$2,431.15
6740	In-County Travel & Stipends	\$2,000	\$305.07	\$456.14	\$0.00	\$380.96	\$214.96	\$595.92	\$1,357.13	\$642.87
6750	Travel & Lodging Expenses	\$3,000	\$0.00	\$4,218.11				\$0.00	\$4,218.11	\$-1,218.11
6800	Conferences (Registrations)	\$3,000	\$2,600.00	\$0.00				\$0.00	\$2,600.00	\$400.00
7000	Work Plan (MSRs and SOIs)	\$35,000	\$14,313.50	\$9,058.00	\$102.00	\$850.00	\$544.00	\$1,496.00	\$24,867.50	\$10,132.50
9000	Special District Training Support	\$500	\$0.00	\$0.00				\$0.00	\$0.00	\$500.00
Monthly/ Year to Date Totals		\$150,270.00	\$43,537.42	\$37,149.27	\$9,753.80	\$9,661.52	\$10,326.52	\$29,741.84	\$110,428.53	\$39,841.47
APPLICATIONS										
		BALANCE	1st Qtr Subtotals	2nd Qtr Subtotal	January	February	March	3rd Qtr Subtotal	Year to Date	Remaining Budget
A-2009-8001	Irish Beach WD Moores Annexation	\$-610.56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$-610.56
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
P-2019-8019	Weger Detachment Pre-Application	\$1,500.00	\$0.00	\$0.00	\$0.00	\$168.00	\$1,332.00	\$1,500.00	\$1,500.00	\$0.00
Applications to Date Totals		\$2,422.19	\$0.00	\$0.00	\$0.00	\$168.00	\$1,332.00	\$1,500.00	\$1,500.00	
EXPENSES AND APPLICATION TOTALS			\$43,537.42	\$37,149.27	\$9,753.80	\$9,829.52	\$11,658.52	\$31,241.84	\$111,928.53	

Operations (Checking) Account Balance	\$	17,034.75							from statement as of	2/28/2019
County of Mendocino Account Balance	\$	36,560.38							from statement as of	3/15/2019
Legal Reserve Balance	\$	35,000.00							from statement as of	2/28/2019
Operations Reserve Balance	\$	55,356.26							from statement as of	2/28/2019

Mendocino LAFCo
FY 2018-19 Estimated Work Plan Implementation Schedule and Cost Tracking
 April 1, 2019

Disclaimer: The estimated schedule and costs for the Fiscal Year 2018-19 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	Initial Cost Estimate	Current Cost Estimate	Cost to Date ⁽¹⁾
Mutual Water Companies	Completed	Completed	Completed	Completed	N/A	8/6/2018	\$1,500	\$1,750	\$1,750
City of Willits ⁽²⁾	Completed	Completed	Completed	12/3/2018	5/6/2019	TBD	\$9,000	\$16,000	\$14,068
Brooktrails Township CSD ⁽³⁾	Completed	In Progress	In Progress	3/4/2019	TBD	TBD	\$6,000	\$9,000	\$7,343
Ukiah Valley FD	In Progress	In Progress	In Progress	4/1/2019	TBD	TBD	\$5,500	\$5,500	\$1,309
Fort Bragg Rural FPD	Completed	Completed	Completed	2/4/2019	3/4/2019	3/4/2019	\$5,000	\$5,000	\$5,025
Mendocino City CSD	Pending	Pending	Pending	TBD	TBD	TBD	\$8,000	\$8,000	\$0
Estimated Total							\$35,000	\$45,250	\$29,494

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

(2) The project scope for the City of Willits study changed from a stand-alone SOI Update to include a partial MSR Update and has also involved subconsultant activities and consulting with Legal Counsel related to complex SOI issues.

(3) The estimated cost for the Brooktrails Township CSD study was reduced from \$8,000 to \$6,000 to account for staff activities in FY 2017-18 and was not intended to reduce the overall project cost to \$6,000.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924

(916) 813-0818

uhinman@comcast.net

Date March 24, 2019
To Mendocino LAFCo
Project Executive Officer Services
Work Period February 25-March 24, 2019

Invoice No. 412
Invoice Total \$ 8,720.50

Account	Description	Staff/Hours			Other (At Cost)	Totals
		Hinman EO (\$100)	Feiler Analyst (\$68)	Salomone Clerk (\$40)*		
5300	Basic Services	32.25	12.00	36.25		\$ 5,563.50
	CSA 3 inactive status	7.75	6.25			\$ 1,200.00
5601	Office Supplies					
	Quickbooks Online Fee				\$ 60.00	\$ 60.00
6200	Bookkeeping			0.50		\$ 21.00
7000	Work Plan (MSR/SOI/Special Studies)					
	City of Willits		5.00			\$ 340.00
	Fort Bragg Rural FPD					\$ -
	Ukiah Valley FPD					\$ -
	Brooktrails CSD		3.00			\$ 204.00
8019	Weger MCHD Detachment Pre-App	12.30	1.50			\$ 1,332.00
Totals		\$ 5,230.00	\$ 1,887.00	\$ 1,543.50	\$ 60.00	\$ 8,720.50

5300 Basic Services

Prepared for March 4 and April 1 Regular Commission meeting and postings. Staffed office during the time period. Website updates. File research. Responded to Public Records Act requests and inquiries. Coordinated with Pehling & Pehling regarding the draft 2017/18 audit. Preliminary Budget and Work Plan development. Coordinated with County regarding CSA 3; researched and coordinated with Legal Counsel process and next steps. Development of FY 2019/20 budget and work plan.

6200 Bookkeeping

Compiled claims for Commissioner review and approval at next regular meeting. Entered claims into Quickbooks and prepared checks for claims to be authorized at next Regular meeting. Reviewed claims, bank records, etc. Reconciled Quickbooks with bank statements and claims.

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

Coordinate with City on follow items and preparation of Public Hearing Draft Willits MSR/SOI Update and coordinated with City staff. Preparation of Administrative Draft Brooktrails Township CSD MSR/SOI.

8019 Weger MCHD Detachment Pre-App

Researched and prepared response to applicant regarding process and procedures for application and potential issues that may arise. Outreach to affected agencies. Prepared and distributed Notice of Intent to Circulate Petition to affected and interested agencies.

Notes:

* Plus administrative fee of 5% for subconsultant labor

Law Offices of P. Scott Browne

131 South Auburn Street
Grass Valley, CA 95945

(530) 272-4250
(530) 272-1684 Fax

Marsha A. Burch
Of Counsel

Mendocino Lafco
200 South School Street, Suite F
Ukiah, CA 95482

Period Ending:

3/15/2019

Payment due by the 15th of next month

In Reference To: CLIENT CODE: MENDO-01

Professional Services

	<u>Hours</u>	
2/26/2019 PSB Review email from Uma re: CSA 3	0.40	
3/7/2019 PSB Go Over CSA 3 issue with Steve Lucas	0.40	
3/8/2019 PSB Respond to Uma re: CSA 3 dissolution issue.	0.50	
3/12/2019 PSB Conference call re: 2019 Staff Workshop (Time split evenly between all CALAFCo clients)	0.20	
3/13/2019 WJC Work on Form 700	0.50	NO CHARGE
	<hr/>	
SUBTOTAL:	[2.00]	
		<hr/>
Total Professional Hours	2.00	Amount
Per Representation Agreement, flat fee of \$600/month.		\$600.00
Previous balance		\$600.00
		<hr/>
TOTAL BALANCE NOW DUE		<u><u>\$1,200.00</u></u>

Please make your check for this bill payable to P. SCOTT BROWNE, ATTORNEY. Please write the CLIENT CODE shown on this statement on your check to insure proper credit. Thank you!

Pehling & Pehling, CPAs



An Accountancy Corporation ■ 12667 Granite Dr ■ Truckee, CA 96161

Phone: (707)279-4259

E-mail: Zach@PehlingCPA.com

Web: www.PehlingCPA.com

Invoice: 908

Date: 03/27/2019

Due Date: 03/27/2019

Mendocino LAFCO
200 S School St
Ukiah, CA 95482

For professional service rendered as follows:

Assurance	1,550.00
	<hr/>
Billed Time & Expenses	\$1,550.00
	<hr/>
Invoice Total	<u>\$1,550.00</u>
	<hr/>
Beginning Balance	\$0.00
Invoices	1,550.00
Receipts	0.00
Adjustments	0.00
Service Charges	<u>0.00</u>
Amount Due	<u>\$1,550.00</u>

Please return this portion with payment.

