

MENDOCINO

Local Agency Formation Commission

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

COMMISSIONERS

Carre Brown, Chair
County Board of Supervisors

Tony Orth, Vice Chair
Brooktrails Township CSD

Gerald Ward, Treasurer
Public Member

Gerardo Gonzalez
Willits City Council

Scott Ignacio
Point Arena City Council

John McCowen
County Board of Supervisors

Vacant
Special District Member

Jenifer Bazzani, Alternate
Ukiah Valley Fire District

Richard Weinkle, Alternate
Public Member

John Haschak, Alternate
County Board of Supervisors

Will Lee, Alternate
City of Fort Bragg

STAFF

Executive Officer
Uma Hinman

Analyst
Larkyn Feiler

Commission Clerk
Kristen Meadows

Counsel
Scott Browne

REGULAR MEETINGS

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

A G E N D A

Regular Meeting of **Monday, January 4, 2021** at 9:00 AM
County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

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

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

Important Notice

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

Submit **written comments** electronically to eo@mendolaafco.org by 8:00 a.m. on January 4. In the subject line, specify the agenda item number for your comments, "To be read aloud" if desired, and in the body of the email include your name. If to be read aloud, please keep your comments to 500 words or less. All written comments will be provided as soon as feasible to the Commission and posted on the [meetings page](#) of the website.

Provide **verbal comments** via teleconference with the information provided on the [website](#). Please pre-register by email to eo@mendolaafco.org by 8:00 a.m. on January 4. In the subject line, specify the agenda item number for your comments, "...Live", and your name (Example: Item 4a Public Comment Live, John Doe). Participants will also receive instructions for participation in the meeting. Each participant will have three minutes to provide comments related to the agenda item.

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

1. CALL TO ORDER 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. 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.

3a) Approval of the December 7, 2020 Regular Meeting Summary

3b) Approval of the December 2020 Claims & Financial Report

4. PUBLIC HEARING ITEMS

None

5. WORKSHOP ITEMS

None

6. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

6a) SOI Policy Update and Work Plan Budget Discussion

The Commission will receive a status update on the Sphere of Influence policy development process with the Policies & Procedures Committee and discuss options for the upcoming Fiscal Year 2021-22 Work Plan budget. RECOMMENDED ACTION: Receive and file report and discuss Work Plan budget options.

6b) Mid-Year Budget Review, Work Plan Report, and Proposed Budget Amendment

The Commission will receive the Executive Officer's report on the mid-year budget and work plan status for Fiscal Year 2020-21 and consider a budget amendment to support increased staff workload. RECOMMENDED ACTION: Adopt Resolution No. 2020-21-03 authorizing a budget amendment of \$22,500 and adjusting other account lines to meet anticipated need, thereby increasing the Fiscal Year 2020-21 budget from \$161,650 to \$184,193.

7. 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.

7a) Work Plan, Current and Future Proposals (Written)

7b) Correspondence (Copies provided upon request)

7c) Executive Officer's Report (Verbal)

7d) Committee Reports (Executive Committee/Policies & Procedures) (Verbal)

7e) Commissioner Reports, Comments or Questions (Verbal)

7f) CALAFCO Business and Legislative Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **February 1, 2021** at 9:00 AM
Location to be determined based on current State and local mandates related to the COVID-19 pandemic.

Notice: This agenda has been posted at least five (5) calendar days prior to the meeting and in accordance with the temporary Brown Act Guidelines instated by State Executive Order N-29-20.

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

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

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

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Regular Meetings

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

Agenda Item No. 3a

DRAFT MINUTES

Local Agency Formation Commission of Mendocino County

Regular Meeting of Monday, December 7, 2020

Meeting held via Zoom due to COVID-19 Pandemic Emergency Conditions

1. CALL TO ORDER and ROLL CALL (Video Time 1:27)

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

Regular Commissioners Present: Carre Brown, Tony Orth, Gerald Ward, Gerardo Gonzalez, John McCowen, and Scott Ignacio

Regular Commissioners Absent: none

Alternate Commissioners Present: Richard Weinkle, Jenifer Bazzani (immediately seated for the vacant Regular Special District seat)

Alternate Commissioners Absent: Will Lee, John Haschak

Staff Present: Uma Hinman, Executive Officer; Larkyn Feiler, Analyst; Kristen Meadows, Clerk; Scott Browne, Legal Counsel

2. PUBLIC EXPRESSION (Video Time 3:15) None

3. CONSENT CALENDAR (Video Time 4:58)

3a) Approval of the November 2, 2020 Regular Meeting Summary

Chair Brown noted three minor corrections on pages 5 and 6 of the agenda packet.

Motion by Commissioner Ward: Approve the September Meeting Summary with noted changes.

Seconded by Commissioner Gonzalez

Approved by roll call vote: unanimous

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

3b) Approval of the November 2020 Claims & Financial Report (Video Time 7:24)

November 2020 Claims totaling: \$ 17,265.26

Hinman & Associates Consulting	\$ 15,211.62
Ukiah Valley Conference Center	\$ 707.35
P. Scott Browne	\$ 900.00
County of Mendocino	\$ 346.32
Streamline	\$ 50.00
Commissioner Stipend	\$ 50.00

Commissioner Ward asked if the meetings are televised. EO Hinman confirmed that audio and video are recorded, streamed live, and saved on the County's YouTube site.

Chair Brown asked for an update on the refund from Pacific Internet. EO Hinman stated that staff is waiting for a full refund check.

Motion by Commissioner Ignacio: Approve the October 2020 Claims & Financial Report.

Seconded by Commissioner Gonzalez

Approved by roll call vote: unanimous

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

3c) Approval of the 2021 Regular Commission Meeting Schedule (Video Time 9:52)

Commissioner McCowen noted that the proposed January 4th meeting is scheduled before the new County-appointed Commissioners are to be sworn in and suggested moving the meeting to January 11 to accommodate representation from the County.

Chair Brown responded that according to state code, seated Supervisors' terms end at noon on the Monday before the new Supervisors are sworn in, which is the first Tuesday in January (January 5, 2020). LAFCo Legal Counsel Browne advised that the matter is at the Commission's discretion.

1st Motion by Commissioner Ignacio: Adopt the calendar as presented and move the January 4th meeting to the 11th.

Seconded by Commissioner Bazzani

Failed by roll call vote

Ayes: (2) Ignacio, Bazzani

Noes: (4) Ward, Orth, Gonzalez, McCowen

Abstain: (1) Brown

Commissioner Ward stated that he would prefer to meet with Commissioners Brown and McCowen on January 4.

2nd Motion by Commissioner McCowen: Approve the 2021 Regular Meeting Schedule as presented.

Seconded by Commissioner Ignacio

Approved by roll call vote: unanimous

Ayes: (6) McCowen, Bazzani, Ward, Orth, Ignacio, Gonzalez

Abstain: (1) Brown

4. PUBLIC HEARING ITEM None.

5. WORKSHOP ITEMS None.

6. MATTERS FOR DISCUSSION AND POSSIBLE ACTION (Video Time 18:00)

6a) Consultant Selection for City of Ukiah MSR/SOI Update

EO Hinman presented the item. In summary, the Commission authorized selection of an outside consultant to complete the MSR/SOI Updates for the City of Ukiah and the Ukiah Valley Sanitation District (UVSD). An Ad Hoc Committee of Commissioners Orth and Ward was appointed to oversee the process. Following receipt and review of three proposals, the Committee directed staff to explore funding options to aid in its recommendation to the Commission. On November 25th, a collaborative Ad Hoc Committee meeting was held with the City and the UVSD. On December 2nd, the City approved to fully fund the consultants' cost to complete its MSR/SOI Update. The Ad Hoc Committee completed its selection process and recommends the Planwest Partners Team to conduct the MSR/SOI Update for the City of Ukiah. There is no recommendation on the UVSD MSR/SOI Update at this time.

Commissioner Orth thanked all parties for working together to move the work plan forward.

Commissioner Ward thanked the City for the funding, considering LAFCo's limited budget. He expressed concern for funding UVSD's update and review.

Chair Brown invited public comment.

Sage Sangiacomo, Ukiah City Manager, noted that the City supports the proposed motion and looks forward to working with LAFCo to complete the review and update it in a timely fashion.

Commissioner McCowen requested an update on the status of UVSD's proposal, specifically the Ad Hoc Committee's recommendation and projected project timeline. EO Hinman responded that UVSD staff is discussing with its Board the timing of the MSR/SOI Update in relation to the discussions taking place with the Upper Russian River Water

Agencies (URRWA) regarding potential consolidation of water and wastewater service providers. The UVSD Board will be discussing the Update at its meeting on December 9.

Although the proposal suggests starting the City's review and update in July 2021, Commissioner Ward asked if the consultants would be ready to start early. EO Hinman responded they are willing and able to start upon executive of contract and are available to completing the report within six months to a year.

Commissioner Ward again expressed concern with funding for the UVSD review and update and encouraged the Commission to take that into consideration for the next budget year.

Commissioner Ignacio requested comment from Counsel. Mr. Browne recommended the motion include negotiating the cost of any environmental review with the City. An SOI, a project under the California Environmental Quality Act (CEQA), requires a review of environmental impact, beginning with an initial study to determine the extent of the impact, followed by a determination of appropriate level of analysis (i.e., exemption, negative declaration, or environmental impact report).

Commissioner Ignacio requested the motion be amended to include Counsel's concerns. Commissioners McCowen and Orth agreed.

Motion by Commissioner McCowen:

1. Consider and approve the RFP Ad Hoc Committee recommendation for the City of Ukiah Municipal Service Review and Sphere of Influence Update consultant selection of Planwest Partners, LACO, Bartle Wells Associates, and Richard Shoemaker; and
2. Authorize the Executive Officer to negotiate and execute an agreement with the City of Ukiah regarding City funding for professional services to prepare the City of Ukiah Municipal Service Review and Sphere of Influence Update; and
3. Authorize the Executive Officer to negotiate and execute a standard professional services contract with the Planwest Partners, LACO, Bartle Wells Associates, and Richard Shoemaker team to prepare the City of Ukiah Municipal Service Review and Sphere of Influence Update.

Seconded by Commissioner Orth

Approved by roll call vote: unanimous

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

6b) Special District Member Election Update (Video Time 32:10)

EO Hinman presented the informational update, noting that no quorum was achieved by November 23rd deadline therefore requiring the 60-day extension notice as required by Cortese-Knox-Hertzberg. Notice was sent to Special Districts on November 24th of the new ballot deadline of January 25, 2021.

Commissioner Ward asked what will happen if a quorum is not reached in January. EO Hinman answered that extensions are required to continue until a quorum is achieved. She noted, pursuant to Government Code §56334, Commissioners serve four-year terms and until the appointment of a qualified successor. Commissioner Orth actively serves on the Brooktrails Township CSD Board; therefore, he may remain seated until the election results are certified by the Commission.

Chair Brown asked if every district must vote again. EO Hinman confirmed the ballots received are still valid and Staff is waiting to receive the remaining ballots to achieve a quorum. She added that she will continue to send reminders until a quorum is reached.

6c) December Special Meeting (Video Time 35:36)

EO Hinman presented a request for direction regarding presentation of proposed Sphere of Influence policies which are being considered by the Policies & Procedures Committee, in particular whether the current Commission would like to consider the proposed changes or to wait for the new Commission in 2021.

On November 24, the Policies & Procedures committee reviewed the proposed SOI policy language. The proposals are currently in practice and are intended to become written policy ensure consistency. The changes include:

- Requiring major change of organization/reorganization proposals be consistent with an agency's SOI

- Defining “outdated spheres”
- Adding provisions for Commission authority over SOI review/update and timeframe/process
- Clarifying CEQA requirements for sphere actions
- Cost recovery provisions for non-coterminous SOI Updates
- Adding a provision to maximize combined preparation of MSR and SOI Updates

The Committee reviewed comments from:

- Commissioner McCowen
- City of Ukiah - Sage Sangiacomo, Manager and Craig Schlatter, Community Development Director
- City of Willits

The Committee postponed the item to allow for incorporation of suggested changes and collaboration with City Planning Departments and interested special districts. The Committee will reconvene in December.

Chair Brown noted the currently seated Commission will meet once more in January and invited Commissioner comment.

Commissioner Ignacio recommended the Chair direct staff to present the proposals at the January 4th meeting.

Chair Brown invited public comment.

Sage Sangiacomo, Ukiah City Manager, expressed appreciation for the additional time allowed to collaborate and noted that they had not yet received a response to expressed concerns. He acknowledged and encouraged plans to schedule another meeting with the cities before the proposed policy changes are considered by the Commission to ensure the success of LAFCo’s long-term goals and cost mitigation.

Chair Brown recommend that further vetting be completed through the Policies and Procedures Committee.

Commissioner Gonzalez suggested postponing Policies & Procedures Committee meeting to allow staff time to meet with the cities and interested agencies before reconvening the Committee.

Staff agreed, and received direction to meet with the agencies first, then to schedule a meeting with the Policies and Procedures Committee and calendar this item for presentation on January 4th at the Regular Commission meeting.

Chair Brown recommended that the agencies submit their comments in writing so that it can be included in the agenda packet for the January 4th meeting.

EO Hinman noted the comments from the Cities of Ukiah and Willits are posted on the LAFCo website under the Policies & Procedures Committee meeting materials.

7. INFORMATION/REPORT ITEMS (Video Time: 48:34)

7a) Work Plan, Current, and Future Proposals

EO Hinman summarized the continued work on the following Proposals and Work Plan:

Current Proposals

- City of Ukiah Detachment of Ukiah Valley Sanitation District (UVSD) Served Areas
- City of Ukiah Pre-Application for Annexation of Areas North of the City
- Ukiah Valley Fire District (UVFD) Pre-Application for Annexation of the City of Ukiah
- Millview County Water District Pre-Application for Annexation of Masonite Properties

Future Proposals

- City of Ukiah Potential Annexation of Areas South of the City

Work Plan

The MSR/SOI updates for UVFD, Covelo CSD, and CSA 3 are on hold until schedule and budget for the City and UVSD updates are finalized. Once settled, staff will reevaluate the budget and staff availability for the remaining projects.

Commissioner Ward asked about the \$12,500 allotted to initiate the contract with the City of Ukiah. EO Hinman clarified that the budgeted amount is for developing the agreement as well as staff’s time facilitating the development of the Update. Commissioner Ward asked if additional staffing is anticipated. EO Hinman explained that some of the

applications will process concurrently with the SOI Updates, therefore no additional staffing is needed. The purpose of hiring consultant(s) for the City and UVSD MSR/SOI Updates is to make staff available to process applications. Commissioner Ward expressed his desire for continuation of progress on the 5-year Work Plan.

7b) Correspondence None.

7c) Executive Officer's Report (Video Time: 53:30)

EO Hinman presented the following:

- During the Pandemic, Staff continues to work remotely and regularly visits the office.
- Staff is reviewing the year-end financials and preparing audit materials in coordination with the Treasurer.
- Staff participated in a CALAFCO Webinar on Nov. 19.
- A (budgeted) new laptop was purchased for the office to replace the 2012 desktop computer.
- Staff will participate in a free-to-members CALAFCO Webinar in December.

7d) Committee Reports (Executive Committee/Policies & Procedures)

The Policies & Procedures Committee met on November 24th and was discussed under Item 6c.

7e) Commissioners Reports, Comments or Questions (55:38)

Commissioner Ward asked about website insurance. EO Hinman said she would look into it and report back. He also asked for an update on the standard indemnity clause. EO Hinman reported Staff is working with Legal Counsel to update application materials and fee agreements and will report to the Commission in a few months.

