



## COMMISSIONERS

Maureen Mulheren  
Chair  
County Member

Gerald Ward  
Vice-Chair/Treasurer  
Public Member

Madeline Cline  
County Member

Gerardo Gonzalez  
City Member

Candace Horsley  
Special District Member

Susan Mahoney  
Special District Member

Mari Rodin  
City Member

Douglas Crane  
Alternate City Member

John Haschak  
Alternate County Member

Raghda Zacharia  
Alternate Public Member

Vacant  
Alternate Special District Member

## STAFF

Executive Officer  
Uma Hinman

Senior Analyst  
Larkyn Feiler

Clerk/Analyst  
Jen Crump

Counsel  
Marsha Burch

## REGULAR MEETINGS

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

## **AGENDA**

### **Regular Commission Meeting**

**Monday, February 3, 2025 at 9:00 a.m.**

#### Location

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

### **Hybrid Meeting**

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

### **Instructions for Remote Participation Option**

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

1. Zoom meeting link: <https://mendocinocounty.zoom.us/j/84513973855>
2. Telephone option (audio only):  
Dial: **(669) 900-9128** (Please note that this is not a toll-free number)  
Meeting ID: **845 1397 3855**

**Public Participation is encouraged and public comments are accepted:**

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

### **Meeting Participation**

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

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

All comments received will be conveyed to the Commission for consideration during the meeting. All meetings are live-streamed, recorded and available through the link below.

Live web streaming and recordings of Regular Commission meetings are available via the [Mendocino County YouTube Channel](#). Links to recordings, approved minutes, and meeting documents are available on the [LAFCo website](#).

**1. CALL TO ORDER and ROLL CALL**

**2. PUBLIC EXPRESSION**

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

**3. OTHER BUSINESS**

**3a) Announcement of Commission Appointments and Oaths of Office**

Announcement of Commission appointments by the County Board of Supervisors and update on vacancies. New Commissioners will take the oath of office.

**3b) Selection of 2025 Officers**

The members of the Commission will elect a Chair, Vice-Chair and Treasurer for the calendar year 2024.

**3c) Standing Committee Appointments**

The elected Chair will recommend standing committee appointments. The Executive Committee consists of the Chair, the Vice-Chair and the Treasurer or a third Commissioner appointed by the Chair. The Policies & Procedures Committee is made up of three Commissioners, recommended by the Chair and ratified by the Commission.

**4. CONSENT CALENDAR**

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

**4a) December 2, 2024 Regular Meeting Summary**

**4b) Ratify December Claims & Financial Report**

**4c) January Claims & Financial Report**

**4d) FY 2023-24 Annual Financial Audit**

**5. PUBLIC HEARING ITEMS**

None

**6. WORKSHOP ITEMS**

**6a) Elk County Water District Municipal Service Review and Sphere of Influence Update**

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

**6b) Potter Valley Irrigation District Municipal Service Review and Sphere of Influence Update**

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

**7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION**

**7a) Draft Memorandum of Understanding with the Mendocino Coast Recreation and Park District to Fund Preparation of a Municipal Service Review**

The Commission will consider a request from the Mendocino Coast Recreation and Park District for a Municipal Service Review (MSR) and the Executive Committee's recommendation to establish a Memorandum of Understanding (MOU) for funding the MSR and concurrent Sphere of Influence (SOI) Update.

**7b) Proposed Policy Amendment Establishing a New Meeting Time for Regular Commission Meetings**

The Commission will consider the Executive Committee’s recommendation to establish a new meeting time for regular meetings of the Commission and a proposed policy amendment changing the start time to 9:30 AM.

**8. INFORMATION AND REPORT ITEMS**

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

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

**8b) Correspondence** (Copies provided upon request)

LAFCo Correspondence to Grand Jury, Mendocino Coast Health Care District Municipal Service Review Update

**8c) CALAFCO Business and Legislative Report**

**8d) Executive Officer’s Report** (Verbal)

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

Executive Committee

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

**ADJOURNMENT**

The next Regular Commission Meeting is scheduled for Monday, **March 3, 2025** at 9:00 AM in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

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

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

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

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



## STAFF REPORT

Agenda Item No. 3a	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Announcement of Commission Appointments and Oaths of Office

### RECOMMENDED ACTION

Announcement of Commission appointments made by the County Board of Supervisors and conduct the oaths of office for new Commissioners.

### BACKGROUND

Per GOV 56334, all LAFCo commissioners serve four-year terms. The County Board of Supervisors and City Selection Committee meet and make annual appointments. The Mendocino County Board of Supervisors met in January and affirmed the appointment of current County members for 2025 and appointed Madeline Cline to the vacancy for the term 2025-2028.

With the January 2025 resignation of Joanne Cavallari from the Brooktrails Township Community Service District board, she is no longer eligible for the Commission's Alternate Special District seat. Notice of the vacancy and call for nominations will be distributed in the coming week.

2025 Mendocino Local Agency Formation Commission				
Representative	Seat	Year Sworn In	Current Term Beginning	Term Ending (December)
<b>County</b>				
Madeline Cline	Regular	2025	2025	2028
Maureen Mulheren	Regular	2021	2021	2026
John Haschak	Alternate	2020	2020	2027
<b>City</b>				
Gerardo Gonzalez	Regular	2019	2023	2026
Mari Rodin	Regular	2022	2022	2025
Douglas Crane	Alternate	2022	2022	2025
<b>Special District</b>				
Candace Horsley	Regular	2023	2023	2026
Susan Mahoney	Regular	2025	2025	2028
Vacant	Alternate	2023	2023	2026
<b>Public</b>				
Gerald Ward	Regular	2015	2023	2026
Raghda Zacharia	Alternate	2024	2024	2027



## STAFF REPORT

Agenda Item No. 3b	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Selection of 2025 Officers

### RECOMMENDED ACTION

The Commission will select officers for the 2025 calendar year by majority vote, including the roles of Chair, Vice-Chair, and Treasurer.

### BACKGROUND

Per LAFCo [Policy 3.5](#), the members of the Commission will elect a Chair, Vice-Chair and Treasurer at the first meeting of the Commission of each year or as soon thereafter as possible. The following table identifies the officers that served in 2024.

2024 Officers of the Commission		
Office	Commissioner	Representation
Chair	Maureen Mulheren	County
Vice-Chair	Gerald Ward	Public
Treasurer	Gerald Ward	Public

The Chair presides at all meetings of the Commission and shall preserve order and decorum and decides all questions of order, subject to action of a majority of the Commission. The Chair has authority to sign all resolutions, directives and contracts approved by the Commission, and any document necessary for the operation of the Commission. The Chair also has the authority to appoint members to Committees.

The Vice-Chair shall act as the Chair and exercise all powers and duties of the Chair in their absence. The Vice-Chair also serves on the Executive Committee.

The Treasurer reviews monthly revenues and expenditures for consistency with the adopted budget and monitors invoices to be paid. The Treasurer typically serves on the Executive Committee, unless another Commissioner is appointed by the Chair.



## STAFF REPORT

Agenda Item No. 3c	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Standing Committee Appointments

### RECOMMENDED ACTION

The Commission Chair will make appointments to the Executive Committee and the Policies and Procedures Committee with ratification by the full Commission.

### BACKGROUND

Per LAFCo [Policy 3.9](#), the Commission has two standing committees: the Executive Committee and the Policies and Procedures Committee. The committees meet on an as-needed basis and are subject to the requirements of the Brown Act.

The Executive Committee consists of the Chair, Vice Chair, and Treasurer or a third Commissioner appointed by the Chair. The Executive Committee is responsible for administrative oversight, personnel matters, and budget preparation and review. The following table identifies the Committee members that served in 2024.

2024 Executive Committee		
Commissioner	Position	Representation
Maureen Mulheren	Chair	County
Gerald Ward	Vice-Chair/Treasurer	Public
Mari Rodin	Commissioner	City (Ukiah)

The Policies and Procedures Committee is made up of three members appointed at the first Commission meeting of each calendar year, as recommended by the Chair and ratified by the Commission. The Policies and Procedures Committee is responsible for developing local policies and maintaining the Policies and Procedures Manual. Revisions are proposed to the full Commission for consideration and adoption. The following table identifies the Committee members that served in 2024.

2024 Policies & Procedures Committee		
Commissioner	Position	Representation
Gerardo Gonzalez	Commissioner	City (Willits)
Maureen Mulheren	Chair	County
Mari Rodin	Commissioner	City (Ukiah)



## COMMISSIONERS

Maureen Mulheren  
Chair  
County Member

Gerald Ward  
Vice Chair/Treasurer  
Public Member

Gerardo Gonzalez  
City Member

Candace Horsley  
Special District Member

Glenn McGourty  
County Member

Mari Rodin  
City Member

Vacant  
Special District Member

Francois Christen  
Alternate Special District Member

Douglas Crane  
Alternate City Member

John Haschak  
Alternate County Member

Raghda Zacharia  
Alternate Public Member

## STAFF

Executive Officer  
Uma Hinman

Clerk/Analyst  
Jen Crump

Counsel  
Marsha Burch

## REGULAR MEETINGS

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

## AGENDA ITEM NO. 4a

### DRAFT MEETING MINUTES

### Regular Commission Meeting

### Regular Meeting of Monday, December 2, 2024

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

- 1. CALL TO ORDER and ROLL CALL** (Video Time 02:56)  
Chair Mulheren called the meeting to order at 9:03 a.m.

**Regular Commissioners Present:** Maureen Mulheren, Douglas Crane, Glenn McGourty, Candace Horsley, Gerardo Gonzalez, Gerald Ward, Francois Christen

**Regular Commissioners Absent:** Mari Rodin

**Alternate Commissioners Present:** Raghda Zacharia

**Alternate Commissioners Absent:** John Haschak

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

- 2. PUBLIC EXPRESSION** (Video Time 03:41)  
None

- 3. OTHER BUSINESS** (Video Time 04:12)  
None

- 4. CONSENT CALENDAR** (Video Time 04:15)  
**4a) November 4, 2024 Regular Meeting Summary**  
**4b) November 2024 Claims & Financial Report**  
**4c) 2025 Calendar of Regular Commission Meetings**  
**4d) Certificate of Appreciation for Commissioner McGourty**  
**4e) Certificate of Appreciation for Commissioner Christen**

<b>November 2024 Claims totaling:</b>	<b>\$ 15,805.64</b>
Hinman & Associates Consulting	11,446.44
Commissioner Stipends – Raghda Zacharia	68.76
Marsha Burch Law Office	2,047.50
Streamline	115.00
Newspapers	451.35
Ukiah Valley Conference Center	602.20
Mendocino County Information Services (GIS and Televised Meetings)	1,074.39

The following discussion points were made by members of the Commission:

Commissioner Ward

- Item 4b: requested clarification on the breakdown of service fees for Item 4b; Executive Officer (EO) Hinman confirmed that charge out fees are \$86 and \$110 per hour and service rates are \$125 and \$160 per hour.
- Item 4b: Inquired whether legal counsel fees for staff report review are charged to LAFCo or to the applicant; EO Hinman explained that legal counsel fees were charged to LAFCo under general services for the Western Hills application review because legal counsel was addressing questions related to process and presentation of findings.
- Item 4c: Proposed to change the start time for the regular commission meetings from 9:00 a.m. to 10:00 a.m.; EO Hinman will provide a report on Chambers availability at the next regularly scheduled meeting.

Commissioner Gonzalez:

- Items 4d-4e: Expressed appreciation for the time and service performed on the Commission by Commissioner McGourty and Alternate Commissioner Christen.

Commissioner Horsley:

- Item 4b: Commented that work performed to determine LAFCo processing and procedures should be charged to LAFCo because it is not directly related to responding to the applicant.
- Items 4d-4e: Expressed appreciation for the time and service performed on the Commission by Commissioner McGourty and Alternate Commissioner Christen.

Commissioner Christen:

- Item 4c: Commented that setting the meeting start time later would facilitate participation in the meetings for commissioners and community members traveling from outside of Ukiah.

<b>Motion:</b> Approve the Consent Calendar (Items 4a – 4b).		
<b>Motion Maker:</b> McGourty	<b>Motion Second:</b> Christen	<b>Outcome:</b> Passed unanimously
<b>Roll Call Vote:</b> (7) Conzalez, Christen, Crane, McGourty, Ward, Horsley, Mulheren		

5. **PUBLIC HEARING ITEMS** (Video Time 13:47)

None

6. **WORKSHOP ITEMS** (Video Time 13:50)

None

7. **MATTERS FOR DISCUSSION AND POSSIBLE ACTION**

**7a) Proposed Amendments to Indemnification Policies** (Video Time 13:54)

EO Hinman presented the item. Craig Schlatter, Community Development Director of the City of Ukiah, was in attendance of the meeting and provided public comment.

The following discussion points and questions were made by members of the Commission:

Commissioner Ward:

- How will the proposed amendments affect existing indemnification agreements made with previous applicants. Counsel Burch responded that the proposed amendments to the indemnification policies wouldn't change an existing indemnification agreement that was entered into voluntarily (e.g., Anderson Valley Community Services District application).
- How many existing indemnification agreements were entered into involuntarily versus voluntarily and have there been any instances where an applicant did not want to enter into an agreement. EO Hinman explained that a change to existing agreements is not anticipated because all applications on file entered



into the voluntary indemnification agreement; Anderson Valley Community Services District and Elk County Water District have open applications.

- Is LAFCo obligated to notify the applicant about the indemnification agreement and should that be included in the proposed policy amendments. Counsel Burch responded that the description in Senate Bill (SB) 1209 is standard language in any indemnification agreement and further explained that the indemnified party has an obligation to immediately notify the indemnifying party that its obligation has been triggered. Counsel Burch added that it is interpreted that the notification requirement arises at the time when the indemnification obligation is triggered.

Commissioner Horsley:

- Does the indemnification agreement cover every action made by LAFCo. Counsel Burch responded that the indemnification agreement policy applies to and is mandatory for the application processing.
- Does the indemnification agreement cover every decision made by LAFCo regarding the application. Counsel Burch stated that any approvals made on the application by LAFCo would be covered by the indemnification agreement; any legal challenge to the LAFCo approval is covered by the indemnification agreement.
- If LAFCo denies an application and the applicant takes legal action against LAFCo, the applicant doesn't indemnify their legal challenge. Counsel Burch responded that agencies attempt to address these actions when developing indemnification agreements but, generally, an applicant doesn't indemnify for their own legal challenge.
- Shared concern regarding the broad scope of the indemnification policies and requested further clarification on why the scope should be narrowed down in the application process rather than in the policies. EO Hinman responded that applications require an agreement to pay form (previously called an agreement to pay and indemnify) and the form included an indemnity clause that was removed in 2021 and changed to a voluntary indemnity agreement as a result of a court case at the time. Counsel Burch explained that the proposed amendments revert to the language that was removed in 2021, which specified language regarding reasonable expenses and attorney fees incurred from proceedings brought by a third party in connection with the application. Counsel Burch further responded that this is consistent with language being adopted by other LAFCOs.

Public comment: Craig Schlatter, Community Development Director of the City of Ukiah:

- The proposed amendment wasn't agendaized at the most recent Policies and Procedures Committee meeting and requested the Commission table the item and continue discussion at the next regularly scheduled meeting.
- Requested the Commission duplicate the language from State law if the amendment must be adopted prior to January 1, 2025.
- Commented that the language in the proposed amendments is too broad and not specific to the application approval actions compared to the language required by cities and counties; cited the County of Mendocino and City of Ukiah as examples.

Counsel Burch responded that the language in the proposed amendments is broad, but the indemnification agreement provides specifications for the LAFCo approval. She further affirmed that staff will ensure that the indemnification agreement is consistent with what is provided in the new State legislation.

Chair Mulheren responded that staff had communicated with her on the topic and had agreed to bring the item to the Commission hearing instead of a Policies and Procedures Committee meeting.

Commissioner Gonzalez:

- Can the agreement be uploaded onto the LAFCo website so prospective applicants can review it before beginning the application process. EO Hinman responded that the current agreement is available on the LAFCo website and with adoption of the policy, staff would update the indemnity clause within that agreement to pay form which is available on the website.
- Commented that from a LAFCo perspective, the indemnification policies should be broad.

Commissioner Crane inquired if the proposed amendments to the policies exceeded the scope of the State legislation. Counsel Burch responded no.

Commissioner Ward asked for further clarification of the decision to bring the item to the Commission meeting and not the Policies and Procedures Committee meeting. Chair Mulheren responded that it was previously discussed, and it was an effort to reduce the number of meetings and that it can be discussed at the meeting. EO Hinman explained that it was recommended to Chair Mulheren to bring the item directly to the Commission meeting rather than going through the Policies and Procedures Committee because the proposed language is reverting to the language in the 2021 policy with minimal updates to the indemnity clause in the agreement to pay form. Counsel Burch suggested that the proposed amendments can be revised to duplicate the language from the State legislation and that it would already be included in the indemnification agreement itself.

Commissioners Horsley and McGourty support adopting the precise language established in the State statute.

Commissioner Ward supported bringing the item to the Policies and Procedures Committee before Commission action and adopting the precise language established in the State statute.

<b>Motion:</b> Approve Resolution No. 2024-25-05 amending Policy 11.4.3 <i>Fees and Indemnification</i> , revised to reflect the precise language established in the State statute, and rescinding 11.4.8 <i>Voluntary Indemnification Agreement</i> to align with new legislation (GOV 56383.5) granting LAFCo authority to require indemnification.		
<b>Motion Maker:</b> Gonzalez	<b>Motion Second:</b> Crane	<b>Outcome:</b> Passed unanimously
<b>Roll Call Vote:</b> (7) Conzalez, Christen, Crane, McGourty, Ward, Horsley, Mulheren		

### 7b) Round Valley County Water District Review (Video Time 34:57)

EO Hinman presented the item. The following discussion points and questions were made by members of the Commission:

Commissioner Horsley:

- Requested clarification of which agencies require municipal service reviews (MSRs), noting that the Round Valley CWD's services include the remediation of streams and flood control. EO Hinman responded that LAFCo is mandated to study all special districts within the County, including those that do not provide municipal services as defined in local policies.
- Regarding the streamlined process conducted for the Round Valley CWD, if no significant hardships or concerns were identified in the initial review process, would LAFCo still conduct a comprehensive study. The streamlined review process is intended for those agencies that have had no substantive changes or challenges since the last review.

Commissioner Ward:

- Are other LAFCOs implementing a streamlined review process. EO Hinman responded that Yolo LAFCo has utilized a similar review process. Legal Counsel has reviewed our streamlined review process with to ensure we are meeting the intent of State statute.
- How many special districts would be eligible for the streamlined review process, noting the lack of change most cemetery districts experience. EO Hinman noted that within the current work plan, the Laytonville

County Water District may qualify; staff will be able to make that determination once an interview is conducted.

- Shared concern regarding accountability and follow-up on MSR determinations for special districts; examples included special districts that aren't current on their financial audits or don't maintain a website during MSR development. Recommended following up on special districts one year after adoption of the studies. EO Hinman responded that a continuity plan is identified in the annual Work Program. The continuity plan would be an annual progress report and tracking of Commission direction. EO Hinman suggested the Commission can recommend a one-year follow-up in the action on this item.

Commissioner Gonzalez supported Commissioner Ward's comment on the development of a follow-up process and the possibility of bringing it to a Commission meeting and/or posting an update on the LAFCo website. With everything being online, community members have improved access to their service providers and informational resources.

Commissioner McGourty:

- Shared concern regarding water security, access to safe potable water, and drought events; the Round Valley County Water District (RVCWD/District) is the only water service provider in Round Valley noting the only publicly accessible water source is the well located near the fire house. EO Hinman clarified that Round Valley CWD does not provide water services, and does not currently own or maintain any infrastructure and has recently installed monitoring wells. The RVCWD works with the California Department of Water Resources (DWR) on data collection for the California Statewide Groundwater Elevation Monitoring system (CASGEM).
- Can LAFCo recommend that the District explore the development of additional water sources.
- Is the District interested in or currently in collaboration with other regional agencies to secure grant funding. EO Hinman responded that the District collaborates with other agencies and organizations through grant projects. The District works closely with the Upper Eel River Watership Forum and the California Department of Fish and Wildlife (CDFW). The District has been successful in securing grants through cannabis remediation funding and CDFW funding. Additionally, the District works closely with the Covelo Community Services District (CCSD) that owns and maintains a wastewater system. The CCSD is working with a non-profit organization to develop feasibility studies to provide water service; provision of water services would require activation of latent powers through LAFCo.
- Can a webpage be created to display hardships or concerns identified in the MSR, allowing community members to stay informed about their service providers. EO Hinman responded that all the special districts are listed on the LAFCo website with web links or contact information. EO Hinman also added that the Round Valley Area Municipal Advisory Committee maintains a website that has information on special districts within Round Valley, including contact information and a calendar outlining all community meetings.

Chair Mulheren supports the implementation of a follow-up process to ensure that agencies are current on their financial audits and web-based platforms.

Commissioner Christen:

- Is there value to having agencies commit to addressing the determinations identified in the MSR. EO Hinman responded that all special districts are required to submit annual financial reports to the County Auditor's office. Staff should be able to obtain copies of financial reports through that office or the State Controller's website. Agencies meeting the exemption requirements under the statute may annually adopt a hardship resolution stating financial inability to host and maintain a website.
- Is there value in tracking whether agencies comply with the recommendations identified in the MSR. Commissioner Ward followed up on whether LAFCo has the purview to not approve an SOI if an agency

doesn't provide the requested information. Counsel Burch confirmed, noting the difficulty in conducting the study if an agency does not provide the requested information. The purpose of the five-year MSR and SOI updates is to identify significant problems and if those items aren't remedied, then there are processes, including potential dissolution of a district if warranted, that LAFCo has authority to pursue. LAFCo staff can provide support and guidance on ways to address identified issues in a one-year follow-up.

There were no public comments.

<b>Motion:</b> The Commission (1) finds the Executive Officer conducted an interview with district staff, including reviewing the previous MSR/SOI determinations, finding that no substantial change in governance, finance, and services has occurred since the last review, and in so doing, satisfies the intent of GOV 56425(g) that requires SOIs for municipal service providers be reviewed every five years; (2) affirms no change to the Round Valley County Water District's 2016 Sphere of Influence and direct staff to schedule the next review for five years, or as needed; and (3) directs staff to schedule a follow-up in one year to review financials with the district and report back to the Commission.		
<b>Motion Maker:</b> Gonzalez	<b>Motion Second:</b> McGourty	<b>Outcome:</b> Passed unanimously
<b>Roll Call Vote:</b> (7) Conzalez, Christen, Crane, McGourty, Ward, Horsley, Mulheren		

## 8. INFORMATION AND REPORT ITEMS

### 8a) Work Plan, Current and Future Proposals (Video Time 01:03:14)

EO Hinman provided an informational update on applications and the Work Plan.

Commissioner Ward inquired about the delay on the Elk County Water District MSR and SOI Update. EO Hinman explained that the Irish Beach Water District and the Elk County Water District previously shared a general manager, and the general manager is working on a response to the information request before his retirement at the end of 2024.

Commissioner Ward also inquired about the current application proposal with Anderson Valley Community Services District. EO Hinman responded that progress on the application depends on the Tax Share Agreement between the County and district and requested revisions to the map.

At Commissioner Christen's inquiry regarding the Anderson Valley Community Services District water/wastewater project, EO Hinman explained that last communications were that the project was still in the CEQA preparation stage.

### 8b) Correspondence (Video Time 01:07:06)

None

### 8c) CALAFCO Business and Legislation Report (Video Time 01:07:09)

EO Hinman reported that the CALAFCO Legislative Committee has been reinstated and will provide a verbal report on CALAFCO business at the next regular meeting.

### 8d) Executive Officer's Report (Video Time 01:07:22)

EO Hinman reported that initiating the Grand Jury-requested MSR for the Mendocino Coast Health Care District (MCHCD) has been delayed at MCHCD's request because they are in the middle of contract negotiations with Adventist Health. EO Hinman will follow up with MCHCD Agency Administrator Kathy Wylie to coordinate the study. At Commissioner Ward's inquiry, EO Hinman explained that LAFCo's response to the Grand Jury committed to beginning the MSR process by the end of 2024; a written response to the Grand Jury explaining the delay would be appropriate.

### 8e) Committee Reports (Executive Committee, Policies & Procedures) (Video Time 01:08:41)

None

**8f) Commissioners Reports, Comments or Questions** (Video Time 01:08:50)

The following comments were provided by commissioners regarding recognition of the time and service of Commissioner McGourty and Alternate Commissioner Christen:

- Commissioner McGourty commented on the efficient functioning of LAFCo as an organization and the importance of maintaining a record of concerns/identified issues in Mendocino County for institutional knowledge and accountability to the public. He expressed his gratitude and appreciation for fellow commissioners and staff during his time and service as a commissioner.
- Commissioner Ward recognized Commissioner McGourty's service.
- Chair Mulheren recommended the cancellation of the January 6, 2025 regular Commission meeting.

**ADJOURNMENT** (Video Time 1:16:00)

There being no further business, the meeting adjourned at 10:16 a.m.

The next regular meeting of the Commission is scheduled for Monday, **February 3, 2025** at 9:00 a.m. The meeting will be conducted in a hybrid format to accommodate both in-person and remote participation. The in-person meeting will be held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel [December 2, 2024](#) YouTube meeting recording. Links to recordings and approved minutes are also available on the [LAFCo website](#).



## STAFF REPORT

Agenda Item No. 4b	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Claims and Financial Report for December 2024`

### RECOMMENDED ACTION

Ratify the December 2024 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 9,778.50	\$ 14,868.77
	5601 Office Supplies (QB, Staples)	\$ 146.33	
	5700 Internet (Comcast)	\$ 96.94	
	6200 Bookkeeping	\$ 440.00	
	7001 Work Plan (Coastal W/WW Districts)	\$ 4,407.00	
	7001 Work Plan (Inland W/WW Districts)		
Commissioner Stipends	6740 In-County Travel & Stipends		\$ 68.76
	Zacharia (December)	\$ 68.76	
Marsha Burch	6300 Legal Counsel	\$ 675.00	\$ 675.00
	8029 Ukiah Annexation Western Hills		
Streamline	5700 Website Hosting	\$ 115.00	\$ 115.00
Newspapers	5900 Publications and Legal Notices		\$ -
Mendocino County IS	6000 Televised Meetings (Nov, Dec)	\$ 175.28	\$ 325.55
	6670 GIS Services (Dec)	\$ 150.27	
Ukiah Valley Conf. Center	5500 Office Space	\$ 581.00	\$ 604.64
	5600 Postage and copies	\$ 23.64	
<b>Total Claims</b>			<b>\$ 16,657.72</b>

**Deposits:** \$2,000 (City of Ukiah A-2022-02)

**Transfers:** None

### ATTACHMENTS

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

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

# MENDOCINO LAFCO FY 2024-25 BUDGET TRACKING

BUDGET SUMMARY		2024-25 Budget	July	August	September	October	November	December	Totals To Date	% Expended
Starting Balance (Checking + Treasury)		87,415.46	270,644.26	241,908.18	227,866.17	207,569.69	182,365.83	170,872.02		
Total Revenue		285,000.00	1,808.67	100,662.45	1,110.50	1,393.52	1,447.52	169.79	106,592.45	
Total Expenses		-	34,164.98	14,924.15	19,422.98	24,939.69	15,810.64	16,662.72	122,265.16	
Projected End Balance (Checking + Treasury)		372,415.46	238,287.95	227,646.48	209,553.69	184,023.52	168,002.71	154,379.09		
<b>FUND BALANCES</b>		<b>Beginning Balance</b>								
TREASURY (apportionments held in Treasury, transferred to Checking for claims)		31,732.34	219,390.83	119,390.83	119,390.83	119,390.83	119,390.83	119,390.83		
Checking Account (Bank Statement)		55,683.12	51,253.43	122,517.35	108,475.34	88,178.86	62,975.00	51,481.19		
Reserves (Bank Statement)		131,818.20	132,061.85	132,283.76	132,507.12	132,709.14	132,883.91	133,051.29		

Account #	REVENUE									
4000	LAFCo Apportionments Fees (Transfer from Treasury to Checking for claims)	275,000.00		100,000.00					100,000.00	
4100	Fees and Reimbursements								-	
4800	Miscellaneous								-	
4910	Interest	1,000.00	246.17	224.95	228.00	206.02	177.52	169.79	1,252.45	
8000	Applications									
4150	Service Fees	9,000.00	487.50	136.50	275.50	370.50	410.00		1,680.00	
80XX	Applications Less Service Fees		1,075.00	301.00	607.00	817.00	860.00		3,660.00	
<b>TOTAL</b>		<b>\$ 285,000.00</b>	<b>\$ 1,808.67</b>	<b>\$100,662.45</b>	<b>\$ 1,110.50</b>	<b>\$ 1,393.52</b>	<b>\$ 1,447.52</b>	<b>\$ 169.79</b>	<b>\$ 106,592.45</b>	

Account #	EXPENSES									
<b>OPERATIONS</b>										
5300	Basic Services	155,000.00	14,763.50	9,887.50	9,211.50	7,278.00	7,546.50	9,778.50	58,465.50	38%
5500	Rent	8,000.00	581.25	555.00	581.25	581.25	581.25	581.00	3,836.00	48%
5500	Rent (Board Chambers)		375.00							
5600	Office Expenses	4,000.00	494.37	104.71	354.04	562.39	119.95	169.97	1,805.43	45%
5700	Internet & Website	3,000.00	211.94	211.94	211.94	211.94	211.94	211.94	1,271.64	42%
5900	Publication and Legal Notices	3,000.00	272.06				451.35		723.41	24%
6000	Televising Meetings	2,400.00	245.25				473.31	175.28	893.84	37%
6100	Audit Services	4,500.00			2,125.00				2,125.00	47%
6200	Bookkeeping	5,500.00	440.00	440.00	825.00	440.00	440.00	440.00	3,025.00	55%
6300	Legal Counsel	19,000.00	1,102.50	877.50	315.00	540.00	2,047.50	675.00	5,557.50	29%
6400	A-87 Costs County Services	3,500.00							-	0%
6500	Insurance - General Liability	3,000.00	2,844.86						2,844.86	95%
6600	Memberships (CALAFCO/CSDA)	4,000.00	2,581.00			1,351.00			3,932.00	98%
6670	GIS Contract (County)	3,000.00					601.08	150.27	751.35	25%
6740	In-County Travel & Stipends	3,000.00	100.25		100.25	100.25	68.76	68.76	438.27	15%
6750	Travel & Lodging Expense	7,000.00				3,400.86			3,400.86	49%
6800	Conferences (Registrations)	5,000.00				2,800.00			2,800.00	56%
7000	Work Plan (MSR/SOI)	75,000.00	9,073.00	2,541.50	5,087.00	6,852.00	2,404.00	4,407.00	30,364.50	40%
9000	Misc Expenses (bank fees)	100.00	5.00	5.00	5.00	5.00	5.00	5.00	30.00	
<b>TOTAL</b>		<b>308,000.00</b>	<b>33,089.98</b>	<b>14,623.15</b>	<b>18,815.98</b>	<b>24,122.69</b>	<b>14,950.64</b>	<b>16,662.72</b>	<b>122,265.16</b>	<b>40%</b>
<b>8000 APPLICATIONS</b>		<b>Deposits TD</b>								<b>Deposit Remaining</b>
8022	City of Ukiah North Annexation Pre-Application (P-2020-01)	1,500.00							1,122.00	378.00
8028	Elk CSD Activation of Latent Powers (L-2022-01)	5,000.00							4,516.75	483.25
8029	City of Ukiah Annexation of Western Hills Properties (A-2022-02)	11,239.25	1,000.00	437.50	882.50	1,187.50	1,270.00		11,239.25	-
8031	AVCSD Annexation of SOI (A-2023-01)	6,000.00	437.50						5,399.00	601.00
8032	Fort Bragg Pre-Application Request (P-2023-02)	2,500.00	125.00						1,615.00	885.00
<b>Applications Less Service Fees Subtotal</b>			1,075.00	301.00	607.00	817.00	860.00		3,660.00	
<b>Service Fees Subtotal</b>			487.50	136.50	275.50	370.50	410.00	-	1,680.00	
<b>TOTAL</b>			<b>1,562.50</b>	<b>437.50</b>	<b>882.50</b>	<b>1,187.50</b>	<b>1,270.00</b>	<b>-</b>	<b>5,340.00</b>	
<b>EXPENSES TOTAL</b>			<b>34,652.48</b>	<b>15,060.65</b>	<b>19,698.48</b>	<b>25,310.19</b>	<b>16,220.64</b>	<b>16,662.72</b>	<b>127,605.16</b>	

MONTHLY CLAIMS TOTAL (not including service fees and bank fees)

34,159.98      14,919.15      19,417.98      24,934.69      15,805.64      16,657.72



**Hinman & Associates Consulting**

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

**Date** January 6, 2025  
**To** Mendocino LAFCo  
**Project** Executive Officer Services  
**Work Period** November 25 - December 31, 2024

**Invoice No.** 846  
**Invoice Total** \$ 14,868.77

Account Description	Staff/Hours			Other (At Cost)	Totals
	Executive Officer \$110	Analyst \$86	Analyst/Clerk \$78		
5300 Basic Services Public Records Act Requests	74.00	2.50	18.25		\$ 9,778.50
5601 Office Supplies Quickbooks Online fee Staples (Certificate paper, paper)				\$ 99.00 \$ 47.33	\$ 146.33
5700 Internet & Website Costs (Comcast)				\$ 96.94	\$ 96.94
6200 Bookkeeping	4.00				\$ 440.00
6750 Travel & Lodging Expense					\$ -
6800 Conferences (Registrations)					\$ -
7001 Coastal Region Water/Wastewater MSR/SOI			56.50		\$ 4,407.00
7001 Inland Region Water/Wastewater MSR/SOI					\$ -
<b>Totals</b>	<b>\$ 8,580.00</b>	<b>\$ 215.00</b>	<b>\$ 5,830.50</b>	<b>\$ 243.27</b>	<b>\$ 14,868.77</b>

**5300 Basic Services**

Administrative tasks, file research and maintenance of official records and files. Respond to public inquiries and research requests. Prepare and process October and November claims. Website updates. Agenda packet development and facilitate November 2, 2024 Commission meeting. Coordination meetings with Legal Counsel and staff. Conducted new Commission training on December 12 in Brooktrails. Coordinate with Legal Counsel to update application processing forms with new indemnification agreements language. Conducted research on boundary changes of Redwood Valley County Water District and Russian River Flood Control District. Coordinated with City of Fort Bragg staff and consultants regarding the MID 1 and outside agency services.

