

MENDOCINO

Local Agency Formation Commission

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

COMMISSIONERS

Maureen Mulheren, Chair
County Member

Gerald Ward,
Vice Chair/Treasurer
Public Member

Glenn McGourty
County Member

Mari Rodin
City Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Vacant
Special District Member

Francois Christen, Alternate
Special District Member

Douglas Crane, Alternate
City Member

John Haschak, Alternate
County Member

Richard Weinkle, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Scott Browne

REGULAR MEETINGS

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

A G E N D A

Executive Committee Meeting

Wednesday, March 22, 2023 at 11:00 am

Chardonnay Room, Ukiah Valley Conference Center, 200 S School St, Ukiah, California

Special Notice – Hybrid Meeting

The Executive Committee will conduct this meeting in a **hybrid** format to accommodate both in-person and remote (video or telephone) participation by the public and its staff members pursuant to GOV 54953. Unless approved under the provisions of AB 2449, Commissioners will attend in-person. The **hybrid** meeting can be accessed by the public in person, or remotely as described in the Instructions for Remote Participation Option, below.

Instructions for Remote Participation Option

Join Meeting Live: Please click the following Zoom link below to join the meeting or utilize the telephone option for audio only.

1. Zoom meeting link: <https://mendocinocounty.zoom.us/j/83717789526>
2. Telephone option (audio only):
Dial: **(669) 900-9128** (*Please note that this is not a toll-free number*)
Meeting ID: **837 1778 9526**

Public Participation is encouraged and public comments are accepted:

1. Live: via the Zoom meeting link or telephone option above
2. Via Email: eo@mendolaafco.org by 8:30 a.m. the day of the meeting
3. Via Mail: Mendocino LAFCo, 200 S School Street, Ukiah, CA 95482

Meeting Participation

To provide comments, please use the raise hand function in Zoom.

- a) For those accessing from a computer, tablet, or smartphone, the raise hand function may be selected by clicking or tapping it from the reactions options. When joining the Zoom meeting, please enter your name so that you can be identified to speak.
- b) For those utilizing the telephone option (audio only), please use the raise hand feature by pressing ***9** on your keypad to raise your hand, and ***6** to unmute yourself. When it is your turn to speak, you will be called on by the last four digits of your phone number, if available, and asked to identify yourself for the record.

All comments received will be conveyed to the Committee for consideration during the meeting.

1. CALL TO ORDER & ROLL CALL

Chair Maureen Mulheren, Vice Chair/Treasurer Gerald Ward, Commissioner Rodin

2. AB 2449 COMMISSIONER REQUEST

2a) Commissioner Teleconference Request for “Just Cause”

Committee will consider Commissioner Rodin’s request to participate via videoconference under the “just cause” circumstance per AB 2449 and Mendocino LAFCo Policy 3.8.1.1.

3. PUBLIC EXPRESSION

4. MATTERS FOR DISCUSSION & POSSIBLE ACTION

4a) Approval of the January 9, 2023 Executive Committee Minutes

4b) Proposed Draft Preliminary Budget and Work Plan for Fiscal Year 2023-24

The Executive Officer will present a preliminary Fiscal Year 2022-23 budget and work plan for discussion, direction, and recommendation to the Commission.

5. INFORMATION AND REPORT ITEMS

5a) Executive Officer Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for
Monday, April 3, 2023
in the County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, CA

Notice: This agenda has been posted at least 72 hours prior to the meeting and in accordance with the Brown Act Guidelines, LAFCo Policy, and teleconferencing rules under AB 2449.

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: Commission meetings are held via a hybrid model – the in-person option held in a wheelchair accessible facility and also by teleconference. Individuals requiring special accommodations to participate in this meeting are requested to contact the LAFCo office at (707) 463-4470 or by e-mail to eo@mendolafco.org. Notification 48 hours prior to the meeting will enable the Commission to make reasonable arrangements to ensure accessibility to this meeting. If attending by teleconference, if you are hearing impaired or otherwise would have difficulty participating, please contact the LAFCo office as soon as possible so that special arrangements can be made for participation, if reasonably feasible.

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

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Agenda Item 4a

DRAFT Executive Committee Meeting Minutes

Meeting (Hybrid) of January 9, 2023, 10:30 a.m.

Mendocino County Conference Room B, 501 Low Gap Road, Ukiah, California

COMMISSIONERS

Maureen Mulheren, Chair
County Member

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

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Mari Rodin
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Counsel
Scott Browne

REGULAR MEETINGS

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

1. CALL TO ORDER & ROLL CALL

Chair Mulheren called the meeting to order at 10:30 a.m.