EO Hinman invited Commissioner Orth to present Distinguished Service Awards to Commissioners Brown and McCowen. Commissioner Orth said it is a pleasure to present the Certificates for Commendation to the two out-going County Commissioners and read the certificates aloud. He added that he has enjoyed working with both Commissioners and has learned a lot from them. He believes they have been valuable to the Commission's work in equally representing the County, Cities and Special Districts. He said they have been instrumental in maturing the Commission to the responsibilities of the State mandates.

Commissioners Gonzalez, Ward, Ignacio, Brown and McCowen expressed their appreciation and gratitude for the years and expertise on the Commission. EO Hinman expressed her appreciation for both Commissioners.

Motion by Commissioner Orth: Approve the certificates of commendation

Seconded by Commissioner Ignacio

Approved by consensus

7f) CALAFCO Business and Legislation Report (Video Time: 1:07:28)

EO Hinman reported the Northern Region Roundtable is scheduled for December 9. Staff and Commissioners are encouraged to participate via Zoom and registration information has been emailed.

ADJOURNMENT (Video Time: 1:09:00)

There being no further business, the meeting adjourned at 10:09 a.m. The next regular meeting is scheduled for Monday, January 4, 2020 at 9:00 a.m. The location is to be determined based on guidelines recommended by the Mendocino County Public Health Officer and Executive Orders regarding the COVID-19 pandemic.

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[December 7, 2020 Meeting YouTube Recording](#)

MENDOCINO Local Agency Formation Commission Staff Report

DATE: January 4, 2021
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Financial Report and Claims for December 2020**

RECOMMENDED ACTION

Approve the December 2020 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 6,110.00	\$ 6,728.00
	5600 Office Expenses (QB)	\$ 70.00	
	6200 Bookkeeping	\$ 310.00	
	8022 City of Ukiah North Annex Pre-App	\$ 68.00	
	8024 MCWD Annex Pre-App	\$ 170.00	
Ukiah Valley Conf. Center	5502 Office Space	\$ 464.00	\$ 468.60
	5600 Office Expenses (Postage)	\$ 4.60	
P. Scott Browne	6300 Legal Counsel - General Services	\$ 900.00	\$ 1,170.00
	8010 UVSD Detachment	\$ 270.00	
County of Mendocino	6000 Televising Meetings (Nov.)	\$ 120.46	\$ 2,213.46
	6400 A-87 Costs County Services	\$ 2,093.00	
Streamline	5600 Website Hosting	\$ 50.00	\$ 50.00
Pacific Internet	5600 Website Hosting (refund)	\$ (108.00)	\$ (108.00)
Total:			\$ 10,522.06

Deposits: Millview Pre-Application Deposit \$1000, Pacific Internet Refund \$108

Attachments:

- Budget Tracking Spreadsheet
- Work Plan Tracking
- Invoices: Hinman & Associates Consulting, Browne, Streamline

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

Mendocino Local Agency Formation Commission
 FY 2020-21 Budget and Application Tracking

Acct #	Task	FY 20-21 Budget	1st Qtr Subtotals	October	Nov	Dec	2nd Qtr Subtotal	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES										
5300	Basic Services - EO/Analyst/Clerk	\$72,060	\$28,703.00	\$5,404.00	\$10,327.00	\$6,110.00	\$21,841.00	\$50,544.00	\$21,516.00	70%
	Unfunded Mandates	\$0					\$0.00			
5500	Rent	\$5,568	\$898.00	\$928.00	\$464.00	\$464.00	\$1,856.00	\$2,754.00	\$2,814.00	49%
5600	Office Expenses	\$3,450	\$916.04	\$278.55	\$1,515.97	\$74.60	\$1,869.12	\$2,785.16	\$664.84	81%
5700	Internet & Website Costs	\$1,300	\$1,197.52	\$50.00	\$50.00	-\$58.00	\$42.00	\$1,239.52	\$60.48	95%
5900	Publication & Legal Notices	\$2,000	\$274.64				\$0.00	\$274.64	\$1,725.36	14%
6000	Televising Meetings	\$2,000	\$166.40		\$346.32	\$120.46	\$466.78	\$633.18	\$1,366.82	32%
6100	Audit Services	\$3,500	\$1,690.00				\$0.00	\$1,690.00	\$1,810.00	48%
6200	Bookkeeping	\$4,500	\$1,000.00	\$180.00	\$340.00	\$310.00	\$830.00	\$1,830.00	\$2,670.00	41%
6300	Legal Counsel (S Browne)	\$10,200	\$2,400.00	\$927.00	\$900.00	\$900.00	\$2,727.00	\$5,127.00	\$5,073.00	50%
6400	A-87 Costs County Services	\$2,131	\$0.00			\$2,093.00	\$2,093.00	\$2,093.00	\$38.00	98%
6500	Insurance - General Liability	\$3,000	\$2,815.00				\$0.00	\$2,815.00	\$185.00	94%
6600	Memberships (CALAFCO/CSDA)	\$3,691	\$2,245.00	\$1,482.00			\$1,482.00	\$3,727.00	\$-36.00	101%
6670	GIS Contract with County	\$2,500	\$0.00				\$0.00	\$0.00	\$2,500.00	0%
6740	In-County Travel & Stipends	\$3,000	\$0.00		\$50.00		\$50.00	\$50.00	\$2,950.00	2%
6750	Travel & Lodging Expenses	\$100	\$0.00				\$0.00	\$0.00	\$100.00	0%
6800	Conferences (Registrations)	\$150	\$0.00				\$0.00	\$0.00	\$150.00	0%
7000	Work Plan (MSRs and SOIs)	\$42,500	\$2,380.00		\$1,741.00		\$1,741.00	\$4,121.00	\$38,379.00	10%
Monthly/ Year to Date Totals		\$161,650.00	\$44,685.60	\$9,249.55	\$15,734.29	\$10,014.06	\$34,997.90	\$79,683.50	\$81,966.50	49%
APPLICATIONS										
		DEPOSIT (total by application)	1st Qtr Subtotals	October	Nov	Dec	2nd Qtr Subtotal	Project Total to Date	Remaining Budget	Notes
D-2014-8010	City of Ukiah Detachment of UVSD lands	\$7,532.75	\$3,436.00	\$810.00	\$476.00	\$270.00	\$1,556.00	\$6,190.00	\$1,342.75	
P-2020-01 (8022)	City of Ukiah North Annexation Pre-Application	\$1,500.00	\$0.00	\$510.00	\$272.00	\$68.00	\$850.00	\$850.00	\$990.00	
P-2020-02 (8023)	City of Ukiah/UVFD Annexation Pre-Application	\$1,500.00	\$1,222.50	\$417.50			\$417.50	\$1,640.00	\$277.50	
P-2020-03 (8024)	Millview CWD Annexation Pre-Application	\$2,500.00			\$683.00	\$170.00	\$853.00	\$853.00	\$1,647.00	
8601	Sustainable Ag Lands Committee Grant Project	\$5,100.00	\$100.00	\$125.00	\$100.00		\$225.00	\$325.00	\$4,775.00	grant reimbursement
Applications to Date Totals		\$10,532.75	\$4,758.50	\$1,862.50	\$1,531.00	\$508.00	\$3,901.50	\$7,040.00		
EXPENSES AND APPLICATION TOTALS			\$49,444.10	\$11,112.05	\$17,265.29	\$10,522.06	\$38,899.40	\$86,723.50		

DEPOSITS

12/18/2020	Pacific Internet Refund	\$ 108.00
12/4/2020	MCWD Pre-Application Deposit	\$ 1,000.00

ACCOUNT BALANCES

County of Mendocino Account Balance	\$ 62,278	MUNIS report balance as of	12/15/2020
Operations (Checking) Account Balance	\$ 25,130	Quickbooks balance as of	12/22/2020
Legal Reserve Balance	\$ 35,000	Bank statement as of	11/30/2020
Operations Reserve Balance	\$ 55,469	Bank statement as of	11/30/2020
Total	\$ 177,877		

Mendocino LAFCo
FY 2020-21 Estimated Work Plan Implementation Schedule and Cost Tracking
 January 2021

Subject to Change: The estimated schedule and costs for the Fiscal Year 2020-21 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 and cost tracking table is intended to enhance communication and transparency.

Agency	Budget Year	Request for Information	Outreach	Admin Draft	Public Workshop	Public Hearing	Final Study	Cost Estimate *	Cost to Date **
Ukiah Valley Sanitation District	Roll Over	Complete	In progress	In progress	TBD	TBD	TBD	\$20,000	\$2,828
City of Ukiah	FY 2020-21	Pending	Pending	Pending	TBD	TBD	TBD	\$25,000	\$1,615
Ukiah Valley Fire District	FY 2020-21	Complete	Pending	Pending	TBD	TBD	TBD	\$7,000	\$0
County Service Area 3	Roll Over	In progress	Initiated	In progress	TBD	TBD	TBD	\$10,000	\$3,876
Covelo CSD	FY 2020-21	Complete	In progress	In progress	TBD	TBD	TBD	\$8,000	\$1,802
Estimated Total								\$58,000	\$10,121

* This column shows the initial cost estimated for each study and accounts for in process studies rolled over from prior fiscal years.

** This column shows a running total for actual expenses incurred to date for each study in process and is not limited to a specific fiscal year.



Hinman & Associates Consulting

PO Box 1251 | Cedar Ridge, CA 95924

(916) 813-0818

uhinman@comcast.net

Date December 28, 2020
To Mendocino LAFCo
Project Executive Officer Services
Work Period December 1 - December 28, 2020

Invoice No. 537
Invoice Total \$ 6,728.00

Account Description	Staff/Hours			Other (At Cost)	Totals
	Executive Officer \$100	Analyst \$68	Clerk \$40		
5300 Basic Services Public Records Act Requests	35.50	22.50	25.75		\$ 6,110.00
5601 Office Supplies Quickbooks Online Fee Office Equipment (office laptop)				\$ 70.00	\$ 70.00
6200 Bookkeeping	2.00		2.75		\$ 310.00
7000 Work Plan (MSR/SOI/Special Studies) UVFD City of Ukiah UVSD CSA 3 Covelo CSD					\$ - \$ - \$ - \$ - \$ -
8010 City of Ukiah Detachment Application					\$ -
8022 City of Ukiah North Annex Pre-App		1.00			\$ 68.00
8023 City of Ukiah Valley FD Annex Pre-App					\$ -
8024 Millview CWD Annex Pre-App		2.50			\$ 170.00
8601 SALC Project (grant reimbursed)					\$ -
Totals	\$ 3,750.00	\$ 1,768.00	\$ 1,140.00	\$ 70.00	\$ 6,728.00

5300 Basic Services

Administrative tasks and Clerk duties. File research and maintenance. Communications with Commissioners, public inquiries, etc. Special District election process. SOI policy development. Conference calls and coordination with cities, special districts, legal counsel and staff regarding proposed SOI policies.

6200 Bookkeeping

Prepared and coordinated with Treasurer regarding claims. Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks. Worked on year end financial reports.

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

Preparation for the Work Plan consisted of coordination Agreements for the City of Ukiah MSR/SOI Update.

8010 City of Ukiah Detachment of UVSD Area

8022 City of Ukiah North Annex Pre-App

Review Pre-Application materials, research issues.

8023 Ukiah Valley FD Annexation Pre-Application

8024 Millview CWD Annexation Pre-Application

Review Draft Addendum.

8601 Sustainable Agricultural Lands Committee Grant Project

Uma Hinman

From: Intuit QuickBooks Team <intuit@notifications.intuit.com>
Sent: Saturday, December 19, 2020 4:35 AM
To: eo@mendolafco.org
Subject: We received your QuickBooks subscription payment!

Follow Up Flag: Follow up
Flag Status: Flagged



Payment success

Executive Officer, thank you for your payment.

Invoice number:
1000177989672
Invoice date: 12/19/2020
Total: \$70.00
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. To cancel your subscription at any time, go to [Account & Settings](#) 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.

Law Office of P. Scott Browne
 131 South Auburn Street
 Grass Valley, CA 95945
 5302724250
Tax ID: 68-0348904

December 15, 2020

Mendocino LAFCo
 200 South School St. Ste F
 Ukiah, CA 95482

Invoice Number: 716
 Invoice Period: 11-16-2020 - 12-15-2020

Payment due by the 15th of next month.

RE: Mendocino LAFCo
 Mendocino LAFCo

Mendocino LAFCo

Time Details

Date	Staff Member	Description	Hours	
11-16-2020	PSB	Monthly flat rate, as agreed upon in legal representation agreement;		
11-23-2020	PSB	Review staff report and final policies for Policy committee meeting; review email from Uma re further policy revision	0.70	
11-24-2020	PSB	Review documents in prep for Policy Committee meeting; attend meeting by Zoom.	1.80	
12-01-2020	PSB	Conference call with Uma and Larkyn re policies	1.00	
12-07-2020	PSB	Review and respond to email from Uma re election; Meeting of Commission via Zoom; work on MOU with City	1.60	
12-14-2020	PSB	Review emails; telephone call from John Sharp	0.70	
			Total	900.00
			Total for this Invoice	900.00
			Total Amount to Pay	900.00

We appreciate your business.

Page 1 of 2

Project Statement of Account

As of 12-15-2020

Project		Balance Due
Mendocino LAFCo		900.00
	Total Amount to Pay	900.00

Mendocino LAFCo

Transactions

Date	Transaction	Applied	Invoice	Amount
11-15-2020	Previous Balance			900.00
12-15-2020	Payment Received - Reference Check #1615			(900.00)
12-15-2020	Payment Applied	900.00	668	
12-15-2020	Invoice 716			900.00
			Balance	900.00

We appreciate your business.

Page 2 of 2

Law Office of P. Scott Browne
 131 South Auburn Street
 Grass Valley, CA 95945
 5302724250
Tax ID: 68-0348904

November 15, 2020

Mendo-02
 200 South School St. Ste F
 Ukiah, CA 95482

Invoice Number: 700
 Invoice Period: 10-16-2020 - 11-15-2020

RE: Ukiah Valley Sanitary District Detachment

Time Details

Date	Staff Member	Description	Hours	Rate	Amount
11-06-2020	PSB	Zoom meeting with Uma and Larkyn re: SOI issues;	1.20	225.00	270.00
Total					270.00

Time Summary

Staff Member	Hours	Rate	Amount
PSB	1.20	225.00	270.00
Total			270.00

Total for this Invoice	270.00
Previous Invoice Balance	810.00
Payment - Check # 1623 on 11-15-2020	(810.00)
Total Amount to Pay	270.00

Project Statement of Account

As of 11-15-2020

Project		Balance Due
Ukiah Valley Sanitary District Detachment		270.00
	Total Amount to Pay	270.00

Ukiah Valley Sanitary District Detachment

Transactions

Date	Transaction	Applied	Invoice	Amount
10-15-2020	Previous Balance			810.00
11-15-2020	Payment Received - Reference Check # 1623			(810.00)
11-15-2020	Payment Applied	562.50	636	
11-15-2020	Payment Applied	247.50	669	
11-15-2020	Invoice 700			270.00
			Balance	270.00

Open Invoices and Credits

Date	Transaction	Amount	Applied	Balance
11-15-2020	Invoice 700	270.00		270.00
			Balance	270.00

We appreciate your business.