**6200 Bookkeeping**

Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks.

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

Coordinated with Irish Beach Water District staff to prepare for public hearing on the MSR/SOI study. Outreach and follow up with Elk County Water District regarding information requests; develop administrative draft. Development of administrative draft Westport County Water District MSR/SOI and request for additional information.

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

Coordinating information requests with the Potter Valley Irrigation District, Russian River Flood Control District, and Laytonville County Water District.



**From:** Intuit QuickBooks Team <No\_Reply@notifications.intuit.com>  
**Sent:** Thursday, December 19, 2024 5:53 AM  
**To:** eo@mendolafco.org  
**Subject:** We received your QuickBooks subscription payment!



## Payment success

Executive Officer, thank you for your payment.

**Invoice number:**  
10001358882480  
**Invoice date:** 12/19/2024  
**Total:** \$99.00  
**Payment method:** VISA ending in

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

[View billing history](#)

## Account details

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

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



## Questions or concerns?

[Visit customer support.](#)

Mendocino Lafco

Account number  
8155 30 052 0354952

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

Thanks for choosing Comcast Business

Need help?  
Visit [business.comcast.com/help](https://business.comcast.com/help) or  
call 1-800-391-3000

Ready to pay?  
Visit [business.comcast.com/myaccount](https://business.comcast.com/myaccount)

Your monthly account summary

Previous balance	96.94
Credit Card Payment Dec 04, 2024	-96.94 cr
<b>New charges</b>	
Comcast Business services	94.90
Taxes and fees	2.04

**Amount due** **\$96.94**  
Payment due Jan 04, 2025



**Manage your services online**  
Your Comcast Business account online is the one-stop destination to pay your bill and manage your services. Visit [business.comcast.com/myaccount](https://business.comcast.com/myaccount).

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

Account number **8155 30 052 0354952**

Automatic payment due **Jan 04, 2025**

**Please pay** **\$96.94**

**Credit Card Payment To Be Applied 01/04/25**

Services from Dec 14, 2024 to Jan 13, 2025

## Your new charges in detail

<b>Comcast Business services</b>	<b>\$94.90</b>
<b>Comcast Business Internet</b>	
Data Only Business Internet Starter	71.95
Starter Business Internet	
Equipment Fee	22.95
Internet.	
<b>Taxes and fees</b>	<b>\$2.04</b>
Sales Tax	2.04
<b>New charges</b>	<b>\$96.94</b>

### Additional information

**UPCOMING CHANGES TO YOUR BILL:** At Comcast Business, we work hard to keep prices stable for our customers, but from time to time our pricing structure changes. Effective December 18, 2024, you'll see new pricing reflected on your upcoming billing statement. The equipment fee associated with your Business Voice and/or Business Internet services will increase to \$24.95 per month for each location where you receive Business Voice and/or Business Internet services. To learn more about Comcast Business fees, please visit <https://business.comcast.com/understand-your-bill> or call us at 800-391-3000.

Hearing/speech impaired call 711

Your automatic payment on your bill due date, will include your amount due, plus or minus any payment related activities or adjustments, and less any credits issued before your bill due date.





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

Sale

Store: 800 Register: 1  
 Date: 11/27/24 Time: 10:13 AM  
 Transaction: 83535 Cashier: 2064370

REWARDS NUMBER 3494233665

Qty	Item	Price	Amount
1	GRNR FOIL CERT 8. 634680360057	11.99	11.99
1	NAVY CERTIFICATE H 071064478357	15.49	15.49
	Subtotal		27.48
	CALIFORNIA 8.875%		2.44
	<b>Total</b>		<b>29.92</b>

VISA CREDIT USD\$29.92  
 Card No. : XXXXXXXXXXXX0384 [1]  
 Contactless  
 Auth No. : 630484  
 Mode.: Issuer  
 AID.: A9000000001010  
 TVR.: 0000000000  
 IAD.: 060F1203A00000  
 TSI.:  
 ARC.: 3030

Easy Rewards Point Summary

Points Redeemed Today 0  
 Points Remaining 154  
 Dollars Remaining \$0.00

Points will post within 5 business days.  
 Terms and conditions apply.

Staples,  
 the working and learning store.  
 Discover every tool to take on tomorrow  
 including products, services  
 and inspiration that help you

Returns without a receipt: If you don't have your receipt, your return is eligible only for an in-store credit for the lowest selling price within the previous 30 days in our U.S. stores. Valid government identification is required. Staples reserves the right to decline returns with or without a receipt.  
 This is a portion of the Return Policy. The full policy is available at the Customer Service Center.



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

Sale

Store: 800 Register: 1  
 Date: 12/3/24 Time: 2:13 PM  
 Transaction: 84557 Cashier: 2068282

REWARDS NUMBER 3494233665

Qty	Item	Price	Amount
1	STAPLES 22/98 1RM 718103094337	15.99	15.99



Subtotal 15.99  
 CALIFORNIA 8.875% 1.42

Total 17.41

VISA CREDIT USD\$17.41  
 Card No.: XXXXXXXXXXXXX0384 LITJ  
 Contactless  
 Auth No.: 635001  
 Mode: Issuer  
 AID.: A00000000031010  
 TVR.: 0000000000  
 IAD.: 060F1203A00000  
 TSI:  
 ARC.: 3030

Easy Rewards Point Summary

Points Redeemed Today 0  
 Points Remaining 181  
 Dollars Remaining \$0.00

Points will post within 5 business days.  
 Terms and conditions apply.

Staples,  
 the working and learning store.  
 Discover every tool to take on tomorrow  
 including products, services  
 and inspiration that help you  
 unlock what is possible.

THANK YOU FOR SHOPPING AT  
 STAPLES!



Customer Copy  
 Earn points

# Marsha Burch

131 S. Auburn Street  
Grass Valley, CA 95945

# INVOICE

Invoice # 224  
Date: 01/06/2025  
Due On: 02/05/2025

Mendocino LAFCo

## 00201-Mendocino LAFCo

### General Counsel

Type	Date	Notes	Quantity	Rate	Total
Service	11/26/2024	Review staff report; mtg. with EO	1.00	\$225.00	\$225.00
Service	12/02/2024	Attend LAFCo meeting	1.20	\$225.00	\$270.00
Service	01/02/2025	Review items for discussion at weekly meeting; review MOU template	0.40	\$225.00	\$90.00
Service	01/03/2025	Meeting with EO	0.40	\$225.00	\$90.00
				<b>Total</b>	<b>\$675.00</b>

## Detailed Statement of Account

### Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
224	02/05/2025	\$675.00	\$0.00	\$675.00
			<b>Outstanding Balance</b>	<b>\$675.00</b>
			<b>Total Amount Outstanding</b>	<b>\$675.00</b>

Please make all amounts payable to: Marsha Burch

Please pay within 30 days.



## STAFF REPORT

Agenda Item No. 4c	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Claims and Financial Report for January 2025

### RECOMMENDED ACTION

Approve the January 2025 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 10,496.50	\$ 16,145.82
	5601 Office Supplies (QB, MS Office, Dropbox)	\$ 471.20	
	5700 Internet (Comcast)	\$ 99.12	
	6200 Bookkeeping	\$ 440.00	
	7001 Work Plan (Coastal W/WW Districts)	\$ 3,822.00	
	7001 Work Plan (Inland W/WW Districts)	\$ 817.00	
Zach Pehling, CPA	6100 Audit	\$ 2,125.00	\$ 2,125.00
Marsha Burch	6300 Legal Counsel	\$ 900.00	\$ 900.00
Streamline	5700 Website Hosting	\$ 115.00	\$ 115.00
Ukiah Valley Conf. Center	5500 Office Space	\$ 581.00	\$ 740.19
	5600 Postage and copies	\$ 159.19	
<b>Total Claims</b>			<b>\$ 20,026.01</b>

**Deposits:** None

**Transfers:** \$100,000 from County Treasury to Checking (LAFCo Apportionments)

### ATTACHMENTS

- (1) Budget Tracking Spreadsheet
- (2) Invoices: Hinman & Associates Consulting, Marsha Burch Law Office, Pehling-n-Pehling CPAs

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

# MENDOCINO LAFCO FY 2024-25 BUDGET TRACKING

BUDGET SUMMARY		2024-25 Budget	July	August	September	October	November	December	January	Totals To Date	% Expended
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Total Revenue		285,000.00	1,808.67	100,662.45	1,110.50	1,712.41	1,447.52	169.79	100,000.00	206,911.34	
Total Expenses		-	34,164.98	14,924.15	19,422.98	24,939.69	15,810.64	16,662.72	20,031.01	142,296.17	
Projected End Balance (Checking + Treasury)		372,415.46	238,287.95	159,961.26	292,880.46	268,936.82	252,597.12	238,973.50	218,772.70		
FUND BALANCES		Beginning Balance									
Treasury (apportionments held in Treasury, transferred to Checking for claims)		31,732.34	219,390.83	151,705.61	202,717.60	203,985.24	203,985.24	203,985.24	203,985.24		
Checking Account (Bank Statement)		55,683.12	51,253.43	122,517.35	108,475.34	88,178.86	62,975.00	51,481.19	34,818.47		
Reserves (Bank Statement)		131,818.20	132,061.85	132,283.76	132,507.12	132,709.14	132,883.91	133,051.29	133,250.00		

Account #	REVENUE										
4000	LAFCo Apportionments Fees (Transfer from Treasury to Checking for claims)	275,000.00		100,000.00					100,000.00	200,000.00	
4100	Fees and Reimbursements									-	
4800	Miscellaneous									-	
4910	Interest	1,000.00	246.17	224.95	228.00	524.91	177.52	169.79		1,571.34	
8000	Applications										
4150	Service Fees	9,000.00	487.50	136.50	275.50	370.50	410.00			1,680.00	
80XX	Applications Less Service Fees		1,075.00	301.00	607.00	817.00	860.00			3,660.00	
<b>TOTAL</b>		<b>\$ 285,000.00</b>	<b>\$ 1,808.67</b>	<b>\$ 100,662.45</b>	<b>\$ 1,110.50</b>	<b>\$ 1,712.41</b>	<b>\$ 1,447.52</b>	<b>\$ 169.79</b>	<b>\$ 100,000.00</b>	<b>\$ 206,911.34</b>	

Account #	EXPENSES										
<b>OPERATIONS</b>											
5300	Basic Services	155,000.00	14,763.50	9,887.50	9,211.50	7,278.00	7,546.50	9,778.50	10,496.50	68,962.00	44%
5500	Rent	8,000.00	581.25	555.00	581.25	581.25	581.25	581.00	581.00	4,417.00	55%
5500	Rent (Board Chambers)		375.00								
5600	Office Expenses	4,000.00	494.37	104.71	354.04	562.39	119.95	169.97	630.39	2,435.82	61%
5700	Internet & Website	3,000.00	211.94	211.94	211.94	211.94	211.94	211.94	214.12	1,485.76	50%
5900	Publication and Legal Notices	3,000.00	272.06				451.35			723.41	24%
6000	Televising Meetings	2,400.00	245.25				473.31	175.28		893.84	37%
6100	Audit Services	4,500.00			2,125.00				2,125.00	4,250.00	94%
6200	Bookkeeping	5,500.00	440.00	440.00	825.00	440.00	440.00	440.00	440.00	3,465.00	63%
6300	Legal Counsel	19,000.00	1,102.50	877.50	315.00	540.00	2,047.50	675.00	900.00	6,457.50	34%
6400	A-87 Costs County Services	3,500.00								-	0%
6500	Insurance - General Liability	3,000.00	2,844.86							2,844.86	95%
6600	Memberships (CALAFCO/CSDA)	4,000.00	2,581.00			1,351.00				3,932.00	98%
6670	GIS Contract (County)	3,000.00					601.08	150.27		751.35	25%
6740	In-County Travel & Stipends	3,000.00	100.25		100.25	100.25	68.76	68.76		438.27	15%
6750	Travel & Lodging Expense	7,000.00				3,400.86				3,400.86	49%
6800	Conferences (Registrations)	5,000.00				2,800.00				2,800.00	56%
7000	Work Plan (MSR/SOI)	75,000.00	9,073.00	2,541.50	5,087.00	6,852.00	2,404.00	4,407.00	4,639.00	35,003.50	47%
9000	Misc Expenses (bank fees)	100.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	35.00	
<b>TOTAL</b>		<b>308,000.00</b>	<b>33,089.98</b>	<b>14,623.15</b>	<b>18,815.98</b>	<b>24,122.69</b>	<b>14,950.64</b>	<b>16,662.72</b>	<b>20,031.01</b>	<b>142,296.17</b>	<b>46%</b>

Account #	APPLICATIONS	Deposits TD									Deposit Remaining
8022	City of Ukiah North Annexation Pre-Application (P-2020-01)	1,500.00								1,122.00	378.00
8028	Elk CSD Activation of Latent Powers (L-2022-01)	5,000.00								4,516.75	483.25
8029	City of Ukiah Annexation of Western Hills Properties (A-2022-02)	11,239.25	1,000.00	437.50	882.50	1,187.50	1,270.00			11,239.25	-
8031	AVCSD Annexation of SOI (A-2023-01)	6,000.00	437.50							5,399.00	601.00
8032	Fort Bragg Pre-Application Request (P-2023-02)	2,500.00	125.00							1,615.00	885.00
<b>Applications Less Service Fees Subtotal</b>			1,075.00	301.00	607.00	817.00	860.00			3,660.00	
<b>Service Fees Subtotal</b>			487.50	136.50	275.50	370.50	410.00	-	-	1,680.00	
<b>TOTAL</b>			<b>1,562.50</b>	<b>437.50</b>	<b>882.50</b>	<b>1,187.50</b>	<b>1,270.00</b>	<b>-</b>	<b>-</b>	<b>5,340.00</b>	

<b>EXPENSES TOTAL</b>			<b>34,652.48</b>	<b>15,060.65</b>	<b>19,698.48</b>	<b>25,310.19</b>	<b>16,220.64</b>	<b>16,662.72</b>	<b>20,031.01</b>	<b>147,636.17</b>	
<b>MONTHLY CLAIMS TOTAL (not including service fees and bank fees)</b>			<b>34,159.98</b>	<b>14,919.15</b>	<b>19,417.98</b>	<b>24,934.69</b>	<b>15,805.64</b>	<b>16,657.72</b>	<b>20,026.01</b>		





**Hinman & Associates Consulting**

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

**Date** January 27, 2025  
**To** Mendocino LAFCo  
**Project** Executive Officer Services  
**Work Period** January 1 - 26, 2025

**Invoice No.** 857  
**Invoice Total** \$ 16,145.82

Account	Description	Staff/Hours			Other (At Cost)	Totals
		Executive Officer \$110	Analyst \$86	Analyst/Clerk \$78		
5300	Basic Services Public Records Act Requests	84.25	2.50	13.00		\$ 10,496.50
5601	Office Supplies					
	Quickbooks Online fees				\$ 128.98	\$ 471.20
	Dropbox subscription				\$ 119.88	
	Costco (checks)				\$ 152.35	
	MS Office subscription				\$ 69.99	
5700	Internet & Website Costs (Comcast)				\$ 99.12	\$ 99.12
6200	Bookkeeping	4.00				\$ 440.00
7001	Coastal Region Water/Wastewater MSR/SOI			49.00		\$ 3,822.00
7001	Inland Region Water/Wastewater MSR/SOI		9.50			\$ 817.00
<b>Totals</b>		<b>\$ 9,707.50</b>	<b>\$ 1,032.00</b>	<b>\$ 4,836.00</b>	<b>\$ 570.32</b>	<b>\$ 16,145.82</b>

**5300 Basic Services**

Administrative tasks, file research and maintenance of official records and files. Respond to public inquiries and research requests. Prepare and process December and January claims. Website updates. Agenda packet development and facilitate January 9, 2025 Executive Committee meeting. Coordination meetings with Legal Counsel and staff. Coordinate with Mendocino County Recreation and Park District to develop MOU to prepare an MSR update for the district. Coordinated with City of Fort Bragg staff and consultants regarding the MID 1 and outside agency services. Coordinated completion of final FY 2023-24 financial statements.

**6200 Bookkeeping**

Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks.

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

Coordinated with Irish Beach Water District staff to prepare for public hearing on the MSR/SOI study. Prepared workshop draft of Elk County Water District MSR/SOI and coordinated with district. Prepared administrative draft Westport County Water District MSR/SOI and request for additional information.

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

Prepared Potter Valley Irrigation District workshop draft MSR/SOI and prepared for workshop; coordinated with district staff. Conducted additional outreach to Laytonville County Water District in attempt to schedule meeting for MSR/SOI review. Initiated MSR/SOI process and sent RFIs to Ukiah Valley water districts (Calpella, Millview, Willow Valley, and Redwood Valley County Water Districts) and Hopland PUD; coordinated with general manager.

# COMCAST BUSINESS

## Mendocino Lafco

Account number  
**8155 30 052 0354952**

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

Thanks for choosing Comcast Business

Need help?  
Visit [business.comcast.com/help](https://business.comcast.com/help) or  
call 1-800-391-3000

Ready to pay?  
Visit [business.comcast.com/myaccount](https://business.comcast.com/myaccount)

### Your monthly account summary

Previous balance	96.94
Credit Card Payment Jan 04, 2025	-96.94 cr
<b>New charges</b>	
Comcast Business services	96.90
Taxes and fees	2.22

**Amount due** **\$99.12**  
Payment due Feb 04, 2025



➔ **Manage your services online**  
Your Comcast Business account online is the one-stop destination to pay your bill and manage your services. Visit [business.comcast.com/myaccount](https://business.comcast.com/myaccount).

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

# COMCAST BUSINESS

9602 S 300 W. STE B SANDY UT 84070-3302  
8633 0500 NO RP 09 01102025 NNNNNNNN 01 999558

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

Account number **8155 30 052 0354952**  
Automatic payment due **Feb 04, 2025**  
**Please pay \$99.12**  
**Credit Card Payment To Be Applied 02/04/25**

COMCAST  
PO BOX 60533  
CITY OF INDUSTRY CA 91716-0533

**From:** Intuit QuickBooks Team <No\_Reply@notifications.intuit.com>  
**Sent:** Sunday, January 19, 2025 6:27 AM  
**To:** eo@mendolafco.org  
**Subject:** We received your QuickBooks subscription payment!



## Payment success

Executive Officer, thank you for your payment.

**Invoice number:**  
10001366232310  
**Invoice date:** 01/19/2025  
**Total:** \$99.00  
**Payment method:** VISA ending  
in

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

[View billing history](#)

## Account details

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

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



Questions or concerns?

[Visit customer support.](#)

**From:** Intuit QuickBooks Team <No\_Reply@notifications.intuit.com>  
**Sent:** Monday, January 27, 2025 3:12 PM  
**To:** eo@mendolafco.org  
**Subject:** We received your QuickBooks subscription payment!



## Payment success

Executive Officer, thank you for your payment.

**Invoice number:**  
10001368352221  
**Invoice date:** 01/27/2025  
**Total:** \$29.98  
**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:** 1099 E-FLILING DELUXE

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



[Questions or concerns?](#)

[Visit customer support.](#)



**Personal**  
\$69.99 | Subscription

LC **LAFCo Clerk**  
clerk@mendolafco.org

**Total \$69.99**  
Paid with Visa <sup>†</sup>

Hide details ^

Account

Your info

Subscriptions

Devices

Security

Privacy

**Order history**

Payment options

Address book

**Shipping details**

Uma Hinman  
200 S. School St.  
Ukiah, CA, 95482-4828  
US

**Billing details**

Subtotal	\$69.99
Tax	\$0.00
<b>Total</b>	<b>\$69.99</b>
<b>Paid with</b>	<b>Visa *</b>

Related links: [Print order](#) [Order help](#)



(/)  
Personal ▾ Business ▾ Accessories ▾ Tax Forms (/c/tax-forms/20600)

(<https://www.costco.com>)

# Order Confirmation

[Print this page](#)

Thanks for your Order! - We'll send you an e-mail confirmation shortly.

**Internet order number:** 21-30707061 **Date/Time:** 1/13/2025 4:44:13 PM CST

Payment Method	Billing Address
Credit Card Type: Visa	<b>Uma Hinman</b>
Cardholder's Name: Uma Hinman	Mendocino LAFCo
Credit Card Number: XXXXXXXXXXXXX	200 S School St
Expiration Date: 01-2029	Ukiah, CA 95482
Phone: 707-463-4770	United States
Email: eo@mendolaferco.org	

# Order Summary

High Security Laser Multi-Purpose Check Top, No-Lines  
Item# - SL-MP100HB

**Delivery Estimate:** delivered to you by January 31  
**Shipping Address:** 200 S School St, Ukiah, CA 95482 United States  
**Shipping Method:** Ground

500 Blue - 1 Part

\$139.93

**Costco Member Subtotal:** \$139.93

Shipping & Processing: \$0.00

Sales Tax: \$12.42

Order Total: \$152.35 52 of 226



**Dropbox Inc.**  
1800 Owens Street  
San Francisco, CA 94158  
United States  
billing-support@dropbox.com

# Invoice for clerk@mendolafco.org

TO	DATE	INVOICE ID
Mendocino LAFCo clerk@mendolafco.org 95924 United States	February 7, 2024 9:40 PM GMT	8D7YZH1SCJGX

PRODUCT	AMOUNT
Dropbox Plus - 2TB (2/7/2024 to 2/7/2025)	\$119.88
<b>Total</b>	<b>\$119.88</b>

All amounts shown are in USD.

# Marsha Burch

131 S. Auburn Street  
Grass Valley, CA 95945

# INVOICE

Invoice # 225  
Date: 01/27/2025  
Due On: 02/26/2025

Mendocino LAFCo

## 00201-Mendocino LAFCo

### General Counsel

Type	Date	Notes	Quantity	Rate	Total
Service	01/06/2025	Agenda review	0.20	\$225.00	\$45.00
Service	01/08/2025	Draft MOU for Rec District	0.60	\$225.00	\$135.00
Service	01/09/2025	Executive Committee meeting	0.80	\$225.00	\$180.00
Service	01/14/2025	Revise MOU for Mendo. Coast Rec. District; msg. to EO; receive msg. re list serve responses to query re Municipal Improvement Districts	0.80	\$225.00	\$180.00
Service	01/22/2025	Review requested changes to MOU from Mendo. Coast Rec. District; msg. to EO	0.40	\$225.00	\$90.00
Service	01/24/2025	Review materials re Fort Brag MID; mtg. with EO	1.20	\$225.00	\$270.00
				<b>Total</b>	<b>\$900.00</b>

## Detailed Statement of Account

### Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due	
225	02/26/2025	\$900.00	\$0.00	\$900.00	
				<b>Outstanding Balance</b>	<b>\$900.00</b>
				<b>Total Amount Outstanding</b>	<b>\$900.00</b>

Please make all amounts payable to: Marsha Burch

Please pay within 30 days.



# INVOICE

**BILL TO**  
Mendocino LAFCo

**INVOICE #** 1507  
**DATE** 01/14/2025  
**DUE DATE** 01/14/2025  
**TERMS** Due on receipt

---

ACTIVITY	AMOUNT
<b>Audit</b>	2,125.00
<hr/> <b>BALANCE DUE</b>	
	<b>\$2,125.00</b>

**Agenda Item No. 4d**

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 and 2023**

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
FINANCIAL STATEMENTS  
JUNE 30, 2024 & 2023**

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# **Mendocino Local Agency Formation Commission Management Discussion & Analysis of Fiscal Years Ending June 30, 2024 & 2023**

## **1 MANAGEMENT DISCUSSION AND ANALYSIS**

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### **1.1 DISCUSSION OF BASIC FINANCIAL STATEMENTS**

Mendocino Local Agency Formation Commission's (LAFCo) primary funding source for its annual budget is mandated by Government Code Section 56381. Section 56381 requires that the costs of LAFCo are to be paid in equal one-third shares by the agencies represented on the Commission; that is, the County pays one-third of the adopted budget, the four Cities pay one-third and the fifty Special Districts pay one-third. LAFCo does not receive its annual income directly; instead, an independent third party, the County Auditor, receives and holds the funds for LAFCo.

LAFCo's General Fund is its primary operating fund; it is used to account for most all transactions of the Commission. When application fees are received, a Project Fund will be developed for the income and expenditures associated with that particular Project.

The Commission also maintains a reserve account for holding funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget (Mendocino LAFCo Policy 5.1.5). Although the Commission did not revise the legal reserve policy, during Fiscal Year 2020/2021, the Commission directed staff to increase legal reserves to \$50,000; direction that has since remained unchanged.

LAFCo has no other specialized funds such as enterprise funds, capital asset funds, debt payment funds, or other similar funds. Because of the size of its budget, the type of income, and the nature of the funding process mandated by Government Code Section 56381 and the keeping of the funds by the County Auditor, LAFCo has historically utilized a modified cash basis of accounting.

### **1.2 COMPARATIVE FINANCIAL INFORMATION**

All services needed by LAFCo, including County services received by LAFCo, must be paid for from LAFCo's budget. This includes such services as staff, legal counsel, GIS, County surveyor, Auditor, (A-87 costs), Assessor and Recorder, engineering services, publications of legal notices, communications, website, insurance, the cost of annual audits, etc. These costs have been reflected in LAFCo's budget since Fiscal Year 2001-2002. Additionally, the costs of the Sphere of Influence/Municipal Service Review process as mandated by G.C. 56425 and 56430 have been reflected in LAFCo's budget.

For several years the Commission relied on excess reserves resulting from underutilized work plan budget to balance the budget, thereby adopting lower apportionment fees. In FY 2021/2022 and 2022/2023, apportionment fees were established at \$265,000 for a balanced annual budget and to meet Commission direction to maintain legal reserves at \$50,000. Apportionment fees were increased to \$275,000 in FY 2023/2024 to accommodate the aggressive work plan.

### 1.3 CONDENSED FINANCIAL INFORMATION

A summation of LAFCo’s financial circumstances is provided in the tables below.

#### 1.3.1 Statement of Net Position and Activities

**Statement of Net Position  
June 30, 2024 & 2023**

Assets	2024	2023
Cash	239,866	237,095
Accounts Receivable	0	110
Total Assets	239,866	237,205
Liabilities	26,587	37,859
Total Net Position	213,278	199,346

**Statement of Activities  
June 30, 2024 & 2023**

	2024	2023
Program Expenses	281,728	227,245
Program Revenues	289,760	280,926
Net Program Income	8,032	53,681
General Revenue	5,900	1,409
Increase in Net Position	13,932	55,089
Net Position-July 1	199,346	144,257
Net Position-June 30	213,278	199,346

### 1.4 LAFCo’S OVERALL FINANCIAL POSITION

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. At end of Fiscal Year 2023/2024, general reserve funds were at \$131,818.

## 1.5 ANALYSIS AND TRANSACTIONS OF GENERAL FUND-LAFCO'S BUDGET

Following is the adopted amended budget for Fiscal Year 2023/2024, which was adopted by the Commission on June 5, 2023 (LAFCo Resolution No. 2022-23-12).

### Commission's Adopted Final Budget Fiscal Year 2023-24

Line #	Quick Books Account #	Description	Adopted Fiscal Year 2023/24
<b>Revenue</b>			
1	4000	LAFCo Apportionment Fees	\$ 275,000
2	4030	Application Filing Fees	9,500
3	4800	Miscellaneous	-
4	4910	Interest Income	500
5		<b>Total</b>	<b>\$ 285,000</b>
6		<b>Use of Residual Cash</b>	<b>56,000</b>
7		<b>Total Income</b>	<b>\$ 341,000</b>
<b>Expenses</b>			
8	5300	Contract Services - Office & Staff	133,000
9	5500	Office Rent	7,000
10	5600	Office Expense	4,500
11	5700	Internet & Website Costs	3,000
12	5900	Publication & Legal Notices	3,000
13	6000	Televising Commission Meetings	2,400
14	6100	Audit Services	4,000
15	6200	Bookkeeping	5,500
16	6300	Legal Counsel	30,000
17	6400	A-87 Costs - County Services	2,500
18	6500	Insurance - General Liability	3,000
19	6600	Memberships (CALAFCO/CSDA)	4,000
20	6670	GIS Contract with County	3,000
21	6740	In-County Travel & Stipends	4,000
22	6750	Travel & Lodging	6,500
23	6800	Conferences (Registrations)	4,500
24	7000	Work Plan (MSRs and SOIs)	100,000
25		Miscellaneous (bank charges)	100
26		<b>Total Expenses before Application Fees</b>	<b>\$ 320,000</b>
27	8000	Application Filing Fees	-
		<b>Subtotal</b>	<b>\$ 320,000</b>
		Increase to Reserves per Policy	14,025
		Increase to Workplan Contingency	6,975
		<b>Total Expense</b>	<b>\$ 341,000</b>

## **1.6 ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS-UNSPENT FUNDS**

Each year, since the beginning of the budget process under Cortese-Knox-Hertzberg (CKH), there have been unspent funds from the various line items. The Commission through its budget deliberations process has determined that money not spent in one budget year from various line items, is to be used in the next year's budget to increase reserves and as a Fund Balance Carryover to offset the forthcoming year's budget for G.C. 56425 & 56430 mandates.

Additionally, LAFCo Policies dictate maintenance of a reserve account. LAFCo Policy 5.1.5 *Reserves for Fiscal Stability, Cash Flow, and Contingencies* (Resolution No. 2018-19-06) states: *"Mendocino LAFCo will strive to maintain reserves for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. The reserves consist of an Operating Reserve of 25 percent of the annual operating budget and a Legal Reserve of \$35,000 and are to be maintained in separate accounts."*

During Fiscal Year 2020/2021, the Commission directed staff to increase legal reserves to \$50,000. Commission direction remains unchanged.

## **1.7 DESCRIPTION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

Except for a provision in CKH that allows the Board of Supervisors to lend temporary operational funds to the Commission, LAFCo has no authority to borrow or to develop capital projects. The Commission has no mortgages, leases, liens, short-term loans, long-term debt, or any other encumbrances. It owns no stocks, bonds, securities or other investments. It has no capital assets or capitalization programs. The Commission does have the authority to pursue grants to assist in its decision making, but has no grants at this time.

## **1.8 DISCUSSION OF SIGNIFICANT CHANGES IN CONDITIONS AND ESTIMATED MAINTENANCE EXPENSES FOR INFRASTRUCTURE ASSETS**

The Commission owns no land, buildings or infrastructure. Other than normal office furniture, filing cabinets, telephone, computer, and printer, the Commission has no physical assets. Paper and electronic records or past actions and activities are maintained in the LAFCo office, and from the date of inception of LAFCo in 1963.

## **1.9 CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

There are no facts, decisions or conditions that are currently known that are expected to significantly alter LAFCo's future financial picture.

## **1.10 ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide LAFCo's participating agencies, members of the public, customers, and other interested parties with an overview of LAFCo's financial results and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Mendocino LAFCo at 200 South School Street, Ukiah, CA 95482; 707-463-4470.

