



COMMISSIONERS

Maureen Mulheren
Chair
County Member

Gerald Ward
Vice Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Vacant
Special District Member

Francois Christen
Alternate Special District Member

Douglas Crane
Alternate City Member

John Haschak
Alternate County Member

Vacant, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

AGENDA

Regular Commission Meeting

Monday, September 9, 2024 at 9:00 a.m.

Location

**Mendocino County Board of Supervisors Chambers
501 Low Gap Road, Ukiah, CA 95482**

Hybrid Meeting

The Mendocino LAFCo will conduct this meeting in a **hybrid** format to accommodate both in-person and remote (video or telephone) participation by the public and staff pursuant to GOV 54953. Unless approved under the provisions of AB 2449, Commissioners will attend in-person at the meeting location identified above. 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/88148216547>
2. Telephone option (audio only):
Dial: **(669) 900-9128** (Please note that this is not a toll-free number)
Meeting ID: **881 4821 6547**

Public Participation is encouraged and public comments are accepted:

1. Live: via the Zoom meeting link or telephone option above
2. Via Email: eo@mendolafco.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 Commission for consideration during the meeting. All meetings are live-streamed, recorded and available through the link 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](#).

1. CALL TO ORDER and ROLL CALL

2. PUBLIC EXPRESSION

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

3. OTHER BUSINESS

None

4. CONSENT CALENDAR

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

4a) July 1, 2024 Regular Meeting Summary

4b) Ratify July 2024 Claims & Financial Report

4c) August 2024 Claims & Financial Report

4d) Ratify Letter Requesting Governor Newsom's Signature on SB 1209

4e) Letter of Support for the City of Ukiah's Reconnecting Communities Grant Application to California

Department of Transportation for the Norgard Lane Annexation and Infrastructure Improvement Plan

4f) Pehling & Pehling, CPAs' Proposal to Prepare the FY 2023-24 Audit

5. PUBLIC HEARING ITEMS

None

6. WORKSHOP ITEMS

6a) Caspar South Water District Municipal Service Review and Sphere of Influence Update

The Commission will hold a Workshop on the Draft Caspar South Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update. The Commission will review and discuss the draft study and welcomes public comment on the document. No formal action will be taken on the draft MSR/SOI at this meeting; a public hearing will be scheduled for formal consideration by the Commission.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) LAFCo Response to the Grand Jury Report: Mendocino Coast Health Care District – Sick, but Returning to Health

The Committee will discuss the FY 2023-24 Grand Jury Report titled *Mendocino Coast Health Care District – Sick, but Returning to Health*, review a draft response to the Grand Jury, and provide direction to staff.

7b) CALAFCO Business and Selection of Voting Delegate for the CALAFCO Board of Director's Election

The Commission will consider nominating a city or public member for the CALAFCO Board of Directors and select a voting delegate and alternate for the CALAFCO Board of Director's Election to be held on October 17, 2024.

8. INFORMATION AND REPORT ITEMS

The following informational items are reports on current LAFCo activities, communications, studies, legislation, and special projects. General direction to staff for future action may be provided by the Commission. No immediate action will be taken on any of the following items.

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

8b) Correspondence (Copies provided upon request)

8c) CALAFCO Business and Legislative Report

8d) Executive Officer's Report (Verbal)

8e) Committee Reports (Executive Committee, Policies & Procedures) (Verbal)

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

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **October 7, 2024** at 9:00 AM in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

Notice: This agenda has been posted at least 72 hours prior to the meeting and in accordance with the Brown Act Guidelines and GOV 54953, including rules for teleconferencing.

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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Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

Agenda Item No. 4a

DRAFT MEETING MINUTES Regular Commission Meeting

Regular Meeting (Hybrid) of Monday, July 1, 2024

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

- 1. CALL TO ORDER and ROLL CALL** (Video Time 09:50)
Chair Mulheren called the meeting to order at 9:00 a.m.

Regular Commissioners Present: Maureen Mulheren, Gerald Ward, Gerardo Gonzalez, Mari Rodin

Regular Commissioners Absent: Glenn McGourty, Candace Horsley

Alternate Commissioners Present: Francois Christen (immediately seated)

Alternate Commissioners Absent: John Haschak

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

- 2. PUBLIC EXPRESSION** (Video Time 10:30)
None

- 3. OTHER BUSINESS** (Video Time 11:00)
None

- 4. CONSENT CALENDAR** (Video Time 11:10)
4a) June 3, 2024 Regular Meeting Summary
4b) June 2024 Claims & Financial Report

June 2024 Claims totaling:	\$21,900.11
Hinman & Associates Consulting	18,175.32
Marsha Burch Law Office	720.00
Streamline	63.00
Newspaper	989.58
Mendocino County IS	1,263.46
Ukiah Valley Conference Center	688.75

4c) Certificate of Appreciation for Commissioner Cole

Motion: Approve the Consent Calendar (Items 4a – 4c).		
Motion Maker: Ward	Motion Second: Gonzalez	Outcome: Passed unanimously
Roll Call Vote: Ayes: (5) Ward, Gonzalez, Rodin, Christen, Mulheren		

5. PUBLIC HEARING ITEMS

5a) PUBLIC HEARING Mendocino County Waterworks District No. 2 Municipal Service Review and Sphere of Influence Study (Video Time 12:33)

EO Hinman provided a brief presentation on the MSR/SOI Study; following is a summary of discussion points for this item.

Commissioner Ward

- Clarified status of the District’s finances; encouraged the District to continue exploring consolidation opportunities with the Gualala Community Services District and potentially the North Gualala Water Company.
- Inquired about the treated wastewater discharge point into the Pacific Ocean and whether there were any current violations.
- Requested staff develop an internal system for more frequent check-ins with the small districts.

Commissioner Christen

- Expressed support of a consolidation between MCWWD2 and GCSD.
- Inquired why CEQA is not applicable to this MSR. Counsel Burch clarified that MSRs are planning studies and categorically exempt from CEQA; however, SOI studies are subject to CEQA and a Notice of Exemption has been prepared for this study.

Commissioner Gonzales

- Noted the importance of tracking rate studies and increases as the board of directors change.

Commissioner Rodin

- Asked for clarity on if consolidation is being recommended between MCWWD2 and GCSD and noted two clerical revisions to be made. Counsel Burch confirmed there is a process for LAFCo-initiated consolidations under specific circumstances, one of which is supporting determinations in the MSR.

Motion: (1) Find the Mendocino County Waterworks District No. 2 Municipal Service Review is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (14 CCR) §15306 (Class 6 Exemption), and find the Mendocino County Waterworks District No. 2 Sphere of Influence Update is exempt from CEQA pursuant to 14 CCR §15061(b)(3) (General Rule), and approve the Notice of Exemption for filing; and 2) Adopt LAFCo Resolution 2023-24-09, approving the Mendocino County Waterworks District No. 2 Municipal Service Review and Sphere of Influence Update Study and adopting the proposed sphere of influence.

Motion Maker: Rodin	Motion Second: Gonzalez	Outcome: Passed unanimously
Roll Call Vote: Ayes: (5) Gonzalez, Ward, Rodin, Mulheren, Christen		

5b) PUBLIC HEARING Gualala Community Services District Municipal Service Review and Sphere of Influence Study (Video Time 34:25)

EO Hinman provided a brief presentation on the MSR/SOI Study; following is a summary of discussion points for this item:

Commissioner Ward stated his support for consolidation of GCSD and MCWWD2.

Commissioner Rodin requested clarification on why the Gualala Regional Park is included in GCSD’s service area; EO Hinman clarified that the District has provided service to the Park since it began operations.

Motion: 1) Find the Gualala Community Services District Municipal Service Review is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (14 CCR) §15306 (Class 6 Exemption), and find the Gualala Community Services District Sphere of Influence Update

is exempt from CEQA pursuant to 14 CCR §15061(b)(3) (General Rule), and approve the Notice of Exemption for filing; and 2) Adopt LAFCo Resolution 2023-24-10, approving the Gualala Community Services District Municipal Service Review and Sphere of Influence Update Study and adopting the proposed sphere of influence.		
Motion Maker: Gonzalez	Motion Second: Rodin	Outcome: Passed unanimously
Roll Call Vote: Ayes: (5) Gonzalez, Rodin, Ward, Christen, Mulheren		

6. WORKSHOP ITEMS (Video Time 46:32)

None

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

7a) Master Tax Share Agreement (Video Time 46:35)

Chair Mulheren reported the agreement has been approved by all required agencies, which includes the County and the four incorporated cities. Commissioner Ward asked if the anticipated dollar amount for future agreements can be assumed and Chair Mulheren noted that no dollar amounts were exchanged as part of the agreement; the Master Tax Share Agreement establishes the parameters for the exchange of taxes resulting from future reorganizations.

7b) Report from University of Berkeley on LAFCO and Water System Consolidations (Video Time 46:35)

EO Hinman provided an informational summary of a recent research study conducted by the University of Berkeley, which analyzed LAFCOs role in the state’s ongoing discussion on water availability the human right to water. Commissioner Gonzales asked why Mendocino LAFCo did not participate in the survey as part of this research, EO Hinman responded that many of the LAFCo agencies thought the request was a scam and response rates were low. Commissioner Ward inquired if this type of research and findings could apply to wastewater services; EO Hinman responded that this study is specific to the State’s human right to water directive. EO Hinman also noted that Mendocino LAFCo has already initiated conversations with the State Water Resources Control Board as it relates to the service providers in the County of Mendocino.

7c) New Website Requirements and Updated Terms from Streamline (Video Time 1:04:33)

EO Hinman provided an update on Streamline’s notification of increased rates for hosting and maintaining LAFCo’s website. Rates are increasing as a result of recent federal and state requirements for greater website accessibility standards. Commissioner Ward asked if there are other providers that could maintain the website; EO Hinman explained Streamline’s specialty is supporting local government agencies’ and providing assurance that accessibility and content requirements are maintained. Commissioner Rodin noted that website accessibility is important.

8. INFORMATION AND REPORT ITEMS

8a) Work Plan, Current and Future Proposals (Video Time 1:08:34)

EO Hinman provided an update that all applications on file are pending tax share agreements, the work plan is progressing with Caspar South WD MSR/SOI, which recently provide more data; a workshop will be scheduled soon. The MSR/SOI studies for Irish Beach WD, Elk CWD, Westport CWD are also progressing and will be scheduled for workshop in the next few months.

Commissioner Ward asked why the Russian River Flood Control District is annexing the Redwood Valley County Water District in light of the Ukiah Valley Water Authority’s efforts to consolidate the Ukiah Valley water providers. EO Hinman responded that the Russian River Flood Control District wishes to expand their boundary to match their Place of Use and also wishes to provide raw water to the Redwood Valley County Water District under contract rather than having to rely upon “excess water.” Further, the Authority’s focus is on drinking water.

8b) Correspondence (Video Time 1:11:02)

None

8c) CALAFCO Business and Legislation Report (Video Time 1:11:14)

EO Hinman reported that the nomination period is open for the fall election to fill two Northern Region seats on the CALAFCO Board of Directors; nominations are due September 15th.

The 2024 CALFCO conference will be held October 16-18, 2024 in Yosemite.

Commissioner Ward asked for clarify on SB 1209; Counsel Burch offered to report on the legislation at the next meeting.

8d) Executive Officer's Report (Video Time 1:13:14)

EO Hinman reported the following

- Announcement of the current vacancy for the Special District seat and nomination period will be distributed soon. Commissioner Christen will be seated as the Regular Special District Member until the vacancy is filled through the election process.
- There have been no applications submitted for the Alternate Public Member vacancy; the deadline has been extended another 60 days.
- Hinman & Associates Consulting has hired a new Analyst. Jen Crump will support Mendocino LAFCo with application processing, work plan studies, and clerk duties.

8e) Committee Reports (Executive Committee, Policies & Procedures) (Video Time 1:14:45)

None

8f) Commissioners Reports, Comments or Questions (Video Time 1:14:50)

None

ADJOURNMENT (Video Time 1:14:56)

There being no further business, the meeting adjourned at 10:12 a.m.

The next regular meeting of the Commission is scheduled for Monday, **August 5, 2024** at 9:00 a.m. The meeting will be conducted in a hybrid format to accommodate both in-person and remote participation. The in-person meeting will be held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel [July 1, 2024](#) YouTube meeting recording. Links to recordings and approved minutes are also available on the [LAFCo website](#).



STAFF REPORT

Agenda Item No. 4b	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	Claims and Financial Report for July 2024

RECOMMENDED ACTION

Approve the July 2024 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 14,763.50	\$ 25,716.41
	5601 Office Supplies (QB, Staples)	\$ 267.97	
	5700 Internet (Comcast)	\$ 96.94	
	6200 Bookkeeping	\$ 440.00	
	7001 Work Plan (Coastal W/WW Districts)	\$ 6,493.00	
	7001 Work Plan (Inland W/WW Districts)	\$ 2,580.00	
	8029 Ukiah Annex Western Hills	\$ 688.00	
	8031 AVCSO Annexation of SOI	\$ 301.00	
	8032 Fort Bragg Pre-App	\$ 86.00	
SDRMA	6500 Insurance - Genreal Liability	\$ 2,844.86	\$ 2,844.86
Commissioner Stipends	6740 In-County Travel & Stipends		\$ 100.25
	Christen (July)	\$ 100.25	
Marsha Burch	6300 Legal Counsel	\$ 1,102.50	\$ 1,102.50
Streamline	5700 Website Hosting	\$ 115.00	\$ 115.00
Newspapers	5900 Publications and Legal Notices	\$ 272.06	\$ 272.06
Mendocino County IS	6000 Televised Meetings (June)	\$ 245.25	\$ 245.25
	6670 GIS Services ()		
Mendocino County CEO	5500 Rent (BOS Chambers rental (Jul-Dec)	\$ 375.00	\$ 375.00
Ukiah Valley Conf. Center	5500 Office Space	\$ 581.25	\$ 807.65
	5600 Postage and copies	\$ 226.40	
CALAFCO	6600 Memberships	\$ 2,581.00	\$ 2,581.00
Total Claims			\$ 34,159.98

Deposits: Fort Bragg (P-2023-02): \$1,000.00

Transfers: None

ATTACHMENTS

- (1) Budget Tracking Spreadsheet
- (2) Work Plan Tracking
- (3) Invoices: Hinman & Associates Consulting, Marsha Burch Law Office

MENDOCINO LAFCO FY 2024-25 BUDGET TRACKING

BUDGET SUMMARY		2024-25 Budget	July	Totals To Date	% Expended
Starting Balance (Checking + Treasury)		87,415.46	87,415.46	1,075.00	
Total Revenue		285,000.00	1,808.67	1,808.67	
Total Expenses		308,000.00	34,164.98	33,089.98	
Projected End Balance (Checking + Treasury)		64,415.46	55,059.15		
FUND BALANCES		Beginning Balance			
Treasury (apportionments held in Treasury until moved to Checking for claims)		31,732.34			
Checking Account (Bank Statement)		55,683.12			
Reserves (Bank Statement)		131,818.20			

Account #	REVENUE				
4000	LAFCo Apportionments Fees (held in Treasury until moved to Checking for claims)	275,000.00		-	
4100	Fees and Reimbursements			-	
4800	Miscellaneous			-	
4910	Interest	1,000.00	246.17	246.17	
8000	Applications				
4150	Service Fees	9,000.00	487.50	487.50	
80XX	Applications Less Service Fees		1,075.00	1,075.00	
TOTAL		\$ 285,000.00	\$ 1,808.67	\$ 1,808.67	

Account #	EXPENSES				
OPERATIONS					
5300	Basic Services	155,000.00	14,763.50	14,763.50	10%
5500	Rent	8,000.00	581.25	956.25	12%
5500	Rent (Board Chambers)		375.00		
5600	Office Expenses	4,000.00	494.37	494.37	12%
5700	Internet & Website	3,000.00	211.94	211.94	7%
5900	Publication and Legal Notices	3,000.00	272.06	272.06	9%
6000	Televising Meetings	2,400.00	245.25	245.25	10%
6100	Audit Services	4,500.00		-	0%
6200	Bookkeeping	5,500.00	440.00	440.00	8%
6300	Legal Counsel	19,000.00	1,102.50	1,102.50	6%
6400	A-87 Costs County Services	3,500.00		-	0%
6500	Insurance - General Liability	3,000.00	2,844.86	2,844.86	95%
6600	Memberships (CALAFCO/CSDA)	4,000.00	2,581.00	2,581.00	65%
6670	GIS Contract (County)	3,000.00		-	0%
6740	In-County Travel & Stipends	3,000.00	100.25	100.25	3%
6750	Travel & Lodging Expense	7,000.00		-	0%
6800	Conferences (Registrations)	5,000.00		-	0%
7000	Work Plan (MSR/SOI)	75,000.00	9,073.00	9,073.00	12%
9000	Misc Expenses (bank fees)	100.00	5.00	5.00	5%
TOTAL		308,000.00	33,089.98	33,089.98	11%

8000	APPLICATIONS	Deposits TD	Deposit Remaining
8022	City of Ukiah North Annexation Pre-Application (P-2020-01)	1,500.00	1,122.00
8028	Elk CSD Activation of Latent Powers (L-2022-01)	5,000.00	4,516.75
8029	City of Ukiah Annexation of Western Hills Properties (A-2022-02)	9,239.25	7,461.75
8031	AVCSD Annexation of SOI (A-2023-01)	6,000.00	5,399.00
8032	Fort Bragg Pre-Application Request (P-2023-02)	2,500.00	1,615.00
Applications Less Service Fees Subtotal			1,075.00
Service Fees Subtotal			487.50
TOTAL		1,562.50	1,562.50

EXPENSES TOTAL		34,652.48	34,652.48
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MONTHLY CLAIMS TOTAL (not including service fees and bank fees)	308,000.00	34,159.98
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Hinman & Associates Consulting

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

Date July 31, 2024
To Mendocino LAFCo
Project Executive Officer Services
Work Period June 24 - July 31, 2024

Invoice No. 822
Invoice Total \$ 25,716.41

Account	Description	Staff/Hours			Other (At Cost)	Totals
		Executive Officer \$110	Analyst \$86	Analyst/Clerk \$76		
5300	Basic Services Public Records Act Requests	106.00	27.25	10.00		\$ 14,763.50
5601	Office Supplies Quickbooks Online fee Staples				\$ 90.00 \$ 177.97	\$ 267.97
5700	Internet & Website Costs (Comcast)				\$ 96.94	\$ 96.94
6200	Bookkeeping	4.00				\$ 440.00
7001	Coastal Region Water/Wastewater MSR/SOI	8.50	20.00	50.50		\$ 6,493.00
7001	Inland Region Water/Wastewater MSR/SOI		30.00			\$ 2,580.00
8029	City of Ukiah Annex Western Hills		8.00			\$ 688.00
8031	AVCSD Annex SOI A-2023-01		3.50			\$ 301.00
8032	Fort Bragg Pre-Application P-2023-02		1.00			\$ 86.00
Totals		\$ 13,035.00	\$ 7,718.50	\$ 4,598.00	\$ 364.91	\$ 25,716.41

5300 Basic Services

Administrative tasks, file research and maintenance of official records and files. Respond to public inquiries and research requests. Prepare and process April and May claims. Website updates. Preparation for July 1, 2024 regular Commission meeting. Coordinate with Legal Counsel to determine appropriate processes for streamlined MSR/SOI reviews and appropriate use of wastewater disposal zones. Prepare and distribute staff reports and presentations for public hearings on GCSD and MCWD2 MSR/SOI studies; finalize, distribute and post adopted studies. FYE activities for accounting and new FY preparations. Developed multi-part Request for Information (RFI) process for new streamlined MSR/SOI reviews, including flowchart of review process, two phased RFI, introductory cover letter, and appropriate attachments. Coordinated with Pehling and Pehling CPAs for a proposal to prepare the FY 2023-24 financial audit. Coordinated with Auditor-Controller's office regarding apportionment invoices for FY 2024-25, current financials, etc. Initiated Special District Member election process.

6200 Bookkeeping

Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks.

7001 Work Plan - Coastal Agencies (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Developed administrative drafts and information requests for WCWD and ECWD. Coordinated with agencies regarding information needs and requests. Coordinated with Caspar South Water District staff and board to prepare a public workshop draft study. Finalize and publish the GCSD and MCCSD MSR/SOI Studies. Outreach and follow up with Irish Beach Water District. Met with WCWD staff to review and discuss information needs. Coordinated with County GIS regarding map preparation needs.

7001 Work Plan - Inland Agencies (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Initiated Streamlined review process for three inland water service providers: Potter Valley Irrigation District, Round Valley County Water District, and Laytonville County Water District. Reviewed previous MSR/SOI studies, developed packets initiating the process, and sent first one to Potter Valley Irrigation District.

8029 City of Ukiah Annexation of Western Hills Properties

Reviewed newly submitted materials for application completeness.

8031 AVCSD Annexation of SOI (A-2023-01)

Reviewed map submittal, met with County GIS staff to discuss, and drafted and submitted comments to the AVCSD.

8032 City of Fort Bragg Pre-Application for Annexation of City-Owned Properties (P-2023-02)

Meeting with Fort Bragg staff to go over application components, mapping needs, and fees for initiating the application process.

COMCAST BUSINESS

Mendocino Lafco

Account number
8155 30 052 0354952

For service at:
200 S SCHOOL ST STE K
UKIAH CA 95482-4828

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Your monthly account summary

Previous balance	96.94
Credit Card Payment Jul 04, 2024	-96.94 cr
New charges	
Comcast Business services	94.90
Taxes and fees	2.04

Amount due **\$96.94**
Payment due Aug 04, 2024



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Your Comcast Business account online is the one-stop destination to pay your bill and manage your services. Visit business.comcast.com/myaccount.

Service updates
See the "additional information" section for upcoming service updates.

COMCAST BUSINESS

9602 S 300 W. STE B SANDY UT 84070-3302
8633 0500 NO RP 09 07102024 NNNNNNNN 01 999635

MENDOCINO LAFCO
ATTN UMA HINMAN
200 S SCHOOL ST STE K
UKIAH, CA 95482-4828

Account number **8155 30 052 0354952**
Automatic payment due **Aug 04, 2024**
Please pay **\$96.94**
Credit Card Payment To Be Applied 08/04/24

COMCAST
PO BOX 60533
CITY OF INDUSTRY CA 91716-0533



Intuit Inc.
 2800 E. Commerce Center Place
 Tucson, AZ 85706

Invoice

Invoice number: 10001323039334
Total: \$90.00
Date: Jul 19, 2024
Payment method: VISA ending [REDACTED]
Payment authorization code: [REDACTED]

Bill to

Executive Officer
 Mendocino LAFCo
 200 S School St
 Ukiah, CA 95482-4828
 US
 Address may be standardized for tax purposes
Company ID:

Payment details

Item	Qty	Unit price	Amount
QuickBooks Online Plus	1	\$90.00	\$90.00
Sales tax - Exempt:			\$0.00

Total invoice: **\$90.00**

Tax reporting information

Period for monthly fees: Jul 19, 2024 - Aug 19, 2024
Total without tax: \$90.00
Total tax: \$0.00

(1) For subscriptions, your payment method on file will be automatically charged monthly/annually at the then-current list price until you cancel. If you have a discount it will apply to the then-current list price until it expires or is canceled. To cancel your subscription at any time, go to the Subscriptions and billing page and cancel the subscription. If your subscription is managed by an account manager, contact your account manager for changes to your subscription. (2) For one-time services, your payment method on file will reflect the charge in the amount referenced in this invoice. Terms, conditions, pricing, features, service, and support options are subject to change without notice.

All dates and times are Pacific Standard Time (PST).



1225 Airport Park Blvd
 Ukiah, CA 95482
 707-463-7110

Sale

Explore more at staplesconnect.com

Store: 800 Register: 1
 Date: 7/1/24 Time: 2:20 PM
 Transaction: 61407 Cashier: 2064370

REWARDS NUMBER 3494233665

Qty	Item	Price	Amount
1	SPLS BINDER CLIP S 718103400183	3.99	3.99
1	SPLS BINDER CLIP M 718103400084	4.49	4.49
1	XEROX 24/97 1RM 814653022308	16.99	16.99
1	HP 952 XL BLACK/CM 889894824653	137.99	137.99
10	INK RECYCLING LIMI * 725137	0.01	0.00
Instant Savings		(0:10)	

Subtotal 163.46
 CALIFORNIA 8.875% 14.51

Total 177.97

VISA CREDIT USD\$177.97
 Card No. : XXXXXXXXXXXX0384 [T]
 Contactless
 Auth No. : 604707
 Mode : Issuer
 AID : A0000000031010
 TVR : 0000000000
 IAD : 060F12C3A00000
 TSI :
 ARC : 3030

Marsha Burch

131 S. Auburn Street
Grass Valley, CA 95945

INVOICE

Invoice # 208
Date: 07/31/2024
Due On: 08/30/2024

Mendocino LAFCo

00201-Mendocino LAFCo

General Counsel

Type	Date	Notes	Quantity	Rate	Total
Service	06/20/2024	Research and draft analysis of creation of onsite wastewater disposal zones under the Health and Safety code	1.00	\$225.00	\$225.00
Service	06/21/2024	Research re SOI configuration	0.50	\$225.00	\$112.50
Service	06/25/2024	Meeting with EO and Analyst	0.50	\$225.00	\$112.50
Service	07/01/2024	LAFCo meeting	1.40	\$225.00	\$315.00
Service	07/22/2024	Research re findings on sufficiency of SOI; msg. to EO	0.50	\$225.00	\$112.50
Service	07/24/2024	Review SOI re-adoption flow chart	0.40	\$225.00	\$90.00
Service	07/26/2024	Meeting with EO and Analyst	0.60	\$225.00	\$135.00
				Total	\$1,102.50

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
208	08/30/2024	\$1,102.50	\$0.00	\$1,102.50
			Outstanding Balance	\$1,102.50
			Total Amount Outstanding	\$1,102.50

Please make all amounts payable to: Marsha Burch

Please pay within 30 days.



STAFF REPORT

Agenda Item No. 4c	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	Claims and Financial Report for August 2024

RECOMMENDED ACTION

Approve the August 2024 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 9,887.50	\$ 13,365.94
	5601 Office Supplies (QB)	\$ 99.00	
	5700 Internet (Comcast)	\$ 96.94	
	6200 Bookkeeping	\$ 440.00	
	7001 Work Plan (Coastal W/WW Districts)	\$ 2,129.00	
	7001 Work Plan (Inland W/WW Districts)	\$ 412.50	
	8029 Ukiah Annex Western Hills	\$ 301.00	
Marsha Burch	6300 Legal Counsel	\$ 877.50	\$ 877.50
Streamline	5700 Website Hosting	\$ 115.00	\$ 115.00
Ukiah Valley Conf. Center	5500 Office Space	\$ 555.00	\$ 560.71
	5600 Postage and copies	\$ 5.71	
Total Claims			\$ 14,919.15

Deposits:

Transfers: Apportionments from Treasury to Checking: \$100,000

ATTACHMENTS

- (1) Budget Tracking Spreadsheet
- (2) Work Plan Tracking
- (3) Invoices: Hinman & Associates Consulting, Marsha Burch Law Office

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

MENDOCINO LAFCO FY 2024-25 BUDGET TRACKING

BUDGET SUMMARY		2024-25 Budget	July	August	Totals To Date	% Expended
Starting Balance (Checking + Treasury)		87,415.46	270,644.26	241,908.18		
Total Revenue		285,000.00	1,808.67	100,437.50	102,246.17	
Total Expenses		308,000.00	34,164.98	14,924.15	47,713.13	
Projected End Balance (Checking + Treasury)		64,415.46	238,287.95	227,421.53		
FUND BALANCES		Beginning Balance				
Treasury (apportionments held in Treasury, transferred to Checking for claims)		31,732.34	219,390.83	119,390.83		
Checking Account (Bank Statement)		55,683.12	51,253.43	122,517.35		
Reserves (Bank Statement)		131,818.20	132,061.85	132,300.00		

Account #	REVENUE					
4000	LAFCo Apportionments Fees (Transfer from Treasury to Checking for claims)	275,000.00		100,000.00	100,000.00	
4100	Fees and Reimbursements				-	
4800	Miscellaneous				-	
4910	Interest	1,000.00	246.17		246.17	
8000	Applications					
4150	Service Fees	9,000.00	487.50	136.50	624.00	
80XX	Applications Less Service Fees		1,075.00	301.00	1,376.00	
TOTAL		\$ 285,000.00	\$ 1,808.67	\$ 100,437.50	\$ 102,246.17	

Account #	EXPENSES					
OPERATIONS						
5300	Basic Services	155,000.00	14,763.50	9,887.50	24,651.00	16%
5500	Rent	8,000.00	581.25	555.00	1,511.25	19%
5500	Rent (Board Chambers)		375.00			
5600	Office Expenses	4,000.00	494.37	104.71	599.08	15%
5700	Internet & Website	3,000.00	211.94	211.94	423.88	14%
5900	Publication and Legal Notices	3,000.00	272.06		272.06	9%
6000	Televising Meetings	2,400.00	245.25		245.25	10%
6100	Audit Services	4,500.00			-	0%
6200	Bookkeeping	5,500.00	440.00	440.00	880.00	16%
6300	Legal Counsel	19,000.00	1,102.50	877.50	1,980.00	10%
6400	A-87 Costs County Services	3,500.00			-	0%
6500	Insurance - General Liability	3,000.00	2,844.86		2,844.86	95%
6600	Memberships (CALAFCO/CSDA)	4,000.00	2,581.00		2,581.00	65%
6670	GIS Contract (County)	3,000.00			-	0%
6740	In-County Travel & Stipends	3,000.00	100.25		100.25	3%
6750	Travel & Lodging Expense	7,000.00			-	0%
6800	Conferences (Registrations)	5,000.00			-	0%
7000	Work Plan (MSR/SOI)	75,000.00	9,073.00	2,541.50	11,614.50	15%
9000	Misc Expenses (bank fees)	100.00	5.00	5.00	10.00	10%
TOTAL		308,000.00	33,089.98	14,623.15	47,713.13	15%

8000	APPLICATIONS	Deposits TD			Deposit Remaining	
8022	City of Ukiah North Annexation Pre-Application (P-2020-01)	1,500.00			1,122.00	378.00
8028	Elk CSD Activation of Latent Powers (L-2022-01)	5,000.00			4,516.75	483.25
8029	City of Ukiah Annexation of Western Hills Properties (A-2022-02)	9,239.25	1,000.00	437.50	7,899.25	1,340.00
8031	AVCSD Annexation of SOI (A-2023-01)	6,000.00	437.50		5,399.00	601.00
8032	Fort Bragg Pre-Application Request (P-2023-02)	2,500.00	125.00		1,615.00	885.00
Applications Less Service Fees Subtotal			1,075.00	301.00	1,075.00	
Service Fees Subtotal			487.50	136.50	487.50	
TOTAL			1,562.50	437.50	1,562.50	

EXPENSES TOTAL		34,652.48	15,060.65	49,275.63		
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MONTHLY CLAIMS TOTAL (not including service fees and bank fees)	308,000.00	34,159.98	14,919.15			
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Hinman & Associates Consulting

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

Date September 3, 2024
To Mendocino LAFCo
Project Executive Officer Services
Work Period August 1 - 31, 2024

Invoice No. 830
Invoice Total \$ 13,365.94

Account	Description	Staff/Hours			Other (At Cost)	Totals
		Executive Officer \$110	Analyst \$86	Analyst/Clerk \$76		
5300	Basic Services Public Records Act Requests	72.75	8.00	15.75		\$ 9,887.50
5601	Office Supplies Quickbooks Online fee				\$ 99.00	\$ 99.00
5700	Internet & Website Costs (Comcast)				\$ 96.94	\$ 96.94
6200	Bookkeeping	4.00				\$ 440.00
7001	Coastal Region Water/Wastewater MSR/SOI	6.50	16.00	0.50		\$ 2,129.00
7001	Inland Region Water/Wastewater MSR/SOI	3.75				\$ 412.50
8029	City of Ukiah Annex Western Hills		3.50			\$ 301.00
8031	AVCSD Annex SOI A-2023-01					\$ -
8032	Fort Bragg Pre-Application P-2023-02					\$ -
Totals		\$ 9,570.00	\$ 2,365.00	\$ 1,235.00	\$ 195.94	\$ 13,365.94

5300 Basic Services

Administrative tasks, file research and maintenance of official records and files. Respond to public inquiries and research requests. Prepare and process July claims. Website updates. Prepare for and attend August 21, 2024 Executive Committee meeting. Developed response to Grand Jury report and coordinated with Legal Counsel and Executive Committee members. Met with RRF and RVCWD staff regarding annexation application requirements. Met with City of Willits regarding General Plan Land Use Element and SOI Update Draft PEIR. Coordination meetings with Legal Counsel. FYE activities for accounting and new FY preparations. Reminders for Special District Member election process. Reminders for Alternate Public Member vacancy.

