

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

Tony Orth, Chair

Special District Member

Scott Ignacio, Vice-Chair

City Member

Gerald Ward, Treasurer

Public Member

Matthew Froneberger

Special District Member

Glenn McGourty

County Member

Maureen Mulheren

County Member

Mari Rodin

City Member

Jenifer Bazzani, Alternate

Special District Member

Gerardo Gonzales, Alternate

City Alternate Member

John Haschak, Alternate

County Alternate Member

Richard Weinkle, Alternate

Public Alternate Member

STAFF

Executive Officer

Uma Hinman

Analyst

Larkyn Feiler

Commission Clerk

Kristen Meadows

Counsel

Scott Browne

REGULAR MEETINGS

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

Executive Committee Meeting

A G E N D A

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

Special Notice

On September 16, 2021, Governor Newsom signed AB 361, which modified the Brown Act to allow for teleconferencing participation at local legislative body public meetings during a proclaimed state of emergency. As urgency legislation, this law took effect immediately. Pursuant to Government Code §54953(e)(1)(B), the Executive Committee will conduct its March 2, 2022 meeting by Zoom. Therefore, Commissioners, staff and members of the public will attend this meeting via teleconference, as provided below.

Instructions for Meeting Participation

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/86504325512>
2. Telephone option (audio only):
Dial: **(669) 900-9128** (*Please note that this is not a toll-free number*)
Meeting ID: **865 0432 5512**

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. Regular meetings are live-streamed, recorded and available via the links below.

Live web streaming and recordings of Regular Commission meetings are available via the
[Mendocino County YouTube Channel](#).

Links to recordings, approved minutes, and meeting documents are available on the LAFCo website: <https://www.mendolaafco.org/commission-meetings>

1. CALL TO ORDER & ROLL CALL

Chair Tony Orth, Vice Chair Scott Ignacio, and Treasurer Gerald Ward

2. PUBLIC EXPRESSION

3. MATTERS FOR DISCUSSION & POSSIBLE ACTION

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

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

The Executive Officer will present changes in approach to the remaining tasks for the FY 2021-22 Work Plan.

3c) Proposed Changes to Contract Staff Rates

The Executive Committee will discuss proposed changes to contract staff rates.

3d) Proposal for Establishing Weighted Staff Rates

The Executive Committee will hear a proposal to establish weighted staff rates to offset administrative overhead and long-term planning costs intended to apply to services subject to the Mendocino LAFCo Fee Schedule.

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

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

4. EXECUTIVE OFFICER REPORT

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **March 7, 2022** at 9:00 AM.
Meeting will be held remotely only due to current State and local mandates related to the COVID-19 pandemic.

Notice: This agenda has been posted at least 72 hours prior to the meeting and in accordance with the temporary Brown Act Guidelines instated by State Executive Order N-29-20 and AB 361.

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

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

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

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Agenda Item 3a

DRAFT Executive Committee Meeting Minutes

September 23, 2021, 9:00 a.m.

Meeting held remotely via Zoom due to pandemic.

COMMISSIONERS

Tony Orth, Chair

Brooktrails Township CSD

Scott Ignacio, Vice-Chair

Point Arena City Council

Gerald Ward, Treasurer

Public Member

Matthew Froneberger

Regular Special District

Gerardo Gonzalez

Willits City Council

Glenn McGourty

County Board of Supervisors

Maureen Mulheren

County Board of Supervisors

Jenifer Bazzani, Alternate

Ukiah Valley Fire District

Richard Weinkle, Alternate

Public Member

John Haschak, Alternate

County Board of Supervisors

Mari Rodin, Alternate

City Member

STAFF

Executive Officer

Uma Hinman

Analyst

Larkyn Feiler

Commission Clerk

Kristen Meadows

Counsel

Scott Browne

REGULAR MEETINGS

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

1. CALL TO ORDER & ROLL CALL

Chair Orth called the meeting to order at 9:01 a.m.

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

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

2. PUBLIC EXPRESSION

None.

3. MATTERS FOR DISCUSSION & POSSIBLE ACTION

3a) Approval of the August 10, 2021 Executive Committee Minutes

Upon motion by Commissioner Ward and second by Chair Orth, the August 10, 2021 Executive Committee Meeting Minutes were approved, with Commissioner Ignacio abstaining due to not being in attendance at the prior meeting.

3b) Drought Emergency Response and Out of Agency Water Transfers

EO Hinman presented the item, as directed by the Commission, to discuss options presented to the Commission during its September 13, 2021 meeting regarding emergency water provision between agencies and Government Code §56133. The following staff of local agencies participated in the discussion: Sage Sangiacomo, City Manager for the City of Ukiah; Craig Schlatter, Community Development Director for the City of Ukiah; and Elizabeth Salomone, General Manager of the Mendocino County Russian River Flood Control and Water Conservation Improvement District.