## 2 INDEPENDENT AUDITOR'S REPORT

---

December 1, 2024

Mendocino LAFCO

Ukiah, CA

### INDEPENDENT AUDITOR'S REPORT

#### **Opinions**

We have audited the accompanying financial statements of Mendocino LAFCO as of and for the year-ended June 30, 2024, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mendocino LAFCO as of June 30, 2024, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material



if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

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

*PNPCPA*

PnPCPA

### 3 FINANCIAL STATEMENTS

#### 3.1 STATEMENT OF NET POSITION & GOVERNMENTAL FUNDS BALANCE SHEET

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
STATEMENT OF NET POSITION  
& GOVERNMENTAL FUNDS BALANCE SHEET  
AS OF JUNE 30, 2024 & 2023**

	Statement of Net Position 2024			Statement of Net Position 2023		
	General Fund	Adjustments Note 3	Position 2024	General Fund	Adjustments Note 3	Position 2023
<u>Assets</u>						
Cash - Note 2	\$ 239,866	\$ -	\$ 239,866	\$ 237,095	\$ -	\$ 237,095
Accounts Receivable	-	-	-	110	-	\$ 110
<b>Total Assets</b>	<b>\$ 239,866</b>	<b>\$ -</b>	<b>\$ 239,866</b>	<b>\$ 237,205</b>	<b>\$ -</b>	<b>\$ 237,205</b>
<u>Liabilities</u>						
Accounts Payable	21,900	-	21,900	26,044	-	26,044
Fees Received in Advance	4,687	-	4,687	11,815	-	11,815
<b>Total Liabilities</b>	<b>\$ 26,587</b>	<b>\$ -</b>	<b>\$ 26,587</b>	<b>\$ 37,859</b>	<b>\$ -</b>	<b>\$ 37,859</b>
<u>Fund Balance/Net Position</u>						
Fund Balances						
Reserved for Legal	50,000	(50,000)	-	50,000	(50,000)	-
Reserved for Operating Reserve	81,818	(81,818)	-	66,030	(66,030)	-
Unassigned	81,460	(81,460)	-	83,316	(83,316)	-
<b>Total Fund Balance</b>	<b>\$ 213,278</b>	<b>\$ (213,278)</b>	<b>\$ -</b>	<b>\$ 199,346</b>	<b>\$ (199,346)</b>	<b>\$ -</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 239,866</b>	<b>\$ (239,866)</b>	<b>\$ -</b>	<b>\$ 237,205</b>	<b>\$ (237,205)</b>	<b>\$ -</b>
<u>Net Position</u>						
Unrestricted		<u>\$ 213,278</u>	<u>\$ 213,278</u>		<u>\$ 199,346</u>	<u>\$ 199,346</u>
<b>Total Net Position</b>		<b><u>\$ 213,278</u></b>	<b><u>\$ 213,278</u></b>		<b><u>\$ 199,346</u></b>	<b><u>\$ 199,346</u></b>

### 3.2 STATEMENT OF ACTIVITIES

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 & 2023**

	2024	2023
<u>General Government - Planning</u>		
Insurance-General	2,858	2,800
Memberships	3,802	3,579
Audit Fees	4,000	3,750
Internet and Website Costs	1,932	1,670
Legal Counsel	9,630	10,800
Architect, Engineering and Planning Services	-	-
Professional Services	219,454	159,491
Rent	7,515	6,510
Office Expenses	3,509	3,240
Publication and Legal Notices	2,565	1,295
County Support Services (GIS)	1,707	4,765
Televising Commissioner Meetings	1,516	1,944
Bookkeeping-Financial	5,445	4,455
Professional Fees-Applications	10,593	16,593
Transportation and Travel Out of County	843	1,269
In-County Travel & Stipends	886	757
Miscellaneous Expense	5,474	4,327
Special District Training Support	-	-
	<b>281,728</b>	<b>227,245</b>
	<b>\$</b>	<b>\$</b>
<u>Program Revenues</u>		
Assessments	275,000	265,000
Application Fees & Reimbursements	14,760	15,926
	<b>\$ 289,760</b>	<b>\$ 280,926</b>
<b>Total Program Revenues</b>		
Net Program Income	\$ 8,032	\$ 53,681
<u>General Revenues</u>		
Interest Earnings	5,900	1409
	5,900	1409
<b>Total General Revenues</b>		
Increase in Net Position	\$ 13,932	\$ 55,089
Net Position - July 1,	\$ 199,346	\$ 144,257
Net Position - June 30,	\$ 213,278	\$ 199,346

### **3.3 NOTES TO THE FINANCIAL STATEMENTS**

#### **Note 1 – Summary of Significant Accounting Policies**

##### **Organization**

The Mendocino Local Agency Formation Commission's (LAFCo) primary operates under the rules and requirements of the Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH). This act is commonly referred to as CKH or AB 2838. This act is found in the Government Code beginning with Section 56000. However, this part of the Government Code does not comprise of all the requirements of laws that LAFCo must meet. Other elements of the law such as the Public Resources Code, Guidelines to California Environmental Quality Act (CEQA), Revenue and Taxation Code, Election Code, Brown Act, case decisions, state and local policies and the policies and procedures of LAFCo also affect the decision-making responsibilities of LAFCo. However, the primary controlling authority of LAFCo is the Government Code beginning with Section 56000 and LAFCo's policies which implement the law.

##### **Accounting Policies**

The Commission's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments. The following is a summary of the more significant policies.

##### **Basis of Presentation**

The Statement of Net Position and Statement of Activities display information about the reporting of the Commission as a whole.

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities. The Commission maintains two bank accounts to manage the Fund: a checking account with Savings Bank of Mendocino County and a reserves account with Westamerica Bank in Ukiah, CA. The reserves are set aside for legal and operational contingencies; policies are established for both.

##### **Basis of Accounting**

Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net assets are available, the Commission's policy is to apply restricted net assets first.

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded

when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When an expense is incurred for the purpose for which either committed, assigned or unassigned net assets are available, the Commission's policy is to apply committed or assigned net asset first.

## **Budget**

The Commission is required to adopt an annual budget for the Commission's general operations each fiscal year. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by the Commission. The budget is amended from time-to-time as needed and is approved by the Commissioners with each amendment.

## **Deposits and Investments**

It is the Commission's policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission's deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2024 and 2023. The categories are described as follows:

- Category 1      Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.
  
- Category 2      Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.
  
- Category 3      Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and Investments as of June 30, 2024 and 2023 consist of Category 1 type only.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The Commission's deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

## **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

## **Risk Management**

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to contract staff, and natural disasters. The Commission carries

insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

### **Equity Classifications – Government-wide Statements**

Equity is classified as net position and displayed as follows:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities used for acquisition, construction or improvement of these assets.
- b. Unrestricted net position – All other net assets that do not meet the definition of “Investment in capital assets, net of unrelated debt”.

### **Equity Classifications – Fund Statements**

Government fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned or unassigned.

### **Note 2 – Cash**

The Commission maintains an account with Savings Bank of Mendocino County used for issuing checks for the payment of general operating expenses. The County of Mendocino collects the Apportionment Fees from the County, Cities and Special Districts and holds those funds in an account (Treasury) with the County Auditor. When sufficient funds are collected (Apportionment Fees), LAFCo will then transfer funds from the Treasury into the checking account at Savings Bank of Mendocino County. Savings Bank of Mendocino County balances for the fiscal year ended June 30, 2024 and 2023 were \$77,682 and \$75,504, respectively. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County, until transferred, are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase. Treasury balances for the fiscal year ended June 30, 2024 and 2023 were \$30,365 and \$45,561, respectively.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2024 and 2023 were \$5,900 and \$1,409, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

The Commission’s deposits with County Treasury have a risk category of “uncategorized” which represents investments in pools where the Commission’s investments are not evidenced by specific identifiable securities.

The Commission also maintains an account with Westamerica Bank used for holding reserve funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget. However, beginning in FY 2020/2021, the Commission continues to direct legal reserves be maintained at \$50,000 in response to increases in

complicated applications and work plan tasks. Reserves balances for the fiscal year ended June 30, 2024 were \$50,000 in legal reserves and \$81,818 in operational reserves.

### **Note 3 – Reconciliation to Statement of Net Position**

There are no differences in the amounts reported for government activities in the Statement of Net Position.

### **Note 4 – Accounts Receivable**

On an accrual basis, revenues are recognized in the fiscal year in which the services are billed.

### **Note 5 – Accounts Payable**

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received.

### **Note 6 – Fees Received in Advance**

On an accrual basis, revenues are recognized in the fiscal year in which the services are provided. Some fees are received by the Commission in advance of performing the requested services and are therefore carried as a liability until the work has been completed and the revenues earned.

### **Note 7 – Joint Powers Agreement**

The Commission participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the Commission and the JPA is such that is not a component unit of the Commission and the JPA is not a component unit of the Commission for financial reporting purposes.

The JPA's purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the Commission. This program is provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. Copies of SDRMA annual financial reports may be obtained from their executive office at 1112 I Street #300, Sacramento, CA 95814.

### **Note 8 – Risk Management**

The Commission is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets, errors and omissions; injuries to employees; and natural disasters. During FY 2023-24 the Commission contracted insurance for liability, property, crime damage, and director insurance.

### **Note 9 – Contingencies**

As of June 30, 2024, the Commission had no pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

## **Note 10 – Subsequent Events**

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred that meet the above definition.



## 4 SUPPLEMENTARY INFORMATION

### 4.1 BUDGETARY COMPARISON SCHEDULE-GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

MENDOCINO LOCAL AGENCY FORMATION COMMISSION BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024				
	Budgeted	Amounts	Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ 199,346	\$ 199,346	\$ 199,346	\$ 199,346
Resources (Inflows)				
Assessments	\$ 275,000	\$ 275,000	\$ 275,000	-
Fees & Reimbursements	9,500	9,500	14,760	5,260
Miscellaneous	-	-	-	-
Interest Earnings	500	500	5,900	5,400
<b>Total Resources</b>	<b>\$ 285,000</b>	<b>\$ 285,000</b>	<b>\$ 295,659</b>	<b>10,659</b>
Charges (Outflows)				
5300 Basic Services (Contract)	133,000	133,000	133,037	(37)
5500 Office Rent	7,000	7,000	7,515	(515)
5600 Office Expenses	4,500	4,500	3,509	991
5700 Internet and Website Costs	2,500	2,500	1,932	568
5900 Publication & Legal Notices	3,000	3,000	2,565	435
6000 Televising Commission Meetings	2,400	2,400	1,516	884
6100 Audit Services	4,000	4,000	4,000	-
6200 Bookkeeping	5,500	5,500	5,445	55
6300 Legal Counsel	30,000	30,000	9,630	20,370
6400 A-87 Costs-County Services	2,500	2,500	3,440	(940)
6500 Insurance-General	3,000	3,000	2,858	142
6600 Memberships	4,000	4,000	3,802	198
6670 Contract Services-GIS Services	3,000	3,000	1,707	1,293
6740 In-County Travel & Stipends	4,000	4,000	886	3,114
6750 Travel & Lodging	6,500	6,500	843	5,657
6800 Conferences (Registrations)	4,500	4,500	1,950	2,550
7000 Work Plan (MSR and SOI)	100,000	100,000	86,417	13,583
Misc Expenses (bank service charges)	-	-	84	(84)
8000+ Applications and Projects	-	-	10,593	(10,593)
<b>Total Charges</b>	<b>\$ 319,400</b>	<b>\$ 319,400</b>	<b>\$ 281,728</b>	<b>\$ 37,672</b>
<b>Ending Budgetary Net Position</b>	<b>\$ 164,946</b>	<b>\$ 164,946</b>	<b>\$ 213,278</b>	



## STAFF REPORT

Agenda Item No. 6a	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	WORKSHOP Elk County Water District Municipal Service Review and Sphere of Influence Update

### RECOMMENDED ACTION

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

### BACKGROUND

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

As background, the District was formed on April 22, 1957, to provide water services to the community of Elk, which is located 16 miles south of the community of Mendocino along Highway 1 in the unincorporated area on the southwestern coast of Mendocino County. The District’s boundaries include 103 parcels totaling 128 acres.

District facilities include a water treatment plant, two wells (one standby and one active), several miles of pipeline, two water storage facilities (30,000 gallons and 84,000 gallons), and two parcels of land. ECWD also maintains a hydrant system, providing fire flows for the local fire district. Other municipal service providers in the area include the Elk Community Services District, which provides fire protection to properties within ECWD. Additionally, the Elk Community Services District owns a property with a private wastewater disposal system and a leach field that serves 10 parcels in the core of the downtown area. All other parcels are served by individual on-site septic systems.

In 2015, the Commission adopted an SOI that included two Outside Agency Service Areas (1 and 2). The study recommends the District’s existing SOI be affirmed.

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

### ATTACHMENTS

- (1) Workshop Draft Elk County Water District MSR/SOI Update

# Attachment 1

## Workshop Draft



Photo Credit: Lee Rentz

## Elk County Water District

### 2025 Municipal Service Review and Sphere of Influence Update

Prepared By/For:

**Mendocino LAFCo**

200 South School Street

Ukiah, California 95482

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

Workshop: February 3, 2025

Public Hearing:

Adopted: [Publish Date]

LAFCo Resolution No: XXXX-XX-XX

Workshop Draft

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## ACRONYMS

AB	Assembly Bill
ACS	American Community Survey
ADU	Accessory Dwelling Unit
AFY	Acre feet per year
AMI	Area Median Income
AOI	Area of Interest
APN	Assessor Parcel Number
APR	Annual Progress Report
CCR	Consumer Confidence Report
CDP	Census Designated Place
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPA	Certified Public Accountant
CSDA	California Special Districts Association
DUC	Disadvantaged Unincorporated Community
DWR	California Department of Water Resources
ECWD	Elk County Water District
ECSD	Elk Community Services District
EVFD	Elk Volunteer Fire Department
DOF	California Department of Finance
ELEC	California Elections Code
EPA	United States Environmental Protection Agency
FY	Fiscal Year
FTE	Full Time Equivalent
GC	California Government Code
Gpd	gallons per day
Gpm	gallons per minute
HCD	California Department of Housing and Community Development
IBWD	Irish Beach Water District
IRWMP	Integrated Regional Water Management Plan
JADU	Junior Accessory Dwelling Unit
LAFCo	Local Agency Formation Commission
LCP	Local Coastal Program
MCOG	Mendocino Council of Governments
MCCSD	Mendocino City Community Services District
MG	Million gallons
MHI	Median Household Income
MPO	Metropolitan Planning Organization
MSR	Municipal Service Review
OPR	Governor's Office of Planning and Research
PRWD	Pacific Reefs Water District
RHNA	Regional Housing Needs Assessment
RTP	Regional Transportation Plan
RUE	Residence Unit Equivalent
RWQCB	California Regional Water Quality Control Board

SAFER	Safe and Affordable for Equity and Resilience
SB	Senate Bill
SDUC	Severely Disadvantaged Unincorporated Community
SDWIS	Safe Drinking Water Information System
SOI	Sphere of Influence
SWRCB	State Water Resources Control Board
WAT	California Water Code
WTP	Water Treatment Plant
WTPO	Water Treatment Plant Operator

Workshop Draft

# 1 INTRODUCTION

## 1.1 Local Agency Formation Commission

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

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

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

## 1.2 Mendocino LAFCo

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Each LAFCo works to implement the CKH Act to meet local needs through the flexibility allowed in how state regulations are implemented through establishment of local policies to address the unique conditions of the county. As part of this process, Mendocino LAFCo has adopted policies, procedures, and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website<sup>1</sup>.

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

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

**Table 1-1: Current Mendocino LAFCo Commissioners, 2025**

<b>Commissioner Name</b>	<b>Position</b>	<b>Representative Agency</b>	<b>Term Expires</b>
Madeline Cline	Commissioner	County	2028
Gerardo Gonzalez	Commissioner	City	2026
Candace Horsley	Commissioner	Special Districts	2026
Susan Mahoney	Commissioner	Special Districts	2028
Maureen Mulheren	Chair	County	2026
Mari Rodin	Commissioner	City	2025
Gerald Ward	Vice-Chair/Treasurer	Public	2026
Vacant	Alternate	Special District	2026
Douglas Crane	Alternate	City	2025
John Haschak	Alternate	County	2027
Raghda Zacharia	Alternate	Public	2027

<sup>1</sup> Mendocino LAFCo Policies and Procedures Manual: [Policies & Procedures Manual \(specialdistrict.org\)](https://www.specialdistrict.org/policies-procedures-manual).

### 1.3 Municipal Service Review

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

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

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

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

With this MSR, Mendocino LAFCo can make informed decisions based on the best available data for the service provider and area. Written determinations (similar to 'findings'), as required by law, are presented in Chapter 3.3. LAFCo is the sole authority regarding approval or modification of any determinations, policies, boundaries, spheres of influence, reorganizations, and provision of services. This MSR/SOI study makes determinations in each of the seven mandated areas of evaluation for MSRs.

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

- Provide a broad overview of agency operations including type and extent of services provided;

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

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

- Serve as a prerequisite for a SOI Update;
- Evaluate governance options and financial information;
- Demonstrate accountability and transparency to LAFCo and to the public; and
- Allow agencies to compare their operations and services with other similar agencies.

#### 1.4 Sphere of Influence

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

When reviewing an SOI for a municipal service provider, under [GC §56425\(e\)](#)<sup>5</sup>, LAFCo will consider the following five factors:

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

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

#### 1.5 Senate Bill 215

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

Mendocino County is not located within an MPO boundary and therefore is not subject to the provisions of SB 375. However, the Mendocino Council of Governments (MCOG) supports and coordinates the local planning efforts of Mendocino County and the cities of Fort Bragg, Point Arena, Ukiah, and Willits to

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

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

address regional housing and transportation needs and helps provide a framework for sustainable regional growth patterns through the 2018 Mendocino County Regional Housing Needs Assessment (RHNA) Plan and Vision Mendocino 2030 Blueprint Plan. The MCOG is also responsible for allocating regional transportation funding to transportation improvement projects consistent with the 2017 RTP for Mendocino County.

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

## 2 AGENCY OVERVIEW

<b>Table 2-1: ECWD Profile</b>	
<b>Agency Name:</b>	Elk County Water District
<b>District Manager/Water</b>	Charles Acker, District Manager
<b>Treatment Plant Operator</b>	Rio Russell, Water Treatment Plant Operator
<b>Office Location:</b>	6129 S. Highway 1, Elk, CA 95432
<b>Mailing Address:</b>	PO Box 54, Elk, CA 95432
<b>Phone Number:</b>	707-877-8001
<b>Website:</b>	<a href="https://www.elkcountywaterdistrict.org/home.html">https://www.elkcountywaterdistrict.org/home.html</a>
<b>Email:</b>	info@elkcountywaterdistrict.org
<b>Date of Formation:</b>	April 22, 1957
<b>Agency Type:</b>	Independent Special District, Single-Service Provider
<b>Enabling Legislation</b>	Water District Law: Water Code §34000 - 38501
<b>Board Meeting Schedule:</b>	Monthly meetings are held on the first Tuesday of each month, except for August and December, which are optional meeting months. The Board meets at 6:30 p.m. at 6129 S Highway 1 in Elk, at the Community Center Annex building (easternmost section). Dates and agendas are distributed two weeks before meetings.

### 2.1 [History](#)

#### 2.1.1 Formation

The Elk County Water District (ECWD/District) was established on April 22, 1957 by the Mendocino County Board of Supervisors through the issuance of a Statement of Creation under the provisions of Division 12 of the California Water Code (WAT) for the primary purpose of providing water service to customers in the community of Elk within unincorporated Mendocino County ([Resolution No. 2231](#))<sup>6</sup>.

#### 2.1.2 Boundary

The District is located approximately 16 miles south of the community of Mendocino along Highway 1 in the unincorporated area of southwestern, coastal Mendocino County. The ECWD boundaries encompass 103 parcels totaling approximately 128 acres. Of those 103 parcels, the District serves 102 developed parcels, with the remaining being vacant land.

The small community of Elk is the socioeconomic center of the District area, and comprises the Greenwood Community Center, Greenwood Elementary School, a post office, two churches, a store, an art center, restaurants, a visitor center, and several bed & breakfast inns. The Mendocino County Coastal Element indicates that the District boundaries are located wholly within the Coastal Zone.

##### 2.1.2.1 BOUNDARY CHANGE HISTORY

At the time of the District’s formation, no boundary map was provided to LAFCo nor does LAFCo have any archived records for ECWD. Neither LAFCo nor ECWD records show whether there have been any changes to the District boundaries since its original formation.

<sup>6</sup> Mendocino County Board of Supervisors Resolution No. 2231 can be found here: [ECWD SMNT of CREATION.pdf](#).

In 2014, Mendocino County staff developed a map using available geographic information system (GIS) data for the County-wide Water and Wastewater Municipal Service Review (MSR) which shows the District's current boundaries (refer to Figure 2-1).

In 2020, the District was donated a 72-acre parcel in the watershed above its water supply wells. The parcel is located outside the ECWD service area boundaries and Sphere of Influence (SOI) boundaries.

### 2.1.3 Services

Out of 102 developed parcels, the District provides water services to 88 residential parcels and 14 commercial parcels. The District primarily supplies potable water to its customers, but it provides raw water service to one parcel within its service boundaries. ECWD also maintains a hydrant system consisting of 20 hydrants to provide fire flows for the Elk Community Services District (ECSD), which is the umbrella agency for the Elk Volunteer Fire Department (EVFD).

The ECWD also provides water services to two Outside Agency Service Areas (1 and 2) within the District's SOI boundaries and supplies surplus water to water delivery trucks. For more information regarding District services, refer to Section 3.

#### 2.1.3.1 LATENT POWERS

Latent powers are those services, functions, or powers authorized by the principal act under which the District is formed, but that are not being exercised or authorized by LAFCo.

The California Water District Law ([WAT Section \(§\) 34000 – 38501](#))<sup>7</sup> identifies the following potential powers:

- a) Production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.

The ECWD is a single-service provider delivering domestic water services and no other latent powers are authorized under its principal act.

Wastewater services within the District boundary are currently provided by a combination of individual on-site septic systems and a limited community collection line and leach field that serves 10 parcels in the core of the downtown area.

For the District to expand the existing scope of water services, the ECWD must receive LAFCo approval through an activation of latent powers application, which follows the normal Commission proceedings for a change of organization or reorganization ([GC §56650 et seq.](#))<sup>8</sup>.

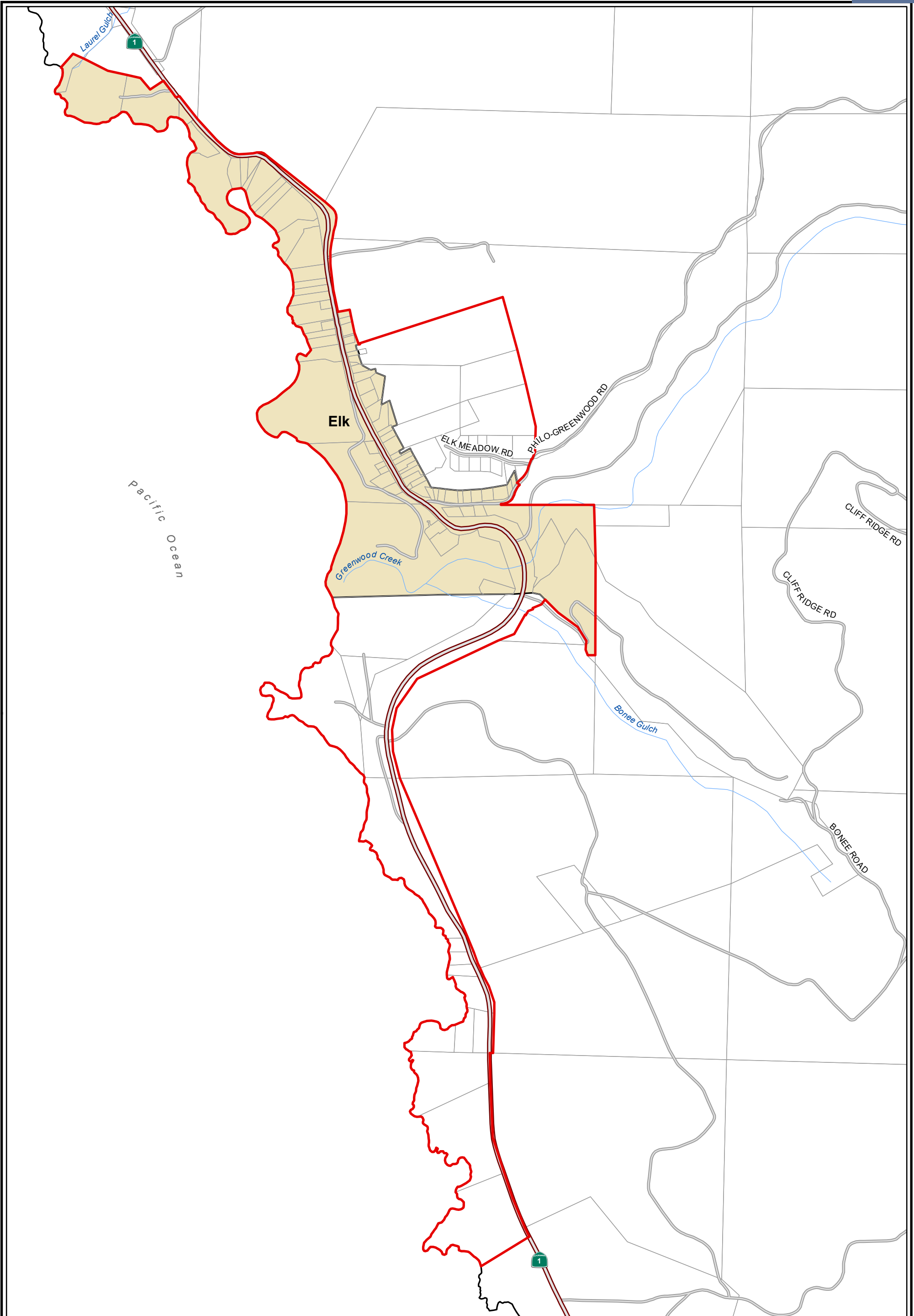
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<sup>7</sup> WAT §34000 – 38501 can be found here:

[https://leginfo.legislature.ca.gov/faces/codes\\_displayexpandedbranch.xhtml?tocCode=WAT&division=13.&title=&part=&chapter=&article=&nodetreepath=12](https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=WAT&division=13.&title=&part=&chapter=&article=&nodetreepath=12).

<sup>8</sup> GC §56650 et seq. can be found here: [California Code, GOV 56650](#).





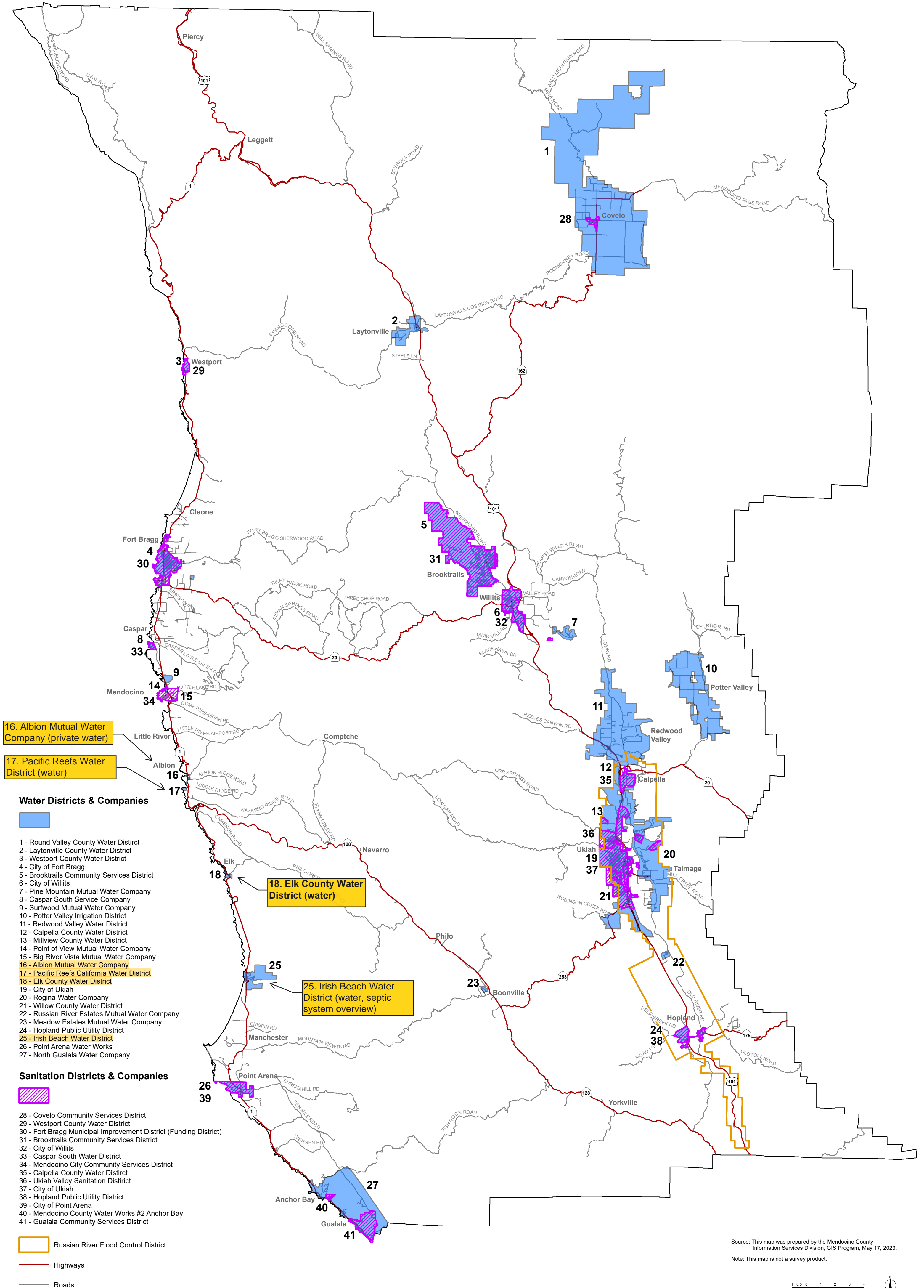
# Elk County Water District

Source: This map was prepared by the Mendocino County  
 Division of Information Services GIS Program, June 6, 2023..  
 Note: This map is not a survey product.

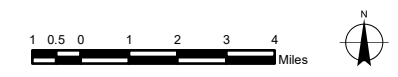
- Elk County Water District
- Sphere of Influence
- Parcels
- Highways
- Roads
- Streams



# Mendocino County Water & Sanitation Districts & Companies



Source: This map was prepared by the Mendocino County Information Services Division, GIS Program, May 17, 2023.  
Note: This map is not a survey product.



## 2.2 Government Structure

### 2.2.1 Governing Body

The Board of Directors is the legislative body for the District and is responsible for establishing policy, adopting and amending the annual budget, enacting ordinances, adopting resolutions, and appointing committees. The District is governed by a five-member Board of Directors, elected at-large to staggered four-year terms by registered voters within the District boundaries.

Eligible candidates must be registered voters residing within the District boundaries. If there are insufficient candidates for election of Board vacancies, or if the number of filed candidates is equal to the number of Board vacancies, then District Board members may be appointed by the County Board of Supervisors per [California Elections Code \(ELEC\) §10515<sup>9</sup>](#). New Board members take office at noon on the first Friday in December following the election. The current Board Members, positions, and terms are shown in Table 2-2 below.

Name	Office/Position	First Year of Service	Term Expiration
Kermit Carter	President	2015	2028
Jay Penrod	Vice President	2017	2026
Denise Georganas	Secretary	2017	2026
Juliette Wilcox	Director	2022	2026
Gemma Barsby	Director	2020	2028

Source: ECWD 2025.

[Government Code §1780-1782](#) governs the process for appointments of Board of Director seats vacated before the scheduled term expiration date<sup>10</sup>. The District Board of Directors has 60 days to appoint an interested and qualified individual to a vacant seat if proper notice requirements have been met. If the District cannot fill the seat within 60 days, the Mendocino County Board of Supervisors may appoint a Director to the District Board during a 30-day period following the initial 60-day period. If the vacant seat is not filled during the total 90-day period, the vacant seat remains empty until the next election.

The Board currently has no vacancies and is fully seated by five Board members. All five Board members were appointed by the County Board of Supervisors and have served the District for multiple consecutive terms, which can be a significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge. Board members are volunteers and do not receive compensation.

The Board officers consist of a president, vice president, and secretary, which are elected annually at a regular meeting held in December.

<sup>9</sup> ELEC §10515 can be found here:

[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=10515.&lawCode=ELEC](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=10515.&lawCode=ELEC).

<sup>10</sup> GC §1780-1782 can be found here:

[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=1780.&lawCode=GOV](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=1780.&lawCode=GOV).

### 2.2.2 Public Meetings

Regular Board meetings are held on the first Tuesday of each month, except for August and December, which are optional meeting months. The Board generally meets in-person at 6:30 p.m. at 6129 S Highway 1 in Elk, at the Greenwood Community Center Annex building (easternmost section). In December 2024, the Board held a special meeting via teleconference; no other Board meetings have been held remotely in the last six months.

With the State's rescission of the declaration of health emergency following the COVID pandemic, the ability of Board members to remotely participate in meetings has been greatly curtailed under current legislation. Generally, the Brown Act rules for in-person meetings again applies; however, Assembly Bill (AB) 2449 was signed into law in September 2022 and allows local government officials to participate via teleconference under limited circumstances ([GC §54953](#))<sup>11</sup>. The District is encouraged to review the current Brown Act and teleconferencing requirements regarding the conduct of remote meetings to ensure compliance with the Brown Act.

In accordance with the Brown Act, all District Board meetings are open to the public. Meeting dates and agendas are distributed two weeks before they are scheduled to take place. Public notices and meeting agendas for regular Board meetings are publicly posted at least 72 hours in advance in four locations: the Greenwood Community Center, the Elk Store, the Elk Garage, and the Elk Post Office. Public notices regarding the Board of Director vacancies are also advertised at the same posting locations. Meeting agendas for special Board meetings are publicly posted at least 24 hours in advance.

The District maintains a website that includes the Board meeting agendas and minutes, public information documents, ordinances, and staff contact information<sup>12</sup>.

### 2.2.3 Standing Committee

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

### 2.2.4 Public Outreach

With the passage of Senate Bill (SB) 929 in 2018, all special districts are required to establish and maintain a website with specific information and accessibility requirements (a compliance handout is included in Appendix B – Website Compliance Handout). The District's [website](#) includes meeting agendas, minutes, compliance documents, current Board of Directors, staff contact information, and Enterprise Systems Catalog information. It is recommended that the District review their website to ensure compliance with the latest federal and state laws and standards.

The District keeps residents informed of District requirements and activities through its website, word-of-mouth, and public meetings.

### 2.2.5 Complaints

Customers may submit complaints in person, by phone, email, or mail to the District manager. The District has not received any formal complaints in the last five years.

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<sup>11</sup> GC §54953 (2022) can be found here: [Today's Law As Amended - AB-2449 Open meetings: local agencies: teleconferences.](#)

<sup>12</sup> ECWD Website can be accessed at the following link: <https://www.elkcountywaterdistrict.org/home.html>.

## 2.2.6 Transparency and Accountability

The ECWD Bylaws were originally approved in 1957; District staff share that no changes have been made to the Bylaws since its original approval and are governed by California Water Code. The Bylaws serve as the legal guidelines of the organization by providing written rules that control and guide internal affairs. They define the group's official name, purpose, requirements for membership, officers' titles and responsibilities, how offices are to be assigned, how meetings should be conducted, and how often meetings will be held.

The District also maintains policies related to operations, personnel, conflicts of interest, and financial matters, which were adopted on May 14, 2021.

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict-of-Interest Code pursuant to [GC §81000 et seq](#)<sup>13</sup>. The District does not currently maintain a Conflict-of-Interest Code.

The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year pursuant to [GC §87203](#)<sup>14</sup>. The District informed LAFCo staff that the Board's five directors, the District manager, and the secretary are current on their required Form 700 filings.

According to Assembly Bill (AB) 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements under [GC §53235](#)<sup>15</sup>. Although the District does not compensate its Board members, District staff indicate that Board members are not current on their Brown Act and ethics training.

Refer to Appendix A – Open Government Resources for a brief list of educational resources regarding open government laws and Appendix B – Website Compliance Handout for information on website compliance.