6200 Bookkeeping

Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks.

7001 Work Plan - Coastal Agencies (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Developed administrative drafts and information requests for ECWD. Coordinated with agencies regarding information needs and requests. Coordinated with Caspar South Water District staff and board to prepare a public workshop draft study. Outreach and follow up with Irish Beach Water District regarding lack of response to RFI. Revisions to WCWD study and request for additional information. Coordinated with County GIS regarding map preparation needs.

7001 Work Plan - Inland Agencies (Sphere of Influence Updates, Municipal Service Reviews, and Special Studies)

Met with Potter Valley Irrigation District to conduct RFI Phase I interview. Follow up with District to coordinate information exchange.

8029 City of Ukiah Annexation of Western Hills Properties

Reviewed newly submitted materials for application completeness and conducted analyses.

8031 AVCSD Annexation of SOI (A-2023-01)

8032 City of Fort Bragg Pre-Application for Annexation of City-Owned Properties (P-2023-02)

From: Intuit QuickBooks Team <No_Reply@notifications.intuit.com>
Sent: Monday, August 19, 2024 8:01 AM
To: eo@mendolafco.org
Subject: We received your QuickBooks subscription payment!

Flag Status: Flagged



Payment success

Executive Officer, thank you for your payment.

Invoice number:
10001330129074
Invoice date: 08/19/2024
Total: \$99.00
Payment method: VISA ending
in

Sign in to QuickBooks where you can see your billing history and view, save, and print your invoice.

[View billing history](#)

Account details

Billed to: Mendocino LAFCo
Company ID ending:
Items on this invoice: QuickBooks Online Plus

(1) For subscriptions, your payment method on file will be automatically charged monthly/annually at the then-current list price until you cancel. If you have a discount, it will apply to the then-current list price until it expires or is canceled. Additional service fees may apply based on whether you add or remove services and your usage. See your [Subscriptions and billing](#) page for additional pricing details. To cancel your subscription at any time, go to the Subscriptions and billing page and cancel the subscription.(2) For one-time services, your payment method on file will reflect the charge in the amount referenced in this invoice. Terms, conditions, pricing, features, service, and support options are subject to change without notice

COMCAST BUSINESS

Mendocino Lafco

Account number
8155 30 052 0354952

For service at:
200 S SCHOOL ST STE K
UKIAH CA 95482-4828

Thanks for choosing Comcast Business

Need help?
Visit business.comcast.com/help or
call 1-800-391-3000

Ready to pay?
Visit business.comcast.com/myaccount

Your monthly account summary	
Previous balance	96.94
Credit Card Payment Aug 04, 2024	-96.94 cr
New charges	
Comcast Business services	94.90
Taxes and fees	2.04
Amount due	\$96.94
Payment due Sep 04, 2024	



Manage your services online
Your Comcast Business account online is the one-stop destination to pay your bill and manage your services. Visit business.comcast.com/myaccount.

Service updates
See the "additional information" section for upcoming service updates.

COMCAST BUSINESS

9602 S 300 W, STE B SANDY UT 84070-3302
8633 0500 NO RP 09 08102024 NNNNNNNN 01 999555

MENDOCINO LAFCO
ATTN UMA HINMAN
200 S SCHOOL ST STE K
UKIAH, CA 95482-4828

Account number	8155 30 052 0354952
Automatic payment due	Sep 04, 2024
Please pay	\$96.94
Credit Card Payment To Be Applied 09/04/24	

COMCAST
PO BOX 60533
CITY OF INDUSTRY CA 91716-0533

Marsha Burch

131 S. Auburn Street
Grass Valley, CA 95945

INVOICE

Invoice # 210
Date: 09/03/2024
Due On: 10/03/2024

Mendocino LAFCo

00201-Mendocino LAFCo

General Counsel

Type	Date	Notes	Quantity	Rate	Total
Service	08/02/2024	Mtg. with RRFC and RCWD re annexation pre-application	1.20	\$225.00	\$270.00
Service	08/02/2024	Meeting with EO and Analyst	0.50	\$225.00	\$112.50
Service	08/09/2024	Review Willits draft EIR land use element and SOI update	0.80	\$225.00	\$180.00
Service	08/16/2024	Mtg. with EO	0.40	\$225.00	\$90.00
Service	08/21/2024	Exec. Committee meeting	0.50	\$225.00	\$112.50
Service	08/23/2024	Meeting with EO and Analyst	0.50	\$225.00	\$112.50
				Total	\$877.50

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due	
210	10/03/2024	\$877.50	\$0.00	\$877.50	
				Outstanding Balance	\$877.50
				Total Amount Outstanding	\$877.50

Please make all amounts payable to: Marsha Burch

Please pay within 30 days.



COMMISSIONERS

Maureen Mulheren
Chair
County Member

Gerald Ward
Vice Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Vacant
Special District Member

Francois Christen
Alternate Special District Member

Douglas Crane
Alternate City Member

John Haschak
Alternate County Member

Vacant, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

Agenda Item No. 4d

August 28, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Re: **SB 1209** (Cortese): Local agency formation commission: indemnification - **REQUEST FOR SIGNATURE**

Dear Governor Newsom,

The Mendocino Local Agency Formation Commission (LAFCo) respectfully requests your signature on **SB 1209**, which would authorize a LAFCo to require an applicant to indemnify the LAFCo, its agents, officers, and employees from and against any claim, action, or proceeding that may stem from a LAFCo decision to approve an application.

Specifically, SB 1209 adds new language to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (The Act) that authorizes LAFCos to enter into indemnification agreements with applicants. Counties and cities are already empowered to enter into, and require, indemnification and routinely do so with respect to discretionary land-use approvals. SB 1209 will provide LAFCos with a similar authority in this situation.

This bill is in response to a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide LAFcos with the explicit authority needed to require indemnification. Absent an indemnification authority – and because LAFCo funding is statutorily required from the county, cities, and special districts within a county – any costs to defend litigation end up being absorbed by a LAFCo’s funding agencies. Consequently, SB 1209 will allow LAFCos to use indemnification agreements which, in turn, will ensure they can meet their statutory obligations and make decisions without being hindered by the potential costs of defending lawsuits.

Thus, for the above reasons, Mendocino LAFCo respectfully requests that you sign SB 1209.

Yours sincerely,

Maureen Mulheren
Commission Chair

cc: Honorable Dave Cortese, California State Senate
Brady Borcharding, Deputy Legislative Secretary to the Governor
Rene LaRoche, CALAFCo Executive Director



Mendocino LAFCo

Encouraging Well-Planned Community Growth

Agenda Item No. 4e

200 S School Street | Ukiah, CA 95482

Phone: (707) 463-4470

Email: eo@mendolafco.org

Web: mendolafco.org

September 9, 2024

COMMISSIONERS

Maureen Mulheren
Chair
County Member

Gerald Ward
Vice Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Vacant
Special District Member

Francois Christen
Alternate Special District Member

Douglas Crane
Alternate City Member

John Haschak
Alternate County Member

Vacant, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

U.S. Department of Transportation
Office of the Secretary
1200 New Jersey Avenue, SE
Washington, DC 20590

Subject: **Letter of Support** for the City of Ukiah’s Reconnecting Communities Grant
Application for the *Norgard Lane Transportation Restoration and Community
Reintegration Plan*

Dear Secretary Buttigieg:

Mendocino Local Agency Formation Commission (LAFCo) expresses its support for the City of Ukiah’s application to the U.S. Department of Transportation for a Reconnecting Communities Grant. The grant would support the City’s *Norgard Lane Transportation Restoration and Connectivity Plan*. The application is part of an ongoing effort by the City to rectify longstanding inequities faced by the residents of Norgard Lane, a Disadvantaged Unincorporated Community (DUC) identified in the City of Ukiah’s 2040 General Plan and Mendocino LAFCo’s [2022 City of Ukiah Municipal Service Review and Sphere of Influence Study](#). Identification of a DUC is an important step in signaling the needs of an underrepresented community to federal, State and local agencies and encourages municipalities to address the myriad of issues facing these communities, including environmental justice, land-use planning, and adequate municipal services.

The State of California bestowed on LAFCos the authority to promote the orderly formation and reorganization of local government agencies, the efficient delivery of municipal services, and environmental justice for DUCs. As such, Mendocino LAFCo supports the pursuit of funding sources to provide a means for the annexation and logical extension of municipal services to serve DUCs such as the Norgard Lane community.

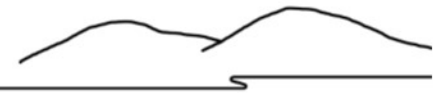
The *Norgard Lane Transportation Restoration and Connectivity Plan* aligns with the goals of USDOT’s Reconnecting Communities program, as it seeks to rectify the negative impacts of past infrastructure decisions that have disproportionately affected low-income and disadvantaged populations. By addressing these transportation barriers, allowing for integration and annexation of this fringe community into the City of Ukiah, the project will promote equity, improve mobility outcomes, and create a more inclusive, connected and sustainable region.

Mendocino LAFCo recognizes the importance of this project to address the long-standing transportation and socio-economic challenges faced by the Norgard Lane community and supports the City of Ukiah’s application for the Reconnecting Communities Grant.

Sincerely,

Maureen Mulheren
COMMISSION CHAIR

cc: Sage Sangiacomo, City Manager, City of Ukiah



Agenda Item No. 4f

June 14, 2024

Mendocino LAFCO
200 S School St
Ukiah, CA 95482

Dear Board:

We are pleased to confirm our understanding of the services we are providing for Mendocino LAFCO for the year-ended June 30 , 2024. We will audit the Statement of Net Position, Statement of Activities and where applicable the Statement of Revenues, Expenditures, and Change in Fund Balance, Balance Sheet and Statement of Cash Flows of Mendocino LAFCO as of and for the year ended Mendocino LAFCO.

Accounting standards generally accepted in the United States of America call for certain required supplementary information (RSI) to accompany the basic financial statements. The Governmental Accounting Standards Board also considers this information a necessary part of financial reporting as it provides perspective to the basic financial statements. Therefore, as part of this engagement, we will apply limited procedures to Mendocino LAFCO's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will primarily consist of inquiries of management regarding their methods of measurement and presentation. However, we will not express an opinion or provide any assurance on this RSI as our limited procedures do not provide us with sufficient evidence to do so under our professional standards. Consequently, the financial statements we present to you will include the following required RSI that will not be audited and, as such, our report will disclaim an opinion on this RSI:

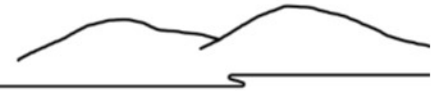
- Management's Discussion and Analysis

We also understand that supplementary information other than RSI will accompany Mendocino LAFCO's basic financial statements. In accordance with auditing standards generally accepted in the United States of America, we will apply auditing procedures and other additional procedures deemed necessary to the following supplementary information accompanying the basic financial statements in order to provide an opinion on this information in relation to the financial statements as a whole.

Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the additional supplementary information referred to above when considered in relation to the financial statements taken as a whole.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards (GAAS). Our professional standards as defined by GAAS require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. As such, our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records of Mendocino LAFCO and other procedures we consider necessary. The procedures we determine necessary will depend on our "auditor's" judgment and will be based, in part, on our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or form an opinion, we may disclaim an opinion or not issue a report.



Audit Procedures

Our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and will include tests of the accounting records of Mendocino LAFCO and other procedures we consider necessary. The procedures we determine necessary will depend on our “auditor’s” judgment and will be based, in part, on our assessment of the risks of material misstatement of the financial statements, whether from errors, fraudulent financial reporting, misappropriations of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If we deem it appropriate, our procedures will also include tests of documentary evidence supporting the transactions recorded in the accounts, may include tests of the physical existence of inventories, and will include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters. These representations will include acknowledging our assistance with the preparation of your financial statements, the supplementary information, and notes accompanying these documents, and that you have reviewed and approved these documents, approved their release, and that you have accepted responsibility for them.

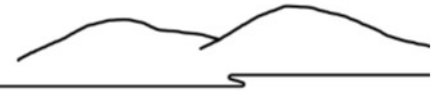
Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you, or the appropriate level of management, of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we will consider internal controls relevant to the preparation and fair presentation of the Mendocino LAFCO's financial statements in order to design audit procedures that are appropriate in the circumstances. However, our audit procedures are not designed for the purpose of expressing an opinion on the effectiveness of your internal control. In accordance with our professional standards, we will communicate in writing to the appropriate level of management and those charged with governance matters concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of Mendocino LAFCO's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion. Management maintains the responsibility for identifying and ensuring that Mendocino LAFCO complies with applicable laws, regulations, contracts, and other agreements.

Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Zach Pehling is the engagement partner for the audit services specified in this letter. His responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.



Responsibilities of Management and Those Charged with Governance

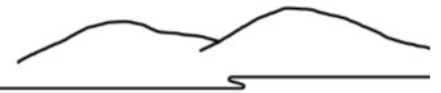
As part of our engagement, we may advise you about appropriate accounting principles and their application; however, the management of Mendocino LAFCO acknowledges and understands that the final responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America remains with you. This responsibility includes the financial statements, all accompanying information, and the representations that accompany them. As such, the management of Mendocino LAFCO is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Other management responsibilities include maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

By your signature below, you also acknowledge that the management of Mendocino LAFCO is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements, and all accompanying information, that are free from material misstatement, whether due to fraud or error. This responsibility includes the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Mendocino LAFCO and the respective changes in financial position and where applicable, cash flows, in conformity with accounting principles generally accepted in the United States of America. In addition, management is also responsible for having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the organization that involves management, employees who have significant roles in internal control, regulators, and others where fraud could have a material impact on the financial statements. The management of Mendocino LAFCO is also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting Mendocino LAFCO received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Mendocino LAFCO complies with applicable laws and regulations and for taking timely and appropriate actions to remedy any fraud, illegal acts, or violations of contracts and agreements. You agree that you will confirm your understanding of your responsibilities as defined in this letter to us in your representation letter.

Management is also responsible for the preparation and fair presentation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree that you will confirm your understanding of your responsibilities with respect to the supplementary information in your representation letter. You further agree to include our report on the supplementary information in any document that contains and indicates that we have reported on such supplementary information.

Management's responsibilities also include designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the nonattest services we perform as part of this engagement, as well as evaluating the adequacy and results of those services and accepting responsibility for them.

You further acknowledge and understand that management is responsible for providing us with access to all information management is aware of that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters; for the accuracy and completeness of the information that is provided to us; and for informing us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. This responsibility also includes providing us with any additional information that we may request from management for the purpose of the audit; as well as allowing us unrestricted access to individuals within the organization from whom we may determine it necessary to obtain audit evidence, including access to your designated employees who will type all confirmations we request.



Written Report

We expect to issue a written report upon completion of our audit of Mendocino LAFCO's financial statements. Our report will be addressed to the Board of Directors of Mendocino LAFCO. We cannot provide assurance that an unmodified opinion will be expressed on the financial statements. Circumstances may arise in which it is necessary for us to modify our opinion, add emphasis-of-matter or other-matter paragraphs, decline to express an opinion or withdraw from the engagement.

Other Matters

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, typing, postage, copies, and telephone calls), except that we agree that our gross fee, including expenses, will not exceed 4250 for the audit for this contract. An initial deposit of 2125 due at the beginning of the year and the remainder due at completion of the audit. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

It is our policy to keep records related to this engagement for 7 years. However, Zach Pehling CPAs does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period Zach Pehling CPAs shall be free to destroy our records related to this engagement.

We appreciate the opportunity to be of service to Mendocino LAFCO and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Zach Pehling

RESPONSE:

This letter correctly sets forth the understanding of Mendocino LAFCO.

APPROVED:

Mendocino LAFCO

Date



STAFF REPORT

Agenda Item No. 6a	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	WORKSHOP Caspar South Water District Municipal Service Review and Sphere of Influence Update

RECOMMENDED ACTION

Hold a Workshop on the Draft Caspar South Water District Municipal Service Review and Sphere of Influence Update, provide comments and requested revisions, and direct staff to notice the matter for public hearing at a regular meeting of the Commission.

DISCUSSION

This is a Workshop to introduce the Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) update for Caspar South Water District (CSWD/District). This is the second [MSR](#) and [SOI](#) Update for the District; the first round were adopted in 2014 and 2015, respectively. The Workshop Draft CSWD MSR/SOI study includes the following information related to the District: history, government structure and accountability, operational efficiency, finances, projected growth, disadvantaged unincorporated communities, service capacity and needs, and proposed sphere. The District reviewed and provided feedback on an Administrative Draft of the study and changes have been incorporated into this Workshop Draft as appropriate.

As background, the District was formed on December 19, 1978 to provide wastewater collection, treatment and disposal services to the Caspar South Subdivision, which is located on an ocean bluff west of State Highway 1 and south of the community of Caspar between Fort Bragg and Mendocino. The District boundaries are coterminous with the Subdivision boundaries and encompasses 105 acres consisting of 107 residential lots.

District facilities include collection pipes, a dosing chamber for processing, and a community leach field for disposal. Other municipal service providers in the area include the Mendocino Fire Protection District and the Caspar South Service Company, a privately-owned water company providing potable water services to the Subdivision. The collection system was originally installed in the early 1960s and the community leach field was installed in 1982.

In 2015, the Commission adopted a coterminous SOI that acknowledges the service area of the District as appropriate for the services provided and system capacity. The study recommends the District’s existing SOI be affirmed.

This Workshop is an opportunity to receive Commission and public input on the document; no action will be taken on the study on this date. A public hearing will be scheduled at a later date for formal consideration of the study.

ATTACHMENTS

- (1) Workshop Draft Caspar South Water District MSR/SOI Study

Workshop Draft



Caspar South Water District

2024 Municipal Service Review and Sphere of Influence Study

Photo Credit: [please provide]

Prepared By/For:

Mendocino LAFCo

200 South School Street

Ukiah, California 95482

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

Workshop: September 9, 2024

Public Hearing:

Adopted: [Publish Date]

LAFCo Resolution No: XXXX-XX-XX

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Workshop Draft

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ACRONYMS

AB	Assembly Bill
ACS	American Community Survey
ADU	Accessory Dwelling Unit
AMI	Area Median Income
AOI	Area of Interest
APR	Annual Progress Report
CALAFCO	California Association of Local Agency Formation Commissions
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSDA	California Special Districts Association
CSSC	Caspar South Service Company
CSWD	Caspar South Water District
DOF	Department of Finance
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
FY	Fiscal Year
FTE	Full Time Equivalent
GC	Government Code
GHG	Greenhouse Gas
GPD	Gallons per day
HCD	California Department of Housing and Community Development
I&I	Inflow and Infiltration
IRWM	Integrated Regional Water Management
JADU	Junior Accessory Dwelling Unit
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MCCSD	Mendocino City Community Services District
MCOG	Mendocino Council of Governments
MHI	Median Household Income
MPO	Metropolitan Planning Organization
MSR	Municipal Service Review
NCRWQCB	North Coast Regional Water Quality Control Board
NPDES	National Pollutant Discharge Elimination System
OPR	Governor's Office of Planning and Research
PLSS	Public Land Survey Section
RFI	Request for Information
RHNA	Regional Housing Needs Allocation
RTP	Regional Transportation Plan
RWQCB	California Regional Water Quality Control Board
SB	Senate Bill
SDRMA	Special District Risk Management Association

SDUC	Severely Disadvantaged Unincorporated Community
SOI	Sphere of Influence
SSMP	Sewer System Management Plan
SSO	Sanitary Sewer Overflow
SWRCB	State Water Resources Control Board
WAT	California Water Code
WDR	Waste Discharge Requirements

Workshop Draft

1 INTRODUCTION

1.1 Local Agency Formation Commission

The Local Agency Formation Commission (LAFCo) is a quasi-legislative, independent local agency established by State legislation in 1963 to oversee the logical and orderly formation and development of local government agencies including cities and special districts. There is one LAFCo for each county in California.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) under California Government Code (GC) Section (§) 56000 et. seq. with goals to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee efficient provision of municipal services.

LAFCo has the authority to establish and reorganize cities and special districts, change their boundaries and authorized services, allow the extension of public services, perform municipal service reviews, and establish spheres of influence. Some of LAFCo's duties include regulating boundary changes through annexations or detachments and forming, consolidating, or dissolving local agencies.

1.2 Mendocino LAFCo

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Each LAFCo works to implement the CKH Act to meet local needs through the flexibility allowed in how state regulations are implemented. As part of this process, Mendocino LAFCo has adopted policies, procedures and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website¹.

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Board of Directors members, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

Table 1-1 below lists the current members, the organization they represent, if they are an alternate, and the date their term expires.

Table 1-1: Current Mendocino LAFCo Commissioners, 2024

<i>Commissioner Name</i>	<i>Position</i>	<i>Representative Agency</i>	<i>Term Expires</i>
Gerardo Gonzalez	Commissioner	City	2026
Candace Horsley	Commissioner	Special Districts	2026
Glenn McGourty	Commissioner	County	2024
Maureen Mulheren	Chair	County	2026
Mari Rodin	Commissioner	City	2025
Gerald Ward	Vice-Chair/Treasurer	Public	2026
Vacant	Commissioner	Special Districts	2024
Francois Christen	Alternate	Special District	2026
Douglas Crane	Alternate	City	2025
John Haschak	Alternate	County	2027

¹ Mendocino LAFCo Policies and Procedures Manual <http://www.mendolafco.org/policies.html>.

<i>Commissioner Name</i>	<i>Position</i>	<i>Representative Agency</i>	<i>Term Expires</i>
Vacant	Alternate	Public	2027

Source: Mendocino LAFCo 2024.

1.3 Municipal Service Review

The CKH Act requires each LAFCo to prepare a Municipal Service Review (MSR) for its cities and special districts (GC §56430)². MSR are required prior to and in conjunction with the update of a Sphere of Influence (SOI)³. This review is intended to provide Mendocino LAFCo with the necessary and relevant information related to the services provided by Caspar South Water District (CSWD/District).

An MSR is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. An MSR must address the following seven factors:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Municipal Service Reviews include written statements or determinations with respect to each of the seven mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of a service provider's existing and future service area boundary. This MSR Update studies the wastewater services provided by CSWD. This review also provides technical and administrative information to support Mendocino LAFCo's evaluation of the existing boundary for the District.

With this MSR, Mendocino LAFCo can make informed decisions based on the best available data for the service provider and area. Written determinations (similar to 'findings'), as required by law, are presented in Chapter 3.2. LAFCo is the sole authority regarding approval or modification of any determinations, policies, boundaries, spheres of influence, reorganizations, and provision of services. This MSR/SOI study makes determinations in each of the seven mandated areas of evaluation for MSRs.

² California GC §56430 (2023) can be found here: [California Government Code § 56430 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia](#).

³ Assembly Committee on Local Government, "Guide to the Cortese-Knox-Hertzburg Local Government Reorganization Act of 2020." December 2023.

Ideally, an MSR will support LAFCo and will also provide the following benefits to the subject agencies:

- Provide a broad overview of agency operations including type and extent of services provided;
- Serve as a prerequisite for a SOI Update;
- Evaluate governance options and financial information;
- Demonstrate accountability and transparency to LAFCo and to the public; and
- Allow agencies to compare their operations and services with other similar agencies.

1.4 Sphere of Influence

The CKH Act requires LAFCo to adopt a Sphere of Influence (SOI) for all local agencies within its jurisdiction. An SOI is “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission” (GC §56076)⁴.

When reviewing an SOI for a municipal service provider, under GC §56425(e)⁵, LAFCo will consider the following five factors:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to GC §56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Sphere of Influence studies include written statements or determinations with respect to each of the five mandated areas of evaluation outlined above. These determinations provide the basis for LAFCo to consider the appropriateness of establishing or modifying a service provider’s SOI or probable future boundary.

1.5 Senate Bill 215

Senate Bill (SB) 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions. Senate Bill 375 (Sustainable Communities and Climate Protection Act) requires each Metropolitan Planning Organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in their Regional Transportation Plan (RTP) by integrating planning for transportation, land-use, and housing in a sustainable communities strategy.

⁴ California GC §56076 (2022) can be found here: [California Government Code § 56076 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.](#)

⁵ California GC §56425 (2023) can be found here: [California Government Code § 56425 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.](#)

Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the cities of Fort Bragg, Point Arena, Ukiah, and Willits to address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the 2018 Mendocino County Regional Housing Needs Allocation (RNHA) Plan and Vision Mendocino 2030 Blueprint Plan. The MCOG is also responsible for allocating regional transportation funding to transportation improvement projects consistent with the 2017 RTP for Mendocino County.

Mendocino County and the cities of Fort Bragg, Point Arena, Ukiah, and Willits are the local agencies primarily responsible for planning regional growth patterns through adoption and implementation of general plan and zoning regulations. While Mendocino County is not subject to the provisions of SB 375, LAFCo will review applicable regional transportation and growth plans when considering a change of organization or reorganization application.

2 AGENCY OVERVIEW

Table 2-1: CSWD Profile	
Agency Name:	Caspar South Water District
General Manager	Stephen McCormack, President
Office Location:	None
Mailing Address:	PO Box 744, Mendocino, CA 95460
Phone Number:	(408) 887-4708
Website:	http://cswd.specialdistrict.org
Email:	srmccormack@yahoo.com
Date of Formation:	December 19, 1978
Agency Type:	Independent Special District, Single-Service Provider
Enabling Legislation	California Water District Law: Water Code §34000-38501
Board Meeting Schedule:	As needed, typically twice per year. Meetings are held via Zoom or at one of the Board members’ residences

2.1 History

2.1.1 Formation

Mendocino LAFCo adopted [Resolution No. 78-1](#) on April 17, 1978, approving the formation of the Caspar South Water District (CSWD/District). Subsequently, the Mendocino County Board of Supervisors adopted Resolution No. 78-501 under [California Water Code \(WAT\) Section \(§\) 34002-38501⁶](#), ordering the formation of the District on December 19, 1978 to provide wastewater treatment and disposal to the Caspar South Residential Subdivision (Subdivision).

2.1.2 Boundary

The District is in the southern portion of the unincorporated coastal community of Caspar in Mendocino County, approximately four miles north of the Village of Mendocino, and is situated along the coastline between Caspar Headlands State Beach to the north and Point Cabrillo Light Station State Historic Park to the south. The community of Caspar is a Census Designated Place (CDP). The District boundary is approximately 105-acres in size and serves the limits of the Caspar South Subdivision within the community of Caspar. There are 107 lots within the Caspar South Subdivision. Of those lots, one serves as a community leach field, five are open space parcels, and the remaining are designated as residential lots (see Figure 2-1).

2.1.2.1 BOUNDARY CHANGE HISTORY

There have been no documented changes to the District boundary since its original formation in 1978.

2.1.3 Services

Of the 101 residential designated lots in the Caspar South Subdivision, the District provides service to 75 lots. Approximately 68 of the 75 lots have dwelling units while the remaining seven lots are currently vacant. There are 27 lots within the Subdivision that are not connected to the District’s wastewater

⁶ California WAT §34002 – 38501 can be found here: [Codes: Code Search \(ca.gov\)](#).

service, and 26 lots are positioned below-grade along the eastern edge of the service boundary of the District and cannot access the District's system. One recently developed lot opted to utilize its own septic system.

No other services are provided by the District, and no connections exist outside the agency's boundaries. For more information regarding this service, refer to Chapter 3.

2.1.4 Facilities

The District owns and operates a wastewater collection system. Within the Caspar South Subdivision, the District is permitted to discharge into community leach fields located on an approximately one-acre, District-owned lot within the Subdivision. The CSWD wastewater system consists of gravity-fed connection laterals, collection tanks, screen separators, a pumping station, a force main-fed large community leach field, and a sewage collection tank (see Figure 3-1). The District has an average dry weather design treatment capacity of 16,000 gallons per day (gpd). Effluent is pumped from two lift stations via a high-pressure line for processing. The pumped effluent is collected in a 10,000-gallon dosing chamber located on the leach field lot. From there, effluent is disbursed into eight 8-inch disposal lines within the community leach field for final disposal. For more information regarding District facilities and infrastructure, refer to Chapter 3.

2.1.4.1 LATENT POWERS

Latent powers are those services, functions or powers authorized by the principal act under which the District is formed, but that are not being exercised or authorized by the Local Agency Formation Commission (LAFCo). Under Division 16 of [WAT §55330](#), latent powers available to the District include water services, reclamation of saline water, and operation of recreational facilities in connection with water bodies owned or controlled by the District⁷. The CSWD is a single-service provider delivering wastewater services only. There are no other wastewater providers serving in the vicinity of the District. Properties adjacent to the District boundary rely on septic systems.

Any expansion of services would necessitate prior approval from LAFCo through an application for activation of latent powers, which generally follows the normal Commission proceedings for a change of organization or reorganization ([GC §56650 et seq.](#))⁸. Water service within the Caspar South Subdivision is currently provided by the Caspar South Service Company (CSSC/Company), a private entity with the same service boundaries as the District (see Figure 2-1). There are no recreational opportunities for the District in connection with existing facilities.

For a regional map of Mendocino County's water and sanitation districts and companies see Figure 2-3.