Following are summary discussion points for this item:

- Countywide coordination, planning, and implementation of plans to support communities experiencing drought-related water supply shortages is a recently emerging issue in Mendocino County and across Northern California.
- The worsening pattern of prolonged drought conditions will likely continue to impact public water service providers and necessitate efforts to secure more reliable water sources and establish more resilient water delivery systems.
- Under GC §56133, LAFCo reviews proposals for the extension of municipal services both for a determination of exemption or approval before services are provided.
- LAFCo is responsible for balancing logical and orderly development with the efficient provision of municipal services when preparing municipal service reviews, amending spheres of influence, and considering proposed changes of organization.
- Local LAFCo policy allows an administrative level approval of Out-of-Area Service Agreement (OASA) applications with ratification by the Commission at the following meeting.

- The applicable time frames for the threat to health and safety triggered by dry wells and conditions of approval for temporary emergency water delivery through OASA applications and GC §56133 needs to be further defined.
- The Commission needs sufficient data to evaluate the ability of an agency to serve current and future populations within their service area, through factors such as agency finances and service capacity.
- Commission decisions regarding agency capacity and growth necessarily must account for an agency's reliance on water hauling to meet service demands, which has not been studied in relevant MSRs to date.
- Water is considered a growth-inducing service, whereas fire protection services are not always growth-inducing.
- Depending on the scope/scale of a disaster, an emergency can be declared on a local, state, or federal level.
- The local policy should refer to a public agency declared emergency since the City and County have such powers.
- There are two bodies of law related to the provision of public services in an emergency; the California Emergency Services Act and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act).
- It is unclear whether a Mutual Aid Agreement supersedes LAFCo approval for services outside an agency boundary.
- There are different types of extended municipal services; temporary and permanent in nature, existing and new.
- There are concerns about limiting an agency's ability to provide immediate aid in an emergency situation.
- There is no concern with transmitting emergency aid data to LAFCo afterwards for MSR determinations related to an agency's ability to meet demand and recommended service improvements or government restructure options.
- Data reporting should also be required for all agencies under water curtailment orders and conservation restrictions.
- It is important to refine and expand the MSR questions for future studies to better analyze drought preparedness.
- The need to investigate whether LAFCo has authority over mutual aid and whether exemptions apply in this case.
- The need to investigate whether other mutual aid services, beyond water, should be included in the discussion.
- There is concern that temporary water augmentation will lead to permanent water augmentation with the drought.
- To fully address the issue requires addressing indiscriminate well drilling and non-potable water hauling.
- LAFCo has no authority over private wells or non-potable water hauling.
- Is the approach of mutual aid masking issues of agencies who are not able to meet current or future demand.
- There are concerns of inland residents under water conservation restrictions that water supply sufficient to meet the needs of their small community for a year is leaving the area to serve coastal communities during the drought.
- LAFCo staff should continue to collaborate with the Mendocino County Drought Ad Hoc Committee and Mendocino County Water Agency on the drought condition and water scarcity issues.

Staff received direction to work with Counsel on the legal questions identified and in finalizing local policy language for consideration by the Policies and Procedures Committee and Commission consideration tentatively at the November meeting. The City of Ukiah offered their staff resources for addressing the legal questions also.

4. EXECUTIVE OFFICER REPORT

EO Hinman explained that the Governor issued an extension to the September 30, 2021 scheduled expiration date of State Executive Order N- 29-20 related to holding public meetings remotely. Staff will work with Counsel to determine next steps regarding whether the Commission must adopt a resolution to continue remote meetings.

EO Hinman provided a brief report on the status and the time sensitive nature of the Ukiah Valley Fire District annexation application scheduled for Public Hearing at the October 4, 2021 Commission meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:32 p.m. by motion from Commissioner Ignacio.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 2, 2022
TO: Mendocino Local Agency Formation Commission Executive Committee
FROM: Uma Hinman, Executive Officer
SUBJECT: **Remaining Fiscal Year 2021-22 Work Plan Tasks**

RECOMMENDATION

Executive Committee will hear an update on the Work Plan tasks for FY 2021-22 and provide feedback to staff on approach for implementing the remaining tasks.

BACKGROUND

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

Two of the five Work Plan tasks for Fiscal Year (FY) 2021-22 have been completed:

- Covelo Community Services District (Covelo CSD)
- Ukiah Valley Fire District (UVFD)

Remaining Work Plan tasks include the following:

- County Service Area (CSA) 3
- City of Ukiah
- Ukiah Valley Sanitation District

The three remaining agencies require substantial coordination with agency staff due to the complexity of issues involved and the status of the existing agency spheres, such as outdated or unclear from historic records.

County Service Area (CSA) 3

This is the first MSR/SOI study of the CSA. Staff is coordinating with County staff on a weekly basis on development of the Administrative Draft. Also included in the coordination is advising the County on process and policy regarding activating latent powers for the CSA.

The County is considering utilizing CSA 3 for a number of local and regional needs including Sherwood Road emergency access routes for the Brooktrails area. Other community needs and planning efforts are also being discussed among agencies such as fire and water services; however, the County is currently focused on implementing the Sherwood Road Pilot Project.

City of Ukiah

The last MSR for the City of Ukiah was adopted in 2012; there have been no sphere updates since the establishment of the original SOI in 1984. LAFCo and City staff have been meeting regularly to discuss approach and process for development of the MSR/SOI Update.