## 2.3 Operational Efficiency

### 2.3.1 Management and Staffing

Day-to-day operations are managed by the part-time District manager who has served as the ECWD manager since 2001. In addition, the position of District manager also assumes the responsibilities of the water treatment plant operator (WTPO) and performs both sets of duties. The District manager/WTPO is responsible for overseeing the operation of plant equipment, including the pumping system, performance of preventative maintenance on equipment, handling of chemicals, maintenance of plant records, collection of water samples and performance of lab tests, conducting safety inspections, public education, effective communication, and reporting to the Board of Directors on District issues.

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<sup>13</sup> GC §87300 et seq. (2011) can be found here: [Codes Display Text \(ca.gov\)](#).

<sup>14</sup> GC §87203 (2023) can be found here: [California Code, Government Code - GOV § 87203 | FindLaw](#).

<sup>15</sup> GC §53235 (2023) can be found here: [California Code, Government Code - GOV § 53235 | FindLaw](#).

The District also employs three part-time positions that are managed by the District manager: a secretary; a treatment and distribution operator; and a distribution operator/maintenance worker. Including the District manager, the District employs 2.5 Full Time Equivalent (FTE) positions.

The Board of Directors assumes responsibility for annual budget preparation, expenditure monitoring, discharge permits compliance, and California Regional Water Quality Control Board (RWQCB) reporting.

#### 2.3.1.1 CONTRACT STAFFING AND SERVICES

For contract services, the District utilizes an independent Certified Public Accountant (CPA) for audits, Matt Emrick for legal counsel, and AVEVA Select for IT support.

### 2.3.2 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. The District conducts annual oral performance evaluations for their part-time employees.

In the regular performance of duty, District staff identify areas of improvement and take corrective action when feasible and appropriate or inform the Board when further direction is needed.

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

#### 2.3.2.1 CHALLENGES

The District reports that it is currently verifying water rights to the Bonee Gulch water source to increase water sources through a survey and appraisal process.

#### 2.3.2.2 STRATEGIC OR SUCCESSION PLANNING

The District does not have an established strategic plan, mission statement, or official goals. While the District is not legally obligated to maintain these types of documents and/or plans, doing so helps to provide an identity and some sense of security for the future of the District. In lieu of these documents, goals are noted in monthly Board meeting minutes which can be accessed on the District's website.

LAFCo staff recommend that the District consider preparing a strategic plan when the resources to do so are readily available.

### 2.3.3 Regional and Service-Specific Participation

The District does not participate in any formal interagency collaborative arrangements or mutual aid agreements. However, the ECWD works closely with local community groups and the EVFD to facilitate positive interactions to best serve the needs of the small community of Elk and the surrounding area.

The District also maintains informal communications with the Irish Beach Water District (IBWD) for shared operating resources and best practices. Until September 2024, the ECWD and IBWD shared a District manager, which facilitated the exchange of operational knowledge and coordination between the two agencies. The ECWD shares that three part-time and on-call employees work for both districts. The districts continue to share equipment, vendor and consultant services, and staffing resources for large emergency projects.

The District does not participate in an Integrated Regional Water Management Plan (IRWMP) Program. However, participation in these types of large-scale planning organizations often offers opportunities to

pursue joint grant applications and to leverage other community resources, and it may be beneficial to the District to consider participation in future IRWMP efforts.

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

### 2.3.4 Shared Service Delivery

#### 2.3.4.1 ADJACENT PROVIDERS

There are no immediately adjacent local agencies providing water services. The nearest public water service providers are the IBWD (CA2310012) located approximately 7.8 miles south of Elk and the Pacific Reefs Water District (PRWD) (CA2300871) located approximately 6.5 miles north of the District (see Figure 2-3).

There are a few private water service providers in the region that are located within 10 miles of the ECWD:

- Mendocino School District – Albion School (CA2300846) – non-transient non community water service area, 2 service connections, approximately 6.25 miles northeast;
- Albion Mutual Water Company (CA2300502) – transient non-community water service area, 27 service connections, approximately 7.2 miles north;
- Albion Field Station (CA2300512) – transient non-community water service area, 29 service connections, approximately 7.3 miles north;
- Camp Navarro (CA2300873) – transient non-community water service area, 19 service connections, approximately 8.5 miles east; and
- Seafoam Lodge (CA2300620) – transient non-community water service area, 24 service connections, approximately 9.6 miles north.

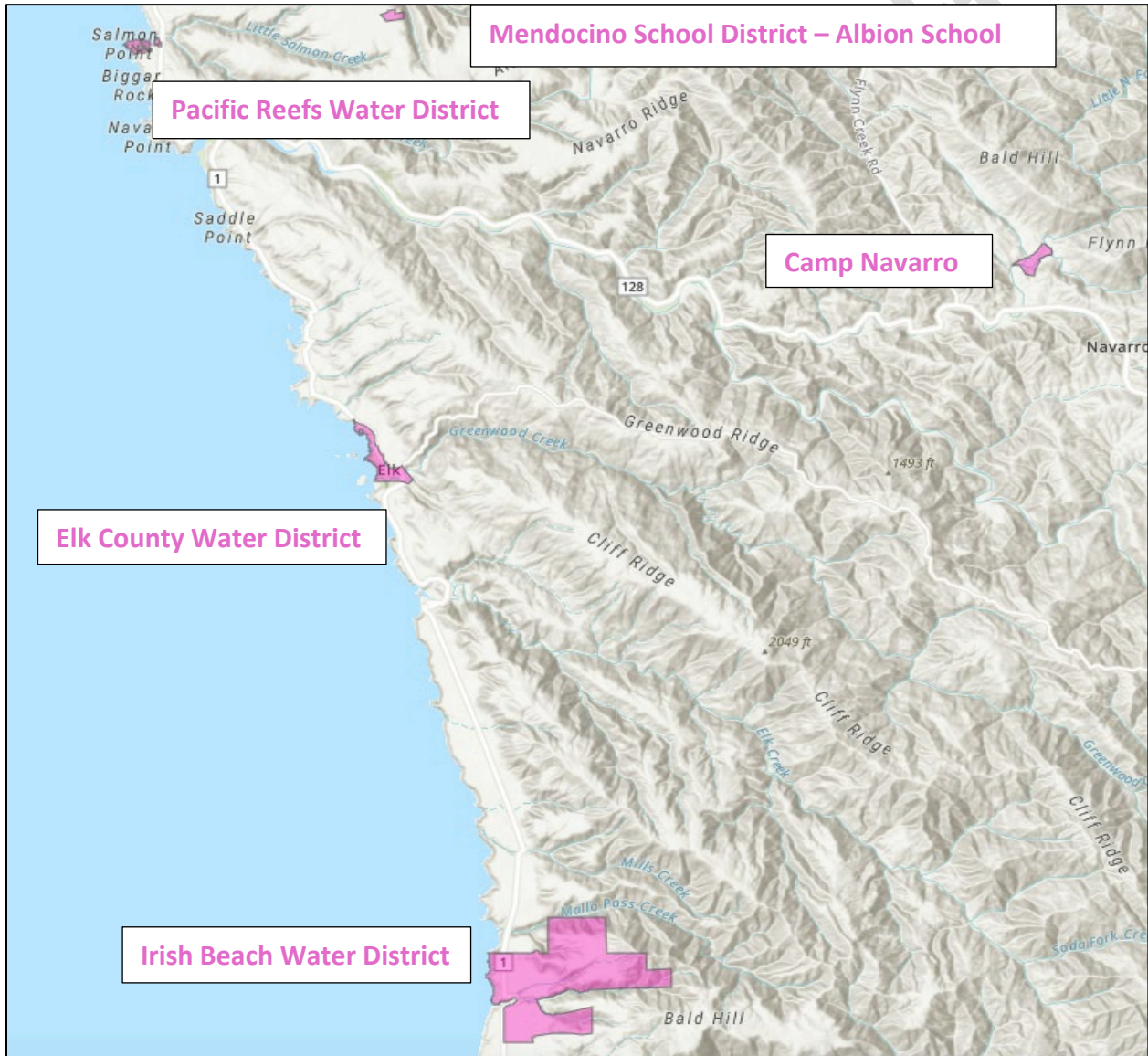
The ECWD does not currently participate in any shared collaborations with adjacent private water service providers and given its isolation, there are no opportunities for shared collaborations identified as part of this MSR process. However, should the need arise, [Government Code §56375\(r\)](#)<sup>16</sup> authorizes LAFCo to approve, with or without amendment, wholly, partially, or conditionally, or disapprove the annexation of territory served by a mutual water company that operates a public water system into the jurisdiction of a city, a public utility, or a special district, with the consent of the respective public agency or public utility and mutual water company.

Wastewater services within the ECWD boundaries are primarily by individual on-site septic systems. The exception is a privately-owned community leach field serving 10 commercial and residential properties along State Highway 1 that form the core downtown of Elk. The property with the community leach field consists of two open-space parcels owned by ECSD. Until the recent acquisition by the ECSD, the community leach field was owned and maintained by a private group, Li Foo Alliance, which provided limited wastewater services to the parcels primarily through a collection line and leach field. The ECSD has an active application filed with LAFCo proposing an activation of latent wastewater powers for leach field disposal of septic effluent serving 10 parcels within the District boundary (LAFCo File No. L-2022-01).

<sup>16</sup> GC §56375(r) (2023) can be found here: [California Code, Government Code - GOV § 56375 | FindLaw](#).

As an isolated community, the nearest wastewater provider is either the Mendocino City Community Services District (MCCSD) approximately 13 miles north of the District or the City of Point Arena’s Wastewater Treatment Plant approximately 15.25 miles south of the District. For a regional map of Mendocino County’s water and sanitation districts and companies, see Figure 2-2.

Fire protection services are provided by the ECSD, a single-service provider that includes the entirety of the ECWD boundaries and extends east generally along the Philo-Greenwood Road and south to Irish Beach.



**Figure 2-3: Adjacent Water Service Providers**

Source: SWRCB 2024.



#### 2.3.4.2 SHARED SERVICES AND FACILITIES

The District maintains a hydrant system consisting of 20 hydrants to supply water for fire protection to the ECSD, which supports the EVFD. In addition, the District owns two parcels of land which are both located outside of the District's boundary. One of these parcels is used by the Greenwood Community Center and the ECSD as part of a lease agreement with the District to share the land.

#### 2.3.4.3 DUPLICATION OF SERVICES

The District does not currently have any formal overlap, duplication, or redundancy of services with local government agencies, non-profit organizations, or private businesses nearby because of its isolated location.

#### 2.3.4.4 INTERAGENCY COLLABORATION

The District does not participate in interagency collaborative arrangements or mutual aid agreements. However, as previously mentioned, the District informally shares operating resources with the IBWD, such as equipment, vendor and consultant services, and staffing for large emergency projects. Up until September 2024, the districts shared a District manager. Three part-time and on-call employees work for both districts. As such, there is potential for further collaboration between the two agencies.

As previously noted, the District coordinates with the ECSD. With respect to emergency drought conditions, the District collaborates informally with neighboring water service providers and answers calls for assistance when appropriate.

### 2.3.5 Government Structure and Community Needs

#### 2.3.5.1 ENHANCED SERVICE DELIVERY OPTIONS

The District is the only agency providing water services to the unincorporated community of Elk. The ECWD does not share services or facilities with other districts apart from those listed in Section 2.3.4.2 above. Fire protection for properties within ECWD is provided by the ECSD. Wastewater services within the ECWD are provided by a combination of individual on-site septic systems and limited community collection line and leach field that serves 10 parcels.

No opportunities for the District to achieve organizational or operational efficiencies were identified during the preparation of this MSR.

#### 2.3.5.2 GOVERNMENT RESTRUCTURE OPTIONS

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

No opportunities for government restructuring options were identified during the preparation of this MSR.

## 2.4 Finances

### 2.4.1 Current Fiscal Health

The District operates as a water enterprise fund, meaning that charges for services are intended to pay for the costs of providing such services. The ECWD prepares an annual budget and audited financial statement prepared by an independent CPA. The District utilizes a proprietary fund with a focus on economic resource measurement and an accrual basis of accounting. In this proprietary fund, operating revenue is distinguished from expenses and non-operating items.

The last financial audit prepared for the District was completed in 2023 for Fiscal Years (FYs) 2021-22 and 2022-23. The District did not provide information on whether it is current on its audit schedule.

The following table provides the District’s financial information for the period covering FY 2018-19 through FY 2022-23. Information was sourced from the District’s audited financial statements for FY 2021-22 and FY 2022-23 prepared by Rick Bowers, CPA (refer to Appendix 7.4 for a copy of the financial statements). Additionally, information regarding FYs 2018-19, 2019-20, and 2020-21 was provided by District staff during this study’s request for information stage.

Table 2-3 summarizes the District’s expenses and revenues over the past five years.

<b>Table 2-3: ECWD Financial Summary</b>					
	<b>FY 18-19 (\$)</b>	<b>FY 19-20 (\$)</b>	<b>FY 20-21 (\$)</b>	<b>FY 21-22 (\$)</b>	<b>FY 22-23 (\$)</b>
Beginning Net Position	975,695	982,399	1,000,312	1,830,654	1,955,049
<b>Ending Net Position</b>	<b>982,399</b>	<b>1,000,312</b>	<b>1,830,654</b>	<b>1,955,049</b>	<b>1,958,593</b>
<b>Operating Revenue</b>					
Water Sales	77,422	78,504	100,104	95,202	83,567
Hookup Fees				955	1,146
<b>Total Operating Revenues</b>	<b>79,869</b>	<b>79,025</b>	<b>103,288</b>	<b>96,157</b>	<b>84,716</b>
<b>Operating Expenses</b>					
Payroll and Employee Benefits				56,533	51,321
Distribution				1,883	1,434
Electronic Monitoring				4,445	3,332
Equipment Rent				2,904	1,994
Operating Supplies				312	1,486
Source of Supply				4,951	410
Treatment				4,770	2,051
Utilities				13,508	12,837
Water Analysis				3,530	3,133
General and Administrative				20,526	18,528
Depreciation				56,761	62,376
<b>Total Operating Expenses</b>	<b>151,174</b>	<b>138,544</b>	<b>175,841</b>	<b>170,123</b>	<b>158,902</b>
<b>Operating Income/(Loss)</b>	<b>(71,305)</b>	<b>(59,519)</b>	<b>(72,553)</b>	<b>(73,966)</b>	<b>(74,189)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Special Assessments				73,622	73,680
Cross Connection Fees				2,350	3,137
Capital Contributions				120,940	-
Rent and Other Incomes				1,009	297
Interest and Late Fees				440	619

Table 2-3: ECWD Financial Summary					
	FY 18-19 (\$)	FY 19-20 (\$)	FY 20-21 (\$)	FY 21-22 (\$)	FY 22-23 (\$)
<b>Total Non-Operating Revenue (Expenses)</b>	78,009	77,432	248,394	198,361	77,733
<b>Change in Net Position from Prior FY</b>	<b>6,704</b>	<b>17,913</b>	<b>830,342</b>	<b>124,395</b>	<b>3,544</b>

Source: Rick Bowers, CPA 2023, pg. 3 and ECWD 2025.

Cash accounts for the District are summarized in Table 2-4. The District has four designated certain savings accounts including:

- Infrastructure Repair and Replacement
- Hookups
- Operations Reserve
- Capital Reserves

The total designated account balance for FY 2021-22 is \$383,836 and FY 2022-23 is \$444,762. As for this workshop draft, receipt of the dollar amount in the District’s cash accounts for FYs 2018-19, 2019-20, and 2020-21 are pending and have not been provided to LAFCo staff.

Table 2-4: ECWD Cash Accounts					
Type	FY 18-19 (\$)	FY 19-20 (\$)	FY 20-21 (\$)	FY 21-22 (\$)	FY 22-23 (\$)
Checking				14,590	16,032
Infrastructure Repair and Replacement				162,220	192,601
Hookup				3,087	4,195
Operations Reserve				6,925	6,925
Capital Reserves				211,607	241,041
<b>Total Cash</b>	<b>344,505</b>	<b>308,199</b>	<b>368,064</b>	<b>398,426</b>	<b>460,794</b>

Source: Rick Bowers, CPA 2023, pg. 7 and ECWD 2025.

2.4.1.1 REVENUES AND EXPENDITURES

Expenditures totaled \$151,174 in FY 2018-19, \$138,544 in FY 2019-20, \$175,841 in FY 2020-21, \$170,123 in FY 2021-22, and \$158,902. Top expenditures in FYs 2021-22 and 2022-23 include the depreciation of capital assets, payroll and employee benefit, and general and administrative costs.

Operating revenue for the District primarily consists of water sales and water hookup charges. Non-operating revenue includes special assessments, cross connection fees, capital contributions, rent and other incomes, and interest and late fees. In FY 2021-22, the District accounted for \$120,940 in capital contributions; receipt of details on the specific capital contribution are pending at the time of this workshop draft.

Over the past five years, the District has been operating at a loss between \$59,519 (FY 2019-20) and \$74,189 (FY 2022-23).

As for this workshop draft, receipt of the details regarding the District's revenues and expenditures for FYs 2018-19, 2019-20, and 2020-21 are pending and have not been provided to LAFCo staff.

#### 2.4.1.2 ASSETS AND LIABILITIES

For FYs 2021-22 and 2022-23, the largest assets for the District are pipe replacement and equipment, land, and buildings for which depreciation costs have been accounted for buildings and completed projects related to pipe replacement and equipment.

It is important to note that the balance of the net capital assets for FY 2022-23 (\$1,500,944) and FY 2021-22 (\$1,563,320) were unable to be verified by the CPA (Rick Bowers, CPA 2023, pg. 1).

The District shares that it does not have any outstanding debts, and its liabilities are limited to accounts payable, payroll tax liabilities and prepaid assessments for FYs 2021-22 and 2022-23. Total estimate for current liabilities in FY 2021-22 is \$8,186 and in FY 2022-23 is \$7,640.

As for this workshop draft, receipt of the District's assets and liabilities for FYs 2018-19, 2019-20, and 2020-21 are pending and has not been provided to LAFCo staff.

#### 2.4.1.3 NET POSITION

Revenues have exceeded expenses in many of the last few years, indicating that the District is operating at a net positive. Additionally, the total amount in the District's cash accounts shows a general upward trend. The ending net position for FY 2022-23 is \$1,958,593 (Rick Bowers, CPA 2023, pg. 3).

### 2.4.2 Long-Term Financial Considerations

#### 2.4.2.1 RESERVES

The District does not maintain any formal policies related to reserves. As of December 2023, reserve funds totaled \$247,966. For more information regarding the reserve accounts, refer to Table 2-4.

The ECWD does not have a depreciation policy, but the District has a reserves savings account that allocated seven percent of the last rate increase of 10 percent. The goal is to build up reserves to offset depreciation.

#### 2.4.2.2 OUTSTANDING DEBT/COST AVOIDANCE

The District shares that it has no outstanding debt and has never defaulted on repayment of any bonds or other debt.

To reduce operational costs, most projects are completed "in-house" by District staff. If it is necessary to retain contractors for specific tasks, they are chosen carefully using a bidding process.

#### 2.4.2.3 RATE RESTRUCTURING

The current rate structure was adopted in 2003 and reflects the following:

Proposition (Prop) 218 was approved by California voters in November 1996 to ensure that the setting of all taxes and most charges to property owners be transparent and subject to voter approval. In addition, Prop 218 seeks to curb some perceived abuses in the use of assessments and property-related fees, specifically the use of these revenue-raising tools to pay for general governmental services rather than property-related services.

Compliant with Prop 218, the District adopted a “Rate and Distribution of Cost” Ordinance in December 2003 and last updated the Ordinance in 2012. The Ordinance(s) mandates a fee structure using a metric called a Residence Unit Equivalent (RUE), defined as a single-family home. Commercial properties are assigned RUEs, the lowest one being 1.05 for a post office or a commercial retail store. Restaurants are assessed a certain percentage of a RUE per seat, and bed and breakfast inns are assigned a certain percentage of a RUE per room.

The rate formula established by the 2003 Ordinance has remained consistent throughout the years, with a connection/hook-up fee of \$3,000 per RUE which is a one-time fee. Monthly service fees are based upon a system charge of \$20.12 per month per RUE, plus a metered usage fee of \$9.35 per 1,000 gallons of water.

The ECWD Resolution No. 2012-02 also provides a mechanism to adjust the price of the connection fee based on inflation and a cost index of two percent per year. In the year 2024-25, the connection fee is \$4,842.78.

The District has an adopted rate structure, which was last updated in 2024 in a manner compliant with Proposition 218 requirements. Rates should continue to be reviewed and adjusted as necessary to fund District costs and provide for capital improvements as needed. The District should ensure that the establishment of future rate changes are completed in compliance with the Prop 218 process.

#### 2.4.2.4 CAPITAL IMPROVEMENT PLAN

The District does not have an adopted Capital Improvement Plan (CIP); however, a capital reserves account is maintained to replace pipelines by zone and priorities, which effectively serves as a CIP.

The District has been collecting a monthly pipe replacement charge (currently at \$16.77) for the past few years and these funds accumulate in a savings account. When enough funds have been collected, a section of pipe is replaced. The District chose to fund its pipe replacement project and infrastructure replacement in this way to avoid having to incur debt.

Similarly, the District collects an “infrastructure replacement fee” for major cost items such as water storage tanks at the same \$16.77 rate. Approximately \$40,000 per year is accumulated and utilized to replace pipes and facilities. This “debt-free” approach saves thousands of dollars in financing costs.

As of 2025, the total infrastructure replacement total is \$257,700 and the pipe replacement account is \$207,405.

## 2.5 [Land Use, Population and Growth](#)

### 2.5.1 Area History

The current village of Elk, also known as the town of Greenwood, is an outgrowth of the first local settlement about a mile north, known as Cuffey’s Cove. It was settled in 1850 by two schooner shipmates, Frank Farnier and Nathaniel Smith, who soon sold the area to James Kenney and John Kimball. Development in the area grew and railroad tie mills began to sprout up in Cuffey’s Cove. In 1868, Kenney constructed a wharf and chute system to transfer goods down the cliffs to the rocks below, where they were floated out to schooners waiting offshore.

Eventually, land in Elk began to shift towards a milling town; smaller mills and timber enterprises kept the local economy afloat until 1966 when the last two mills closed, and the town’s timber industry ended.

Today, Elk is still a bustling small town offering residents and visitors alike all the amenities of a small town including a grocery store and deli, a full-service garage with towing, fine dining and casual cafés, local shops and galleries, churches, a handful of bed and breakfast inns and vacation properties, a community center, post office, Greenwood Creek State Beach, and an historic museum.

## 2.5.2 Present and Planned Land Use and Development

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

### 2.5.2.1 LAND USE

The specific land use designations within the District according to Mendocino County's General Plan are primarily rural residential uses with several parcels zoned open space, rangeland, and public and semi-public facilities.

- Open Space (OS);
- Rural Village (RV),
- Rural Residential, five acres minimum (RR5);
- Rangeland, 160 acres minimum (RL 160); and
- Public and Semi-Public Facilities (PF).

Refer to Figure 2-4 for the Mendocino County General Plan land use map.

A large portion of the District is designated Rural Village, which is intended to preserve and maintain the character of the rural atmosphere and visual quality of existing coastal rural villages; to provide a variety of community-oriented neighborhood commercial services; and to provide and allow for mixed residential and commercial activities. The Rural Residential designation (RR5) is intended for residential and associated utilities, light agriculture, and home occupation. Rural Residential is not intended to be a growth area and residences should create minimal impact on agricultural viability.

The surrounding parcels adjacent to the District boundary include a mix of the same designations within the District boundary including Open Space (OS), Rangeland (RL), Rural Village (RV), and Rural Residential (RR) uses.

#### Land Uses of Outside Agency Service Areas

Land use designations within Outside Agency Service Area 1 include Rural Residential (RR), Rural Village (RV), Open Space (OS), and Public Facility (PF). Of the 13 parcels designated RV, six parcels are vacant, and seven parcels are developed with single-family residences. In addition, there is a range of vacant and developed public uses, including District-owned property, Pacific Gas & Electric-owned property, and private wastewater facility on land designated RR and PF. The parcel zoned as OS does not receive services from the District and is incorporated to provide a logical boundary.

Land use designations within Outside Agency Service Area 2 include Rural Residential (RR), Open Space (OS), and Rangeland (RL). The District provides water services to the 17 residentially designated parcels

and does not provide service to the residential structures on the rangeland designated parcels. Three parcels within this area are vacant, and nine are developed with single-family residences that receive water service from the District.

#### 2.5.2.2 DEVELOPMENT

Future growth and development of the District are subject to Mendocino County land use regulations. The County has adopted plans and policies to regulate growth, including a General Plan and a Zoning Code. The County's Zoning Code contains three major geographical zones: Inland, Coastal, and Mendocino Town. The Elk area is included in the Coastal Zone. As shown in Figure 2-5, the zoning map designates most of the Elk community and surrounding parcels as single-family rural residential and open space uses.

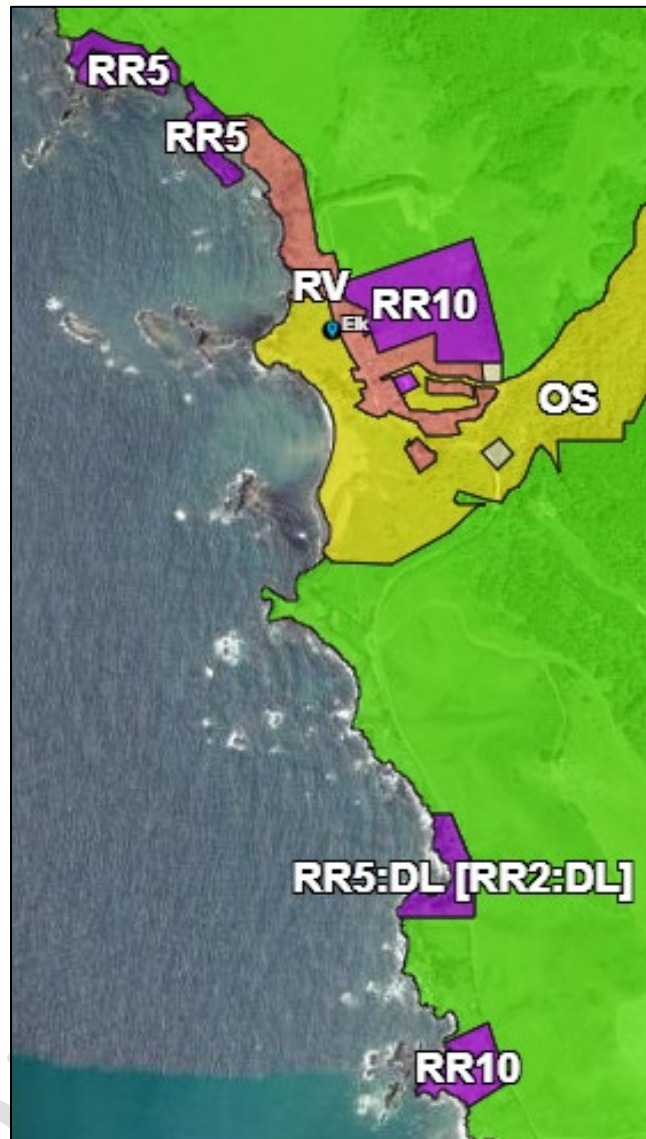
Figure 2-4: Mendocino County General Plan Land Use Map



Source: Mendocino County 2024.



Figure 2-5: ECWD Zoning Map



Source: Mendocino County 2024.

### 2.5.3 Existing Population

Although the number of water connections served by the District does not change throughout the year, the demand for service increases during tourist seasons. According to the District, there are approximately 45 permanent residents in Elk, with increases of 100 seasonal residents at various times of the year. Additionally, the District serves two Outside Agency Service Areas; the total number of customers served in these areas is 18. The District consists primarily of second homes and short-term vacation rental properties.

The nearest community which is a Census Designated Place (CDP) is Albion to the north, with a population of 222. The Albion CDP encompasses approximately 1.8 square miles and includes primarily rural residential properties with commercial development along Highway 1. Elk is not a CDP, but is located

within Census Tract 110.01 in Mendocino County, which has a population of 1,889 (986 households) and an MHI of \$40,529.

#### 2.5.4 Projected Growth

The District's population is limited to residents within the Elk community; currently, 88 residential lots and 14 commercial lots are developed. The anticipated growth rate is limited to approximately six residential lots that could be developed. Assuming the County's average of 2.46 people per household, these lots, when developed, would generate an additional 15 residents.

The District anticipates little growth in resident population within the near-term (five years) and long-term (20 years) planning horizons. The California Department of Finance (DOF) projects that the population of Mendocino County will decline by a little more than 2.7 percent in the next 10 years, from 91,601 in 2023 to 89,091 in 2033, and 89,139 in 2043. The projected decline of 2.7 percent throughout the County suggests that the buildout of the residential parcels will not occur well beyond the planning horizon of this document (DOF 2024). Given that the ECWD is limited to the community of Elk, which has a limited number of undeveloped residential lots, the buildout of the District is limited to the remaining six lots.

However, changes to California housing laws could result in a slight increase in development and density within the District above what is discussed above.

#### 2.5.5 California Housing Goals

In 2017, the State of California passed SB 299 and SB 1069 to address the increasingly desperate need for affordable housing in the State. The legislation allowed local ordinances for Accessory Dwelling Unit (ADU) construction in districts zoned for single and multifamily residential uses. An ADU is a secondary dwelling unit for one or more persons on the same parcel as a larger, primary dwelling. An ADU can either be attached or detached to the primary residential structure on the property but must include complete independent living facilities (including permanent provisions for entry, living, sleeping, eating, cooking and sanitation, and adequate water service and sewage disposal systems).

As codified by [GC §65852.150](#)<sup>17</sup>, the California Legislature found and declared that, among other things, allowing ADUs in zones that allow single-family and multifamily uses provides additional rental housing and is an essential component in addressing California's housing needs. In the years since, state ADU law has been revised to improve its effectiveness in creating more housing units.

New laws have since been passed which address barriers to their implementation at scale; for example, setting development criteria for ADUs, streamlined permit processing, and limiting impact fees. Implementation of state law requires updating local ordinances, estimating ADU capacity when used to address Regional Housing Needs Assessment (RHNA) in housing element updates, and a housing element program to incentivize and promote ADUs that can be offered at affordable rents.

As the state continues to pass legislation to help tackle the ongoing housing crisis, the inevitable impacts on service providers because of development will continue to mount. It is imperative that small districts such as ECWD stay up to date on legislative changes.

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<sup>17</sup> GC §65852.150 (2023) can be found here: [California Government Code § 65852.150 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.](#)

For additional information and data on housing legislation see Appendix 7.3.

## 2.6 Disadvantaged Unincorporated Communities

Senate Bill 244, which became effective in January 2012, requires LAFCo to evaluate any disadvantaged unincorporated communities (DUCs), including the location and characteristics of any such communities when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services<sup>18</sup>. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80 percent of the State MHI. This State legislation is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas.

According to the United States American Community Survey (ACS) 2022 1-Year estimates, the statewide MHI for California was \$91,551 (U.S. Census Bureau 2022). Thus, the MHI DUC threshold is \$73,240 and the threshold for severely disadvantaged unincorporated communities (SDUCs) (less than 60 percent of the State MHI) is \$54,930.

Disadvantaged unincorporated communities are identified to address a myriad of issues from environmental justice to land use planning. Linking these disparate issues together, the sole statutory criterion for the determination of a DUC is the MHI. The smallest geographic units for which MHI data is publicly available are Census Block Groups. Outside of heavily urbanized areas, Census Block Groups are geographically expansive. They often include both incorporated and unincorporated territory and do not necessarily coincide with typically understood community boundaries. Although a block group might be identified as having an MHI of less than 80 percent, various portions of that block group could be significantly wealthier in rural areas, or the block group could split into an otherwise contiguous community.

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

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city SOI, is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has an MHI that is 80 percent or less than the statewide MHI
- For this analysis, per the California Association of Local Agency Formation Commissions (CALAFCO) recommendation, calculated the "MHI Threshold" i.e. 80 percent of the statewide MHI as \$73,240, per the ACS MHI data (the MHI for the State of California is \$91,551) (U.S. Census Bureau 2022d).

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<sup>18</sup> Technical advisory on SB 244 can be found here: [https://opr.ca.gov/docs/SB244\\_Technical\\_Advisory.pdf](https://opr.ca.gov/docs/SB244_Technical_Advisory.pdf).

- Income data was sourced from the ACS 5-Year estimates dataset for 2018-2022 and the 2022 ACS 1-Year estimates.

Mendocino County has an MHI of \$65,520 with a majority of the County considered DUCs including both the Census Tract and Census Block Group that the District is located within (U.S. Census 2024).

As previously stated, the District is located south of the community of Albion which is a CDP. The population of Albion is 153 (79 households). While there is no recent income data for the CDP, approximately 44 percent of the Albion CDP population lives below the poverty line (U.S. Census 2024).

The smallest geographic unit with publicly available data that includes the District is a Census Block Group (Block Group 1, Census Tract 110.01). A Census Block Group is a smaller subdivision of a Census Tract, offering more detailed demographic information about an area. However, it is important to consider that Census Block Groups are generally geographically expansive in rural areas. Block Group 1 has a population of 762 (463 households; 57.5 square miles) and a MHI of \$42,428 which is lower than the MHI SDUC threshold of \$54,930 (U.S. Census Bureau 2022). For further comparison, the Census Tract that Block Group 1 is located within (Census Tract 111.01) has a population of 1,889 (986 households; size is unknown) and a MHI of \$40,529 which is lower than the MHI SDUC threshold (U.S. Census Bureau 2022). By these measures, the District would generally be considered a SDUC.

It is important to note that the Elk community is a mixture of secondary homes and short-term vacation rentals located immediately on the coastline. The District and surrounding areas have a notable number of seasonal homes that are only occupied a portion of the year. As such, these high earning households tend to skew the data thus making it even more difficult to get an accurate representation of the District's representative MHI. At the time of this study, real estate prices in the community range from \$500,000 to over two million dollars.