⁷ California WAT §5530 can be found here: [California Code, WAT 55330.](#)

⁸ California GC §56650 et. Seq. can be found here: [Codes: Code Search \(ca.gov\).](#)

Figure 2-1: Caspar South Water District Service Boundary and Sphere of Influence

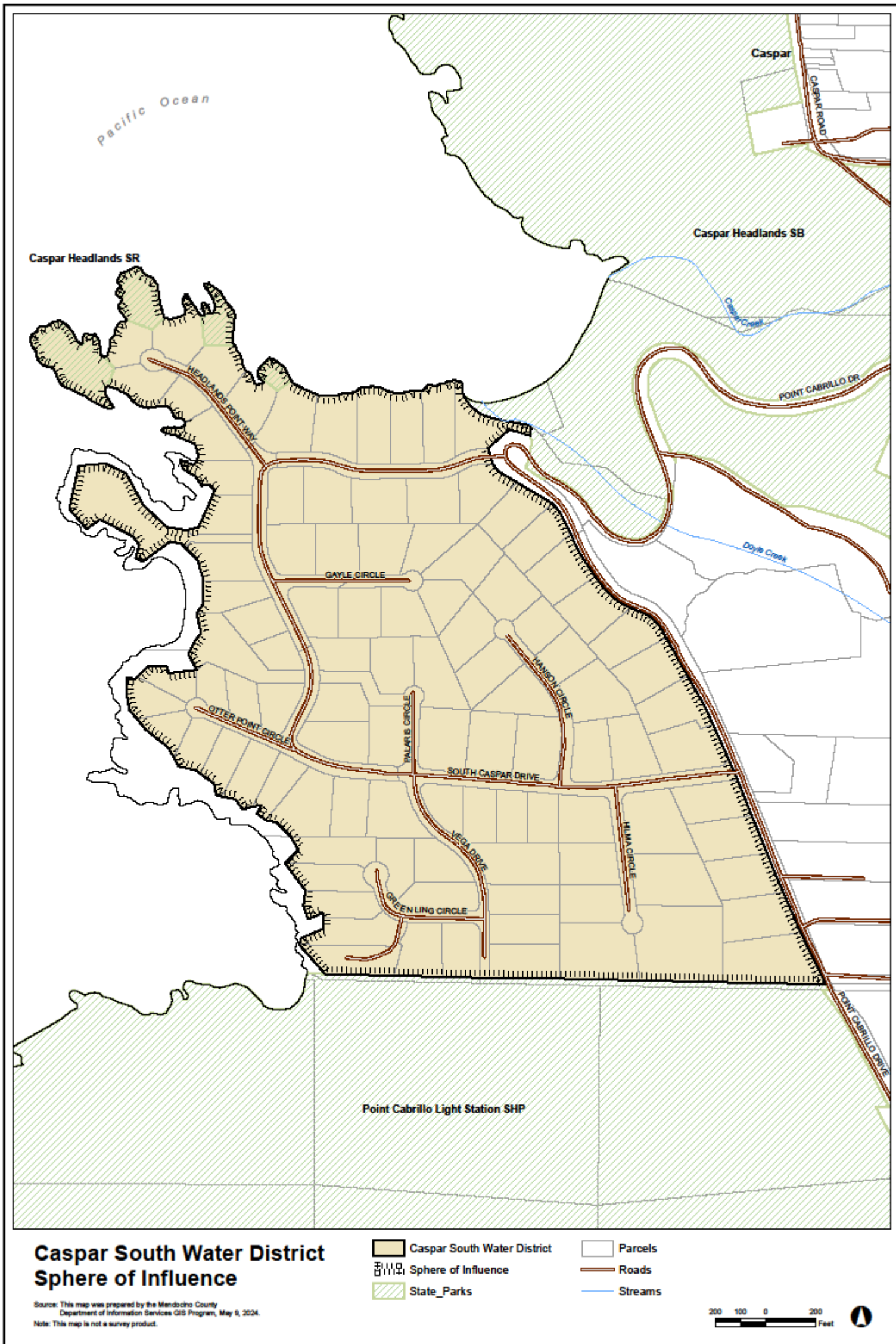


Figure 2-2: Caspar South Subdivision Map



2.2 Government Structure

2.2.1 Governing Body

The Board of Directors is the legislative body for the District and is responsible for establishing policies, adopting and amending the annual budget, enacting ordinances, adopting resolutions, and appointing committees. The District’s governance structure is comprised of a five-member Board of Directors elected at-large to serve staggered four-year terms (see Table 2-2).

To be elected to the Board, candidates must be landowners within the District boundaries. If there are insufficient candidates for election of Board vacancies, or if the number of filed candidates is equal to the number of Board vacancies, then District Board members may be appointed in lieu of election by the County Board of Supervisors per [California Elections Code §10515⁹](#). New Board members take office at noon on the first Friday in December following their election.

[Government Code §1780-1782](#) governs the process for appointment of Board of Director seats vacated prior to the scheduled term expiration date¹⁰. The District Board of Directors has 60 days to appoint an interested and qualified individual to a vacant seat if proper notice requirements have been met. If the District cannot fill the seat within the 60-day period, the Mendocino County Board of Supervisors can appoint a Director to the District Board during a 30-day period following the initial 60-day period. If the vacant seat is not filled during the total 90-day period, the vacant seat remains empty until the next election.

The District Board of Directors elects Officers as needed during a scheduled meeting. Officers include a President, Vice-President, Treasurer, and Secretary. The Board may create additional offices and elect Board members to fill those offices, provided that no Board member holds more than one office. District Board members do not receive compensation for their public service or any stipend for attending meetings. The Board President serves as the General Manager for the District.

According to Board policy, no Board Member may participate in any major decision located within 300 feet of the Board Member’s residence.

Table 2-2: Caspar South Water District Board of Directors		
Name	Office/Position	Term Expiration
Steve McCormack	President	2025
Simon Bruce	Vice-President	2025
Daniel Keen	Secretary/Treasurer	2027
Vacant	-	-
Vacant	-	-

Source: Request for Information (RFI) 2024.

The Board currently has two vacancies and, as a small district, generally has difficulty filling vacancies. As discussed in Section 2.5, much of the District is comprised of vacation homes or short-term rentals with a small number of full-time residents. A limited pool of residents meeting board eligibility requirements is

⁹ California Elections Code §10515 can be found here: [California Code, ELEC 10515](#).

¹⁰ California GC §1780 – 1782 can be found here: [California Code, GOV 1780](#).

a common problem for many small service providers within the County and throughout rural areas of California. Without a full Board, the conduct of regular District business is difficult and important planning and implementation of services may suffer. The last time the Board was fully seated with five members was in 2006.

2.2.2 Public Meetings

In accordance with the Brown Act, all District Board meetings are open to the public and are publicly posted a minimum of 72 hours prior to regular meetings, or a minimum of 24 hours prior to special meetings.

Meetings for the District Board of Directors are held on an as-needed basis, through the teleconference platform Zoom or at one of the Board members' residences in the Caspar South Subdivision. Public notices and meeting agendas are posted at the meeting location and at the community bulletin boards at the Subdivision kiosk and at the north and south entrances to the Subdivision. Agendas are distributed by email upon request. Minutes are kept for all District Board of Directors meetings and are adopted at a subsequent meeting. Public meeting information, including past agendas, reports, resolutions, and approved meeting minutes are available on the agency's website.

Because there is no District office, there is no single repository for official records, nor are they accessible to the public. The previous Municipal Service Review (MSR) and Sphere of Influence (SOI) studies determined that a central repository for District records was necessary and suggested the District's accountant's office in Mendocino. As of June 2024, the District's records are stored in a centralized location that is a shed on District property, however they are not organized and not accessible to the public (Request for Information (RFI) 2024).

2.2.3 Standing Committees

Committees assist in carrying out various functions of local government. The District currently does not have any standing committees.

2.2.4 Public Outreach

With the passage of Senate Bill (SB) 929 in 2018, all special districts are required to establish and maintain a website with specific information and accessibility requirements by January 2020 (a compliance handout is included in Appendix B).

The District has a website that is maintained by the District secretary and maintains a portion of the District's documents including past meeting minutes and notices (<https://cswd.specialdistrict.org/>). The District aims to publish an annual newsletter and keeps residents informed of District requirements and activities through/word-of-mouth and during public meetings.

It is recommended that the District improve their website and financial transparency by uploading the District's financial statements and audits as they become available.

2.2.5 Complaints

The CSWD policy to receive and address complaints is as follows:

- All formal correspondence must be in writing, addressed to the Board, and signed, not made by email or phone call to individual Board members or to the District attorney.

- Informal contact or questions are encouraged by phone, email, or via attendance and participation during the regular Board meeting public comment period.
- The District utilizes an adopted document disclosure form to better track the complaint process.

As noted in the previous MSR for the District, the District Board had previously received complaints as part of an on-going disagreement regarding erosion along a bluff and access to District public records. These issues have since been resolved and the District has received no complaints within the last five years related to this or any other issue (RFI 2024).

2.2.6 Transparency and Accountability

The CSWD Bylaws were approved in 1978 and last amended in 1995. The Bylaws serve as the legal guidelines of the District by providing written rules that control internal affairs. They define the District's official name, purpose, requirements for membership, officer's titles and responsibilities, how offices are to be assigned, how meetings should be conducted, and how often meetings will be held.

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict-of-Interest Code pursuant to [GC §87300 et seq](#)¹¹. The District does not maintain any formal policies related to governing, personnel, conflicts of interest, or financial matters, other than the District's original bylaws. However, the District does maintain an operations and maintenance manual. It is recommended that the District adopt a formal conflict of interest code.

The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year according to [GC §87200](#)¹². Under GC §87200, members of special districts are listed as "other public officials who manage public investments".

Form 700 has not been filed by District members with the Mendocino County Clerk's Office. It's recommended that the District board members each file this form annually with the County.

According to Assembly Bill (AB) 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to [GC §53235](#)¹³. The District's board members are not compensated.

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

2.3 Operational Structure

2.3.1 Management and Staffing

The Board President volunteers as the General Manager with the following responsibilities and duties: overseeing the District including managing and communicating directly with the Plant Operator, handling

¹¹ California GC §87300 et seq can be found here: [Codes Display Text \(ca.gov\)](#).

¹² California GC §87200 can be found here: [Codes Display Text \(ca.gov\)](#).

¹³ California GC §53235 can be found here: [California Code, GOV 53235](#).

customer service including customer billings, customer complaints, and connection enforcement duties. Usually, the Boards of Directors for special districts appoint a General Manager to support their efforts and oversee the daily operations of the District to ensure that the Board's policies, programs, and priorities are implemented.

District personnel includes one part-time employee (0.5 Full Time Equivalent (FTE)), a Plant Operator, which was previously a position held by a consultant but the District now contracts with a temporary employment agency that provides payroll services and worker's compensation insurance the Plant Operator (RFI 2024).

The Plant Operator has the following responsibilities and duties:

- Providing oversight of plant operations and maintenance, with authority to make repairs or secure replacement parts for costs not exceeding \$500;
- Inspecting the system several times per week;
- Pumping sludge and cleaning the screens and "D" boxes; and
- Sending monthly California Regional Water Quality Control Board (RWQCB) reports.

The Board of Directors assumes responsibility for annual budget preparation, expenditure monitoring, Discharge Permits compliance, and RWQCB reporting.

2.3.1.1 CONTRACT STAFFING AND SERVICES

The District contracts with ComputAccount, a firm located in Mendocino, for all accounting services as well as the temporary employment agency for the Plant Operator mentioned above.

The District also contracts with a septic service company to dispose of the wastewater solids produced by customers. This service is monitored by the Plant Operator and occurs approximately once a year when the solids in the dosing chamber reach a depth of 12-inches and grease on the surface reaches six inches.

2.3.2 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. The District tracks its one employee's workload and productivity through a timekeeping mechanism and conducts annual written performance evaluations. In the regular performance of duty, the District's part-time employee identifies areas of improvement and takes corrective action when feasible and appropriate or informs the Board when further direction is needed.

The District also monitors and evaluates agency operations through regulatory reporting and review of District databases and records.

2.3.2.1 CHALLENGES

The CSWD service area is located along the California coast near sensitive forest, riparian, and coastal habitats. Given the surrounding geography with sensitive environmental issues, obtaining permits to develop and maintain public facilities from the various local, state, and federal agencies can be challenging.

The District's significant barriers include geographic isolation, small size, aging infrastructure, keeping up with changing laws and regulations, limited revenue base, and the reliance on volunteers to primarily run the enterprise.

2.3.2.2 DISTINGUISHED SERVICE

The District did not provide any information on distinguished services.

2.3.2.3 STRATEGIC OR SUCCESSION PLANNING

The District does not currently have an established strategic plan, mission statement, or official goals. While the District is not legally obligated to maintain these types of documents and/or plans, doing so helps to provide an identity and some sense of security when it comes to the future of the District.

In lieu of these planning documents, the Board reviews progress and setbacks over the prior year during the annual budget development process.

LAFCo staff recommends that the District prepare a strategic plan when the resources to do so are readily available.

2.3.3 Regional and Service-Specific Collaboration

The District does not participate in any interagency collaborative arrangements or mutual aid agreements.

LAFCo staff recommends that the District consider future group participation efforts by attending regional and service-specific meetings and communicating with colleagues regarding industry standards, best management practices, changing regulations, and service delivery models implemented by other local agencies and organizations.

2.3.4 Shared Service Delivery

2.3.4.1 ADJACENT PROVIDERS

Due to its geographical isolation, there are no public or private wastewater service providers located adjacent to the District. The nearest sanitation providers include the Mendocino City Community Services District (MCCSD), located approximately three miles south of the District, and the City of Fort Bragg located approximately six miles to the north.

The Mendocino Fire Protection District provides fire protection services within the District boundary.

There are several small private water service providers in the Caspar area. The Caspar South Service Company (CSSC/Company) shares the same service boundary as the District and delivers water services to the Caspar South Subdivision (see Figure 2-3). The District does not currently participate in any shared collaborations with adjacent private water service providers; however, given the overlapping boundary to CSSC and shared customers, a consolidation between the two service providers could be beneficial in creating efficiencies in services and public accountability.

The CSSC provides residential drinking water to 95 service connections within the Caspar South Subdivision, mostly part-time residents. The Company owns and maintains eight active groundwater wells, 2.2-miles of distribution lines, and a filtration system at the headworks. The CSSC does not collaborate with any other local water districts or private water companies for shared facilities or services. As of 2018, the Company's governing board was non-functional, and stakeholders do not meet. currently, CSSC is operated by a private management company, under the direction of a court appointed receiver. Contract services for the Company include administration, bookkeeping, water operations, and plumbing repair services (RFI 2024).

Private water companies are not under the jurisdiction of LAFCo; however, given the overlap in service boundaries, there may be opportunity for coordinated services with CSSC in the future as discussed further in Section 2.3.5.

Other water service providers in the vicinity are summarized in Table 2-3:

Service Provider	Population	Service Connections	SAFER Status
Caspar South Service Company	188	95	Not at risk
Point Cabrillo Highlands	42	21	Not at risk
Seafair Road and Water Company	50	31	Not at risk
Shorelands Road and Water Company	78	47	Not at risk

Source: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/saferdashboard.html.

2.3.4.2 SHARED SERVICES AND FACILITIES

The CSWD does not share services or facilities with other districts. Fire protection for properties within District is provided by Mendocino Fire Protection District. Water is provided by the CSSC.

The District does not participate in any Joint Powers Authorities (JPAs), or joint decision-making efforts, and does not jointly own or share facilities or services with other agencies or organizations.

Due to the geographic isolation of the District, the District does not have any emergency interties.

2.3.4.3 DUPLICATION OF SERVICES

The District provides wastewater services to the Caspar South Subdivision and is the only wastewater provider for the area; all other properties rely on private on-site septic systems.

As previously stated, the CSSC currently provides residential drinking water services to the Caspar South Subdivision and thus overlaps with customers of the District. While there is no duplication of services between the District and the CSSC, there is redundancy in the organizational structure of these service providers, although the nature of service provision is different and involves a public agency and a private company. One or both providers have previously struggled, or continue to struggle, to meet their organizational needs, such as maintaining a full and functional governing body to represent constituents. Both providers serve the same area and omit opportunities to share resources, staffing, or jointly address common organizational needs. There is the potential for cost savings from pooled resources and insurance as well as shared governance.

However, as of 2024, the District stated that there were no recent communications between the two providers on the subject and expressed that, given the District’s struggles of maintaining a full Board, taking on the additional responsibilities of the water service would be daunting task for the District at this current time (RFI 2024).

LAFCo staff recommends that a consolidation between CSWD and CSSC only be explored in the next MSR if the District is in a more stable governing position.

2.3.4.4 INTERAGENCY COLLABORATION

The District does not participate in any interagency collaborative arrangements or mutual aid agreements, nor do they participate in any coordination related to drought management in the region (RFI 2024).

2.3.4.5 REGIONAL AND SERVICE-SPECIFIC PARTICIPATION

The District is a member of the California Special Districts Association (CSDA) (RFI 2024).

Although the District does not currently participate in the Integrated Regional Water Management (IRWM) program for the region (North Coast Resource Partnership)¹⁴, participation in these types of regional planning programs often provides opportunity to pursue joint grant applications and to leverage other community resources. It may be beneficial to the District to consider participation in future IRWM opportunities.

2.3.5 Government Structure and Community Needs

Government restructure options should be pursued if there are potential benefits in terms of reduced costs, greater efficiency, better accountability or representation, or other advantages to the public.

There are no existing public agencies that would better provide wastewater services to the Caspar South Subdivision at this time. Due to the geographic isolation of this small residential community, the residents are ideally suited to serve their own needs through an independent special district model.

Another service delivery model would be through a County-dependent special district, although this is not currently an available or practical avenue. An additional option would be forming a joint powers arrangement with other coastal service providers to pool resources and benefit from economies of scale.

2.4 Finances

2.4.1 Current Fiscal Health

The District operates under a wastewater enterprise fund, meaning that charges for services are intended to pay for the costs of providing such services.

The District typically holds the first public hearing on its annual budget in February, with adoption scheduled at a public meeting in April or May. The budget is typically listed as an agenda item as part of the District's regular meeting. The Board has authorized ComputAccounts, the District's accountant, to disburse funds for expenditures as approved in the District budget. Monthly financial reports are filed with the Board.

In addition to preparation of an annual budget, the District also carefully manages its finances by having independent audits of its financial statements. The audits are conducted in accordance with auditing standards generally accepted in the United States. The last financial audit prepared for the District was completed in 2020 for Fiscal Year (FY) 2019. A more recent audit is still pending.

The District is currently behind on its required financial audits and LAFCo staff recommends that the District prioritize catching up to the current fiscal year.

While some information from FY 2019 audit has remained still true, the following table provides year-end (not budget) financial information in the form of balance sheets prepared by the District.

¹⁴ The North Coast Resource Partnership implements the region's Integrated Regional Water Management program; more information can be found here: <https://northcoastresourcepartnership.org/>.

Table 2-4 summarizes the expenses and revenues from the balance sheets from last four years.

Table 2-4: CSWD Financial Summary				
	FY 19-20 (\$)	FY 20-21 (\$)	FY 21-22 (\$)	FY 22-23 (\$)
Operating Revenues				
Annual Assessment	68,528.20	66,570.00	64,770.00	63,442.08
Interest Income	781.69	2,113.13	381.84	1,851.00
Total Operating Revenues	69,310.19	68,863.13	65,151.84	65,293.08
Operating Expenses				
Sewer Master	10,961.67	12,012.19	10,102.00	15,077.19
Pumping	2,524.00	-	12,450.00	-
Maintenance and Repairs	44,582.71	47,664.43	26,619.22	4,602.44
Utilities		937.60	1,188.10	2,036.58
Bookkeeping and Accounting	1,238.51	5,608.00	5,796.00	6,499.00
Insurance	4,715.50	6,163.50	8,432.38	6,012.03
Dues and Fees	8,033.65	8,687.10	10,424.72	9,938.23
Office Supplies & Postage	174.00	109.00	135.00	174.53
Meeting Costs	500.00	-	-	-
Total Operating Expenses	73,445.04	81,181.82	75,147.42	44,340.00
Net Income/(Loss)	(4,134.85)	(12,318.69)	(9,995.58)	20,953.08

Table 2-5 summarizes the District's assets including its cash accounts and infrastructure.

Table 2-5: CSWD Assets				
	FY 19-20 (\$)	FY 20-21 (\$)	FY 21-22 (\$)	FY 22-23 (\$)
Current Assets				
SBMC Checking	97,791.48	78,994.72	64,865.93	84,017.77
Bank Savings Account	69,622.85	69,622.85	69,692.46	69,727.30
Bank Savings CD 9972	154,096.60	154,096.60	156,423.27	158,189.67
Assessments Receivable	1,200.00	1,200.00	-	-
Property and Equipment (Other Assets)				
Land	60,175.00	60,175.00	60,175.00	60,175.00
Sewage Disposal Plant	381,050.00	381,050.00	381,050.00	381,050.00
Operating Equipment	897.00	897.00	9,712.32	9,712.32
Office Equipment				
Vehicles	500.00	500.00	897.00	897.00
Depreciation	(369,617.00)	(369,617.00)	500.00	500.00
Total Assets	405,428.25	386,631.49	373,698.98	394,652.06

2.4.1.1 REVENUES AND EXPENDITURES

Expenditures totaled \$44,340.00 in FY 2022-2023, \$75,147.42 in FY 2021-2022, and \$81,181.82 in FY 2020-21. The top expenditures included maintenance/repairs, dues and fees, and the sewer master.

In FYs 2020-21 and 2021-22, the District invested significant resources into the maintenance of the system’s facilities. Minor maintenance work continued into FY 2022-23.

Table 2-5 show a general upwards trend that indicates financial stability for typical annual operations and maintenance, assuming these accounts are regularly maintained.

2.4.1.2 ASSETS AND LIABILITIES

The largest asset for the District is infrastructure for which depreciation costs have been accounted for in the asset. The District does not have any debts, and its liabilities are limited to accounts payable.

The District does not have a needs assessment or a Capital Improvement Plan (CIP), therefore it is not clear what improvements need to be made to the District and the costs associated with such improvements.

2.4.1.3 NET POSITION

While expenses have exceeded revenues in many of the last few years, the District remains net positive through relying on savings accounts the District maintains (see Table 2-5).

2.4.2 Long Term Financial Considerations

2.4.2.1 RESERVES

The District does not maintain any formal policies related to reserves. However, reserves are held in two savings accounts, which, as of April 2024, have a combined total of \$290,982.

2.4.2.2 OUTSTANDING DEBT/COST AVOIDANCE

The District does not currently have any debt. The District also works to maintain and control budget expenditures through discussion at its monthly Board meetings.

Insurance for its business activities is provided to the District via participation in the Special District Risk Management Authority (SDRMA) which is a 501c(6), not-for-profit association that offers cost-efficient programs to independent special districts.

2.4.2.3 RATE RESTRUCTURING

The Board publishes its rate structure in its annual newsletter ensuring the rate schedule is transparent; the current rate structure was adopted in October 2011. A payment schedule on a quarterly basis is also offered to homeowners, which includes a \$15 service charge with each payment. Table 2-6 below summarizes the current fee structure and estimated revenue. Additionally, all new construction is charged an \$875 connection fee.

Table 2-6: CSWD Rate Structure and Estimated Revenue		
Annual Fee	Number of Lots	Total Estimated Revenue
\$900 per developed lot	68*	\$61,200
\$600 per vacant lot	7	\$4,200
Total Served	75	\$65,400

**Includes two homes under construction*

Proposition (Prop) 218 was approved by California voters in November 1996 to ensure that the setting of all taxes and most charges to property owners be transparent and subject to voter approval. In addition,

Prop 218 seeks to curb some perceived abuses in the use of assessments and property-related fees, specifically the use of these revenue-raising tools to pay for general governmental services rather than property-related services (O'Malley 1996). The existing rate structure does not specify wastewater rates for District customers, but instead gives the Board the authority to annually calculate sewer service charges to equal the total cost of operating, maintaining, and expanding the District sewer system for that year.

Prop 218 requires local governments to ensure that property-related fees comply with the measure's calculation requirements. Specifically, local governments must make sure that no property owner's fee is greater than the proportionate cost to provide the subject service to his or her parcel. Like assessments, this requirement may result in local governments setting property-related fee rates on a block-by-block, or parcel-by-parcel basis (O'Malley 1996).

The District's current rates were adopted in 2011, but it is unknown when the last rate study was prepared for the District.

LAFCo staff recommends that the District prepare a rate study to identify and plan for infrastructure needs and anticipated operating costs and establish appropriate rates in compliance with the Prop 218 process.

2.4.2.4 CAPITAL IMPROVEMENT PLAN

The District currently does not maintain a CIP. The District has indicated that repairs to the existing wastewater system may need to be conducted in the future, but because the District does not have a needs assessment or a CIP, it is not clear what the costs associated with these replacements would be. Further, development of a CIP would identify and prioritize infrastructure maintenance and replacement needs, allowing for better overall planning, financing, and implementation.

LAFCo staff recommends that the District prioritize identifying and documenting its infrastructure needs.

2.5 [Growth](#)

2.5.1 Present and Planned Land Use and Development

2.5.1.1 CASPAR HISTORY

Caspar was settled in 1857 by Siegfried Caspar, a German trapper who lived and worked near what would become known as Caspar Creek. Siegfried later sold the land to Jacob Green Jackson, one of the founders of the Caspar Lumber Company, which turned Caspar into a significant logging town in Northern California from 1864 to 1955 (Caspar Commons 2024).

The scale of the Caspar Lumber Company operation was large and entailed a thriving mill that extracted and shipped millions of board feet of virgin redwood, and reduced the largest logs ever milled to lumber, often 12 feet in diameter. In addition, many timber industry innovations were pioneered in Caspar, including redwood water main and sewer pipe, the double-sided band saw, and the wire chute that delivered finished lumber to the decks of schooners (California State Parks 2024).

In 1989, heirs to the Caspar Lumber Company sold their holdings to Georgia-Pacific and private investors. In 1997, the Caspar Cattle Company acquired 300-acres, comprising much of the central parcels in Caspar. In 1999, a 30-acre headlands parcel and adjoining beach were acquired for public benefit (Wikipedia 2024).

The Caspar South Subdivision encompasses 105 acres and was established in 1965. It consists of 107 lots, 101 of which are designated for residential development. See Chapter 3 for more information.

2.5.1.2 LAND USE

The CSWD boundaries are entirely located within the unincorporated area of Mendocino County. Mendocino County has land use authority over privately-owned lands within the District boundary and makes land-use decisions based on the County's General Plan and Zoning Regulations. The CSWD is also located in the Coastal Zone and is subject to the regulations of the Coastal Element, a part of Mendocino County's Local Coastal Plan as approved by the Coastal Commission. Any proposed changes to the land use or development patterns of the District area must be approved by the Coastal Commission (County of Mendocino General Plan 2009).

The 105-acres of land within the District boundary is primarily zoned Rural Residential 5-Acre Minimum [Variable Density of 1 Acre Minimum] (RR5 [RR1]), with a few small areas zoned Open Space (OS). The Rural Residential land use indicates areas not intended to be high growth and residences should create minimal impact on agricultural viability. Many of the homes within the District's service area are vacation/secondary homes. There is no commercial or industrial zoning located within or near the District boundary.

Variable Density Zoning, which applies to the residential parcels within the District, are allowed to be developed to the smaller parcel size (one acre as opposed to five acres), provided the parcels are served by a public water system which utilizes surface waters and does not impact upon the ground water resource, or by completion of a hydrological study which supports those greater densities. Since the CSSC takes its water from groundwater wells, a hydrological study would need to be prepared in order to ensure compliance with these requirements.

The surrounding parcels adjacent to the District boundary consist of a mix of rural residential and open space uses including Rural Residential 5, 10, 20 Acre Minimum: Planned Development (RR5), Open Space (OS), Rural Village (RV), Public Facility (PF), Forestland (FL), and Rangeland (RL). The areas adjacent to the District include the Caspar Headlands State Beach to the north, Point Cabrillo Drive to the east, Point Cabrillo Light Station State Historic Park to the south, and a rugged coastline and bluff overlooking the ocean to the west. There are single-family homes, including vacation home rentals, throughout the area.

2.5.1.3 DEVELOPMENT

Future growth and development of the District is subject to Mendocino County land use regulations. The County has adopted plans and policies to regulate growth, including a General Plan and a Zoning Ordinance. The County's Zoning Ordinance contains three major geographical zones (Inland, Coastal, and Mendocino Town) and the Caspar area is included in the Coastal Zone (County of Mendocino Coastal Element 2021). As shown in Figure 2-5, the County's Zoning Map designates most of the Caspar South Subdivision and surrounding parcels as single-family residential and open space uses.

The District is bounded on three sides by state parks and, therefore, future expansion and development around the community is constrained by geography and land ownership patterns.

2.5.2 Existing Population

The District serves an area limited to a Subdivision located in the unincorporated community of Caspar, which is a CDP with a population of approximately 500 residents and approximately 320 households (US

Census 2024). The Caspar CDP encompasses three-square miles and includes primarily rural residential properties and commercial development along State Highway 1. Caspar is located within Census Tract 110.03 in Mendocino County, which includes the area between Noyo to the north, Pine Grove to the south, and Whiskey Springs to the west and has an estimated population of 3,240.

Many developed lots in the District are seasonally occupied homes. The District estimates that approximately one-third of the parcels have full-time residents. During the low season, assuming that approximately 25 customer parcels are occupied and assuming the County's average of 2.46 people per household, then the District serves approximately 62 people. Assuming the County's average of 2.46 persons per household and assuming all homes are occupied, the District serves approximately 185 people during the peak season. However, vacation home rentals generally allow for two persons per room and an additional two persons per home. Vacation homes could have maximum occupancy during peak season of eight to ten persons for three to four-bedroom homes. Assuming the other two-thirds of the parcels are utilized as vacation homes for at least a portion of the year, the peak population could potentially reach up to 500 people.

2.5.3 Projected Growth

The District's population at buildout can be projected based on development of the remaining seven vacant parcels in the District. If all parcels are developed, the population of the District would likely increase by approximately 23 persons, assuming the County's average of 2.46 people per household, which could result in a total population of 248 people. This also assumes full-time residents as opposed to seasonal occupants.

The California Department of Finance (DOF) projects that the population of Mendocino County will decline by a little more than 2.7 percent in the next 10 years, from 91,601 in 2023 to 89,091 in 2033 and 89,139 in 2043 (DOF 2023).

The District anticipates little growth in resident population within the near-term (five years) and long-term (20 years) planning horizons. The projected decline of 2.7 percent throughout the County suggests that buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document (DOF 2023). Given that the CSWD system is only designed to accommodate the full buildout of the Subdivision (i.e., the seven currently vacant lots), the District will likely not need to accommodate much future development and is near buildout.

might be identified as having a MHI of less than 80 percent, various portions of that block group could be significantly wealthier in rural areas, or the block group could split into an otherwise contiguous community.