In 2020, a Request for Proposals (RFP) was released to solicit proposals for preparing the City of Ukiah (City) and Ukiah Valley Sanitation District (UVSD) MSR/SOI Updates. The resultant estimates significantly exceeded the Work Plan budgets, which would have necessitated a multi-year process in order to adequately budget for the Updates. In order to expedite the process, the City initially indicated a willingness to fund the City's Update, and on December 7, 2020, the Commission approved a consultant selection for the City's MSR/SOI Update and directed staff to negotiate and execute agreements with (1) the City of Ukiah for funding and (2) the Planwest Partners Team to prepare the City's Update.

Since then, LAFCo and City staff have been building a good collaborative relationship and the approach has shifted to LAFCo staff undertaking in-house preparation of the MSR/SOI Update with assistance from City staff where feasible. To further support this approach, the City and UVSD have established regular meetings of an Ad Hoc Committee to coordinate planning for the future provision of sewer services, which is both to be commended and will be enormously beneficial to the residents of the Ukiah Valley.

Further, the City's General Plan Update is proceeding on a schedule that compliments the MSR/SOI Update schedule in 2022. Coinciding with a General Plan update is clearly supported by the Cortese-Knox-Hertzerg Local Government Reorganization Act of 2000 (CKH) as LAFCo is required to know the proposed land uses within an SOI so as to accurately assess the probable service levels of the proposed SOI territory.

LAFCo staff have initiated the MSR/SOI Update process and will continue working with City staff to coordinate on the City's General Plan Update process for efficiency and an overall more comprehensive planning process. Additionally, the coordination of planning processes will result in both being addressed in the General Plan EIR, another significant time, public outreach, and cost efficiency.

Ukiah Valley Sanitation District (UVSD)

The last MSR effort for the UVSD was in 2010-2014; however, the MSR was never finalized and no SOI Update was initiated. LAFCo and District staff have been meeting regularly to discuss approach and process for development of the MSR/SOI Update. Initially the intent was to utilize consultants to prepare the UVSD MSR/SOI Update; however, due to cost estimates submitted and budget limitations, LAFCo staff is proceeding with preparation of the Administrative Draft MSR in-house, with UVSD staff support.

As noted above, the coordination occurring between both the UVSD and City staff and UVSD and LAFCo staff further supports the in-house preparation of the MSR/SOI Update.

Attachment: Summary of Work Plan Status

Attachment 1. Summary Table – Work Plan Tracking and Status

FY 2021-22 ESTIMATED WORK PLAN IMPLEMENTATION SCHEDULE AND STATUS						
<i>Work Plan status as of February 2022</i>						
<p>Subject to Change: The estimated schedule and costs for the Fiscal Year 2021-22 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.</p>						
<p>CEQA: Based on LAFCo practice, the work plan assumes minimal costs for CEQA compliance related to preparing a Notice of Exemption, unless an agency proposes a non-coterminous SOI and pays for any necessary studies and preparation of a Negative Declaration or Environmental Impact Report.</p>						
<p>Rolling Work Plan: It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule is intended to enhance communication and transparency.</p>						
Agency	Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Status/Notes
Covelo CSD	Complete	Complete	7/12/21	9/13/21	9/24/21	Project complete and posted to website.
Ukiah Valley Fire District	Complete	Complete	9/13/21	10/4/21	10/8/21	Project complete and posted to website.
County Service Area 3	In progress	In progress	4/4/22 (Tentative)	5/2/22 (Tentative)	5/31/22 (Tentative)	<p>This will be the first MSR/SOI study for the CSA.</p> <p>Staff is coordinating with County staff on a weekly basis on development of the Administrative Draft. Also included in the coordination is advising the County on process and policy regarding activating latent powers for the CSA.</p> <p>The County is considering utilizing CSA 3 for a number of local and regional needs including Sherwood Road emergency access routes for the Brooktrails area. Other community needs and planning efforts are also being discussed among agencies such as fire and water services; however, the County is currently focused on implementing the Sherwood Road Pilot Project.</p>

Ukiah Valley Sanitation District	Complete	Pending	TBD	TBD	TBD	LAFCo and District staff have been meeting regularly to discuss approach and process for development of the MSR/SOI Update. Initially the intent was to utilize consultants to prepare the UVSD MSR/SOI Update; however, due to cost estimates submitted and budget limitations, LAFCo staff is proceeding with preparation of the Administrative Draft MSR in-house, with UVSD staff support.
City of Ukiah	Pending	Pending	TBD	TBD	TBD	LAFCo and City staff have been meeting regularly to discuss approach and process for development of the MSR/SOI Update. LAFCo has initiated the in-house preparation of the study, which will coincide with the City's General Plan Update that is proceeding on a schedule that compliments the MSR/SOI Update schedule for 2022. Additionally, the coordination of planning processes will result in both being addressed in the General Plan EIR.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 2, 2022
TO: Mendocino Local Agency Formation Commission Executive Committee
FROM: Uma Hinman, Executive Officer
SUBJECT: **Proposed Changes to Contract Staff Rates**

RECOMMENDATION

Executive Committee will consider Hinman & Associates Consulting, Inc.'s proposed revisions to staff rates and make a recommendation to the full Commission.