Invoice: 908

Date: 03/27/2019

Due Date: 03/27/2019

ID: MLAFCO
Mendocino LAFCO

Amount Due: \$1,550.00

Amount Enclosed: \$_____

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2018 and 2017

**LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2018 & 2017**

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Mendocino Local Agency Formation Commission Management Discussion & Analysis of Fiscal Years Ending June 30, 2018 & 2017

1. Discussion of Basic Financial Statements

Mendocino Local Agency Formation Commission's (LAFCo) primary funding source for its annual budget is mandated by Government Code Section 56381. Section 56381 requires that the costs of LAFCo are to be paid in equal one-third shares by the agencies represented on the Commission; that is, the County pays one-third of the adopted budget, the four Cities pay one-third and the fifty Special Districts pay one-third. LAFCo does not receive its annual income directly; instead, an independent third party, the County Auditor, receives and holds the funds for LAFCo.

LAFCo's General Fund is its primary operating fund; it is used to account for most all transactions of the Commission. When application fees are received, a Project Fund will be developed for the income and expenditures associated with that particular Project.

The Commission also maintains a reserves account for holding funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$50,000 and an operational reserve of 25% of the operational budget.

LAFCo has no other specialized funds such as enterprise funds, capital asset funds, debt payment funds, or other similar funds. Because of the size of its budget, the type of income, and the nature of the funding process mandated by Government Code Section 56381 and the keeping of the funds by the County Auditor, LAFCo has historically utilized a modified cash basis of accounting.

2. Comparative Financial Information

All services needed by LAFCo, including County services received by LAFCo, must be paid for from LAFCo's budget. This includes such services as staff, legal counsel, GIS, County surveyor, Auditor, (A-87 costs), Assessor and Recorder, engineering services, publications of legal notices, communications, website, insurance, the cost of annual audits, etc. These costs have been reflected in LAFCo's budget since Fiscal Year 2001-2002. Additionally, the costs of the Sphere of Influence/Municipal Service Review process as mandated by G.C. 56425 and 56430 have been reflected in LAFCo's budget.

For Fiscal Years 2011/2012, 2012/2013, 2013/2014 and 2014/2015 apportionment costs to the County, Cities, and Special Districts remained at \$45,000 each. For Fiscal Year 2015/2016 apportionment costs were lowered to \$41,667 and again lowered to \$40,000 For Fiscal Year 2016/2017. Apportionment costs remained the same at \$40,000 for each category in 2017/2018. However, due to an error in collections that resulted in an over-collection of \$3,333 in apportionment costs in Fiscal Year 2015/2016, only \$36,667 in apportionment costs were collected in Fiscal Year 2017/2018.

3. Condensed Financial Information

A summation of LAFCo's financial circumstances is provided in the below tables:

Statement of Net Position June 30, 2018 & 2017

Assets	2018	2017
Cash	105,500	165,947
Accounts Receivable	611	2,726
Total Assets	106,111	168,673
Liabilities	9,127	26,214
Total Net Position	96,984	142,460

Statement of Activities June 30, 2018 & 2017

	2018	2017
Program Expenses	161,455	149,366
Program Revenues	111,515	126,000
Net Program Income	(49,940)	(23,366)
General Revenue	465	124
Increase in Net Position	(49,475)	(23,242)
Net Position-July 1	142,459	165,702
Net Position-June 30	92,984	142,460

4. LAFCo's Overall Financial Position

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. For Fiscal Year 2018-2017, reserve funds were as follows: General Reserves of \$90,226.

5. Analysis and Transactions of General Fund-LAFCo's Budget

Following is the adopted budget for Fiscal Year 2017/2018, which was adopted by the Commission in June 2017.

Commission's Final Budget Fiscal Year 2017/2018			
	Quick Books		Fiscal Year
Line #	Account #	Description	2017/2018
Revenue			
1	4000	LAFCo Apportionment Fees	\$ 120,000
2	4030	Application Filing Fees	-
3	4800	Miscellaneous	-
4	4910	Interest Income	120
5		Total	\$ 120,120
6		Use of Residual Cash	40,105
7		Total Income	\$ 160,225
Expenses			
8	5300	Contract Services - Office & Staff	66,815
9	5500	Office Rent	5,360
10	5600	Office Expense	3,350
11	5700	Internet & Website Costs	1,300
12	5900	Publication & Legal Notices	2,000
13	6000	Televising Commission Meetings	3,000
14	6100	Audit Services	3,100
15	6200	Bookkeeping	4,800
16	6300	Legal Counsel	7,200
17	6400	A-87 Costs - County Services	1,100
18	6500	Insurance - General Liability	1,000
19	6600	Memberships (CALAFCO/CSDA)	2,200
20	6740	In-County Travel & Stipends	2,000
21	6750	Travel & Lodging	4,000
22	6800	Conferences (Registrations)	3,000
23	7000	Work Plan (MSRs and SOIs)	45,000
24		Total Expenses before Application Fees	\$ 160,225
25	8000	Application Filing Fees	-
26		Total Expense	\$ 160,225
27		Fund Balance	\$ 906
28		General Reserves (Legal & Operational)	\$ 90,226

6. Analysis of Significant Budgetary Variations-Unspent Funds

LAFCo policy (Resolution No. 2016-17-04) states: *“Mendocino LAFCo will strive to maintain reserves for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. The reserves consist of an Operating Reserve of 25 percent of the annual operating budget and a Legal Reserve of \$50,000 and are to be maintained in separate accounts.”*

Each year, since the beginning of the budget process under Cortese-Knox-Hertzberg (CKH), there have been unspent funds from the various line items. The Commission through its budget deliberations process has determined that money not spent in one budget year from various line items, is to be used in the next year’s budget to increase reserves and as a Fund Balance Carryover to offset the forthcoming year’s budget for G.C. 56425 & 56430 mandates.

7. Description of Significant Capital Assets and Long-term Debt Activity

Except for a provision in CKH that allows the Board of Supervisors to lend temporary operational funds to the Commission, LAFCo has no authority to borrow or to develop capital projects. The Commission has no mortgages, leases, liens, short-term loans, long-term debt, or any other encumbrances. It owns no stocks, bonds, securities or other investments. It has no capital assets or capitalization programs. The Commission does have the authority to pursue grants to assist in its decision making, but has no grants at this time.

8. Discussion of Significant Changes in Conditions and Estimated Maintenance Expenses for Infrastructure Assets

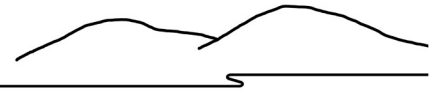
The Commission owns no land, buildings or infrastructure. Other than normal office furniture, filing cabinets, telephone, computer, and printer, the Commission has no physical assets. Paper and electronic records or past actions and activities are maintained in the LAFCo office, and from the date of inception of LAFCo in 1963.

9. Currently Known Facts, Decisions or Conditions

There are no facts, decisions or conditions that are currently known that are expected to significantly alter LAFCo’s future financial picture.

10. Additional Financial Information

This financial report is designed to provide LAFCo’s participating agencies, members of the public, customers, and other interested parties with an overview of LAFCo’s financial results and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Mendocino LAFCo at 200 South School Street, Ukiah, CA 95482; 707-463-4470.



September 25, 2018

Mendocino LAFCO

Ukiah, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Mendocino LAFCO as of and for the year-ended June 30, 2018, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mendocino LAFCO as of June 30, 2018, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Pehling & Pehling, CPA’s
An Accountancy Corporation

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF NET POSITION
& GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2018 & 2017

	Statement of Net Position			Statement of Net Position		
	General Fund	Adjustments Note 3	2018	General Fund	Adjustments Note 3	2017
<u>Assets</u>						
Cash - Note 2	\$ 105,500	\$ -	\$ 105,500	\$ 165,947	\$ -	\$ 165,947
Accounts Receivable	611	-	611	2,726	-	2,726
Total Assets	106,111	-	106,111	168,673	-	168,673
<u>Liabilities</u>						
Accounts Payable	7,594	-	7,594	17,149	-	17,149
Fees Received in Advance	1,533	-	1,533	9,065	-	9,065
Total Liabilities	9,127	-	9,127	26,214	-	26,214
<u>Fund Balance/Net Position</u>						
Fund Balances						
Committed for Legal Reserve	50,000	(50,000)	-	90,238	(90,238)	-
Committed for Operating Reserve	40,226	(40,226)	-	-	-	-
Unassigned	6,758	(6,758)	-	52,221	(52,221)	-
Total Fund Balance	96,984	(96,984)	-	142,459	(142,459)	-
Total Liabilities & Fund Balances	106,111	(96,984)	-	168,673	(142,459)	-
-						
<u>Net Position</u>						
Unrestricted		96,984	96,984		142,459	142,459
Total Net Position		\$ 96,984	\$ 96,984		\$ 142,459	\$ 142,459

The accompanying notes are an integral part of these financial statements.