As a result, within rural areas, such as Mendocino County, assembling income data for specific unincorporated communities is not always straightforward. In Mendocino County, identifying and mapping DUC locations is a complex process because the delineation of DUC boundaries often differ from those common to the local agency and the public. Some entities, such as Sonoma County LAFCo and Stanislaus County, utilize CDP communities to help provide usable geographies for DUC boundaries, but even then, mapping and data challenges persist. In particular, MHI ratios are subject to adjustment over-time and can result in a change to a community's disadvantaged status. Similarly, the number of registered voters can fluctuate during election years causing further variability. Senate Bill 244 describes the general characteristics of DUCs, but it does not provide specific guidance or methodology for how to identify them, other than providing the following criteria:

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city SOI, is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has a median household income that is 80 percent or less than the statewide MHI
- For this analysis, per California Association of Local Agency Formation Commissions (CALAFCO) recommendation, calculated the “MHI Threshold” i.e. 80 percent of the statewide MHI as \$73,240, per the ACS MHI data (The MHI for the State of California is \$91,551) (US Census, 2022A)
- Income data was sourced from the US Census American Community Survey (ACS) 5-year Estimates dataset for 2018-2022 and the 2022 ACS 1-Year Estimates.

This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

Mendocino County has an MHI of \$65,520 with a majority of the County considered DUCs, including both the census tract and block group that the District is located within (US Census 2022B).

The community of Caspar is a CDP covering approximately 3 square miles that has a population of 500 (159 households and 320 total housing units) and an MHI of \$235,805 (US Census 2024). Because the District is located within the Caspar CDP, which has an MHI which is significantly higher than the Statewide MHI threshold of \$73,240, the District is not considered to be located within a DUC.

As shown in Table 2-7 below, which includes MHI data on all the adjacent areas to the District, the District is located wholly within one census tract which has widely varying MHIs depending on the specific block group. The economic data shows that the District does not meet the income threshold to qualify as a DUC; however, MHI data is not available at a geographic unit smaller than census tract block group that would support conducting a more refined level of economic analysis specific to the Caspar South Subdivision.

As previously stated, the District and surrounding areas are proliferated with seasonal homes that are only occupied a portion of the year; as such, these high earning households tend to skew the data, making it even more difficult to get an accurate representation of the District’s representative MHI.

Table 2-7: Median Household Income Data

Census Tract	Census Block Group	Population	Number of Households	Median Household Income (MHI)
103	BG4	1,066	453	\$42,809
104	BG1	456	208	\$48,511
105	BG3	1,308	298	\$68,750
110.03	BG1	1,147	533	\$46,705
110.03*	BG2**	228	190	\$78,846
110.03	BG3	1,865	698	\$62,378
110.04	BG1	516	258	\$81,515
110.04	BG3	1,142	536	\$49,428

* Census Tract CSWD is located within

** Census Block Group CSWD is located within

Data sourced from Census Reporter which utilized the ACS 2022 Estimates.

The residents within the Caspar South Subdivision receive adequate services with respect to fire, which is provided by Mendocino Fire Protection District¹⁶. Water services are provided by CSSC. According to data sourced from the California Department of Water Resources (DWR), the District is located within Public Land Survey Section (PLSS) M17N18W12, which is documented as having 17 domestic wells¹⁷.

With respect to wastewater services, there are approximately 26 properties within the District that utilize private on-site septic systems for their wastewater needs as a result of topographic necessity (properties are below grade).

The residents of Caspar South Subdivision receive the essential municipal services of fire, water, and wastewater, and all services have proven to be adequate in the area. However, wastewater services provided by the District could be improved in the areas that are utilizing septic and as well as addressing aging infrastructure needs.

¹⁶ Source is the 2018 Mendocino LAFCo Multi-District Fire Protection Services SOI found here: <https://www.mendolafco.org/files/01d2409c9/Multi-District+Fire+SOI+Update+Adopted+FINAL.pdf>

¹⁷Well Completion Report Map Application data can be found here: <https://dwr.maps.arcgis.com/apps/webappviewer/index.html?id=181078580a214c0986e2da28f8623b37>

3 MUNICIPAL SERVICES

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. The MSR determinations inform the Sphere of Influence (SOI) Update process and assist the Local Agency Formation Commission (LAFCo) in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.3.

3.1 Service Overview

This is the second MSR prepared for the Caspar South Water District (CSWD/District). The first District MSR was completed as part of the Countywide Water and Wastewater MSR adopted on December 1, 2014.

3.1.1 Services

The CSWD is a small independent special district that administers a community sewage disposal system for a residential subdivision and provides wastewater services including collection, processing through a dosing chamber, disposal via leach field system, and the regular maintenance of related facilities and equipment.

3.1.2 Service Area

CSWD serves the Caspar South Subdivision (Subdivision) located along the coast in Mendocino County, south of the unincorporated community of Caspar. There are 107 lots within the Subdivision. Of those lots, one serves as a community leach field (Subdivision Lot No. 24), five are open space parcels, and the remaining are designated for residential development. Of the 101 residential lots in the Subdivision, the District services 75 lots (68 of the 75 lots have residential dwellings while the remaining seven lots are currently vacant). There are 27 lots within the Subdivision that are not provided with wastewater service from the District, 26 are located below-grade and cannot access the system and one recently developed lot chose to utilize its own septic system.

3.1.3 Outside Agency Services

The District does not provide any services outside its jurisdictional boundary. During the preparation of this MSR, no developed properties adjacent to the District boundary with failing septic systems requiring connection to the District wastewater system to address public health and safety issues were identified. Further, no requests for outside agency services have been made.

3.2 Wastewater Services

3.2.1 System History

The original centralized sewage system for the Caspar South Subdivision was constructed in 1965 when the Subdivision was developed and initially discharged effluent into a cave that led directly to the Pacific Ocean. The District acquired the centralized sewage system upon formation in 1978 and was tasked with addressing new water quality regulations.

On December 5, 1979, the North Coast Regional Water Quality Control Board (NCRWQCB) adopted Cease and Desist Order No. 79-210 due to non-conforming discharge of waste to the Pacific Ocean from the

Caspar South Subdivision. In 1982, the District obtained a permit from the California Coastal Commission, Mendocino County Department of Environmental Health, and the NCRWQCB to construct a pumping station and install one large community leach field to serve the Subdivision. The District-owned community leach field was subsequently installed in 1982 on Lot 24, a 0.75-acre Subdivision lot, and eliminated the effluent discharge into the ocean. At that time, the treatment plant located at the end of Otter Point Circle was decommissioned and repurposed to serve as a sewage collection tank and pump station.

3.2.2 Service Overview

The District owns and operates a wastewater collection system with permitted discharge into community leach fields located on a lot within the subdivision. The District has an average dry weather design treatment capacity of 16,000 gallons per day (gpd).

Effluent is pumped from two lift stations via a high-pressure line for processing. The pumped effluent is collected in a 10,000-gallon dosing chamber located on the leach field lot. From there, effluent is disbursed into eight 8-inch disposal lines within the community leach field for final disposal. These leach lines are utilized on a rotating basis.

Over the last two years, the average daily flow for the District is 5,844 gallons. The District is currently operating at 36.5 percent of its capacity. See Table 3-1 for the District's most recent wastewater flows.

Month/Year	Average 24-hour Flow (Gallons)
June 24	4,748
May 24	4,982
April 24	5,388
March 24	17,978
February 24	2,122
January 24	6,068
December 23	3,840
November 23	4,096
October 23	4,046
September 23	4,407
August 23	4,848
July 23	5,400
June 23	5,618
May 23	6,185
April 23	8,029
March 23	11,357
February 23	5,840
January 23	7,014
December 22	4,386
November 22	4,220
October 22	4,253
September 22	4,736

August 22	5,049
July 22	5,650

Source: RFI 2024.

3.2.3 Facilities and Infrastructure

The CSWD wastewater system consists of gravity-fed connection laterals, collection tanks, screen separators, a pumping station, a dosing chamber, and a force main-fed large community leach field (see Figure 3-1).

The contracted Plant Operator is responsible for monitoring and reporting effluent conditions, and inspects and monitors the system weekly. Additionally, the Plant Operator prepares a Monthly Monitoring Report and a Weekly Log Report which are made available to the Board of Directors and the public. The reports address average daily flow, any occurrences within the system, and any maintenance activity. It was also reported that the Chief Plant Operator was tasked to prepare a Sewer System Management Plan (SSMP), though its preparation is still pending.

As previously stated, the District contracts with a septic service company to dispose of the wastewater solids from the dosing chamber. This service occurs approximately once a year when the solids in the dosing chamber reach a depth of 12-inches and grease on the surface reaches 6-inches.

3.2.3.1 SYSTEM IMPROVEMENTS

Within the last five years, the District has installed new filters at the pump stations, and added fans and stainless-steel cat walks to ensure that the pump stations operate properly. The District has also installed backflow prevention devices in each residential lateral and has added two generators at each pump station in case of a power outage; the exact date of these improvements is unknown, but is estimated to have been within the last six years (RFI 2024).

In 2014, the District replaced a 300-foot section of pipe in the southerly portion of the District. In May 2015, the District conducted a hydro-flush and camera inspection of the entire system and identified and prioritized the necessary repairs and/or replacements based on the results. Additionally, in September 2015, the District replaced 900 linear feet of six-inch pipe in the system.

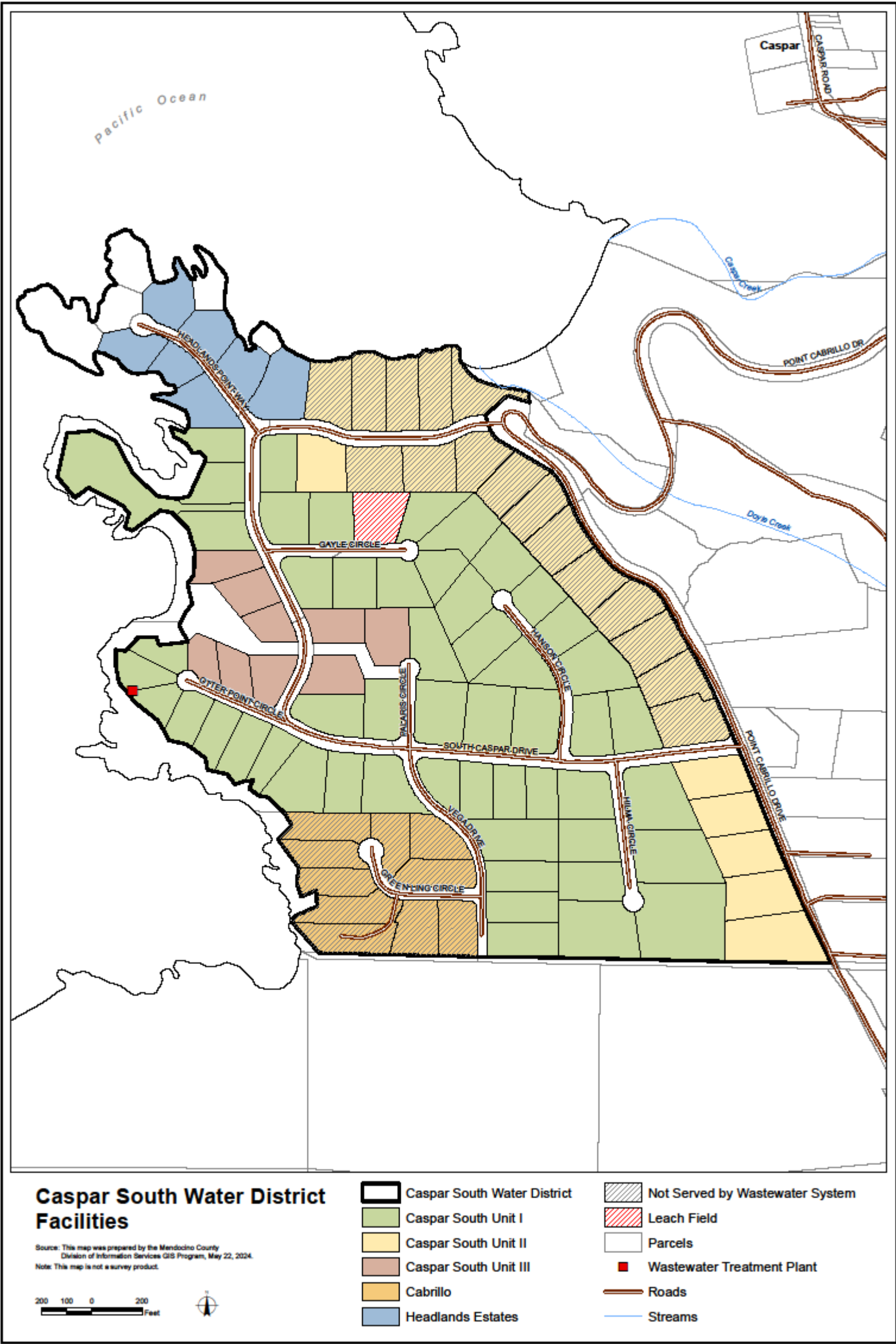
The District works to ensure the integrity of its system via testing and other measures including continual maintenance and monitoring, video camera inspection of lines, and locating and eliminating 'wet areas' where leaks are indicated. Additional pipe replacement work is anticipated to continue as the aging system needs repair in multiple areas.

The District does not currently have plans to increase the wastewater system capacity. In the past, the District had considered purchasing easements on property adjacent to the existing community leach field parcel. However, this option has been reviewed by a qualified engineer that concluded there was no need for any additional land at this time (RFI 2024). Should additional capacity become necessary, the District would then consider adding an additional 8,000 to 10,000-gallon dosing chamber and additional leach lines to the system.

3.2.3.2 ENGINEERING REPORTS

No engineering reports were provided to LAFCo staff.

Figure 3-1: CSWD Facilities Map



3.2.3.3 REGULATORY PERMITS AND COMPLIANCE HISTORY

The District is enrolled under the Statewide General Waste Discharge Requirements (WDR) for Sanitary Sewer Systems (State Water Board Order No. 2006-0003-DWQ). This Order regulates the District's sewage collection system (pipelines, pumps, intermediate septic tanks, etc.) up to the point where sewage enters the main septic tanks. Currently, the District is not in compliance with Order No.2006-0003-DWQ due to its lack of a SSMP and associated plans and programs.

The District is currently regulated by WDR Order No. 82-76 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0023931, adopted on October 28, 1976. A summary of the District's regulatory measures as identified by the State Water Resources Control Board (SWRCB) is shown below in Table 3-2. The District has had an active permit with the SWRCB since 1982¹⁸.

Table 3-2: District Regulatory Measures

Reg Measure ID	Reg Measure Type	Region	Program	Order No.	WDID	Effective Date	Expiration Date	Status	Amended?
379716	Enrollee	1	WDR	2006-0003-DWQ	1SSO11609	06/15/2011		Never Active	N
261062	Letter	1	WDRMUNIOTH	001	1B82076OMEN	08/12/2003		Historical	N
136963	WDR	1	WDRMUNIOTH	82-076	1B82076OMEN	07/22/1982	07/04/2011	Active	N
Total Reg Measures: 3									

Source: SWRCB.

Between 2000 and 2008, the District's average daily flow exceeded 13,200 gallons eleven times in the months of January, February, and March. The most recent instance of the District exceeding its capacity was in 2017. These incidents all took place prior to significant upgrades to the pipe system when Inflow and Infiltration (I&I) was a more common issue (RFI 2024).

In addition, the SWRCB had previously documented that the District received five violations since November 2022, all related to late or missing monthly monitoring report submittals (SWRCB 2024). However, the District stated that all the noted reports have been submitted and accepted by the SWRCB (RFI 2024). A summary of these violations can be found in Table 3-3.

3.2.3.4 SANITARY SEWER SPILLS

A sanitary sewer spill is a discharge of sewage from any portion of a sanitary sewer system due to a sanitary sewer system overflow, operational failure, and/or infrastructure failure. The SWRCB's Sanitary Sewer Spill Incident Map shows spill reports for individual locations where sewage was discharged from a sanitary sewer system enrolled under the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems Order, WQO No. 2022-0103-DWQ (the Statewide Sanitary Sewer Systems Order).

When searching the SWRCB's sanitary sewer overflow (SSO) incident data for CSWD, zero spill incidents were identified¹⁹.

¹⁸ State WRCB Facility at a Glance' report on CSWD found here:

<https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/CiwqsReportServlet?inCommand=drilldown&reportName=facilityAtAGlance&placeID=213470&reportID=2023620>

¹⁹ ¹⁹Data for Spill Events can be found here: https://www.waterboards.ca.gov/water_issues/programs/ss/o/

Table 3-3: SWRCB District Violations

Violation ID	Occurred Date	Violation Type	(-) Violation Description	Corrective Action	Status	Classification	Source
1114850	03/16/2023	LREP	Failed to submit monthly monitoring report for February 2023 monitoring period.		Violation	B	Report
1114849	02/16/2023	LREP	Failed to submit monthly monitoring report for January 2023 monitoring period.		Violation	B	Report
1114848	01/17/2023	LREP	Failed to submit monthly monitoring report for December 2022 monitoring period.		Violation	B	Report
1114847	12/16/2022	LREP	Failed to submit monthly monitoring report for November 2022 monitoring period.		Violation	B	Report
1114846	11/16/2022	LREP	Failed to submit monthly monitoring report for October 2022 monitoring period.		Violation	B	Report

Report displays most recent five years of violations. Refer to the [Interactive Violation Report](#) for more data.

Total Violations: 5

Priority Violations: 0

Source: SWRCB.

3.2.3.5 CAPACITY

Waste Discharge Requirements Order No. 82-076 authorizes the CSWD collection system to serve 78 lots and includes a discharge capacity limit for average daily wastewater flow not to exceed 13,200 gpd. The design capacity of the District's system totals 16,000 gpd and applies to the full build out of the Subdivision's 75 dwelling units (assuming 2.5 persons per residence and 85-gallons per person per day) (RFI 2024).

Currently, 66 of the lots are utilizing the District's services resulting in the processing of an average daily flow of 5,844 gpd thus the system is operating at 36.5 percent capacity (RFI 2024).

3.2.3.6 NEEDS AND DEFICIENCIES

Periodic reviews of the condition of the District's facilities have been conducted in recent years, resulting in targeted capital improvements to address water intrusion and leaks. While a comprehensive assessment of the overall health of the District's system has not been conducted in recent years, identified repairs are completed on an as-needed basis.

Maintaining the small system is problematic, and with such a limited customer base, adequate funds for capital improvements are a constant challenge. The District Board and contract staff continue to focus on identifying and remedying system needs and deficiencies. Areas of concerns that have been noted by the District include the following:

- Water intrusion/I&I into the system (an on-going issue)
- Deferred maintenance items on an aging system
- Properties with illegally piped rooftop and stormwater drains into the wastewater collection system

The District continues to identify and eliminate water intrusion or leaks into the system known as I&I. The system is designed for wastewater only and stormwater runoff has the potential to contribute to exceedance of system capacity.

3.2.4 Service Adequacy

Based on information within the MSR, the provision of wastewater treatment and disposal services to the customers located in the District's boundaries appears to be adequate in some areas and inadequate in others.

With current and past difficulties in securing enough Board members to fill vacancies, due to a very small eligible population, the District could have trouble managing the system in the future. In addition, the District does not have any future planning documents and did not provide LAFCo with any information regarding the age of infrastructure or when replacement would be necessary. It is unknown when the last rate study was prepared for the District, therefore, it is unknown if the District is compliant with Proposition 218. Additionally, the District does not currently have a Capital Improvement Plan (CIP) in place to identify the infrastructure priorities.

The District did note that, based on the recent performance of the system, particularly during the past two years when rain totals were high, the system continued to operate efficiently and well below the permitted capacity. Recent upgrades to the system, including the replacement of old asbestos/concrete pipe, generators, and pumps, have largely been responsible for these efficiencies (RFI 2024).

Very little growth will occur within the District and its facilities, while aging, are currently sufficient to serve buildout of the subdivision (the remaining seven vacant residential lots). However, with respect to the lots located below-grade, the District should assess the feasibility of providing services to those lots on a case-by-case basis, as needed (RFI 2024).

3.3 Determinations

This section presents the required MSR determinations pursuant to California Government Code (GC) Section (§) 56430(a) for the CSWD.

3.3.1 MSR Review Factors

3.3.1.1 GROWTH

Growth and population projections for the affected area

1. The estimated number of residents served by CSWD varies, depending on the season; from 62 people during the low occupancy season, up to 185 people during the high occupancy season.
2. It is not likely that the population within the District's boundaries/SOI will grow significantly, or that the District will see an increased demand for wastewater services beyond the current design capacity of the system.
3. A significant increase in the capacity to collect, process, and dispose of wastewater for the system would be required to expand service provision. Such an expansion would require additional land for additional leaching capacity.

3.3.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

4. The District is located within one Census tract, which has widely varying different median household incomes (MHIs), depending on the specific block group. Further, the District and surrounding areas are proliferated with seasonal homes that are only occupied a portion of the year; as such these high earning households tend to skew the data, thus making it even more difficult to get an accurate representation of the District's representative MHI. However, based on the value of the homes in the Subdivision and that the majority of them are second homes, it can be concluded that the District does not meet the income threshold to qualify as a Disadvantaged Unincorporated Community (DUC).

5. There are 26 developed lots within the District that utilize septic tanks for their wastewater needs as a result of topographic necessity (properties are below grade). No failing systems were reported during the preparation of this MSR.
6. The residents of Caspar South Subdivision receive the essential municipal services of fire, water, and wastewater; all services are considered to be adequate in the area. However, wastewater services provided by the District could be improved in the areas that are utilizing private on-site septic systems, and aging infrastructure needs should be addressed.

3.3.1.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence

7. The CSWD was established in 1978 as a single-service provider of wastewater/sewage collection, treatment, and disposal services.
8. Of the 101 residential lots in the Subdivision, the District provides service to 75 lots (66 of the 75 have residential dwellings and actively receive wastewater services while the remaining 7 lots are currently vacant). There are 27 lots within the Subdivision that are not provided with wastewater service from the District, 26 are located below-grade and cannot access the system and 1 recently developed lot chose to utilize its own septic system rather than connect to the District's system.
9. The CSWD sewage processing facilities are located within its boundaries.
10. The CSWD system has sufficient capacity to serve existing connections as well as future connections for the seven additional, currently vacant, residential lots. With respect to the lots located below-grade, the District assesses the feasibility of providing services to those lots on a case-by-case basis as needed.
11. The average flows for the District during the past two years are 5,844 gpd. The District is currently operating at 36.5 percent of its capacity.
12. The District reported that the sewage processing system is in good condition and is operating properly now that effluent is being discharged on a rotating basis to the leach field from the eight discharge pipes.
13. Expansion of wastewater collection, processing, and disposal service would require significant infrastructure upgrades in the system capacity.
14. The District does not currently have plans to increase the wastewater system capacity. In the past, the District had considered purchasing easements on property adjacent to the existing community leach field parcel. However, this option has been reviewed by a qualified engineer that concluded there was no need for any additional land at this time.
15. No boundary changes are pending or proposed at this time.

3.3.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

16. The CSWD is funded through new connection service charges and annual assessments.
17. The District is currently behind on its required financial audits and it is recommended that the District prioritize catching up to the current fiscal year.

18. The District's current rates were adopted in 2011 but it is unknown when the last rate study was prepared for the District therefore the District is not compliant with Prop 218.
19. The District should prepare a rate study to identify and plan for infrastructure needs and anticipated operating costs and establish appropriate rates in compliance with the Prop 218 process.
20. While expenses have exceeded revenues in many of the last few years, the District remains net positive because of the savings accounts the District maintains.
21. The District's savings accounts show a general upwards trend that indicates financial stability for typical annual operations and maintenance, assuming these accounts are regularly maintained.
22. The District currently does not have a Capital Improvement Plan (CIP) to assess, identify, and plan for infrastructure maintenance and replacement needs. The District has indicated that repairs to the existing wastewater system need to be conducted, but because the District does not have a needs assessment or a CIP, it is not clear what the costs associated with these replacements would be.
23. It is recommended that the District participate in future Integrated Regional Water Management (IRWM) efforts through the North Coast Resource Partnership. The North Coast Resource Partnership supports regional efforts focused on water resources and disadvantaged communities and is a source of funding and technical assistance opportunities.

3.3.1.5 SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities

24. CSWD does not presently practice facility sharing due to its geographic isolation and limited availability of suitable partners.
25. The District and Caspar South Service Company (CSSC/Company) share the Caspar South Subdivision boundaries. Further, they share mutual customers specific to the Subdivision indicating there could be opportunities for shared facilities and resources between the two entities.
26. The California Water District Law, which governs the CSWD, includes water services as one of its powers. Should the CSWD and CSSC seek consolidation of services in the future, the District would be required to seek activation of water service powers through LAFCo. However, as of 2024, the District stated that there were no recent communications between the District and CSSC on the subject.
27. A consolidation between CSWD and CSSC should only be explored in the next MSR if the District is in a more stable governance position.

3.3.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

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

28. With the passage of Senate Bill 929 in 2018, all special districts are required to maintain a website that includes contact information and all other requirements by January 2020. The District has a website with current board member and staff contact information, and meeting agendas and materials since 2018. It recommended that the District continue to build their website and financial transparency by uploading the District's financial statements and audits as they become available.
29. The District does not maintain any formal policies related to governance, personnel, conflicts of interest, or financial matters, other than the District's original bylaws. However, the District does maintain an operations and maintenance manual.
30. The District aims to publish an annual newsletter and keeps residents informed of District requirements and activities through word-of-mouth and during public meetings.

31. Board meetings are publicly noticed and appear to comply with the Brown Act, California's open meeting law.
32. Every elected official and public employee who makes or influences governmental decisions is required to submit a Statement of Economic Interest (Form 700) to provide transparency and accountability. The District's board members have not filed Form 700 with the Mendocino County Clerk's Office. It is recommended that the District board members each file this form annually with the County.
33. Because there is no District office, as of June 2024, the District's official records are stored in a centralized location on District property; however, they are not organized and not readily accessible to the public.
34. The District does not have a written mission statement, established goals and objectives, or a strategic plan. While not requirements, they are considered best practices for governance, organizational direction and planning, and accountability and transparency to the public.
35. The District is not in compliance with Statewide General Requirements under Order No.2006-0003-DWQ, including the preparation of a Sewer System Management Plan (SSMP) and associated plans and programs.

3.3.1.7 OTHER SERVICE DELIVERY MATTERS

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

36. There are no other matters related to service delivery required by Mendocino LAFCo Policy.

4 SPHERE OF INFLUENCE

The Local Agency Formation Commission (LAFCo) prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. An SOI Update considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) Law and the Policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI Update. This chapter presents the SOI Update and required determinations pursuant to California Government Code (GC) Section (§) 56425(e).

4.1 Mendocino LAFCo Policies

In addition to making the necessary determinations for establishing or modifying a SOI consistent with the CKH Act, the appropriateness of an agency's SOI is also based on an evaluation of consistency with local LAFCo policies.

The following Sphere of Influence policies are from the Mendocino LAFCo Policies and Procedures Manual, adopted November 5, 2018.

10.1.1 Legislative Authority and Intent

A sphere of influence is the probable 20-year growth boundary for a jurisdiction's physical development. The Commission shall use spheres of influence to:

- a) promote orderly growth and development within and adjacent to communities;
- b) promote cooperative planning efforts among cities, the County, and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands, and efficient provision of public services;
- c) guide future local government reorganization that encourages efficiency, economy, and orderly changes in local government; and
- d) assist property owners in anticipating the availability of public services in planning for the use of their property.

10.1.2 Definitions

The Commission incorporates the following definitions:

- a) an "establishment" refers to the initial development and determination of a sphere of influence by the Commission;
- b) an "amendment" refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency; and
- c) an "update" refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.

10.1.3 Sphere Updates

In updating spheres of influence, the Commission's general policies are as follows:

- a) The Commission will review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police, and fire protection services.
- b) Sphere of influence changes initiated by any agency providing a municipal service shall generally require either an updated or new service review unless LAFCo determines that a prior service review is adequate.
- c) Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.

10.1.4 Reduced Spheres

The Commission shall endeavor to maintain and expand, as needed, spheres of influence to accommodate planned and orderly urban development. The Commission shall, however, consider removal of land from an agency's sphere of influence if either of the following two conditions apply:

- a) the land is outside the affected agency's jurisdictional boundary but has been within the sphere of influence for 10 or more years; or
- b) the land is inside the affected agency's jurisdictional boundary but is not expected to be developed for urban uses or require urban-type services within the next 10 years.

10.1.5 Zero Spheres

LAFCo may adopt a "zero" sphere of influence encompassing no territory for an agency. This occurs if LAFCo determines that the public service functions of the agency are either nonexistent, no longer needed, or should be reallocated to some other agency (e.g., mergers, consolidations). The local agency which has been assigned a zero sphere should ultimately be dissolved.

10.1.6 Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all the services of the agency, a "service specific" sphere of influence may be designated.

10.1.7 Agriculture and Open Space Lands

Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's sphere of influence unless the area's exclusion would impede the planned, orderly and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency's boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural preserves whose preservation would be jeopardized by inclusion within an agency's sphere. Exclusion of these areas from an agency's sphere of influence indicates that detachment is appropriate.

10.1.8 Annexations Are Not Mandatory

Before territory can be annexed to a city or district, it must be within the agency's sphere of influence (G.G. §56375.5). However, territory within an agency's sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

Sphere of influence boundaries shall not create islands or corridors unless it can be demonstrated that the irregular boundaries represent the most logical and orderly service area of an agency.

10.1.10 Overlapping Spheres

LAFCo encourages the reduction of overlapping spheres of influence to avoid unnecessary and inefficient duplication of services or facilities. In deciding which of two or more equally capable agencies shall include an area within its sphere of influence, LAFCo shall consider the agencies' service and financial capabilities, social and economic interdependencies, topographic factors, and the effect that eventual service extension will have on adjacent agencies. Where an area could be assigned to the sphere of influence of more than one agency, the following hierarchy typically applies:

- a) Inclusion within a city's sphere
- b) Inclusion within a multi-purpose district's sphere
- c) Inclusion within a single-purpose district's sphere

Territory placed within a city's sphere indicates that the city is the most logical provider of urban services. LAFCo encourages annexation of developing territory (i.e., area not currently receiving services) that is currently within a city's sphere to that city rather than to one or more single-purpose special districts. LAFCo discourages the formation of special districts within a city's sphere. To promote efficient and coordinated planning among the county's various agencies, districts that provide the same type of service shall not have overlapping spheres.

10.1.11 Memorandum of Agreements (For City Sphere Amendments and Updates)

Prior to submitting an application to LAFCo for a new city sphere of influence or a city sphere of influence update, the city shall meet with the County to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements as contained in GC §56425. If an agreement is reached between the city and County the agreement shall be forwarded to LAFCo. The Commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by LAFCo and the County, and LAFCo shall give great weight to the agreement to the extent that it is consistent with LAFCo policies in its final determination of the city sphere.