BACKGROUND

In 2016, Hinman & Associates Consulting, Inc., entered into contract with Mendocino LAFCo to provide Executive Officer Services, including staffing of Executive Officer, Analyst and Clerk. One rate increase was approved by the Commission in 2018; no increases have since been requested.

Hinman & Associates is proposing a change in hourly rates as follows:

Staff/Role	Current Rate	Proposed Rate
Uma Hinman, Executive Officer	\$100.00	\$110.00
Larkyn Feiler, Analyst	\$70.00	\$75.00
Clerk/Support Staff	\$40.00	\$40.00

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 2, 2022
 TO: Mendocino Local Agency Formation Commission Executive Committee
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Proposal for Establishing Weighted Staff Rates**

RECOMMENDATION

Executive Committee consider the proposed weighted staff rates for processes subject to the Mendocino LAFCo Fee Schedule and make a recommendation to the Commission.

BACKGROUND

To date, Mendocino LAFCo has relied solely on apportionment fees paid by member agencies to fund its operations and fulfill its statutory responsibilities. Additional revenue includes application processing which is zero-sum, which is billed at current contract staff rates.

Staff is proposing to establish weighted billing rates for processes subject to LAFCo’s Fee Schedule, which applies primarily to application processing. Whether an employee or contract staff model is utilized, the majority of LAFCOs have established fully burdened or weighted rates to capture a portion of costs related to overhead (OH) or long-term planning (MSRs/SOIs) or both. Staff have researched billing rates of LAFCo’s, focusing on counties similar in size and budget to Mendocino LAFCo.

Table 1. Current Staff Rates of Similar LAFCOs

LAFCo	EO (\$)	Analyst (\$)	Clerk (\$)	Legal (\$)	Methodology
Nevada	155	75	60	Rate+25%	Staff Rate + O H
Napa	150	150	150		Proposing increase in 2022
Lake	160				Staff Rate + OH multiplier of 1.52
Humboldt ¹					Staff Rate + OH
Solano	200	158			Staff Rate + OH
Sutter	151	116		246	Staff Rate + MSR/SOI fee
Yolo ²	204	114			Staff Rate + OH multiplier of 2.7
Mendocino	100	70	40	225	At cost

¹ Staff rates unknown.
² Staff rates estimated based on State Controller’s data.

The proposed weighted rates will be for the purpose of processing public requests and applications that are subject to the Fee Schedule. Currently, staff rates are billed to applicants at cost and according to the current contract rates for Executive Officer, Analyst, Clerk and Legal Counsel. The proposed weighted staff rates include a portion of administrative overhead and long-term planning (Work Plan) costs. Based on application processing for FY 2021-22, it is anticipated that approximately \$22,000 could be recovered to offset operational and Work Plan costs in Fiscal Year 2022-23.

Attachment: Proposed Weighted Rate Methodology

Attachment

PROPOSED Weighted Hourly Rate Calculation for FY 22-23

Step One: Calculate Hourly Input Rates

Input One: Hourly Staff Rates					
Year	Executive Officer	Analyst	Clerk/Assistant	Legal	
2022-23 (Proposed Rates)	\$ 110.00	\$ 75.00	\$ 40.00	\$ 225.00	
Estimated Hours	800	255	450	60	
Work Plan (hours)	130	540	380	24	
Subtotals (hours)	930	795	830	84	
Total	\$ 102,300.00	\$ 59,625.00	\$ 33,200.00	\$ 18,900.00	

Input Two: Hourly Staff Benefits					
Category	Executive Officer	Analyst	Clerk/Assistant	Legal	
N/A					
Total	\$ -	\$ -	\$ -	\$ -	\$ -

Input Three: Hourly Overhead Costs		
Category	Budgeted Amount	OH Costs/Hr
Rent	\$ 6,500.00	\$ 4.32
Office Expenses	\$ 3,300.00	\$ 2.19
Internet & Website Costs	\$ 2,500.00	\$ 1.66
Publication and Legal Notices	\$ 2,000.00	\$ 1.33
Televising Meetings	\$ 2,000.00	\$ 1.33
Audit Services	\$ 3,800.00	\$ 2.52
A-87 Costs County Services	\$ 2,100.00	\$ 1.40
Insurance-General Liability	\$ 3,200.00	\$ 2.13
Memberships (CALAFCO/CSDA)	\$ 3,700.00	\$ 2.46
GIS Contract with County (Counsel training)	\$ 2,000.00	\$ 1.33
In-County Travel & Stipends	\$ 4,000.00	\$ 2.66
Travel & Lodging Expense	\$ 6,000.00	\$ 3.99
Conferences (Registrations)	\$ 4,100.00	\$ 2.72
Work Plan (1/2 long term planning costs)	\$ 35,000.00	\$ 23.26
Total	\$ 80,200.00	\$ 53.29

Overhead Costs = total of Basic Services hours (1,505) divided by Category Budgeted Amount