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 & 2017

	2018	2017
<u>General Government - Planning</u>		
Insurance-General	\$ 894	\$ 987
Memberships	1,299	1,231
Audit Fees	3,100	4,550
Internet and Website Costs	25	999
Legal Counsel	7,200	6,121
Architect, Engineering and Planning Services	-	-
Professional Services	114,910	100,250
Rent	5,255	5,184
Office Expenses	1,955	2,458
Publication and Legal Notices	924	1,610
County Support Services	3,272	-
Televising Commissioner Meetings	1,772	2,781
Bookkeeping-Financial	4,443	2,412
Professional Fees-Applications	1,500	14,981
Transportation and Travel Out of County	2,014	1,805
In-County Travel & Stipends	1,580	2,328
Miscellaneous Expense	7,313	1,279
Special District Training Support	-	391
	\$ 157,455	\$ 149,366
 <u>Program Revenues</u>		
Assessments	110,000	120,000
Application Fees & Reimbursements	1,515	6,000
	\$ 111,515	\$ 126,000
 Net Program Income	\$ (45,940)	\$ (23,366)
 <u>General Revenues</u>		
Interest Earnings	465	124
	\$ 465	\$ 124
 Increase(Decrease) in Net Position	\$ (45,475)	\$ (23,243)
 Net Position - July 1,	142,459	165,702
 Net Position - June 30,	\$ 96,984	\$ 142,459

The accompanying notes are an integral part of these financial statements.

Mendocino Local Agency Formation Commission
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018 & 2017

Note 1 – Summary of Significant Accounting Policies

Organization

The Mendocino Local Agency Formation Commission's (LAFCo) primary operates under the rules and requirements of the Cortese-Knox-Hertzberg Local Government Act of 2000. This act is commonly referred to as C-K-H or AB 2838. This act is found in the Government Code beginning with Section 56000. However, this part of the Government Code does not comprise of all the requirements of laws that LAFCo must meet. Other elements of the law such as the Public Resources Code, Guidelines to California Environmental Quality Act (CEQA), Revenue and Taxation Code, Election Code, Brown Act, case decisions, state and local policies and the policies and procedures of LAFCo also affect the decision making responsibilities of LAFCo. However, the primary controlling authority of LAFCo is the Government Code beginning with Section 56000 and LAFCo's policies which implement the law.

Accounting Policies

The Commission's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments. The following is a summary of the more significant policies.

Basis of Presentation

The Statement of Net Position and Statement of Activities display information about the reporting of the Commission as a whole.

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities. The Commission maintains two bank accounts to manage the Fund: a checking account with Savings Bank of Mendocino County and a reserves account with Westamerica Bank in Ukiah, CA. The reserves are set aside for legal and operational contingencies; policies are established for both.

Basis of Accounting

Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net assets are available, the Commission's policy is to apply restricted net assets first.

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When an expense is incurred for the purpose for which either committed, assigned or unassigned net assets are available, the Commission's policy is to apply committed or assigned net asset first.

Budget

The Commission is required to adopt an annual budget for the Commission's general operations each fiscal year. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by the Commission. The budget is amended from time-to-time as needed and is approved by the Commissioners with each amendment.

Deposits and Investments

It is the Commission's policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission's deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2018 and 2017. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.

- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.

- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and Investments as of June 30, 2018 and 2017 consist of Category 1 type only.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The Commission's deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Risk Management

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

Equity Classifications – Government-wide Statements

Equity is classified as net position and displayed as follows:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities used for acquisition, construction or improvement of these assets.
- b. Unrestricted net position – All other net assets that do not meet the definition of “Investment in capital assets, net of unrelated debt”.

Equity Classifications – Fund Statements

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned.

Note 2 – Cash

The Commission maintains an account with Savings Bank of Mendocino County used for issuing checks for the payment of general operating expenses. The County of Mendocino collects the Apportionment Fees from the County, Cities and Special Districts and holds those funds in an account with the County Auditor. When sufficient funds are collected (Apportionment Fees), LAFCo will then transfer funds into the checking account at Savings Bank of Mendocino County. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County, until transferred, are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2018 and 2017 were \$465 and \$124, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

The Commission's deposits with County Treasury have a risk category of "uncategorized" which represents investments in pools where the Commission's investments are not evidenced by specific identifiable securities.

The Commission also maintains an account with Westamerica Bank used for holding reserve funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$50,000 and an operational reserve of 25% of the operational budget.

Note 3 – Reconciliation to Statement of Net Position

There are no differences in the amounts reported for government activities in the Statement of Net Position.

Note 4 – Accounts Receivable

On an accrual basis, Revenues are recognized in the fiscal year in which the services are billed.

Note 5 – Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received.

Note 6 – Fees Received in Advance

On an accrual basis, Revenues are recognized in the fiscal year in which the services are provided. Some fees are received by the Commission in advance of performing the requested services and are therefore carried as a liability until the work has been completed and the revenues earned.

Note 7 – Joint Powers Agreement

The Commission participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the Commission and the JPA is such that is not a component unit of the Commission and the JPA is not a component unit of the Commission for financial reporting purposes.

The JPA's purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage's for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the Commission. This program is provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. Copies of SDRMA annual financial reports may be obtained from their executive office at 1112 I Street #300, Sacramento, CA 95814.

Note 8 – Risk Management

The Commission is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets, errors and omissions; injuries to employees; and natural disasters. During 2017/2018, the

Commission contracted insurance for liability, property, crime damage, and employee and director insurance.

Note 9 – Contingencies

As of June 30, 2018, the Commission did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

Note 10 – Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred that meet the above definition.

SUPPLEMENTAL INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Resources (Inflows)				
Assessments	\$ 120,000	\$ 120,000	\$ 110,000	(10,000)
Fees & Reimbursements	-	-	1,500	1,500
Miscellaneous	-	-	15	15
Interest Earnings	120	120	465	345
Total Resources	120,120	120,120	111,980	(8,140)
Charges (Outflows)				
Insurance-General	1,000	1,000	894	106
Memberships	2,200	2,200	1,299	901
Audit Services	3,100	3,100	3,100	-
Bookkeeping	4,800	4,800	4,443	357
Internet and Website Costs	1,300	1,300	25	1,275
Legal Counsel	7,200	7,200	7,200	-
Basic Services (Contract)	66,815	66,815	69,755	(2,940)
Office Rent	5,360	5,360	5,255	105
Office Expenses	3,350	3,350	1,955	1,395
Publication & Legal Notices	2,000	2,000	924	1,076
Televising Commission Meetings	3,000	3,000	1,772	1,228
A-87 Costs-County Services	1,100	1,100	123	977
In-County Travel & Stipends	2,000	2,000	1,580	420
Travel & Lodging	4,000	4,000	2,014	1,986
Conferences (Registrations)	3,000	3,000	2,231	769
Work Plan (MSR and SOI)	45,000	45,000	45,155	(155)
Contract Services-GIS Services	5,000	5,000	3,272	1,728
Misc Expense	-	-	6,459	(6,459)
Total Charges	160,225	160,225	157,455	2,770
Change in Fund Balance	(40,105)	(40,105)	(45,475)	(10,910)
Beginning Budgetary Fund Balance	142,459	142,459	142,459	
Ending Budgetary Net Position	\$ 102,354	\$ 102,354	\$ 96,984	

The accompanying notes are an integral part of these financial statements.

MENDOCINO Local Agency Formation Commission

Staff Report

DATE: April 1, 2019
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Proposed** Budget and Work Plan for FY 2019-2020

RECOMMENDATION

- 1) Adopt Resolution 18-19-07, approving the Proposed Budget and Work Plan for Fiscal Year 2019-2020, and
- 2) Direct the Executive Officer to notice a public hearing for the Final Budget and Work Plan for FY 2019-2020 for May 6, 2019; or
- 3) Provide direction to staff.

DISCUSSION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCoS) 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.