Members Present: Chair Mulheren and Vice Chair/Treasurer Ward

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

2. PUBLIC EXPRESSION

None

3. MATTERS FOR DISCUSSION & POSSIBLE ACTION

3a) Approval of the March 2, 2022 Executive Committee Minutes

Upon motion by Commissioner Ward and second by Chair Mulheren, the March 2, 2022 Executive Committee Meeting Minutes were approved unanimously. For the record, Chair Mulheren noted not being in attendance at the prior meeting.

3b) AB 2449

Counsel Burch presented the item regarding implementation of new rules for virtual meetings under AB 2449, which go into effect in March 2023.

Agencies conducting meetings under the Brown Act will have the choice to return to pre-COVID Brown Act meeting rules or follow the new Brown Act provisions under AB 2449, which allows for limited remote meeting capabilities for elected officials. Staff can continue to appear remotely. Alternate Commissioners can likely attend remotely if they are not seated as a voting member for the meeting. There can be different approaches for Commission and Committee meetings. Predictability is an important consideration for the public regardless of the approach.

No public comments were received.

The Committee directed staff to proceed with an item for consideration of the Policies and Procedures Committee, involving continuation of hybrid Commission meetings to allow for more public comment.

3c) Legal Counsel

EO Hinman presented the item regarding an update on Legal Counsel status.

LAFCo is under contract with P. Scott Browne for legal services. Mr. Browne became very ill roughly a year ago and was on medical leave. During his absence, Marsha Burch served as back-up Counsel for Mr. Browne's LAFCo clients. As Mr. Browne recovered, Ms. Burch continued serving as Legal Counsel for continuity of major projects in progress. The

contract with Mr. Browne continues in perpetuity unless either party requests a change, and includes special lower rates; an average of 4 hours per month for \$900.

No public comments were received.

The Committee directed staff to discuss proceeding with a Request for Proposals (RFP) process for legal services with Mr. Browne and to initiate the process.

3d) Items for Future Meetings

The Committee discussed the status of the County Service Area (CSA) 3 Sherwood Road Emergency Access project.

The Committee discussed the upcoming Budget development process and anticipated scheduling of the next Executive Committee meeting for that purpose in mid-February.

The Committee discussed the heavy applications workload upon approval of the cities master tax share agreement.

4. EXECUTIVE OFFICER REPORT

EO Hinman noted that staff will be preparing for recruitment to address the vacant Clerk position.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:57 a.m.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 22, 2023
TO: Mendocino Local Agency Formation Commission Executive Committee
FROM: Uma Hinman, Executive Officer
SUBJECT: **Preliminary Budget and Work Program for FY 2023-24**

RECOMMENDATION

Executive Committee consider the Draft Preliminary FY 2023-24 Budget and Work Program, provide direction to staff and schedule for a Workshop with the Commission.

INTRODUCTION

Per the [Cortese-Knox-Hertzberg Local Government Act of 2000 \(CKH\)](#) (Section 56381(a)), at a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of this chapter.

The Executive Officer prepares a Preliminary Budget and Work Program for the ensuing fiscal year, which is submitted to the Executive Committee during March for review, input and comment. The Preliminary Budget describes anticipated revenues and expected expenditures by line item in sufficient detail to allow for Commission, member agency, and public review. The Work Program provides a narrative of the expected work products to be accomplished during the fiscal year, and likewise shall be in sufficient detail to allow for Commission, member agency, and public review.

DISCUSSION

Background

Since Hinman & Associates Consulting, Inc. started as contract staff to Mendocino LAFCo in 2016, the scope of work has shifted from one focused primarily on completing first and second round MSR/SOI updates with little application processing, to a more organizational focus with a greater number inquiries and applications, coordination and relationship building with agencies, and fewer, more comprehensive MSR/SOI updates.

During the years 2012 through 2018, the Commission’s direction was to aggressively implement the work plan to bring current MSR/SOI studies that were years behind schedule. Because the work plan budget limitations, the studies were necessarily abbreviated in nature and initially served to address the minimum requirements of the CKH statutes.

However, in order to address the increasingly high expectations and demands on the special districts and cities in the County, it became quite evident that comprehensive reviews were both appropriate and necessary to adequately prepare the Commission for decision-making affected by the substantial pressures of development and service needs. The preferred approach, of both staff and the Commission, has been to prepare quality work plan studies in-house, which provided a cost savings and a vehicle for relationship-building.

As relationships with agencies developed through the MSR/SOI studies and staff began to more proactively be involved in land use development processes through comment letters and early consultations, LAFCo became more visible and recognized as a resource. Additionally, in response to development pressures and financial hardships, agencies have been considering reorganizations to better respond to the service needs of their customers.