Page 2 of 2

Streamline

Invoice

2321 P Street
Sacramento CA 95816
United States
+1 916-900-6619

Invoice number 4688CCCA-0004
Date of issue Dec 16, 2020
Date due Jan 15, 2021

Bill to
Uma Hinman - Mendocino LAFCo
200 South School Street
Ukiah, California 95482
United States
916-813-0818
eo@mendolafco.org

Ship to
Uma Hinman - Mendocino LAFCo
916-813-0818

\$50.00 due January 15, 2021

Description	Qty	Unit price	Amount
DEC 16, 2020 - JAN 16, 2021			
Streamline Web Member 50k-250k	1	\$50.00	\$50.00
Subtotal			\$50.00
Amount due			\$50.00

Need our W-9 for tax purposes? You can download it at www.getstreamline.com/w9

Pay \$50.00 with ACH or wire transfer

Bank
Routing
Account
SWIFT

Pay \$50.00 with mailed check

Payable to Streamline
Memo
Mail to PO Box 207561
Dallas, TX 75320-7561

Please include a copy of this PDF. Payment should be sent via USPS.

Pay \$50.00 with card

Visit invoice.stripe.com/ii/acct_1H09sjF9K2W1OTWS/invst_IZxLK403e6A8WhBYxU497GzuzFy20Gx

Questions? Call Streamline at +19169006619.

4688CCCA-0004 - Page 1 of 2

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: January 4, 2021
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **SOI Policy Update and Work Plan Budget Discussion**

RECOMMENDATION

Receive informational report from staff regarding the Sphere of Influence policy development process and discuss options for the upcoming Fiscal Year 2021-22 Work Plan budget.

BACKGROUND

Staff Direction

On December 7, 2020, the Commission directed staff to bring an item forward at the January 4, 2021 meeting for the Commission to consider adoption of the proposed SOI policies, once further vetted through the Policies and Procedures Committee.

On December 28, 2020, the Policies & Procedures Committee reconvened to discuss the revised SOI policies after LAFCo staff conducted outreach with interested agencies. The meeting was well attended by staff and legal representatives of multiple agencies including the Cities of Ukiah, Fort Bragg, Willits, the Ukiah Valley Sanitation District, and Russian River Flood Control District.

The Committee provided staff direction to postpone the item to allow more time to continue to engage with stakeholders, further refine the SOI policies, and limit unintended consequences. The Committee also directed staff to provide an update at the January 4, 2021 Regular Commission meeting.

Policy Intent

The intent of the proposed policy changes was to tap into the institutional knowledge of the outgoing Commissioners to put into written policy the current Sphere of Influence (SOI) practices of the Commission. The proposed policy changes were intended to establish uniform treatment and ensure cost recovery from agencies requesting SOI expansion that result in additional costs associated with increased analysis and necessary CEQA review in an effort to keep apportionment fees for all agencies low.

Budget Implications

The level of concern from stakeholders regarding the SOI policy development has resulted in more robust dialogue and will likely lead to better policy development. However, it is important to report that it is also resulting in a large amount of limited staff time dedicated to the effort. It is also noteworthy that smaller local agencies that would pay more without cost recovery policies have not been present in the Committee meetings so far.

In continuing the SOI policy development process, if the Commission decides that agencies requesting SOI expansion should not be required to assist in cost recovery, there will be associated budget

implications. Without cost recovery, the Commission would likely need to increase apportionment fees to carry out its statutory mandate to prepare MSR/SOI Updates and CEQA review in a timely manner.

Discussion of the SOI policy fiscal implications is timely as we commence the Fiscal Year 2021-22 budget development process and will weigh heavily into upcoming work plan budget and schedule considerations. LAFCo staff is seeking guidance from the Commission to provide a roadmap to support future decisions.

Current Practice

The current practice of the Commission has been to establish a coterminous sphere during the MSR/SOI Update process, unless an agency requests a non-coterminous sphere and assumes the costs associated with CEQA review, and prepare MSR/SOI studies in-house at lower staff rates. This approach has allowed the Commission to keep apportionment fees low. As a result, LAFCo does not have budget sufficient to prepare a non-coterminous SOI Update for growth-inducing or multi-service agencies with CEQA review beyond an exemption within a single fiscal year.

Work Plan

The primary revenue source for the LAFCo annual budget is apportionment fees of member agencies that funds basic staff services, agency operations, and MSR/SOI studies (Work Plan). The current Work Plan budget line item (\$42,500) accounts for approximately a quarter of the overall budget (\$160,248).

Pursuant to GOV §56425(g), on or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence. There is not consensus in the LAFCo community regarding this statutory requirement. Some LAFCo's interpret this legislation as requiring an SOI Update every five-years for every agency, and some interpret it to mean that once the first-round SOI Update is completed, subsequent SOI Updates can occur as needed on a five-year basis.

Further, the following existing LAFCo Policy 10.1.3 clarifies that SOIs for municipal service providers be reviewed every five years and SOIs for non-municipal service providers be updated as necessary.

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.*

Mendocino LAFCo strives to prepare MSR/SOI Updates for every agency on a five-year cycle; however, due to budget limitations this timeframe can be difficult to achieve.

The 5-Year Rolling Work Plan is a schedule and estimated cost plan for conducting MSR/SOI Updates for local agencies under LAFCo jurisdiction (this does not include school districts). The Rolling Work Plan is designed to allow for flexibility in addressing unforeseen changes in the needs and circumstances of local agencies and to shift priorities accordingly during the year, and can result in a domino effect of pushing the studies of other agencies to subsequent years.

The current 5-Year Rolling Work Plan for Fiscal Year 2020-21 was intended to cover MSR/SOI study costs for the City of Ukiah (two years), Ukiah Valley Sanitation District (two years), County Service Area 3, Ukiah Valley Fire Protection District, and Covelo Community Services District. Other upcoming agency studies tentatively scheduled for Fiscal Year 2021-22 include the City of Point Arena, Anderson Valley

Community Services District, and 14 water/wastewater agencies in the County. This is an aggressive schedule that has been focused primarily on the targeted five-year schedule and will need to be modified this coming budget cycle.

CEQA Review

There is not consensus in the LAFCo community regarding the appropriate level of CEQA review for changes in SOIs. Some approaches include: relying primarily on CEQA exemptions and deferring further CEQA review until the individual project level; completing CEQA review in conjunction with a land use entitlement process or General Plan Update process as a Responsible Agency; tiering from a General Plan EIR; preparing an Initial Study and Negative Declaration or Environmental Impact Report (EIR) for SOI Updates; and fully considering the reasonably foreseeable indirect impacts of facilitating annexation and the provision of municipal services in an Initial Study at the time of proposed sphere change.

Not all CEQA approaches work in all circumstances and the level of controversy involved in a specific sphere change may result in a higher level of CEQA review than anticipated. Also, the Lead Agency for CEQA can differ depending on which agency is first to act on a project. For a LAFCo-initiated SOI Update that is independent of a change of organization application, land use entitlement permit, and/or General Plan Update, LAFCo would likely be the Lead Agency and responsible for the costs of CEQA review.

The LAFCo-initiated periodic SOI Update process is not the only time a local agency can request a sphere change. A local agency may apply to LAFCo at any time for a sphere amendment, which typically is associated with a boundary change, and the applicant assumes the Lead Agency role for CEQA review unless the sphere change occurs in conjunction with another discretionary action (e.g., subdivision map, use permit).

The estimated cost of CEQA review for the upcoming SOI Updates is project specific and cannot be known until the SOI Update is undertaken. As preliminary information, our current Fee Schedule requires the following initial deposit for CEQA review of applications: \$100 for a Statutory/Categorical Exemption, \$5,000 for a Negative Declaration/Mitigated Negative Declaration, and \$20,000 in conjunction with payment schedule for an Environmental Impact Report (EIR). The Fee Schedule specifies that these activities are deposits and are billed at cost to the agency. It should be noted that EIRs can range upwards of \$100,000 and more for a project, depending on the scope of analysis.

Options

The following options have been developed to stimulate discussion and guide next steps, but are not intended to be an exhaustive list of options or limit innovative thinking.

1. Continue SOI policy development for cost recovery of non-coterminous SOIs and CEQA review.
2. Develop multiple apportionment fee scenarios with a range of cost increases for the Fiscal Year 2021-22 budget development process.
3. In pursuing the SOI policy development, perform more outreach to smaller single-service agencies that would pay more without cost recovery policies.
4. Research the estimated CEQA costs for upcoming SOI Updates to identify the funding gap.
5. Continue discussions with agencies regarding ability to contribute toward CEQA costs.
6. Reach out to local agencies and determine which agencies anticipate growth and service area expansions in the near-term and prioritize completion of MSR/SOI Updates for those agencies first.
7. Modify the Rolling Work Plan to establish a 10-year MSR/SOI Update schedule with a midpoint abbreviated or streamlined sphere review process in order to focus limited resources on a comprehensive update each decade for all agencies.
8. Modify the Rolling Work Plan to update the cost estimates and extend the schedule to better align with the current Work Plan budget.
9. Modify the Rolling Work Plan to extend MSR/SOI Updates schedules for non-municipal service providers consistent with existing local Policy 10.1.3.

10. Establish a Work plan reserve account to save for consultant-prepared MSR/SOI Update studies and CEQA review when necessary.

Staff initiates the Fiscal Year 2021-22 Budget and Work Plan development process in January/February and staff is seeking guidance and input from the Commission to provide a roadmap to support that process.

Attachments: December 28, 2020 Comments from the Cities of Fort Bragg and Ukiah
December 28, 2020 Policies and Procedures Committee Meeting Staff Report Item 2b



December 28, 2020

Hon. Members of the Policy and Procedures Committee
of the Mendocino County Local Agency Formation Commission

c/o Uma Hinman
Executive Officer
Mendocino LAFCo
200 South School Street, Suite F
Ukiah, CA 95482
Sent via email: eo@mendolafco.org

Subject: Written Comments regarding the Mendocino LAFCo Revised Proposed SOI Policies

Dear Mr. Chair, Committee Members, and Ms. Hinman,

We hope this finds you well.

Very recently, the Policy and Procedures Committee (the "Committee") has taken steps to revise certain Mendocino LAFCo policies relating to Spheres of Influence (the "Proposed SOI Policies") as those policies are currently codified in its Policies and Procedures Manual. We representatives of the Cities of Fort Bragg and Ukiah jointly express our concerns about the impact these policies will have on LAFCo's ability to plan for the orderly development of unincorporated areas surrounding our cities, and why we think the Committee should take more time to consult with affected jurisdictions and consider the impacts of the Proposed SOI Policies before submitting them to the full LAFCo Board for consideration and adoption.

The Cities of Fort Bragg, Ukiah, and Willits Have Proactively Engaged with LAFCo and Have Already Provided Written and/or Verbal Comments on The Proposed SOI Polices which Have Not been Responded To

On November 24, 2020, the City of Ukiah and the City of Willits provided written comments, summarizing their concerns about the Proposed SOI Policies. Those letters are attached. Though the Committee directed staff to afterward work with the cities, when the respective parties met, LAFCo staff provided limited feedback to the submitted questions and concerns. We urge the LAFCo Policies and Procedures Committee to consider these original concerns further than we believe they have been considered in our meetings with LAFCo staff.

The Process and Timing of the Proposed SOI Policies Have Not Provided Sufficient Opportunity to Consider Alternatives that would Promote LAFCo's Mission and Avoid Unnecessary Adverse Impacts on the Cities.

The Committee first entertained the Proposed SOI Policies during a meeting it held the week of Thanksgiving. We understand that the next Committee meeting is scheduled for December 28th, the Monday after the Christmas holiday. The choices of Committee meeting dates have forced the cities to react quickly and have significantly hampered our ability to ensure we fully understand the document and communicate to you the basis of our reservations. Therefore, our observations and reservations in this letter likely do not reflect all the concerns we would have had we more time to understand the Proposed Policies. The timing has also precluded our ability to provide alternative language that may be acceptable to all parties.

We Disagree that the Proposed Policies Will Promote Orderly Development. On the Contrary, the Cities' Believe that the Proposed Policies Will Needlessly Delay LAFCo's Ability to Act on Reorganization Applications and May Prevent Worthwhile Reorganizations by Making the Cost of SOI Reviews and Updates Prohibitively Expensive.

From past discussions with LAFCo staff, the Cities understand that the Proposed SOI Policies are intended to ensure that SOIs in Mendocino County comply with statutory requirements and are subject to timely review and updates before LAFCo entertains applications for annexations and detachments. The Proposed SOI Policies are also apparently intended to ensure the environmental impacts of SOI revisions are adequately considered in compliance with the California Environmental Quality Act ("CEQA"). We support this intent; however, the draft policies seek to do this by disregarding existing SOIs and mandating costly environmental reviews with the affected local government paying those costs in every case. As is explained in more detail below, the CKH Act does not authorize LAFCo to disregard existing SOIs; and CEQA contemplates individualized determinations, including the application of categorical exemptions.

The Proposed SOI Policies Contravene the Stated Purposes of LAFCos Generally and Mendocino LAFCo's Own Mission Statement

The Proposed SOI Policies suffer from a number of policy and legal defects. As the Proposed SOI Policies acknowledge, the duty to maintain updated Spheres of Influence is LAFCo's. However, an effect of the Proposed SOI Policy is that LAFCo will refuse to entertain proposals that are not consistent with current Spheres of Influence, when any so-called "outdatedness" is due to LAFCo's failure to update Spheres of Influence "as necessary." It would therefore impose the consequences of potential nonfeasance on agencies which have no control over LAFCo's performance of its obligations. This is unjust and is untenable policy.

Mendocino LAFCo exists in part to "encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state." The Proposed SOI Policies would make the boundaries of an SOI coterminous with an entity's political boundary, unless the entity agrees to assume the cost of an environmental review utilizing in every case the proposed SOI outside the entity's boundaries as the baseline for environmental review. However, in many, if not most, cases, the SOIs for the affected local governments (cities and special districts) do not assure that any reorganizations will occur. Spheres of Influence are merely planning tools, and no environmental changes will occur unless application is made to annex parcels within the SOI. Changes in the allowed

uses of parcels or the extension of public services, such as water or sewer service, may not occur at all or only as a result of an annexation.

How this encourages orderly growth and development is difficult to understand. Rather, the effect of the Proposed SOI Policies appears to work directly against LAFCo's stated Legislative purpose by circumventing the role SOIs play in anticipating and planning for where growth in Mendocino County should and should not occur.

Rather than advancing the stated mission of Mendocino LAFCo, the Proposed SOI Policies undermine LAFCo's ability to accomplish that mission. In direct contravention to your mission statement, the likely results of the Proposed SOI Policies include:

- failing to consider the present and future needs of a community;
- encouraging *disorderly* growth and development in incorporated areas of the County, aggravating already-existing urban sprawl and the deterioration of agricultural and open space resources; and
- preventing the efficient provision of municipal services.

For these reasons, we urge the LAFCo Policies and Procedures Committee to seriously consider these likely consequences and set aside the Proposed SOI Policies. Instead, we urge you to work collaboratively with us to develop Policies that are in line with Legislative purpose and your own mission.