On March 4, 2019, the Commission held a workshop on the Preliminary Budget and Work Plan for FY 2019-18. At that time the Commission provided direction to staff to distribute the approved Preliminary Budget to member agencies for review and to notice the Proposed Budget for hearing on April 1, 2019. The Commission reviewed changes to operating expenses that will be funded with \$135,000 in Apportionment Fees and the remaining from Operating Reserves. The Proposed Budget is included as Attachment 2. No comments on the Preliminary Budget and Work Plan.

Expenses

The proposed operating expenses for FY 2019-20 are \$160,248 and reflect the anticipated staffing services for day-to-day operations and for conducting MSR/SOI Updates scheduled for FY 2019-20 (Table 1; Attachment 3).

Table 1. Summary of expenses for FYs 2018-19 and 2019-20			
Estimated Budget Summary	FY 2018-19		Proposed FY 2019-20 Budget
	Adopted	Projected	
Apportionment	135,000	135,000	135,000
Staffing Total	70,560	70,560	72,060
Services and Supplies Total	44,710	38,410	46,938
Work Plan Total	35,000	35,000	41,250
Totals	150,270	143,970	160,248

The proposed expenses are an increase of \$9,978 above the FY 2018-19 budget; changes are summarized in Table 2.

Table 2. Proposed budget changes from FY 2018-19 to FY 2019-20				
Account	FY 2018-19	FY 2019-20	Difference	Notes
5300 Basic Services	\$70,560	\$72,060	\$1,500	Increase due to unfunded mandates, current number of inquiries and public records act requests
5500 Rent	5,360	5,460	100	Increase in rent per contract
5600 Office Expenses	3,450	2,700	(750)	Delaying computer replacement
6100 Audit Services	3,100	3,500	400	Potential increase due to new contracted auditor
6200 Bookkeeping	4,000	4,500	500	Anticipated increase in Bookkeeping expenses due to change in auditor and anticipated need to increase coordination
6400 A-87 Costs	0	428	428	Estimate from County
6500 Insurance-General Liability	1,000	1,100	100	Anticipated increase
6600 Memberships (CALAFCO/CSDA)	2,300	2,750	450	CALAFCO increase to \$1,075, an increase of \$150; CSDA (anticipate 5% increase)
6670 County GIS Services	3,500	2,500	(1,000)	Fewer mapping needs anticipated for Work Plan in FY 2019-20
6740 In-County Travel & Stipends	2,000	4,000	2,000	Due to change in policy that allows City Members to request mileage reimbursement
6750 Travel & Lodging Expenses	3,000	3,500	500	2019 CALAFCO Conference in Sacramento; assumes expenses for four Commissioners
7000 Work Plan (MSR/SOI)	35,000	41,250	6,250	Moved UVSD up to FY 2019-20
9000 Special District Training Support	500	0	(500)	Removed because funding to supplement agency training was unused in FY 2018-19
Total Difference			\$9,978	

Revenues and Reserves

Table 3 summarizes the FY 2018-19 and Proposed FY 2019-20 budget revenues and impact to reserves.

Table 3. Summary of operating revenues and reserves			
	FY 2018-19		Proposed FY 2019-20
	Adopted	Projected	
Budget	\$150,270	150,270	\$160,248
Revenue/Funds			
Apportionment Fees	135,000	135,000	135,000
Use of reserves	12,000	1,533	25,248
Anticipated Reserve Balances			
At beginning of FY	90,356		88,823
At end of FY	88,823		63,575
Target Reserve Balances Per Policy			
Operational Reserves (25%)	37,568		40,062
Legal Reserves	50,000		35,000
Total Target Balance	89,568		75,062

Work Plan

Staff have reviewed the 5-Year Rolling Work Plan and also considered inquiries regarding potential annexations, and recommends the following MSR/SOI Updates for FY 2019-20. The full 5-year Rolling Work Plan is included as Attachment 3.

Table 4. Proposed Work Plan Tasks for FY 2019-20	
Agency	Estimated Cost
Ukiah Valley Sanitation District	\$20,000
Mendocino City CSD (2008)	\$10,000
County Service Area 3	\$10,000

During the March 12, 2019 Board of Supervisors meeting, the Board voted unanimously to reactivate County Service Area (CSA) 3 (Agenda Item 7a). Determining that CSA 3 is an active district necessitates the preparation of an MSR/SOI study of the district; none has been prepared to date.

Staff estimates that the cost of preparing an MSR/SOI for CSA 3 would be approximately \$10,000, depending on the level of review and outreach required. Including the CSA 3 MSR/SOI study in the FY 2019-20 Work Plan would require revising the work plan schedule and/or proposed budget. The Proposed Work Plan has been revised to shift Covelo Community Services District to FY 2020-21 to allow for County Service Area 3 to be prioritized without altering the Preliminary Budget.

Staff had previously proposed preparing the City of Ukiah and Ukiah Valley Sanitation District MSR/SOI updates for the same year. However, several property owners have contacted staff regarding proposed annexations into the UVSD, which cannot be considered until the MSR/SOI has been updated. It is anticipated that the UVSD SOI Update will trigger CEQA review.

The City of Ukiah is initiating its General Plan Update in early 2019 and it is anticipated it will take approximately two years to complete. Initial discussions with the City of Ukiah have been to coordinate the General Plan Update and SOI Update so as to save on planning efforts and CEQA costs.

Work Plan Notes:

- No CEQA costs have been included in the estimates other than Exemptions
- Future budget numbers are estimates only and will be reviewed annually and adjusted as needed as part of the budget development process for the next FY.

Attachments: 1) Financial Summary
2) Proposed Budget and Work Plan for FY 2019-20
3) Resolution No.18-19-07

ATTACHMENT 1

Financial Summary

The following table summarizes LAFCo's current financial status and end of FY 2018-19 projection.

Cash in Savings Bank, March 26, 2019	\$	42,163
Cash in Treasury (County) February 4, 2019		1,560
Total Funds in Accounts	\$	43,723
Accounts Receivable - Apportionment still due	\$	144
Total Funds Available	\$	43,867
Accounts Payable* - Remaining Claims Due by June 30, 2019		(50,168)
Application Deposit Held - City of Ukiah Detachment/UVSD		(1,532)
2018/2019 Operating Budget Deficit		6,300
2018/2019 Proposed Additions to Operating Budget		-
Estimated Net Funds Available at 6-30-19	\$	(1,533)
Reserves: Operational	\$	55,356
Legal	\$	35,000

* Includes March-June Claims

Attachment 2

Mendocino Local Agency Formation Commission			
Proposed Budget FY 2019-2020			
(April 2019)			
ACCOUNT #	DESCRIPTION	FY 2018-19 Adopted	FY 2019-20 Proposed
REVENUE			
	<i>Anticipated Cash Balance</i>		\$ -
4000	LAFCO Apportionment Fees	\$ 135,000	\$ 135,000
4100	Service Charges		
4800	Miscellaneous		
4910	Interest Income	\$ 120	\$ 350
	Revenue Total	\$ 135,120	\$ 135,350
EXPENSES			
5300	Basic Services	\$ 70,560	\$ 72,060
5500	Rent	\$ 5,360	\$ 5,460
5600	Office Expenses	\$ 3,450	\$ 2,700
5700	Internet & Website Costs	\$ 1,300	\$ 1,300
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000
6000	Televising Meetings	\$ 3,000	\$ 3,000
6100	Audit Services	\$ 3,100	\$ 3,500
6200	Bookkeeping	\$ 4,000	\$ 4,500
6300	Legal Counsel	\$ 7,200	\$ 7,200
6400	A-87 Costs County Services	\$ -	\$ 428
6500	Insurance-General Liability	\$ 1,000	\$ 1,100
6600	Memberships (CALAFCO/CSDA)	\$ 2,300	\$ 2,750
6670	GIS Contract with County (Counsel training, IT support)	\$ 3,500	\$ 2,500
6740	In-County Travel & Stipends	\$ 2,000	\$ 4,000
6750	Travel & Lodging Expense	\$ 3,000	\$ 3,500
6800	Conferences (Registrations)	\$ 3,000	\$ 3,000
7000	Work Plan (MSRs and SOIs)	\$ 35,000	\$ 41,250
9000	Special District Training Support	\$ 500	
	Operating Expense Total	\$ 150,270	\$ 160,248
	REVENUE/EXPENSE DIFFERENCE	\$ (15,150)	\$ (24,898)
	<i>(Negative balance indicates use of fund balance and/or reserves)</i>		
	Reserves Total		\$ 90,356
	<i>(As of March 2019)</i>		