**Table 2-5: MHI Data**

Census Tract	Census Block Group	Population	Number of Households	Median Household Income (MHI)
110.01*	1**	762	463	\$42,428
110.01*	2	1,127	523	\$30,393
111.02	1	1,108	476	\$66,300
111.02	2	1,853	649	\$91,806
111.02	3	1,866	843	\$79,596
1543.08	1	935	463	\$86,806

1\* Census Tract ECWD is located within

\*\* Census Block Group is located within

Data sourced from Census Reporter which utilized the ACS 2022 5-Year estimates.

The residents within Elk receive adequate services with respect to water as provided by ECWD, and fire services which are provided by ECSD. Wastewater services are provided by a combination of limited private wastewater services in the area via a collection line and leach field and individual on-site septic systems. No reports of septic failures were brought to the attention of LAFCo staff during the preparation of this study.

### 3 MUNICIPAL SERVICES

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

#### 3.1 Service Overview

This is the second MSR prepared for the Elk County Water District (ECWD/District). The first MSR was completed and adopted by the Commission in October 2014.

##### 3.1.1 Services

The ECWD provides water supply, treatment, and distribution services to lot owners within the community of Elk.

Additional municipal services are provided to District residents by other public agencies or non-profit organizations through agreements and private businesses through service contracts. This MSR only reviews services provided by the District.

##### 3.1.1.1 SERVICE AREA

The District's jurisdictional boundaries encompass 100 parcels (128 acres or 0.2 square miles) and provide water services to 88 residential lot owners and 14 commercial lot owners within the Elk community. The District primarily supplies treated water, but it also provides raw water services to one parcel located within the District boundaries. The property contains a plant nursery and shares ownership with an adjacent parcel, which receives potable water service. According to the District, the parcel receives raw water for agricultural purposes from a separate service connection. This parcel is the only parcel reported to receive raw water in the area.

The District service area trends north to south along Highway 1 and includes connections on both sides of the highway.

Furthermore, the District provides services to areas outside of the District's boundaries (see Section 3.1.2).

##### 3.1.2 Outside Agency Services

Currently, the District provides water service to 18 customers located outside its boundaries. The District services two outside agency areas.

- Outside Agency Service Area 1 covers approximately 1/4 square miles and is located east of Highway 1; it includes the Greenwood Community Center and Firehouse as well as a residential subdivision with nine lots along Elk Meadows Road.
- Outside Agency Service Area 2 covers approximately 1/3 square miles and is located approximately one mile south of the District's boundary along Highway 1.

Additionally, the District's water treatment plant (WTP) and an 84,000-gallon water storage tank are located outside and south of the District's boundaries. A 30,000-gallon water storage tank with a pressure system is located outside and east of the District's boundaries.

The ECWD has also supplied surplus water to water haulers via a water delivery truck. The District sells approximately 4,000 gallons per month to water haulers serving homes in coastal communities that lack sufficient water resources. The District reports that it does not have any active surplus water agreements.

## 3.2 Water

### 3.2.1 Service Overview

The District's water supply is regulated by the State Water Resources Control Board (SWRCB) Division of Drinking Water as Public Water System No. 2300514 under [Domestic Water Supply Permit No. 02-03-16P2300514](#) issued in February 2016 and consists of two appropriative water rights within the Greenwood Creek watershed (see Table 3-1).

Permit ID	Year	Source	Amount (AFY)	Maximums
<a href="#">21206</a>	11/14/2007	Greenwood Creek Subterranean Stream	40.3	0.097 cfs
<a href="#">15559</a>	03/02/1967	Bonee Gulch	20	18,000 gpd

The District's primary water supply is groundwater which is obtained from one active well (Well 04) located adjacent to Greenwood Creek. Greenwood Creek is a trout stream that originates high in the coast range at an elevation of 2,300 feet, descending to sea level where it drains into the Pacific Ocean. Greenwood Creek is dependent on rainfall, which usually varies between 40 to 60 inches per year, with most rain falling in the wet season between October and May.

Since the District's well is relatively shallow, the groundwater table is likely relatively close to the surface and hydrologically connected to surface water. As such, portions of ECWD's service area are designated a Critical Water Resource area in the California Department of Water Resources (DWR) 1982 Coastal Groundwater Study (LAFCo 2014, pg. 32).

The District maintains water rights permits for supply diversions at Greenwood Creek and Bonee Gulch. The first water right permit at Greenwood Creek falls under [SWRCB Permit for Diversion and Use of Water No. 21206](#) for an annual amount not to exceed 40.3 acre-feet per year (AFY) at a rate of up to 43 gallons per minute (gpm). The second water right is located on Bonee Gulch and falls under Permit No. 15559, which allows for a daily diversion of 18,000 gallons per day (gpd) for a total not to exceed 20 AFY.

The District's Domestic Water Supply Permit covers the District's two wells: Well 01, a standby well; and Well 04, an active well. Well 01 was activated in 2023 but serves on standby. Well 04 is six inches in diameter and 45 feet in depth with a 15 foot-deep concrete surface seal and 30 gpm submersible pump. Well 04 has a maximum pumping capacity of 28 gpm and Well 01 can pump a similar water supply.

### 3.2.2 Facilities and Infrastructure

The District's water system consists of a water treatment plant (WTP); two water storage facilities consisting of a 30,000-gallon tank with a pressure system and a 84,000 gallon tank; and two groundwater supply wells. The WTP was constructed in 1979 and upgraded in 2002. It is a surface WTP that uses direct filtration to treat water quality standards and has a permitted flow capacity of 42 gpm (0.061 million gallons per day (mgd)) (SWRCB 2016, pg. 3). Water is distributed by ECWD through three miles of pipeline from the water storage tanks to customer homes. Several of the pipes run under State Highway 1 to serve

residential and commercial customers on the west side of the highway. The District also maintains a hydrant system consisting of 20 hydrants to provide fire flow for the Elk Community Services District (ECSD), which supports the Elk Volunteer Fire Department (EVFD).

The District owns two parcels of land, both of which are partially outside the District boundaries: a 72-acre parcel on which Well 04 is located, and a 1.5-acre parcel of land that houses a storage shed for the District and which is shared with the Greenwood Community Center and the Firehouse.

#### 3.2.2.1 SYSTEM IMPROVEMENTS

The 2016 Domestic Water Supply Permit identified several system improvements required to be implemented within the year, as follows:

- The District shall properly cap Well-03 and submit photographic documentation no later than March 31, 2016;
- Submit an updated Operations Plan no later than August 31, 2016;
- Submit an Asset Management Plan (or asset master plan) to the Division by December 31, 2016, with, at a minimum, the following elements addressed:
  - Adequate backup power available at both the WTP and the pump station in distribution;
  - Replace or refurbish the 30,000-gallon storage tank in the distribution system; and
  - Inventory of the water system components, estimating life of the components and plans to replace aging components.

The District shares that Well-03 is currently offline but was improved in compliance with the Water Supply Permit.

The 84,000-gallon water storage tank is estimated to be 40 years old and slated for replacement scheduled in 2026. In addition, two sections of the District's water main are scheduled for replacement in 2026. The 30,000-gallon water storage tank with a pressure system is estimated to be 20 years old and has undergone improvements such as relining and re-painting. Since 2015, the District has added an aeration treatment component to its WTP, refurbished its 84,000-gallon water storage tank, relined its 30,000-gallon water storage tank, and replaced one of its now active wells. The District estimates that 90 percent of its water pipelines have been replaced since 2007; the most recent improvement was the replacement of the pipe bridge over Greenwood Creek that was completed in 2019.

#### 3.2.2.2 ENGINEERING REPORTS

No engineering reports were provided to LAFCo staff.

### 3.2.3 Service Adequacy

Based on the SWRCB's consumer confidence reports (CCRs) and Safe and Affordable Funding for Equity and Resilience (SAFER) assessment, it appears the District's existing facilities support the adequate provision of services to its customers. Further, buildout of the six undeveloped residential lots within its boundaries is expected to be within the service capacity of the District's existing facilities.

#### 3.2.3.1 REGULATORY PERMITS AND COMPLIANCE HISTORY

The Safe Drinking Water Act requires states to report drinking water information periodically to the United States Environmental Protection Agency (EPA). This information is maintained in a federal database, the Safe Drinking Water Information System (SDWIS) Federal Data Warehouse. According to the most recent data uploaded to SDWIS, there have been no water quality violations within the last ten

years. There are four individual sampling sites available to be tested as part of the SDWIS monitoring for ECWD (Water System No. CA2300514).

- Elk County Treatment Plant – Last sampled 6/5/2024
- Well 04 Surface Influenced – Last sampled 9/26/2023
- Well 01 Surface Influenced – Last sampled 8/8/2023
- DBP 5260 – Last sampled 9/26/2023
- Lead and Copper Sample Sites - Last sampled 9/27/2023

Source: California Public Drinking Water Watch 2024.

Out of the last six years, there are Consumer Confidence Reports available for the years 2016, 2017, 2018, 2019, 2020, and 2022.

The SWRCB has developed the SAFER Dashboard to assess the risk drivers of California public water systems by using data from the SWRCB, the DWR, and the Office of Environmental Health Hazard Assessment.

For ECWD, the SAFER status and risk assessment results are “Not At-Risk” for system failure. The SAFER dashboard identified several thresholds in the water accessibility and affordability categories at “High Risk”. Under the accessibility risk level, the dashboard identified the absence of an intertie as “High Risk” However, the District shares that the absence of an intertie was mistakenly reported to SAFER and is not incorrect. The household socioeconomic burden score (0.62 – 1.0; high risk) and percent of Median Household Income (MHI) relative to the annual system-wide average residential water bill for six hundred cubic feet score (2.5 percent or higher) were cited under the affordability risk level. The dashboard also identified “Medium Risk” for increasing presence of water quality trends toward maximum contaminant levels, with a score meeting the threshold of 25 percent or greater of sources have a nine-year average of running annual averages at or greater than 80 percent of maximum contaminant levels and the running annual average has increased by 20 percent or more (SWRCB 2024)<sup>19</sup>.

3.2.3.2 WATER DEMAND AND CAPACITY

The District’s WTP capacity is 42 gpm and actual use is approximately 26 gpm average maximum, meaning the system is operating at approximately 62 percent capacity. On average, the District supplies 21.476 AFY to its 102 customers. Average daily use for the District is estimated at 19,160 gpd, with an average peak day demand at 41,000 gpd. See Table 3-2 for a summary of annual water demand over the past five years.

Parameter	2019	2020	2021	2022	2023	Average
Average Daily Flow (gpd)	16,344	20,609	18,030	17,655	19,993	18,526
Average Dry Weather Flow (gpd)	22,232	27,806	18,228	23,749	49,650	28,333
Average Wet Weather Flow (gpd)	14,140	18,299	8,016	12,334	12,156	12,989
Maximum Daily Flow (gpd)	29,400	33,900	33,319	33,049	60,959*	32,417

<sup>19</sup> "SAFER Dashboard - Elk County Water District." California Water Boards. State Water Resources Control Board, January 28, 2024. [https://www.waterboards.ca.gov/drinking\\_water/certlic/drinkingwater/saferdashboard.html](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/saferdashboard.html).



Maximum Monthly Flow (gal)	689,200	861,988	565,088	736,227	364,684	643,437
Total Annual Use (AFY) <sup>1</sup>	18.31	23.16	15.15	20.34	24.09	20.21
Permit No. 21206	18.32	23.10	20.21	19.80	22.41	21
Permit No. 15559	1.41	0.58	0.55	0.61	0.38	1

Notes:  
<sup>1</sup>Source: CIWQS Water Rights data:  
[https://ciwqs.waterboards.ca.gov/ciwqs/ewrims/EWServlet?OWASP\\_CSRFTOKEN=L6O8-3S1B-USDX-FKUV-S3C9-S4E9-W89L-C54F](https://ciwqs.waterboards.ca.gov/ciwqs/ewrims/EWServlet?OWASP_CSRFTOKEN=L6O8-3S1B-USDX-FKUV-S3C9-S4E9-W89L-C54F).

\*In August of 2023, ECWD supplied water to a County paving project.

The District’s water supply and infrastructure is sufficient to accommodate the buildout of the remaining six residential lots and there are no current plans to increase the capacity of the system.

3.2.3.3 DROUGHT CONTINGENCY PLANNING

In the time since the last MSR/SOI report was prepared for the District, drought conditions throughout the State have recurred cyclically, leaving some smaller service providers in dire positions. The District does not have a formal drought contingency plan. During the 2020-2022 extreme drought conditions, the District, despite not having a drought contingency plan in place, reports that it had sufficient water supplies to serve its customers.

The District encourages water conservation through metering and pricing. Metering allows customers to track their water use and encourages reduced usage; the District reports they have observed at least a 10 percent reduction in water usage since the metering was installed.

Although the District did not report supply deficits during the severe drought of 2020-2022, given the wide annual variations in available water supply throughout the region and the District’s reliance on groundwater, it is recommended that the District develop a drought contingency plan to prepare for that eventuality.

3.2.3.4 NEEDS AND DEFICIENCIES

Based on information within the MSR, the provision of water services to the customers located in the District’s boundaries appears to be sufficient but limited. Maintaining the small system is an ongoing challenge and with such a limited customer base, small number of registered voters, and unknown future system upgrades or replacement requirements, adequate funds for capital improvements are and will remain a challenge. To reduce depreciation costs and secure funds for capital improvements, the District maintains a capital reserves savings account to replace pipelines by zone and priorities. The District shares that it has accumulated \$465,105 in pipeline and infrastructure accounts as of 2025.

The District has been collecting a monthly pipe replacement charge (currently at \$16.77) for the past few years and these funds accumulate in a savings account. When enough funds have been collected, a section of pipe is replaced. The District chose to fund its pipe replacement project and infrastructure replacement in this way to avoid having to incur debt.

Similarly, the District collects an “infrastructure replacement fee” for major cost items such as water storage tanks at the same \$16.77 rate. Approximately \$40,000 per year is accumulated and utilized to replace pipes and facilities.

The SAFER program has assessed the ECWD and the overall classification is “Not At-Risk.” While three of the assessment categories are in fair standing, the affordability category is assessed at “high-risk” due to the household socioeconomic burden.

The District does not have any existing planning documents that address future water supplies, infrastructure, or facility needs, such as an adopted Capital Improvement Plan. It is recommended that the District prioritize creating a planning document that plans for future water supplies to the community and analyzes the needs and deficiencies of the existing system.

### 3.3 MSR Determinations

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

#### 3.3.1 MSR Review Factors

##### 3.3.1.1 GROWTH

Growth and population projections for the affected area

1. The ECWD was established in 1957 by the Mendocino County Board of Supervisors under the provisions of the California Water Code (WAT), Division 12 to provide water supply, treatment, and distribution services to the community of Elk.
2. A population of approximately 45 people reside in Elk year-round, with increases of 100 seasonal residents and tourists at various times of the year.
3. The District consists primarily of second homes and short-term vacation rental properties. The number of water connections that the District serves at 93 does not change throughout the year, but demand for service increases during tourist seasons.
4. The District does not anticipate significant growth in population or development. Buildout of the remaining six undeveloped residential parcels within the District could result in an estimated increase of 15 residents based on the County’s average of 2.46 people per household. However, based on population projections and developmental constraints, it is unlikely for the District to reach buildout within the next 10 years.

##### 3.3.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

5. The District is wholly located in a Census Tract and Census Block Group, which both meet the income threshold to qualify as a severely disadvantaged unincorporated community (SDUC) based on the statewide median household income (MHI) SDUC threshold of \$54,930.
6. The District and surrounding areas are proliferated with seasonal homes that are only occupied a portion of the year. As such, these high-earning households tend to skew the data thus making it difficult to get an accurate representation of the District’s representative median household income (MHI).
7. For wastewater services, customers within the District utilize a combination of sewage disposal methods, primarily individual septic tanks and a small community leach field that serves 10 parcels in the core of the downtown area.
8. While the residents of Elk are receiving the essential municipal services of fire, water, and wastewater, only fire and water services have proven to be adequate in the area.

### 3.3.1.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

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

9. Out of 100 parcels within the District service area, the District provides treated water services to 54 residential customers and 21 commercial customers.
10. The District also provides untreated water to a single parcel located within the District boundaries. The property contains a plant nursery and shares ownership with an adjacent parcel which receives potable water service. This parcel is the only parcel reported to receive raw water by the District.
11. The District provides water services outside of its boundaries. Outside Agency Service Area 1 covers approximately 2.5 acres and is located east of Highway 1; it includes the Greenwood Community Center and Firehouse as well as a residential subdivision with 10 lots along Elk Meadows Road. Outside Agency Service Area 2 covers approximately four acres and is located approximately one mile south of the District's boundary along Highway 1.
12. The ECWD does not currently participate in any active surplus water agreements but supplies 4,000 gallons per month of surplus water via a water delivery truck. At the time of this workshop draft, it is unclear whether treated or raw water is being hauled and the approximate amount that is being supplied. If treated water is being hauled and it started post-2001, LAFCo must review and approve the process according to [GC §56133\(c\)](#)<sup>20</sup>.
13. The District's water supply is regulated by the SWRCB Division of Drinking Water as Public Water System No. 2300514 under Domestic Water Supply Permit No. 02-03-16P2300514.
14. The District has two water rights naming points of diversion on Greenwood Creek and Bonee Gulch.
15. The District owns the following infrastructure: a surface WTP, two wells (one standby and one active), approximately three miles of pipeline, and two water storage facilities consisting of 30,000 gallons and 84,000 gallons each. The District also maintains a hydrant system that consists of 20 hydrants, providing fire flows for the ECSD, which supports the EVFD.
16. The District supplies 21.476 AFY to its customers. Average daily use for the District is estimated at 19,160 gpd, with an average peak day demand at 41,000 gpd.
17. The system is operating at approximately 62 percent capacity.
18. The ECWD system has sufficient water supply and capacity to serve existing connections as well as future connections for six additional residential units for the full buildout of all residential parcels
19. The District provides adequate water services to its customers despite fluctuating drought conditions and continues to actively monitor the drought situation. LAFCo recommends the development of a drought contingency plan given the wide annual variations in available water supply throughout the region and the state.

### 3.3.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

20. The ECWD has been operating at a net positive and appears to be financially stable.

<sup>20</sup> GC §56133(c) (2017) can be found here: [GC §56133\(c\) Text](#).

21. The District's primary source of ongoing revenue for Fiscal Years (FYs) 2021-22 and 2022-23 is from water sales and special assessments. As of this workshop draft, it is currently unknown whether the District is receiving grant funding.
22. As of 2025, the District's reserves funds totaled \$247,966.
23. The District does not have an adopted Capital Improvement Plan. The District does, however, maintain a capital reserve account and reviews infrastructure maintenance and upgrade needs during its annual budget development.
24. The District reported that the current financing level is adequate to deliver services presently.
25. Any new development that is built in the community will need to pay for any required improvements to connect to the water system.
26. The District has an adopted rate structure, which was last updated in 2024 in a manner compliant with Proposition (Prop) 218 requirements. Rates should continue to be reviewed and adjusted as necessary to fund District costs and provide for capital improvements as needed. Any future rate changes should be established in compliance with the Prop 218 process.

#### 3.3.1.5 SHARED SERVICES AND FACILITIES

##### Status of, and opportunities for, shared facilities

27. The ECWD owns two parcels outside of the District boundary, one of which contains facilities shared with the Greenwood Community Center and the Firehouse. The District holds its public meetings in the Community Center building.
28. The District maintains a hydrant system consisting of 20 hydrants to supply water flow for fire protection to the ECSD, which supports the EVFD.
29. The District informally shares operating resources with the neighboring water district to the south, the Irish Beach Water District (IBWD), which streamlines communication and monitoring efforts.
30. No further opportunities for facility sharing were identified.

#### 3.3.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

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

31. The District demonstrated accountability through its disclosure of information requested by LAFCo for the preparation of this MSR.
32. The Board currently has no vacancies and is fully seated by five Board members. All five Board members have served the District for multiple consecutive terms, which can be a significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge.
33. The District hosts a website (<https://www.elkcountywaterdistrict.org/home.html>) that includes meeting agendas, minutes, compliance documents, current Board of Directors, staff contact information, and Enterprise Systems Catalog information. It is recommended that the District continue to build its website and increase accessibility by posting public notices, service rate information, Board resolutions, and District Bylaws. Additionally, the District can enhance transparency with its customers and members of the public by including its audited financial statements and budget plans on its website. To ensure compliance with Senate Bill (SB) 929 website compliance requirements for local governments, the District should review Appendix 7.2 of this report and implement outstanding items.
34. Every elected official and public employee who makes or influences governmental decisions is required to submit a Statement of Economic Interest (Form 700) to provide transparency and

accountability. The District reports that its Board members are current on their required Form 700 filings with the Mendocino County Clerk's Office.

35. Although the District does not compensate its Board members, District staff indicate that Board members are not current on their Brown Act and ethics training.
36. The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict-of-Interest Code pursuant to [GC §81000 et seq](#)<sup>21</sup>. The District does not currently maintain a Conflict-of-Interest Code.
37. The District did not provide a strategic plan that outlines its mission statement, vision statement, and goals and objectives. Development of a strategic plan could help the District improve upon 1) planning efforts, 2) accountability and transparency, and 3) plan for and prioritize facilities and system upgrades.
38. The District provides accountability to its constituents by holding board meetings at the Greenwood Community Center, maintaining current meeting records on its website, posting notices and reports in suitable public places, and preparing annual reports.
39. With the State's rescission of the declaration of health emergency following the COVID pandemic, the ability of Board members to remotely participate in meetings has been greatly curtailed under current legislation. Generally, the Brown Act rules for in-person meetings again applies; however, Assembly Bill (AB) 2449 was signed into law in September 2022 and allows local government officials to participate via teleconference under limited circumstances ([GC §54953](#))<sup>22</sup>. The District is encouraged to review the current Brown Act and teleconferencing requirements regarding the conduct of remote meetings to ensure compliance with the Brown Act.

#### 3.3.1.7 OTHER SERVICE DELIVERY MATTERS

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

37. There are no other matters related to service delivery required by Mendocino LAFCo policy.

<sup>21</sup> GC §87300 et seq. (2011) can be found here: [Codes Display Text \(ca.gov\)](#).

<sup>22</sup> GC §54953 (2022) can be found here: [Today's Law As Amended - AB-2449 Open meetings: local agencies: teleconferences.](#)

## 4 SPHERE OF INFLUENCE

The Local Agency Formation Commission (LAFCo/Commission) prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. An SOI Update considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) Law and the Policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI Update. This chapter presents the SOI Update and required determinations pursuant to California Government Code (GC) Section (§) [56425\(e\)](#)<sup>23</sup>.

### 4.1 Mendocino LAFCo Policies

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

The following Sphere of Influence policies are from the Mendocino LAFCo Policies and Procedures Manual<sup>24</sup>, adopted on November 5, 2018.

#### 10.1.1 Legislative Authority and Intent

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

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

#### 10.1.2 Definitions

The Commission incorporates the following definitions:

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

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<sup>23</sup> GC §56425(e) (2023) can be found here: [California Government Code § 56425 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia](#).

<sup>24</sup> The Mendocino LAFCo Policies and Procedures Manual can be found here: <http://www.mendolafco.org/policies.html>.

- c) an “update” refers to a comprehensive change to an established sphere of influence typically initiated by the Commission.

### **10.1.3 Sphere Updates**

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

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

### **10.1.4 Reduced Spheres**

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

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

### **10.1.5 Zero Spheres**

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

### **10.1.6 Service Specific Spheres**

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

### **10.1.7 Agriculture and Open Space Lands**

Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency’s sphere of influence unless the area’s exclusion would impede the planned, orderly, and efficient development of the area. In addition, LAFCo may adopt a sphere of influence that excludes territory currently within that agency’s boundaries. This may occur when LAFCo determines that the territory consists of agricultural lands, open space lands, or agricultural

preserves whose preservation would be jeopardized by inclusion within an agency's sphere. Exclusion of these areas from an agency's sphere of influence indicates that detachment is appropriate.

#### **10.1.8 Annexations Are Not Mandatory**

Before territory can be annexed to a city or district, it must be within the agency's sphere of influence ([GC §56375.5](#))<sup>25</sup>. However, territory within an agency's sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

#### **10.1.9 Islands or Corridors**

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

#### **10.1.10 Overlapping Spheres**

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

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

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

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

Prior to submitting an application to LAFCo for a new city sphere of influence or a city sphere of influence update, the city shall meet with the County to discuss the proposed new boundaries of the sphere and explore methods to reach agreement on development standards and planning and zoning requirements as contained in [GC §56425](#)<sup>26</sup>. If an agreement is reached between the city and County the agreement shall be forwarded to LAFCo. The Commission shall consider and adopt a sphere of influence for the city consistent with the policies adopted by LAFCo and the County, and LAFCo shall give great weight to the

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<sup>25</sup> GC §56375.5 (2023) can be found here: [California Code, Government Code - GOV § 56375 | FindLaw.](#)

<sup>26</sup> GC §56425 (2023) can be found here: [California Government Code § 56425 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.](#)



agreement to the extent that it is consistent with LAFCo policies in its final determination of the city sphere.

#### 10.1.12 Areas of Interest

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

- a) An AOI is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.
- b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.
- c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

## 4.2 Existing Sphere of Influence

LAFCo last reviewed and adopted the Elk County Water District (ECWD/District) SOI in 2015, at the time which LAFCo included in the SOI two areas outside its boundaries receiving services: Out of District Service Areas 1 and 2. The District also owns two parcels of land both located outside the District boundary; one which houses a storage shed, the Greenwood Community Center, and the Firehouse, and the other which houses one of the District's wells.

Lastly, the District's water treatment plant (WTP) and an 84,000-gallon water storage tank are located outside and south of the District's boundaries. A 30,000-gallon water storage tank with a pressure system is located outside and east of the District's boundaries.

The District infrastructure, though located outside of ECWD boundaries, is not considered when defining a SOI.

### 4.2.1 Study Areas

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

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

- An area geographically defined by a gap between the boundaries of existing public service providers.
- An area adjacent to an existing agency's boundary slated for development needing urban services.

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

#### 4.2.1.1 OUTSIDE AGENCY SERVICE AREA 1

Outside Agency Service Area 1 consists of 13 parcels encompassing approximately 2.5 acres and is located east of Highway 1 along Elk Meadows Road. Outside Agency Service Area 1 includes the Greenwood Community Center and the Firehouse.

Within the Outside Agency Service Area 1 (Area 1), the majority of parcels are designated Rural Village pursuant to the County of Mendocino General Plan and already receive water service from the ECWD. Within the area, there are several vacant parcels owned by Pacific Gas & Electric which do not receive services; however, these parcels are designated Rural Residential and are included in the SOI. In addition, there are two vacant parcels owned by Elk Community Services District (ECSD), one of which has a water service connection and is currently used as a leach field. Given these parcels are also designated Rural Residential, they have been included in the District's SOI. Finally, there is a parcel which is designated Open Space (assessor parcel number (APN) 127-232-028) that is owned by a homeowner's association and is within the District to create a logical boundary.

#### 4.2.1.2 OUTSIDE AGENCY SERVICE AREA 2

Out of District Service Area 2 (Area 2) covers approximately four acres and is located approximately one mile south of the District's boundary along Highway 1. Most of the parcels in Area 2 already receive water service from the ECWD. The Area 2 parcels that are not receiving service are also included in the SOI to promote connectivity and logical boundaries.

#### 4.2.2 Area of Interest Designation

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

An AOI designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in the intermediate or long-range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

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

No AOIs have been identified for the ECWD.

### 4.3 Proposed Sphere of Influence

There are no proposed changes to the SOI and it is recommended the Commission affirm the existing sphere.

The District considers its SOI to be appropriate and does not provide services to any properties outside the SOI boundary.

Additionally, as previously noted, there is an existing relationship between the District and the Irish Beach Water District (IBWD) in which the two share operational resources such as equipment, vendor and consultant services, and staffing resources for large emergency projects. The two districts shared a water system manager/acting general manager until September 2024 and currently share three part-time and on-call employees, which facilitated operational knowledge, communication, and coordination efforts. As such, there is potential for further collaboration between the two.

#### 4.4 Consistency with LAFCo Policies

Mendocino LAFCo has established local policies to implement its duties and mandates under the Cortese-Knox-Hertzberg Act. This section identifies potential inconsistencies between the proposed SOI and local LAFCo policies.

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

#### 4.5 Determinations

In determining the SOI for an agency, LAFCo must consider and prepare written determinations concerning five factors as outlined in [GC §56425\(e\)](#)<sup>27</sup>. These factors are as follows:

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

LAFCo staff propose no change to the existing SOI for the District and recommend the Commission approve the SOI determinations as presented below.

##### 4.5.1 Present and Planned Land Uses

The entirety of the District is located south of the community of Albion in coastal unincorporated Mendocino County. The primary uses of the coastal zone are rural residential and agricultural uses. Future development in the District is limited to the buildout of the remaining six residential lots within the community. The two Outside Agency Service Areas (1 and 2) that the District serves are limited to the development of six lots. However, based on population projections for the County, it is likely buildout of the residential parcels will not occur until well beyond the planning horizon of this document. Based on

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<sup>27</sup> GC §56425(e) (2023) can be found here: [California Government Code § 56425 \(2023\) :: 2023 California Code :: US Codes and Statutes :: US Law :: Justia.](#)

the District's location in the Coastal Zone, the area is subject to additional development regulations, and land use changes in the area must be approved by both the County and Coastal Commission.

#### 4.5.2 Present and probable need for facilities and services in this area

The District provides treated water services to 54 residential connections and 21 commercial connections. In addition, one individual parcel within the District's boundaries receives raw water service for agricultural purposes. The District also provides out-of-agency water services in two areas; Outside Agency Service Area 1 includes eight connections and Out of Outside Agency Service Area 2 includes nine connections. The District anticipates little growth in resident population within the near term (five years) and long-term planning horizon (20 years). Development within the ECWD is limited to the six undeveloped residential parcels and potentially ADUs. Further, the projected population decline of 2.7 percent throughout the County suggests that the buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document.

#### 4.5.3 The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The District utilizes one main source of water; Greenwood Creek is located adjacent to the District with a portion located within the boundaries. The District draws from one active well (Well 04) and maintains a standby well (Well 01). The District supplies 21.476 AFY to its 102 customers. Average daily use for the District is estimated at 18,526 gpd, with an average peak day demand at 32,417 gpd. The system is operating at approximately 62 percent capacity.

The current water system capacity appears to be adequately sized for existing development with sufficient room for growth to accommodate buildout of the remaining six vacant lots. Given the low anticipated growth rate, the District should have sufficient water supply and service capability for the planning horizon of this document.

#### 4.5.4 The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

The ECWD serves the unincorporated community of Elk, which is the primary community of interest for this SOI Update. The ECWD works closely with local community groups and the Elk Community Services District (ECSD) and the Elk Volunteer Fire Department (EVFD) to facilitate positive interactions to best serve the needs of the small community of Elk and the surrounding area. The ECWD owns a parcel located outside the service boundary and shares facilities on the parcel with the Greenwood Community Center and the Firehouse.

Additionally, given the existing relationship between the District and IBWD in which the two share operational resources such as equipment, vendor and consultant services, and staffing resources for large emergency projects. The two districts shared a water system manager/acting general manager until September 2024, which facilitated operational knowledge, communication, and coordination efforts. Additionally, the districts currently share three part-time and on-call employees. As such, there is potential for further collaboration between the two.

#### 4.5.5 The present and probable need for public facilities and services of any disadvantaged unincorporated communities

The District is wholly located in a Census Block Group. Because the median household income (MHI) of the block group is lower than the statewide MHI for the severely disadvantaged unincorporated

community (SDUC) threshold of \$54,930, by this measure, it would generally meet the income threshold to qualify as a SDUC. However, the District and surrounding areas have a notable number of second homes and short-term vocational rentals immediately on the coastline; as such, these high earning households tend to skew the data, making it difficult to get an accurate representation of the District's representative MHI.

Residents of the Elk are currently receiving the essential municipal services of fire and water at adequate service levels. Wastewater services are provided by a combination of private on-site septic systems and a community leach field that serves 10 parcels. No health or safety issues have been identified.

#### 4.6 Recommendation

Pursuant to [California Water Code \(WAT\) §34000 et seq.](#), and [California Health and Safety Code \(HSC\) §6955](#), the Commission does hereby establish the functions and classes of services provided by the ECWD as limited to providing water. Based upon the information contained in this report, it is recommended that the District Service Area Boundary and SOI for all services remain unchanged.

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## 6 ACKNOWLEDGEMENTS

### 6.1 Report Preparation

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

Uma Hinman, Executive Officer  
Larkyn Feiler, Senior Analyst  
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Jen Crump, Analyst

### 6.2 Assistance and Support

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

Elk County Water District	Charles Acker, General Manager Rosi Acker, Secretary
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## 7 APPENDICES

### 7.1 Appendix A – Open Government Resources

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

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

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

7.2 Appendix B – Website Compliance Handout

Workshop Draft

# Appendix B

## California Website Compliance Checklist

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

### Public Records Act

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SB 929

**Our district has created and maintains a website**

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

SB 272

**Our Enterprise System Catalog is posted on our website**

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at [getstreamline.com/sb272](http://getstreamline.com/sb272)

AB 2853 (optional):

**We post public records to our website**

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

### The Brown Act

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AB 392:

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

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

AB 2257:

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

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

### State Controller Reports

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Financial Transaction Report:

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

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

Compensation Report:

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

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

### Healthcare District Websites

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AB 2019:

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

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

### Open Data

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AB 169:

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

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

### Section 508 ADA Compliance

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CA gov code 7405:

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

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at [achecker.ca](http://achecker.ca)



**California Special Districts Association**  
*Districts Stronger Together*

[csda.net](http://csda.net)



[getstreamline.com](http://getstreamline.com)

# The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

## Placement:

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

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

## Exception:

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

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

## Format:

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

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

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

Questions? Contact [sloane@getstreamline.com](mailto:sloane@getstreamline.com) or [dillong@csga.net](mailto:dillong@csga.net)



# California 2024 Web Accessibility Checklist

*Updated May 1, 2024. Download the latest at [getstreamline.com/ada](https://getstreamline.com/ada)*

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

## Before you begin

- Perform an initial scan to check for known issues using [checkmydistrict.org](https://checkmydistrict.org) or another tool
- Have your website provider's contact information to report any issues

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

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

## Ongoing actions - recommended once per month

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

## Other actions to consider

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

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

### 7.3 Appendix C – Housing Legislation Trends and Results

#### Mendocino County and ADUs

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

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

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

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

#### The Larger Picture

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

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

#### Regional Housing Needs Assessment Allocation (RHNA)

It is worth noting that in response to statutory requirements, policy direction from the State of California Department of Housing and Community Development (HCD), and mandated deadlines for delivery of

housing need allocation numbers to local jurisdictions within Mendocino County, the Mendocino Council of Governments (MCOG) adopted a Regional Housing Needs Plan in 2018.