The Proposed SOI Policies Exceed LAFCo's Statutory Authority

The Proposed SOI Policies suffer from legal defects as well. While these defects are articulated more clearly in the attached letters, they generally amount to an attempt to exceed the statutory authority granted to LAFCo through the Cortese-Knox-Hertzberg Act. These defects include:

- **The Proposed SOI Policies violate Government Code sections 56427 and 56428**, which require that Spheres of Influence be adopted, amended, or revised only after certain processes have been followed.
- **The Proposed SOI Policies violate Government Code section 56425 (g)**, which requires LAFCo to update Spheres of Influence "as necessary" and precludes imposing arbitrary time limits.
- **The Proposed SOI Policies violate Government Code section 56375 (d)**, which requires that any definitions adopted by LAFCo must not conflict with the Cortese-Knox-Hertzberg Act.
- **The Proposed SOI Policies violate Government Code section 56425 (a), (e), (h), and (i)**, which articulate the standards LAFCo must apply to sphere determinations. Restricting a local government to its existing political boundaries unless it agrees to pay all costs associated with an SOI that extends beyond those boundaries violates these sections. At a minimum it could prevent the extension of public services in the most efficient manner. It leaves no room for LAFCo to pursue such planning, if a city or special district lacks the financial resources to pay more than the annual fees imposed by LAFCO.

The Proposed SOI Policies Violate CEQA

The Proposed SOI Policies also violate the California Environmental Quality Act by attempting to craft local guidelines that conflict with the Public Resources Code, the state CEQA Guidelines, and the well-developed body of CEQA case law. These defects include:

- **The Proposed SOI Policies violate CEQA** because not all SOI determinations are CEQA “projects” subject to environmental review.
- **The Proposed SOI Policies conflict with CEQA** because LAFCo is not always the Lead Agency for SOI determinations – or need not be based on consultation with the affected local government.
- **The Proposed SOI Policies conflict with CEQA’s** established principles concerning baseline environmental conditions by attempting to dispense with the agency’s obligation to make a case by case determination of the baseline conditions based on the facts and circumstances presented and supported by substantial evidence – of which there is none.
- **LAFCo staff’s summary of the Proposed SOI Polices misstate and conflict with CEQA**, which requires public agencies to make project-specific findings of fact supported by substantial evidence in the record – of which there is none.

To recapitulate, we have numerous and significant concerns about the Proposed SOI Polices. We believe the process and timing of these Proposed SOI Policies prevent adequate consultation with our affected cities and other interested parties and preclude more thoughtful consideration of the Proposed SOI Policies’ impacts. We believe the Proposed SOI Policies are inconsistent with both stated Legislative purpose and your own policies and mission. Finally, the Proposed SOI Policies violate the Cortese-Knox-Hertzberg Act and the California Environmental Quality Act.

We urge you to set the Proposed SOI Polices aside. We look forward to more constructive and collaborative dialogue in the future.

Thank you for your time and your consideration.

Yours Sincerely,



Tabatha Miller
City Manager
City of Fort Bragg



Sage Sangiacomo
City Manager
City of Ukiah



111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
(707) 459-1562 FAX

November 24, 2020

Mendocino County Local Agency Formation Commission
Policies and Procedures Committee
c/o Uma Hinman, Executive Office
200 School Street
Ukiah, CA 95482

Re: November 24, 2020 LAFCO Policies & Procedures Meeting
Agenda Item 2b – City of Willits Comments

Dear Members of the Mendocino LAFCO Policies and Procedures Committee,

The City of Willits respectfully requests additional time to review and comment on the proposed policy change revisions being considered under Agenda Item 2b, Policy Development for Spheres of Influence.

The City would like additional time to allow for the opportunity to meet with LAFCO staff and the other jurisdictions to obtain clarification on the intent of the language and possibly provide suggested language that would prevent any unintended consequences.

For instance, City staff is unclear as to whether the Cities will incur additional charges from LAFCO for the periodic review of our Sphere of Influence (SOI). As a function of its duties and responsibilities given by the Cortese-Knox-Hertzberg Act, LAFCO is required to periodically review and update spheres of influence. Government Code Section 56425 requires the Commission to review and update, as necessary, all spheres of influence for cities and special districts at least once every five years.

Staff is unsure whether the costs associated with the standard SOI review will be included in the annual LAFCO budget and work plan or whether those costs will be removed from the annual budget and converted to a cost recovery fee.

Also, LAFCO's role under the California Environmental Quality Act (CEQA) is typically one of a responsible agency, which means that it does not take the lead in preparing the environmental document for the proposed action. When another public agency, such as the City of Willits, acts as a lead agency and submits a negative declaration or a final environmental impact report certified by resolution as having been completed in accordance with CEQA with an application for approval of a project by the Mendocino LAFCO, such negative declaration or final environmental impact report shall be submitted to the LAFCO. The City is neither aware that Mendocino LAFCO would be required to complete any further environmental review, nor is the

City aware of a requirement to pay additional fees unless Section 15052 of the CEQA Guidelines would require LAFCO to act as the Lead Agency for a project.

The City is unclear as to whether the proposed policy language is consistent with the statement provided above. This is of particular interest to the City of Willits, as the City has secured State funding and is in the process of developing a Sphere of Influence Amendment, including CEQA review, for submission to LAFCO for the purpose of creating a substantial level of new opportunities to construct a variety of housing types. Staff will be working with LAFCO staff as we move forward through the process of completing our SOI amendment application. The City is unsure as to whether the proposed language would introduce new fees to our prospective project.

Thank you for your consideration of the City's request to continue this item and allow for adequate time to analyze the proposed revisions and further speak with LAFCO staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dusty Duley", with a long horizontal flourish extending to the right.

Dusty Duley
Community Development Director

cc: Stephanie Garrabrant-Sierra, City Manager
H. James Lance, City Attorney



November 24, 2020

Mendocino County Local Agency Formation Commission
Policies & Procedures Committee
C/O Uma Hinman, Executive Officer
Ukiah Valley Conference Center
200 S School St
Ukiah, CA 95482
VIA EMAIL: eo@mendolafco.org

Re: November 24, 2020 Local Agency Formation Commission Policies & Procedures Meeting
Agenda Item 2b., Policy Development for Spheres of Influence – City of Ukiah comments

Honorable Members of the Policies & Procedures Committee:

The City of Ukiah respectfully submits the following comments for consideration regarding the aforementioned agenda item, Item 2b., Policy Development for Spheres of Influence.

Affected agencies, including the City of Ukiah, have not been given adequate time to evaluate and respond to the proposed policies under consideration by the LAFCo Policies & Procedures Committee. The City requests a postponement of this agenda item to allow the City and other affected agencies the opportunity to analyze the proposed policy revisions and engage with LAFCo staff.

The City was first provided a copy of the proposed policy revisions on Saturday, November 21, 2020. From City staff's initial review, the proposed revisions may have significant impacts on the ability of incorporated cities to complete Spheres of Influence (SOI) updates. Such sweeping changes to policy, especially during a pandemic where traditional communication modes are hindered, should be done collaboratively with affected multi-service agencies such as the City of Ukiah, City of Fort Bragg, City of Willits, and City of Point Arena- and with as much advance notice as possible.

In the limited time available, the City of Ukiah submits the following preliminary comments on LAFCo staff's proposed policy revisions.

A. City of Ukiah Preliminary Comments Regarding Policies Recommended by LAFCo Staff to Govern the Application of CEQA to Sphere of Influence Determinations by LAFCo

1. Lead Agency/Responsible Agency duties

Whether LAFCo functions as the lead or responsible agency for a proposed action is determined by the CEQA statutes and Guidelines. LAFCo often may be, but is not always, the lead agency for Sphere of Influence determinations, particularly if they are combined with annexation. (CEQA Guidelines, Sections 15150 – 15053.)



2. Baseline determinations

The environmental setting or CEQA baseline is represented by the existing physical conditions of the environment in the vicinity of the project and the scope of planning decisions already made and analyzed under CEQA. Baseline determinations are not governed by jurisdictional boundaries. (CEQA Guidelines, Section 15125; *Neighbors for Smart Rail v. Exposition Metro Line Construction Authority* (2013) 57 Cal.4th 439.)

3. Potential categorical exemptions

CEQA applies only to some Sphere of Influence amendments. Most often, a categorical exemption applies under CEQA Guidelines, Sections 15378(B)(5) [the “common sense” exception]; Class 19 (annexation of existing facilities), Class 20 (LAFCo approvals which do not change the area in which powers exercised – i.e., the actor changes, but not the act); *City of Agoura Hills v. LAFCo* (1988)- 198 CA3d 480 held a Sphere of Influence change not associated with a development project was not a project subject to CEQA.

4. Impact analysis/growth inducement

Whether providing water or wastewater services actually is growth-inducing is a fact-based inquiry that depends on the circumstances, especially as to whether providing services involves expansion of infrastructure systems beyond those existing or already planned and analyzed. The complexity and associated cost of reviewing such changes also depends on the circumstances. CEQA makes none of the factual assumptions or legal presumptions of impact, complexity, or cost asserted in the LAFCo staff report. (CEQA Guidelines section 15126.2(d).)

B. City of Ukiah Preliminary Comments on the Policy Regarding “Outdated Spheres of Influence”

1. The definition of an “outdated SOI” is so vague as to be purely subjective.
2. Section 10.1.3(a) of policy proposed by LAFCo staff admits that the Cortese-Knox-Hertzberg Act makes it LAFCo’s responsibility to maintain current SOIs.
3. LAFCo staff has no power to refuse an application because LAFCo has failed to maintain what it subjectively believes to be a current Sphere of Influence and Municipal Service Review (MSR). While LAFCo might be able to reject an annexation application for want of sufficient current data, LAFCo Commissioners must make that decision in publicly noticed hearings on the basis of facts in the record.
4. Paragraph (f) in the proposed policy, which states that LAFCo can impose a coterminous SOI if an agency does not pay the costs to update an SOI, violates Cortese-Knox-Hertzberg. The statute does not authorize LAFCo to refuse to exercise its discretion for fiscal reasons.
5. Although LAFCo likely can require a “current MSR” for an SOI amendment, what amounts to a current MSR is subjective, and maintaining current MSRs is LAFCo’s responsibility, not an



applicant's. LAFCo cannot use its failure to maintain current documents to justify refusing applications. Rather, if such action is supported by facts in the record before the Commission, it could reject a specific application on its merits.

City staff looks forward to engaging with LAFCo staff on the proposed revisions in the near future, after having adequate time to more thoroughly analyze and research the proposed policies and potential alternatives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig Schlatter", is positioned above the typed name.

Craig Schlatter
Director of Community Development

CC: Sage Sangiacomo, City Manager
David Rapport, City Attorney
Phil Williams, Special Counsel

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MEMORANDUM

TO: Policies & Procedures Committee FILE NO: 51001.0002
Mendocino Local Agency Formation
Commission

FROM: Michael G. Colantuono, Esq. DATE: December 18, 2020

C: David J. Rapport, Ukiah City Attorney
Philip A. Williams, Special Counsel
City of Ukiah

RE: Proposed Policy of Mendocino LAFCO Regarding Spheres of Influence

INTRODUCTION AND SUMMARY OF CONCLUSION. We write to express our opinion regarding the Commission’s Revised Proposed SOI Policies circulated for comment on December 2, 2020. For the reasons stated below, we conclude the policies exceed LAFCO’s statutory authority and would be set aside if challenged in court.

Most fundamentally, the policies amount to a refusal to entertain proposals for amendments to spheres of influence, or reorganization proposals that require such amendments, if LAFCO determines — under a poorly defined standard — that it has not maintained a current spheres for the agencies affected by a proposal. While LAFCO has broad discretion to approve, deny, or conditionally approval proposals, it may not simply refuse to entertain them. Nor may its staff. The Executive Officer may recommend denial, but she cannot withhold a proposal from the Commission’s agenda.

DISCUSSION. More detailed comments follow:

1. **The fundamental policy violates Cortese-Knox-Hertzberg (CKH).** Section 9.12.2 states the policy criticized above. It violates Government Code sections 56427 and 56428. Section 56427 states: “The commission **shall** adopt, amend, or revise spheres of influence after a public hearing called and help for that purpose.” (All emphasis in this memo is added.) Section 56428(a) states: “Any person or local agency may file a written request with

the executive office requesting amendments to a sphere of influence” Section 56428(b) provides: “After comply with [CEQA], the executive officer **shall** place the request on the agenda for the next meeting of the commission for which notice can be given.” Section 56428(c) states: “The executive officer **shall** review **each requested amendment** and prepare a report and recommendation.” Section 56428(d) states: “At its meeting, the commission **shall** consider the request and receive any oral or written testimony.”

Moreover, as the policy acknowledges (in § 10.1.3(a)), the duty to maintain updated spheres of influence is LAFCO’s. (Gov. Code § 56425(a) & (g).)

Thus, the policy amounts to a statement that LAFCO will refuse to entertain proposals that are not consistent with current spheres of influence, depriving local agencies of rights conferred by the statute when LAFCO has not maintained current spheres. The law will not allow this.

2. **The 10-year SOI time limit is impermissible.** Section 10.1(d): The 10-year limit on the life of some spheres of influence is arbitrary. LAFCO has discretion to determine to maintain or update a sphere, but CKH’s standard controls. Government Code section 56425(g) requires LAFCO to update spheres “as necessary.” This is a factually specific determination turning on the conditions affecting each local agency, the services it provides, and the community it serves.
3. **The distinction of “municipal” and other agencies is unlawful.** Section 10.1.3(b). The distinction of so-called “municipal” and other agencies is arbitrary. Why does responsibility to provide roads (i.e., to be a city) suggest greater need for timely sphere updates as opposed to such other growth-inducing services such as emergency medical services, parks, lighting, and pest control? The policy does not explain. Moreover, while LAFCO has discretion to adopt policies and to define terms CKH does not, those definitions must be consistent with the statute. (Gov. Code, § 56375(d).)
4. **Why are cities treated more harshly than other agencies?** Section 10.1.3(c) makes the adverse treatment of cities transparent, referring to them by that

name. The policy does not explain why cities are treated differently than other agencies that provide growth-inducing services.

5. **CEQA does not allow LAFCO to assign lead agency status as the policy does.**
Section 10.1.3(e): The policy seems to preclude a city from being the CEQA lead agency for a general plan update that also includes a sphere update and an annexation. Given that the policy suggests sphere updates should be coordinated with general plan updates when feasible, this seems like poor policy. In any event, CEQA does not permit it. (14 Code Cal. Regs., § 15051(c) [lead agency is typically first to take discretionary action on project].)
6. **LAFCO cannot impose a coterminous sphere for non-payment of fees.**
Section 10.1.3(g): LAFCO may not impose a coterminous sphere on an agency to enforce LAFCO's fees. The statute articulates the standards LAFCO must apply to sphere determinations. (Gov. Code, § 56425(a), (e), (h), (i). Enforcing LAFCO's fees is not among them.)
7. **The policy provides no standard for what is a "current" or "adequate" MSR.**
Section 10.1.3(h): The policy states no standard as to when a municipal services review is "adequate." Moreover, the duty to adopt and maintain MSRs is LAFCO's, too. (Gov. Code, § 56430.) This also amounts to the policy identified at the outset of this memo to refuse to process proposals on account of LAFCO's failure to maintain current MSRs and spheres.

CONCLUSION. For the reasons stated above, we conclude the proposed policy exceeds LAFCO's statutory authority and recommend that LAFCO not adopt it. LAFCO's goal to ensure reliable and current information to support its decisions is laudable and can be accomplish in cooperation with the County, the cities, and the special districts in the County — but not by this policy. The committee should recommend the Commission defer this policy until it can be rewritten consistently with law in collaboration with the local agencies the Commission exists to support.

MEMORANDUM

TO: Mendocino LAFCO Policies & Procedures Committee

FROM: Pioneer Law Group, LLP/Andrea A. Matarazzo

CC: Philip A. Williams, Special Counsel, City of Ukiah
David J. Rapport, City Attorney, City of Ukiah

DATE: December 11, 2020

RE: Mendocino LAFCO Policy Development for Spheres of Influence –
CEQA Issues

The City of Ukiah (“City”) requested our review of the proposed Sphere of Influence (“SOI”) policies of the Mendocino County Local Agency Formation Commission (“LAFCO”) regarding the proposal’s compliance and/or consistency with the requirements of the California Environmental Quality Act (“CEQA”) (Public Resources Code, § 21000 et seq.).