Step Two: Calculate Hourly Staff Rates Per Budgeted Position

Input	Executive Officer	Clerk-Analyst	Admin Assistant	Legal
Hourly Staff Rates (Proposed)	\$ 110.00	\$ 75.00	\$ 40.00	\$ 225.00
Hourly Staff Benefits	\$ -	\$ -	\$ -	\$ -
Hourly Overhead Costs	\$ 53.29	\$ 53.29	\$ 53.29	\$ 53.29
Option 1 Calculated Hourly Rate	\$ 163.29	\$ 128.29	\$ 93.29	\$ 278.29

Step Three: Calculate a Weighted Hourly Staff Rate

Factor	Executive Officer	Clerk-Analyst	Admin Assistant	Legal
Calculated Weighted Hourly Rate	\$ 163.29	\$ 128.29	\$ 93.29	\$ 278.29
% Time Processing Proposals	32%	65%	3%	3%
Option 1 Fully Burdened Hourly Rate (set processing rate/hr for all staff):	\$ 146.79			

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 2, 2022
 TO: Mendocino Local Agency Formation Commission Executive Committee
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Draft Preliminary Budget and Work Program for FY 2022-23**

RECOMMENDATION

Executive Committee consider the Draft Preliminary FY 2022-23 Budget and Work Program, provide direction to staff and schedule for a Workshop with the Commission.

BACKGROUND

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 shows 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.

Proposed Operating Expenses

The proposed operating expenses for Fiscal Year (FY) 2022-23 are \$268,800 and reflect the anticipated staffing services for day-to-day operations and for conducting the Work Plan scheduled for FY 2022-23 (Attachment 1 and 2). The following table provides a summary of the adopted FY 2021-22 budget and the proposed Preliminary Budget for FY 2022-23 (Table 1).

Table 1. Summary of FY 2021-22 and Proposed Preliminary FY 2022-23 budgets			
Estimated Budget Summary	FY 2021-22		FY 2022-23 Proposed
	Adopted (\$)	Projected (\$)	Preliminary Budget (\$)
<i>Anticipated Cash Balance</i>			3,700
Apportionment	265,000	265,000	265,000
Interest	100	100	100
Estimated Revenues Total	265,100	265,100	268,800
Basic Services (Staffing)	108,000	108,000	125,100
Services and Supplies	67,500	46,133	73,700
Work Plan	51,500	45,000	70,000
Estimated Operations Total	227,000	200,675	268,800
Difference	38,100	64,425	0

As of January 1, 2022, the total funding available for operations was \$181,832. The budget expenses through the remainder of FY 2021-22 are approximately \$114,644 for a projected year-end total of \$200,675.

Basic Services

The current Basic Services budget supports approximately a 0.69 full time equivalent employee (FTE) shared between the Executive Officer, Analyst and Clerk. The proposed FY 2022-23 Basic Services budget will support a 0.72 FTE for the office. In addition, 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. See Attachment 2 for a summary of tasks that fall within Basic Services.

Services and Supplies

Services and supplies includes office operating expenses, membership fees, insurance, contracted Legal Counsel, Commissioner and staff trainings and conferences, and Commissioner stipends and travel expenses. See Attachment 1 for proposed expenses by account.

Included in the preliminary budget is a proposal to develop a logo and branding for Mendocino LAFCo. A proposal from Chris Chase Designs is included as Attachment 4. Chris Chase Designs is a CALAFCO Associate Member and has assisted several other LAFCos with logo and branding in the past years (see Attachment 4 for examples). With a referral discount, the proposed cost is \$5,000 (Account 6670). We are soliciting a local estimate as well.

Work Plan

Staff has reviewed the Work Plan and recommends the following MSR/SOI Updates for FY 2022-23 (Table 2). The Work Plan is included in Attachment 2. Development of the City of Ukiah and Ukiah Valley Sanitation District studies will continue into the first half of the next FY. Additionally, the Work Plan proposes two MSR/SOI Updates to include all water districts broken into coastal and inland agencies.

Table 2. Proposed FY 2022-23 Work Plan	
Agency	Last MSR and/or SOI Update
City of Ukiah ¹	MSR 2012
Ukiah Valley Sanitation District ²	N/A
Coastal Water Districts (6)	MSR 2014; SOI 2015 and 2016
Inland Water Districts (8)	MSR 2013 and 2014; SOI 2015-16
Work Plan Notes: ¹ The MSR/SOI Update was initiated in FY 2021-22 and is being prepared in-house. The SOI Update is anticipated to track with the City’s General Plan Update and associated CEQA document. ² The MSR/SOI Update was initiated in FY 2021-22 and is being prepared in-house. It is anticipated that the SOI Update will track with the City’s SOI Update; plans for CEQA analysis is unknown at this time.	

Summary of Changes

The proposed FY 2022-23 expenses are an increase of \$41,800 above the previous fiscal year (Table 3).