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

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

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

**Table 7-1: Mendocino County RHNA Allocations**

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

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



Extremely Low-Income Units*		145			15	26	21	62	83
-----------------------------	--	-----	--	--	----	----	----	----	----

(HCD, 2023)

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

Additional Recent State Housing Legislation

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

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

#### 7.4 Appendix D – District Financial Audits

Workshop Draft

**ELK COUNTY WATER DISTRICT**

**AUDITED  
FINANCIAL STATEMENTS**

**JUNE 30, 2023 and 2022**

**Rick Bowers, CPA  
A Professional Corporation**

**ELK COUNTY WATER DISTRICT**

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**RICK BOWERS, CPA, PFS, CMA**  
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Ukiah, CA 95482

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email [rbcpacorp@yahoo.com](mailto:rbcpacorp@yahoo.com)

## **Independent Auditor's Report**

Certified Public Accountant  
Personal Financial Specialist  
Certified Management Accountant

Board of Directors  
Elk County Water District  
Elk, CA

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Elk County Water District (the District), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

I was unable to verify the balance of net capital assets of \$1,500,944 and \$1,563,320 at June 30, 2023 and 2022, respectively, and was unable to determine the validity of those balances through the use of alternative procedures.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to test the validity of net capital assets, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

### **Required Supplementary Information**

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.



Rick Bowers, CPA  
Ukiah, CA  
December 6, 2023

**ELK COUNTY WATER DISTRICT**  
**STATEMENTS OF NET POSITION**  
June 30, 2023 and 2022

<b><u>ASSETS</u></b>	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 460,794	\$ 398,426
Accounts Receivable	4,495	1,489
<b>Total Current Assets</b>	<u>465,289</u>	<u>399,915</u>
<b>Capital Assets</b>		
Land	888,480	888,480
Buildings	788,398	788,398
Pipe Replacement and Equipment	964,753	964,753
Accumulated Depreciation	<u>(1,140,687)</u>	<u>(1,078,311)</u>
<b>Total Net Capital Assets</b>	<u>1,500,944</u>	<u>1,563,320</u>
<b>TOTAL ASSETS</b>	<u>1,966,233</u>	<u>1,963,235</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	-	1,228
Payroll Tax Liabilities	1,527	2,222
Prepaid Assessments	<u>6,113</u>	<u>4,736</u>
<b>Total Current Liabilities</b>	<u>7,640</u>	<u>8,186</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,500,944	1,563,320
Unrestricted	<u>457,649</u>	<u>391,729</u>
<b>TOTAL NET POSITION</b>	<u><u>\$1,958,593</u></u>	<u><u>\$1,955,049</u></u>

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

**ELK COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
For The Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Water Sales	\$ 83,567	\$ 95,202
Hookup Fees	1,146	955
<b>Total Operating Revenues</b>	<u>84,713</u>	<u>96,157</u>
<b>Operating Expenses</b>		
Payroll and Employee Benefits	51,321	56,533
Distribution	1,434	1,883
Electronic Monitoring	3,332	4,445
Equipment Rent	1,994	2,904
Operating Supplies	1,486	312
Source of Supply	410	4,951
Treatment	2,051	4,770
Utilities	12,837	13,508
Water Analysis	3,133	3,530
General and Administrative	18,528	20,526
Depreciation	62,376	56,761
<b>Total Operating Expenses</b>	<u>158,902</u>	<u>170,123</u>
<b>Operating Income (Loss)</b>	<u>(74,189)</u>	<u>(73,966)</u>
<b>Non-Operating Revenues</b>		
Special Assessments	73,680	73,622
Cross Connection Fees	3,137	2,350
Capital Contributions		120,940
Rent and Other Income	297	1,009
Interest and Late Fees	619	440
<b>Total Non-Operating Revenues</b>	<u>77,733</u>	<u>198,361</u>
<b>Change in Net Position</b>	3,544	124,395
<b>Net Position - Beginning of Year</b>	<u>1,955,049</u>	<u>1,830,654</u>
<b>Net Position - End of Year</b>	<u><u>\$1,958,593</u></u>	<u><u>\$1,955,049</u></u>

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



**ELK COUNTY WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
For The Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 83,084	\$ 98,409
Cash Payments to Suppliers	(46,433)	(61,592)
Cash Payments for Employees and Benefits	(52,016)	(56,415)
<b>Net Cash Used by Operating Activities</b>	<u>(15,365)</u>	<u>(19,598)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Special Assessments	73,680	73,622
Cross Connection Services	3,137	2,350
Rent and Other Income	297	1,009
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>77,114</u>	<u>76,981</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Contributions		120,940
Acquisition of Capital Assets		(148,401)
<b>Net Cash Used by Capital and Related Financing Activities</b>		<u>(27,461)</u>
<b>Cash Flows from Investing Activities</b>		
Interest and Late Fees	619	440
<b>Net Increase in Cash and Cash Equivalents</b>	62,368	30,362
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>398,426</u>	<u>368,064</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 460,794</u>	<u>\$ 398,426</u>
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (74,189)	\$ (73,966)
Depreciation	62,376	56,761
<b>Net Changes in Assets and Liabilities:</b>		
Accounts Receivable	(3,006)	1,943
Accounts Payable	(1,228)	(4,763)
Payroll Tax Liabilities	(695)	118
Prepaid Assessments	1,377	309
<b>Net Cash Used by Operating Activities</b>	<u>\$ (15,365)</u>	<u>\$ (19,598)</u>

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

**ELK COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022**

The Elk County Water District (the District) was formed in 1957 by the County of Mendocino Board of Supervisors under the California Water Code. The District serves areas in and around Elk, California.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Reporting Entity**

Criteria used in determining the scope of the reporting entity includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The reporting entity consists of the District as the primary, and sole, reporting entity.

**b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America, as defined by the Government Accounting Standards Board (GASB), the independent and ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The District's reporting entity applies all relevant GASB pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The District is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues derived from water services and related activities. Operating expenses include all expenses applicable to the furnishing of these activities. Non-operating revenues and expenses include revenues and expenses not associated with the District's normal business activities.

**ELK COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022**

**c. Budgetary Accounting**

An annual budget is adopted by the Board of Directors each fiscal year. The budget may be revised during the year to reflect unanticipated revenues or expenses. The budget is used for operating management and internal accounting control purposes, and is prepared on the modified cash basis of accounting.

**d. Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand and amounts in demand deposits, as well as short-term highly liquid investments with maturities of three months or less from the date of acquisition.

**e. Accounts Receivable**

Accounts receivable represent amounts due for water services. All amounts are considered to be collectible, and no allowance for doubtful accounts has been recorded. If accounts receivable do result in losses they are recognized when the amounts become determinable.

**f. Capital Assets**

Capital assets are recorded at cost. Major improvements and additions are charged to the related capital asset accounts. Improvements and additions which do not significantly improve or extend the life of the asset are charged against earnings in the period incurred. Donated capital assets are recorded at their estimated fair market value on the date received.

**g. Depreciation**

Depreciation is charged to expense for all capital assets; except land, right of ways, and any projects in progress. Projects in progress are considered depreciable upon completion of the related project.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings and Improvements	20 - 40 years
Pipe Replacement and Tanks	5 - 20 years
Equipment	5 - 10 years

**h. Special Assessments**

Special assessments represent amounts collected from customers designated for capital and infrastructure replacement.

**ELK COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 June 30, 2023 and 2022**

**i. Net Position**

Net position represents the difference between assets and liabilities. The District’s net position is classified as follows:

*Net Investment in Capital Assets* – This represents the District’s total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

*Restricted Net Position* – Restricted net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

*Unrestricted Net Position* – Unrestricted net position represents resources available for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

**j. Capital Contributions**

Capital contributions represent cash contributed to the District by other community organizations that benefited from the capital project.

**k. Measurement Uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**l. Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 5, 2023, the date the financial statements were available to be issued.

**NOTE 2. CASH**

Cash consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Checking	\$ 16,032	\$ 14,590
Savings – Designated Accounts	<u>444,762</u>	<u>383,836</u>
Total Cash and Cash Equivalents	<u>\$ 460,794</u>	<u>\$ 398,426</u>

**ELK COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022**

The District has designated certain savings accounts for the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Infrastructure Repair and Replacement	\$ 192,601	\$ 162,220
Hookup	4,195	3,087
Operations Reserve	6,925	6,922
Capital Reserves	<u>241,041</u>	<u>211,607</u>
Total Designated Account Balances	<u>\$ 444,762</u>	<u>\$ 383,836</u>

District deposits are fully insured. The *California Government Code* requires California banks and savings and loan associations to secure local agency deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a local agency's deposits.

**NOTE 3. CAPITAL ASSETS**

Following is a summary of changes to capital assets for the year ended June 30, 2023 and 2022:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Land	\$ 888,480	\$	\$	\$ 888,480
Buildings and Improvements	788,398			788,398
Equipment, Tanks, and Pipe				
Replacement	<u>964,753</u>	<u>          </u>	<u>          </u>	<u>964,753</u>
Total Depreciable Assets	1,753,151	<u>          </u>	<u>          </u>	1,753,151
Less: Accumulated Depreciation	<u>1,078,311</u>	<u>62,376</u>	<u>          </u>	<u>1,140,687</u>
Total Net Depreciable Assets	<u>678,840</u>			<u>612,464</u>
Total Net Capital Assets	<u>\$ 1,563,320</u>			<u>\$ 1,500,944</u>

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Land	\$ 888,480	\$	\$	\$ 888,480
Buildings and Improvements	643,258	145,140		788,398
Equipment, Tanks, and Pipe				
Replacement	<u>961,512</u>	<u>3,241</u>	<u>          </u>	<u>964,753</u>
Total Depreciable Assets	1,604,770	<u>148,381</u>	<u>          </u>	1,753,151
Less: Accumulated Depreciation	<u>1,021,550</u>	<u>56,761</u>	<u>          </u>	<u>1,078,311</u>
Total Net Depreciable Assets	<u>583,220</u>			<u>678,840</u>
Total Net Capital Assets	<u>\$ 1,471,700</u>			<u>\$ 1,563,320</u>

**ELK COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022**

The District has designated certain savings accounts for the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Infrastructure Repair and Replacement	\$ 192,601	\$ 162,220
Hookup	4,195	3,087
Operations Reserve	6,925	6,922
Capital Reserves	<u>241,041</u>	<u>211,607</u>
Total Designated Account Balances	<u>\$ 444,762</u>	<u>\$ 383,836</u>

District deposits are fully insured. The *California Government Code* requires California banks and savings and loan associations to secure local agency deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a local agency's deposits.

**NOTE 3. CAPITAL ASSETS**

Following is a summary of changes to capital assets for the year ended June 30, 2023 and 2022:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Land	\$ 888,480	\$	\$	\$ 888,480
Buildings and Improvements	788,398			788,398
Equipment, Tanks, and Pipe				
Replacement	<u>964,753</u>	<u>          </u>	<u>          </u>	<u>964,753</u>
Total Depreciable Assets	1,753,151	<u>          </u>	<u>          </u>	1,753,151
Less: Accumulated Depreciation	<u>1,078,311</u>	<u>62,376</u>	<u>          </u>	<u>1,140,687</u>
Total Net Depreciable Assets	<u>678,840</u>			<u>612,464</u>
Total Net Capital Assets	<u>\$ 1,563,320</u>			<u>\$ 1,500,944</u>

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Land	\$ 888,480	\$	\$	\$ 888,480
Buildings and Improvements	643,258	145,140		788,398
Equipment, Tanks, and Pipe				
Replacement	<u>961,512</u>	<u>3,241</u>	<u>          </u>	<u>964,753</u>
Total Depreciable Assets	1,604,770	<u>148,381</u>	<u>          </u>	1,753,151
Less: Accumulated Depreciation	<u>1,021,550</u>	<u>56,761</u>	<u>          </u>	<u>1,078,311</u>
Total Net Depreciable Assets	<u>583,220</u>			<u>678,840</u>
Total Net Capital Assets	<u>\$ 1,471,700</u>			<u>\$ 1,563,320</u>



## STAFF REPORT

Agenda Item No. 6b	
MEETING DATE	February 3, 2025
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	WORKSHOP Potter Valley Irrigation District Municipal Service Review and Sphere of Influence Update

### RECOMMENDED ACTION

The Commission hold a Workshop on the Draft Potter Valley Irrigation District Municipal Service Review and Sphere of Influence Update, provide comments and requested revisions, and direct staff to notice the matter for public hearing at a regular meeting of the Commission.

### BACKGROUND

This is a Workshop to introduce the Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for Potter Valley Irrigation District (PVID/District). This is the second MSR and SOI Update for the District; the first round was adopted in [2013](#) and [2016](#), respectively. The Workshop Draft PVID MSR/SOI study includes the following information related to the District: history, government structure and accountability, operational efficiency, finances, projected growth, disadvantaged unincorporated communities, service capacity and needs, and proposed sphere. The District reviewed and provided feedback on an Administrative Draft of the study and changes have been incorporated into this Workshop Draft as appropriate.

As background, the District was formed on April 1, 1924, to provide irrigation water to the Potter Valley area, a farming community located north of State Highway 20, approximately 19 miles northeast of Ukiah. The District is a single-service provider. The District encompasses 6,966 acres and serves approximately 275 agricultural customers.

The District relies on PG&E's Potter Valley Project (PVP) facilities for water diversion from the Main Stem Eel River to supply up to 19,000 acre-feet of water throughout the year. The PVP diversion depends on storage and release of Eel River water from Scott Dam (Lake Pillsbury) and Cape Horn Dam (Van Arsdale), which is diverted at Van Arsdale through the mountains in an 8-foot diameter tunnel into the East Branch Russian River watershed at the north end of Potter Valley. The District's system of canals and pipes distributes the diverted water to its customers, releasing any unused portions into the Russian River, which enters Lake Mendocino approximately nine miles downstream. Other municipal service providers in the area include the Potter Valley Community Services District that provides fire protection services to the area; domestic water and wastewater is by private wells and septic systems.

In 2022, PG&E filed a notice to surrender the PVP with the licensing entity, the Federal Energy Regulatory Commission (FERC); planning for the decommissioning of the project and transition of facilities is well underway. Decommissioning of the PVP will likely include removal of Scott Dam and removal or alteration of Cape Horn Dam, the primary storage facilities on the Eel River that are critical components of the diversion. Along with regional partners, the District has been actively engaged in the process to ensure the continued supply of diverted water.

Further, the District is actively planning for alternative water storage options necessary to operate in a post-PVP scenario.

In 2016, the Commission adopted an SOI roughly following the footprint of the valley. District staff indicate the service area of the District remains appropriate for the services provided and system capacity. The study recommends the District's existing SOI be affirmed.

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

#### **ATTACHMENTS**

- (1) Workshop Draft Potter Valley Irrigation District MSR/SOI Study



# Workshop Draft



## Potter Valley Irrigation District

*Municipal Service Review and  
Sphere of Influence Update*

Prepared By/For:

**Mendocino LAFCo**

200 South School Street

Ukiah, California 95482

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

Workshop: February 3, 2025

Public Hearing: XXX

Adopted: XXX

LAFCo Resolution No: XXX

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Workshop Draft

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Workshop Draft

## ACRONYMS

ADU	Accessory Dwelling Unit
AB	Assembly Bill
ACS	American Community Survey
ADU	Accessory Dwelling Unit
AOI	Area of Interest
BOS	Board of Supervisors
CalPERS	California Public Employees Retirement System
CDP	Census Designated Place
cfs	cubic feet per second
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
COLA	Cost of Living Allowance
CPI	Consumer Price Index
CSD	Community Services District
DAC	Disadvantaged Community
DFW	Department of Fish and Wildlife
DWR	Department of Water Resources
DOF	Department of Finance
DUC	Disadvantaged Unincorporated Community
DWR	Department of Water Resources
EBRR	East Branch of the Russian River
ERPA	Eel Russian Project Authority
ESA	Endangered Species Act
FERC	Federal Energy Regulation Commission
FY	Fiscal Year
GC	Government Code
GHG	Greenhouse gas
GPD	Gallons per day
ILDIP	Irrigated Lands Discharge Program
JPA	Joint Powers Authority
KVA	kilovolt-ampere
LAFCo	Local Agency Formation Commission
MCIWPC	Mendocino County Inland Water and Power Commission
MCRRFCWCID	Mendocino County Russian River Flood Control and Water Conservation Improvement District
MG	Million gallons
MGD	Million gallons per day
MHI	Median Household Income
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSR	Municipal Service Review
NOAA	National Oceanic and Atmospheric Administration
PG&E	Pacific Gas & Electric
PVID	Potter Valley Irrigation District
PVP	Potter Valley Project

RHNA	Regional Housing Needs Allocation
RTP	Regional Transportation Plan
RVCWD	Redwood Valley County Water District
RWQCB	Regional Water Quality Control Board
SB	Senate Bill
SDUC	Severely Disadvantaged Unincorporated Community
SDRMA	Special District Risk Management Association
SOI	Sphere of Influence
SWRCB	State Water Resources Control Board

Workshop Draft

# 1 INTRODUCTION

## 1.1 Local Agency Formation Commission

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

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

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

## 1.2 Mendocino LAFCo

The CKH Act provides for flexibility in addressing State regulations to allow for adaptation to local needs. Each LAFCo works to implement the CKH Act to meet local needs through the flexibility allowed in how state regulations are implemented through establishment of local policies to address the unique conditions of the county. Accordingly, Mendocino LAFCo has adopted policies, procedures, and principles that guide its operations. These policies and procedures can be found on Mendocino LAFCo's website<sup>1</sup>.

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Board of Directors members, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category. Table 1-1 below lists the current Commissioners, the category they represent, if they are an alternate, and the date their term expires.

**Table 1-1: Current Mendocino LAFCo Commissioners, 2025**

<b>Commissioner Name</b>	<b>Position</b>	<b>Representative Agency</b>	<b>Term Expires</b>
Gerardo Gonzalez	Commissioner	City	2026
Candace Horsley	Commissioner	Special Districts	2026
Madeline Cline	Commissioner	County	2028
Maureen Mulheren	Chair	County	2026
Mari Rodin	Commissioner	City	2025
Gerald Ward	Vice-Chair/Treasurer	Public	2026
Susan Mahoney	Commissioner	Special Districts	2028
Douglas Crane	Alternate	City	2025
John Haschak	Alternate	County	2027
Raghda Zacharia	Alternate	Public	2027
Vacant	Alternate	Special District	2026

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



### 1.3 Municipal Service Review

The CKH Act requires each LAFCo to prepare a Municipal Service Review (MSR) for its cities and special districts. MSRs are required prior to and in conjunction with the update of a Sphere of Influence (SOI)<sup>2</sup>. This review is intended to provide Mendocino LAFCo with the necessary and relevant information related to the services provided by Potter Valley Irrigation District (PVID/District).

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

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

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

With this MSR, Mendocino LAFCo can make informed decisions based on the best available data for the service provider and area. Written determinations (similar to 'findings'), as required by law, are presented in Chapter 3. LAFCo is the sole authority regarding approval or modification of any determinations, policies, boundaries, spheres of influence, reorganizations, and provision of services.

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

- Provide a broad overview of agency operations including type and extent of services provided;
- Serve as a prerequisite for an SOI Update;
- Evaluate governance options and financial information;
- Identify areas within the factors noted above that may benefit from improvement;
- Demonstrate accountability and transparency to LAFCo and to the public; and
- Allow agencies to compare their operations and services with other similar agencies.

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<sup>2</sup> Assembly Committee on Local Government, "Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2020." December 2023.

## 1.4 Sphere of Influence

The CKH Act requires LAFCo to adopt a Sphere of Influence (SOI) for all local agencies within its jurisdiction. An SOI is “a plan for the probable physical boundary and service area of a local agency or municipality as determined by the Commission” (GC §56076)<sup>3</sup>.

When reviewing an SOI for a municipal service provider, under GC §56425(e)<sup>4</sup>, LAFCo will consider the following five factors:

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

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

## 1.5 Additional Local Policies

### 1.5.1 Mendocino County General Plan

The Mendocino County General Plan was originally adopted in November 1985 and last updated in November of 2021. Chapter 6 of the General Plan provides policies specific to several community areas in Mendocino County, including Potter Valley. The policies and goals relevant to Potter Valley are listed below:

#### *Potter Valley Community Goals*

- Goal CP-PV-1: Expand economic opportunities in Potter Valley consistent with desired rural character of the valley.
- Goal CP-PV-2: Recreate the sense of community that has been eroded with the loss of jobs and lack of affordable housing opportunities in Potter Valley.
- Goal CP-PV-3: Maintain compact development patterns by focusing commercial, residential and community uses within the established community area.

<sup>3</sup>GC §56076 text can be found here: <https://law.justia.com/codes/california/2022/code-gov/title-5/division-3/part-1/chapter-2/section-56076/>

<sup>4</sup>GC §56425-56434 text can be found here: <https://law.justia.com/codes/california/2010/gov/56425-56434.html>

### Potter Valley Community Area Policies

- Policy CP-PV-1: The County shall encourage mixed-use, commercial and public uses to locate within the Potter Valley community core area.
- Policy CP-PV-2: The County encourages mixed-use and infill development in the core area.
- Policy CP-PV-3: The County shall discourage subdivision activity in the outlying Rural and Remote Residential lands, including transitions to Rangelands and Forestlands.
- Policy CP-PV-4: Higher density residential uses, including affordable housing units, are encouraged in the commercial center as part of a mixed-use strategy.
- Policy CP-PV-5: The County supports the creation of economic opportunity, places and facilities that support a sense of community in Potter Valley.
  - Action Item CP-PV-5.1: The County shall create a strategy to revitalize and expand economic opportunity in Potter Valley, including evaluation of commercial expansion and consolidation on Main Street.
- Policy CP-PV-6: Planned land uses in Potter Valley should accommodate expansion of commercial, light industrial and resource uses to meet the needs of local residents and businesses.
- Policy CP-PV-7: The County supports the expansion and diversification of agricultural operations, including orchards, grazing lands and vineyards.
  - Action Item CP-PV-7.1: The County shall actively pursue light industrial and manufacturing employers for locations on the periphery of the town center, near convenient access and services.
  - Action Item CP-PV-7.2: Investigate the placement of a community signboard along State Route 20 at Potter Valley Road advertising services and special events in Potter Valley. If determined to be warranted, install the signboard.
  - Action Item CP-PV-7.3: Install gateway landscaping as an indication of entry into the town from the south at the intersection of Main Street and Eel River Road.
- Policy CP-PV-8: The County supports improved accessibility to and from State Route 20 by upgrading and maintaining Potter Valley Road.
- Policy CP-PV-9: The County encourages the Potter Valley Community Services District to pursue the provision or management of water and/or wastewater treatment services.
  - Action Item CP-PV-9.1: The County will assist the community in efforts to provide water and wastewater treatment services to support future growth consistent with the land use patterns and densities established in the General Plan.
  - Action Item CP-PV-9.2: Pursue efforts to redevelop the old bridge on the north end of Main Street, including efforts to maintain its historical character.)
  - Action Item CP-PV-9.3: Investigate undergrounding power lines on the south side of Main Street, and replacing the lights currently on the poles with attractive, unobtrusive street lights that reflect the cultural heritage of the community.

These goals and policies help guide land use decisions in the Potter Valley region.(County of Mendocino General Plan, 2009)

### 1.6 Senate Bill 215

Senate Bill (SB) 215 (Wiggins) requires LAFCo to consider regional transportation plans and sustainable community strategies developed pursuant to SB 375 before making boundary decisions. Senate Bill 375 (Sustainable Communities and Climate Protection Act) requires each Metropolitan Planning Organization (MPO) to address regional greenhouse gas (GHG) emission reduction targets for passenger vehicles in

their Regional Transportation Plan (RTP) by integrating planning for transportation, land use, and housing in a sustainable communities strategy.

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

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

Figure 1-1: Regional Location

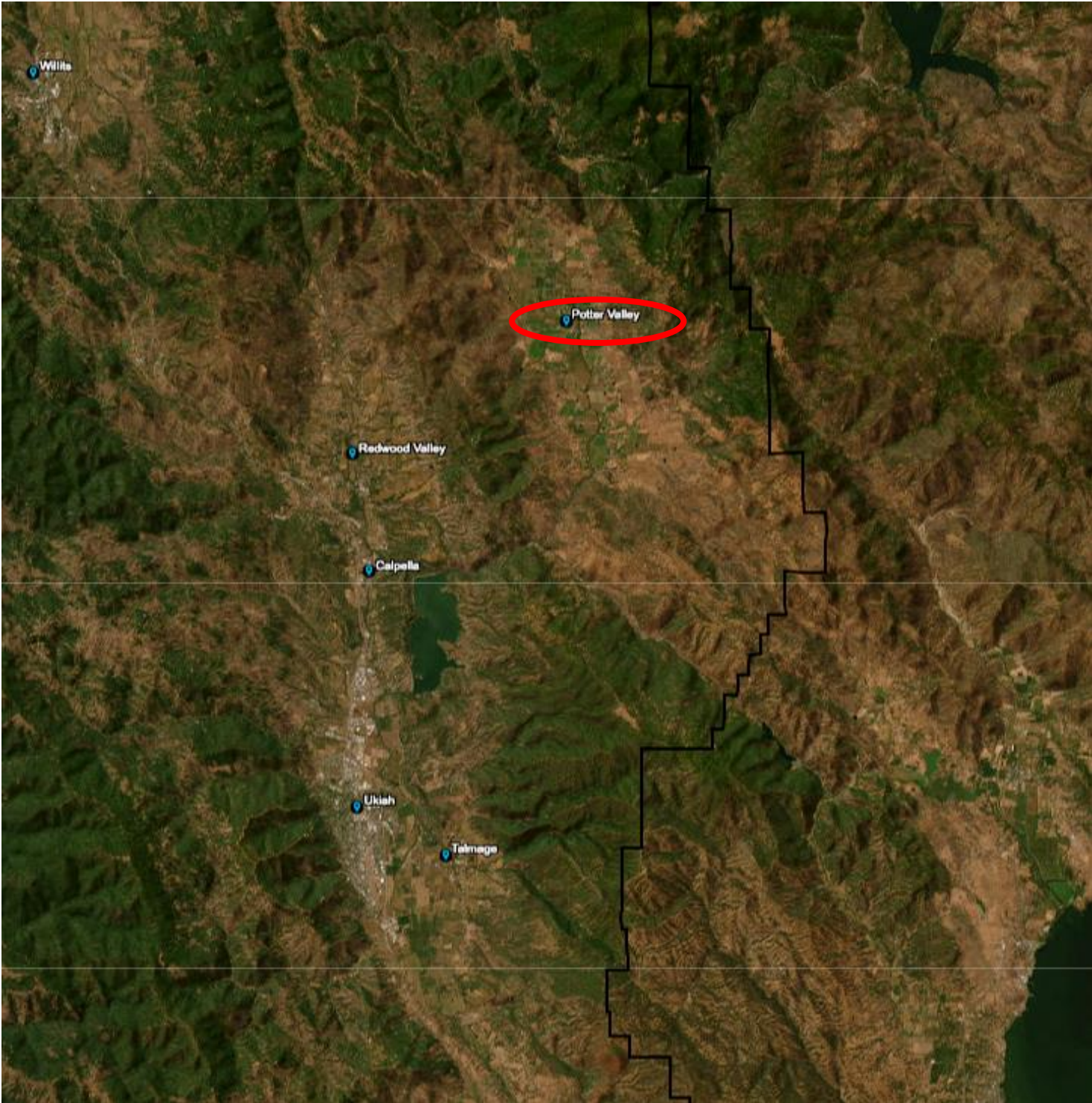


Figure 1-2: Potter Valley Irrigation District Boundary

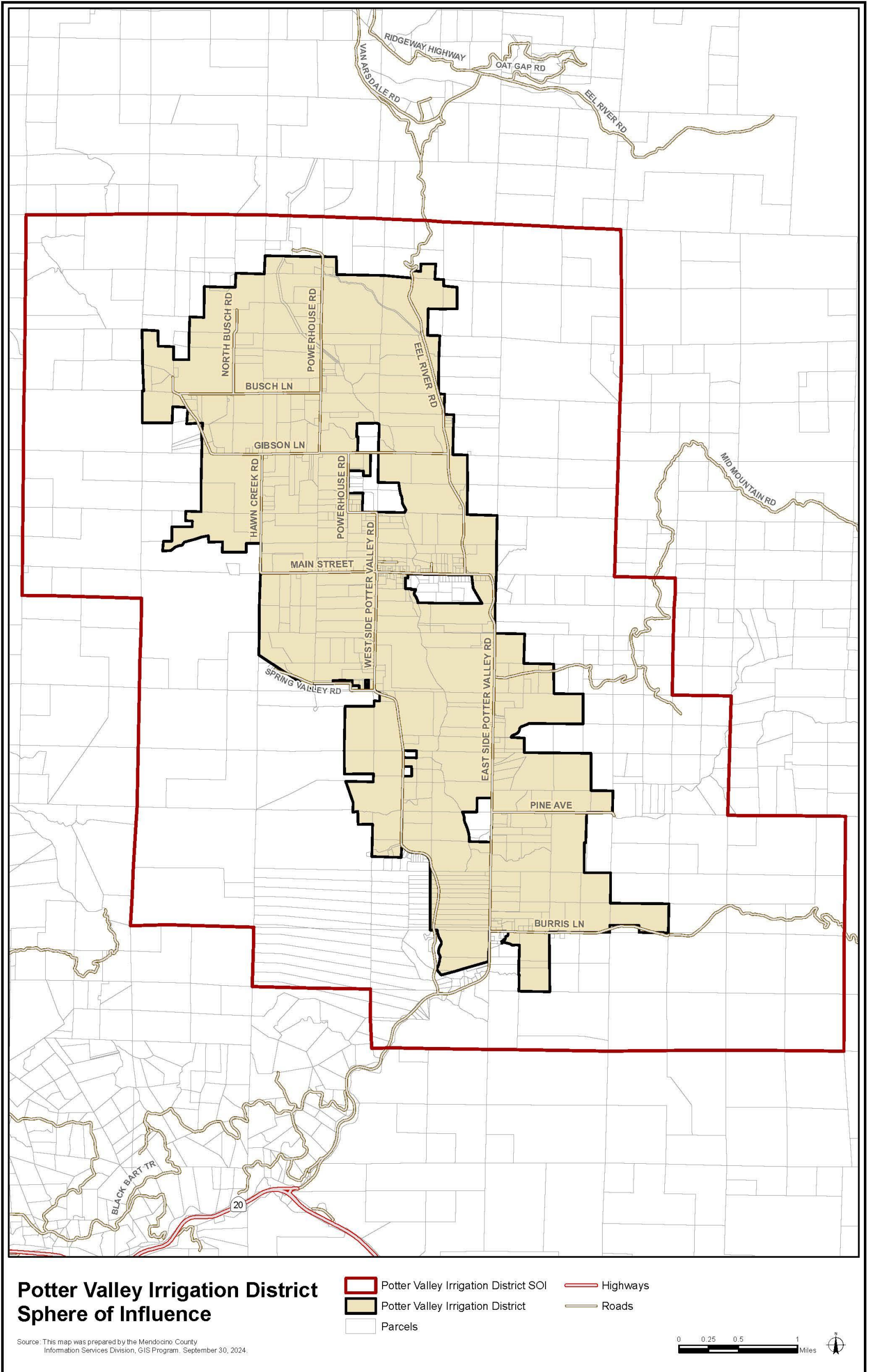
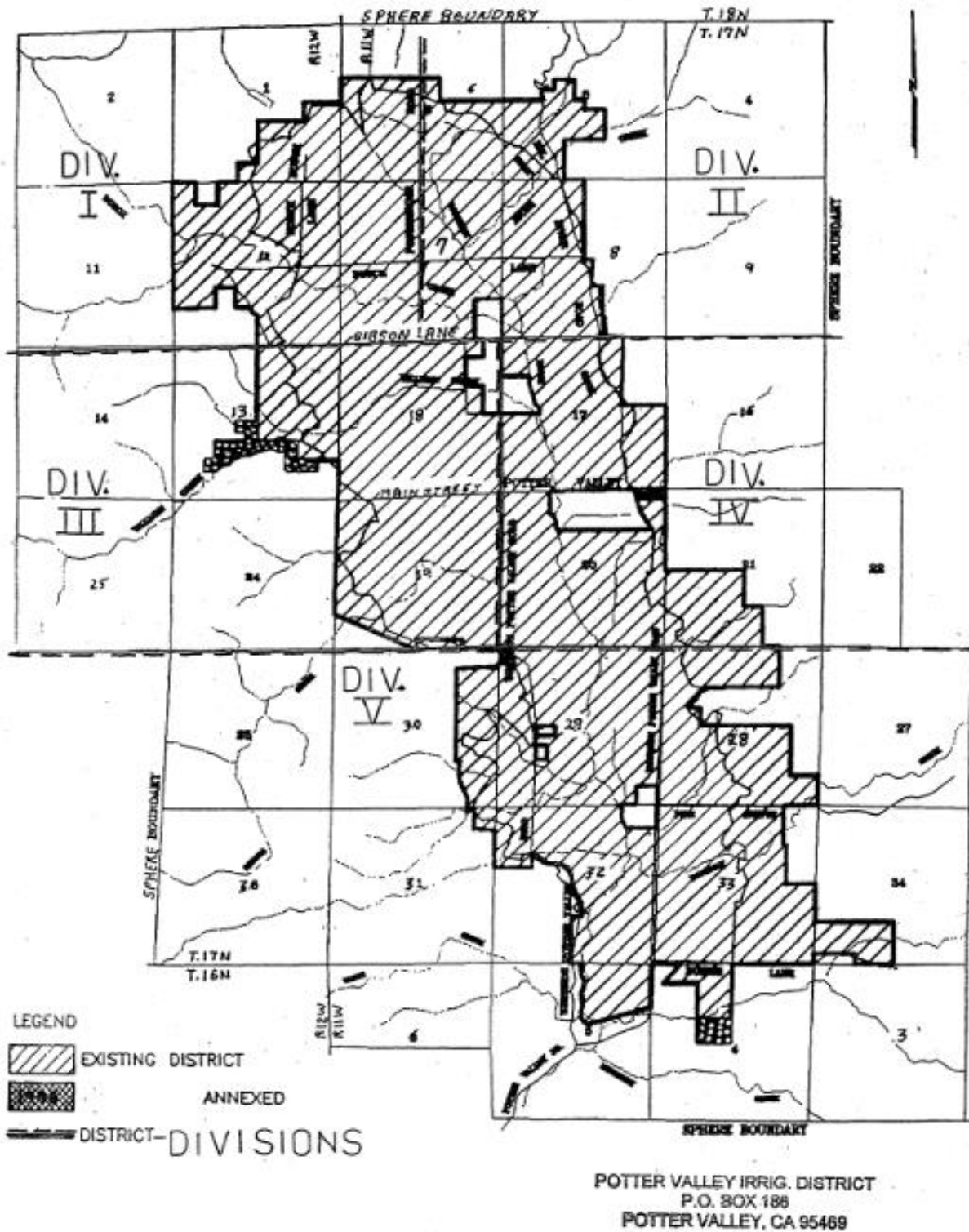


Figure 1-3: PVID Division Boundaries



## 2 AGENCY OVERVIEW

Table 2-1:PVID Profile	
<b>Agency Name:</b>	Potter Valley Irrigation District
<b>General Manager</b>	Donald Brown, Superintendent
<b>Office Location:</b>	10170 Main Street Potter Valley, CA 95469
<b>Mailing Address:</b>	P.O. Box 186, 10170 Main Street Potter Valley, CA 95469
<b>Phone Number:</b>	(707) 743-1109
<b>Website:</b>	<a href="https://www.pottervalleywater.org/index.html">https://www.pottervalleywater.org/index.html</a>
<b>Email:</b>	pvid@pottervalleywater.org
<b>Date of Formation:</b>	April 1,1924
<b>Agency Type:</b>	Irrigation District, Single-Service Provider
<b>Enabling Legislation</b>	California Water Code Section 20500 (Irrigation Districts)
<b>Board Meeting Schedule:</b>	Third Wednesday of each month at 7:00PM

### 2.1 History

#### 2.1.1 Formation

In 1921 and 1923 two petitions to create an irrigation district serving the Potter Valley region were reviewed by the Mendocino County Board of Supervisors. The first petition was defeated because some residents of Potter Valley did not want to be included in an irrigation district. The second petition was accepted after the residents, who so desired, were excluded from the original list of properties to be included in the new irrigation district. (PVID, 2024)

The Potter Valley Irrigation District was subsequently formed on April 1, 1924 by the Board of Supervisors under Section 20500 of the Water Code that relates to irrigation districts for the purpose of providing irrigation water to support agriculture in Potter Valley. The first formal meeting of the PVID and election of directors was held on April 22, 1924.