We reviewed the proposed SOI policies identified and discussed in Agenda Item No. 2b of the LAFCO Staff Report dated November 24, 2020, and conclude that the proposed policies impermissibly attempt to legislate blanket determinations that, under CEQA’s established rules, depend entirely on the facts and circumstances of the proposed activity under consideration.

The proposed policies violate CEQA by attempting to craft local guidelines that conflict with the Public Resources Code, the state CEQA Guidelines,¹ and the well-developed body of CEQA case law. Local agency policies must be consistent with, and within the scope of, state law. The proposed SOI policies violate this limitation on local agency authority to interpret CEQA. Procedures or policies that conflict with the statute or CEQA Guidelines are void. (Pub. Resources Code, § 21082; see *Apartment Association of Greater Los Angeles v. City of Los Angeles* (2001) 90 Cal.App.4th 1162, 1167, fn. 8.)

¹ / The state CEQA Guidelines are codified in title 14 of the California Code of Regulations.

Our specific concerns are summarized below.

I. **Not All SOI Determinations Are CEQA Projects, and Most Are Exempt.**

The overarching problem with LAFCO's approach to CEQA issues in the proposed SOI guidelines is they attempt to establish uniform policies regarding determinations that CEQA considers fact-based, project by project decisions, beginning with the threshold question of whether the proposed activity is subject to CEQA.

Although a broad standard is used to determine whether an activity is a CEQA "project" because it has the potential to result in a physical change in the environment, not every public agency activity meets the test. ((Pub. Resources Code, §§ 21065, 21080(a); CEQA Guidelines, §§ 15060(c); 15378; see, e.g., *City of Agoura Hills v. LAFCO* (1988) 198 Cal.App.3d 480, 494 [CEQA does not apply to adoption of a sphere of influence that is not necessarily the first step in development and would not necessarily result in a change in the physical environment].) As the Court of Appeal has explained:

The evaluation process contemplated by CEQA relates to the effect of proposed changes in the physical world which a public agency is about to either make, authorize or fund, not to every change of organization or personnel which may affect future determinations relating to the environment.

(*Simi Valley Recreation & Park District v. LAFCO* (1975) 51 Cal.App.3d 648, 666 [detachment of 10,000 acres from park district that would not change property's land use designations or result in development of property was not subject to CEQA].)

Adopting a sphere of influence can merely result in a change in potential political boundaries and therefore would not be subject to CEQA review, because if a proposed activity does not have the potential to cause a physical change in the environment directly or indirectly, it is not a project subject to CEQA. (Pub. Resources Code, § 21065; CEQA Guidelines, § § 15060(c)(2), (3), 15378(a); *Union of Medical Marijuana Patients, Inc. v. City of San Diego* (2019) 7 Cal.5th 1171, 1186.)

Perhaps more importantly, even if all sphere actions were "projects" as a matter of law, most sphere amendments are categorically exempt from, and thus

not subject to, CEQA. (CEQA Guidelines, §§ 15378(B)(5) [“common sense” exemption]; 15319(a); 15320.)

LAFCO actions are expressly contemplated in two categorical exemptions from CEQA requirements:

- (1) Government reorganizations are exempt if they do not change the area in which previously existing powers were exercised, including establishment of a subsidiary district, consolidation of two districts, or merger of a district within a city into that city. (CEQA Guidelines, § 15320 [LAFCO approvals that do not change the area in which powers exercised – i.e., the actor changes, but not the act].)
- (2) Annexations of areas containing structures developed to the density allowed by current zoning are exempt as long as any utility services are designed to serve only the existing development. (CEQA Guidelines, § 15319(a) [annexation of existing facilities].)

A CEQA exemption also is provided for annexation of individual small parcels for construction of minimum-size facilities that are exempt from CEQA under CEQA Guidelines section 15303. (CEQA Guidelines, § 15319(b).)

II. Proposed Policies 10.1.3(d) and 10.1.3(e) Conflict with CEQA Because LAFCO Is Not Always the Lead Agency for SOI Determinations.

As drafted, proposed policies 10.1.3(d) and 10.1.3(e) incorrectly assume that LAFCO is the CEQA lead agency for all sphere actions. Whether LAFCO functions as the lead or responsible agency for a proposed action is a factual question determined by application of the criteria set forth in the statute and CEQA Guidelines. (Pub. Resources Code, § 21165; CEQA Guidelines, §§ 15051 - 15053.)

LAFCO often may be, but is not always, the lead agency for sphere of influence determinations, particularly if they are combined with annexation. (CEQA Guidelines, §§ 15150 – 15053.) When a LAFCO considers a public agency's application for a boundary change or other reorganization, the agency seeking the LAFCO action is normally the lead agency because it is the agency with general governmental authority over the area and because it took the first discretionary act in applying for the LAFCO action. (CEQA Guidelines, § 15051(b); *City of Redding v. Shasta County LAFCO* (1989) 209 Cal.App.3d

1169; *Resource Defense Fund v. LAFCO* (1987) 191 Cal.App.3d 886; *City of Santa Clara v. LAFCO* (1983) 139 Cal.App.3d 923.)

III. Proposed Policy 10.1.3(d) Conflicts with CEQA’s Established Principles Concerning Baseline Environmental Conditions.

Proposed policy 10.1.3(d) states that “[t]he baseline for CEQA review is the current jurisdictional boundary of an agency.” Under CEQA, however, the environmental setting or CEQA baseline is represented by the existing physical conditions of the environment in the vicinity of the project and the scope of planning decisions already made and analyzed under CEQA, not a line on a map. (CEQA Guidelines, § 15125(a); *Neighbors for Smart Rail v. Exposition Metro Line Construction Authority* (2013) 57 Cal.4th 439, 448-453.)

Baseline determinations are factual and depend on the circumstances presented by each proposed action; they are not governed by jurisdictional boundaries. (*Communities for a Better Environment v. South Coast Air Quality Management District* (2010) 48 Cal.4th 310, 327-328 [lead agencies have “discretion to decide, in the first instance, exactly how the existing physical conditions without the project can most realistically be measured, subject to review, as with all CEQA factual determinations, for support by substantial evidence”] (italics added); *Neighbors for Smart Rail, supra*, 57 Cal.4th at pp. 449, 453, 457 [appropriate CEQA baseline depends on factual circumstances; the standard “involves a primarily factual assessment”].)

Moreover, when an agency is evaluating a proposed change to a plan or project that has been reviewed under CEQA, the agency must apply CEQA's standards limiting the scope of subsequent environmental review. (CEQA Guidelines, § 15162; *Abatti v. Imperial Irrigation District* (2012) 205 Cal.App.4th 650; *Sierra Club v. City of Orange* (2008) 163 Cal.App.4th 523, 542; *Temecula Band of Luiseño Mission Indians v. Rancho California Water District* (1996) 43 Cal.App.4th 425, 437; *Benton v. Board of Supervisors* (1991) 226 Cal.App.3d 1467, 1477.) Under these standards, once an EIR has been certified or a negative declaration adopted for a project – such that evaluations of the impacts of the plan on the existing physical environment have been made – further CEQA review is limited. (Pub. Resources Code, § 21166; *Communities for a Better Environment, supra*, 48 Cal.App.4th 310, 326; *Environmental Planning & Information Council v. County of El Dorado* (1982) 131 Cal.App.3d 350, 357-358.) These standards for subsequent environmental review apply whether or not the project has been constructed or the plan built out. (*Benton, supra*, 226 Cal.App.3d at p. 1476.) In effect, “the baseline for purposes of CEQA is adjusted

such that the originally approved project is assumed to exist.” (Remy, Thomas, Moose & Manley, Guide to CEQA, p. 207 (11th ed. 2007).)

Accordingly, when an agency is amending an existing plan that has already been reviewed under CEQA, the scope of CEQA analysis may be limited to the environmental impacts *of the amendment*. (Pub. Resources Code, § 21166; CEQA Guidelines, § 15162.) The agency is not required to reassess the environmental impacts of the entire, previously adopted plan. (See, e.g., *Black Property Owners Association v. City of Berkeley* (1994) 22 Cal.App.4th 974, 985 [city updated its general plan housing element as required by state law, including previously adopted rent control policies that continued in effect without change]; *San Franciscans for Livable Neighborhoods v. City & County of San Francisco* (2018) 26 Cal.App.5th 596, 620-622 [“[t]he relevant question is whether new significant environmental effects or a substantial increase in the severity of previously identified significant effects will result from a substantial change to the project. . . . Comparison to theoretical impacts is generally necessary to answer this question”].)

In short, proposed policy 10.1.3(d) conflicts with CEQA because it attempts to dispense with the agency’s obligation to make case by case baseline determinations based on the facts and circumstances presented and supported by substantial evidence.

IV. Staff’s Summary of Policies 10.1.3(d) and (e) Conflict With CEQA, Which Requires Public Agencies to Make Project-Specific Findings of Fact Supported by Substantial Evidence in the Record.

The staff report’s background summary states, “the baseline for CEQA review is the current jurisdictional boundary of an agency. Therefore, environmental review for a sphere action is based upon evaluating the impacts associated with expanding the sphere beyond any agency’s current boundary, and is not related to the configuration or boundary of the originally established or most recently Commission-adopted SOI for that agency.” This summary mischaracterizes CEQA’s baseline principles and conflicts with the agency’s obligations to make factual determinations in light of the circumstances presented, based on substantial evidence. (See Section III, *supra*.)

The staff report further states that “[w]ater and wastewater services are considered growth-inducing, and the territory of local agencies providing these services is normally subject to significant development potential. As a result, the MSR/SOI Update for these types of municipal service providers is more costly due to the level of complexity involved and associated potential for environmental

impacts from service area expansions.” Under CEQA, however, whether providing water or wastewater services actually is growth-inducing is a fact-based inquiry that depends on the circumstances, especially as to whether providing services involves expansion of infrastructure systems beyond those existing or already planned and analyzed. The complexity and associated cost of reviewing such changes also depends on the circumstances. CEQA makes none of the factual assumptions or legal presumptions of impact, complexity, or cost asserted in the staff report. (See, e.g., CEQA Guidelines, §§ 15126, 15126.2.)

AAM:jis

MENDOCINO
Local Agency Formation Commission
Staff Report

DATE: December 28, 2020
TO: Mendocino Local Agency Formation Commission Policies & Procedures Committee
FROM: Uma Hinman, Executive Officer
SUBJECT: Policy Development for Spheres of Influence

STAFF RECOMMENDATION

Consider proposed policy language regarding spheres of influence and direct staff to revise as needed and recommend to the Commission for consideration on January 4, 2021.

BACKGROUND

On November 24, 2020, the Policies & Procedures Committee met to review proposed policy language regarding spheres of influence and develop recommendations to the full Commission.

The Committee discussed suggested revisions from Commissioner McCowen and written comments from the City of Ukiah and the City of Willits requesting postponement of the item to allow additional time to review the proposed policies and work collaboratively with LAFCo staff (Attachment 3).

The Committee postponed the item to allow staff time to incorporate Commissioner McCowen's requested changes, to reach out to the City Planning Departments regarding the draft SOI policy language, and to reconvene the Committee in mid-December to further consider the item.

On December 7, 2020, the Commission directed staff to bring an item forward at the January 4, 2021 meeting for the Commission to consider adoption of the proposed SOI policies.

LAFCo staff revised the SOI policies based on comments received and distributed them to the four City Planning Departments and interested Special Districts on December 2, 2020 for review (Attachment 2). LAFCo staff also met with staff from the City of Ukiah, City of Fort Bragg, City of Willits, and the Ukiah Valley Sanitation District upon request, and concerns/questions raised are summarized below.

City of Ukiah

- LAFCo should collect more in apportionment fees to discharge its legal obligations for MSR/SOI Updates rather than attributing a disproportionate share of costs to multi-service agencies for non-coterminous SOI Updates and CEQA.
- This is a fiscal issue and should be addressed in financial policies not SOI policies.
- The CEQA baseline should be based on the existing agency SOI and the proposed policy could result in an EIR for any sphere actions other than a coterminous sphere.
- Only adopting coterminous spheres could result in unintended consequences of promoting sprawl and could hinder good governance.
- The outdated sphere definition is not based on LAFCo law and is subjective in nature.

- The staff report lacked sufficient analysis related to the effects of the proposed policy changes.
- The policy changes seem rushed, should be addressed by the new Commission instead of the outgoing Commission, and warrant additional outreach with all stakeholders together, which is difficult during the holiday season.

City of Fort Bragg

- Cost shifting is concerning and additional expenses have to be heavily scrutinized by agencies.
- Agencies do not want to get locked into a higher level of CEQA review when an exemption applies.

City of Willits

- Who pays for CEQA if LAFCo requires a DUC or other area a City did not request into their SOI during a LAFCo-initiated SOI update?
- The definitions of "update" and "outdated spheres" could be clearer.
- What if a SOI review has determined that no changes are warranted, would it default to an outdated sphere?
- How often does LAFCo law require a SOI review?
- Does an SOI that is 10 years old revert to the City limits baseline?
- Does Policy 10.1.3.g indicate that LAFCo can expand a City SOI without their agreement?

LAFCo staff further revised the proposed policies based on feedback received and is represented by track changes for ease of review (Attachment 1). Some additional information is summarized below.

- LAFCo law is necessarily broad and allows LAFCo to establish policies to address local conditions.
- In general, the baseline for CEQA review is the physical environment at the time of evaluation and for SOI Updates involves analysis of indirect impacts associated with facilitating annexation and the provision of municipal services.
- Policy 10.1.3.c was revised to clarify that for municipal service providers, an SOI Update will be prepared every 10 years with a midpoint review that may result in the Commission reaffirming the existing SOI to ensure an appropriate sphere remains current.
- Policy 10.1.3.d was revised to clarify the roles of lead and responsible agencies for SOI actions and that for current spheres, the baseline for CEQA is the existing sphere.
- Policy 10.1.3.f was revised to clarify that there is no requirement for a higher level of environmental review than is necessary.
- Policy 9.12.2 allows minor applications to be processed with an outdated sphere instead of no application processing being allowed currently.
- Many of the policies are consistent with past LAFCo practice.
- The 5-Year Rolling Work Plan should be revised for Fiscal Year 2021-2022 to account for the 10-year SOI Update schedule and midpoint review for municipal service providers and SOI Updates for non-municipal service providers prepared only as needed, and potential cost increases for studies.

The following draft language is proposed for consideration of the Policies & Procedures Committee. Proposed amendments to existing policies are indicated with underlined and ~~striketrough~~ formatting.

9.12 BOUNDARIES

9.12.1 DEFINITE BOUNDARIES REQUIRED

LAFCo shall not accept as complete any application unless it includes boundaries that are definite, certain, and fully described.

9.12.2 SOI CONSISTENCY REQUIRED

LAFCo shall not approve any major change of organization or reorganization proposals that are inconsistent with the agency's SOI. In the event an SOI is outdated, before any major change of organization may be approved, the SOI must be updated. The only exceptions are minor proposals that normally would not considerably intensify existing development, generate or facilitate significant new development, or create adverse impacts on the subject agency or affected agencies. Examples of minor proposals include fire service annexations or detachments, annexation of agency-owned property containing agency public service facilities and/or infrastructure, and annexations of developed property. SOI establishment, amendment, and update shall precede consideration of proposals for changes of organization or reorganization.