Table 3. Explanation of preliminary budget changes from FY 2021-22 to FY 2022-23					
Account No.	Account Description	FY 2021-22 (\$)	FY 2022-23 (\$)	Difference (\$)	Notes
5300	Basic Services	108,000	125,100	17,100	Anticipated increases in staffing needs for enhanced interagency coordination and regional collaborative efforts.
5500	Rent	5,775	6,500	725	Increase in rent of new office space and annual cost increment per contract (up to 5% per year)
6100	Audit Services	3,500	3,800	300	Increase per contract
6500	Insurance-General Liability	2,450	3,200	750	Anticipated increase
6600	Memberships (CALAFCO/CSDA)	3,525	3,700	175	Slight increase in CALAFCO and CSDA dues
6670	Professional Fees	0	5,000	5,000	
6670	GIS Contract County	2,500	2,000	(500)	Decrease based on past few years of expenses and projected need
6750	Travel & Lodging Expenses	6,250	6,000	(250)	The 2022 CALAFCO Conference will be in Newport Beach; assumes expenses for three Commissioners
7000	Work Plan (MSR/SOI)	51,500	70,000	18,500	City of Ukiah, UVSD, all water districts
Difference				41,800	

Changes from last year’s budget are summarized in Table 2 and do not include anticipated applications, which are zero sum items.

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 remain at \$265,000 for FY 2022-23. Attachment 3 is a summary of apportionment fees paid by agencies in FY 2021-22.

Proposed Weighted Staff Rates

LAFCos are also authorized to establish and collect fees to offset agency contributions. Under a separate agenda item, staff has proposed to establish weighted rates for the purpose of processing public requests and applications that are subject to the Fee Schedule. Currently, staff rates are billed to applicants at cost and according to the current contract rates for Executive Officer, Analyst, Clerk and Legal Counsel. The proposed weighted staff rates included a portion of administrative overhead and long-term planning

(Work Plan) costs. Based on application processing for FY 2021-22, it is anticipated that approximately \$22,000 could be recovered to offset operational and Work Plan costs in the coming fiscal year.

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 following table summarizes an analysis of impacts on reserves resulting from apportionment fee options for the Preliminary FY 2022-23 budget.

Table 4. Summary of FY 2022-23 apportionment options and impacts to reserves				
	Projected FY 2021-22 (\$)	Preliminary FY 2022-23 (\$)		
Budget	200,675	268,800		
Revenue/Funds				
<i>Anticipated Cash Balance Use</i>	0	18,800	3,700	0
Apportionment fees	265,000	250,000	265,000	270,000
Difference	64,425	0	0	1,200
Reserves				
Balance at beginning of FY	81,040	106,750	106,750	106,750
<i>Target Reserves balance per policy</i>	<i>\$106,750</i>	<i>117,200</i>	<i>117,200</i>	<i>117,200</i>
Estimated Remainder	38,715	(10,450)	(10,450)	(9,250)
<i>Proposed Work Plan Contingency</i>		9,465	24,565	29,465

The current reserves balance is \$81,040. As anticipated with the adoption of the FY 2021-22 budget, expenses through the end of the FY will provide for an increase in reserves to meet policy targets and Commission directed amounts totaling \$106,750. End of FY projections indicate an anticipated cash balance of \$38,715.

Proposed Work Plan Contingency

Staff proposed allocating the FY 2021-22 cash balance for Work Plan contingencies to be used for 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 can include the need for consultant-prepared MSR/SOI studies which are generally calculated at higher hourly rates than in-house staff prepared studies. SOI 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 would function like a reserve in that money not used in a fiscal year would 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.

Staff is recommending the Preliminary Budget with apportionment fees remaining at \$265,000 with the intent of allocating approximately \$24,565 to a Work Plan contingency for FY 2022-23 (Table 3, above).

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 must 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 5. Budget development schedule	
Budget Phase	Schedule
Preliminary Budget and Proposed Work Plan – Workshop	March 7 or April 4
Proposed Budget and Work Plan – Public Hearing	May 2
Final Budget and Work Plan – Public Hearing	June 6

- Attachments: (1) Proposed Preliminary FY 2022-23 Budget
(2) Proposed Preliminary Work Program
(3) Fiscal Year 2021-22 Apportionment Fees by Agency
(4) Chris Chase Design Proposal for Logo and Branding

Attachment 1

Mendocino Local Agency Formation Commission Proposed Preliminary Budget for FY 2022-2023