Mendocino LAFCo 5-Year Rolling Work Plan	
FY 2019-20 through 2023-24	
Mar-19	
Prior Study	Municipal Service Provider
Fiscal Year 2019-20	
2008	Mendocino City CSD
	Ukiah Valley Sanitation District
2010	Covelo CSD
Fiscal Year 2020-21	
2008	Mendocino Coast Recreation and Park District
2012	City of Ukiah
n/a	Lighting Districts Discovery Only (11?)
n/a	CSAs Discovery Only (10?)
Fiscal Year 2021-22	
2015	City of Point Arena
2015	Anderson Valley CSD
2015, 2016	Water/Wastewater Districts (14) - include Mutual Water Companies
Fiscal Year 2022-23	
2017	City of Fort Bragg
2016	Mendocino County Resource Conservation District
2016	Noyo Harbor District
2017	Cemetery Districts (8)
Fiscal Year 2023-24	
2016	Hopland PUD
2018	Brooktrails Township CSD
2018	Fire Districts (16)
2019	City of Willits

OPTION FOR CONSIDERATION

Mendocino LAFCo 5-Year Rolling Work Plan

FY 2019-20 through 2023-24

April 2019

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	Municipal Service Provider	Estimated Cost
Estimated Work Plan roll-over from FY 2018-19		\$ -
Fiscal Year 2019-20		
2008	Mendocino City CSD	\$ 10,000
n/a	Ukiah Valley Sanitation District	\$ 20,000
n/a	County Service Area 3	\$ 10,000
	Contingency (reduced to accommodate CSA 3 estimated budget)	\$ 1,250
Estimated Subtotal		\$ 41,250
Fiscal Year 2020-21		
2012	City of Ukiah	\$ 25,000
2013	Ukiah Valley FD (Ukiah Valley Fire Authority JPA)	\$ 7,500
2010	Covelo CSD	\$ 7,500
n/a	Lighting Districts Discovery Only (11?)	TBD
	10% Contingency	\$ 3,300
Estimated Subtotal		\$ 43,300
Fiscal Year 2021-22		
2015	City of Point Arena	\$ 8,000
2015	Anderson Valley CSD	\$ 7,500
2015, 2016	Water/Wastewater Districts (14) - include Mutual Water Companies	\$ 20,000
2008	Mendocino Coast Recreation and Park District	\$ 8,000
	10% Contingency	\$ 3,550
Estimated Subtotal		\$ 47,050
Fiscal Year 2022-23		
2017	City of Fort Bragg	\$ 10,000
2016	Mendocino County Resource Conservation District	\$ 5,000
2016	Noyo Harbor District	\$ 8,000
2017	Cemetery Districts (8)	\$ 10,000
2016	Mendocino Coast Health Card District	\$ 10,000
	10% Contingency	\$ 3,100
Estimated Subtotal		\$ 46,100
Fiscal Year 2023-24		
2016	Hopland PUD	\$ 8,000
2018	Brooktrails Township CSD	\$ 8,000
2018	Fire Districts (16)	\$ 10,000
2019	City of Willits	\$ 12,000
	10% Contingency	\$ 4,000
Estimated Subtotal		\$ 42,000

**Resolution No. 18-19-07
of the Local Agency Formation Commission of Mendocino County**

**Adopting the
Proposed Budget and Work Plan for Fiscal Year 2019-20**

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, although less than the previous fiscal year, will nevertheless 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 April 1, 2019; 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 2019-20 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 3, 2019.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 1st day of April 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

CARRE BROWN, Chair

UMA HINMAN, Executive Officer

Ukiah Daily Journal

617 S. State St
Ukiah, California 95482
(707) 468-3500
advertising@record-bee.com
2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

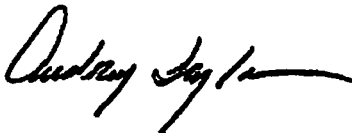
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

03/07/2019

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
March 7th, 2019



Audrey Taylor, LEGAL CLERK

Legal No. 0006304738

3846-19
Mendocino Local Agency Formation Commission (LAFCo) NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on Monday, April 1, 2019, 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, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2019-2020. 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.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. 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: 3/7/2019

The Willits News

77 W Commercial Street
PO Box 628
Willits, CA 95490
707-459-4643

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION

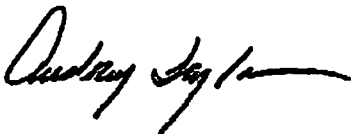
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of The Willits News, a newspaper of general circulation, printed and published Every Wednesday and Friday in the City of Willits, California, County of Mendocino, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, in the year 1903, Case Number 9150; that the notice of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

03/09/2019

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Willits, California this 11th day of March, 2019.



Signature

Legal No. 0006304647

WN19133

Mendocino Local Agency Formation Commission (LAFCo) NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on Monday, April 1, 2019, 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, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2019-2020. 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.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. 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: 03/09/2019

Fort Bragg Advocate-News

690 S. Main Street
PO Box 1188
Fort Bragg, California 95437
707-964-5642

2114461

MENDOCINO COUNTY LOCAL AGENCY FORMATION
COMMISSN
200 S SCHOOL ST STE 2
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

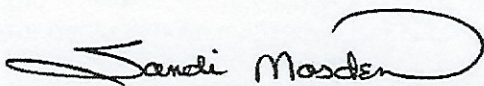
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the Fort Bragg Advocate-News, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

03/14/2019

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
March 14th, 2019



Sandi Mosden, LEGAL CLERK

Legal No. 0006304584

**Mendocino
Local Agency
Formation
Commission
(LAFCo)
NOTICE OF
PUBLIC
HEARING**

NOTICE IS HEREBY GIVEN that on Monday, April 1, 2019, 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, the Mendocino Local Agency Formation Commission (LAFCo) will hold a public hearing to consider the Proposed Budget for Fiscal Year 2019-2020. 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.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.
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
Publish:
03/14/2019

MENDOCINO
Local Agency Formation Commission
Staff Report

DATE: April 1, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: County Service Area 3

RECOMMENDATIONS

- 1) Determine that CSA 3 is an active district pursuant to Government Code Section 56042.
- 2) Provide direction to staff related to next steps, including:
 - a) Direct staff to notify the State Controller's Office of the active status of CSA 3.
 - b) Direct staff to prioritize and fund preparation of a municipal service review and sphere of influence study for CSA 3 as part of the FY 2019-20 Work Plan.

BACKGROUND

On November 6, 2018, Mendocino LAFCo received notice from the State Controller's Office (SCO) that County Service Area (CSA) 3 was identified as an inactive special district. Staff notified the County Executive Officer and Auditor-Controller of the SCO's determination and requested assistance in confirming the status of CSA 3.

This matter was discussed at the February 4th Commission meeting and direction was provided to staff to delay decision of the matter until the Mendocino County Board of Supervisors could discuss the issue, which they did over several meetings in February and March of this year. During the March 12, 2019 Board of Supervisors meeting, the Board voted unanimously to reactivate CSA 3 and approved the transfer of \$15,000 into a CSA 3 fund. See attached memorandum from Mendocino County Executive Officer.

NEXT STEPS

Notification to State Controller's Office

With the funding of CSA 3, the district no longer meets the definition of an inactive district pursuant to Government Code §56042 and the Commission may determine that CSA 3 is an active district. Upon making that finding, staff will prepare a letter notifying the State Controller's Office of the active status of CSA 3.

Municipal Service Review/Sphere of Influence

By definition (§56036(b)), county service areas (CSA) are considered special districts and as such are subject to the mandates regarding municipal service reviews (MSR) and the establishment and updating of spheres of influence (SOI) (§56378, §56425). An MSR/SOI has not been prepared for CSA 3 to date. In determining that CSA 3 is an active district, the Commission needs to prepare an MSR/SOI study of the district. During the review and adoption of a sphere, the Commission will

establish the nature, location, and extent of any functions or classes of services provided by the district (56425(i)).

Activation of Latent Powers

Pursuant to County Service Area Law (GC §25213.5), CSAs are required to activate latent powers through LAFCo. In reactivating a district, the Commission has the authority to require a local agency to apply for adoption of a sphere and activation of the latent powers originally authorized. It is recommended that the Commission prioritize and fund the preparation of an MSR/SOI for CSA 3 as part of the FY 2019-20 Work Plan. Any proposed activation of latent powers would require an application to the Commission.