Further, progress is being made between the cities and County on development of master tax share agreements, which will pave the way for long-delayed boundary changes. Applications and inquiries from Ukiah, Willits and Fort Bragg have already been made to LAFCo in anticipation of these new agreements.

The resulting number of inquiries and applications has increased significantly in the last few years, which has greatly affected our capacity to progress the work plan at a pace to meet the guidelines of the CKH.

The Commission prioritizes customer service and application processing ahead of the Work Plan. However, in the past 10 years or more, completion of the work plan has been prioritized above the core services of the organization. With the increase in inquiries and applications, we must revisit our approach to the work plan.

Budget Development and Trends

As staff it is our responsibility to understand LAFCo's historical role in the County and also to look at current and emerging trends in development pressures, legislative changes, and local conditions to support the Commission in its obligations and responsibilities. In developing the FY 2023-24 budget and work program, and in response to evolving trends for LAFCo, staff proposes new strategies for a successful, proactive, and responsive organization and work plan implementation.

Organization

Staffing parameters have changed significantly since 2016 and continue to trend towards an increasing number of applications and a need for proactive involvement in regional planning and relationship building to ensure that LAFCo's guiding principles, statutes, and local policies are considered in response to increasing development pressures.

Staff has identified a number of areas to improve operations and changes in approach for more productivity and efficiencies.

Policies and Procedures

Local policies and procedures should be developed and updated to address legislative changes and local conditions. The last comprehensive update of the Policies and Procedures Manual was in early 2016, with a subsequent formatting update in 2018. Much has changed in the ensuing years and a new look at our local policies and procedures is due.

Additionally, a comprehensive update of application forms and guides to help streamline processes is long overdue. For example, a recent issue that has surfaced relates to inconsistent mapping requirements among LAFCo, the Board of Equalization, the County Surveyor, and various County departments that has resulted in recurring delays and miscommunications regarding applications. A common understanding of mapping requirements must be developed in order to streamline the agency referral and tax share negotiation process for applications, which will take a substantial amount of staff time and research.

Staffing and Efficiencies

Consistent with Commission direction, staff has prioritized applications and responsiveness to inquiries and organizational duties. However, a recent loss of the Clerk has further hampered our efforts to stay on top of the workload and it has been difficult to find qualified applications to fill the position. Staff is looking at alternative solutions and continues to cover the Clerk duties between the Analyst and Executive Officer.

In order to supplement staff capacity, we are actively seeking subcontracts for extra-help to assist with application processing when multiple applications in queue.

Staff is also anticipating the need to rely more on legal counsel for legal opinions and advice on policy development and research, which will save staff time and be more efficient in the long run.

Additionally, the development of a robust time tracking system will support budget development, staffing needs, and reporting of year-end accomplishments and needs.

Particularly with remote working environments, and also to more readily respond to requests for information and records, it is becoming increasingly important tackle a number of long-standing, non-essential office needs such as scanning files (resolutions, applications, budgets, etc.). Doing so will promote a more efficient work environment and records archive, ultimately saving significant amounts of staff time in searching for files.

Work Plan

Developing in-house MSR/SOI studies for the 50 special districts and 4 cities on a 5-year schedule is an unrealistic goal for staff with priorities focused on applications and organizational tasks. Thirty-one (57%) of the 50 agencies’ studies are five years old or more; of those, 19 (39%) are municipal service providers and should be reviewed every 5 years, as necessary, per local policy.

Recognizing (1) the statutory responsibilities of LAFCo to review the agencies on a five-year schedule; (2) the Commission’s desire for increased progress on the work plan tasks; and (3) staff capacity limitations due to organizational priorities; a shift in approach is necessary. Staff recommends a multi-pronged course of action to effectively and efficiently implement the work plan:

- Outsource the MSR/SOI work plan and related CEQA reviews
- Continue to budget work plan reserves for MSR/SOI CEQA processes above exemptions
- Develop a streamlined review procedure to apply on 5-year schedule and to identify agencies that need updated SOIs

Outsourcing work plan tasks, including studies and associated CEQA reviews, will incur higher contractor rates and associated budget increases, which is reflected in the proposed work plan budget.

Proposed Operating Expenses

The proposed operating expenses for Fiscal Year (FY) 2023-24 are \$320,500 and reflect inflationary increases less than or consistent with the Consumer Price Index (CPI) of 8.27%, the anticipated staffing for day-to-day operations, and to support outsourcing the Work Plan scheduled for FY 2023-24 (Attachments 1 and 2). The following table provides a summary of the adopted FY 2023-24 budget and the proposed Preliminary Budget for FY 2023-24.