#### 2.1.2 Boundary

The District encompasses the census-designated place (CDP) of Potter Valley located in central unincorporated Mendocino County which is located approximately 18 miles northeast of the City of Ukiah. The District’s service area extends beyond the Potter Valley CDP further into unincorporated Mendocino County in each direction and covers approximately 6,966 acres of agricultural lands. See Figure 1-1 and Figure 1-2.

#### 2.1.3 Services

The PVID utilizes raw water diverted from the Eel River through the Potter Valley Project to provide irrigation water to its approximately 275 agricultural customers.

##### 2.1.3.1 LATENT POWERS

Latent powers are those services, functions or powers authorized by the principal act under which the District is formed, but that are not being exercised and have not been authorized by LAFCo.



The California Water Code, Irrigation Districts ([Water Code §20500](#)) identifies the following potential powers:

- a) Water
- b) Watermaster Service
- c) Drainage
- d) Electric Power
- e) Pension and Retirement Systems
- f) Flood Control
- g) Sewage Disposal
- h) Recreational Facilities

The PVID is a single-service provider delivering raw irrigation water services only and no other latent powers are authorized under its principal act (Section 20500 of the Water Code, Irrigation Districts) (California Legislative Information, 2024). There are no overlapping or duplicating services of wholesale irrigation water suppliers within the District boundary.

**2.2 Government Structure**

**2.2.1 Governing Body**

The District is governed by a five-member Board of Directors elected at-large by registered voters within the District’s five divisions. The five divisions of the PVID are mapped in Figure 1-3 and were established at the District’s formation.

Each director, except as otherwise noted, must be a registered voter and landowner within the district, and a resident of the division that he or she represents at the time of nomination or appointment and throughout their term.

If there are insufficient candidates for the election of Board vacancies, or if the number of filed candidates is equal to the number of board vacancies, then District board members may be appointed by the County Board of Supervisors (BOS) per [Water Code §21265-21285](#). If the BOS has failed to fill a vacancy within 60 days of its occurrence, a special election may be called by the board of directors and held in the division affected. The candidate elected through special election shall fill the unexpired term of the vacating director. The current directors, positions, and terms are shown in Table 2-2.

The District Board of Trustees elect officers annually at the January regular meeting to serve the following year. New directors take office at noon on the first Friday in December following their election. Officers include a President, Vice President, Treasurer/Secretary, Assessor/Collector, Safety Officer, and the Chair of Mendocino County Inland Water and Power Commission (MCIWPC) and Eel Russian Project Authority (ERPA). Board Trustees do not receive compensation for their service.

Name	Office/Position	First Year of Service	Term Expiration
Eugene McFadden	Director/Safety Officer	1990	2028
Ken Stroh	Director/President	1986	2026
Janet Pauli	Director/Vice President	1989	2028
Jim McMenomey	Director	2004	2028
Mac Magruder	Director	2006	2026

There are currently no vacancies on the Board and all five of the Board members have served the District for multiple terms, which can be a significant benefit in establishing long-standing positive working relationships in the community, understanding the history and unique aspects of the organization, and maintaining institutional knowledge.

### **2.2.2 Public Meetings**

Regular Board meetings are held on the third Wednesday of each month at 7pm at the district office at 10170 Main Street, Potter Valley, CA 95469, with some exceptions for holidays.

In accordance with the Brown Act, all District Board meetings are open to the public and are notices are publicly posted at Hoppers Corner Store, outside the District office front door, and on the District's website a minimum of 72 hours prior to regular meetings, or a minimum of 24 hours prior to special meetings.

Public comments are accepted at each meeting. Meeting summaries are maintained for all board meetings and are adopted by the board at a subsequent meeting.

Regular board meetings, records, annual budgets and financial audits are kept current and maintained by the Board Secretary. Public meeting information, including past agendas, reports, resolutions, and approved meeting minutes are available on the District's [website](#) and upon request via email from the District.

### **2.2.3 Standing Committee**

Committees assist in carrying out various functions of local government to support and implement Board direction. The District board currently has one standing committee, the Safety Committee.

### **2.2.4 Public Outreach**

With the passage of Senate Bill (SB) 929 in 2018, all special districts are required to establish and maintain a website with specific information and accessibility requirements by January 2020 (a compliance handout is included in Appendix A– Open Government Resources. SB 929 does allow for a special district to exempt themselves from the website requirements by adoption of a board resolution declaring a financial hardship exists that prevents the district from establishing or maintaining a website.

The District maintains a website with the assistance of a contracted consultant, which contains documents such as current and past agendas and meeting minutes, notices, pertinent reports and news updates, water rates, and financial information (<https://www.pottervalleywater.org/>). The District also provides informational updates and announcements on their website, as needed, and keeps residents informed of District requirements and activities through word-of-mouth and during public meetings.

### **2.2.5 Complaints**

As stated in the District's Bylaws under Rule No. 10A, all complaints of any kind must be made in writing and either filed with staff at the District office or sent to the District by mail, addressed to the Superintendent, and within five days of the time the act causing complaint has occurred. (PVID, 2024)

No complaints have been received by the District within the last five years. (RFI PVID, 2025)

### 2.2.6 Transparency and Accountability

The PVID Bylaws were approved in 1978 and last amended in 2022. The Bylaws serve as the legal guidelines of the District and consist of written rules that define the District’s official mission and outlines the responsibilities of the District and board.

The board operates with a separate written set of policies and procedures covering board membership, officer’s titles and responsibilities, how offices are to be assigned, how meetings should be conducted, and financial matters.

The Political Reform Act requires all state and local government agencies to adopt and promulgate a Conflict-of-Interest Code pursuant to [GC §87300 et seq](#)<sup>5</sup>. The District’s bylaws include some specific policies related to governing and financial matters. Additionally, Resolution No. R-5 adopted in July of 1982 includes Policies 1020.1 and 1020.2 which specifically address conflicts of interest. (RFI PVID, 2025)

The Political Reform Act also requires persons who hold office to disclose their investments, interests in real property, and incomes by filing a Statement of Economic Interests (Fair Political Practices Commission Form 700) each year according to [GC §87200](#)<sup>6</sup>. Under GC §87200, members of special districts are listed as “other public officials who manage public investments”. In accordance with District Policies 1020.1 and 1020.2, Form 700 has been filed by all elected District members, including the Superintendent and District legal counsel, with the Mendocino County Clerk’s Office for the year 2024.

According to Assembly Bill (AB) 1234, if a local agency provides compensation or reimbursement of expenses to local government officials, then all local officials are required to receive two hours of training on public service ethics laws and principles at least once every two years and establish a written policy on reimbursements pursuant to [GC §53235](#)<sup>7</sup>. The District’s board members are not compensated.

Refer to Appendix A– *Open Government Resources* for a brief list of educational resources regarding open government laws and Appendix B – *Website Compliance Handout*.

## 2.3 Operational Efficiency

### 2.3.1 Management and Staffing

The PVID has five full-time and seven part-time employees. Full-time employees include the Superintendent who is responsible for answering to the Board for all District actions, managing the day-to-day affairs of the District, including implementing and enforcing all District policies, procedures and District Bylaws, and serving as the District Human Resource Officer. Other full-time staff include a Secretary/Treasurer who acts as the Chief Financial Officer, an Assessor-Collector who is responsible for standby assessments and collections, and an Operations and Maintenance Supervisor.

Part-time employees include an administrative assistant who works year round, as well seasonally hired part-time employees to operate and maintain the District’s irrigation distribution system. All employees are given an annual review to track their performance, which is administered by either the supervising staff member or the Board of Directors. (RFI PVID, 2025)

<sup>5</sup> California GC §87300 et seq can be found here: [Codes Display Text \(ca.gov\)](#).

<sup>6</sup> California GC §87200 can be found here: [Codes Display Text \(ca.gov\)](#).

<sup>7</sup> California GC §53235 can be found here: [California Code, GOV 53235](#).

PVID noted as part of this MSR process that while the number of District staff members is currently adequate to run the operations and maintenance of the District, staff is stretched thin and additional staff is needed.

### 2.3.2 Contract or JPA Services

The District has historically relied on a long-standing contract with PG&E for water from the Potter Valley Project (PVP), which diverts Eel River water into the Russian River watershed. However, the contract is currently being reevaluated pending the imminent surrender and decommissioning of the PVP, as described in Section 3.1.2.1 and Section 3.1.2.2.

Additionally, the PVID contracts with a consultant for maintenance of the District's website and other consultants for financial audits and special studies.

### 2.3.3 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. The District conducts an annual performance evaluation for both part time and full time employees. (RFI, 2024)

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

#### 2.3.3.1 CHALLENGES

There is significant uncertainty associated with the future of the PVP. With the proposed removal of Scott Dam on the Eel River, which is likely with the decommissioning of the PVP, the resulting "run-of-river" operations for any future diversions from the Eel River to the Russian River will require new storage to manage supplies for year-round use in Potter Valley. The District is evaluating whether aquifer storage and recovery and on-farm recharge of the underlying Potter Valley aquifer system, as well as new surface storage (e.g., off-stream dam and storage reservoir or storage ponds) are feasible alone, or in combination, to store seasonal run-of-river diversions for PVID. Given the uncertainty of which approach(es) will be adopted, consideration of potential future water storage and supply options are being considered. (McMillen Jacobs Associates, 2021), pg. 61)

#### 2.3.3.2 STRATEGIC OR SUCCESSION PLAN

The District does not currently have an established strategic plan, but has a mission statement which acts as the District's guiding principle. While the District is not legally obligated to maintain these types of documents and/or plans, doing so helps to clarify goals and some sense of security when it comes to the future of the District.

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

More recently, in response to the imminent surrender and decommissioning of the PVP, the District is working with various groups to plan for the future of the District's diversion infrastructure, storage options, and the ability to serve existing customers in the immediate future.

### 2.3.4 Regional and Service Specific Collaboration

The District regularly works closely with other regional organizations such as the Mendocino County Inland Water and Power Commission (MCIWPC). The MCIWPC is a joint powers agency (JPA) that includes Mendocino County, the City of Ukiah, PVID, Mendocino County Russian River Flood Control and Water Conservation Improvement District (MCRRFCWCID), and Redwood Valley County Water District (RVCWD). The agency was formed in 1996 to protect and procure adequate water supplies for its members relying upon the Russian River watershed and including the diversion from the Eel River.

Most recently, in December of 2023, in response to PG&E's abandonment of the PVP, the Eel Russian Project Authority (ERPA) JPA was formed by a joint exercise of powers agreement between the County of Sonoma, Sonoma Water Agency (Sonoma Water), and the MCIWPC. ERPA has the authority to negotiate with PG&E as the entity moves ahead with the imminent surrender and decommissioning of the PVP. The ERPA also has the legal capacity to own, construct and operate a new water diversion facility near the Cape Horn Dam. (Eel Russian Project Authority, 2024)

### 2.3.5 Shared Services and Facilities

#### 2.3.5.1 ADJACENT PROVIDERS

Due to its geographical isolation, there are no other public or private irrigation water service providers located adjacent to the District. The nearest irrigation water provider in the region is the MCRRFCWCID, located approximately 19 miles southeast of the District in the Ukiah Valley and Redwood Valley region.

All residential properties within the District boundary rely on private on-site wells for drinking water and septic systems for wastewater needs. Fire protection for properties within PVID is provided by the Potter Valley Volunteer Fire Department, which is governed by the Potter Valley Community Services District<sup>8</sup>.

The District routinely coordinates with the Potter Valley Community Services District as well as the Potter Valley Fire Department during emergencies (RFI PVID, 2025).

Additionally, a current member of the PVID Board sits on the ERPA Board and facilitates sharing of information and concerns on behalf of the District.

#### 2.3.5.2 DUPLICATION OF SERVICES

There are no overlapping or duplicating services of wholesale water suppliers within the District boundary or nearby.

#### 2.3.5.3 INTERAGENCY COLLABORATION

The PVID works with the Department of Fish and Wildlife (DFW) on Russian River frost water regulations and supports the quagga and zebra mussel monitoring program<sup>9</sup>. Quagga and zebra mussels are recent invaders to California lakes and waterways. The mussels are internationally recognized invasive pests that have caused significant impacts to water delivery systems, fisheries, and ecosystems, with control costing millions of dollars annually in many states and countries.

<sup>8</sup> Source is the 2018 Mendocino LAFCo Multi-District Fire Protection Services SOI found here:

<https://www.mendolafco.org/files/01d2409c9/Multi-District+Fire+SOI+Update+Adopted+FINAL.pdf>

<sup>9</sup> Department of Fish and Wildlife Quagga and Zebra Mussels information page:

<https://wildlife.ca.gov/Conservation/Invasives/Quagga-Mussels>.

The PVID works with the North Coast Regional Water Quality Control Board (RWQCB) Irrigated Lands Discharge Program (ILDP). The goal of the Irrigated Lands Discharge Program is to set water quality goals for receiving waters in the region and to recommend farm water quality management goals.

The PVID also works with a number of private environmental groups such as the Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council), the Eel River Recovery Project, and the Eel River Task Force. The Stewardship Council is a private, nonprofit foundation that was established in 2004 as part of a PG&E settlement. Its goals are to ensure that over 140,000 acres of PG&E watershed lands are conserved for the public good through a Land Conservation Program and to invest in outdoor programs that serve California's young people through its Youth Investment Program. The PVID is also active in the Land Conservation Program, which includes lands within the Upper Main Stem Eel River Watershed.

The Eel River Recovery Project addresses water conservation, nutrient pollution, and ecosystem recovery. This project is operating under the umbrella of the Trees Foundation and has an Advisory Group consisting of members of communities, Tribes, and government agencies from throughout the Eel River Basin. The PVID co-sponsors an annual Eel River cleanup event with the Eel River Recovery Project that encourages the public to participate in trash cleanup along the River and highways. Volunteers collect trash on 26 miles of county roads and 12 miles of river during the annual event.

## 2.3.6 Government Structure and Community Needs

### 2.3.6.1 ENHANCED SERVICE DELIVERY OPTIONS

The District is the only wholesale irrigation water supplier within the District boundary and Potter Valley area. The PVID provides raw water direct to individuals for irrigation use within its boundaries and Place of Use via water contracts.

LAFCo staff recognizes that the current main priority for the District is to ensure as seamless a transition as possible from the current PVP facilities to future District storage infrastructure and facilities that will be necessitated by the decommissioning of the PVP. During this uncertainty, organizational or operational efficiencies may become evident as the transition unfolds; however, none were identified during development of this study.

### 2.3.6.2 GOVERNMENT RESTRUCTURE OPTIONS

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

As stated above, during the transitory phase of operations in a post-PVP situation, the District may be in a position to identify and implement changes as future strategies and plans solidify.

## 2.4 Finances

LAFCo is required to make determinations regarding the financial ability of the PVID to provide its services. This section provides an overview of the financial health of the District and a context for LAFCo's financial determinations. This MSR relies on audited financial statements for Fiscal Years (FYs) 2021, 2022 and 2023, and the budget for FY 2024 as the primary sources of information for this section.

The PVID’s budget operates on a calendar-year basis. The District operates out of a single enterprise fund for operational and maintenance purposes. The District’s sole fund is considered a proprietary fund, which is accounted for using the “economic resources” measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. All other revenues are reported as non-operating revenues. Operating expenses are those expenses essential to the primary operations of the fund and all other expenses are reported as non-operating expenses.

The following table provides year-end (not budget) financial information for the District. Table 2-3 summarizes the Statement of Revenues, Expenses, and Changes in Fund Net Position prepared by Robert Johnson Accounting, CPA. The Superintendent and Secretary/Treasurer of the District were integral parties to the preparation of the audits (RFI PVID, 2025). The financial information in the table below represents the short-term financial standing of the District based on reporting annual income, expenses, and profits/losses using the accrual basis of accounting, which is an accounting method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.

	<b>FY 21 (\$)</b>	<b>FY 22 (\$)</b>	<b>FY 23 (\$)</b>
<b>Operating Revenue</b>			
Water service charges	145,147	231,614	187,570
Standby charges	55,791	55,793	55,788
Other	1,552	801	3,181
<b>Total Operating Revenue</b>	<b>202,490</b>	<b>288,208</b>	<b>246,539</b>
<b>Operating Expenses</b>			
Source of supply	73,650	123,078	130,858
Transmission and distribution	322,146	383,245	423,385
Administrative	79,668	80,810	89,931
Depreciation	75,419	76,871	78,709
<b>Total Operating Expenses</b>	<b>550,883</b>	<b>664,004</b>	<b>722,883</b>
<b>Operating Income/(Loss)</b>	<b>(348,393)</b>	<b>(375,796)</b>	<b>(476,344)</b>
<b>Non-Operating Revenue (Expenses)</b>			
Property Tax Revenue	398,365	463,901	481,711
Interest Income	1,235	160	148
Unrealized investment income	-	5,621	14,483
Unrealized investment loss	(1,947)	(15,040)	(2,052)
Licensing costs	(50,000)	(50,000)	(50,000)
Loss on asset disposal	-	(19,858)	-
<b>Total Non-Operating Revenue (Expenses)</b>	<b>347,653</b>	<b>384,784</b>	<b>444,290</b>
<b>Net Income (Loss)</b>	<b>(740)</b>	<b>8,988</b>	<b>(32,054)</b>
Beginning Net Position	1,624,085	1,623,345	1,632,333
Ending Net Position	1,623,345	1,632,333	1,600,279

Source: (Robert Johnson CPA)

**2.4.1.1 REVENUE AND EXPENDITURES**

The PVID is funded primarily by property taxes, which accounts for approximately 70 percent of revenues. The District’s remaining funding is a combination of water service charges and standby charges.

Expenditures have steadily increased since FY 2021 by approximately 21% in FY 2022 and another 9% in FY 2023. The top expenditure for the District is transmission and distribution, which is tied to the cost of selling irrigation water, followed by administrative and depreciation costs. PVID revenues fluctuate based on the season, weather, and the dates the season starts and ends. The District’s budget is a reflection of the increase in the cost of goods including capital improvement costs and employee wages, which are increased annually with the COLA (RFI PVID, 2025).

The District’s cash accounts are summarized below in Table 2-4.

Type	FY 21 (\$)	FY 22 (\$)	FY 23 (\$)
Cash and Cash Equivalents – Beginning of Year	607,886	431,592	589,504
Cash and Cash Equivalents – Ending of Year	431,592	589,504	614,597

The District maintains healthy cash accounts, which fluctuates relative to sales that are based on the season, weather, and the dates the season starts and ends. The year 2021 was a severe drought year that required the District to ration water for the first time since its inception, resulting in less revenue and greater impacts to cash accounts (RFI PVID, 2025).

**2.4.1.2 ASSETS AND LIABILITIES**

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

The work in progress line-item accounts for the construction projects that were started in one year and not completed by the financial close of that year and thus were not capitalized. These amounts are carried over to the following year until the project is completed and capitalized (RFI PVID, 2025)

	FY 21 (\$)	FY 22 (\$)	FY 23 (\$)
<b>Current Assets</b>			
Cash and Cash Equivalents	156,349	323,755	336,417
Investments	275,243	265,749	278,180
Accounts Receivable	56,988	118,228	84,478
<b>Total Current Assets</b>	<b>213,147</b>	<b>707,732</b>	<b>699,075</b>
<b>Capital Assets</b>			
At Cost	2,095,049	2,066,090	2,139,137
Lesser Cost, With Accumulated Depreciation	(1,162,349)	(1,167,370)	(1,220,160)
<b>Total Capital Assets</b>	<b>932,700</b>	<b>898,720</b>	<b>918,977</b>
<b>Work In Progress</b>			
<b>Total Work in Progress</b>	<b>2,011</b>	<b>45,464</b>	<b>1,964</b>



	FY 21 (\$)	FY 22 (\$)	FY 23 (\$)
<b>Total Assets</b>	<b>1,636,438</b>	<b>1,651,916</b>	<b>1,620,016</b>
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	2,867	4,312	2,744
Accrued Vacation	10,226	15,721	16,993
<b>Total Current Liabilities</b>	<b>13,093</b>	<b>19,581</b>	<b>19,737</b>

2.4.1.3 NET POSITION

As shown below in Table 2-6, the district is currently operating at a net positive and has been able to do so consecutively thanks in part to its cash accounts and investments that have been diligently contributed to over the years.

	FY 21 (\$)	FY 22 (\$)	FY 23 (\$)
Investment in Capital Assets	934,711	944,184	920,941
Unrestricted	688,634	688,149	679,338
Restricted	-	-	-
<b>Total</b>	<b>1,636,438</b>	<b>1,651,916</b>	<b>1,620,016</b>

2.4.2 Long Term Financial Considerations

2.4.2.1 RESERVES

The District maintains an established reserve fund to allocate for specific maintenance and construction projects. The District’s reserve fund policy was adopted by Resolution No. 2004-4 in May 2004. The policy allocates restricted funds to be invested by the Board to be used as reserve funds for capital improvements, unexpected legal contingencies, emergency infrastructure damage, and/or equipment replacement. As of December 2024, reserve funds totaled \$291,690. (RFI PVID, 2025)

2.4.2.2 OUTSTANDING DEBT/COST AVOIDANCE

The District currently has no outstanding debt, and works to maintain and control budget expenditures through discussion at its monthly Board meetings.

2.4.2.3 RATE RESTRUCTURING

PVID historically purchased water from PG&E at a rate that was renegotiated every five years. However, PVID negotiated an amendment to the PG&E water purchase contract in October 2014 that established an escalation clause to take effect in May of 2025. As of December 2024, this escalation clause is being rewritten to accommodate for the lag time in the publishing the Mendocino County Agriculture Crop Report that forms the basis of the agreement. Crop-specific watering schedule and needs are considered in the rate structure and include a negotiated escalation provision over three years based on the current Consumer Price Index (CPI) and the crop report from 2021. The crop reports for 2022, 2023, and 2024 have not yet been published, however they will identify the three highest valued crops grown in Potter Valley (currently grapes, irrigated pasture hay, and cattle) and subsequently help determine the terms of the new water purchase contract. (RFI PVID, 2025)

Once amended, the contract and its rates will run for three-year terms and the escalation clause will again reestablish the District's cost per acre-foot (AF) of water until the PVP is decommissioned and the FERC license is officially abandoned.

The current water purchase contract stipulates that PVID pays \$20.00 per AF; District customers pay \$22.50 per AF of water used. Additionally, District customers are charged standby fees that are assessed annually on a per acre basis of the irrigated lands within the PVID boundaries at a rate of \$8.50 per acre, levied in two installments.

Rates and fees are reviewed during the annual budget development process and adjustments are adopted during a public meeting of the board, when necessary, to support the on-going delivery of services. Customers receive annual bills on December 1 with payment due on December 15.

As rates have increased over time it has encouraged conservation and system improvements from both the District and its customers.

Proposition 218 was approved by California voters in November 1996 to ensure that the setting of all taxes and most charges to property owners be transparent and subject to voter approval. In addition, Proposition 218 seeks to curb some perceived abuses in the use of assessments and property-related fees, specifically the use of these revenue-raising tools to pay for general governmental services rather than property-related services (LAO, 1996).

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

#### 2.4.2.4 CAPITAL IMPROVEMENT PLAN

The PVID maintains 5- and 10-year capital improvement plans (CIP) with the most recent plan adopted for the 2024 year. Most of the projects are construction and maintenance projects to keep the canals and irrigation works in good working order and to repair leaks. The District maintains an active list of current, future, and pending construction projects, and identified the following infrastructure improvement projects for the 2024 year:

- Gate #45 Replacement (Completed)
- Install Two Manhole access points and vacuum sediment out of the river diversion meter section
- Gate #35 Replacement (Completed)
- Lateral #50-2 Main St. Crossing Replacement
- Lateral #18-1-5 Powerhouse Road Crossing Replacement (Completed)
- Lateral #44 Hawn Creek Road Crossing Replacement
- Slide Gate & Cover Replacement to Include Drains (Completed)
- Replace East Main Canal Property Access pipe below Gate #59 42" diameter x 40'
- Lateral #17-4 to #17-6, the last 1040', 18" diameter PVC Pipeline Installation
- Delivery Gate #60-2 Reconstruction (Completed)
- Lateral #57-2 East Road crossing Pipe Replace

- Lateral #52-2 Pipe Emergency Replacement (Complete)

The approved construction project list for 2024 totaled \$73,941, six of the identified CIP projects were completed, totaling \$43,110.

The following were identified as future projects:

- Eddie Ranch (Katie Delbar) Install 460' of 36" diameter ADS pipe gate #79 A Joint Project.
- Review the need for Pipeline Project & Cost Estimate Gate #68 south through Gett's & Merino property.

The following were identified as pending projects:

- Replace the east pump system with a direct river diversion system.
- 48" diameter Pipeline Humeny & Todd Gate #D-4 to #12, 1,600 ft. + Elbows
- Replace the 38 feet of 24" diameter steel discharge pipe and coupler on the west pump. Replace the 24-inch Calco 101 screw gate.
- Electric fence project, (Guntly #1 and #2) between main gates #75 and #81. This will help control livestock damage to the main canal in this area.
- H&W Leak Pipeline Gate 200', 42" ADS Joint Project 2021
- Additional East Main Canal Property Access pipes Gate #27-1 and #27-2 as previously approved.

Given the decommissioning of the PVP and uncertainty of the District's future infrastructure, it is anticipated that these projects will be completed before the decommissioning is fully resolved. The District will continue to monitor progress on the CIP and will need to identify future infrastructure needs as post-PVP plans solidify.

Further, with the decommissioning of the PVP the District will be considering funding options for future water storage and infrastructure upgrades. Understandably, the District's CIP may change substantially in as plans solidify in the coming years.

## 2.5 Growth

### 2.5.1 Present and Planned Land Use and Development

The PVID is contained entirely within the Potter Valley Census Designated Place (CDP), which extends beyond the District's boundary into the unincorporated area of Mendocino County. There are no incorporated cities within the District. Mendocino County has land use authority over unincorporated lands and land use decisions are governed by the County's General Plan and Zoning Regulations. Any proposed changes to the land use or development patterns within the District must be approved by the County and may require an amendment to the General Plan and/or Zoning Ordinance.

#### 2.5.1.1 LAND USE

The District provides raw water for irrigation purposes to approximately 6,966.1 square miles of land within the County. The Potter Valley community planning area lies north of State Route 20 and is accessed via Potter Valley Road. The East Fork of the Russian River bisects the valley. A downtown area located along Main Street includes commercial operations, a school, post office, health clinic, and other uses. The remainder of the valley is mainly agricultural, with grazing lands, vineyards and orchards covering most of the valley floor. Residential ranchettes of 5 to 10 acre lots are situated in and around these farm sites, and the valley floor rapidly transitions to upland forests and rural grazing lands. (County of Mendocino General Plan, 2009)

Specific land uses within the District include six designations: Agricultural (AG), Rangeland (RL), Suburban Residential (SR), Remote Residential (RMR), Rural Community (RC), and Public Facilities (PF) (Figure 2-1).

Table 2-7 below summarizes the parcel information within PVID’s service area boundary.

<b>Table 2-7: PVID Parcel Information</b>	
<b>Statistic</b>	<b>Value</b>
District Area	6,966.1 acres
Irrigated land	4602.42 acres
Non-Irrigated land <sup>1</sup>	935.19 acres
Landowners in District	256
Water Customer Accounts	275
<sup>1</sup> Includes land in District but not connected to PVID system, fallow land, and lands not being farmed.	

**2.5.1.2 DEVELOPMENT**

Future growth and development within the District is subject to Mendocino County land use regulations. The County has adopted plans and policies to regulate growth, including a General Plan and a Zoning Ordinance. The County’s Zoning Ordinance contains three major geographical zones (Inland, Coastal, and Mendocino Town); the District area is included in the Inland Zone (Mendocino County Web Zoning Map, 2024).

As shown in Figure 2-2, the County’s Zoning Map shows that the 6,966 acres of land within the District boundary is primarily zoned Agricultural 40 (AG40), with the handful of non-agricultural use parcels concentrated in the center of the Potter Valley community. The few residential parcels are zoned Upland Residential (UR20/40) with 20- or 40-acre minimum lot sizes that are intended to create and enhance farming and low-density agricultural/residential uses. The UR zoning indicates areas not intended to be high growth and residences should create minimal impact on agricultural viability. The parcels zoned for Public Facilities (PF) are the location of the PVID main office, the US Postal Service, Potter Valley High School, and the Potter Valley Fire Department. The few commercial parcels within the district boundary are zoned for Suburban Residential (SR), Limited Commercial (C1), and General Commercial (C2), all of which are intended to create and enhance neighborhoods where a mixture of residential, public facilities and services and community oriented commercial uses are desired.

**2.5.2 Existing Population**

The District’s service area spans a wide area that is mostly agricultural lands and completely encompasses the Potter Valley CDP which has a population of 537 (Census Reporter, 2022). However, the PVID service area is much larger in area than the Potter Valley CDP. Analyzing the zip code that covers the District’s service area (95469) estimates a total population of 1,855 (Census, 2020).

**2.5.3 Projected Growth**

The anticipated growth of the District is limited to the development of mostly already built-out commercial and rural residential areas located in Potter Valley. A majority of the land within the district is agricultural in use, and therefore future development of this land is not anticipated.

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

in 2043 (DOF, 2023). The overall projected decline throughout the County suggests that buildout of any undeveloped residential parcels will likely not occur until well beyond the planning horizon of this document (DOF, 2023).

However, in 1999 in response to an uncertainty in capacity, the District imposed a moratorium on annexation of any lands into the District, thus limiting new customers. This moratorium is memorialized as Rule No. 20A in the District's Bylaws, which originally ran through 2022 but remains in effect as of the writing of this study. The moratorium limits additional irrigated lands within the District.

Ever changing California housing laws could result in a slight increase in development and density within the District above what is discussed above, primarily related to Accessory Dwelling Units (ADUs) as discussed further in Appendix C – *Housing Legislation Trends and Results*.