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest (AOI) to any local agency.

- a) An AOI is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed

to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.

- b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.
- c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

4.2 Existing Sphere of Influence

The Caspar South Water District (CSWD/District) SOI was first established by LAFCo via Resolution No. 94-4 dated August 1, 1994. LAFCo's approval of the SOI included Master Service Element approval and a Negative Declaration per the California Environmental Quality Act (CEQA). The last review of the CSWD SOI was in November 2015, at which time the Commission affirmed a coterminous SOI with adoption of [LAFCo Resolution No. 15-16-05](#).

4.2.1 Study Areas

Study areas are unique to a specific agency and are used to define the extent of one or more locations for SOI analysis purposes. Study areas may be created at different levels of scope and/or specificity based on the circumstances involved. The following descriptions demonstrate the array of scenarios that may be captured by a SOI study area.

- An area with clear geographic boundaries and scope of service needs based on years of interagency collaboration or public engagement and a project ready for grant funding or implementation.
- An area involving broader community regions or existing residential subdivisions with a large or long-term vision in need of fostering and/or establishing interagency partnerships.
- An area in early stages of conception that is not currently geographically well-defined and generally involves one or more ideas identified by agency or community leaders needing further definition.
- An area geographically defined by a gap between the boundaries of existing public service providers.
- An area adjacent to an existing agency's boundary slated for development needing urban services.

Study areas can result in a proposed SOI or sphere expansion area or the designation of an AOI to earmark areas for enhanced interagency coordination or for future SOI consideration.

No study areas have been identified in or immediately surrounding the CSWD. (RFI, 2024)

4.2.2 Area of Interest Designation

LAFCo's AOI Policy, per Section 10.1.12, provides for the designation or identification of unincorporated areas located near to, but outside the jurisdictional boundary and established SOI of a city or district, in which land use decisions or other governmental actions of another local agency directly or indirectly impact the subject local agency.

An AOI designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in

the intermediate or long-range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

An AOI designation is most helpful when the county and city or district can reach agreement that development plans related to LAFCo designated AOI will be treated the same as if these areas were within the city or district SOI boundary, particularly regarding notification to and consideration of input from the city or district.

No AOIs have been identified for the CSWD. (RFI, 2024)

4.3 Proposed Sphere of Influence

There are no proposed changes to the SOI at the time. The District and LAFCo staff recommend the Commission affirm the existing coterminous sphere.

4.4 Consistency with LAFCo Policies

Mendocino LAFCo has established policies to help meet its CKH Act mandates. This section identifies potential inconsistencies between the proposed SOI and local LAFCo policies.

The proposed District SOI is consistent with Mendocino LAFCo Policies (refer to Section 4.1 for the specific SOI policies).

4.5 Determinations

In determining the Sphere of Influence (SOI) for an agency, LAFCo must consider and prepare written determinations with respect to five factors as outlined in GC §56425(e). These factors are as follows:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency; and
5. The present and probable need for public facilities and services (including sewers, municipal and industrial water, or structural fire protection) of any disadvantaged unincorporated communities within the existing Sphere of Influence.

LAFCo staff propose no change to the existing SOI for the District, based on the SOI determinations presented below, and recommend affirming a coterminous SOI for the CSWD.

4.5.1 **The Present and Planned Land Uses in the Area, including Agricultural and Open Space Lands**

The primary land uses within the District service area are described in Section 2.5.1.2. The entirety of the District is located within the Caspar Census Designated Place (CDP) in coastal unincorporated Mendocino County. The primary uses of the coastal zone are rural residential uses and small commercial zones, agricultural uses also exist within the area. Future development in the District is limited in growth to buildout of the seven undeveloped residential lots. It is likely buildout of the residential parcels will not occur until well beyond the planning horizon of this document. Based on the District's location in the

coastal zone, the area is subject to additional development regulations, and land use changes in the area must be approved by both the County and Coastal Commission.

4.5.2 Need for Facilities and Services

Of the 101 residential lots in the Caspar South Subdivision (Subdivision), the District services 75 lots (68 of the 75 lots have residential dwellings while the remaining seven lots are currently vacant). There are 27 lots within the Subdivision that do not receive wastewater service from the District; 26 are located below-grade and cannot access the system and one recently developed lot chose to utilize a private on-site septic system.

Many developed lots in the District have seasonally occupied (i.e., second) homes. The District estimates that approximately one-third of the parcels have full-time residents. During the low season, if approximately 25 customer parcels are occupied and assuming the County's average of 2.46 people per household, then the District serves approximately 62 people. Assuming the County's average of 2.46 the persons per household and assuming all homes are occupied, the District serves approximately 185 people during the peak season. However, vacation home rentals generally allow for two persons per room and an additional two persons. Vacation homes could have maximum occupancy during peak season of eight to ten persons for three-to-four-bedroom homes. Assuming the remaining two-thirds of the parcels are utilized as vacation homes for a portion of the year, the peak population could potentially reach up to 248 people.

The District anticipates little growth in resident population within the near term (five years) and long-term planning horizon (20 years). Given that CSWD is limited to the development of the remaining seven vacant residential lots, the District will likely not need to accommodate much future development and is near buildout. The projected decline of 2.7 percent throughout the County suggests that buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document.

4.5.3 Capacity of Facilities and Adequacy of Services

The District provides wastewater conveyance services to 75 wastewater connections. The CSWD wastewater system consists of gravity-fed connection laterals, collection tanks, screen separators, a pumping station, a dosing tank, and a force main-fed large community leach field. The District's system is operated by one part time contracted employee and because of financial constraints, the District Board President volunteers as General Manager. The District contracts with a septic service company to dispose of the wastewater solids collected in the dosing chamber. The design capacity of District's system is 16,000 gallons per day (gpd). Average flows for the District are 5,844 gpd and the District is operating at 36.5 percent capacity. As such, the CSWD system has sufficient capacity to serve existing connections as well as future connections for the seven additional, currently vacant, residential units. With respect to the lots located below-grade, the District assesses the feasibility of providing services to those lots on a case-by-case basis as needed.

Additional pipe replacement work is anticipated to continue as the aging system needs repair in multiple areas, however a comprehensive assessment of the overall health of the District's system has not been done in recent years. Periodic reviews of the condition of the District's facilities have been conducted in recent years, resulting in targeted capital improvements to address water intrusion and leaks.

The District's system continued to operate efficiently and well below the permitted capacity during the past two years when rain totals were high; however, the District's infrastructure is still in need of repairs to continue providing adequate service to its existing customers.

4.5.4 Communities of Interest

The District is located within the unincorporated coastal zone of Mendocino County and is wholly located within the Caspar CDP. Given its isolated location, no additional communities of interest have been identified for the District.

4.5.5 Disadvantaged Unincorporated Communities

The statewide median income household income (MHI) for the US Census American Community Survey (ACS) 2016-2020 is \$78,672, thus 80 percent of that value, \$62,938 represents the DUC threshold and 60 percent of that value, \$47,203 represents the Severely Disadvantaged Unincorporated Communities (SDUC). The District is located within one census tract which has drastically different MHIs depending on the specific block group. The District does not meet the income threshold to qualify as a DUC, however MHI data is not available at a geographic unit smaller than census tract block group to conduct a more refined level of economic analysis for the small area in question that is the Caspar South Subdivision. The District and surrounding areas are proliferated with seasonal homes that are only occupied a portion of the year and as such, these high earning households tend to skew the data thus making it even more difficult to get an accurate representation of the District's representative MHI.

With respect to wastewater services, there are 26 properties within the District that utilize individual septic tanks for their wastewater needs because of topographic necessity (properties are below grade). While the residents of Caspar South Subdivision are receiving the essential municipal services of fire, water, and wastewater, and all water services have proven to be adequate in the area. However, wastewater services provided by the District could be improved in the areas that are utilizing private on-site septic systems and as well as addressing aging infrastructure needs.

4.6 Recommendation

Pursuant to California Water Code §55100, the Commission does hereby establish the functions and classes of services provided by the CSWD as limited to wastewater collection and treatment. Based upon the information contained in this report, it is recommended that the District Service Area Boundary and SOI for all services remain unchanged and coterminous.

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6 ACKNOWLEDGEMENTS

6.1 Report Preparation

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

Uma Hinman, Executive Officer
 Larkyn Feiler, Analyst
 Spencer Richard, Analyst
 Jen Crump, Analyst

6.2 Assistance and Support

This Municipal Service Review and Sphere of Influence Update could not have been completed without the assistance and support from the following organizations and individuals.

Caspar South Water District	Steve McCormack, President Marc Wasserman, Vice President Daniel Keen, Secretary/Treasurer
South Fork Consulting, LLC	Amanda Ross, Principal

7 APPENDICES

7.1 Appendix A – Open Government Resources

The purpose of this appendix is to provide a brief list of some educational resources for local agencies interested in learning more about the broad scope of public interest laws geared towards government transparency and accountability. This appendix is not intended to be a comprehensive reference list or to substitute legal advice from a qualified attorney. Feel free to contact the Mendocino LAFCo office at (707) 463-4470 to make suggestions of additional resources that could be added to this appendix.

The websites listed below provide information regarding the following open government laws: (1) **Public Records Act** (Government Code §6250 et seq.), (2) **Political Reform Act** – Conflict-of-Interest regulations (Government Code §81000 et seq.), (3) **Ethics Principles and Training** (AB 1234 and Government Code §53235), (4) **Brown Act** – Open Meeting regulations (Government Code §54950 et seq.), and (5) **Online Compliance** regulations (Section 508 of the US Rehabilitation Act and Government Code §11135).

- Refer to the State of California Attorney General website for information regarding public access to governmental information and processes at the following link: <https://oag.ca.gov/government>.
- Refer to the State of California Attorney General website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <https://oag.ca.gov/ethics>.
- The Fair Political Practices Commission (FPPC) is primarily responsible for administering and enforcing the Political Reform Act. The website for the Fair Political Practices Commission is available at the following link: <http://www.fppc.ca.gov/>.
- Refer to the California Department of Rehabilitation website for information regarding Section 508 of the US Rehabilitation Act and other laws that address digital accessibility at the following link: <http://www.dor.ca.gov/DisabilityAccessInfo/What-are-the-Laws-that-Cover-Digital-Accessibility.html>.
- Refer to the Institute for Local Government (ILG) website to download the Good Governance Checklist form at the following link: www.ca-ilg.org/post/good-governance-checklist-good-and-better-practices.
- Refer to the Institute for Local Government (ILG) website to download the Ethics Law Principles for Public Servants pamphlet at the following link: www.ca-ilg.org/node/3369.
- Refer to the Institute for Local Government (ILG) website for information regarding Ethics Training Courses required pursuant to AB 1234 at the following link: <http://www.ca-ilg.org/ethics-education-ab-1234-training>.
- Refer to the California Special Districts Association (CSDA) website for information regarding online and website compliance webinars at the following link: <http://www.csda.net/tag/webinars/>.

7.2 Appendix B – Website Compliance Handout

Workshop Draft

Appendix B

California Website Compliance Checklist

Use this checklist to keep your district's website compliant with State and Federal requirements.

Public Records Act

SB 929

Our district has created and maintains a website

Passed in 2018, all independent special districts must have a website that includes contact information (and all other requirements) by Jan. 2020

SB 272

Our Enterprise System Catalog is posted on our website

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at getstreamline.com/sb272

AB 2853 (optional):

We post public records to our website

This bill allows you to refer PRA requests to your site, if the content is displayed there, potentially saving time, money, and trees

The Brown Act

AB 392:

Agendas are posted to our website at least 72 hours in advance of regular meetings, 24 hours in advance of special meetings

This 2011 update to the Act, originally created in 1953, added the online posting requirement

AB 2257:

A link to the most recent agenda is on our home page, and agendas are searchable, machine-readable and platform independent

Required by Jan. 2019—text-based PDFs meet this requirement, Microsoft Word docs do not

State Controller Reports

Financial Transaction Report:

A link to the Controller's "By the Numbers" website is posted on our website

Report must be submitted within seven months after the close of the fiscal year—you can add the report to your site annually, but posting a link is easier

Compensation Report:

A link to the Controller's PublicPay website is posted in a conspicuous location on our website

Report must be submitted by April 30 of each year—you can also add the report to your site annually, but posting a link is easier

Healthcare District Websites

AB 2019:

If we're a healthcare district, we maintain a website that includes all items above, plus additional requirements

Including budget, board members, Municipal Service Review, grant policy and recipients, and audits

Open Data

AB 169:

Anything posted on our website that we call "open data" meets the requirements for open data

Defined as "retrievable, downloadable, indexable, and electronically searchable; platform independent and machine readable" among other things

Section 508 ADA Compliance

CA gov code 7405:

State governmental entities shall comply with the accessibility requirements of Section 508 of the federal Rehabilitation Act of 1973

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at achecker.ca



California Special Districts Association
CSDA
Districts Stronger Together

csda.net



getstreamline.com

The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

Placement:

What it says: An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda.

What that means: Add a link to the **current agenda directly to your homepage**. It cannot be in a menu item or otherwise require more than a single click to open the agenda.

Exception:

What it says: A link to the agenda management platform may be added to the home page instead of a link directly to the current agenda, if the agency uses an integrated agenda management platform that meets specified requirements, including, among others, that the current agenda is the first agenda available at the top of the integrated agenda management platform.

What that means: If you use an agenda management system, you may add a link to that system directly to your homepage (again, not in a menu item), if the format of the agenda meets the requirements below, and if the current agenda is the first at the top of the list.

Format:

What it says: [agenda must be] Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications. Platform independent and machine readable. Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

What that means: You cannot add Word Docs or scanned (image-based) PDFs of your agenda to your website—Word Docs are not platform independent (the visitor must have Word to read the file), and scanned PDFs are not searchable. Instead, **keep your agenda separate from the packet** and follow these steps:

1. From Word or other document system: Export agenda to PDF
2. Add that agenda to your website (or to your agenda management system), and include a link to that agenda on your homepage
3. Then, you can print the agenda, add it to your pile of documents for the packet, and scan that to PDF - just keep the packet separate from the agenda (only the agenda must meet AB 2257)
4. Keep the link on the homepage until the next agenda is available, then update the link

Questions? Contact sloane@getstreamline.com or dillong@csga.net



California 2024 Web Accessibility Checklist

Updated May 1, 2024. Download the latest at getstreamline.com/ada

Congratulations on your commitment to ensuring that your district's website is accessible to your entire community, including those with disabilities. This checklist will help you ensure compliance with **The Unruh Act** and **AB 434**.

Before you begin

- Perform an initial scan to check for known issues using checkmydistrict.org or another tool
- Have your website provider's contact information to report any issues

One-time actions - examples available at <https://getstreamline.com/accessibility-policy>

1. **Designate an accessibility officer** - We have designated one staff member as the accessibility officer who will be the go-to contact for accessibility issues.
2. **Approve an accessibility policy** - Our board has approved an accessibility policy that includes the level of accessibility you are adhering to, like WCAG 2.1 AA.
3. **Create and post an accessibility page** - We have created a dedicated accessibility website page to house all accessibility-related content, including the policy and plan. If we have components that are not yet compliant, we have added information about our remediation plan and timeline to get compliant.
4. **Create a process for community concerns** - We have a process in place where a community member can submit a concern via form, phone number, and/or email address.
5. **Enable closed captions on your videos** - Our videos all have closed captions, and we have a process for including closed captions in future videos. (YouTube includes this for free when enabled. [Learn how](#). It is important that a human verifies the general accuracy of the captions.)

Ongoing actions - recommended once per month

6. **Scan your website pages each month** - We have scanned every page of our website, every page has a score and list of issues to remediate. Free tools include checkmydistrict.org, Google Chrome Lighthouse (F12 will activate), and wave.webaim.org. Demand your web developer address any issues that arise.
7. **Check your attachments**. We have checked all of our attachments and we have removed or added a written a disclaimer for any third-party attachments that we are unable to remediate.
8. **Perform remediations** - We have taken action to fix issues detected by a scan/reported by our community

Other actions to consider

- **Third-party ADA audit** - larger districts should consider hiring an outside firm to conduct an audit. Manual testing by users with disabilities is the gold standard to ensure access.
- **Indemnification** - Choosing a platform or insurance that indemnifies or insures you against the risk of fines

*Remember, Streamline is only a software company, and Streamline's templates and guides are not a substitute for getting your own competent legal advice.

7.3 Appendix C – Housing Legislation Trends and Results

Mendocino County and ADUs

In response, the County of Mendocino has taken a number of steps to facilitate ADU construction and operation in an attempt to address the local housing crisis. This includes adopting an ADU ordinance which outlines specific development standards. Another General Plan update was adopted on 11/9/2021 which amended the Coastal Zoning Code component of the Local Coastal Plan to establish and revise standards for Accessory Dwelling Units (ADUs) in the Coastal Zone.

Because Caspar is located in the Coastal Zone of the County it is subject to coastal specific ADU regulations. The number of permitted ADUs within the Coastal Zone of Mendocino County (excluding the Gualala Town Plan area) is limited to 500 units. Junior Accessory Dwelling Units (JADUs), which are accessory structures typically limited to 500 square feet in an existing space, are exempted from this cap. Any change to the cap on the number of ADUs shall require a Local Coastal Program amendment.

Per Section 20.458.040 - Public Health and Safety Requirements, of the County's Municipal Code, both an adequate water supply and sewage capacity must be available to serve the proposed new residence as well as existing residences on the property. Most notably, if the property is located in a service district (such as Caspar South), the property owner must provide written approval from the service district specifically authorizing the connection of the ADU.

With respect to coastal resource protections, ADUs and JADUs are subject to additional requirements that impact the viability of their development. Some of the most pertinent requirements can be found in Section 20.458.045 of the County's Municipal Code.

The Larger Picture

As for how ADUs fit into the larger picture of the Mendocino County population trends, the housing data provided in the County's General Plan Annual Progress Report (APR) provides a reliable snapshot. Required by the Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD), every jurisdiction is required to provide an annual report detailing the progress made towards implementing their housing element and meeting their RHNA allocations.

The data provided in the most recent APR for Unincorporated Mendocino County (adopted June 6TH, 2023 by the Board of Supervisors) suggests that despite strict development regulations in some places, ADUs are certainly a factor in local housing development trends. Out of the 143 housing development applications received in the 2022 reporting year, 38 were for ADUs; in 2021 a total of 102 housing development applications were received, of which 35 were for ADUs. This small number of ADUs compared to single-family home applications suggests that there could continue to be some limited development of ADUs throughout the unincorporated areas of the County. This kind of development could very slightly increase demand for wastewater services provided by CSWD in Caspar. However, any new development requires written approval from the service provider to authorize services.

Regional Housing Needs Allocation (RHNA)

It is worth noting that in response to statutory requirements, policy direction from the HCD, and mandated deadlines for delivery of housing need allocation numbers to local jurisdictions within

Mendocino County, the Mendocino Council of Governments (MCOG) adopted a Regional Housing Needs Plan in 2018.

Although MCOG does not typically deal with housing issues, they have been designated by HCD as the appropriate regional agency to coordinate the housing need allocation process. The political jurisdictions that comprise the region consist of the Mendocino County unincorporated area and the Cities of Ukiah, Fort Bragg, Willits, and Point Arena.

The Regional Housing Needs Plan went through numerous iterations prior to being adopted which took into account different allocation factors for the methodology. Throughout the process, each member jurisdiction provided statements of constraints to HCD which detailed the land-constraints that challenge residential development in unincorporated Mendocino County. Water resources and availability was cited by multiple MCOG member jurisdictions as a constraint and contributed to the adjustments made by the state on the region's required housing allocations.

The RHNA allocations for Unincorporated Mendocino County are projected for a planning period between 8/15/2019 and 8/17/2027. Since adopting the Regional Housing Needs Plan in 2018 the County has made progress across all income levels; the number of housing units developed and how many remain with respect towards its RHNA allocation are detailed below broken down by income level and deed restricted versus non-deed restricted.

Table 7-1: Mendocino County RHNA Allocations

Income Level		RHNA Allocation	Projection Period - 01/01/2019-08/14/2019	2019	2020	2021	2022	Total Units to Date (All Years)	Total Remaining RHNA
Very Low	Deed Restricted	291	--	--	39	--	21	125	166
	Non-Deed Restricted		--	--	--	65	--		
Low	Deed Restricted	179	--	--	--	--	--	21	158
	Non-Deed Restricted		--	-	--	21	--		
Moderate	Deed Restricted	177	--	--	--	--	--	156	21
	Non-Deed Restricted		4	--	--	--	--		
Above Moderate		702	46	40	67	51	58	262	440
Total RHNA		1,349							
Total Units			50	60	149	186	119	564	785

*Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).

Extremely Low-Income Units*		145			15	26	21	62	83
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(HCD, 2023)

With respect to how RHNA requirements may affect Caspar, the State continues to push for more housing across the state including in communities located on the coast such as Caspar. While these coastal communities are subject to additional regulation and governing bodies (i.e. the Coastal Commission), housing mandates can affect these areas just the same as more inland communities. While there is not currently much left to develop under current regulations in Caspar, evolving legislation could allow for increased development potential that supports the State's housing goals.

Additional Recent State Housing Legislation

While the state legislator has made a concerted effort to progress ADU development throughout the state, there have been numerous other housing bills passed in recent years aimed at addressing the housing affordability crisis.

- SB9 - Authorizes a property owner to split a single-family lot into two lots and place up to two units on each new lot. Therefore, the bill permits up to four units on properties currently limited to single-family houses. SB 9 also mandates that local agencies approve development projects that meet specified size and design standards.
- SB10 - Establishes a process for local governments to increase the density of parcels in transit-rich areas or on urban infill sites to up to 10 residential units per parcel. Such an ordinance must be adopted between Jan. 1, 2021, and Jan. 1, 2029, and is exempt from the California Environmental Quality Act (CEQA).
- SB35 - Applies in cities that are not meeting their Regional Housing Needs Allocation (RHNA) goal for construction of above-moderate income housing and/or housing for households below 80% area median income (AMI). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process.

7.4 Appendix D – District Financial Audits

Workshop Draft

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Caspar South Water District
Mendocino, California

In planning and performing our audit of the basic financial statements of Caspar South Water District for the period ending June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Caspar South Water District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Caspar South Water District in implementing the recommendations.

This report is intended solely for the information and use of the Board of Directors and management of Caspar South Water District and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank Caspar South Water District's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 6, 2020

**CASPAR SOUTH WATER DISTRICT
MENDOCINO, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Caspar South Water District
Mendocino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Caspar South Water District, as of June 30, 2019 and the related notes to the financial statements, which collectively comprise the Caspar South Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Caspar South Water District, as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, and the State Controller's Minimum Audit Requirements for California Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, as listed in the table of contents, be presented to supplement the basic financial statements.

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

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 6, 2020

Caspar South Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

This section of Caspar South Water District's (the District's) annual financial report presents our analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: Financial Statements and the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

The District operates as a utility enterprise, which means that it relies mainly on sewer rates and charges to fund its operation. The Financial Statements of the District report information about the District using the full accrual basis of accounting. These statements offer short and long-term financial information about the District's activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine the District's credit worthiness and whether the District has successfully recovered all its costs through user fees and other charges.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investments. It also provides answers to questions such as: where did cash come from, what was cash used for, and what was the change in the cash balance during the year.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about an entity's finances is "As a whole, are we better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that helps answer this question. These two statements report the net position of the District and changes in net position.

The following condensed financial information provides an overview of the District's financial activities for the fiscal years ended June 30, 2019 and June 30, 2018.

NET POSITION

Net position, (the difference between assets and liabilities) is one way to measure financial health or position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other factors such as desired reserve levels, changes in economic conditions, population growth, housing trends and government legislation.

Caspar South Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2019

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, sewer collection system and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance: unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of fiscal years June 30, 2019 and June 30, 2018, the District was able to report positive balances in net position.

The following table summarizes the District's net position as of June 30:

Table 1
Net Position

	2019	2018
Assets:		
Current and other assets	\$ 326,846	\$ 289,002
Capital assets, net of accumulated depreciation	71,608	81,134
Total assets	398,454	370,136
Net Position:		
Invested in capital assets, net of related debt	71,608	81,134
Unrestricted	326,846	414,620
Total net position	\$ 398,454	\$ 495,754

REVENUES, EXPENSES AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position from one year to the next, the Statement of Revenues, Expenses and Changes in Net Position provides information concerning the nature and source of these changes.

Revenue

Total revenue decreased by \$5,189 in 2019 as compared to 2018.

Expenses

Operating expenses decreased by \$17,285 mostly due to a decrease in maintenance and repairs expense and not having audit fees in the prior year.

Caspar South Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2019

The following table summarizes the District's change in net position for the year ended June 30:

Table 2
Changes in Net Position

	2019	2018	Change
Operating revenues	\$ -	\$ -	\$ -
Operating expenses	37,484	54,769	17,285
Net operating income (loss)	<u>\$ (37,484)</u>	<u>\$ (54,769)</u>	<u>\$ 17,285</u>
Investment and other income	\$ 65,802	\$ 70,991	\$ (5,189)
Interest and other expenses	-	-	-
Non-operating net income	<u>\$ 65,802</u>	<u>\$ 70,991</u>	<u>\$ (5,189)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3
Capital Assets at Year End

	2019	2018
Land	\$ 60,175	\$ 60,175
Sewer plant	381,050	381,050
Subtotal	441,225	441,225
Accumulated depreciation	(369,617)	(360,091)
Net capital assets	<u>\$ 71,608</u>	<u>\$ 81,134</u>

Capital Assets

At June 30, 2019, the District had \$71,608 (net of accumulated depreciation) invested in its sewage collection system and land.

Additional information regarding the District's capital assets can be found in Note 2, Section B of the Financial Statements.

Long-Term Debt

The District does not utilize long term debt to fund operations or growth.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when adopting the fiscal year 2019 budget. The Board assessed the available reserves, the operating and capital needs of the District, potential customer growth, and potential regulatory impacts.

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the communities served by the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability. The District will continue to maintain a watchful eye over expenditures and remains committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

Caspar South Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Secretary of the Board of Directors at Caspar South Water District, PO Box 744, Mendocino, California 95460.

Caspar South Water District
STATEMENT OF NET POSITION
For the Year Ended June 30, 2019

ASSETS

Current assets:

Cash and investments	\$ 326,454
Accounts receivable	<u>392</u>
Total current assets	<u>326,846</u>

Capital assets:

Non-depreciable assets	60,175
Depreciable assets (net of depreciation)	<u>11,433</u>

Total assets	<u>398,454</u>
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NET POSITION

Invested in capital assets	71,608
Unrestricted	<u>326,846</u>
Total net position	<u>\$ 398,454</u>

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

Caspar South Water District
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2019

Operating expenses:	
Sewer master	\$ 12,913
Insurance	4,195
Office expense	241
Dues and fees	6,364
Professional fees	2,855
Repairs and maintenance	499
Utilities	891
Depreciation	<u>9,526</u>
Total operating expenses	<u>37,484</u>
Operating income (loss)	<u>(37,484)</u>
Non-operating revenues (expenses):	
Interest revenue	430
Taxes and assessments	<u>65,372</u>
Total non-operating revenues (expenses)	<u>65,802</u>
Changes in net position	<u>28,318</u>
Net position, beginning of period	495,754
Prior period adjustment	<u>(125,618)</u>
Net position, beginning of period, restated	<u>370,136</u>
Net position, end of period	<u><u>\$ 398,454</u></u>

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

Caspar South Water District
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ -
Payments to suppliers	<u>(27,333)</u>
Net cash provided (used) by operating activities	<u>(27,333)</u>
Cash flows from non-capital financing activities:	
Taxes and assessments	<u>65,372</u>
Net cash provided (used) by non-capital financing activities	<u>65,372</u>
Cash flows from capital and related financing activities:	
Disposal of capital assets	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest earned	<u>430</u>
Net cash provided by investing activities	<u>430</u>
Net increase (decrease) in cash and cash equivalents	38,469
Cash and cash equivalents - beginning of period	<u>287,985</u>
Cash and cash equivalents - end of period	<u><u>\$ 326,454</u></u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ (37,484)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	9,526
Decrease in accounts receivable	<u>625</u>
Net cash provided (used) by operating activities	<u><u>\$ (27,333)</u></u>

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

Caspar South Water District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Caspar South Water District (the District) passed and Adopted Ordinance No. 1 on December 18, 1982, an ordinance regulating the use of public and private sewers and drains, private sewage disposal and the discharge of waters and wastes into the public sewer system in Caspar South Water District, County of Mendocino, State of California.

Caspar South Water District is located in Mendocino County and serves the homeowners in the Caspar South Subdivision. The District currently bills 76 households for sewer services, which include 70 developed lots and 7 undeveloped lots.

The District has no employees and is governed by a 4-member volunteer Board of Directors that currently has one position vacant.

The major activities include the monitoring and disposal of sewage, maintenance of facilities and equipment for the District.

B. Financial Statements

The basic financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in fund net position and statement of cash flows) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The District accounts for its sewer activities in one single enterprise fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District does not currently receive any tax revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Wastewater fees and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District is engaged primarily in business-type activities and the District's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net position, a statement of revenues, expenses, and changes in fund net position, a statement of cash flows, and these notes to the basic financial statements.

Proprietary enterprise funds distinguish *operating* revenues and expenses with *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operation revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Caspar South Water District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investment policy has been to invest idle cash in demand deposits. Investments are reported at fair value.

Receivables and Property Taxes

All trade receivables are not shown net of an allowance for uncollectibles.

The County of Mendocino collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations. The District currently does not receive property tax revenues from the County of Mendocino.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing wastewater collection system), are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of construction period interest revenues earned during such periods.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
General sewer plant	30-40
Vehicles, trucks and equipment	5-10

The District obtains insurance coverage for property and equipment and fidelity bonds insurance through its membership in the Special District Risk Management Authority (the Authority). The risk of loss is transferred from the District to the Authority in exchange for the District's payment of annual premiums. Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance.

Caspar South Water District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Assets, Liabilities, and Net Position (concluded)

Net Position

In the financial statements, fund net position is reported in three categories as follows:

- Invested in capital assets, net of related debt - This category of net position reports the net book value of capital assets used in District operations including construction in progress all net of related accumulated depreciation, and reduced by the carrying value of related long-term debt issued to finance the acquisition of such assets.
- Restricted for debt service and capital projects - This category of net position reports all unspent proceeds from the issuance of long-term debt restricted for capital asset improvement, replacement, or construction net of the related long-term debt. It also includes funds restricted for debt service payment and reserve requirements.
- Unrestricted - Unrestricted net position represents all other assets net of related liabilities available for use by the District.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

Cash equivalents and investments consisted of the following at June 30:

	2019	2018
Cash:		
Demand accounts at Savings Bank of Mendocino County	\$ 326,454	\$ 287,985
Total cash	\$ 326,454	\$ 287,985

At June 30, 2019, the District maintained the majority of its cash in the Savings Bank of Mendocino County. Balances in the Savings Bank of Mendocino County are insured by the Federal Deposit Insurance Corporation up to \$250,000, are collateralized by securities at 110% of the balance, and consist of checking and savings accounts.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by federal depository insurance.