Table 1. Summary of FY 2022-23 and Proposed Preliminary FY 2023-24 Operating Expenditures			
Estimated Budget Summary	FY 2022-23		FY 2023-24 Proposed Preliminary Budget (\$)
	Adopted (\$)	Projected (\$)	
Basic Services (Staffing)	125,100	125,100	133,000
Services and Supplies	68,700	55,400	87,500
Work Plan	70,000	35,000	100,000
Estimated Operations Total	263,800	215,500	320,500

As of March 1, 2023, approximately 52% of the budget remains. The budget expenses through the remainder of FY 2022-23 are estimated at \$90,000 for a projected year-end total of \$215,500.

Underutilized budget is primarily in the conference registration and expenses, Commissioner stipend and mileage, and work plan categories. Commissioner attendance to the 2022 annual CALAFCO Conference was very low due to the distance (Newport Beach) and the continuing pandemic concerns. Additionally, Commission meetings continued to be held remotely nearly all of 2022, which resulted in few Commissioner stipend and in-county travel claims.

Basic Services

The current Basic Services budget supports approximately a 0.74 full time equivalent employee (FTE) shared between the Executive Officer, Analyst and Clerk/Administrative Assistant. The proposed FY 2023-24 Basic Services budget supports a 0.76 FTE for the office.

Additionally, applications are processed at cost and there is a separate budget line for the Work Plan tasks, which may either be prepared in-house or by an outside consultant (outsourced).

Since the Clerk resigned in late 2022, Clerk duties have been covered by the EO and Analyst. Staffing options are being considered to support staff and the Commission; however, suitable staffing has not yet been secured. The Analyst will continue to cover the Clerk duties, with the EO providing office hours until appropriate staff may be added to the team.

The 6% increase in the Basic Services budget is to provide staff time for organizational improvements, policy and procedure development. See Attachment 2 for a summary of Basic Services tasks.

Services and Supplies

Services and supplies include office operating expenses, membership fees, insurance, contracted Legal Counsel, Commissioner and staff trainings and conferences, and Commissioner stipends and travel expenses. The 8% increase is primarily to address the inflationary costs of vendors and a new Legal Counsel contract. See Attachment 3 for an explanation of budget changes by account.

Work Plan

Staff recommends the following MSR/SOI Updates for FY 2023-24 (Table 2; Attachment 2). Development of studies for the coast region water and wastewater districts and mutual water companies will be initiated in the final quarter of FY 2022-23 and will continue through FY 2023-24. The coast region studies will include 7 water and wastewater districts, one of which will be a first MSR/SOI study, and 10 mutual water companies.

Table 2. Coast Region Water & Wastewater Districts and Mutual Water Companies				
#	Water Districts	W ¹	WW ¹	Mutual Water Companies
1	Gualala Community Services District		X	Albion Mutual Water Company
2	Caspar South Water District		X	Anchor Bay Water Works
3	Elk County Water District	X		Big River Vista Mutual Water Company
4	Irish Beach Water District	X		Caspar South Service Company
5	Mendocino County Water Works District No. 2 ²		X	Hills Ranch Mutual Water Company
6	Pacific Reefs California Water District	X		North Gualala Water Company
7	Westport County Water District	X	X	Point Arena Water Works
8				Point of View Mutual Water Company
9				Seafair Road and Water Company
10				Surfwood Mutual Water Corporation

¹ W = Water district; WW = Wastewater district.
² This will be the first MSR/SOI study on the district.

Note that while mutual water companies are not under the jurisdiction of LAFCo, they are required to respond to LAFCo requests for information. Because they play a significant role in the overall provision of water services in the region, it is important to include their service information in the studies. Further, the State Water Board has the authority to mandate consolidation of mutual water companies with other agencies, including special districts, and so warrants consideration in the region's MSRs. Note: a brief report on mutual water companies was prepared by LAFCo and accepted by the Commission in 2018.

Summary of Changes

The proposed FY 2023-24 expenses are an increase of \$56,700 above the previous fiscal year (Attachment 3).

Revenue and Reserves

Apportionment Fees

The CKH mandates operating costs for LAFCos shall be annually funded by the affected counties, cities, and independent special districts on a one-third apportionment process (Section 56381(b)). 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.

The proposed preliminary budget recommends the apportionments increase slightly (3.6%) to \$275,000 for FY 2023-24. In order to estimate the impact to funding agencies, Attachment 4 includes a summary of apportionment fees paid by agencies for FY 2022-23.

Service Rate Overhead

The adopted service rates that are billed to applicants for proposal and application processing include a portion of administrative overhead and long-term planning (Work Plan) costs. It is projected that approximately \$9,000 in overhead fees will be collected in the current FY.