25-Feb-22

ACCOUNT #	DESCRIPTION	FY 2021-22			FY 2022-23
		Final	Mid-Year	Projected	Prelim
REVENUE					
	<i>Anticipated Cash Balance</i>				\$ 3,700
4000	LAFCO Apportionment Fees	\$ 265,000	\$ 265,000	\$ 265,000	\$ 265,000
4100	Service Charges				
4800	Miscellaneous				
4910	Interest Income	\$ 100		\$ 100	\$ 100
	Revenue Subtotal	\$ 265,100		\$ 265,100	\$ 268,800
EXPENSES					
5300	Basic Services (EO, Analyst, Clerk)	\$ 108,000	\$ 49,247	\$ 108,000	\$ 125,100
5500	Rent	\$ 5,775	\$ 2,806	\$ 5,904	\$ 6,500
5600	Office Expenses	\$ 3,300	\$ 1,228	\$ 3,300	\$ 3,300
5700	Internet & Website Costs	\$ 2,500	\$ 1,043	\$ 2,500	\$ 2,500
5900	Publication and Legal Notices	\$ 2,000	\$ 276	\$ 1,200	\$ 2,000
6000	Televising Meetings	\$ 2,000	\$ 1,078	\$ 1,500	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 1,760	\$ 3,500	\$ 3,800
6200	Bookkeeping	\$ 4,500	\$ 1,620	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 19,000	\$ 5,996	\$ 15,000	\$ 19,000
6400	A-87 Costs County Services	\$ 2,100	\$ -	\$ 2,100	\$ 2,100
6500	Insurance-General Liability	\$ 2,450	\$ 2,601	\$ 2,601	\$ 3,200
6600	Memberships (CALAFCO/CSDA)	\$ 3,525	\$ 3,470	\$ 3,470	\$ 3,700
6670	Professional Fees (Logo/Branding)	\$ -	\$ -	\$ -	\$ 5,000
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 620	\$ 1,500	\$ 2,000
6740	In-County Travel & Stipends	\$ 4,000	\$ 276	\$ 600	\$ 4,000
6750	Travel & Lodging Expense	\$ 6,250	\$ -	\$ -	\$ 6,000
6800	Conferences (Registrations)	\$ 4,100	\$ -	\$ -	\$ 4,100
7000	Work Plan (MSRs and SOIs)	\$ 51,500	\$ 14,010	\$ 45,000	\$ 70,000
	Operating Expense Total	\$ 227,000	\$ 86,031	\$ 200,675	\$ 268,800
	REVENUE/EXPENSE DIFFERENCE <i>(Negative balance indicates use of fund balance and/or reserves)</i>	\$ 38,100		\$ 64,425	\$ -
RESERVES					
	Legal Reserves			\$ 50,000	\$ 50,000
	Operations Reserves @ 25% Annual Operating Budget			\$ 56,750	\$ 67,200
	<i>Anticipated Cash Balance</i>			\$ 38,715	\$ 24,565
	Proposed Work Plan Contingency				\$ 24,565

Attachment 2

Work Program (Basic Services and Work Plan) FY 2022-23 Final Budget

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.	\$ 75,000
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 5 hours per month.	Current Contract
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 expedited process for out-of-area water services; outreach and update SOI policy; policy amendment and development as needed.	\$ 10,000
Transparency Improvements to Website	Assess/implement website improvements (JPAs, maps, etc.); Post JPA Agreements on website (SB 1266).	\$ 1,100
Total		\$ 125,100
Professional Fees		
Logo and Branding	Work with a professional design consultant to develop a logo and branding for LAFCo (Proposal received)	\$ 5,000
Total		\$ 5,000
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.	\$ 70,000
<p>The agencies listed below have priority for preparation of a LAFCo-initiated MSR/SOI Update in Fiscal Year 2022-23. 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 of \$70,000 is not limited to the following designations. These budget allocations may shift to other agencies as needed during the year.	City of Ukiah	\$ 15,000
	Ukiah Valley Sanitation District	\$ 10,000
	Coastal Water Districts (6)	\$ 20,000
	Inland Water Districts (8)	\$ 25,000
	Total	

Attachment 3

Mendocino LAFCo Apportionment Fees by Agency for FY 2021-22

Agency	FY 2021-22 Apportionment
	637.68
Redwood Valley Fire District	2,096.15
Covelo Community Services District	832.36
Long Valley Fire District	1,677.71
Caspar South Water District	189.03
Laytonville County Water	1,290.37
Elk Community Services District	426.56
Elk County Water District	453.50
City of Point Arena	1,075.63
Westport County Water Dist	609.76
Mendocino Fire Protection District	2,114.08
Pacific Reefs Water	103.35
Redwood Valley County Water District	3,555.42
Millview County Water District	5,686.37
Mendocino City Community Services District	2,518.47
City of Willits	11,521.14
Irish Beach County Water District	594.39
Ukiah Vally Sanitation District	16,420.50
Hopland Public Utility District	1,465.98
Russian River Cemetery	1,954.29
Noyo Harbor District	2,546.03
Mendocino County Waterworks District 2	459.33
Albion River Fire Protection District	950.91
Mendocino Coast Recreation & Park District	1,401.67
Willow County Water District	5,142.85
Piercy Fire Protection District	115.98
Redwood Coast Fire Protection District	1,542.21
	61.83
	214.03
	1,358.57
	319.68
	346.71
	3,670.69
	21.11
	629.29
Anderson Valley Community Services District	2,563.52
Brooktrails Township Community Services District	11,071.35
Potter Valley Irrigation District	1,662.08
Covelo Public Cemetery District	78.53
South Coast Fire Protection District	1,133.40
City of Fort Bragg	19,603.20
Calpella County Water District	934.39
Gualala Community Services District	2,361.41
Russian River Flood Control District	1,386.13
Mendocino County Resource Conservation District	713.91
City of Ukiah	56,133.36
Ukiah Valley Fire District	4,470.02
	165.01
	23.23
	60.07
	177.81
Comptche Community Services District	125.61
County of Mendocino	88,333.34
Total	265,000.00

Mendocino LAFCO

Logo Design
December 7, 2021



Chris Chase and Company Bio

Chris Chase is a graduate of San Diego State University where he received his BA degree in graphic design. After graduating, Chris established his own San Diego based design firm, Chase Design, Inc. As CEO and Creative Director of the company, Chris brings over 20 years of graphic design and industry experience.

