

MENDOCINO

Local Agency Formation Commission

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

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

Vacant, 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

Executive Committee Meeting

A G E N D A

March 10, 2021, 11:00 a.m.

Meeting to be held remotely via Zoom and teleconference due to pandemic.

Important Notice

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

The Executive Committee meeting will be accessible to the public via teleconference (see www.mendolafoo.org/meeting_documents for access and participation information).

Submit **written comments** electronically to eo@mendolafoo.org by 8:00 a.m. on March 10. In the subject line, specify the agenda item number for your comments, "To be read aloud" if desired, and in the body of the email include your name. If to be read aloud, please keep your comments to 500 words or less. All written comments will be provided as soon as feasible to the Commission and posted on the [meeting documents](http://www.mendolafoo.org/meeting_documents) page of the website.

Provide **verbal comments** via teleconference with the information provided on the [website](http://www.mendolafoo.org). Please pre-register by email to eo@mendolafoo.org by 8:00 a.m. on March 10. In the subject line, specify the agenda item number for your comments, "...Live", and your name (Example: Item 3a Public Comment Live, John Doe). Participants will also receive instructions for participation in the meeting. Each participant will have three minutes to provide comments related to the agenda item.

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

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 August 13, 2020 Executive Committee Minutes

3b) Preliminary Fiscal Year 2021-22 Budget and Work Plan

Executive Officer will present a preliminary Fiscal Year 2021-22 budget and work plan for discussion, direction, and possible recommendation to the Commission.

3c) Items for Future Meetings

Discussion opportunity for potential agenda items at future Commission and/or Committee meetings.

4. Executive Officer Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for
April 5, 2021
Meeting to be held remotely via Zoom and teleconference due to pandemic.

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Special District seat

Scott Ignacio
Point Arena City Council

John McCowen
County Board of Supervisors

Jenifer Bazzani, Alternate
Ukiah Valley Fire District

Will Lee, Alternate
Fort Bragg City Council

Richard Weinkle, Alternate
Public Member

John Haschak, Alternate
County Board of Supervisors

STAFF

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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
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Agenda Item 3a

DRAFT Executive Committee Meeting Minutes

August 13, 2020, 9:00 a.m.

Meeting held remotely via Zoom due to pandemic.

1. CALL TO ORDER & ROLL CALL

Chair Carre Brown called the meeting to order at 9:02 a.m.

Members Present: Commissioners Carre Brown, Tony Orth and Scott Ignacio

Staff Present: Executive Officer Uma Hinman, Analyst Larkyn Feiler, Legal Counsel Scott Browne

2. PUBLIC EXPRESSION - None

Item 4d was discussed out of order due to member of the public waiting to speak to item (time 9:04 a.m.)

4. MATTERS FOR DISCUSSION & POSSIBLE ACTION

4d) Proposed Indemnity Revisions

Staff briefly presented the City of Ukiah's proposed revisions to the indemnification agreement. Phil Williams, City of Ukiah Special Counsel, elaborated on the proposed revisions, expressing concern with legality of the indemnity agreement language.

Counsel Browne recommended the Executive Committee consider the request and make a recommendation to the full Commission for consideration. Upon direction from the Commission, Counsel Browne would draft a revised indemnity.

Upon suggestion from Commissioner Ignacio, and second by Commissioner Orth, staff was unanimously directed to make no changes to the indemnity at this time and to report to the Commission on the matter at the next regular meeting.

THE EXECUTIVE COMMITTEE ADJOURNED TO CLOSED SESSION AT 9:37 A.M.

3. CLOSED SESSION

3a) Conference with Legal Counsel - Anticipated Litigation

Pursuant to Government Code Section 54956.9(d)(2) – Anticipated Litigation: significant exposure to litigation - two cases.

THE EXECUTIVE COMMITTEE RETURNED TO OPEN SESSION AT 10:12 A.M.

Report out from Closed Session - direction was given to staff.

4. MATTERS FOR DISCUSSION & POSSIBLE ACTION

4a) Approval of the February 24, 2020 Executive Committee Minutes

Commissioner Brown noted corrections to add, "Report out of Closed Session...". Upon motion by Commissioner Orth and second by Commission Ignacio, the February 24, 2020 meeting minutes were unanimously approved with noted change.

4b) Consultant Lists

The Executive Committee discussed the draft list of consultants for use in soliciting requests for qualifications/proposals (RFQ/RFP) for municipal service reviews, spheres of influence updates and CEQA analyses. Direction was given to staff that any requests for qualifications or proposals should include a requirement for consultant disclosure of any work performed for the relevant agency(ies). Upon motion by Commissioner Orth and second by Commissioner Ignacio, the list of consultants was unanimously approved.