Reserves

Mendocino LAFCo Policy 5.1.5 directs maintenance of 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% of the annual operating budget and a legal reserve of \$50,000 as directed by the Commission.

The current reserves meet the target operating and legal reserves per policy and Commission direction. The proposed FY 2023-24 budget will necessitate an 11% increase in reserves to \$130,125.

Work Plan Contingency

With the FY 2022-23 budget, the Commission included a work plan contingency funded by cash balance from the previous FY (approximately \$30,800). The Work Plan contingency is intended to be applied to unanticipated or higher than estimated expenses associated with issues arising during the preparation of municipal service reviews (MSR), spheres of influence (SOI) updates and for associated environmental reviews required for SOI updates under the California Environmental Quality Act (CEQA).

Unanticipated costs may include the need for consultant-prepared MSR/SOI studies that generally incur much higher costs than in-house staff prepared studies due primarily to higher consultant billing and production rates.

Sphere of Influence updates are subject to CEQA and can run from a Notice of Exemption (approximately \$500) to an Environmental Impact Report (EIR) that can be upwards of \$100,000 or more depending on the complexity of the agency and sphere. To date, Mendocino LAFCo has had insufficient funds to prepare CEQA documents above Exemptions for LAFCo-initiated SOI updates. By budgeting for CEQA-related costs

associated with SOI updates, the Commission will be better prepared to focus the Work Plan efforts on good planning principles rather than establishing SOIs based on the costs of CEQA analysis.

The contingency is intended to function like a reserve in that cash not used in a fiscal year will accumulate for subsequent years. This approach also allows for a buffer to support Work Plan efforts that are by nature not limited to a single fiscal year.

End of FY projections indicate an anticipated cash balance of \$56,000 towards next year’s budget. The following table summarizes options for apportionment fees to ensure proposed expenditures are met, reserves are maintained per policy and Commission direction, and to maintain the work plan contingency amount.

Table 3. Summary of FY 2023-24 apportionment options and impacts to reserves				
	Projected FY 2022-23 (\$)	Preliminary FY 2023-24 (\$)		
Expenditures	215,500	320,500		
Revenue/Funds				
<i>Anticipated Cash Balance</i>	0	56,000	56,000	56,000
Apportionment fees	265,000	265,000	275,000	285,000
Service Fees and Interest ¹	9,000	10,500	10,500	10,500
Total Revenue/Funds	274,000	331,500	341,500	351,500
<i>Difference</i>	<i>58,500</i>	<i>11,000</i>	<i>21,000</i>	<i>31,000</i>
Reserves				
Funds balance at beginning of FY	144,260	146,760	146,760	146,760
Target Reserves balance per policy	115,950	130,125	130,125	130,125
Work Plan contingency ³	30,810	27,635	37,635	47,635
Estimated cash balance at FY end	56,000	0	0	0
¹ Overhead portion of service fees; bank interest.				
² Balance from FY 2021-22 (yearend) audited Financial Statements.				

Next Steps

Budget development steps and schedule are set forth in the Mendocino LAFCo Policies and Procedures (Chapter 5) and Government Code Section 56381(a) and states that the Proposed Budget is to be adopted by May 1st and the Final Budget by June 15th. The budget is based on a July 1 to June 30 fiscal year.

Table 4. Budget development schedule	
Budget Phase	Schedule
Preliminary Budget and Proposed Work Plan – Workshop	April 3
Proposed Budget and Work Plan – Public Hearing	May 1
Final Budget and Work Plan – Public Hearing	June 5

- Attachments: (1) Proposed Preliminary FY 2023-24 Budget
 (2) Proposed Preliminary Work Program
 (3) Summary of Expenditures by Account
 (4) Fiscal Year 2022-23 Apportionment Fees by Agency