Fiscal Impact

Staff estimates that the preparation of the MSR/SOI for CSA 3 would cost approximately \$10,000, depending on the level of review and outreach required. Applications for activation of latent powers are processed at cost and require a minimum deposit of \$2,500 plus CEQA fees.

Including the CSA 3 MSR/SOI study in the FY 2019-20 Work Plan would require revising the work plan schedule and/or proposed budget. Following are some options for consideration:

1. Revise the proposed FY 2019-20 Work Plan schedule and shift a currently proposed study to a future year (i.e., Mendocino City CSD or the Covelo CSD) to add the CSA 3 MSR/SOI study. This would result in no change to proposed FY 2019-20 budget; or
2. Revise the proposed FY 2019-20 budget to add the CSA 3 MSR/SOI study to the Work Plan, thereby increasing the budget by \$10,000; or
3. Request the County reimburse the costs associated with preparing the MSR/SOI.

Attachment: Mendocino County Chief Executive Officer Memo, March 21, 2019



COUNTY OF MENDOCINO

Executive Office

CARMEL J. ANGELO
CHIEF EXECUTIVE OFFICER
CLERK OF THE BOARD

501 Low Gap Road, Room 1010
Ukiah, CA 95482-3734


Email: ceo@mendocinocounty.org
Website: www.mendocinocounty.org

Office: (707) 463-4441
Facsimile: (707) 463-5649

MEMORANDUM

DATE: March 21, 2019

TO: Mendocino Local Agency Formation Commission (LAFCO)

FROM: Carmel J. Angelo, Chief Executive Officer 

SUBJECT: Funding of Mendocino County Service Area No. 3 (CSA 3)

On February 26, 2019, the Board of Supervisors voted unanimously to reactivate the Mendocino County Service Area No. 3 (CSA 3). On March 12, 2019, this matter was brought back to the Board to discuss funding of CSA 3. On that date, the Board approved the transfer of funds to sufficiently reactivate the CSA 3, in the amount of \$15,000 from Miscellaneous Budget Unit 1940, line item 862239 (Special Departmental Expense). The transfer of these funds was done effectuated by the Mendocino County Auditor on March 13, 2019.

If you have any questions or require additional information from my office, please do not hesitate to contact me.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 1, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: Work Plan Schedule Review for Ukiah Valley Fire District MSR/SOI

RECOMMENDATIONS

Provide direction to staff regarding the scheduling of the Ukiah Valley Fire District MSR/SOI Update.

BACKGROUND

During its March 4, 2019 meeting, the Commission approved the Fort Bragg Rural Fire Protection District's Municipal Service Review and Sphere of Influence Update (MSR/SOI). The Fort Bragg Rural FPD is part of the Fort Bragg Fire Authority under a Joint Powers Agreement (JPA) with the City of Fort Bragg. Commissioners noted the difficulty in receiving an accurate financial picture of the services provided under the Fire Authority when the review was by individual agency. The Commission requested that future Fire Authority JPA agencies be reviewed concurrently so as to receive a full picture of the financial abilities of the agencies to adequately provide services.

The Ukiah Valley Fire District is included in the Work Plan for FY 2018-19. However, the District provides services as a member of the Ukiah Valley Fire Authority under a JPA with the City of Ukiah. The City of Ukiah MSR/SOI is scheduled for FY 2020-21 in the proposed Work Plan in order to coincide with the recently initiated update of the City's General Plan.

The initial estimated budget for the Ukiah Valley Fire District MSR/SOI was \$5,500. Outreach associated with the request for information was initiated at the beginning of FY 2018-19 and has been delayed a number of times throughout the year. To date, \$1,039 has been expended on outreach and coordination regarding the request for information.

The Commission has requested that the proposed Work Plan be agendaized for review and reconsideration of the timing of the study.

MENDOCINO
Local Agency Formation Commission

Staff Report

DATE: April 1, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: 2019 Legislative Platform

Recommendation

- a) Adopt Resolution No. 18-19-08 approving the 2019 Legislative Platform; or
- b) Direct the Policies and Procedures Committee to review the Legislative Platform; or
- c) Provide direction to staff.

Background

Mendocino LAFCo Policy 3.11.6 *Legislative Policy* requires the Commission to annually adopt a legislative platform to assist the Commission and staff with review and responses to proposed legislation. Attached is a Draft 2019 Legislative Platform, which is substantially consistent with CALAFCO's 2019 Legislative Platform and remains unchanged from the 2018 Platform.

Consistent with the 2017 and 2018 adopted Platforms, two modifications from CALAFCO's Platform are proposed and are indicated in the attached proposed 2019 Legislative Platform with underline/~~striketrough~~.

Attachments:

- (1) Proposed 2019 Legislative Platform
- (2) Resolution No. 18-19-08

APPENDIX C

Mendocino LAFCo

DRAFT 2019 Legislative Platform

(Resolution No. XX-XX-XX)

1. LAFCo Purpose and Authority

- 1.1. Support legislation which enhances LAFCo authority and powers to carry out the legislative findings and authority in Government Code §56000 et seq., and oppose legislation which diminishes LAFCo authority.
- 1.2. Support authority for each LAFCo to establish local policies to apply Government Code §56000 et seq. based on local needs and conditions, and oppose any limitations to that authority.
- 1.3. Oppose additional LAFCo responsibilities, which require expansion of current local funding sources. Oppose unrelated responsibilities which dilute LAFCo ability to meet its primary mission.
- 1.4. Support alignment of responsibilities and authority of LAFCo and regional agencies, which may have overlapping responsibilities in orderly growth, preservation, and service delivery, and oppose legislation or policies which create conflicts or hamper those responsibilities.
- 1.5. Oppose grants of special status to any individual agency or proposal to circumvent the LAFCo process.
- 1.6. Support individual commissioner responsibility that allows each commissioner to independently vote his or her conscience on issues affecting his or her own jurisdiction.

2. LAFCo Organization

- 2.1. Support the independence of LAFCo from local agencies.
- 2.2. Oppose the re-composition of any LAFCo to create special seats and recognize the importance of balanced representation provided by cities, the county, the public, and special districts in advancing the public interest.
- 2.3. Support representation of special districts on all LAFCos in counties with independent districts and oppose removal of special districts from any LAFCo.
- 2.4. Support communication and collaborative decision-making among neighboring LAFCos when growth pressures and multicounty agencies extend beyond a LAFCo's boundaries.

3. Agricultural and Open Space Protection

- 3.1. Support legislation which clarifies LAFCo authority to identify, encourage and ensure the preservation of agricultural and open space lands.
- 3.2. Encourage a consistent definition of agricultural and open space lands.
- 3.3. Support policies which encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands.
- 3.4. Support policies and tools, which protect all types of agricultural lands, including prime agricultural lands and open space lands.
- 3.5. Support the continuance of the Williamson Act and restoration of program funding through State subvention payments.

4. Orderly Growth

- 4.1. Support the recognition and use of spheres of influence as a management tool to provide better planning of growth and development, and to preserve agricultural and open space lands.
- 4.2. Support recognition of LAFCo spheres of influence by other agencies involved in determining and developing long-term growth and infrastructure plans.
- 4.3. Support orderly boundaries of local agencies and the elimination of islands within the boundaries of agencies.
- 4.4. Support communication among cities, counties, and special districts through a collaborative process that resolves service, housing, land use, and fiscal issues, prior to application to LAFCo.
- 4.5. Support cooperation between counties, cities, and special districts on decisions related to development within the city's designated sphere of influence.

5. Service Delivery and Local Agency Effectiveness

- 5.1. Support the use of LAFCo resources to review Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, sustainable communities, and conformity with LAFCo's legislative mandates. Support efforts that enhance meaningful collaboration between LAFCo and regional planning agencies.
- 5.2. Support LAFCo authority as the preferred method of local governance. Support the availability of LAFCo tools which provide options for local governance and efficient service delivery, including the authority to impose conditions that assure a proposal's conformity with LAFCo's legislative mandates.
- 5.3. Support the creation or reorganization of local governments in a deliberative, open process which will fairly evaluate the proposed new or successor agency's long-term financial viability, governance structure and ability to efficiently deliver proposed services.
- 5.4. Support the availability of tools for LAFCo to insure equitable distribution of revenues to local government agencies consistent with their service delivery responsibilities.
- 5.5. Support collaborative efforts, including consolidation, among agencies and LAFCo that encourage opportunities for sharing of services, staff and facilities to provide more efficient and cost effective services. Support legislation which provides LAFCo with additional opportunities to encourage shared services.