4c) Fee Schedule Update

Staff was directed to prepare an analysis of staff billing rates and take the proposed rates to the Commission. If not ready for the September 14th regular meeting of the Commission, staff was directed to report to the Commission on the matter.

4e) Electronic Signature Policy

Noting the continued pandemic conditions for an unknown length of time, the Executive Committee directed staff to work with the Policy & Procedures Committee to develop a policy for electronic signatures for Commission consideration.

4f) Items for Future Meetings

Commissioner Orth requested a discussion and review of the CSA 3 and potential questions to legal counsel on the next agenda to clarify whether the County needs to go through LAFCo process for activation of latent powers. Staff was directed to work with Commissioner Orth on a legal opinion request regarding LAFCo's jurisdiction of CSAs.

5. Executive Officer Report

Nothing additional to report.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:33 A.M.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: March 10, 2021
 TO: Mendocino Local Agency Formation Commission Executive Committee
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Draft Preliminary Budget for FY 2021-22**

RECOMMENDATION

Executive Committee consider the Draft Preliminary FY 2021-22 Budget and Work Plan, provide direction to staff and schedule for a Workshop with the Commission on April 5, 2021.

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 Plan 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) 2021-22 are \$205,419 and reflect the anticipated staffing services for day-to-day operations and for conducting Municipal Service Review and Sphere of Influence (MSR/SOI) Update studies scheduled for FY 2021-22 (Attachment 1 and 2). The following table provides a summary of the FY 2020-21 budget, as amended and projected through year-end, and the proposed Preliminary Budget for FY 2021-22 (Table 1).

Table 1. Summary of FY 2020-21 and Proposed Preliminary FY 2021-22 budgets

Estimated Budget Summary	FY 2020-21		FY 2021-22 Proposed Preliminary Budget (\$)
	Amended (\$)	Projected (\$)	
Apportionment	150,000	150,000	210,000
Interest	450	70	100
Estimated Revenues Total	150,450	150,070	210,100
Staffing Total	92,060	92,060	95,000
Services and Supplies Total	49,633	46,133	58,919
Work Plan Total	34,500	34,500	51,500
Estimated Operations Total	176,193	171,693	205,419
Estimated Use of Reserves	(25,743)	(21,563)	4,681

The proposed FY 2021-22 expenses are an increase of \$29,226 above the FY 2020-21 amended budget (Table 2, Attachment 1). Additionally, the Sustainable Agricultural Lands Commission (SALC) grant funded project is a two-year project that began in FY 2020-21 and will continue to incur staff time in the next FY, which will be reimbursed through the grant. For budget development purposes, it is anticipated that approximately \$9,200 in grant reimbursement will be accounted for in the next fiscal year (Attachment 1). Changes from last year's budget are summarized in Table 2, and do not include anticipated applications and the SALC grant Special Project, which are zero sum items.

Table 2. Explanation of preliminary budget changes from FY 2020-21 to 2021-22

Account No.	Account Description	FY 2020-21 (\$)	FY 2021-22 (\$)	Difference (\$)	Notes
5300	Basic Services	92,060	95,000	2,940	Anticipated increases in staffing needs
5500	Rent	5,460	5,604	36	Increase in rent per contract (up to 4%/yr)
5600	Office Expenses	3,550	2,950	(600)	
6100	Audit Services	3,380	3,500	120	Increase per contract
6500	Insurance-General Liability	2,815	3,000	185	Potential increase
6600	Memberships (CALAFCO/CSDA)	3,727	3,522	(205)	Slight decrease in CALAFCO dues; anticipate slight increase in CSDA dues
6740	In-County Travel & Stipends	1,000	4,000	3,000	Anticipates return to in-person meeting by end of 2021
6750	Travel & Lodging Expenses	100	4,500	4,400	The 2021 CALAFCO Conference will be in Newport Beach; assumes expenses for three Commissioners
6800	Conferences	100	2,500	2,400	The 2021 CALAFCO Conference will be in Newport Beach; assumes expenses for three Commissioners + EO
7000	Work Plan (MSR/SOI)	34,500	51,500	17,000	City of Ukiah, UVSD, UVFD, CSA 3, Covelo CSD
Difference				29,226	

Proposed Apportionment Fees and Reserves

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. LAFcos are also authorized to establish and collect fees to offset agency contributions.

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 \$35,000.

The following table summarizes an analysis of impacts on reserves resulting from indicated apportionment fee options for the Preliminary FY 2021-22 budget.