Attachment 1

Mendocino Local Agency Formation Commission Preliminary Budget for FY 2023-2024

March 22, 2023

ACCOUNT #	DESCRIPTION	FY 2022-23			Difference (over)/under	FY 2023-24 Preliminary
		Adopted	February	Projected		
REVENUE						
	<i>Anticipated Cash Balance</i>					\$ 56,000
4000	LAFCo Apportionment Fees	\$ 265,000	\$ 265,000	\$ 265,000	\$ -	\$ 275,000
4100	Fees and Reimbursements (Includes Service Fee OH)	\$ -	\$ 3,488	\$ 8,850	\$ (8,850)	\$ 10,000
4800	Miscellaneous				\$ -	
4910	Interest Income	\$ 100	\$ 63	\$ 150	\$ (50)	\$ 500
	REVENUE TOTAL	\$ 265,100	\$ 268,551	\$ 274,000	\$ (8,900)	\$ 341,500
EXPENSES						
5300	Basic Services (EO, Analyst, Clerk)	\$ 125,100	\$ 68,975	\$ 125,100	\$ -	\$ 133,000
5500	Rent	\$ 6,500	\$ 4,290	\$ 6,510	\$ (10)	\$ 7,500
5600	Office Expenses	\$ 3,300	\$ 2,210	\$ 3,000	\$ 300	\$ 4,500
5700	Internet & Website Costs	\$ 2,500	\$ 1,165	\$ 2,000	\$ 500	\$ 3,000
5900	Publication and Legal Notices	\$ 2,000	\$ 508	\$ 1,500	\$ 500	\$ 3,000
6000	Televising Meetings	\$ 2,000	\$ 923	\$ 2,000	\$ -	\$ 2,400
6100	Audit Services	\$ 3,800	\$ 3,750	\$ 3,750	\$ 50	\$ 4,000
6200	Bookkeeping	\$ 4,500	\$ 2,695	\$ 4,500	\$ -	\$ 5,500
6300	Legal Counsel	\$ 19,000	\$ 7,200	\$ 15,000	\$ 4,000	\$ 30,000
6400	A-87 Costs County Services	\$ 2,100		\$ 2,100	\$ -	\$ 2,500
6500	Insurance-General Liability	\$ 3,200	\$ 2,800	\$ 2,800	\$ 400	\$ 3,000
6600	Memberships (CALAFCO/CSDA)	\$ 3,700	\$ 3,579	\$ 3,580	\$ 120	\$ 4,000
6670	GIS Contract with County	\$ 2,000	\$ 2,423	\$ 3,000	\$ (1,000)	\$ 3,000
6740	In-County Travel & Stipends	\$ 4,000	\$ 200	\$ 1,200	\$ 2,800	\$ 4,000
6750	Travel & Lodging Expense	\$ 6,000	\$ 1,270	\$ 2,500	\$ 3,500	\$ 6,500
6800	Conferences (Registrations)	\$ 4,100	\$ 625	\$ 1,800	\$ 2,300	\$ 4,500
7000	Work Plan (MSRs and SOIs)	\$ 70,000	\$ 23,145	\$ 35,000	\$ 35,000	\$ 100,000
9000	Misc Exp (Special District Training Support, bank charges)	\$ 60	\$ 44	\$ 80	\$ (20)	\$ 100
	OPERATING EXPENSE TOTAL	\$ 263,800	\$ 125,758	\$ 215,340	\$ 48,460	\$ 320,500
8000	Application Fees (Revenue)		\$ 7,025	\$ 19,000		\$ 37,500
8000	Applications (Expenses)		\$ 13,750	\$ 23,000		\$ 30,000
8600	Special Projects	\$ 9,200	\$ 2,525	\$ 2,525		\$ -
	REVENUE/EXPENSE DIFFERENCE <i>(Negative balance indicates use of fund balance and/or reserves)</i>	\$ 1,300		\$ 58,660		\$ 21,000
RESERVES / CONTINGENCIES						
	Legal Reserves	\$ 50,000				\$ 50,000
	Operations Reserves @ 25% Annual Operating Budget	\$ 65,950				\$ 80,125
	Total Reserves	\$ 115,950				\$ 130,125
	Work Plan Contingency	\$ 30,815				\$ 37,635

Attachment 2

Preliminary Work Program (Basic Services and Work Plan)