9.12.23 BOUNDARY CRITERIA

LAFCo will generally favor applications with boundaries that do the following:

- a) create logical boundaries within the affected agency's sphere of influence, and where possible, eliminate previously existing islands or other illogical boundaries;
- b) follow natural or man-made features and include logical service areas where appropriate; and
- c) place all streets and rights-of-way within the same jurisdiction as the properties which abut thereon and/or for the benefit of which such streets and rights-of-way are intended.

9.12.34 BOUNDARY ADJUSTMENTS

LAFCo will generally amend proposals with boundaries which:

- a) Split neighborhoods or divide existing identifiable communities, commercial districts, or other areas having a social or economic identity.
- b) Result in islands, corridors, or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries.
- c) Are drawn for the primary purpose of encompassing revenue-producing territories.
- d) Create areas where it is difficult to provide services.

9.12.45 BOUNDARY DISAPPROVALS

If LAFCo, in consultation with the applicant, cannot suitably adjust the proposed boundaries to meet the criteria established above, it will generally deny the proposal.

10.1 SPHERES OF INFLUENCE

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. An SOI review is not an SOI update.
- d) An “outdated sphere” refers to an established sphere of influence that has not been updated for ten (10) years or more for municipal service providers or where circumstances have changed significantly since the last SOI update. SOI’s become outdated where substantial changes have occurred in the statutory requirements, agency services, finances, or governance, and/or community, resulting in the most recent MSR/SOI no longer providing reliable or relevant information needed by the Commission to carry out its responsibilities. The “outdated sphere” determination shall be made by the Executive Officer, subject to confirmation by the Commission in the event the determination is disputed.

10.1.3 SPHERE UPDATES

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

- a) LAFCo must adopt a Sphere of Influence (SOI) for each city and special district in its jurisdiction and keep it updated in accordance with CKH. Overseeing each SOI is a LAFCo responsibility. LAFCo strongly encourages the participation and cooperation of the subject agency in the SOI process, but the Commission remains the sole authority for establishing and making changes to an agency’s SOI and associated Municipal Service Review. All LAFCo actions must be consistent with the subject agency’s SOI and changes to an agency’s SOI require careful review and consideration.
- ab) The Commission will update the SOI of municipal service providers periodically in accordance with the Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH), and only as needed for non-municipal service providers review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, road, police, and fire protection services. Non-municipal services include, but are not limited to, ambulance or emergency medical services, park and recreation, health care hospital, resource conservation, cemetery, lighting, landscaping, and pest control.
- ~~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.~~
- c) The most recent SOI for municipal service providers will be reviewed every five years for accuracy and relevancy, and may result in the Commission reaffirming the existing SOI to ensure an appropriate sphere remains current. The agency SOI will be scheduled for a full MSR/SOI Update when deemed outdated or where major changes in the SOI are being considered. City SOI’s shall be updated at least every 10 years or as soon thereafter as the update can be completed. Whenever feasible, city sphere updates shall be scheduled to coincide with city general plan updates.
- d) Sphere actions by the Commission are subject to the provisions of the California Environmental Quality Act (CEQA). The Commission is normally the lead agency for SOI establishment and update, and the agency is normally the lead agency for proposed SOI amendments. In the case of an outdated SOI, the baseline for CEQA review shall be the current jurisdictional boundary of the agency. In the case of a current SOI, the baseline for CEQA review shall be the currently approved SOI boundary of the agency.
- e) Where an agency desires an SOI Update including territory outside an agency’s current boundary, the agency shall reimburse LAFCo for the cost of the environmental and other review required. Where an agency desires a sphere amendment proposed in a manner to permit additional development, the agency must prepare an appropriate environmental document and/or

reimburse LAFCo for the cost of the environmental and other review required. This policy is intended to impose the cost on the agency seeking SOI expansion opportunities in an effort to keep annual apportionment fees lower for the other agencies that contribute to the support of LAFCo.

- f) All costs incurred by LAFCo for preparation of establishing a non-coterminous SOI Update for an agency, or expanding an existing non-coterminous SOI, shall be subject to full cost recovery from the agency. Potential costs include necessary MSR studies, CEQA compliance, staff time, and any additional fees charged by state or local agencies for reviewing, processing, and filing the project. Nothing in this Policy shall be construed as a requirement for a higher level of environmental review than is necessary. Sphere changes that are subject to CEQA exemption shall be carried out accordingly, and otherwise will involve preparation of an Initial Study to determine the appropriate level of CEQA review.
- g) In the absence of a legally binding commitment from a subject agency for full cost recovery of establishing or expanding a non-coterminous SOI Update, the Commission shall prepare a coterminous sphere or may, at the Commission's sole discretion, maintain and/or expand the most recent sphere if subject to CEQA exemption or if funding is otherwise available for the appropriate level of CEQA review.
- h) ~~Sphere of influence changes initiated by application any agency providing a municipal service shall generally require either an updated or new Municipal Service Review unless LAFCo determines that a prior service review is adequate.~~
- i) A combined Municipal Service Review (MSR) and SOI Update shall be prepared whenever feasible to minimize costs, streamline processing, and to maximize data collection and analysis.

- Attachments:**
- 1. Policy Revisions since December 2, 2020
 - 2. Policy Revisions since November 24, 2020
 - 3. Comments from November 24, 2020 Policies and Procedures Committee meeting

ATTACHMENT 1

Mendocino LAFCo

Revised Proposed SOI Policies

Proposed amendments to the policies are indicated with underlining and ~~striketrough~~ formatting. Track changes indicate modifications from the December 2nd version.

9.12 BOUNDARIES

9.12.1 DEFINITE BOUNDARIES REQUIRED

LAFCo shall not accept as complete any application unless it includes boundaries that are definite, certain, and fully described.

9.12.2 SOI CONSISTENCY REQUIRED

LAFCo shall not approve any major change of organization or reorganization proposals that are inconsistent with the agency's SOI. In the event an SOI is outdated, before any major change of organization may be approved, the SOI must be updated. The only exceptions are minor proposals that normally would not ~~considerably intensify existing development~~, generate or facilitate significant new development, or create adverse impacts on the subject agency or affected agencies. Examples of minor proposals include fire service annexations or detachments, annexation of agency-owned property containing agency public service facilities and/or infrastructure, and annexations of developed property. SOI establishment, amendment, and update shall precede consideration of proposals for changes of organization or reorganization.

9.12.23 BOUNDARY CRITERIA

LAFCo will generally favor applications with boundaries that do the following:

- a) create logical boundaries within the affected agency's sphere of influence, and where possible, eliminate previously existing islands or other illogical boundaries;
- b) follow natural or man-made features and include logical service areas where appropriate; and
- c) place all streets and rights-of-way within the same jurisdiction as the properties which abut thereon and/or for the benefit of which such streets and rights-of-way are intended.

9.12.34 BOUNDARY ADJUSTMENTS

LAFCo will generally amend proposals with boundaries which:

- a) Split neighborhoods or divide existing identifiable communities, commercial districts, or other areas having a social or economic identity.
- b) Result in islands, corridors, or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries.
- c) Are drawn for the primary purpose of encompassing revenue-producing territories.
- d) Create areas where it is difficult to provide services.

9.12.45 BOUNDARY DISAPPROVALS

If LAFCo, in consultation with the applicant, cannot suitably adjust the proposed boundaries to meet the criteria established above, it will generally deny the proposal.

10.1 SPHERES OF INFLUENCE

10.1.2 DEFINITIONS

The Commission incorporates the following definitions:

- a) ~~a~~ “Establishment” refers to the initial development and determination of a sphere of influence by the Commission;
- b) ~~A~~ “amendment” refers to a limited change to an established sphere of influence typically initiated by a landowner, resident, or agency; and
- c) ~~A~~ “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission. An SOI review is not an SOI update.
- d) An “outdated sphere” refers to an established sphere of influence that has not been updated for ten (10) years or more for municipal service providers or where circumstances have changed significantly since the last SOI update. SOI’s become outdated where substantial changes have occurred in the statutory requirements, agency services, finances, or governance, and/or community, resulting in the most recent MSR/SOI no longer providing reliable or relevant information needed by the Commission to carry out its responsibilities. The “outdated sphere” determination shall be made by the Executive Officer, subject to confirmation by the Commission in the event the determination is disputed.

10.1.3 SPHERE UPDATES

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

- a) LAFCo must adopt a Sphere of Influence (SOI) for each city and special district in its jurisdiction and keep it updated in accordance with CKH. Overseeing each SOI is a LAFCo responsibility. LAFCo strongly encourages the participation and cooperation of the subject agency in the SOI process, but the Commission remains the sole authority for establishing and making changes to an agency’s SOI and associated Municipal Service Review. All LAFCo actions must be consistent with the subject agency’s SOI and changes to an agency’s SOI require careful review and consideration.
- ~~a~~b) The Commission will update the SOI of municipal service providers periodically in accordance with the Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH), and only as needed for non-municipal service providers review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, road, police, and fire protection services. Non-municipal services include, but are not limited to, ambulance or emergency medical services, park and recreation, health care hospital, resource conservation, cemetery, lighting, landscaping, and pest control.
- ~~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.
- c) The most recent SOI for municipal service providers will be reviewed every five years for accuracy and relevancy, and may result in the Commission reaffirming the existing SOI to ensure an appropriate sphere remains current. The agency SOI will be scheduled for a full MSR/SOI Update when deemed outdated or where major changes in the SOI are being considered. City SOI’s shall be updated at least every 10 years or as soon thereafter as the update can be completed. Whenever feasible, city sphere updates shall be scheduled to coincide with city general plan updates.

- d) Sphere actions by the Commission are subject to the provisions of the California Environmental Quality Act (CEQA). The Commission is normally the lead agency for SOI establishment and update, and the agency is normally the lead agency for proposed SOI amendments. In the case of an outdated SOI, the baseline for CEQA review shall be the current jurisdictional boundary of the agency. In the case of a current SOI, the baseline for CEQA review shall be the currently approved SOI boundary of the agency.
- e) Where an agency desires an SOI Update including territory outside an agency's current boundary, the agency shall reimburse LAFCo for the cost of the environmental and other review required. Where an agency desires a sphere amendment proposed in a manner to permit additional development, the agency must prepare an appropriate environmental document and/or reimburse LAFCo for the cost of the environmental and other review required. This policy is intended to impose the cost on the agency seeking SOI expansion opportunities in an effort to keep annual apportionment fees lower for the other agencies that contribute to the support of LAFCo.
- f) All costs incurred by LAFCo for preparation of establishing a non-coterminous SOI Update for an agency, or expanding an existing non-coterminous SOI, shall be subject to full cost recovery from the agency. Potential costs include necessary MSR studies, CEQA compliance, staff time, and any additional fees charged by state or local agencies for reviewing, processing, and filing the project, shall be subject to full cost recovery from the agency. Nothing in this Policy shall be construed as a requirement for a higher level of environmental review than is necessary. Sphere changes that are subject to CEQA exemption shall be carried out accordingly, and otherwise will involve preparation of an Initial Study to determine the appropriate level of CEQA review.
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- i) A combined Municipal Service Review (MSR) and SOI Update shall be prepared whenever feasible to minimize costs, streamline processing, and to maximize data collection and analysis.

ATTACHMENT 2

Mendocino LAFCo Revised Proposed SOI Policies

Proposed amendments to the policies are indicated with underlining and ~~striketrough~~ formatting. Track changes indicate modifications from the November 24th version.

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9.12.1 DEFINITE BOUNDARIES REQUIRED

LAFCo shall not accept as complete any application unless it includes boundaries that are definite, certain, and fully described.

9.12.2 SOI CONSISTENCY REQUIRED

LAFCo shall not approve any major change of organization or reorganization proposals that are inconsistent with the agency's SOI. In the event an SOI is outdated, before any major change of organization may be approved, the SOI must be updated. The only exceptions are ~~non-major~~minor proposals that ~~are normally would~~ not ~~likely to~~ generate or facilitate significant new development or create adverse impacts on the subject agency or affected agencies. Examples of ~~non-major~~minor proposals include fire service annexations or detachments, annexation of agency-owned property containing agency public service facilities and/or infrastructure, and annexations of ~~fully~~ developed property. SOI establishment, amendment, and update shall precede consideration of proposals for changes of organization or reorganization.

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- c) place all streets and rights-of-way within the same jurisdiction as the properties which abut thereon and/or for the benefit of which such streets and rights-of-way are intended.

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LAFCo will generally amend proposals with boundaries which:

- a) Split neighborhoods or divide existing identifiable communities, commercial districts, or other areas having a social or economic identity.
- b) Result in islands, corridors, or peninsulas of incorporated or unincorporated territory or otherwise cause or further the distortion of existing boundaries.
- c) Are drawn for the primary purpose of encompassing revenue-producing territories.
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10.1 SPHERES OF INFLUENCE

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- c) ~~An~~ “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission. [An SOI review is not an SOI update.](#)
- d) An “outdated sphere” refers to a sphere that has not been updated [for ten \(10\) years or more](#) ~~in~~ [a considerable amount of time](#) or where circumstances have changed significantly. SOI’s become outdated where substantial changes have occurred in the statutory requirements, agency services, and/or community, resulting in the most recent MSR/SOI no longer providing reliable or relevant information needed by the Commission to carry out its responsibilities. The “outdated sphere” determination shall be made by the Executive Officer, subject to confirmation by the Commission in the event the determination is disputed.

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

- a) LAFCo must adopt a Sphere of Influence (SOI) for each city and special district in its jurisdiction and keep it updated in accordance with CKH. Overseeing each SOI is a LAFCo responsibility. LAFCo strongly encourages the participation and cooperation of the subject agency in the SOI process, but the Commission remains the sole authority for establishing and making changes to an agency’s SOI and associated ~~an~~Municipal ~~s~~Service ~~r~~Review. All LAFCo actions must be consistent with the subject agency’s SOI and changes to an agency’s SOI require careful review and consideration.
- ~~a~~b) The Commission will update the SOI of municipal service providers periodically in accordance with the Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH), and only as needed for non-municipal service providers review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, road, police, and fire protection services. Non-municipal services include ambulance, recreation, health care hospital, resource conservation, cemetery, lighting, and landscaping, and pest control.
- ~~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.
- c) The most recent SOI for municipal service providers will be ~~evaluated~~ reviewed every five years for accuracy and relevancy. The agency SOI will be scheduled for a full MSR/SOI Update when deemed outdated or where major changes in the SOI are being considered. City SOI’s shall be updated at least every 10 years or as soon thereafter as the update can be completed. Whenever ~~feasible~~possible, city sphere updates shall be scheduled to coincide with city general plan updates.
- d) Sphere actions by the Commission are subject to the provisions of the California Environmental Quality Act (CEQA). [The Commission is normally the lead agency for SOI establishment and update, and the agency is normally the lead agency for proposed SOI amendments. In the case of an outdated SOI, ~~the~~](#) the baseline for CEQA review ~~shall be is~~ the current jurisdictional boundary of

an the agency. In the case of a current SOI, the baseline for CEQA review shall be the currently approved SOI boundary of the agency. Therefore,

- e) Where an agency desires an SOI Update or amendment including territory outside an agency's current boundary, the agency will be expected to shall reimburse LAFCo for the cost of the environmental and other review required. Where an agency desires a sphere amendment proposed in a manner to permit additional development, the agency must prepare an appropriate environmental document and/or reimburse LAFCo for the cost of the environmental and other review required. This policy is intended to impose the cost on the agency seeking SOI expansion opportunities in an effort to keep annual apportionment fees lower for the other agencies that contribute to the support of LAFCo.
- f) All costs incurred by LAFCo for preparation of establishing a non-coterminous SOI Update for an agency, or expanding an existing non-coterminous SOI, including necessary MSR studies, CEQA compliance, staff time, and any additional fees charged by state or local agencies for reviewing, processing, and filing the project, shall be subject to full cost recovery from the agency.
- g) In the absence of a legally binding commitment from a subject agency for full cost recovery of establishing or expanding a non-coterminous SOI Update, the Commission will shall prepare a coterminous sphere or may, at the Commission's sole discretion, possibly maintain and/or expand the most recent sphere if subject to CEQA exemption.
- h) Sphere of influence changes initiated by application any agency providing a municipal service shall generally require either an updated or new mMunicipal sService rReview unless LAFCo determines that a prior service review is adequate.
- i) A combined Municipal Service Review (MSR) and SOI Update shall be prepared whenever feasible to minimize costs, streamline processing, and to maximize data collection and analysis.