Table 3. Summary of FY 2021-22 apportionment options and impacts to reserves

	Amended FY 2020-21	Preliminary FY 2021-22 (\$)			
Budget	176,193	205,419			
Revenue/Funds					
Apportionment fees	150,000	200,000	210,000	220,000	230,000
Anticipated use of reserves	(25,743)	(5,419)	4,581	14,581	24,581
Anticipated Reserve Balances					
Balance at beginning of FY	90,474	64,731	64,731	64,731	64,731
Estimated balance at end of FY	64,731	59,312	69,312	79,312	89,312
<i>Target Reserves balance per policy</i>	<i>\$79,048</i>	<i>86,355</i>	<i>86,355</i>	<i>86,355</i>	<i>86,355</i>
<i>Difference</i>	<i>(18%)</i>	<i>(31%)</i>	<i>(20%)</i>	<i>(8%)</i>	<i>3%</i>

As of March 3, 2021, the total funding available for operations is \$45,037. The budget expenses through the remainder of FY 2020-21 are approximately \$74,585. As anticipated with the adoption of the FY 2020-21 budget, operations through the end of the FY will require utilizing approximately \$25,743 from reserves.

The current reserves balance is \$90,474. The projected operational expenses for the remainder FY 2020-21 will result in operational reserves falling below policy targets to \$64,731. The Preliminary Budget with apportionment fees at \$210,000 will allow reserves to be increased by approximately \$4,581, thereby reducing the existing gap per policy to -20% (Table 3, above).

Proposed FY 2021-22 Work Plan

Staff has reviewed the Work Plan and recommends the following MSR/SOI Updates for FY 2021-22 (Table 4). The Work Program is included as Attachment 2.

Table 4. Proposed FY 2021-22 Work Plan

Agency	Last MSR and/or SOI Update
City of Ukiah ¹	MSR 2012
Ukiah Valley Sanitation District	N/A
Ukiah Valley Fire District	MSR/SOI 2008
County Service Area No. 3	N/A
Covelo Community Services District	MSR/SOI 2010
Work Plan Notes:	
¹ Under an MOU between LAFCo and the City of Ukiah, the City is funding the preparation of its MSR/SOI Update and associated CEQA document.	
² No CEQA costs have been included in the estimates other than Exemptions	

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	April 5
Proposed Budget and Work Plan – Public Hearing	May 3
Final Budget and Work Plan – Public Hearing	June 7

Attachments: (1) Proposed Preliminary FY 2021-22 Budget
(2) Proposed Preliminary Work Program

Mendocino Local Agency Formation Commission
Preliminary Budget FY 2021-2022
4-Mar-21

ACCOUNT #	DESCRIPTION	FY 2020-21 Adopted	FY 2020-21 Amended	FY 2020-21 Projected	FY 2021-22 Preliminary
REVENUE					
<i>Anticipated Cash Balance</i>					
4000	LAFCO Apportionment Fees	\$ 150,000	\$ 150,000	\$ 150,000	\$ 210,000
4100	Service Charges			\$ 60	
4910	Interest Income	\$ 450	\$ 450	\$ 70	\$ 100
Revenue Subtotal		\$ 150,450	\$ 150,450	\$ 150,130	\$ 210,100
8000	Application Filing Fees			\$ 18,000	
4800	Miscellaneous (SALC Grant Funds)	\$ 5,100	\$ 5,100	\$ 1,000	\$ 9,200
Revenue Total		\$ 155,550	\$ 155,550	\$ 169,130	\$ 219,300
EXPENSES					
5300	Basic Services	\$ 72,060	\$ 92,060	\$ 92,060	\$ 95,000
5500	Rent	\$ 5,568	\$ 5,568	\$ 5,568	\$ 5,604
5600	Office Expenses	\$ 3,450	\$ 3,550	\$ 3,750	\$ 2,950
5700	Internet & Website Costs	\$ 1,300	\$ 1,550	\$ 1,550	\$ 1,550
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000	\$ 1,000	\$ 2,000
6000	Televising Meetings	\$ 2,000	\$ 2,000	\$ 1,500	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 3,380	\$ 3,380	\$ 3,500
6200	Bookkeeping	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 10,200	\$ 14,700	\$ 14,700	\$ 14,700
6400	A-87 Costs County Services	\$ 2,131	\$ 2,093	\$ 2,093	\$ 2,093
6500	Insurance-General Liability	\$ 3,000	\$ 2,815	\$ 2,815	\$ 3,000
6600	Memberships (CALAFCO/CSDA)	\$ 3,691	\$ 3,727	\$ 3,727	\$ 3,522
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 2,500	\$ 500	\$ 2,500
6740	In-County Travel & Stipends	\$ 3,000	\$ 1,000	\$ 50	\$ 4,000
6750	Travel & Lodging Expense	\$ 100	\$ 100	\$ -	\$ 4,500
6800	Conferences (Registrations)	\$ 150	\$ 150	\$ -	\$ 2,500
7000	Work Plan (MSRs and SOIs)	\$ 42,500	\$ 34,500	\$ 34,500	\$ 51,500
Operating Expense Total		\$ 161,650	\$ 176,193	\$ 171,693	\$ 205,419
8000	Applications			\$ 18,000	
8600	Special Projects (SALC)	\$ 5,100	\$ 5,100	\$ 1,000	\$ 9,200
9000	Misc Exp (Special District Training Support, bank charges)	\$ -	\$ -	\$ 60	\$ 60
Expenses Total		\$ 166,750	\$ 181,293	\$ 190,753	\$ 214,679
REVENUE/EXPENSE DIFFERENCE		\$ (11,200)	\$ (25,743)	\$ (21,563)	\$ 4,681
<i>(Negative balance indicates use of fund balance and/or reserves)</i>					
FINANCIAL SUMMARY					
Unreserved/Unrestricted Operations Fund Balance (estimated for end of FY 2020-21)					
Anticipated Cash Balance				\$ -	
Total Unreserved/Unrestricted Funds				\$ -	
Operations Fund Balances (March 2021)					
SBMC				\$ 41,144	
County Treasury				\$ 12,403	
Apportionment outstanding				\$ -	
Subtotal Operations Fund Balance				\$ 53,547	
Application Deposits held in SBMC				\$ (8,510)	
Total Operations Fund Balance				\$ 45,037	
Accounts Payable (by June 30, 2021)				\$ 74,585	
Reserve Fund Balance (March 2021)					
Legal Reserves		\$ 35,000	\$ 35,000		
Operations Reserves (25% of Operations budget)		\$ 44,048	\$ 55,474		
Total Reserves Balance (Policy/Actual)		\$ 79,048	\$ 90,474		
Anticipated Reliance on Reserves for FY 2020-21					
Legal Reserves		\$ (4,500)	\$ 30,500		
Operations Reserves		\$ (21,243)	\$ 34,231		
Totals (Need/Projected Remaining Balance)		\$ (25,743)	\$ 64,731		