FY 2023-24

March 22, 2023

Tasks	Description & Assumptions	Estimated Budget
Basic Services		
Office Hours & Administrative Duties	Clerk duties not related to projects; office hours; public assistance; PRA requests; budget development, tracking, amendments; accounts payable, QuickBooks; annual audit; EO correspondence; response to requests for Agency Comments for projects and/or environmental documents routed to LAFCo for review, etc.; carrying out Commission direction.	\$ 70,000
Commission & Committee Meetings	Commission & Committee meeting attendance (12 Regular and 8 Committee); agenda packet development, staff reports, presentations, minutes.	\$ 34,000
Work Plan Support	Prepare and distribute Public Notices, development of staff reports specifically related to MSR/SOI studies, presentation at Commission meetings for Public Workshops and Public Hearings.	\$ 5,000
Consult Legal Counsel	Contract allows for a minimum of 4 hours per month.	Per Contract
Application Forms	Update application forms; map research and process clarification	\$ 8,000
Application Processing	Process change of organization or reorganization applications initiated by landowner petition or resolution of application from Cities and Special Districts to modify existing powers, annex and/or detach territory from agency boundaries, and create, dissolve, or consolidate/merge local agencies.	Paid by applicant
Policy Development	Prepare policy amendment and development as needed (overhaul)	\$ 15,000
Transparency Improvements to Website	Assess/implement website improvements (JPAs, maps, etc.)	\$ 1,000
Total		\$ 133,000
Work Plan		
MSR/SOI Update	Prepare and adopt combined Municipal Service Review and Sphere of Influence (MSR/SOI) Update studies pursuant to GOV §56425 and §56430, either in-house or by contract.	\$ 100,000
<p>The agencies listed below have priority for preparation of a LAFCo-initiated MSR/SOI Update in Fiscal Year 2023-24.</p> <p>The actual completion of a specific study may span multiple fiscal years. The budget allocation for each agency is based on estimated costs. Actual costs for study completion may be higher or lower than estimated below.</p> <p>Work Plan implementation is subject to change due to various factors, such as: (a) agency responsiveness and timely provision of requested information, (b) complexity of issues involved, (c) level of public and affected agency controversy, (d) changing needs and priorities, (e) overall staff workload, and (f) higher than anticipated costs.</p> <p>The Work Plan budget assumes minimal costs for CEQA compliance related to filing a Notice of Exemption (NOE). Agencies requesting a non-coterminous SOI may expedite a potential multi-fiscal year process by contributing to the cost of preparing an Initial Study and associated environmental document (ND/MND, EIR, etc.).</p>		
The total Work Plan Budget is not limited to the following designations. These budget allocations may shift to other agencies as needed during the year.	Coastal Water/Wastewater Districts (7 special districts, 10 mutual water companies) (initiated in FY 2022-23) Outsourced/Consultant Contract	\$ 100,000
Total		\$ 100,000

Attachment 3

Explanation of preliminary budget changes from FY 2022-23 to FY 2023-24					
Account No.	Account Description	FY 2022-23 (\$)	FY 2023-24 (\$)	Difference (\$)	Notes
5300	Basic Services	125,100	133,000	7,900	Anticipated increases in staffing needs for enhanced regional coordination, policy development, organization improvements, etc.
5500	Rent	6,500	7,500	1,000	Annual lease increase per contract (up to 5% per year)
5600	Office Expenses	3,300	4,500	1,200	Starting in March 2023, use of the BOS Chambers incurs a \$75/meeting usage fee
5700	Internet/Website	2,500	3,000	500	Anticipated inflationary increases
5900	Publication & Legal Notices	2,000	3,000	1,000	Work plan studies, budget notices, alternate public member announcement
6000	Televising Meetings	2,000	2,400	400	Anticipated County staff rate increases
6100	Audit Services	3,800	4,000	200	Increase per contract
6200	Bookkeeping	4,500	5,500	1,000	Task reassigned to EO
6300	Legal Counsel	19,000	30,000	11,000	New contract for services with higher rates
6400	A-87 Costs County Services	2,100	2,500	400	Anticipated County staff rate increases
6500	Insurance-General Liability	3,200	3,000	(200)	Insurance rate advisory letter from SDRMA
6600	Memberships (CALAFCO/CSDA)	3,700	4,000	300	Increase in CALAFCO and CSDA dues consistent with CPI
6670	GIS Contract County	2,000	3,000	1,000	Anticipated County staff rate increases; additional mapping coordination for MSR/SOI studies
6740	In-County Travel & Stipends	4,000	4,000	0	No change
6750	Travel & Lodging Expenses	6,000	6,500	500	The 2023 CALAFCO Conference will be in Monterey; assumes expenses for four Commissioners
6800	Conferences	4,100	4,500	400	Increase consistent with CPI; registration for four Commissioners and the EO to the annual conference; registration for EO and Analyst to Staff Workshop
7000	Work Plan (MSR/SOI)	70,000	100,000	30,000	Outsource coast region water and wastewater districts (7) and MWCs (10)
Difference				56,700	