ATTACHMENT 3a

To: Policies & Procedures Committee
From: Committee Member – Commissioner McCowen
Date: November 23, 2020
RE: Comments on the Proposed Sphere of Influence Policy Revisions for November 24th
Policies & Procedures Committee Meeting

1) 9.12.2 SOI Consistency

"Examples of non-major proposals include fire service annexations or detachments..." Is it possible that annexation to a fire district could facilitate development? If so, such an annexation might not qualify as non-major. A better example might be cemetery districts.

Same sentence as above: "...and annexations of fully developed property." The term "fully developed property" may be ambiguous as a property could be fully developed in that it is fully developed to the allowable limits in terms of lot coverage but may in fact be substantially under-developed. Conversely, a geographic area, such as south Ukiah might be generally fully developed, with most parcels fully built out, but with a limited number of vacant or underutilized lots. Would a defined area be considered "fully developed" even if there is limited development opportunity that would be consistent with existing development? Or could an infill project consistent with existing zoning be considered non-major?

2) 10.1.2 Definitions

d) An "outdated sphere" refers to a sphere that has not been updated for ten (10) years or more or where circumstances have changed significantly since the last update. [Comment: Ten years provides greater clarity than "considerable amount of time" and is generous considering the statutory deadline for SOI updates. Potentially the time could be shortened.] In the second sentence I might add a comma after "community".

3) 10.1.3 Sphere Updates

a) Suggest capitalize "municipal service review".

b) Suggest add a comma between "lighting and landscaping" and delete "and" at end of last sentence.

c) In place of "Whenever possible" suggest "Whenever feasible" at beginning of last sentence.

d) [Comment: If an SOI is current and the agency is not seeking an expansion why wouldn't the current SOI be the CEQA baseline? The suggested language changes that follow are based on the premise that an SOI with no expansion would be a baseline condition.] Retain first sentence as is. Revise second sentence to read: "The baseline for CEQA review, in the case of an outdated or coterminous SOI, shall be the current jurisdictional boundary of the agency. Retain balance of section and add a new last sentence: "The baseline for an SOI that is not outdated or coterminous shall be the currently approved boundary of the SOI. [Note: I'm assuming significant changes that would trigger greater CEQA review would also render an existing SOI outdated. Also, I think our indemnity clause would be a backstop against a lawsuit alleging improper CEQA review.]"

e) "All costs incurred by LAFCO for preparation of establishing a non-coterminous SOI Update for an agency, or expanding an existing non-coterminous SOI, including necessary MSR studies, CEQA compliance...."

f) "In the absence of a legally binding commitment from a subject agency for full cost recovery of establishing or expanding a non-coterminous SOI Update, the Commission shall prepare a coterminous sphere or may, at the Commission's sole discretion, maintain and/or expand the most recent sphere if subject to CEQA exemption.

g) Suggest capitalize "municipal service review".

ATTACHMENT 3b



111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
(707) 459-1562 FAX

November 24, 2020

Mendocino County Local Agency Formation Commission
Policies and Procedures Committee
c/o Uma Hinman, Executive Office
200 School Street
Ukiah, CA 95482

Re: November 24, 2020 LAFCO Policies & Procedures Meeting
Agenda Item 2b – City of Willits Comments

Dear Members of the Mendocino LAFCO Policies and Procedures Committee,

The City of Willits respectfully requests additional time to review and comment on the proposed policy change revisions being considered under Agenda Item 2b, Policy Development for Spheres of Influence.

The City would like additional time to allow for the opportunity to meet with LAFCO staff and the other jurisdictions to obtain clarification on the intent of the language and possibly provide suggested language that would prevent any unintended consequences.

For instance, City staff is unclear as to whether the Cities will incur additional charges from LAFCO for the periodic review of our Sphere of Influence (SOI). As a function of its duties and responsibilities given by the Cortese-Knox-Hertzberg Act, LAFCO is required to periodically review and update spheres of influence. Government Code Section 56425 requires the Commission to review and update, as necessary, all spheres of influence for cities and special districts at least once every five years.

Staff is unsure whether the costs associated with the standard SOI review will be included in the annual LAFCO budget and work plan or whether those costs will be removed from the annual budget and converted to a cost recovery fee.

Also, LAFCO's role under the California Environmental Quality Act (CEQA) is typically one of a responsible agency, which means that it does not take the lead in preparing the environmental document for the proposed action. When another public agency, such as the City of Willits, acts as a lead agency and submits a negative declaration or a final environmental impact report certified by resolution as having been completed in accordance with CEQA with an application for approval of a project by the Mendocino LAFCO, such negative declaration or final environmental impact report shall be submitted to the LAFCO. The City is neither aware that Mendocino LAFCO would be required to complete any further environmental review, nor is the

City aware of a requirement to pay additional fees unless Section 15052 of the CEQA Guidelines would require LAFCO to act as the Lead Agency for a project.

The City is unclear as to whether the proposed policy language is consistent with the statement provided above. This is of particular interest to the City of Willits, as the City has secured State funding and is in the process of developing a Sphere of Influence Amendment, including CEQA review, for submission to LAFCO for the purpose of creating a substantial level of new opportunities to construct a variety of housing types. Staff will be working with LAFCO staff as we move forward through the process of completing our SOI amendment application. The City is unsure as to whether the proposed language would introduce new fees to our prospective project.

Thank you for your consideration of the City's request to continue this item and allow for adequate time to analyze the proposed revisions and further speak with LAFCO staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dusty Duley", with a long horizontal flourish extending to the right.

Dusty Duley
Community Development Director

cc: Stephanie Garrabrant-Sierra, City Manager
H. James Lance, City Attorney



November 24, 2020

Mendocino County Local Agency Formation Commission
Policies & Procedures Committee
C/O Uma Hinman, Executive Officer
Ukiah Valley Conference Center
200 S School St
Ukiah, CA 95482
VIA EMAIL: eo@mendolafco.org

Re: November 24, 2020 Local Agency Formation Commission Policies & Procedures Meeting
Agenda Item 2b., Policy Development for Spheres of Influence – City of Ukiah comments

Honorable Members of the Policies & Procedures Committee:

The City of Ukiah respectfully submits the following comments for consideration regarding the
aforementioned agenda item, Item 2b., Policy Development for Spheres of Influence.

Affected agencies, including the City of Ukiah, have not been given adequate time to evaluate and respond to the proposed policies under consideration by the LAFCo Policies & Procedures Committee. The City requests a postponement of this agenda item to allow the City and other affected agencies the opportunity to analyze the proposed policy revisions and engage with LAFCo staff.

The City was first provided a copy of the proposed policy revisions on Saturday, November 21, 2020. From City staff's initial review, the proposed revisions may have significant impacts on the ability of incorporated cities to complete Spheres of Influence (SOI) updates. Such sweeping changes to policy, especially during a pandemic where traditional communication modes are hindered, should be done collaboratively with affected multi-service agencies such as the City of Ukiah, City of Fort Bragg, City of Willits, and City of Point Arena- and with as much advance notice as possible.

In the limited time available, the City of Ukiah submits the following preliminary comments on LAFCo staff's proposed policy revisions.

A. City of Ukiah Preliminary Comments Regarding Policies Recommended by LAFCo Staff to Govern the Application of CEQA to Sphere of Influence Determinations by LAFCo

1. Lead Agency/Responsible Agency duties

Whether LAFCo functions as the lead or responsible agency for a proposed action is determined by the CEQA statutes and Guidelines. LAFCo often may be, but is not always, the lead agency for Sphere of Influence determinations, particularly if they are combined with annexation. (CEQA Guidelines, Sections 15150 – 15053.)



2. Baseline determinations

The environmental setting or CEQA baseline is represented by the existing physical conditions of the environment in the vicinity of the project and the scope of planning decisions already made and analyzed under CEQA. Baseline determinations are not governed by jurisdictional boundaries. (CEQA Guidelines, Section 15125; *Neighbors for Smart Rail v. Exposition Metro Line Construction Authority* (2013) 57 Cal.4th 439.)

3. Potential categorical exemptions

CEQA applies only to some Sphere of Influence amendments. Most often, a categorical exemption applies under CEQA Guidelines, Sections 15378(B)(5) [the “common sense” exception]; Class 19 (annexation of existing facilities), Class 20 (LAFCo approvals which do not change the area in which powers exercised – i.e., the actor changes, but not the act); *City of Agoura Hills v. LAFCo* (1988)- 198 CA3d 480 held a Sphere of Influence change not associated with a development project was not a project subject to CEQA.

4. Impact analysis/growth inducement

Whether providing water or wastewater services actually is growth-inducing is a fact-based inquiry that depends on the circumstances, especially as to whether providing services involves expansion of infrastructure systems beyond those existing or already planned and analyzed. The complexity and associated cost of reviewing such changes also depends on the circumstances. CEQA makes none of the factual assumptions or legal presumptions of impact, complexity, or cost asserted in the LAFCo staff report. (CEQA Guidelines section 15126.2(d).)

B. City of Ukiah Preliminary Comments on the Policy Regarding “Outdated Spheres of Influence”

1. The definition of an “outdated SOI” is so vague as to be purely subjective.
2. Section 10.1.3(a) of policy proposed by LAFCo staff admits that the Cortese-Knox-Hertzberg Act makes it LAFCo’s responsibility to maintain current SOIs.
3. LAFCo staff has no power to refuse an application because LAFCo has failed to maintain what it subjectively believes to be a current Sphere of Influence and Municipal Service Review (MSR). While LAFCo might be able to reject an annexation application for want of sufficient current data, LAFCo Commissioners must make that decision in publicly noticed hearings on the basis of facts in the record.
4. Paragraph (f) in the proposed policy, which states that LAFCo can impose a coterminous SOI if an agency does not pay the costs to update an SOI, violates Cortese-Knox-Hertzberg. The statute does not authorize LAFCo to refuse to exercise its discretion for fiscal reasons.
5. Although LAFCo likely can require a “current MSR” for an SOI amendment, what amounts to a current MSR is subjective, and maintaining current MSRs is LAFCo’s responsibility, not an



applicant's. LAFCo cannot use its failure to maintain current documents to justify refusing applications. Rather, if such action is supported by facts in the record before the Commission, it could reject a specific application on its merits.

City staff looks forward to engaging with LAFCo staff on the proposed revisions in the near future, after having adequate time to more thoroughly analyze and research the proposed policies and potential alternatives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig Schlatter". The signature is fluid and cursive, with a prominent initial "C" and a long, sweeping tail.

Craig Schlatter
Director of Community Development

CC: Sage Sangiacomo, City Manager
David Rapport, City Attorney
Phil Williams, Special Counsel

MENDOCINO Local Agency Formation Commission Staff Report

DATE: January 4, 2021
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Mid-Year Budget Review for FY 2020-21**

RECOMMENDATION

Adopt Resolution No. 2020-21-03 authorizing a budget amendment of \$22,543 and adjusting other account lines to meet anticipated need, thereby increasing the Fiscal Year 2020-21 budget from \$161,650 to \$184,193.

MID-YEAR BUDGET REVIEW

Mid-year budget reviews are intended to review expenses and revenues half-way through a budget year to help determine if any adjustments need to be made in order to keep within an adopted budget. This budget review will also assist staff in developing the next fiscal year budget and provide information to the member agencies regarding the likely cost of their contribution to LAFCo for their next budget year (2020-21), which many of the jurisdictions will start work on shortly. The budget review identifies shortfalls in the Basic Services Account (5300) and Legal Services Account (6300) and a budget amendment is requested to ensure staff's ability to continue adequate staffing and .

Overview of Mid-Year Budget

The mid-year budget review is an opportunity to review itemized operating expenses and make adjustments as necessary. Staff has prepared the attached multi-year budget comparison. Notes on the budget review to date:

- As shown in Attachment 1, the Commission adopted a FY 2020-21 budget of \$160,248. The following table summarizes the adopted budget, the current expenditure totals and percent of budget expended as of December 31, 2020. The Work Plan includes three MSR/SOI reports being prepared by staff and two reports being prepared by consultants. It is anticipated that the bulk of the Work Plan will be conducted over the next five months.

Mid-Year Expense Summary	Adopted	Mid-Year Total	% of total
Staffing Total	72,060	50,544	70
Services and Supplies Total	47,090	25,066	53
Work Plan Total	42,500	4,121	10
Expense Total	161,650	57,197	36

- Revenues received to date include \$150,000 in apportionment fees. With adoption of the FY 2020-21 budget, the Commission authorized use of \$11,200 from reserves to close the budget gap.

3. Expenses at the end of the calendar year total \$79,731 and are generally related to Basic Services/Staffing and office operations. Approximately 10% of the Work Plan budget has been expended.
4. Reserves are at \$90,469 as of November 30, 2020.
 - \$35,000 for legal reserves; consistent with policy
 - \$55,469 for operational reserves; policy dictates 25% of operational budget (\$40,413)

Work Plan Status

Staff time to date on MSR/SOI updates has largely focused on developing and coordinating a Request for Proposals (RFP) process for preparation of Municipal Service Reviews and Sphere of Influence (MSR/SOI) Updates for the City of Ukiah and the Ukiah Valley Sanitation District. Additionally, time has been spent on coordinating with agencies to collect information in support of preparing the MSR/SOI Updates.

Difficulties in keeping the work plan progressing on schedule have primarily been related to application workload, which are prioritized, and the lengthy RFP process noted above.

Agencies identified in the Work Plan for MSR/SOI Updates are as follows:

- City of Ukiah
- Ukiah Valley Sanitation District
- Covelo Community Services District
- Community Service Area 3
- Ukiah Valley Fire District

The Commission approved a consultant selection for the City of Ukiah MSR/SOI Update and directed staff to negotiate agreements with the City of Ukiah for funding and the Planwest Partners Team for preparing the City's MSR/SOI Update. The City has offered to fully fund the Update in order to expedite the process, which would otherwise have required two years for LAFCo to fund. A draft MOU agreement between the City and LAFCo is pending completion. Staff is working with Planwest Partners on the scope of work, budget and timeline in preparation for a contract between LAFCo and Planwest Partners to complete the work.

The Ukiah Valley Sanitation District has submitted information as requested under a Request for Information (RFI) that was sent by staff to the District in early 2020. A consultant has not yet been selected for the preparation of the UVSD MSR/SOI Update pending additional feedback from the District on schedule for the Update.

The Covelo Community Services District (CSD) has submitted information as requested through an RFI and the Update has been started. The Update has been delayed as staff continues to consider the Work Plan schedule within the limitations of the Work Plan budget.

The Community Service Area (CSA) No. 3 Update has been delayed during the pandemic.