2019 Legislative Priorities

Primary Issues

A. Authority of LAFCo

Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCo's ability to make decisions regarding boundaries and formations, as well as to enact recommendations related to the delivery of services and the agencies providing them, including changes of organization and reorganizations.

B. Agriculture and Open Space Protection

Support policies, programs and legislation that recognize LAFCo's mission to protect and mitigate the loss of all types of agricultural lands, including prime agricultural lands and open space lands, and that encourage other agencies to coordinate with local LAFCos on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.

C. Water Availability

Support policies, programs and legislation that promote an integrated approach to water availability and management. Promote adequate water supplies and infrastructure planning for current and planned growth as well as to support the sustainability of all types of agricultural lands, including prime agricultural lands and open space lands. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes, including impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services.

D. Viability of Local Services

Support legislation that maintains or enhances LAFCo's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs, including those identified in regional planning efforts such as sustainable communities strategies. Support legislation which provides LAFCo and local communities with options for local governance and service delivery to ensure efficient, effective, and quality service delivery. Support efforts that provide tools to local agencies to address aging infrastructure, fiscal challenges, the maintenance of services, and services to disadvantaged communities.

Issues of Interest

A. Housing

Provision of territory and services to support housing plans consistent with regional land use plans and local LAFCo policies.

B. Transportation

Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

C. Flood Control

The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider the value of uninhabited territory, and the impact to public safety of proposed annexation to urban areas of uninhabited territory which is at risk for flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair and maintenance. Support efforts that encourage the creation of habitat conservation plans.

D. Adequate Municipal Services in Inhabited Territory

Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. To promote environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services, including options for annexation of contiguous disadvantaged unincorporated communities. Support policies, programs, and legislation which would provide municipal services to disadvantaged communities. Promote the delivery of adequate, sustainable, efficient, and effective levels of service through periodic updates of Municipal Service Reviews, Spheres of Influence, and other studies.

Resolution No. 18-19-08
of the Local Agency Formation Commission of Mendocino County

Approving the
Adoption of a 2019 Legislative Platform

WHEREAS, Local Agency Formation Commissions have been created under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Sections 56000 et. seq. of the Government Code, as independent agencies, with the power to adopt policies and procedures, as necessary, to carry out their functions; and

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the "Commission," shall consider adoption of a legislative platform annually, at the first regular Commission meeting following the CALAFCO publication of their legislative platform, or as needed; and

WHEREAS, the Commission shall consider the annual CALAFCO adopted legislative platform; and

WHEREAS, staff has reviewed CALAFCO's adopted 2019 Legislative Platform and recommends the attached legislative platform to the Commission; and

WHEREAS, this Commission held a public meeting regarding the proposed adoption of a legislative platform for 2019, and at that meeting, this Commission received all oral and written comments with respect to the proposed platform, and the report of the Executive Officer.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Mendocino DOES HEREBY RESOLVE, DETERMINE AND ORDER the adoption of the 2019 Legislative Platform, as set forth in Exhibit A.

The foregoing Resolution was passed and duly adopted at a regular meeting of the Mendocino Local Agency Formation Commission held on this 1st day of April 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

UMA HINMAN, Executive Officer

CARRE BROWN, Chair

MENDOCINO Local Agency Formation Commission

Staff Report

DATE: April 1, 2019
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: Status of Applications, Proposals, and Work Plan

ACTIVE APPLICATIONS

The following applications have been filed with the Commission and are in process.

- Weger Mendocino Coast Healthcare District Detachment Pre-Application Review
Status: Pre-Application Referral distributed to agencies for comments.

APPLICATIONS ON-HOLD

The following applications have been filed with the Commission but are currently 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
Last activity: December 2014

POTENTIAL FUTURE PROJECTS

The following potential future projects have been brought to LAFCo's attention and are included for informational purposes. Any updates available are noted below in addition to the date of last activity.

- Anderson Valley CSD Proposed Activation of Latent Powers to Provide Water/Sewer Services
Last Activity: October 2018
- Millview County Water District Proposed Annexation of Masonite Properties
Last Activity: February 2019

March 6, 2019

TO: Member LAFCos

Dear Member LAFCos:

Over the last several years the CALAFCO Board of Directors has continued to develop member services to meet the changing needs of LAFCo commissioners, staff and stakeholders. Over its 48-year existence, CALAFCO has matured from a volunteer organization to a professional educational organization.

At the CALAFCO Annual Meeting in Yosemite last fall, the Board explained that additional revenues must be raised to close the ongoing structural deficit, which the association has operated with since its inception. As many of you heard, CALAFCO has had an unhealthy reliance on Conference revenue to balance the budget which is not a sound fiscal practice. Approximately \$69,000 in additional revenue is needed next fiscal year just to close the structural deficit. Failing to close this deficit jeopardizes CALAFCO's ability to maintain the existing level of services provided.

During the regional roundtables at the 2018 Conference, members provided the Board valuable feedback about the structural deficit and the dues structure. At the Board's recent strategic planning workshop and meeting, they deliberated at length about these two matters. It is clear the current dues structure no longer reflects the diversity of our membership and our structural deficit continues to grow as core revenue does not meet operational expenses.

During the recent Board strategic planning workshop, the Board-appointed ad hoc financial committee (who have been meeting for more than a year) presented the Board several options to close the deficit and offered a recommendation. After long (almost half-day) discussion, followed by another round of discussions at the Board meeting the next day, the Board made two critical decisions.

The first decision is a short-term action strategy to close the structural deficit. The Board unanimously approved a one-time cost sharing option to close the structural deficit. This option will take effect FY 2019-20. The cost sharing option includes a 16.25% dues increase to all member LAFCos, which will generate an additional \$33,452. The other \$35,591 necessary to close the structural deficit will be covered by using a substantial portion of the net profit received from the 2018 Annual Conference.

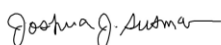
Just as important, the Board is committed to a long-term strategy of revising the current dues structure into a more sustainable and equitable model. As a result, the Board directed the ad hoc finance committee to bring a proposal to the Board at their May 10 meeting for a new dues structure to move the organization forward. This new dues structure will use the current FY 2018-19 dues as the baseline (rather than the increased dues for next FY).

A new dues structure requires the approval of the membership as it is a change in the Bylaws. It is the intention of the Board to place this item on the agenda for membership approval at the October 31, 2019 Annual Membership Business Meeting. Once the draft proposal is approved at its May 10 meeting, the Board will distribute the draft dues structure to the membership with ample time for review and discussion before the Annual Membership Business Meeting.

We understand raising dues at any time is a difficult proposition. Our work at CALAFCO strives to support the success and meet the needs of all member LAFCos, large and small. We are committed to continually enhancing the services of CALAFCO and fulfilling our mandate "to assist member LAFCos with educational and technical resources that otherwise would not be available." We hope you will agree when we discuss this at our annual membership meeting at this year's Conference.

We and the rest of the Board are available to answer any questions you may have. You are encouraged to seek out the feedback of your regional Board members.