Subject Districts - (As per LAFCO)	Category	Revenue Amount	Allocation Basis:		FY 2022-23
			FY 2019-20 Total Revenues Per GC56381 (b)(1)(C)	Factor	Allocation Amount
Albion/Little River Fire Protection District	Fire		373,194	0.011108	981.21
Anderson Valley Cemetery District	Cemetery		67,848	0.002020	178.43
Anderson Valley Community Services District					
Ambulance		205,532			
Fire		542,381			
Lighting and Lighting Maintenance/Airport		82,959			
Recreation & Park		367	831,239	0.024742	2,185.54
Brooktrails Township Community Services District					
Fire		875,645			
Recreation & Park		0			
Governmental Services		0			
Waste		1,609,607			
Water		1,556,118	4,041,370	0.120294	10,625.97
Calpella County Water District					
Waste		153,779			
Water		182,901	336,680	0.010021	885.19
Caspar South Water District	Waste		69,311	0.002063	182.23
Cemetery District of the Redwoods	Cemetery		113,039	0.003365	297.24
Coast Life Support District	Ambulance		(a)	0.000000	0.00
Comptche Community Services District	Fire		42,620	0.001269	112.09
Covelo Community Services District	Waste		359,502	0.010701	945.25
Covelo Fire Protection District					
Fire		272,696			
Ambulance		0	272,696	0.008117	717.00
Covelo Public Cemetery District	Cemetery		10,297	0.000306	27.03
Elk County Water District	Water		156,457	0.004657	411.37
Elk Community Services District					
Fire		93,035			
Water		0			
Ambulance		0	93,035	0.002769	244.59
Fort Bragg Rural Fire Protection District	Fire		523,139	0.015572	1,375.53
Gualala Community Services District	Waste		765,547	0.022787	2,012.85
Hopland Cemetery District	Cemetery		8,619	0.000257	22.70
Hopland Public Utility District					
Water		288,035			
Waste		297,306	585,341	0.017423	1,539.03
Irish Beach Water District					
Fire		0			
Water		214,250	214,250	0.006377	563.30
Laytonville County Water District	Water		464,715	0.013832	1,221.83
Leggett Valley Fire Protection District	Fire		64,939	0.001933	170.75
Little Lake Fire Protection District	Fire		1,493,325	0.044450	3,926.42
Long Valley Fire Protection District					
Fire		461,057			
Ambulance		0	461,057	0.013724	1,212.29
Mendocino City Community Services District	Resource Cons				
Waste		101,336			
Water		146,082			
Sewer		690,944	938,362	0.027931	2,467.24
Mendocino Coast Hospital District	Hospital		0	0.000000	0.00
Mendocino Coast Recreation & Park District	Recreation/Park		549,836	0.016366	1,445.66
Mendocino County Resource Conservation District	Soil Conservation		214,942	0.006398	565.16
Mendocino County Waterworks District #2	Waste		158,129	0.004707	415.78
Mendocino Fire Protection District	Fire		468,474	0.013944	1,231.72
Mendocino-Little River Cemetery District	Cemetery		61,281	0.001824	161.12
Millview County Water District	Water		2,064,808	0.061460	5,428.97
Noyo Harbor District	Harbor		821,077	0.024440	2,158.87
Pacific Reefs Water District	Water		29,576	0.000880	77.73
Piercy Fire Protection District	Fire		31,215	0.000929	82.06
Potter Valley Cemetery District	Cemetery		22,537	0.000671	59.27
Potter Valley Community Services District	Fire		110,910	0.003301	291.59
Potter Valley Irrigation District	Water		655,091	0.019499	1,722.41
Redwood Coast Fire Protection District	Fire		385,293	0.011468	1,013.01
Redwood Valley-Calpella Fire Protection District	Fire		814,452	0.024243	2,141.46
Redwood Valley County Water District	Water		1,232,903	0.036698	3,241.66
Round Valley County Water District	Flood Control		29,047	0.000865	76.41
Russian River Cemetery District	Cemetery		714,355	0.021263	1,878.23
Russian River Flood Control & Water Conservation District	Flood Control		482,535	0.014363	1,268.73
Sanel Valley (Hopland) Fire Protection District	Fire		677,855	0.020177	1,782.30
South Coast Fire Protection District	Fire		447,572	0.013322	1,176.78
Ukiah Valley Fire Protection District	Fire		1,712,067	0.050961	4,501.55
Ukiah Valley Sanitation District	Sanitation		7,387,046	0.219879	19,422.68
Westport County Water District					
Fire		0			
Water		140,527			
Waste		92,644	233,171	0.006940	613.03
Westport-Ten Mile Cemetery District	Cemetery		14,108	0.000420	37.10
Willow County Water District	Water		1,991,030	0.059264	5,234.99
Grand Total - Special Districts			33,595,892	1.000000	88,333.35
Cities (Assuming Use of General Revenues)	(Not Used-Memo Only)		General Purpose Revenues	Factor	Allocation Amount
City of Fort Bragg			26,511,223	0.233906	20,661.73
City of Ukiah			71,442,196	0.630329	55,679.02
City of Willits			13,736,090	0.121192	10,705.33
City of Point Arena			1,651,686	0.014573	1,287.25
Grand Total - Cities			113,341,195	1.000000	3.00