Caspar South Water District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 2 - DETAILED NOTES (concluded)

A. Cash Equivalents and Investments (concluded)

Fair Value Reporting - Investments

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the District's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The District's holdings are classified in Level 1 of the fair value hierarchy.

B. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>6/30/18</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/19</u>
Capital assets, not being depreciated:				
Land	\$ 60,175	\$ -	\$ -	\$ 60,175
Total capital assets, not being depreciated	<u>60,175</u>	<u>-</u>	<u>-</u>	<u>60,175</u>
Capital assets, being depreciated:				
General sewer plant	<u>381,050</u>	<u>-</u>	<u>-</u>	<u>381,050</u>
Total capital assets, being depreciated	<u>381,050</u>	<u>-</u>	<u>-</u>	<u>381,050</u>
Total accumulated depreciation	<u>(360,091)</u>	<u>(9,526)</u>	<u>-</u>	<u>(369,617)</u>
Total capital assets being depreciated – net	<u>20,959</u>	<u>(9,526)</u>	<u>-</u>	<u>11,433</u>
Capital assets – net	<u>\$ 81,134</u>	<u>\$ (9,526)</u>	<u>\$ -</u>	<u>\$ 71,608</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

The District obtains general liability through the Special District Risk Management Authority (the Authority). The Authority is responsible for the first \$2 million per claim under its liability coverage program, and members are covered up to \$50 million for liability claims under the Authority's purchased excess insurance policies with a \$60 million aggregate limit on \$20 million excess layer, and \$30 million aggregate on each of the next \$5 million excess layers. Members are covered for \$100 million in regard to property and equipment through the Authority's purchased excess coverage. There were no significant changes in coverage in fiscal year 2019 as regards the aggregate limits on excess coverage.

The District paid no material uninsured losses during the last three fiscal years.

Caspar South Water District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - OTHER INFORMATION (concluded)

A. Risk Management (concluded)

Liabilities of the District are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and number of pay-outs), and other economic and social factors. There were no material uninsured claim liabilities at June 30, 2019.

B. Contingencies and Commitments

Litigation: In the opinion of the District's Secretary of the Board of Directors, there is no pending or threatened litigation which would have a material adverse impact on the accompanying financial statements.

NOTE 4 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment is to record the prior year's depreciation expense and changes in capital assets not recorded by the District in the amount of \$125,618.

NOTE 5 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. Only the District Manager and Facilities Director positions are considered "essential" employees. The immediate impact to the District's operations includes new restrictions on employees' work location and planning heightened sanitation awareness requirements on office staff. It is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

CASPAR SOUTH WATER DISTRICT
BOARD OF DIRECTORS & MANAGEMENT REPORT
For the Year Ended
JUNE 30, 2019

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Caspar South Water District
Mendocino, California

In planning and performing our audit of the basic financial statements of Caspar South Water District for the period ending June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Caspar South Water District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Caspar South Water District in implementing the recommendations.

This report is intended solely for the information and use of the Board of Directors and management of Caspar South Water District and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank Caspar South Water District's staff for its cooperation during our audit.

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 6, 2020

Board of Directors
Caspar South Water District
Mendocino, California

We have audited the financial statements of Caspar South Water District for the year ended June 30, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 26, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Caspar South Water District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Caspar South Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Caspar South Water District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements were:

- Capital asset lives and depreciation expense.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Caspar South Water District's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on Caspar South Water District's financial reporting process:

- Calculating and recording of depreciation expense and capital asset transactions was performed by R.J. Ricciardi, Inc.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Caspar South Water District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Caspar South Water District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Board of Directors of Caspar South Water District and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Caspar South Water District
BOARD OF DIRECTORS & MANAGEMENT REPORT
For the Year Ended June 30, 2019

Current Year Observations

There were no current year observations.

Prior Year Observations (From the 2016 Audit)

1) Fraud Prevention and Detection Policy

Observation:

During the course of our audit we noted that the Caspar South Water District (the District) does not have a written fraud prevention and detection policy as well as written accounting policies. We also noted the District's accountant maintains the accounting records, reconciles the bank statements and signs checks.

Recommendation:

We recommended the District formalize their accounting policies and fraud prevention and detection internal controls for Board approval. Please feel free to contact the independent auditor for examples and assistance. We also recommended a District Board Member sign checks whenever possible and review and initial the monthly bank statements, related reconciliations and vendor invoices.

Status:

This recommendation has not been implemented.

2) Fraud Risk Management

Observation:

During the course of our audit we noted that the District insurance policy with SDRMA does not cover any loss related to fraud on the part of the District's accountant.

Recommendation:

We recommended the District obtain an insurance certificate from the District's accountant's malpractice insurance company or broker naming the District as a certificate holder. This will ensure the District has recourse with the accountant's insurance company in a worst case scenario.

Status:

This recommendation has been implemented.



STAFF REPORT

Agenda Item No. 7a	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	LAFCo Response to the Grand Jury Report: <i>Mendocino Coast Health Care District – Sick but Returning to Health</i>

RECOMMENDED ACTION

The Commission consider the Executive Committee’s recommended response to the 2024 Grand Jury Report titled *Mendocino Coast Health Care District – Sick but Returning to Health*, and authorize the Chair to sign the response letter to the Grand Jury.

BACKGROUND

On June 24, 2024, the Grand Jury released a report titled *Mendocino Coast Health Care District – Sick, but Returning to Health* (Attachment 1). The report focuses on the root causes of the Mendocino Coast Health Care District’s (MCHCD) struggles since the 2020 restructuring when the District contracted with Adventist Health to assume operations of the hospital in Fort Bragg. The affiliation resulted in a significant change in District responsibilities that relegated the Board to the role of landlord for the hospital facilities; the District also retained responsibility for addressing the non-hospital related health care needs of the coast.

In the report the Grand Jury directed the following finding and recommendation to LAFCo:

Finding No. F11. The reinvention of MCHCD, post affiliation, and the significant and public financial and administrative issues with the District, along with the fact than an MSR has not been completed in 10 years, should have initiated a LAFCo MSR.

LAFCo’s last [Municipal Service Review](#) (MSR) of the District was adopted in 2014; the last [Sphere of Influence](#) (SOI) study was adopted in 2016. While the CKH directs the Commission to review SOIs every five years, as needed, Mendocino LAFCo has established local policy clarifying the statute be applied to municipal service providers. Our local policy also defines municipal services as water, wastewater, fire and police. Further, our policies specifically emphasize the “as needed” scheduling of MSRs for non-municipal service providers such as hospitals, rather than assuming every five years.

As stated in the attached draft response (Attachment 2), staff agrees that such a substantial change in the structure and operations of the District warrants preparation of an MSR/SOI update. The limiting factors in scheduling an MSR/SOI for the District immediately are primarily budget and staff capacity. Staff’s draft response to the Grand Jury describes these challenges and acknowledges agreement with their finding.

Recommendation No. R18 – Provide a Municipal Service Review on MCHCD on a priority basis. *Complete by December 2024.* (F11)

As part of the annual budget development process, agencies are prioritized based on date of last SOI update, type of service(s) provided, and known issues facing the agency(ies). Following the extreme drought of 2020-22, the Commission prioritized studying the County’s water and wastewater districts. Staff continues to implement the adopted work plan, which includes completing the coastal water/wastewater districts initiated in FY 2023-24 and initiating the inland water district studies scheduled for the current FY. LAFCo’s budget for the work plan in the current FY is \$75,000.

A rough estimate for a comprehensive MSR for the MCHCD is between \$15,000-30,000, depending on whether staff has capacity to prepare the study in-house or an outside consultant be utilized. Prioritizing the MCHCD MSR this fiscal year will necessitate adjusting the current FY work plan and budget to accommodate the additional work unless other funds are made available for the study. Of note, a member of the MCHCD board participated in the Executive Committee meeting and indicated their board may consider funding the study. Staff will coordinate with the MCHCD to investigate that potential funding opportunity and report back to the Commission.

In the attached draft response, staff agrees with the Grand Jury’s recommendation to prepare an MSR and proposes a timeline that will provide staff time to adjust the current work plan schedule and budget, and initiate the process.

LAFCo is required to submit a response to the Grand Jury’s finding and recommendation by September 10, 2024. The Executive Committee met and discussed the draft response and recommends the letter in Attachment 2 for Commission consideration.

ATTACHMENTS

- (1) 2024 Grand Jury Report titled *Mendocino Coast Health Care District – Sick but Returning to Health*
- (2) Draft LAFCo Response to the Grand Jury

Attachment 1

MENDOCINO COAST HEALTH CARE DISTRICT

Sick, but Returning to Health

SUMMARY

The Mendocino Coast Health Care District (MCHCD), which stretches from Westport in the north to Gualala in the south, was formed on January 1, 1967. MCHCD then constructed an Acute Care Hospital, in Fort Bragg, which was dedicated on June 26, 1971. The original facility is still in operation today, over 50 years later. In 2020 when MCHCD affiliated with Adventist Health (Adventist), responsibility for managing the hospital passed over to Adventist. This affiliation agreement essentially set up MCHCD as the landlord for the facilities, as well for being responsible for addressing the non-hospital related health care needs of the coast. This change is one that MCHCD has struggled with ever since.

The Mendocino County Civil Grand Jury's (Grand Jury) intent is not to focus on specific people or specific actions, but rather to shine a light on the root causes of MCHCD's troubles over the last few years for the purpose of ensuring that both the public and Board are aware of these issues and to help prevent past mistakes from being repeated.

The Grand Jury has identified several key areas where change or improvement in governance is needed. This report will discuss those areas and highlight in clear and simple terms the issue, the suggested resolution for that issue, and recognize and commend those involved where they are already working toward resolution of the problems.

These are not the only issues that MCHCD is facing; however, of the issues that are within the jurisdiction of the Grand Jury these are the ones where improvements and changes would make the most significant difference in the future of healthcare on the coast.

These are the issues the Grand Jury has focused on:

- Board Training and Support
- Bylaws, Policies, Mission
- Financial status
- Facilities Plan – hospital buildings, improvements, and retrofit
- Community Education and Engagement
- Long term strategic plan – after the hospital facility issues are addressed, then what...?

Since the beginning of our investigation, MCHCD has undergone a transformation. In particular, in 2024 the Grand Jury saw that MCHCD has taken many steps to rectify the above issues and is to be congratulated for their renewed focus and hard work. That work remains incomplete, but progress is being made so rapidly that some of the Grand Jury's recommendations may be completed by the time this report is published.

GLOSSARY

Agency Administrator - An agency administrator is the managing officer of an agency, jurisdiction, or division, and has statutory responsibility for incident mitigation and management.

ACHD - Association of California Healthcare Districts

Brown Act - California's Ralph M. Brown Act (Government Code section 54950, *et seq.*) guarantees the public's right to attend and participate in local legislative bodies' meetings. The Brown Act covers almost every type of local government body, including special districts. The Brown Act requires local government business to be conducted at open and public meetings, except in certain limited situations.

Bylaws and Policies -

Bylaws are the most basic items that govern the internal operations of the board such as adding/removing a board member, how voting is handled, legal responsibilities, how meetings are conducted, conflict of interest and ethics, and board positions. Bylaws usually require either supermajority (or sometimes even unanimous) vote to change, so they should be just core rules that are not likely to change.

Policies define the operational practices of the organization, such as financial management, human resources, job descriptions and training requirements, IT and security, etc. Policies usually require a Board majority vote to change, or sometimes the authority to change them is designated to a director or staff executive.

CFO - The Chief Financial Officer oversees a company's financial operations. A CFO's responsibilities include internal and external financial reporting, stewardship of a company's assets, and execution of cash management.

Comity - Courtesy and considerate behavior towards others; polite or friendly behavior that shows respect, especially in public life.

CSDA - California Special Districts Association, a not-for-profit association which promotes good governance and local services through professional development, advocacy and other services to Special Districts.

General Manager - A General Manager is a high-ranking executive who manages the daily operations of a special district.

ILG - Institute for Local Government is a non-profit agency that promotes good governance by providing real world expertise to help manage complex issues.

LAFCo - Local Agency Formation Commission, a regulatory agency in California that oversees boundary changes, new agencies, and the consolidation of cities and special districts. There is a LAFCo in each of the 58 counties of California.

California Little Hoover Commission - The California Little Hoover Commission was created in 1962, and is an independent state oversight agency modeled after the U.S. Hoover Commission. It investigates state government operations and promotes efficiency, economy and improved service through reports, recommendations and legislative proposals. Created by SB 37 in 1993.

Mission and Vision Statement -

A **vision statement** is an organization's guiding purpose. What does the ideal end result of its efforts look like? The ideal that the organization's mission and values build toward. "Our vision is a ..."

A **mission statement** is how your organization will achieve its vision. This doesn't need to include every action, just the main areas of focus. "We'll achieve our vision by..."

National Provider Identifier (NPI) - A National Provider Identifier (NPI) is a unique 10-digit identification number issued to health care providers in the United States by the Centers for Medicare and Medicaid Services (CMS).

RGS - Regional Government Services (RGS) is a Joint Powers Authority public agency serving the consulting, administrative and project management needs of local governments. RGS, a public agency itself, works exclusively for the benefit of other public agencies. It provides a ready source of support and consulting services to meet the needs of its partner agencies in a broad range of disciplines and to help local governments meet three challenges:

1. Decreasing revenues
2. Increasing demands (and costs) for services
3. Loss of experienced staff.

Special Districts - Special Districts are independent local public agencies created by the people under state laws. These districts deliver specialized services essential to the local area's health, safety, economy and well-being. Special Districts are vital to providing services cities and counties do not provide. Special Districts are funded by local voters and accountable to the community they serve, not accountable to local or state government.

Governing Board Model - Board is responsible for providing strategic and financial planning and oversight, legal and ethical accountability, oversight of operations and results to ensure efficiency, hiring executive staff, setting key policies. For example: Governing Boards manage financial plans, not budget sheets. Working Boards are responsible for both.

Working Board Model - In addition to the same governance responsibilities above, a working Board also does the day-to-day work of the organization, from bookkeeping to answering correspondence to event planning. This is not an ideal Board structure and is usually only used when the organization lacks funding for staff.

BACKGROUND

There have been multiple complaints filed with the Grand Jury over the last several years regarding the MCHCD, over three times as many as filed regarding any other county governing body over the same period. These complaints have ranged from possible financial improprieties to Brown Act violations to concerns of negligence and severe lack of comity. Often by the time the Grand Jury could start an investigation the issue would either be resolved, or the individuals concerned were no longer involved with the MCHCD.

This year's Grand Jury, noting the frequent issues, decided to pick up an investigation of the MCHCD at a higher level than any of the individual complaints, instead focusing on systemic problems within the MCHCD that have allowed for so many issues to remain unresolved over several years and through several Boards. The investigation began in the very beginning of this term (summer 2023) and extended through early 2024. The Grand Jury understands the MCHCD has been consistently evolving and some matters may have changed since the writing of this report.

METHODOLOGY

In conducting the investigation that culminated in this report, the Grand Jury:

- interviewed complainants, MCHCD Board of Directors and staff, members of the community, and local physicians, and some Mendocino LAFCo board members
- reviewed MCHCD and other health care district websites,
- conducted online research on over 20 websites,
- requested and analyzed 28 reports and documents from the District.

The Grand Jury recognizes the time given freely by all those interviewed and appreciates the interviewee's understanding that the Grand Jury exists to support and improve the operations of all areas of the local government. The Grand Jury commends interviewees on their passion about improving healthcare on the coast, and their willingness to answer openly and honestly and provide necessary information in the spirit of partnership.

DISCUSSION

The Mendocino Coast Health Care District (MCHCD) is currently responsible for overseeing the healthcare access of the entire Mendocino Coast population. This area is geographically separated by a heavily forested mountain range that runs between the coastal area and inland Mendocino cities (see map and history Appendix A). The drive to inland hospitals is, at minimum, 45 minutes, but for many can be several hours along heavily winding mountain roads. The wide spread of the population along about 100 miles of rugged coastline also limits the other medical services that could be sustained by a denser population.

Until 2020 MCHCD operated the Mendocino Coast District Hospital as its main responsibility, as well as supporting the healthcare needs along the coast. Because of poor financial health, changes in the healthcare industry that reduced revenues, and the difficulty in recruiting healthcare professionals in such a remote setting, MCHCD voted in 2020 to affiliate with Adventist Health, which ran the two inland hospitals in Willits and Ukiah. This affiliation agreement essentially set up MCHCD as the landlord for the facilities, as well for being responsible for addressing the non-hospital related health care needs of the coast, while Adventist was responsible for running the hospital itself.

Since then, the functionality of the MCHCD Board has been a frequent concern of locals in community meetings, in the media, and has been the subject of numerous complaints to the Mendocino County Civil Grand Jury (Grand Jury). This is understandable as the operations of MCHCD are critical to the survival of the healthcare structure for the entire Mendocino Coast. Thousands of people rely on its success for their lives as well as day to day health.

The Grand Jury has identified several areas for the Board to focus its attention on:

- Board Training and Support
- Bylaws, Policies, Mission, Comity
- Financial Status
- Facilities Plan – hospital buildings, improvements, and retrofit
- Community Education and Engagement
- Long Term Plan – after the hospital is addressed, then what...?

Board Training and Support: Enabling success

Training

The MCHCD Board is made up of elected community volunteers who are tasked with a large and complicated responsibility. These Board members are not seasoned professionals in this area, and are not getting paid to do this work. They are a community Board whose job is to provide guidance and oversight on behalf of their constituents in an area in which most of them have no background.

MCHCD Board members are elected based on their vision and policy ideas, not on their experience operating in this environment. The expectation that these volunteers come with all the skills and understanding on how to do the job they are tasked with is unrealistic.

With the support of Regional Government Services (RGS), which has a vast background in this area, the Board needs to create a basic training curriculum to be made available to new Board members. Some basics such as Brown Act and Ethics (including AB1234) are required. Other trainings can be made available to Board members as needed. The goal is that among the five members of the Board, there will be the skills and knowledge needed to fulfill the roles and responsibilities of the Board.

There is appropriate training available for Board members from many sources. The Grand Jury recommends in particular that when new Board members are elected or appointed, that they be educated on what is available from the California Fair Political Practices Commission (FPPC), California Special District Association (CSDA), and the Institute for Local Government (ILG) as they are geared specifically toward the unique skills and understandings needed for local government Boards such as MCHCD. Many of these trainings are free for the MCHCD as a CSDA member, or scholarships are available. In particular we feel MCHCD would benefit from:

- FPPC - Ethics AB1234 (this is state mandated training, required every two years).
- CSDA –
 - Best Practices 1st year Board Member Bundle
 - Special District Leadership Foundation.
- ILG –
 - TIERS (Building Trust Through Public Engagement)
 - Effective Meetings
 - Ballot Measures and Campaigns
 - Civility in Public Meetings
 - Governance Handbooks and Policies

There are also certification programs available from CSDA, available at little to no cost. There are many certifications that will help educate Board members, and certification will help the public have confidence that Board members are equipped for their job. Specifically, the Grand Jury recommends:

- CSDA Transparency Certificate of Excellence,
- District of Distinction Accreditation.

The first will help the Board regain the public trust, and the second will help reassure the public of the district's financial management in preparation for a bond vote.

The goal of training is to enable our community members who take up the difficult task of MCHCDs mission to be successful by helping them gain the skills needed to do the job the public has given them.

Support

When the affiliation (see complete history Appendix A) occurred in 2020 and the Board turned over management of the hospital to Adventist, the MCHCD organization went from a full staff to none. The Board tried for several years to operate under a Working Board model where the

volunteer Board members do all of the administrative tasks in addition to policy and decision making. This model has not worked for this organization; a Governing Board model would be more appropriate. The heavy time commitment with a Working Board model can dissuade people with the needed expertise from joining the Board, and can burn out those that do. What the organization can get done is limited by the free time the Board is able to commit. Working Boards often strive toward becoming financially able to transition to a Governing Board. In addition, the Brown Act makes it difficult to have a Working Board model. The Brown Act requires that all discussions and decisions take place in a public board meeting; there have already been concerns from the public that serial meetings (illegal private discussions) may be occurring among Board members. Elected volunteer Board members cannot do all the necessary work. The MCHCD Board needs paid staff to help with preparing for Board meetings, daily operations, and finance.

RGS brings much-needed skills and understanding in this area, and some results are already evident. The current RGS expense is not sustainable within the \$250,000 operational budget of the Board. The Grand Jury encourages the Board to have a plan on how this money is going to be spent to support the operations of the District long term, and to clearly communicate this plan to the public. The public is right to be concerned that the Board has hired RGS without giving the public a long term understanding or plan on how this will work. The Board can determine what fits their situation best:

- have RGS support them on an ongoing basis,
- give RGS the task to help get them organized with a solid foundation and train hired staff during the first year and then end their contract, or
- some hybrid of the two.

Bylaws, Policies, and Mission: A stable base is needed for a functional organization

Bylaws, policies and procedures, and a clear mission are the stable foundation on which any organization is built. Without those any organization of this size, responsibility, and obligations is doomed to chaos, and likely to result in process disputes and discord preventing the organization from making any meaningful progress towards its goals. Indeed, this lack of progress is what we observed when reviewing what Board meeting recordings were available for the last few years through the end of 2023. This lack of progress was also reflected in media articles and public feedback.

Bylaws

A copy of the Bylaws that is properly approved by a vote of the Board and documented in the minutes, dated and signed by the Secretary, should be given to all Directors and posted for the public. As far as the Grand Jury could discern, the Board has been operating for several years without an officially signed and documented set of bylaws that is applicable to their new role.

- In late 2023, the Grand Jury asked for an updated copy of the bylaws and were told that there were multiple versions on their document storage server, but it was not immediately clear which one was the last document approved.

- As of the writing of this report, there are two different versions of the Bylaws posted on the website.
 - One has three different dates on it; the title page states “Adopted 2020”, the footer on each page has the date of November 2021, and the signature page has a date of 2022. There is no witness signature by the Secretary certifying that the bylaws were approved by the Board.
 - The other is an “in progress draft” dated 2023.
- The Grand Jury was eventually given a copy of the bylaws in 2024 indicating they were approved by the Board at a November 2020 meeting, but signed in witness August 16, 2023 by a current Board member who was not on the Board in 2020 to witness the vote.
 - The Grand Jury tried to review meeting minutes from 2020 to confirm that the 2020 version of Bylaws was voted and approved at a Board meeting, but could find no evidence of a vote in the minutes.
 - The current Board said they resolved this by voting in August 2023 to approve a version; however, the Grand Jury were not able to find that vote in the 2023 minutes posted on the MCHCD website. In fact, there was not an August 2023 meeting listed on the site. A request for clarification did not receive a response.
- In addition, as of May 2024, the 2023 signed version given to the Grand Jury does not match either of the versions posted on the MCHCD website.

If these Bylaws were properly approved, that would be a start; however, they appear to be incomplete.

Policies and Procedures

Assuming there was a policy and procedure manual (as it is standard for all organizations, and is referenced in the MCHCD Bylaws), the Grand Jury asked some questions about the Board policies. When the Board responses revealed members weren't familiar with their own policies, the Grand Jury asked for a copy of the Policies and Procedures for MCHCD. Most Board members said that nothing had been passed forward from the prior Board. The Grand Jury eventually received a Policies and Procedures Manual from one of the Board members who found it on a shelf in the Board office. It was the only copy they had. It was dated 1999, with the latest change made in 2018.

There are 15 sections to the manual (see table of contents Appendix D), and all 15 are either irrelevant or outdated. Sections 3, 4, 5, 6, 7, 9, and 12 are no longer relevant because they refer to running a hospital, which has not been part of the Board's responsibility for four years. Sections 1, 2, 8, 10, 11, 13, 14 and 15 need to be rewritten and/or updated. In addition, there are several standard policies that are not included at all and need to be written.

In 2024 the MCHCD Board has been working on some needed additions such as conflict of interest, records retention, and code of ethics. The Grand Jury recommends they continue their focus on policies, and in particular ensure that they prioritize policies around financial controls, technology, security, and comity. The Grand Jury asked Board members if they had taken AB1234 Brown Act and Ethics training. All Directors stated they had, but there was no official record of completion for any member. As stated above, the Grand Jury also recommends a policy that all

Board members be required to take Brown Act and Ethics training at the beginning of their term, that it is recommended to take the class annually, and that the certification is officially documented. The Grand Jury recommends that the Board reach out to other health care districts and the CSDA to acquire sample policies and procedures manuals. Start with these as baselines and make changes and/or additions as seems appropriate for MCHCD. The Association of California Healthcare Districts

(ACHD) may be able to help with making appropriate changes as well.

(<https://www.achd.org/example-certified-healthcare-districts-library/>)

One example of how the lack of policies can have severe impacts is how the absence of minutes for over a year of Board meetings almost derailed the hospital's ability to meet retrofit deadlines.

California has mandated that hospitals such as the one in Fort Bragg must comply with seismic safety standards by 2030. If it does not do so the State could close the hospital.

- In order to pay for this compliance, the best and potentially only way that money can be raised is through a voter approved bond.
- In order to get an acceptable rate of interest on a bond, the Board must get a positive bond rating to confirm the Board's credit worthiness.
- In order to do this bond rating, rating agencies require an audit.
- In order to complete an audit, a review of the Board's actions is required, which includes reviewing the minutes of the Board's activities for several years.

The lack of minutes for over a year impaired the completion of the audits. It took almost a year for the Board to piece together minutes of the prior years' meetings from emails, prior Board member notes, and the few recordings that could be found. This is only one of the many reasons that minutes are a critical and standard part of running an organization, and why having a policy requiring the creation and retention of minutes is important. In addition, the lack of minutes raises into question the official historical record and allows for potential improprieties, and lost or improperly recorded Board actions.

Another example of how a lack of policies can have negative impacts is in addressing financial expenditures. There is no up-to-date Board policy outlining reimbursement for expenses. Requiring receipts is a standard policy for all organizations, especially those using tax dollars. In addition, to avoid the potential or even the appearance of an improper expenditure of funds (which might be construed as negligence), many organizations have a written policy for approval of payments to Board members. This policy often requires multiple board members to approve a payment going to any board member, or any payment over a certain amount, and some require multiple signatures on a check. Without either of these policies, an authorized signatory was able to write checks for reimbursement of their travel expenses without receipts or Board review of the expenses.

All versions of MCHCD Bylaws we reviewed state, "At least three signed copies of the Bylaws shall be maintained on file in the District office and a current copy maintained on the District website. Each Director shall be given a copy of the Board Bylaws and Policy Manual." Regardless of which version, if any, is the current approved version, it is clear that the Bylaws are not being followed as none of the current Board members were provided copies of the Bylaws or Policies

when they started. It is also clear from reviewing recent meetings that the current Board is discussing and working on both Bylaws and Policies, and we encourage them to continue that work as a priority.

Vision and Mission

The Grand Jury found different statements of mission between the Bylaws, the website, and other Board documents (some of these are outlined in Appendix B). When asked about the publicly shared versions, Board members stated they were not sure where the version on the website came from, that it had not to their knowledge been thought through and officially approved, and has now been removed from the website. They also stated the version in the Bylaws was not an appropriate mission statement for the district and has not been discussed by the current Board.

From the MCHCD bylaws:

“The mission of the Board is to:

- a. Ensure that the resources of the Health Care District are used in the best interests of the public.
- b. Meet its financial, contractual and regulatory obligations.
- c. Implement and support programs providing they are congruent with regulations and existing contracts.”

While differences of opinion on how to approach the Mission are to be expected (indeed that is one of the intentions of having a diverse board), when asked what the Mission of the Board is, the different answers were concerning. This is the role of having an agreed upon vision, mission, and values statement in an organization. When asked what the Mission of MCHCD was, most of the Board made a statement about having a healthy coast population, however from there their responses diverged. A ‘...*healthy coast population*...’ is a vision for the organization, not a mission. The vision statement is what the ideal end result of the organization's work will be, the mission statement is how they will achieve that vision.

A good example of these is from The Alzheimer’s Association:

Vision statement - A world without Alzheimer’s and all other dementia.

Mission statement - The Alzheimer's Association leads the way to end Alzheimer's and all other dementia—by accelerating global research, driving risk reduction and early detection, and maximizing quality care and support.

Or, closer to home, the Mendocino Community Foundation is a good example:

Vision statement - We envision a thriving, equitable Mendocino County that is resilient, where every resident can learn, create, contribute, prosper, and reach their full potential.

Mission statement - We inspire and steward generosity to foster vibrant, inclusive, and healthy communities throughout Mendocino County.

While all Board members seemed to be in basic agreement on the Vision, they were not in agreement on the Mission (how they would achieve their vision). The Grand Jury encourages the Board to annually discuss and review their vision, mission, and values to determine if they are still relevant, that the Board is still acting in accordance with them, and to refresh the vision, mission, and values in their minds and ensure that they are all on the same page as far as these are concerned. This discussion commonly happens as part of an annual retreat. The lack of a clear mission

statement and agreement on priorities can at a minimum slow an organization's progress toward making a difference for their community, at worst cause complete dysfunction and collapse.

How did we get a building without a foundation?

As Bylaws, Policies and Procedures, and Mission Statement are the core foundation of an organization, it normally falls to the founding Board to set them up. In this case MCHCD has been around for years and had all of these already; however, when the affiliation with Adventist happened, the role of MCHCD changed dramatically, so significantly that it was essentially a new organization. Their first order of business post-affiliation should have been to rewrite or create from scratch new policies and procedures, bylaws, and mission statements that applied to the new organization.

The Grand Jury believes that if this had been done, the public would not be seeing the lack of comity that has been injurious to the organization and to our county. In addition, it would have helped ensure that basic requirements such as meeting minutes were completed, finances were handled appropriately, and that Board members were agreed as to the mission and their role in it. Most of all, a Bylaws, Policies Manual, and Mission Statement would have helped the Board ensure that they spent their meeting time making progress on the issues at hand rather than bickering about process and direction.

Comity

Comity: Courtesy and considerate behavior towards others; polite or friendly behavior that shows respect, especially in public life.

Before the Grand Jury closes out this section, there was one issue in particular that it would be remiss not to address specifically and directly. A major barrier in making progress on items at Board meetings has been a lack of comity. This is clearly evident after watching any of the Board meeting recordings through 2023, and has been often commented on by the media and public with statements such as “I stopped watching the meetings because the constant fighting was too difficult to bear” and “hours spent with no progress being made.” This has improved in 2024 but problems with comity still rear up on occasion. Board members will not always agree with each other, and in fact should not, however the way they disagree should not be disruptive to the meetings or obstructive to completing the mission of the Board.