The Ukiah Valley Fire District MSR/SOI Update has been started by staff, but has also been delayed due to the RFP process and application workload demands on staff time.

Staffing efforts in first half of FY 2020-21

The first half of this FY has been busy with processing applications, managing work plan implementation, and policy development. Additionally, staff have been implementing the Special District Election to fill a vacancy and a new term on the Commission for regular special district members.

- Applications:
 - City of Ukiah Application for detachment of UVSD areas
 - City of Ukiah Pre-Application for annexation of properties north of the City
 - Ukiah Valley Fire District Pre-Application to annex the City of Ukiah
 - Millview County Water District Pre-Application for annexation of Masonite area properties
- Work Plan:
 - Development, implementation, and coordination with UVSD and City of Ukiah regarding the RFP process to implement the Work Plan for those agencies
- Policy development
 - Inactive Applications Policy
 - Sphere of Influence policy changes
- Sustainable Agricultural Lands Committee meetings and grant project participation

Anticipated Tasks for Remainder of FY 2020-21

- Applications:
 - City of Ukiah Application for detachment of UVSD areas
 - City of Ukiah Pre-Application for annexation of properties north of the City
 - Ukiah Valley Fire District Pre-Application to annex the City of Ukiah
 - Millview County Water District Pre-Application for annexation of Masonite area properties
 - City of Ukiah Application for annexation of City-owned property
- Work Plan:
 - City of Ukiah (consultant)
 - Ukiah Valley Sanitation District (consultant)
 - Covelo Community Services District (staff)
 - County Service Area No. 3 (staff)
 - Ukiah Valley Fire District (staff)
- Policy development
 - Sphere of Influence policy changes
 - Electronic signature policy
 - Fee Schedule Update
- New Commissioner orientation and training (LAFCo 101 and one-on-one assistance)
- Participation in the City of Ukiah General Plan update outreach, Sphere discussions
- Fiscal Year 2021-22 Budget and Work Plan development
- Sustainable Agricultural Lands Committee meetings and grant project participation
- Prepare agency comments for circulating land use permit applications and CEQA review.

BUDGET AMENDMENT

At the mid-year mark, 70% of the Basic Services budget has been expended for tasks identified above. In order to continue to carry out the responsibilities and directions of the Commission for the remainder of this fiscal year, staff anticipates the need to increase the budget line for Basic Services (Account 5300) and Legal Services (Account 6300) by \$20,000 and \$4,500, respectively.

The Legal Services contract is \$900 per month, which covers a monthly average of four hours of general legal services at a reduced client rate of \$225. Time spent on applications is billed separately and at cost to the applicant. General legal services include but are not limited to legal support on general matters, participation in Commission and Committee meetings, and review of contracts and policy language. Legal Counsel has surpassed the average of four hours per month over the last six months on non-application

activities. It is anticipated that there will be a need for up to an additional 20 hours of Legal Counsel time over the contract amount averaged through the end of the fiscal year and based on current time burn rates.

The Proposed Budget Amendment (Attachment 2) identifies small savings in a number of other accounts that would offset the increase in Basic Services and Legal Services budget and result in an overall increase of \$22,543. Funds to cover the amendment would need to be authorized for withdrawal from the reserves fund.

The Fiscal Year 2020-21 budget authorized use of reserve funds totaling \$11,200 to close the funding gap. The proposed budget amendment would increase the use of reserves to a total of \$33,743. Policy 5.1.5 states that operational reserves should be maintained at 25% of the operating budget, and the proposed budget amendment would result in a reserve remainder of \$21,726 which is below the threshold.

Attachments:

1. Mid-Year Budget Review Spreadsheet
2. Proposed Budget Amendment
3. Resolution No. 2020-21-03

Attachment 1

Mendocino Local Agency Formation Commission FY 2020-21 Mid Year Budget Review

January 4, 2021

Acct #	Task	FY 20-21 Budget	Year to Date	Remaining Budget	% of Budget Expended
EXPENSES					
5300	Basic Services - EO/Analyst/Clerk	\$72,060	\$50,544.00	\$21,516.00	70%
	Unfunded Mandates	\$0			
5500	Rent	\$5,568	\$2,754.00	\$2,814.00	49%
5600	Office Expenses	\$3,450	\$2,785.16	\$664.84	81%
5700	Internet & Website Costs	\$1,300	\$1,239.52	\$60.48	95%
5900	Publication & Legal Notices	\$2,000	\$274.64	\$1,725.36	14%
6000	Televising Meetings	\$2,000	\$633.18	\$1,366.82	32%
6100	Audit Services	\$3,500	\$1,690.00	\$1,810.00	48%
6200	Bookkeeping	\$4,500	\$1,830.00	\$2,670.00	41%
6300	Legal Counsel (\$ Browne)	\$10,200	\$5,127.00	\$5,073.00	50%
6400	A-87 Costs County Services	\$2,131	\$2,093.00	\$38.00	98%
6500	Insurance - General Liability	\$3,000	\$2,815.00	\$185.00	94%
6600	Memberships (CALAFCO/CSDA)	\$3,691	\$3,727.00	\$-36.00	101%
6670	GIS Contract with County	\$2,500	\$0.00	\$2,500.00	0%
6740	In-County Travel & Stipends	\$3,000	\$50.00	\$2,950.00	2%
6750	Travel & Lodging Expenses	\$100	\$0.00	\$100.00	0%
6800	Conferences (Registrations)	\$150	\$0.00	\$150.00	0%
7000	Work Plan (MSRs and SOIs)	\$42,500	\$4,121.00	\$38,379.00	10%
Monthly/ Year to Date Totals		\$161,650.00	\$79,683.50	\$81,966.50	49%

ATTACHMENT 2

Mendocino Local Agency Formation Commission

Proposed Budget Amendment FY 2020-21

4-Jan-21

ACCOUNT #	DESCRIPTION	FY 2020-21 Adopted	FY 2020-21 Proposed Amend	Increase/ (Savings)
REVENUE				
4000	LAFCO Apportionment Fees	\$ 150,000	\$ 150,000	\$ -
4100	Service Charges			\$ -
4800	Miscellaneous			\$ -
4910	Interest Income	\$ 450	\$ 450	\$ -
Revenue Subtotal		\$ 150,450	\$ 150,450	\$ -
8000	Applications			
8601	Special Project (SALC Grant Project Reimbursement)	\$ 5,100	\$ 5,100	\$ -
Revenue Total		\$ 155,550	\$ 155,550	\$ -
EXPENSES				
5300	Basic Services	\$ 72,060	\$ 92,060	\$ 20,000
5500	Rent	\$ 5,568	\$ 5,568	\$ -
5600	Office Expenses	\$ 3,450	\$ 3,550	\$ 100
5700	Internet & Website Costs	\$ 1,300	\$ 1,550	\$ 250
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000	\$ -
6000	Televising Meetings	\$ 2,000	\$ 2,000	\$ -
6100	Audit Services	\$ 3,500	\$ 3,380	\$ (120)
6200	Bookkeeping	\$ 4,500	\$ 4,500	\$ -
6300	Legal Counsel	\$ 10,200	\$ 14,700	\$ 4,500
6400	A-87 Costs County Services	\$ 2,131	\$ 2,093	\$ (38)
6500	Insurance-General Liability	\$ 3,000	\$ 2,815	\$ (185)
6600	Memberships (CALAFCO/CSDA)	\$ 3,691	\$ 3,727	\$ 36
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 2,500	\$ -
6740	In-County Travel & Stipends	\$ 3,000	\$ 1,000	\$ (2,000)
6750	Travel & Lodging Expense	\$ 100	\$ 100	\$ -
6800	Conferences (Registrations)	\$ 150	\$ 150	\$ -
7000	Work Plan (MSRs and SOIs)	\$ 42,500	\$ 42,500	\$ -
9000	Miscellaneous (Special District Training Support, bank fees)	\$ -		\$ -
Operating Expenses Subtotal		\$ 161,650	\$ 184,193	\$ 22,543
8000	Application Filing Expenses	\$ -		
8601	Special Project (SALC Grant Project)	\$ 5,100	\$ 5,100	\$ 5,100
Expenses Total		\$ 166,750	\$ 189,293	\$ 22,543
REVENUE/EXPENSE DIFFERENCE		\$ (11,200)	\$ (33,743)	
<i>(Negative balance indicates use of fund balance and/or reserves)</i>				

Attachment 3

Resolution No. 2020-21-03 of the Local Agency Formation Commission of Mendocino County

Approving the Budget Amendment for Fiscal Year 2020-21

WHEREAS, Local Agency Formation Commissions have been created under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Sections 56000 et. seq. of the Government Code, as independent agencies, with the power to adopt policies and procedures to carry out their functions, (§56300); and

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, annually approves a final budget to fulfill its purposes and functions that are set by State law; and

WHEREAS, the Commission adopted a Fiscal Year 2020-21 budget for \$161,650 at its June 1, 2020 meeting; and

WHEREAS, the Executive Officer has analyzed the Fiscal Year 2020-21 budget and estimates a projected savings of \$2,543 across the Budget Accounts through the end of the Fiscal Year; and

WHEREAS, the Commission considered a proposed Fiscal Year 2020-21 budget amendment increasing the Basic Services (Account 5300) by \$20,000 and the Legal Services (Account 6300) by \$4,500 for total budget of \$184,193, and authorizing the increase be withdrawn from the Commission’s operational reserves fund balance; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the proposed fiscal year 2020-21 budget amendment on January 4, 2021.

NOW, THEREFORE, the Mendocino Local Agency Formation Commission does hereby RESOLVE, DETERMINE, and ORDER as follows:

1. The Commission approves a Fiscal Year 2020-21 Budget Amendment to \$184,193 as shown in Exhibit A.

PASSED and ADOPTED by the Local Agency Formation Commission of Mendocino County this 4th day of January 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

CARRE BROWN, Commission Chair

UMA HINMAN, Executive Officer

Exhibit A

Mendocino Local Agency Formation Commission Proposed Budget Amendment FY 2020-21

4-Jan-21

ACCOUNT #	DESCRIPTION	FY 2020-21 Adopted	FY 2020-21 Proposed Amend
REVENUE			
4000	LAFCO Apportionment Fees	\$ 150,000	\$ 150,000
4100	Service Charges		
4800	Miscellaneous		
4910	Interest Income	\$ 450	\$ 450
Revenue Subtotal		\$ 150,450	\$ 150,450
8000	Applications		
8601	Special Project (SALC Grant Project Reimbursement)	\$ 5,100	\$ 5,100
Revenue Total		\$ 155,550	\$ 155,550
EXPENSES			
5300	Basic Services	\$ 72,060	\$ 92,060
5500	Rent	\$ 5,568	\$ 5,568
5600	Office Expenses	\$ 3,450	\$ 3,550
5700	Internet & Website Costs	\$ 1,300	\$ 1,550
5900	Publication and Legal Notices	\$ 2,000	\$ 2,000
6000	Televising Meetings	\$ 2,000	\$ 2,000
6100	Audit Services	\$ 3,500	\$ 3,380
6200	Bookkeeping	\$ 4,500	\$ 4,500
6300	Legal Counsel	\$ 10,200	\$ 14,700
6400	A-87 Costs County Services	\$ 2,131	\$ 2,093
6500	Insurance-General Liability	\$ 3,000	\$ 2,815
6600	Memberships (CALAFCO/CSDA)	\$ 3,691	\$ 3,727
6670	GIS Contract with County (Counsel training, IT support)	\$ 2,500	\$ 2,500
6740	In-County Travel & Stipends	\$ 3,000	\$ 1,000
6750	Travel & Lodging Expense	\$ 100	\$ 100
6800	Conferences (Registrations)	\$ 150	\$ 150
7000	Work Plan (MSRs and SOIs)	\$ 42,500	\$ 42,500
9000	Miscellaneous (Special District Training Support, bank fees)	\$ -	
Operating Expenses Subtotal		\$ 161,650	\$ 184,193
8000	Application Filing Expenses	\$ -	
8601	Special Project (SALC Grant Project)	\$ 5,100	\$ 5,100
Expenses Total		\$ 166,750	\$ 189,293

REVENUE/EXPENSE DIFFERENCE \$ (11,200) \$ (33,743)

(Negative balance indicates use of fund balance and/or reserves)

MENDOCINO Local Agency Formation Commission

Staff Report

MEETING January 4, 2021
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Status of Applications, Proposals, and Work Plan**

RECOMMENDATION

Informational 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.

APPLICATIONS

Following is a summary of active and future proposals.

Active Proposals

There are currently three (3) active proposals.

City of Ukiah Detachment of Ukiah Valley Sanitation District (UVSD) Served Areas

In April 2020, the City of Ukiah submitted a request to restart a 2014 application for detachment of UVSD served areas from the City that had been deemed incomplete and placed on-hold by the City in 2015. LAFCo staff responded to the City in May, requiring a new application submittal due to the lapse of time and change in conditions, as well as noting the application as premature pending completion of the UVSD SOI Update.

City of Ukiah Pre-Application for Annexation of Areas North of the City

Pre-Application request for consultation on the process and potential issues regarding the City's proposal to annex the Brush Street Triangle and Masonite area properties. LAFCo staff is reviewing the pre-application request in anticipation of discussing findings with City staff.

Ukiah Valley Fire District Pre-Application for Annexation of the City of Ukiah

Joint Pre-Application request for initial consultation on the proposed annexation of the City of Ukiah into the Ukiah Valley Fire District. LAFCo staff attended a conference call with City and District staff on September 17, 2020 and provided a written response outlining the application process and submittal checklist items.

Millview County Water District Pre-Application for Annexation of Masonite Properties

Pre-Application request for consultation on process and draft documents associated with the MCWD's proposal to annex the Masonite area properties. LAFCo staff have met with the District and its consultants regarding the proposal and is reviewing draft application materials.

Potential Future Proposals

City of Ukiah Potential Annexation of Areas South of the City

LAFCo staff have provided information related to City staff preparing application materials for a potential annexation of City-owned lands located south of the City limits associated with the City's Wastewater Treatment Plant and the Municipal Airport.

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. This report provides an update on progress made in terms of accomplishing the activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

Ukiah Valley Sanitation District (UVSD)

The UVSD has provided a response to the Request for Information (RFI) and staff has been collecting available documentation for the MSR/SOI report. The RFP Ad Hoc Committee has postponed selection of a consultant for this study pending additional feedback from the District on schedule for the Update. Staff are coordinating with UVSD staff on the project.

City of Ukiah

On December 7, 2020, the Commission approved a consultant selection for the City of Ukiah MSR/SOI Update and directed staff to negotiate agreements with the City of Ukiah for funding and the Planwest Partners Team for preparing the City's MSR/SOI Update. The City has offered to fully fund the Update in order to expedite the process, which would otherwise have required two years for LAFCo to fund. A draft MOU agreement between the City and LAFCo is pending completion. Staff is working with Planwest Partners on the scope of work, budget and timeline in preparation for a contract between LAFCo and Planwest Partners to complete the work.

Ukiah Valley Fire District (UVFD)

The UVFD MSR/SOI Update was postponed in 2019 to track with the City of Ukiah MSR/SOI Update. UVFD previously provided a response to the Request for Information (RFI) and staff has been collecting available documentation for the MSR/SOI report.

Covelo Community Services District

The Administrative Draft MSR/SOI is in process.

County Service Area (CSA) No. 3

The Administrative Draft MSR/SOI is in process. This will be the first MSR/SOI report for the CSA. Due to the COVID-19 emergency, there have been delays in receiving a response to requests for information from the County.