**Work Program (Basic Services and Work Plan)
FY 2021-22 Preliminary Budget**

Tasks	Description & Assumptions	Estimated Budget FY 2020-21
Basic Services - Baseline Tasks		
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.	\$ 54,000
Application Forms	Overhaul LAFCo application forms.	\$ 800
Grants	Participation in the SALC grant project.	Match accounted for in Basic Services (\$4,000)
Commission & Committee Meetings	Commission & Committee meeting attendance (12 Regular/8 Committee); agenda packet development, staff reports, presentations, minutes.	\$ 30,000
Consult Legal Counsel	Contract allows for a minimum of 5 hours per month.	Existing Contract
Application Processing	Process change of organization or reorganization applications from Cities and/or Special Districts to modify existing powers and/or annex/detach territory from agency boundaries.	Paid by applicant
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.	\$ 4,500
Policy Development	Prepare expedited process for out-of-area fire services; outreach and update SOI policy; policy amendment and development as needed.	\$ 5,000
Transparency Improvements to Website	Assess/implement website improvements (JPAs, Special Districts, etc.); Post JPA Agreements on website (SB 1266).	\$ 700
Subtotal		\$ 95,000
Basic Services - Potential Additional Tasks for Consideration		
File Management	Develop file management system; systematically organize files.	\$ 2,500
File Scanning Project (future)	Consider a comprehensive hardcopy file scanning project.	TBD
Manual Development	Clerk's Manual, Commissioner's Manual, Office Procedures Manual.	\$ 2,500
Outreach to Member Agencies (County/4 cities/48 special districts)	EO attend two member agency meetings per month, connected to MSR/SOI updates when possible.	\$ 4,800
Strategic Planning	Strategic Planning session and development of a strategic plan and/or policies.	TBD
Training/Workshops	LAFCo hosted training for member agencies on various topics such as Ethics/AB 1234 compliance, Brown Act, Public Records Act, government transparency, websites, finances (budgets, audits, reserves policy, user fees, special taxes), etc.; or workshop with the general public on current regional issues such as projected growth and development pressures in the Ukiah Valley.	TBD
Subtotal		\$ 9,800
Work Plan		
*City of Ukiah *Ukiah Valley Sanitation District *Ukiah Valley Fire District *County Service Area No. 3 *Covelo Community Services District	*Conduct combined Municipal Service Review and Sphere of Influence (MSR/SOI) Update studies pursuant to GOV \$56425 and \$56430 (in-house or by contract). *The budget amount reflects minimum staff time to: coordinate with the subject agency, collect data, prepare an Admin Draft for agency review, prepare Workshop and Public Hearing drafts, and finalize the adopted study for posting and mailing. *The budget assumes minimal costs for CEQA compliance related to filing a Notice of Exemption. Local 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.). *The identified local agencies and overall budget are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, changing needs and priorities, overall staff workload, and actual costs. Completion of a specific MSR/SOI Update study may span multiple fiscal years.	\$ 51,500
Subtotal		\$ 51,500