While a Civility Policy or Code of Conduct Policy is not a required part of an organization's governing documents, it is not unusual either. The Grand Jury would encourage the MCHCD Board to consider adding one to their policies. ILG has a list of examples from other similar entities in California, it would be a good place to start. (<https://www.ca-ilg.org/codes-conduct-civility-and-ethics>)

Shoring up the foundation for a stable future

The lack of clear direction, lack of progress, and the divisive environment displayed to the public in the last several years may also be a reason polling shows the public has been struggling to

believe in the MCHCD's ability to manage the changes and work needed to improve healthcare on the coast.

The public's belief and trust is critical to the Board's ability to get a bond measure approved by the two-thirds majority vote needed. Unless something changes with the state's requirements for the retrofit, the bond approval is critical to getting both the retrofit completed and funding any improvements to the building that would support improved healthcare quality and options at the hospital.

The Grand Jury would like to commend the 2024 Board and leadership in starting to address the long overdue basics above. Between the beginning of 2024 and the publishing of this report, the Board has approved 10 new policies and started discussions surrounding their Bylaws and their Mission. The Grand Jury hopes for the health and security of the Mendocino coast, that they complete work on their foundation before building on it.

Financial Status

While the MCHCD does not have an overflow of cash, they do have enough for their annual operating expenses. Their financial issues do not stem from lack of money, but rather mismanagement of what they have. The Board's financial struggles have been well documented in the press, and in Board meetings, including financial accounts which they lost access to, money they lost track of for a period of time, getting years behind in their annual audits, lacking clear reporting and budget, all which contribute to a failure in one of their prime responsibilities, transparency with the public on how their tax dollars are being spent. When the Grand Jury asked for clarity on the district budgets, no documentation showing what the budgets include could be provided.

To be fair, a portion of their financial issues were due to the unfortunate timing of the affiliation and COVID. Right as MCHCD was going through a complex process of disengaging their finances from that of the hospital operations (i.e., patient payments, employee salaries, etc), COVID hit. On top of the well-known impacts of COVID, they faced downstream COVID issues such as a long delay in Adventist's ability to get a National Provider Identifier (NPI) number for the Mendocino Coast Hospital from the US Government Health and Human Services Department. An NPI number is how healthcare providers get paid by Medicare/Medicaid/insurance. Without a NPI, patient payments for the hospital had to continue to go to MCHCD even after Adventist took over hospital operations. This transition process which would have been expected to take about six months, stretched on for years, with more and more money flowing into accounts it shouldn't have. This created a mess that has taken a year of accounting work to sort out.

The MCHCD has wisely elected to hire an outside finance specialist to help. This temporary CFO role is tasked with both directly helping them clean up their accounting, and setting them up for successful maintenance of their finances long term by making recommendations on how to fix the financial problems, which include:

- a lack of financial policies and controls,

- a lack of skills and understanding to manage district finances,
- a lack of structure and staff to maintain their finances,
- a lack of clarity around the Treasurer's role to oversee the finances, and report to the Board and the public,
- a lack of clear guidelines for what each budget includes.

For example, a letter dated April 9, 2024 from the CFO (Appendix C), and policies shared at the April 10th Board meeting, outlined some of the areas where work is needed regarding their investment policies and the risks of not doing that work. The letter does a good job of detailing specifics. Among other concerns it addresses how a lack of financial expertise led to:

- housing the District's money in improper non-interest-bearing accounts which may have added up to \$300,000 in lost interest a year,
- 25 bank accounts racking up tens of thousands of dollars in unnecessary fees each quarter,
- a large portion of the district's money not being covered by the FDIC insurance that would protect taxpayer money from loss in a bank insolvency situation.

The Grand Jury applauds the recommendations outlined in the letter, and policies covered at the April and May 2024 Board meetings are a great start in the right direction.

MCHCD may also want to consider having the current CFO or someone of similar skill set to come in and do a brief financial review every three to four months for the next few years to ensure they are still on the right path and help with recommendations as issues arise.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) requires LAFCo to review and update, as necessary, each local agency's and special district's Sphere of Influence (SOI) and Municipal Service Review (MSR) report before January 1, 2008, and every five years thereafter. Different counties have interpreted this state law differently. Many counties have decided it means they need to issue all MSRs every five years. Mendocino LAFCo has interpreted that to mean they only need to issue MSRs on municipal (police, water, fire, etc.) every five years, all others can be done "as necessary." Regardless of which way the state law is interpreted, Mendocino LAFCo has not issued an MSR for MCHCD since 2014. Parts of those MSRs are a discussion of the financial health, operational efficiency, and the accountability to community needs of the local district. It is the opinion of the Grand Jury that both the major change in how MCHCD was run after the affiliation which, as discussed previously, essentially created a new organization, and the subsequent very public and visible fiscal and administrative problems with MCHCD, should have qualified MCHCD for an "as necessary" review. If LAFCo had issued an MSR, some of the problems MCHCD has been experiencing may have been recognized, and potentially addressed, much earlier.

Finally, the Board needs to ensure that completing audits is a top priority; without the audits MCHCD will not be able to acquire a bond to do the retrofit.

Facilities Plan

As one of the core responsibilities of the District is to be landlord for the hospital building, the District needs a facility plan. Cooperation between MCHCD and Adventist is important to build a plan that includes but is not limited to:

- a plan for seismic retrofit,
- a prioritized list of facility issues including estimated costs, responsible party, etc,
- a list of potential future upgrades,
- a list of any inspections required and dates,
- a Problem Reporting Process for facility issues,
- a maintenance schedule.

A facilities plan should be clarified before lease negotiations happen later this year. Many of these items are included in the lease, so the clarifications may drive needed changes in the lease.

Public Input and Education

Public Education

The Grand Jury found through listening to public input during past Board meetings, discussions with members of the public, and interviews, that the public is struggling to understand the role and responsibilities of the MCHCD since affiliation with Adventist. For example, some still see MCHCD as responsible for their medical care at the hospital, or that MCHCD has authority over hospital policies or staffing. This misunderstanding could lead to difficulties in getting public support for Board actions, and in particular the effort to raise money for the hospital retrofit. An educational campaign on the MCHCD Board's new responsibilities and roles since affiliation can help clarify this with the public. Options could include things such as messaging on the website and during Board meetings, but given to low numbers of public who attend these meetings or visit the MCHCD website it may require more proactive activities such as announcements in the paper, town hall meetings, social media posts, and articles or interviews with media.

Public Input

The Board should be more proactive in getting general public feedback and input. Ideally the public would come to the monthly Board meetings to provide input. Board meetings are typically attended by the same two or three people each month. Though public input at Board meetings is extremely important, these few people cannot be seen as representative of the general public. In addition, the legal requirements and structure of a board meeting do not allow for the open discussion about the direction of healthcare on the coast that is needed. The same can be said for carefully crafted surveys. These have their role in gauging public opinion on specific issues, but are not a substitute for open public input and discussion.

The Board should go to the public rather than expecting the public to come to them, using for example: public town halls, social media, call in shows on the radio, or a booth at large community

events. Subjects for these should include, but are not limited to, feedback and input on the role of the healthcare district, and priorities of healthcare needs on the coast.

In addition, the Grand Jury also suggests creating a Public Advisory Committee consisting of 10-20 people selected from around the district to consult, run ideas by, and ask for input from on an ongoing basis. The makeup could be two Board members, plus representation from the medical community, city councils, community leaders, and the general public.

After World War II, the government passed laws enabling “hospital districts” to build and manage hospitals in rural areas where there were none. In the late 1900s healthcare started changing, increasingly moving out of the hospital setting. In response, the California legislature changed the name to “health care districts” in 1994 and during that time many districts have actually closed or sold their hospitals and taken on a role of overseeing community health and wellness. The 2017 Little Hoover Commission report on special districts entitled “Special Districts: Improving Oversight & Transparency” gave special focus to healthcare districts in particular (starting on page 41) for a large portion of their report. (<https://tinyurl.com/Hoover-Report>)

In their report The Little Hoover Commission mentioned many findings and recommendations worth reviewing. However, the Grand Jury felt the need to call attention to one in particular; that there is an identity crisis in health care districts that have stopped running hospitals... MCHCD is not alone in this. The Grand Jury recommends that the Board and those interested in the public review the Little Hoover Commission report. Rather than figuring out how to do this on their own, the Board could reach out to other healthcare districts that have gone through selling or closing their hospital (examples: Petaluma and Sonoma, links in Bibliography), including looking at their websites and asking them for copies of their bylaws, policies, and opening discussions with them to share best practices.

Reaching out to other districts which have been through this, and to the public served by the District, can help bring focus to the MCHCD mission.

Long Term Plan

The Grand Jury encourages the MCHCD to continue to prioritize the retrofit, maintenance, and improvements of the hospital building, but also to build a strategic plan as to what is next with feedback from both the public, and Adventist Health. This plan might include items such as community health education, wellness/preventative care programs, support in public health emergencies, ways to improve healthcare access, improvements to the hospital and surrounding facilities, etc. The health care district for the Petaluma area (Healthy Petaluma) has a good example of a district strategic plan. (<https://tinyurl.com/3ncwhmbk>)

Since the public elects Board officials and pays for the operation of the Board, they should help guide the Board on its role in this new “post-hospital” world. The Grand Jury encourages the public to take this responsibility seriously; participate actively and vocally, thoughtfully and respectfully. This public input should be gathered and discussed within the Board for practicality, adherence to

mission and funding. From that input, the Board needs to put together a plan that makes the priorities clear so the public can understand how public monies are to be spent.

This is another example of why adequate staffing is critical. Rather than the Board trying to come up with those options themselves during a public meeting under Brown Act requirements, staff can take the Board's priorities, determine potential ways to implement those priorities, and bring those options back to the Board for review and approval.

A five-year strategic plan with specific goals, timelines, and realistic options about what will be done to achieve those would be ideal, but that will take a long time to put together. In the short term a preliminary high-level plan with ideas that are realistic and some possible ways they might be achieved can go a long way to helping the public understand why MCHCD is here and, more so, why they should support it.

FINDINGS

The Mendocino County Civil Grand Jury finds that:

F1. The Board struggled with the basics of organizational management and a lack of any significant progress on achieving core district goals for several years. However, the Grand Jury found that beginning in 2024 they turned a corner and improvements are happening quickly. The Board is to be commended for these improvements.

F2. All versions of the Bylaws found contained a section that stated, “At least three signed copies of the Bylaws shall be maintained on file in the District office and a current copy maintained on the district website. Each director shall be given a copy of the Board Bylaws and Policy Manual.” It was clear that Directors had neither received the Bylaws nor the Policy Manual.

F3. It is unacceptable that a copy of the Bylaws, properly approved by Board vote, signed and dated by the Secretary, and documented in the minutes, could not be found.

F4. All the versions of the MCHCD Bylaws the Grand Jury viewed contained most of what is needed; however, the Bylaws still need work and do not meet the current role and structure of the District.

F5. Without a usable Policies Manual, significant issues with finances, recordkeeping, comity, etc. hampered the Board from completing their duties to the public.

F6. Some agendas and many meeting minutes were missing from the website and Board records. This delayed and could jeopardize the audits and, therefore, the retrofit project.

F7. There were no audits conducted for several years, placing the District in a precarious legal and financial position, and contributing to significant public distrust because of the lack of transparency.

F8. There are several versions of the Mission Statement on the website and in Board documentation. It’s not clear what the current approved Mission and Vision statements are, and none of them properly reflect the MCHCDs current role, hindering its ability to function cohesively.

F9. The Board has done little to educate and inform the public about the Board’s new role and mission since the affiliation with Adventist Health, causing confusion and contributing to mistrust in the public.

F10. Violations of Brown Act: Meeting agendas did not have an appropriate level of detail and attachments were missing. There were also concerns by the public that serial meetings between

some of the Board members were happening. There has been a clear effort by the Board in 2024 to address these issues and they are to be commended.

F11. The reinvention of MCHCD, post affiliation, and the significant and public financial and administrative issues with the District, along with the fact that an MSR has not been completed in 10 years, should have initiated a LAFCo MSR.

F12. After two years of struggling to complete the volume of work required of them, the present Board voted 4-1 to hire or contract with an agency administrator (general manager), and contracted with a financial expert as a temporary CFO. This staff support has made clear improvements in progress toward the district goals.

F13. The budgets have no written guidelines that could be shared with the Grand Jury and there was a lack of clarity about use of funds.

F14. The Board has not proactively reached out to the general public in an open forum for their input and discussion regarding the public needs, the future of healthcare at the coast, or the role of the MCHCD.

F15. The Board has struggled to create from scratch what has already been successfully implemented in other health care districts.

F16. It is unacceptable that there is no Bylaws or Policy requirement to take AB1234 Brown Act and Ethics training, or official record that all Board directors had taken the required AB1234 training.

F17. The public has continually expressed concerns with transparency and with the financial management capabilities of the Board.

F18. Incoming Board members are not expected to have the knowledge necessary to run a health care district, but little training or support is provided to bring them up to speed.

F19. While due focus has been given to the retrofit, the Board does not have a comprehensive facilities plan and therefore have been more reactive than proactive in their maintenance responsibilities as a landlord.

F20. The lack of a five-year strategic plan has contributed to public confusion regarding the role and mission of the MCHCD, and the lack of a clearly outlined future path has prevented the public from having faith that the Board is leading the district in the right direction.

RECOMMENDATIONS

The Mendocino County Civil Grand Jury recommends that the MCHCD Board:

R1. Update Bylaws, vote for approval and document in minutes, sign, date, and post on the MCHCD website. Distribute to all Board Directors. *Complete by: August 31, 2024.* (F2, F3, F4)

R2. Include in MCHCD Bylaws or Policies a requirement that all Board members take a Brown Act and Ethics training that meets AB1234 requirements upon taking office, and post verification of completion on the website. *Complete by: August 31, 2024.* (F16)

R3. Update or create MCHCD Policies, including, but not limited to: IT and Security, Document Retention and Handling, Financial Record Keeping and Reporting, Board Administration, and Comity. Approve, sign, date, post on the website, and distribute to all Board Directors. *Complete by: November 30, 2024.* (F2, F5)

R4. Agree and vote upon the mission statement of MCHCD. Post it on the website and include it in the MCHCD Bylaws and in the Policies Manual. *Complete by: October 31, 2024.* (F8, F9)

R5. Complete all tasks needed to enable auditors to complete audits for the last three years (this includes providing all missing minutes and agendas, approved, signed, and posted on the website). *Complete by: November 31, 2024.* (F6, F7)

R6. Complete an educational campaign for the public to help them understand the Mission and scope of authority of MCHCD. *Complete by: December 31, 2024.* (F9)

R7. Initiate community outreach as outlined in Discussion to gain insight into public priorities and needs. *Initiate by: December 31, 2024.* (F14)

R8. Post minutes and agendas in a timely manner, and adhere to Brown Act requirements regarding agendas, and meetings. *Complete by: August 1, 2024.* (F6, F10)

R9. Provide adequate professional staffing (i.e., a full-time general manager, and part time admin and finance support) to support the Board. This could be accomplished using a consultant model, hiring support staff, or some combination of the two. *Complete by: December 31, 2024.* (F12)

R10. Take advantage of CSDA certification programs: (F17)

- A. Get CSDA Transparency Certificate of Excellence, and a District of Distinction Accreditation. *Complete by: April 1, 2025.*
- B. Encourage at least one member of the Board annually to get a Certificate of Special District Governance to serve as a resource for the Board. *Complete by: Ongoing.*
- C. If a permanent General Manager (Director) is hired, encourage them to get a Special District Essential Leadership Skills Certificate. *Complete by: Ongoing.*

R11. Gather and provide training options to new Board members upon election or appointment, as outlined in Discussion. *Complete by: Ongoing* (F18)

R12. Define and vote on the guidelines for using funds from all budgets. *Complete by: December 31, 2024.* (F13)

R13. Create a public advisory committee of 10-20 members of the public as described in the Discussion section. *Complete by: December 31, 2024.* (F14)

R14. Review other health care district's websites and open dialogue with other health care district boards and the CSDA regarding ideas for policies, bylaws, and best practices. *Complete by: May 1, 2025.* (F15)

R15. Clarify and develop the facilities plan before lease negotiations begin later this year. *Complete by: before signing of new lease* (F19)

R16. Develop a five-year MCHCD Strategic Plan. *Complete by: April 30, 2025.* (F20)

R17. Develop an onboarding process and manual that outlines the expectations of Board members (roles and responsibilities), requirements (such as Brown Act and Ethics), and resources available (such as training). *Complete by: April 30, 2025.* (F18)

The Grand Jury recommends that Mendocino LAFCo:

R18. Provide a Municipal Service Review on MCHCD on a priority basis. *Complete by December 2024* (F11)

RESPONSES

Pursuant to California Penal Code §§ 933 and 933.05, the Civil Grand Jury requests each entity or individual named below to respond to the enumerated Findings and Recommendations within specific statutory guidelines.

Responses to Findings shall be either:

- The respondent agrees with the finding.
- The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Responses to Recommendations shall be one of the following:

- The recommendation has been implemented, with a summary regarding the implemented action.
- The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
- The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency where applicable. This time frame shall not exceed six months from the date of the publication of the Civil Grand Jury report.
- The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

REQUIRED RESPONSES - Within 90 days

MCHCD Board of Directors: (F1-F10, F12-F20) and (R1 - R17)

Mendocino LAFCo: F11 and R18

Responses are to be sent to:

The Honorable Judge Ann Moorman
Mendocino County Superior Court
100 North State Street, Dept. E Ukiah CA 95482

Office of the County Counsel
County of Mendocino
501 Low Gap Road, Room 1030 Ukiah CA 95482

Mendocino County Civil Grand Jury
County of Mendocino
501 Low Gap Road, Room 1030 Ukiah CA 95482

IMPORTANT NOTE ABOUT CIVIL GRAND JURY FINDINGS

The Civil Grand Jury derives Findings from testimony and evidence. All testimony and evidence given to the Civil Grand Jury remains confidential by law, and it is the Civil Grand Jury's responsibility to maintain it. California Penal Code § 929 provides "... the name of any person, or facts that lead to the identity of any person who provided information to the Civil Grand Jury, shall not be released." Further, 86 Ops. Cal. Atty. Gen. 101 (2003) prohibits Civil Grand Jury witnesses from disclosing anything learned during their appearance including testimony given. This is to ensure the anonymity of witnesses and to encourage open and honest testimony.

BIBLIOGRAPHY

ILG site - <https://www.ca-ilg.org/>
Mendocino LAFCo - <https://mendolafco.specialdistrict.org/>
CA LAFCo - https://calafco.org/About_LAFCOs
California Special Districts Association - <https://www.csda.net/>
California Fair Political Practices Commission - <https://www.fppc.ca.gov/>
Association of California Healthcare Districts - <https://www.achd.org/>
Little Hoover Commission Report on CA Special Districts - <https://lhc.ca.gov/report/special-districts-improving-oversight-transparency/>

Other local districts who have gone through selling or closing a hospital:

<https://nschd.com/>

<https://healthypetaluma.org/our-district>

Healthy Petaluma Strategic Plan -

<https://static1.squarespace.com/static/633b6c9e8e752b794dfe94e3/t/6424bafc65cb4b5322d23bc/1680128768712/Strategic+Plan.pdf>

APPENDICES

Appendix A

MCHCD History (from MCHCD.org):

Special Hospital Districts:

In the aftermath of World War II, California faced a severe shortage of hospital beds and most rural areas had almost no access to basic hospital and health care services.[1] In response, the California legislature enacted the Local Hospital District Law that allowed communities to create a new government entity, a special hospital district, that had the power to impose property taxes, issue debt, hire staff and so on in order to provide acute care. The legislature amended this law in 1994 and renamed these special districts as “health care districts”, reflecting that health care was increasingly being provided outside of the hospital setting.

The first step in creating these new districts was for a group of community members to petition the county Board of Supervisors to submit a ballot measure to the voters. Residents within the proposed district boundaries would then approve the formation of the district with interim Directors appointed by the Board of Supervisors. At the next opportunity, members of the five-person Board of Directors would be directly elected by the people. By 1985 and a number of legislative changes, creation of new healthcare districts became the responsibility of Local Agency Formation Commissions (LAFCo).

The Mendocino Coast Health Care District (the “District”), which stretches from Westport in the north to Gualala in the south, was formed on January 1, 1967. The District then constructed an Acute Care Hospital which was dedicated on June 26, 1971. The original facility is still in operation today, nearly 50 year later. The hospital has 49 licensed beds.[2] However, as will be explained, Critical Access Hospitals like our Coast hospital are limited to using only 25 acute care beds.



Rural Health Care and its Changing Environment:

In its early years, the Coast hospital thrived on the basis of a strong local economy, bolstered by the Georgia-Pacific mill and commercial fishing. The majority of patients at the hospital had private insurance and between insurance revenues and the property tax, the hospital experienced financial success.

This would continue until the early 2000s when significant changes in the local economy and in health care finances finally culminated. The local economy was hurt by the closure of the G-P mill site in 2002. At the same time, commercial fishing was undergoing significant changes that led to the closing or downsizing of fisheries. The loss of these jobs and the accompanying private insurance meant that taxes and insurance revenues were not enough to pay for the rising costs of health care. In 1971 when the hospital first opened its doors, these costs were 6% of the GDP but are today 20%. To contain the cost of health care, insurance companies began using carefully controlled contractual relationships with providers and Medicare and MediCal began implementing their own cost-saving strategies.

By the late 1990s, almost all rural hospitals were struggling financially. To provide financial support for these hospitals, the Critical Access Hospital (CAH) program^[3] was created in 1997 as part of the Balanced Budget Act. The program is intended to improve the finances of small hospitals in rural areas that if closed would result in residents travelling a long distance to receive emergency care. The primary feature of this program is that it allows Medicare to reimburse hospitals for nearly 100% of their costs, regardless of how many patients it sees. The Coast hospital was converted to a CAH in order to take advantage of the better reimbursements. The hospital is today a 25-bed CAH and nearly 85% of its patient revenues come from Medicare or MediCal.

Bankruptcy and Continuing Financial Struggles:

Nonetheless, the cost of operating the hospital continued to exceed revenues. Another change was taking place that adversely affected hospital finances everywhere. This was the migration of patients from overnight hospital care (inpatient services) to care that was provided in clinics or did not require overnight stay (outpatient care). This resulted in declining revenues since reimbursement rates for outpatient care, until recently, were much less. As of today, 20% of the patients served by District's facilities are inpatients and 80% are outpatients, a near reversal in the numbers.

This came to a head when between July and December of 2012, the District lost \$1.9 million and had only three days of cash on hand. As a result, the District filed for Chapter 9 bankruptcy in November of 2012.

In 2014, the District emerged from bankruptcy with \$14M in cash but more long-term debt. In 2018, the voters approved a new parcel tax which would contribute \$1.6M a year to the hospital's bottom line. Despite this the hospital's finances continued to deteriorate and in early 2020, a combination of layoffs and other cost cutting measures was necessary to bring the budget back in balance.

There remained clouds, however, over the hospital – the further aging of the hospital due lack of money for major maintenance, a pending seismic retrofit for all facilities and an inability to recruit providers.

Maintaining the Hospital and Affiliation:

Despite the significant cost reductions, it was increasingly clear that the District would be financially unable to maintain the hospital for which there was a \$15M backlog of repairs. Nor would it be able to set aside enough money to pay for the cost of upgrading the facilities (current estimate is \$30M) to the higher seismic standards imposed on all hospitals after the Northridge earthquake of 1977 which saw a hospital there to collapse causing multiple fatalities. After several postponements, the state legislature has mandated these upgrades be completed by 2030.

Moreover, even if the District found a way to fund these facility needs, it was recognized that the result would only keep the existing hospital open without any improvement in health care.

Due to the uncertainty surrounding the hospital's finances and future, the District found that it could no longer successfully recruit providers. The threat was that providers would leave and not be replaced, triggering a quick collapse of the District's revenues.

The solution to these multiple problems was to affiliate with a large health network with stable financial and professional resources. In August of 2019, the Board of Directors resolved to affiliate with the Adventist Health Network. Later in November 92% of the voters provided a resounding vote of approval. Adventist Health (AH) officially took operational control of the hospital, clinic and other services on July 1, 2020.

Affiliation is governed by a Lease Agreement in which AH provides the District with lease income that increases over time. These lease payments in conjunction with tax revenues will be enough to pay off all of the District's long-term debt and to pay for the cost of the seismic upgrades (or be a down payment on a new facility.)

The Future:

The primary mission of the District is to ensure the continuity of essential health care in the coastal communities. When seen in that light, the affiliation with AH is a major accomplishment. However, the District must maintain diligent oversight of affiliation but also do what it can to ensure the success of AH.

After relinquishing operational control of the hospital, clinic and other services to AH, the District is in the process of reorganizing itself and seeking new opportunities to contribute the health and well-being of our community.

December 2020

Appendix B

MCHCD Mission Statements:

From the website – About Us section (early 2024):

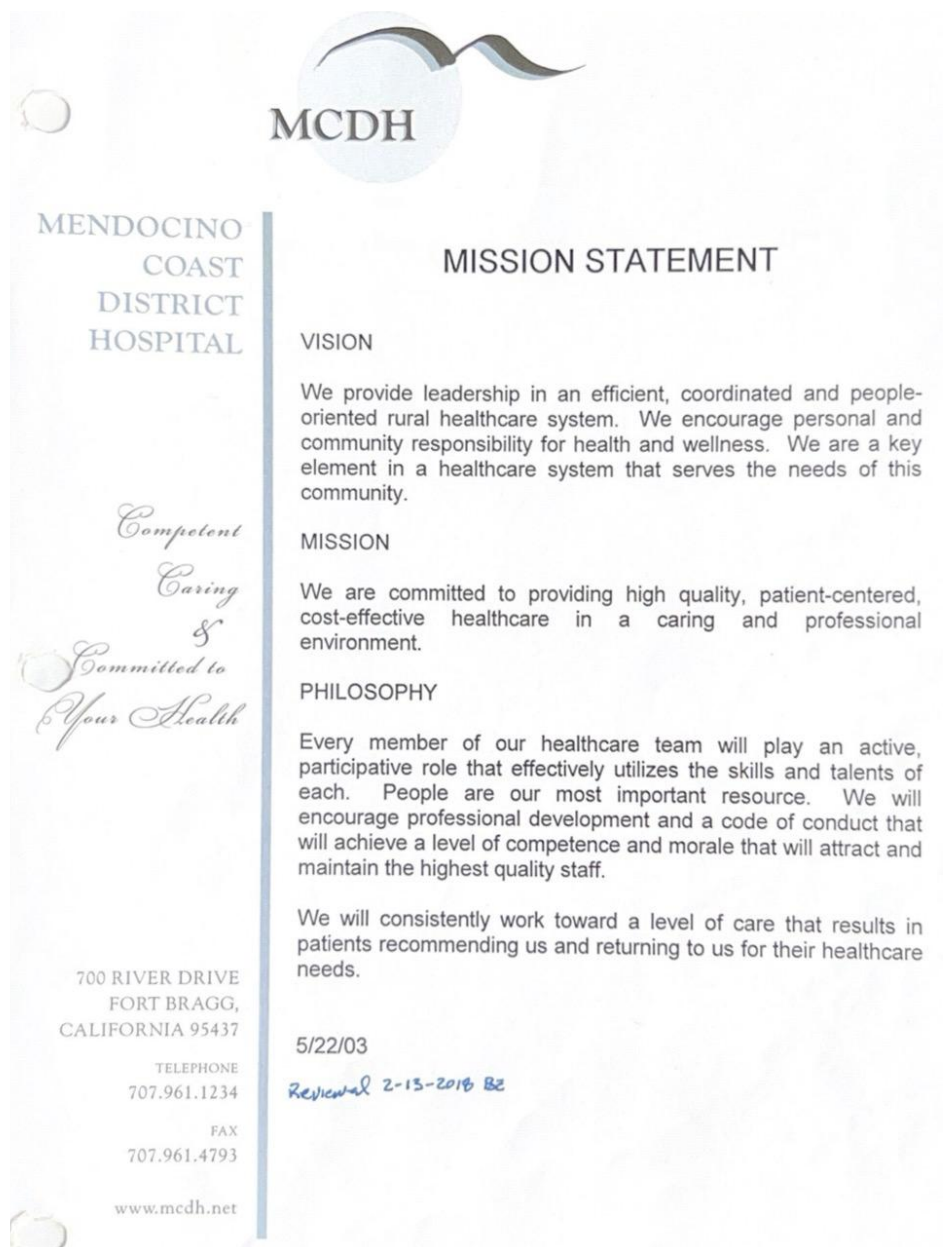
“The purpose of the Mendocino Coast Health Care District has been and continues to be to ensure the continuity of essential health care in the remote communities on the Mendocino Coast.” ... “The primary mission of the District is to ensure the continuity of essential health care in the coastal communities.”

From Bylaws:

“The mission of the Board is to

- a. Ensure that the resources of the Health Care District are used in the best interests of the public.
- b. Meet its financial, contractual and regulatory obligations.
- c. Implement and support programs providing they are congruent with regulations and existing contracts.
 - 1. Ensure that the district maintain its fiscal solvency with its limited resources.
 - 2. The bylaws and the mission should be reviewed annually for continued relevance”

From the MCHCD website 2024:



The image shows a document titled "MISSION STATEMENT" from Mendocino Coast District Hospital. The document includes the MCDH logo at the top, which features a stylized bird or wave above the letters "MCDH". On the left side, the text "MENDOCINO COAST DISTRICT HOSPITAL" is printed vertically. Below this, there is a decorative graphic with the words "Competent", "Caring", and "Committed to Your Health" in a cursive font. At the bottom left, contact information is provided: "700 RIVER DRIVE FORT BRAGG, CALIFORNIA 95437", "TELEPHONE 707.961.1234", "FAX 707.961.4793", and "www.mcdh.net". The main body of the document is divided into three sections: "VISION", "MISSION", and "PHILOSOPHY". The "VISION" section states: "We provide leadership in an efficient, coordinated and people-oriented rural healthcare system. We encourage personal and community responsibility for health and wellness. We are a key element in a healthcare system that serves the needs of this community." The "MISSION" section states: "We are committed to providing high quality, patient-centered, cost-effective healthcare in a caring and professional environment." The "PHILOSOPHY" section states: "Every member of our healthcare team will play an active, participative role that effectively utilizes the skills and talents of each. People are our most important resource. We will encourage professional development and a code of conduct that will achieve a level of competence and morale that will attract and maintain the highest quality staff." Below the philosophy section, there is a statement: "We will consistently work toward a level of care that results in patients recommending us and returning to us for their healthcare needs." At the bottom right of the document, the date "5/22/03" is printed, along with a handwritten note: "Review 2-13-2018 BE".

Appendix C

CFO letter:

APRIL 9, 2024

ATTN: MENDOCINO COAST HEALTH CARE DISTRICT
BOARD OF DIRECTORS
RE: COMPLIANCE REPORT FINDINGS

Good afternoon, let me begin with thanking each of you for attending a special Board meeting. I do respect your time and effort to participate in this meeting and it is very much appreciated.

I am going to review with you a very important investment policy. The policy is really a blend of policy statements with implementation steps to launch the actual investments.