On behalf of the CALAFCO Board of Directors,



Josh Susman
Chair of the Board



Pamela Miller
Executive Director

Cc: CALAFCO Board of Directors
enclosures

CALAFCO LAFCo Dues FY 2019-2020

As adopted by the Board March 1, 2019

County	DOF Population Jan 2018	Category	2016-2017 Dues	7.0% Increase	2017-2018 Dues	2.9% Increase	2018-2019 Dues	16.25% Increase	2019-2020 Dues
ALAMEDA	1,660,202	Urban	8,107	567	8,674	252	8,926	1,450	10,376
ALPINE	1,154	Rural	840	59	899	26	925	150	1,075
AMADOR	38,094	Rural	840	59	899	26	925	150	1,075
BUTTE	227,621	Suburban	2,548	178	2,726	79	2,805	456	3,261
CALAVERAS	45,157	Rural	840	59	899	26	925	150	1,075
COLUSA	22,098	Rural	840	59	899	26	925	150	1,075
CONTRA COSTA	1,149,363	Urban	8,107	567	8,674	252	8,926	1,450	10,376
DEL NORTE	27,221	Rural	840	59	899	26	925	150	1,075
EL DORADO	188,399	Suburban	2,548	178	2,726	79	2,805	456	3,261
FRESNO	1,007,229	Urban	7,163	501	7,664	222	7,887	1,282	9,169
GLENN	28,796	Rural	840	59	899	26	925	150	1,075
HUMBOLDT	136,002	Suburban	2,548	178	2,726	79	2,805	456	3,261
IMPERIAL	190,624	Suburban	2,548	178	2,726	79	2,805	456	3,261
INYO	18,577	Rural	840	59	899	26	925	150	1,075
KERN	905,801	Urban	6,105	427	6,532	189	6,722	1,092	7,814
KINGS	151,662	Suburban	2,548	178	2,726	79	2,805	456	3,261
LAKE	65,081	Rural	840	59	899	26	925	150	1,075
LASSEN	30,911	Rural	840	59	899	26	925	150	1,075
LOS ANGELES	10,283,729	Urban	8,107	567	8,674	252	8,926	1,450	10,376
MADERA	158,894	Suburban	2,548	178	2,726	79	2,805	456	3,261
MARIN	263,886	Suburban	2,548	178	2,726	79	2,805	456	3,261
MARIPOSA	18,129	Rural	840	59	899	26	925	150	1,075
MENDOCINO	89,299	Rural	840	59	899	26	925	150	1,075
MERCED	279,977	Suburban	2,548	178	2,726	79	2,805	456	3,261
MODOC	9,612	Rural	840	59	899	26	925	150	1,075
MONO	13,822	Rural	840	59	899	26	925	150	1,075
MONTEREY	443,281	Suburban	3,446	241	3,687	107	3,794	617	4,411
NAPA	141,294	Suburban	2,548	178	2,726	79	2,805	456	3,261
NEVADA	99,155	Rural	840	59	899	26	925	150	1,075
ORANGE	3,221,103	Urban	8,107	567	8,674	252	8,926	1,450	10,376
PLACER	389,532	Suburban	2,548	178	2,726	79	2,805	456	3,261
PLUMAS	19,773	Rural	840	59	899	26	925	150	1,075
RIVERSIDE	2,415,955	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SACRAMENTO	1,529,501	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN BENITO	57,088	Rural	840	59	899	26	925	150	1,075
SAN BERNARDINO	2,174,938	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN DIEGO	3,337,456	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SAN FRANCISCO	883,963	Urban	6,481	454	6,935	201	7,136	1,160	8,296
SAN JOAQUIN	758,744	Suburban	5,297	371	5,668	164	5,832	948	6,780
SAN LUIS OBISPO	280,101	Suburban	2,548	178	2,726	79	2,805	456	3,261
SAN MATEO	774,155	Urban	5,864	410	6,274	182	6,456	1,049	7,505
SANTA BARBARA	453,457	Suburban	3,399	238	3,637	105	3,742	608	4,350
SANTA CLARA	1,956,598	Urban	8,107	567	8,674	252	8,926	1,450	10,376
SANTA CRUZ	276,864	Suburban	2,548	178	2,726	79	2,805	456	3,261
SHASTA	178,271	Suburban	2,548	178	2,726	79	2,805	456	3,261
SIERRA	3,207	Rural	840	59	899	26	925	150	1,075
SISKIYOU	44,612	Rural	840	59	899	26	925	150	1,075
SOLANO	439,793	Suburban	3,419	239	3,658	106	3,764	612	4,376
SONOMA	503,332	Suburban	3,879	272	4,151	120	4,271	694	4,965
STANISLAUS	555,624	Suburban	4,090	286	4,376	127	4,503	732	5,235
SUTTER	97,238	Rural	840	59	899	26	925	150	1,075
TEHAMA	64,039	Rural	840	59	899	26	925	150	1,075
TRINITY	13,635	Rural	840	59	899	26	925	150	1,075
TULARE	475,834	Suburban	3,323	233	3,556	103	3,659	595	4,254
TUOLUMNE	54,740	Rural	840	59	899	26	925	150	1,075
VENTURA	859,073	Urban	6,591	461	7,052	205	7,257	1,179	8,436
YOLO	221,270	Suburban	2,548	178	2,726	79	2,805	456	3,261
YUBA	74,727	Rural	840	59	899	26	925	150	1,075
TOTAL	39,809,693		\$187,012	\$13,091	\$200,103	\$5,803	\$205,906	\$33,452	\$239,358

CALAFCO BULLETIN

Membership Dues Increase Questions & Answers



Question: *What's the issue?*

Answer: The issue is that CALAFCO has operated for many years with a structural deficit. The structural deficit is defined as the member LAFCo dues do not cover the operational costs of the organization. The organization continues an unhealthy and unstable fiscal reliance on net profits from the Annual Conference and a year-end net balance carryover to balance the budget.

Question: *How did the structural deficit happen?*

Answer: For many, many years CALAFCO's member LAFCo dues have not covered the operational costs of the organization. Overall, the cost of doing business is increasing and we are not accounting for the additional inflow of sustainable revenue to keep up with rising costs and expansion of services. As a result, the deficit grows.

Question: *How has CALAFCO been able to sustain itself if the structural deficit has been ongoing?*

Answer: In previous years, the organization relied on Fund Reserves and Conference net profit. Recently we have been using Conference net profits and end-of-year savings (net balance) to avoid having to use reserves. However, for FY 2018-19, the Board adopted an unbalanced budget, relying on Fund Reserves for the first time in a long time.

As recently as FY 2004-05 the organization ended the year with a deficit. The dues restructuring beginning FY 2005-06 helped close a portion of the structural deficit. The Board has been successful over the past 12 years in building a healthy Fund Reserve. Today the Fund Reserve balance is \$162,754, which represents approximately 60% of the operating costs of the organization. Some years CALAFCO has a strong net profit on the Conference, which sustains the budget for a few years. Further, CALAFCO has been budgeting a Conference net profit much higher than policy calls for in order to balance the budget. Last year we did not meet that target and this year our Annual Conference was at one time in jeopardy of happening due to the fires in the area.

Question: *How was the cost sharing solution and dues increase developed?*

Answer: In October 2016 the Board formed an ad hoc finance committee (with equitable regional representation as well as urban-suburban-rural representatives). After 15 months of work the committee made recommendations to the Board at the recent strategic planning workshop. To close the structural deficit short-term, the committee provided the Board four (4) options. In addition, CALAFCO has been reducing costs with minimal to no impact to the level of service being provided wherever possible. After lengthy consideration, the Board unanimously approved a hybrid of one of the options. The approved option calls for a 16.25% increase from member LAFCos and the other portion of the deficit to be filled using net profits from the 2018 Annual Conference. These profits would have otherwise been budgeted for transfer to the Reserve Fund and/or used for special projects for the association.

As the cost-sharing strategy is a one-year only solution, the Board instructed the ad hoc committee to work on a long-term solution that calls for a revision of the current dues structure.

Question: *What is the current dues structure based on and will that change?*

Answer: The current dues structure is codified in the CALAFCO Bylaws and was approved by the membership in 2006. It is based on the county population categories by the California State Association of Counties (CSAC) as urban, suburban and rural. As stated above, the ad hoc committee is working on a new dues structure that goes beyond the current three (3) categories. It is anticipated the new structure will have more categories and will create greater equity in terms of the categories and their associated populations. The financial situation was discussed at the 2018 Annual Conference and in response to information gathered from the membership at the regional roundtables, the Board is intent on presenting all member LAFCos with a sustainable and equitable solution.

At its May 10 meeting the Board plans to review and discuss this new draft structure, then distribute the draft recommended dues structure to the membership with ample time for review and discussion before the Annual Membership Business Meeting on October 31, 2019. If approved at this Annual Business Meeting, the new dues structure would take effect FY 2020-21 and serve to finally close the structural deficit.

As directed by the Board, the baseline for the new dues structure will be the current FY 2018-19 dues amount. What this means for you is the lower amount of what your LAFCo is paying now (versus what you will pay in FY 2019-20) will be the minimum baseline for calculating the new dues.

Question: *How do we know there will not be more dues increases in the future?*

Answer: Of course no one can predict the future economy. The goal of the Board is to permanently close the structural deficit and it believes this two-part strategy will accomplish that. Further, setting sights into the future, the hope is eventually there is enough sustainable revenue to again increase member services.

Question: *Who can I talk to if I have questions?*

Answer: If you have questions you are encouraged to contact Pamela Miller, CALAFCO's Executive Director at pmiller@calafco.org or 916-442-6536. You can also contact the CALAFCO Board Chair Josh Susman at jsusman@calafco.org. You are highly encouraged to reach out to any of your regional Board members. All of their names and contact information can be found on the CALAFCO website at www.calafco.org.