Chase Design, Inc. specializes in branding consulting for businesses throughout the United States. The firm has built an impressive reputation for producing effective design and has received several awards for excellence in the industry. Chase Design, Inc. has worked for small and large startup firms as well as more established ones. Some of their more prominent clients have included Callaway Golf, Ashworth Golf, The Los Angeles Triathlon, The Nation's Triathlon, Scripps Hospital and Palomar Health. Projects range from advertisements, catalogs, brochures, corporate identity, publication design, product illustrations, 3D design, motion graphics, SEO, web design and development.

Chase Design, Inc. currently employs a team of 4 staff along with several contractors who encompass a wide range of design and programming skills.

Chase Design Team on the project:

Chris Chase - Creative Director

Joon Park - Senior Designer

Chase Design Production Team

Logo Design and Identity Sheet for OC LAFCO

When we do logos we usually follow a process that goes like this:

Kick off meeting: We gather info on the logo so we know the direction we need to go.

Research: This is where we do research to try and capture the feeling you want the new brand to convey. In the research stage we will also do a font study to be sure we capture the exact font for the brand. Sometimes we even do custom typography, so the font research is a must to determine the direction of the brand.

Black & White Concepts: Usually 2-3 concepts are made to present based on our research and internal sketches. If we have an idea on the colors upfront we may start with colors.

Color Concepts: Usually 2-3 concepts are made to present based on the approved black & white concepts.

Final Delivery of Logo: Based on the last round of the color concepts.

Final Delivery of an Identity Doc and logo files: I've attached a sample of an Identity Doc in the email we'll put together for you once the logo project is done.

Estimate: 40 hours x \$150 = \$6,000

(Since you are a referral from Keene we'll do it for \$5,000.)

Payment Schedule: If we are approved we'll do 50% up front and 50% at the end.

Examples



ALAMEDA
LOCAL AGENCY FORMATION COMMISSION

THE STORY BEHIND THE LOGO

SAN DIEGO LAFCO ILLUSTRATED

MINDFUL FOOTPRINTING

Redirect urban uses away from agricultural and open space lands whenever possible and help preserve these resources in San Diego County – whether in Palomar, Pauma, or elsewhere – for future residents and visitors to steward and enjoy.

VALUING AGRICULTURE, OPEN SPACE, & WILDLIFE

Value the placement and differences between agricultural, open space, and wildlife lands and their distinct societal functions and benefits.

SPOTLIGHTING LOCAL GOVERNMENT

The logo includes a light-bulb to reflect LAFCO's task to produce information and studies – like municipal service reviews – to support the public in understanding the role and effectiveness of local government and to facilitate changes when merited.

ONE BIG DYNAMIC PLACE

San Diego is second largest county in California with nearly 3.5 million residents with essential municipal services – ranging from utilities to public protection – provided by over 100 local agencies.



CONNECTING PAST, CURRENT, & FUTURE COMMUNITY NEEDS

Actively sync the development of local agencies and their municipal services to meet changing community needs and priorities.

ACCOMMODATING HOUSING

Addressing and accommodating the housing needs of all incomes and types – single-family, multi-family, and transitional – is at the forefront of LAFCO's task to facilitate orderly growth and development.

SUPPORTING an AGRICULTURAL ECONOMY

Contemplate circumstances when the extension of municipal services to agricultural lands (avocados, oranges, flowers, and more) through jurisdictional changes and/or out-of-agency contracts may be appropriate in maintaining economic vitality.

LOCAL CIRCUMSTANCES & CONDITIONS MATTER

The Bird of Paradise has become synonymous with the San Diego County landscape and serves as a metaphor to LAFCO weighing local conditions in fulfilling its regulatory and planning duties under State law.





LOGO, FULL COLOR



LOGO, FULL COLOR - CLEAR SPACE



COLORS

	HEX: 4ba6dd	RGB: 75 166 221	CMYK: 65 20 0 0
	HEX: 1d78b6	RGB: 29 120 182	CMYK: 85 48 5 0
	HEX: fdce12	RGB: 253 206 20	CMYK: 1 18 98 0
	HEX: fbc318	RGB: 249 194 26	CMYK: 1 24 98 0
	HEX: ed6d3c	RGB: 237 109 60	CMYK: 2 71 84 0
	HEX: 7dbe52	RGB: 125 190 82	CMYK: 56 2 90 0

FONTS

Mukta Mahee

ABCDEFGHIJKLMNOPQRSTUVWXYZ

ABCDEFGHIJKLMNOPQRSTUVWXYZ