Regarding investing, the key takeaway I want to stress with you: there must be a very disciplined focus on three pillars named **safety, liquidity and yield** and in that priority order. I repeat safety, liquidity and yield.

When a District has surplus funds to invest it must abide by the California government statute number 53000 (titled investment of surplus).

The policy you are being asked to approve today complies with that statute.

.....

I have been reviewing the District’s investment procedures for the last two weeks with the support and cooperation of Kathy.

The compliance findings of that review were disturbing because:

- (1)** funds in all three banks (Tri-Counties Bank, Bank of America and California Bank of Commerce) were at risk for loss of principal dollars with no FDIC insurance (a **safety** issue),
- (2)** funds at the CBC bank were at risk of a delay in the timely payment of withdrawals (a **liquidity** issue) and
- (3)** zero interest income yields on certain accounts (a **yield** issue).

I find it just a little bit unbelievable and shocking that all three pillars of a solid investment policy are being violated currently: safety, liquidity and yield.

Regarding #1 a safety issue- if a bank has a solvency situation and goes into bankruptcy or even liquidation, the District’s funds are only insured for the FDIC limit of \$250K. the deposits at the three banks that are at risk with no FDIC coverage total \$6.8M.

This lack of safety for principal dollars could be considered as negligence.

Regarding #2 a liquidity issue- per the CBC agreement if the receiving banks fail to meet withdrawal requests timely to the custodian bank (CBC), the funding of all or a portion of the District’s withdrawal request could be delayed.

This lack of liquidity could be considered as negligence.

Regarding #3 a yield issue- the money lost from having no interest income yields cannot be recovered. In finance terms, it is referred to lost opportunity cost.

Lost opportunity cost means that a potential gain is sacrificed when the District chose one option over another (no interest income returns vs. a 5% interest achievable return).

You may be thinking no big deal if we lost a little bit of interest income. Unfortunately, it is a very significant dollar amount.

My name for cash that is not earning any investment yield is idle cash. It is like idle hands. It can become a problem for the District.

About \$4.2M of idle cash was invested at the California Bank of Commerce and about \$1.8M of idle cash at the other two banks (Tri Counties Bank & Bank of America) for a total of \$6.0M in idle cash.

The lost annual interest returns on that \$6.0M at 5% would be \$300,000 or the equivalent of \$822 every single day. If the average worker is making \$60,000 per year that \$300K lost annual interest is the equivalent of the annual salaries combined for five workers.

This lack of investment yield dollars could be considered as negligence.

Fortunately, these possible negligent defaults were discovered and have been quickly rectified by transferring the funds to the LAIF account where their safety, liquidity and yield will be complying with the California statute. All of the transfers should be completed no later than Friday, April 12, 2024.

I reviewed the LAIF account and it was not a compliance issue.

OK, let us review the policy document now: I will move thru the pages as rapidly as I can and will be focusing on the areas that I have yellow highlighted. If you have questions, please stop me and we can discuss it at that time.

Respectfully submitted,



Wayne C. Allen, CFO

Appendix D
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MENDOCINO COAST DISTRICT HOSPITAL

**Mendocino Coast Health Care District
Board of Directors
Manual
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COMMISSIONERS

Maureen Mulheren
Chair
County Member

Gerald Ward
Vice Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Vacant
Special District Member

Francois Christen
Alternate Special District Member

Douglas Crane
Alternate City Member

John Haschak
Alternate County Member

Vacant, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

DRAFT

September 9, 2024

The Honorable Judge Ann Moorman
Mendocino County Superior Court
100 North State Street, Dept E
Ukiah, CA 95482

Office of the County Counsel
County of Mendocino
501 Low Gap Road, Room 1030
Ukiah, CA 95482

Mendocino County Civil Grand Jury
County of Mendocino
501 Low Gap Road, Room 1030
Ukiah, CA 95482

**RE: LAFCo Response to the Grand Jury's Report
"Mendocino Coast Health Care District – Sick, but Returning to Health"**

Dear Honorable Judge Ann Moorman:

The Mendocino Local Agency Formation Commission (LAFCo) has reviewed the Grand Jury's June 12, 2024 report titled "Mendocino Coast Health Care District – Sick, but Returning to Health." This report investigates the Mendocino Coast Health Care District (MCHCD) board and operations following its restructuring with Adventist Health, and requests LAFCo responses to Finding F11 and Recommendation R18.

LAFCo's statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) (Government Code (GOV) §56000, et seq.). Among LAFCo's purposes are: discouraging urban sprawl, preserving open space and prime agricultural lands, efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (GOV §56301). To support LAFCos in these objectives, the CKH grants LAFCos authority to conduct reviews of the efficiency and effectiveness with which special districts deliver services.

Mendocino LAFCo discussed the report during a regular meeting of the Commission held on September 9, 2024 and provides the following responses.

Finding No. F11. The reinvention of MCHCD, post affiliation, and the significant and public financial and administrative issues with the District, along with the fact that an MSR has not been completed in 10 years, should have initiated a LAFCo MSR.

LAFCo Response: LAFCo partially agrees with the finding.

The CKH provides for development of local policies to guide implementation of the statutes, reflective of local conditions and need. The CKH requires LAFCo to review and update spheres of influence every five years, as necessary (GOV §56425(g)). Mendocino LAFCo Policy 10.1.3(a) clarifies and provides local direction to implement this statute, requiring “(a) The Commission will review all spheres of influence every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police and fire protection services.” (emphasis added).

Policy 10.1.3(c) further clarifies, “Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.” (emphasis added).

LAFCo agrees that the restructuring of the MCHCD’s operations warrants an update of the 2014 MSR. However, financial and staff capacity limitations, coupled with other prioritized agency studies, necessitates careful scheduling of the work plan to ensure undue financial strain is not passed on to LAFCo’s funding agencies (50 special districts, 4 cities and the County).

Recommendation No. R18 – Provide a Municipal Service Review on MCHCD on a priority basis. Complete by December 2024. (F11)

LAFCo Response: The recommendation has not yet been implemented, but will be initiated by December 2024.

In Mendocino County, there are 50 special districts and 4 cities that fall under the jurisdiction of LAFCo, and for which LAFCo is required to periodically prepare MSRs and Sphere of Influence (SOI) updates. Given LAFCo’s financial limitations and the expense of preparing MSRs, subject agencies are reviewed during the annual budget development process and prioritized based on a number of factors, including but not limited to, 1) provision of municipal services, 2) known issues, and 3) date of last review. A work plan and associated budget for the prioritized agency studies are adopted with the annual budget.

Mendocino LAFCo’s funding consists almost entirely of apportionments collected from Mendocino County and its cities and independent special districts on a one-third apportionment formula set forth in Government Code 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. It is notable that health care districts are exempt from paying an annual apportionment if the district’s operations revenue is negative (GOV §56381(b)(D)); MCHCD has not paid LAFCo apportionments in many years. While this does not change the fact that LAFCo has a responsibility to prepare an MSR for the district, the Commission has not prioritized it above municipal service providers also in need of a review.

LAFCo’s annual work plan schedule and budget for FY 2024-25 includes MSR/SOI studies for nine water districts with a budget of \$75,000. The water districts were prioritized for the following reasons: 1) they provide a critical municipal service, 2) the impacts and effects of the severe drought of 2021-22, 3) the anticipated effects of the change in water supply with PG&E’s abandonment of the Potter Valley Project, and 4) the last MSR/SOI studies of the water districts were conducted in 2014-2015.

A rough estimate for a comprehensive MSR for the MCHCD is between \$15,000-30,000, depending on whether LAFCo staff has capacity to prepare the study in-house or whether an outside consultant would be necessary. Prioritizing the MCHCD MSR this fiscal year would necessitate delaying some of the current work plan tasks and allocation of additional funding from reserves and within the next fiscal year budget. However, should the MCHCD be amenable to bearing the costs of a consultant-prepared MSR; Mendocino LAFCo would be able to manage the preparation of the MSR without compromising or adjusting the current work plan schedule and budget.

Mendocino LAFCo respectfully agrees to prioritize the MCHCD MSR and will initiate the MSR development process by December 2024 with the intent of completing the study by August 2025. Please note that development of MSRs is highly dependent on the responsiveness of the district to information requests, availability of information and staff workload, all of which affects schedules for study completion.

Thank you again for the opportunity to comment on the Grand Jury's recent MCHCD report. Feel free to contact me if you have any questions. I can be reached by email (eo@mendolafco.org) or by phone (707) 463-4470.

Respectfully,

Maureen Mulheren
COMMISSION CHAIR



STAFF REPORT

Agenda Item No. 7b	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	CALAFCO Business and Selection of Voting Delegate

RECOMMENDED ACTION

The Commission **(1)** Consider nominating a county or special district member for the CALAFCO Board of Directors, and **(2)** Designate a voting delegate and an alternate for the Regional Caucus and Annual Membership Meeting to be held on October 17 during the 2024 Annual Conference.

DISCUSSION

Call for CALAFCO Board Nominations

The CALAFCO Election Committee is accepting nominations for a city member and a public member for the Northern Region until September 16, 2024. Serving on the CALAFCO Board provides an opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets quarterly, with special meetings as needed and strategic planning retreats held every two years.

Board seats span a two-year term, with no term limits, and any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat. Elections are conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 17, 2024 in Yosemite.

The incumbent for the Northern Region Public Member is Josh Susman, Nevada County. Blake Inscore, Del Norte County, is the City Member and is concluding his term at the end of 2024. If the Commission wishes to nominate a city or public member, the deadline for nominations is September 16, 2024.

Voting Delegate

Each LAFCo is responsible under CALAFCO Bylaws for appointing a voting delegate and alternate to participate in the board elections and business meeting held at the annual conference. The board elections will be conducted by regions while the business meeting provides an opportunity for the entire membership to hear from CALAFCO regarding organization activities. Delegates may be commissioners or staff.

In order to vote at the regional Board seat elections, a LAFCo must have provided CALAFCO the voting delegate names in writing by September 16th. The voting delegate and alternate are the only people allowed to vote at the caucus and the Annual Business Meeting and must be provided to CALAFCO by the deadline.

Legislative Update

Senate Bill (SB) 1209 was presented to the Governor on September 3, 2024. If signed by the Governor, the CALAFCO-sponsored bill will add a new section into Government Code authorizing LAFcos to enter into an indemnification agreement with an applicant, which would hold harmless the LAFco or its agents from any action attacking a LAFco approval. Counties and cities are already empowered to enter into, and require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 will provide LAFcos with a similar authority in this situation. The Governor now has 30 days to take action on the bill.

ATTACHMENTS

- (1) CALAFCO Board Recruitment and Nomination Packet
- (2) CALAFCO Voting Delegate Designation Form
- (3) Senator Cortese's Statement on SB 1209

Date: May 21, 2024	
To: Local Agency Formation Commission Members and Alternate Members	
From: Kenneth Leary, Committee Chair CALAFCO Board Election Committee CALAFCO Board of Directors	
RE: Nomination Period Now Open for 2024/2025 CALAFCO Board of Directors	

The Nomination Period is now open for the fall elections of the CALAFCO Board of Directors for the following seats:

CENTRAL REGION	COASTAL REGION	NORTHERN REGION	SOUTHERN REGION
County Member	County Member	City Member	City Member
District Member	District Member	Public Member	Public Member

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

MONDAY, SEPTEMBER 16, 2024

<p><i>Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year, generally virtually. However, strategic plan retreats and other meetings may be scheduled in-person and will alternate around the state. A job description is attached that more fully discusses director responsibilities and time commitment.</i></p>	<p><i>Board terms span a two-year period, with no term limits, and any LAFCO commissioner or alternate commissioner is eligible to run for a Board seat.</i></p> <p><i>Elections will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 17, 2024 at the Tenaya Lodge in Fish Camp, California.</i></p>
---	---

Should your Commission nominate a candidate, please return the completed Nomination Form and Candidate’s Résumé Form by the deadline. Completed nomination forms and all materials must be RECEIVED by CALAFCO by the deadline.

Electronic filing of nomination forms is **highly encouraged** to facilitate the recruitment process. Please email to info@calafco.org. However, hard copy forms and materials may also be mailed to:

Election Committee c/o Executive Director
California Association of Local Agency Formation Commissions
1451 River Park Drive, Suite 185
Sacramento, CA 95815

Complete nominations received by the September 16th deadline will be included in the Election Committee’s Report that will be distributed to LAFCO members. Candidate names will be listed in the report, and on the ballot, in the order nominations are received. The Election Committee Report will be distributed no later than October 3, 2024, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCOs who cannot send a representative to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. **Ballot requests must also be received no later than Monday, September 16, 2024, with completed absentee ballots due by no later than Thursday, October 10, 2024.**

NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **May 21** – Nomination Announcement and packet sent to LAFCO membership and posted on the CALAFCO website.
- **September 16** – Completed Nomination packet due
- **September 16** – Request for an absentee/electronic ballot due
- **September 16** – Voting delegate name due to CALAFCO
- **October 3** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 3** – Distribution of requested absentee/electronic ballots.
- **October 10** – Absentee ballots due to CALAFCO
- **October 17** - Elections

If you have any questions about the election process, please contact CALAFCO Executive Director René LaRoche at rlaroche@calafco.org or by calling 916-442-6536.

Members of the 2024/2025 CALAFCO Election Committee are:

Kenneth Leary, Committee Chair	Napa LAFCO (Coastal Region)
Bill Connelly	Butte LAFCO (Northern Region)
Kimberly Cox	San Bernardino LAFCO (Southern Region)
Anita Paque	Calaveras LAFCO (Central Region)

To assist you in this consideration, you will find attached for your reference a copy of the CALAFCO Board Member Job Description, the CALAFCO Board of Directors Nomination and Election Procedures and Forms, and the current listing of Board Members and corresponding terms of office.

I sincerely hope that you will consider joining us!

Attachments.



Board Member Job Description

California Association of Local Agency Formation Commissions (CALAFCO) Member of the Board of Directors

Mission

As a 501(c)(3) nonprofit organization, CALAFCO supports LAFCOs by *promoting efficient and sustainable government services based on local community values through legislative advocacy and education.*

For more information, please see CALAFCO's website at www.calafco.org.

Values

The underlying values that define our organization are: *dependability, efficiency, honesty, and transparency.*

Duties

Board members have the following legal duties:

1. **Duty of Care:** *Ensuring prudent use of all assets including financial, facility, people, and good will.*
2. **Duty of Loyalty:** *Ensuring that the association's activities and transactions are, first and foremost, advancing its mission; Recognizing and disclosing conflicts of interest; Making decisions that are in the best interest of the association and not in the best interest of an individual board member, or any other individual or entity.*
3. **Duty of Obedience:** *Ensuring that the association obeys applicable laws and regulations; follows its own bylaws and policies; and that it adheres to its stated corporate purposes/mission.*

Position

The Board is a governing body and is expected to support the work of CALAFCO by providing mission-based leadership and strategic governance. While day-to-day operations are led by CALAFCO's Executive Director (ED), the Board-ED relationship is a partnership and the appropriate involvement of the Board is both critical and expected. Board Members are tasked with the Leadership, Governance, and Oversight of the association. Responsibilities include, but are not limited to:

- Representing CALAFCO to stakeholders; acting as an ambassador for the organization to regional members and California legislators.

- Approving policies that provide the appropriate authority and guidance for/to the ED in the administration of the organization.
- Serving as a trusted advisor to the ED.
- Participating in strategic planning retreats.
- Reviewing agenda and supporting materials, and communicating question to the Executive Director, prior to board and committee meetings.
- Weighing the organization's outcomes against strategic plan initiatives.
- Approving CALAFCO's annual budget, financial reports, and business decisions; being informed of, and meeting all, legal and fiduciary responsibilities.
- Assisting the ED and board chair in identifying and recruiting other Board Members to ensure CALAFCO's commitment to a diverse board and staff that recognizes the differing perspectives among LAFCOs.
- Partnering with the ED and other board members to ensure that board resolutions are carried out.
- Serving on committees or task forces and taking on special assignments, as needed.

Board Terms/Expected Participation

CALAFCO's Board Members are elected during regional caucuses held at the association's annual meeting, and serve two-year terms.

Regular board meetings are held quarterly, special meetings are called as needed, strategic planning retreats are held every two years, committee meetings are called at different times during the year, and legislative canvassing in Sacramento may be needed. Two absences, within a calendar year, from any regularly scheduled board meetings constitutes a resignation of the Board member.

Qualifications

Board Members must be seated LAFCO Commissioners at their local level.

This is an extraordinary opportunity for an individual who is passionate about the importance of the role that LAFCOs play in the sustainable growth of a region, and who has a track record of leadership. His/her accomplishments will allow him/her to interface effectively with the state legislature, as well as attract other well-qualified, high-performing Board Members.

Remuneration

Service on CALAFCO's Board of Directors is without remuneration. Administrative support, travel, and accommodation costs are typically provided by a director's home LAFCO.



Board of Directors Nomination and Election Procedures and Forms

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF AN ELECTION COMMITTEE:

- a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
- b. The Board Chair shall appoint one of the members of the Election Committee to serve as Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a CALAFCO regional officer to serve as staff in cooperation with the Executive Director.
- c. Each regional officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCOs across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCOs:

- a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFCO for distribution to each commissioner and alternate. The announcement shall include the following:
 - i. A statement clearly indicating which offices are subject to the election.
 - ii. A regional map including LAFCOs listed by region.
 - iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCO marked "Received too late for Election Committee action."
 - iv. The names of the Election Committee members and the name of their LAFCO, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.
 - v. The email address and physical address to send the nominations forms.
 - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
 - vii. The specific date by which all voting delegate names are due.
 - viii. The specific date by which absentee ballots must be requested, the date CALAFCO will

Key Timeframes for Nominations Process	
Days*	
120	Nomination announcement
30	Nomination deadline
14	Committee report released
*Days prior to annual membership meeting	

distribute the absentee ballots, and the date by which they must be received by the Executive Director.

- b. A copy of these procedures shall be posted on the web site.

3. THE ELECTION COMMITTEE:

- a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned regional officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the regional officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Executive Director to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Advise the Executive Director to provide "VOTING DELEGATE" ribbons to all voting delegates attending the Annual Conference.
- g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.
- h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a regional officer from a region other than their own, as assigned by the Executive Director
- i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

- a. Any LAFCO in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCOs requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.
- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the

annual meeting.

- d. LAFCO must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.
- e. LAFCOs voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCOs voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

- a. The Presiding Officer shall:
 - i. Review the election procedure with the membership of their region.
 - ii. Present the Election Committee Report (previously distributed).
 - iii. Call for nominations from the floor by category for those seats subject to this election:
 - 1. For city member.
 - 2. For county member.
 - 3. For public member.
 - 4. For special district member.
- b. To make a nomination from the floor, a LAFCO, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.
- e. The Presiding Officer shall then conduct the election:
 - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
 - 1. Name the nominees and offices for which they are nominated.
 - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
 - ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
 - 1. Poll the LAFCOs in good standing by written ballot.
 - 2. Each LAFCO in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.

3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
 4. With assistance from the regional officer, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
1. A majority of the total number of LAFCOs in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
 2. The nominee receiving the majority of votes cast is elected.
 3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
 4. In case of tie votes:
 - a. A second run-off election shall be held with the same two nominees.
 - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.
- b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCO may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

CALAFCO's Four Regions



The counties in each of the four regions consist of the following:

Northern Region

Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Steve Lucas
Butte LAFCO
slucas@buttecounty.net

Southern Region

Orange
Los Angeles
Imperial
Riverside
San Bernardino
San Diego

CONTACT: Gary Thompson
Riverside LAFCO
gthompson@LAFCO.org

Coastal Region

Alameda
Contra Costa
Marin
Monterey
Napa
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: Dawn Longoria
Napa LAFCO
dawn.longoria@napa.lafco.ca.gov

Central Region

Alpine
Amador
Calaveras
El Dorado
Fresno
Inyo
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: José Henriquez
Sacramento LAFCO
henriquezj@sacounty.net

CURRENT BOARD MEMBERS AND TERMS

NAME	REGION	TYPE & TERM
Bill Connelly	Butte <i>Northern</i>	County (2025)
Kimberly Cox	San Bernardino Southern	District (2025)
Rodrigo Espinosa	Merced <i>Central</i>	County (2024)
Yxstian Gutierrez	Riverside Southern	County (2025)
Blake Inscore, Secretary	Del Norte <i>North</i>	City (2024)
Gay Jones, Treasurer	Sacramento <i>Central</i>	District (2024)
Kenneth Leary	Napa Coastal	Public (2025)
Gordon Mangel	Nevada <i>Northern</i>	District (2025)
Michael McGill	Contra Costa <i>Coastal</i>	District (2024)
Derek McGregor	Orange <i>Southern</i>	Public (2024)
Margie Mohler, Chair	Napa <i>Coastal</i>	City (2025)
Anita Paque	Calaveras <i>Central</i>	Public (2025)
Wendy Root Askew	Monterey <i>Coastal</i>	County (2024)
Josh Susman	Nevada <i>Northern</i>	Public (2024)
Tamara Wallace	El Dorado Central	City (2025)
Acquanetta Warren, Vice-Chair	San Bernardino <i>Southern</i>	City (2024)



Board of Directors

2024/2025 Nomination Form
(Must accompany the Candidate Résumé Form)

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

_____ LAFCO of the _____ Region

Nominates _____

for the (check one) [] City [] County [] Special District [] Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual Membership Meeting of the Association.

LAFCO Chair

Date

NOTICE OF DEADLINE

Nomination Packets must be received by September 16, 2024 to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

Date Received



Board of Directors
2024/2025 Candidate Résumé Form
(Complete both pages)

Nominated By: _____ LAFCO Date: _____

Region (please check one): Northern Coastal Central Southern

Category (please check one): City County Special District Public

Candidate Name _____

Address _____

Phone Office _____ Mobile _____

e-mail _____

Personal and Professional Background:

LAFCO Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

NOTICE OF DEADLINE

Complete Nomination Packets must be received by **September 16, 2024** to be considered by the Election Committee.

Send completed nominations to
info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

Attachment 2



1451 River Park Drive, Ste 185
Sacramento, CA 95815
(916) 442-6536

NOMINATION OF 2024 CALAFCO VOTING DELEGATE

The Local Agency Formation Commission of the below named county, hereby nominates and names the following Commissioners as its duly authorized voting delegate and alternate for purposes of the 2024 CALAFCO Board of Directors election to be held on Thursday, October 17, 2024, during the CALAFCO Regional Caucus and Annual Meeting in Fish Camp, California.

County Name:

Delegate:

Alternate:

Appointment Authorized by:

Name of individual completing form on behalf of the LAFCo:

Will your delegate or alternate be attending the CALAFCO Annual Conference?

Yes: No:

PLEASE RETURN COMPLETED FORM BY **SEPTEMBER 16, 2024 TO:**

René LaRoche via email to: rlaroch@calafco.org

Late submissions will NOT be accepted.

Attachment 3

Sen. Cortese's Statement On SB 1209 - LAFCO Indemnification - Advancing To Governor's Desk

AUGUST 29, 2024

SAN JOSE, CA – Senator Dave Cortese (D-San Jose) issued the following statement regarding the California Senate's approval of his Senate Bill 1209 (SB 1209), which now advances to the Governor for signing and adoption.

"Ultimately, SB 1209 is about good governance which aims to protect taxpayers and ratepayers from being saddled with additional, unexpected, and unnecessary fees. It does so by extending the same indemnification provisions afforded to city, county, and special district jurisdictions to Local Agency Formation Commissions (LAFCO's)," said Senator Cortese. "By indemnifying LAFCO's, we prevent the buck from being passed down onto consumers."

"I am pleased and grateful to learn that the Assembly has approved SB 1209 and we are one step close to the bill becoming law. Approval of SB 1209 will provide California LAFCOs with the same indemnification authority currently held by counties, cities, and special districts. This authority is essential to LAFCOs' ability to meet their statutory obligations and make decisions without being hindered by the potential costs of defending lawsuits," said Margie Mohler, CA-LAFCO President and Mayor, Town of Yountville.

For most applications to public agencies, such as those for land-use, private parties indemnify the involved city or county. Similarly, LAFCOs have normally required an indemnification provision in applications and conditions of approval.

However, in 2022, the Second District Court of Appeals determined that LAFCO, despite prevailing in the underlying court case, could not require or rely upon indemnification because it is not expressly authorized in the Cortese-Knox-Hertzberg Local Government Act of 2000.

Without the ability to indemnify, the LAFCO will necessarily have to consider whether to make concessions to the applicant, or to not defend its actions. Applicants are typically public agencies (cities and districts), a small percentage are developers and an even smaller percentage are a member of the general public.

Senator Dave Cortese represents Senate District 15, which encompasses San Jose and much of Santa Clara County in the heart of Silicon Valley. Visit Senator Cortese's website: <https://sd15.senate.ca.gov>

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STAFF REPORT

Agenda Item No. 8a	
MEETING DATE	September 9, 2024
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	Report on Applications and Work Load

RECOMMENDED ACTION

Staff recommends the Commission receive and file this report.

BACKGROUND

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

LAFCo proceedings for jurisdictional changes are generally initiated by outside applicants through petitions (landowners or voters) and resolutions (local agencies). LAFCos may also initiate jurisdictional changes to form, consolidate, or dissolve special districts if consistent with the recommendations of approved municipal service reviews.

The item is for information and satisfies Mendocino LAFCo’s reporting requirement for current and future applications.

Active and Future Proposals

Attachment 1 is a regular update to the Commission on active proposals on file as well as identification of future proposals staff anticipates being filed with LAFCo in the near term based on discussions with local agencies and proponents.

Work Plan

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence updates over the course of the fiscal year. Attachment 2 is an update on the status of activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

Attachments

1. Summary Table – Application Activity and Potential Future Proposals
2. Summary Table – Work Plan Tracking and Status

Attachment 1. Summary Table – Application Activity and Potential Future Proposals

LAFCo File No.¹	Applicant	Project Name	Date Application Received	Certificate of Filing	LAFCo Hearing Date	Certificate of Completion	BOE Submittal Date
Active Proposals							
P-2023-02	Fort Bragg	Pre-Application Review for Annexation of City-owned Properties	4/10/2023	N/A	N/A	N/A	N/A
The City of Fort Bragg submitted a Pre-Application Review Request for annexation of Mendocino Coast Recreation and Park District properties consisting of 6 parcels totaling 582 acres. The intended use of the parcels is for water supply reservoirs, power generation, preservation and recreation. A pre-application meeting was held with Fort Bragg staff on July 25, 2023. Staff met with City staff on June 27, 2024 to pre-review the application materials for annexation.							
A-2023-01	AVCSD	Annexation of Sphere	3/6/2023				
The Anderson Valley Community Services District (AVCSD) proposes to annex the District’s Sphere of Influence (SOI) for fire and ambulance services. The Agency Referral and Notice of Filing were distributed to initiate the tax share negotiation process (3/2023). The application is incomplete pending additional information and a tax share agreement. Coordination meetings are being held with AVCSD staff and County Departments regarding the tax share process.							
A-2022-02	Ukiah	City of Ukiah Annexation of Western Hills (Hull Properties)	6/8/2022 3/21/2024				
The City of Ukiah proposes to annex approximately 791 acres in the Western Hills for open space preservation, while allowing the potential for future low density residential up to 20 dwelling units on the 40 easternmost acres. New application materials were submitted March 21, 2024; the agency referrals were distributed on 3/21/24 and the Notice of Filing sent to the Auditor and Assessor for the tax share agreement process. The Master Tax Share Agreement between the City and County was approved by the BOS and City of Ukiah in June 2024. New application materials received July 19, 2024. The application is deemed incomplete pending information needs and the tax share agreement. Coordination meetings are being held with LAFCo and City staff.							
L-2022-01	ECSD	Elk Community Services District Activation of Latent Powers for Wastewater Services	4/8/2022				
The Elk Community Services District (ECSD) proposes to activate latent powers for the provision of wastewater services. The district will be assuming ownership and operation of a community leach field within the community of Elk. The application has been referred to affected agencies and a Notice of Filing sent to the County Assessor and Auditor-Controller to initiate the tax share negotiation process in accordance with Revenue & Tax Code Section 99. The application is incomplete pending a tax share agreement.							
Future Proposals							
	AVCSD	AVCSD Activation of Latent Powers for Water and Wastewater Services					
For several years the AVCSD has been developing a plan and design for providing water and wastewater services to the community of Boonville, which will require activation of latent powers through LAFCo. Staff have recently provided direction to District staff regarding application needs. Staff is coordinating with District CEQA consultants to provide input for inclusion in CEQA analysis.							
	RRFC/ RVCWD	RRFC Annexation of RVCWD					
The Russian River Flood Control District and Redwood Valley County Water District have established an ad hoc committee to prepare an application to LAFCo for annexation of the RVCWD into the RRFC. The annexation will allow the RRFC to establish a contract with the RVCWD to see non-surplus water; thereby creating a more stable source of water. Currently, the RRFC is only able to sell surplus water, when available, to the RVCWD.							

	City of Willits	Annexation and SOI Amendment					
The City of Willits is in the process of updating the Land Use Element of the City's General Plan. The update includes a proposed amendment to the City's SOI to facilitate future annexations. LAFCo and City staff met to discuss Draft Programmatic EIR and proposed SOI.							

¹Key: A – Annexation
C – Consolidation
D – Detachment

F – Formation
L – Activation of Latent Powers

O – Outside Agency Service Agreement

P – Pre-application Review Request
R – Reorganization

Attachment 2. Summary Table – Work Plan Tracking and Status

FY 2024-25 ESTIMATED WORK PLAN IMPLEMENTATION SCHEDULE AND STATUS

Work Plan status as of August 31, 2024

Subject to Change: The estimated schedule and costs for the Fiscal Year 2023-24 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.

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.

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.

Agency	Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Status/Notes
FY 2024-25 Work Plan						
Laytonville County Water District	8/9/2024					RFI Phase I sent
Potter Valley Irrigation District	7/25/2024					RFI Phase I sent; interview held 8/29/24
Round Valley County Water District	8/9/2024					RFI Phase I sent
Calpella County Water District						
Hopland Public Utilities District						
Millview County Water District						
Redwood Valley County Water District						
Willow County Water District						
Russian River Flood Control District	8/9/2024					RFI Phase I sent
FY 2023-24 Work Plan						
Caspar South Water District	5/15/2024	7/25/2024	9/9/2024			Workshop scheduled
Elk County Water District	8/28/2024	In process				Response to RFI due 9/30/2024
Gualala Community Services District	1/31/2024	3/15/2024	6/3/2024	7/1/2024	7/26/2024	Completed
Irish Beach Water District	6/7/2024	In process				Response to RFI due 7/5/2024; no response
Mendocino County Water Works Water Works District No. 2	10/12/2023	1/31/2024	3/4/2024	7/1/2024	7/5/2024	Completed
Pacific Reefs Water District	10/27/2023	4/8/2024	5/6/2024	6/3/2024	6/4/2024	Completed
Westport County Water District	6/4/2024	6/4/2024				Response to RFI due 6/28/2024; coordinating information