Figure 2-1: Mendocino County General Plan Land Use Map

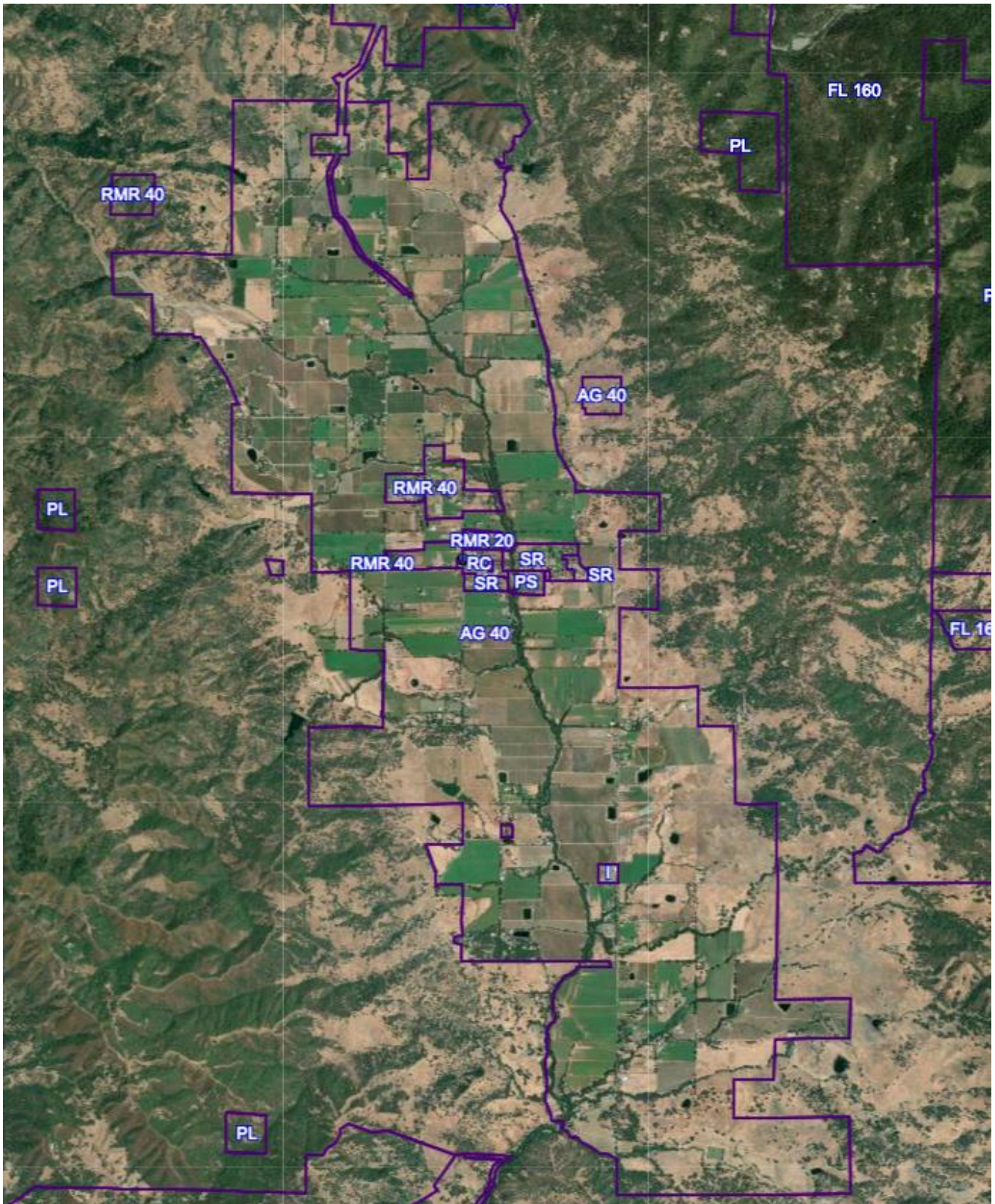
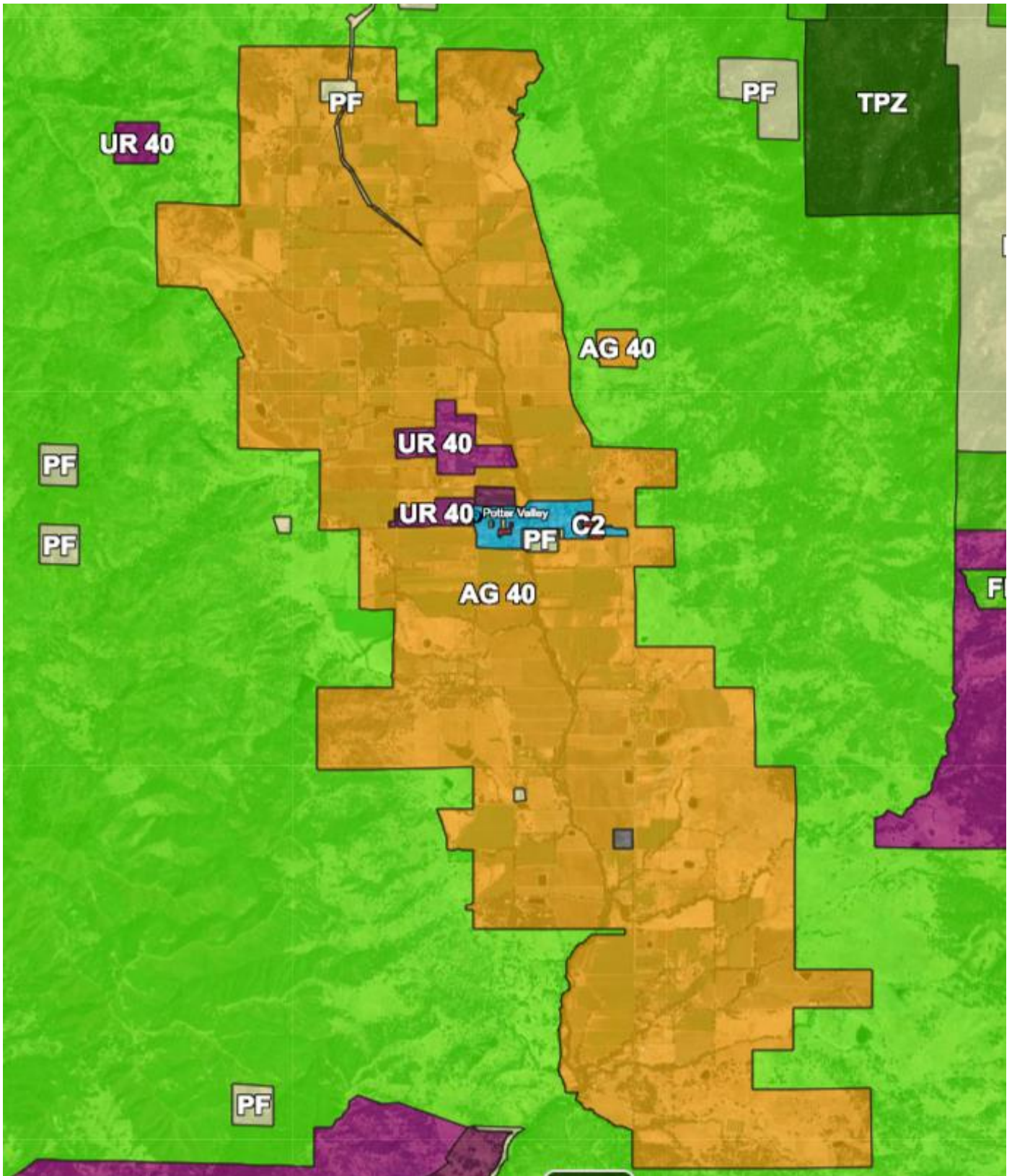


Figure 2-2: Mendocino County Zoning Map



## 2.6 Disadvantaged Unincorporated Communities

Senate Bill 244, which became effective in January 2012, requires LAFCo to evaluate any Disadvantaged Unincorporated Communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services<sup>10</sup>. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income (MHI) that is less than 80 percent of the State MHI. According to the US Census American Survey (ACS) 2023 1-year estimates, the statewide MHI for California was \$95,521 (US Census, 2023A). Thus, the MHI DUC threshold is \$76,416 and the threshold for severely disadvantaged unincorporated communities (SDUC) (less than 60 percent of the State MHI) is \$57,312.

DUCs are identified to address a myriad of issues from environmental justice to land use planning. Linking these disparate issues together, the sole statutory criterion for the determination of a DUC is MHI. The smallest geographic units for which MHI data is publicly available are census block groups. Outside of heavily urbanized areas, however, census block groups are geographically expansive. They often include both incorporated and unincorporated territory and do not necessarily coincide with typically understood community boundaries. Although a block group might be identified as having an MHI of less than 80 percent, various portions of that block group could be significantly wealthier in rural areas, or the block group could split into an otherwise contiguous community.

As a result, within rural areas, such as Mendocino County, assembling income data for specific unincorporated communities is not always straightforward. In Mendocino County, identifying and mapping DUC locations is a complex process because the delineation of DUC boundaries often differs from those common to the local agency and the public. Some entities, such as Sonoma County LAFCo and Stanislaus County, utilize Census Designated Place (CDP) communities to help provide usable geographies for DUC boundaries, but even then, mapping and data challenges persist. MHI ratios are subject to adjustment overtime and can result in a change to a community's disadvantaged status. Similarly, the number of registered voters can fluctuate during election years causing further variability. SB 244 describes the general characteristics of DUCs and provides the following criteria:

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city SOI, is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has an MHI that is 80 percent or less than the statewide MHI
- This analysis is based on CALAFCO recommendations that calculated the "MHI Threshold" to be 80 percent of the statewide MHI (\$76,416) (The MHI for the State of California is \$95,521) (US Census, 2023A)
- Income data was sourced from the ACS 5-year Estimates dataset for 2018-2022 and the 2023 ACS 1-Year Estimates

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

Mendocino County has an MHI of \$67,454 with a majority of the County considered DUCs, including both the census tract and zip code that the District is located within (US Census, 2023B). Because the District encompasses the whole Potter Valley CDP, the MHI of its residents is assumed to be the MHI of the CDP

<sup>10</sup> Technical advisory on SB 244 can be found here: [https://opr.ca.gov/docs/SB244\\_Technical\\_Advisory.pdf](https://opr.ca.gov/docs/SB244_Technical_Advisory.pdf)



which is of \$76,250(US Census, 2023C). The MHI for Potter Valley is just below the statewide MHI Threshold and is therefore also considered to be a DUC.

It is worth noting that the District spans across only one zip code, 95469, which has a population of 1,323 (622 households) and a MHI of \$61,500 (Census Reporter, 2023); and the census tract that the District is located within, Census Tract 108.02, has a population of 1,548 (697 households) and a MHI of \$57,163 (Census Reporter, 2023) By both of these measures the District would still be considered to be located within DUC territory.

The residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community Services District which serves as the umbrella agency for the Potter Valley Volunteer Fire Department <sup>11</sup>. There are no drinking water services provided in the region, properties within the District boundaries utilize well water. According to data sourced from the State Department of Water Resources (DWR), the District spans across approximately 24 Public Land Survey Sections, which are documented as having approximately 292 domestic wells<sup>12</sup>. With respect to wastewater, properties utilize onsite septic systems for their wastewater needs.

While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services of fire, water, and wastewater.

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<sup>11</sup> Source is the 2018 Mendocino LAFCo Multi-District Fire Protection Services SOI found here:

<https://www.mendolafco.org/files/01d2409c9/Multi-District+Fire+SOI+Update+Adopted+FINAL.pdf>

<sup>12</sup>Well Completion Report Map Application data can be found here:

<https://dwr.maps.arcgis.com/apps/webappviewer/index.html?id=181078580a214c0986e2da28f8623b37>

### 3 MUNICIPAL SERVICES

A Municipal Service Review (MSR) is a comprehensive analysis of the services provided by a local government agency to evaluate the capabilities of that agency to meet the public service needs of their current and future service area. The MSR determinations inform the Sphere of Influence (SOI) Update process and assist the Local Agency Formation Commission (LAFCo) in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.2.

#### 3.1 Service Overview

This is the second MSR prepared for the District. In May 2013, the Commission adopted the [Ukiah Valley Special Districts MSR](#), which included the Potter Valley Irrigation District.

##### 3.1.1 System History

###### 3.1.1.1 POTTER VALLEY PROJECT

In 1905, Mr. W.W. Van Arsdale set out to create a reliable source of electrical power to Ukiah and the surrounding region that could be built at the north end of Potter Valley, powered by water that would be diverted from the Eel River. Named the Potter Valley Project (PVP), the Eel River Power and Irrigation Company proceeded to build a small dam on the Main Stem Eel River, Cape Horn Dam, a concrete gravity and earth filled structure, which impounded a small reservoir on the Eel River called Van Arsdale. This reservoir serves as the forebay for the diversion tunnel of the PVP. An 8-foot diameter tunnel, lined with redwood timbers, was dug over a mile long south from Van Arsdale through the mountain, finally opening into the north end of Potter Valley and the upper Russian River watershed, where water flows through a penstock dropping over 450 vertical feet into the Potter Valley Powerhouse. (PVID, 2024)

As the project developed, it required more capital investment and the Eel River Power and Irrigation Company was reorganized as the Snow Mountain Water and Power Company in 1906. The project began to produce power beginning in April of 1908. The first two units in operation were each 2,000 kilovolt-ampere (kva). In 1910, the power company added a 3,000 kilovolt-ampere (kva) unit. In 1912 a second penstock was constructed. In 1917, a final 2,000 kva unit was installed and the total capacity of the powerhouse grew to 9,400 kva (9.4 megawatts). (PVID, 2024)

In the early years of the PVP operations, water was only diverted from the Eel River during high winter and spring flows because the natural late spring, summer and fall flows on the Eel River dropped to levels below diversion infrastructure. In response, by 1920 the Snow Mountain Water and Power Company acquired a Department of Agriculture Power permit to build another dam on the Main Stem Eel River, above Cape Horn Dam. Construction of Scott Dam, a cyclopean concrete ogee gravity structure, began in 1920 and was completed in 1922 allowing winter runoff water to be stored in the newly-formed Lake Pillsbury and to be released in the summer for diversion and power production.

On April 15, 1922 the Federal Power Commission (precursor to the Federal Energy Regulatory Commission (FERC)), granted a 50-year license for the PVP under Project No. P-77. Scott Dam was completed, and Lake Pillsbury began to fill in winter 1922. In 1930 PG&E acquired the PVP from Snow Mountain Water and Power and assumed the license.

### 3.1.1.2 PVID HISTORY

PVID was formed in 1924 and on June 12, 1928, the people of Potter Valley voted to bond the District for \$100,000 for 20 years for the purpose of constructing irrigation infrastructure. In August of 1928, PVID took bids for the construction of the canals, laterals, flumes and gates. The main canals were dug by rotary ditchers and the laterals were dug by teams of horses with V-ditchers. Construction was completed May 15, 1929, and the bond was retired on July 1, 1952.(PVID, 2024)

Originally, the District had a contract for delivery of water from the Snow Mountain Water and Power, which was signed on September 31, 1926, and confirmed by the California Railroad Commission on July 25, 1930. When PG&E acquired the PVP from Snow Mountain Water and Power, this contract was transferred as well on February 5, 1936. This same contract remains in place to this day.

### 3.1.2 Services

The PVID operates under four water licenses monitored by the State Water Resources Control (SWRCB) board as summarized below in Table 3-1. Three of the licenses are owned by PG&E (L-1199, L-5545, and L-5246) and allow the District to divert 50 cubic-feet-per-second (cfs) via the PVP, for use by PVID, up to a total of 19,000 AF per year between May 1 and September 30. Up to 16,000 AF is available to the PVID during the summer. The rest of the year PVID can request water, at a rate not to exceed 50 cfs, until the balance of the 19,000 AF is used.

A fourth perfected water right dating back to 1950 is owned by the District (L-5246) for water released below the Potter Valley Powerhouse into the East Branch of the Russian River (EBRR). Under this license PVID has the appropriate right to divert 50 cfs (a total of up to 100 cfs including the contract water from PG&E); however, this diversion is only viable when water is available.

**Table 3-1: Potter Valley Irrigation District Water Rights**

License	Owner	Source	Amount	Season	Purpose	Point of Use
S-1010	PG&E	Eel River (Van Arsdale/Cape Horn Dam)	340 cfs	Jan 1-Dec 31	Power and Irrigation	PVID
L-1199	PG&E	Eel River (Lake Pillsbury)	4,500 cfs	Nov 1-Apr 1	Irrigation	PVID
L-5545	PG&E	Eel River (Lake Pillsbury and Van Arsdale)	4,908 storage 50 cfs diversion	Mar 15- Oct 30 Nov 1- Jun 1	Irrigation	PVID
L-5246	PVID	Powerhouse Canal	50 cfs diversion	Apr 1-Nov 15	Irrigation	PVID

Source: PVID, 2024

These four perfected water rights, when combined, grant PVID the right to use 22,670 AF of water per year, at a combined rate not to exceed 100 cfs at any given time. The District's water rights ensure the right to irrigate in its net Place of Use, which totals 4,905 acres, and the District's gross Place of Use, which totals 23,040 acres.

### 3.1.2.1 FERC LICENSING CONFLICT

The water service contract between the District and PG&E has historically been dependent on a Federal Energy Regulatory Commission (FERC) hydropower production license that PG&E has held since 1930, that allowed the diversion of water from the Upper Main Eel via the PVP. This license expired on April 14, 2022 and PG&E has been operating under a year-to-year license from FERC since then.

The process to relicense the PVP began in April 2017 with PG&E's filing of a Notice of Intent to relicense. Scoping documents were produced by FERC in June 2017 and public scoping meetings were held. Proposed Study Plans were prepared by PG&E and discussed at numerous technical working group meetings during the fall and winter of 2017. A revised Study Plan was filed by PG&E with FERC in January of 2018 and accepted by FERC with minor changes in February of 2018. The first year of studies began in the spring of 2018 and were scheduled to continue through December of 2019. (MCIWPC, 2024)

On May 18, 2018, PG&E announced their intent to start an auction process to sell the PVP and related FERC license. PG&E was scheduled to continue implementing the Study Plan approved earlier in the year as they moved forward with their internal auction process. However, on January 25, 2019, PG&E withdrew their FERC license application process and concurrently ended their internal auction process. (MCIWPC, 2024)

On March 1, 2019, FERC initiated a 120-day period (ending July 1, 2019) inviting interested parties to submit pre-filing documents to FERC to be considered for the re-licensing of the now-orphaned PVP. On May 14, 2019, the MCIWPC, Sonoma Water, and California Trout, Inc. established a planning agreement for the potential licensing of the PVP. Humboldt County became the fourth signatory at a later date and the Round Valley Indian Tribes were also added as a partner. On June 28th, the four partners submitted a Notice of Intent to FERC to file an application for a new license for the project. No other applications were filed with FERC as of the deadline and FERC accepted the proposal in August 2019. (MCIWPC, 2024)

FERC approved the Feasibility Study, and the partners continued to work toward submitting all of the licensing application requirements to FERC in order to have the project licensed by PG&E's original license expiration date (April 14, 2022). However, the partners were unable to complete the required studies within the timeframe and FERC directed PG&E to file a surrender application and start the decommissioning of the project infrastructure (MCIWPC, 2024). PG&E filed the schedule for the surrender on July 29, 2022, requiring them to file a license for a Surrender Application and plan for decommissioning the PVP by January 29, 2025.

### 3.1.2.2 CURRENT STATUS OF PVP

On November 17, 2023, PG&E released an Initial Draft Surrender Application and Conceptual Decommissioning Plan which stated that a Surrender Application for the PVP will be filed by the deadline. This Surrender Application will include agency and stakeholder consultation, preparation of a draft surrender application and decommissioning plan, solicitation of comments on the draft application, the finalization of the surrender and decommissioning plan and filing of the final plan with the FERC. (McMillen, May 25, 2024)

Essentially, the decommissioning means that the PVP infrastructure will be partially or fully removed and Scott Dam, Lake Pillsbury, the inter-basin water diversion, and the powerhouse could also be dismantled. Although water diversions into the Russian River watershed may potentially continue, without Lake Pillsbury storage, diversions would likely be limited to high-flow winter months, initiating a separate set

of regulatory concerns regarding the ability to store the water in Lake Mendocino and how much, if any, would be provided to Potter Valley or residents around Lake Pillsbury (Mendocino County Water Agency, 2022). The potential loss of storage associated with the decommissioning of the PVP means that any future diversions from the Eel River to the Russian River will require PVID to develop new storage to manage supplies for year-round use in the Potter Valley region.

As described in Section 2.3.5.3, the Eel Russian Project Authority (ERPA), has the power to negotiate with PG&E as the entity moves ahead with decommissioning of the PVP. The new authority also has the legal capacity to own, construct and operate a new water diversion facility near the Cape Horn Dam. The District is looking to the ERPA to represent the interests of the District and its customers moving forward in negotiations with PG&E.

PG&E, PVP Proponents (identified as Sonoma Water Agency, MCIWPC, Humboldt County, Round Valley Indian Tribes, California Trout, Trout Unlimited, and California Department of Fish and Wildlife), and others have also formed a steering committee to develop a Surrender Application Memorandum of Understanding (MOU) to best bring shared interests into one agreement that aligns with PG&E's Surrender Application and Decommissioning Plan. (PVID, 2024)

Discussions between the ERPA and PG&E about asset transfer and coordination of decommissioning activities and refurbishment of a diversion are still ongoing. PG&E and the ERPA will enter into legal agreements addressing construction obligations, permitting, and facility transfers as needed. In addition, PG&E will attempt to enter into legal agreements with other agencies and parties where their interest related to the PVP facility removal fall outside of the FERC Surrender proceeding. (PVID, 2024)

It is worth noting that the schedule and events associated with the PVP decommissioning could be modified in the course of this process.

Since the license expired in April 2022, PG&E has been operating the PVP under FERC on an annual license basis.

### 3.1.3 Service Area

The District is located within the Russian River Watershed which covers approximately 1,485 square miles and spans two counties, Mendocino and Sonoma. The District provides irrigation water to 275 customer accounts (approximately 390 farms) irrigating approximately 4,602 acres within the PVID boundary. The main crops irrigated in Potter Valley include pastures for grazing cattle and hay production, pear orchards, wine grape vineyards, row crops, nurseries and a few sheep, horse and goat farms.

### 3.1.4 Outside Agency Services

The District does not provide any services outside its jurisdictional boundaries and there have been no requests for extensions of services. Additionally, as previously noted, as of 1999 the District has a self-imposed moratorium in place that prohibits annexation of any lands or service to any new customers, including those outside the District boundary, as a result of water scarcity.

The District noted that there has been interest expressed for annexation into the District. Currently, there are a number of properties located in southeast portion of Potter Valley, outside District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the moratorium has prevented any further movement on the topic.

### 3.1.5 Facilities and Infrastructure

The District's water distribution system consists of 16 miles of main canals and 18 miles of secondary laterals. To date, 9,700 feet of open-ditch main canals and 19,520 feet of open-ditch secondary laterals have been put into pipe. Additionally, Potter Valley farmers have constructed 33 water storage ponds that in all have a total capacity of approximately 775 AF of water delivered by PVID; PVID currently has no water storage facilities of its own. Table 3-2 below summarizes the PVID system characteristics.

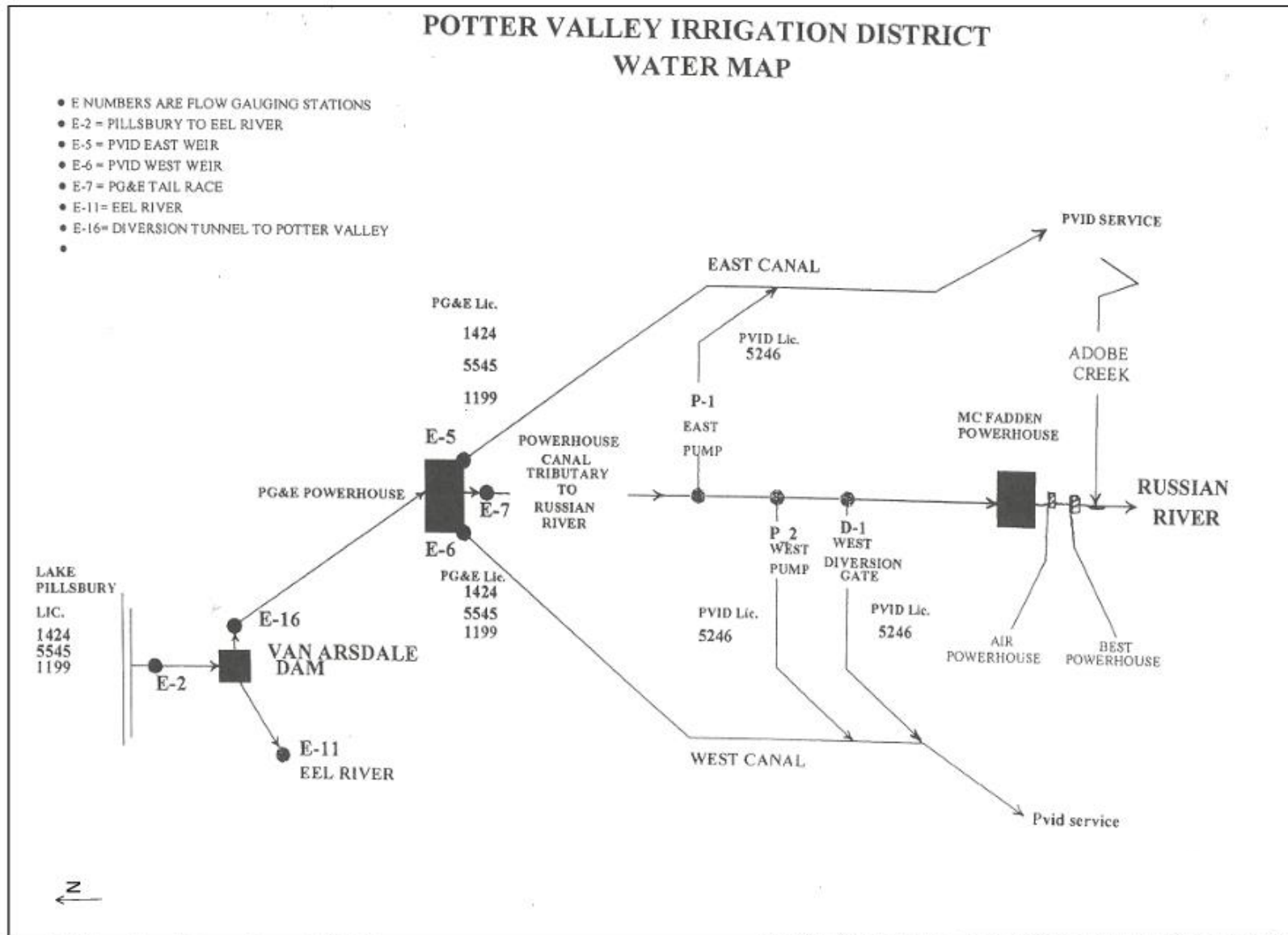
Main Canals	18 miles
Laterals	18 miles
Main Service Gates	88
Private Storage Ponds	55 ponds
Private Storage	775 AF
Private Storage Ponds Outside District	15 ponds
Private Storage Outside District	146 AF
Flumes	4
Siphons	6

Figure 3-1 shows a schematic of the PVID system, including the canals, ponds, and gates. The exhibit shows that water is diverted into two canals—one on the east side of the valley and the other on the west side. The EBRR flows north to south near the center of the PVID.

The District has historically relied on the infrastructure of the PVP to divert water from the Eel River, which feeds the Potter Valley Powerhouse and supplies water to the District via the aforementioned series of gravity fed canals, which begin at the Powerhouse.

Under current operations, the PVP is an inter-basin diversion that moves approximately 39,000 AF of water from the Main Stem Eel River to the EBRR. The PVP consists of Scott Dam which impounds Lake Pillsbury (located approximately 17 miles northeast of the Potter Valley community center); Cape Horn Dam which forms Van Arsdale Reservoir (located approximately 6 miles north of the community) and serves as the forebay for the diversion tunnel; the fish screen and ladder at Van Arsdale, which partially mitigates the impact on fisheries of the diversion and allow the passage of Steelhead and Chinook Salmon; the diversion tunnel itself, which conveys water through the hill to the north end of Potter Valley; and lastly the penstock and powerhouse in Potter Valley.

Figure 3-1: PVID Schematic Map





**Figure 3-2: Cape Horn Dam and the Fish Ladder at the Potter Valley Project**  
Source:(PVID, 2024)



**Figure 3-3: Scott Dam at Lake Pillsbury**  
Source: (PVID, 2024)



### 3.1.5.1 SYSTEM IMPROVEMENTS

Various infrastructure improvements have been made to the District's distribution system over the years, including reshaping the main canals and rebuilding the canal berms to their original width in 1989. This continues as ongoing maintenance.

As discussed in Section 2.4.2.4, the District has an active approved construction project list for the 2024 year funded by the District's reserve account. By the end of 2024, 6 out of 12 projects were completed, with the rest of projects still underway.

The District continues to rely heavily on the PVP infrastructure for water storage and diversion until the Final Surrender Application and Decommissioning Plan for the PVP is realized. However, it is expected that the PVP infrastructure will be removed either partially or fully, and Scott Dam, Lake Pillsbury, the inter-basin water diversion infrastructure, and the powerhouse is likely to be altered at minimum. The continued supply of water for the District will necessitate new diversion and storage facilities to ensure that water continues to flow into the Russian River to support the District, the communities throughout southern Mendocino County, Sonoma and Marin, as well as the environments of the Russian River watershed.

In anticipation of this, the ERPA has been working with PG&E to study and develop an alternative diversion system for the East Branch Russian River that could potentially be utilized by the District. It is not yet clear whether the District's current diversion system will be able to be utilized in the future as a result of the decommissioning process. The District has stated that it is interested in securing a closed delivery system.

LAFCo staff acknowledges the District's continued efforts on behalf of its customers to work with the ERPA and all other relevant parties to determine alternative ways to provide irrigation water to Potter Valley and surrounding communities.

### 3.1.5.2 ENGINEERING REPORTS

As of 2013, the District has been working with the National Oceanic and Atmospheric Administration (NOAA) on the Upper Main Stem Eel River Draft Coho Recovery Action Plan. The purpose of the study is to identify protection strategies for the Central California Coast Coho Salmon population, which is on the endangered species list. The goal of the Plan is to restore and safeguard a future for the species so that the protections of the Endangered Species Act (ESA) are no longer needed. The current status of this report is unknown; however, efforts are being made by the District to ensure protections under the ESA are realized in both the Eel and Russian River Basins during the PVP decommissioning process (RFI PVID, 2025).

In 2023, the District hired Jacobs Engineering Group to prepare an extensive groundwater and geophysical study of Potter Valley to develop new water storage options in Potter Valley in response to PG&E's plan to surrender and decommission the PVP diversion facilities. This project is evaluating whether aquifer storage and recovery and on-farm recharge of the underlying Potter Valley aquifer system, as well as new surface storage (e.g., off-stream dam and storage reservoir or storage ponds) are feasible alone, or in combination, with storage of seasonal run-of-river diversions for PVID. The study is being funded through a DWR grant attained by Sonoma Water, in a joint effort with the MCIWPC. In November 2024, the District held a town hall meeting to discuss the results of the groundwater and geophysical study. Highlights of the report as discussed at the meeting are summarized below.

Jacobs explored various storage solutions, including new dams on Potter Valley streams or the East Branch of the Russian River, as well as expanding existing pond storage. Building dams would require significant investment and time; tributary dams would need to be 100 to 200 feet tall, while a dam on the East Branch would require a height of 20 to 40 feet. Expanding frost protection ponds could provide up to 6,000 AF of new storage, tripling current capacity. The consultants also assessed water conservation strategies, such as replacing irrigation canals with pipes to reduce seepage and evaporation losses, which currently amount to 6,000 AF annually. Additionally, improved agricultural irrigation techniques could save an additional 1,000 to 3,000 AF (Huetti, 2024).

In May 2024, the Sonoma Water Agency finalized a preliminary engineering report titled *The Potter Valley Project Diversion Facilities Assessment*. The report, prepared by McMillen, Inc., was prepared to develop viable alternatives to achieve both improved fish passage conditions at the location of Cape Horn Dam and reliable supply of water to the East Branch Russian River. This Preliminary Engineering Report documents the alternatives, presents the engineering analyses undertaken to design a subset of alternatives to a conceptual level of completion, and presents the evaluation framework, criteria, and scores that were collaboratively developed by key Project stakeholders so as to make an informed recommendation regarding Project alternatives and to assist in the identification of a preferred Project alternative.

Given the uncertainty of what future water storage and supply method will be utilized by the District in the absence of the PVP, it is assumed additional reports will be prepared as needed in the near future to further explore and determine the best option.

#### 3.1.5.3 DEMAND

The average daily demand for the District is 120 AF and ranges from a minimum of 70 AF to a maximum of 140 AF. The PVID's peak demand capacity is 200 AF per day.

Of its total diversion rights, the PVID sells between 77 to 80 percent of the diverted water in its canals and the remainder is returned to the EBRR, which is then stored in Lake Mendocino for downstream users. The water stored in Lake Mendocino subsequently becomes the majority of the water supply for downstream communities including Redwood Valley, Calpella, Ukiah, Ukiah Valley, Hopland and northern Sonoma County, above the confluence with Dry Creek.

On average, based on the last 20 years of water sales, the District has sold 11,259 AFA of water with a maximum during this time period of 14,434 AF and a minimum of 8,309 AF. The average annual demand is 16,588 AF, which varies yearly due to weather conditions. The District was able to accommodate customer demands within a reasonable time frame of 12 to 14 days average.

In 2023, PVID received its full contract amount of water deliveries from PG&E; however, operations were limited to a demand-based request system as a result of previous drought restrictions implemented by PG&E. Under the demand system, PG&E only supplies the amount of water that the District is delivering at any given time on a daily schedule, as opposed to the full delivery rate of 50 cfs which normally would release into the EBRR for use at the District's discretion with the unused portion flowing to Lake Mendocino.

Under a normal water year classification, the PVP flows were projected by the District to be as follows during the 2024 year:

- 10-16-23 PVID begins receiving 5 CFS Maintenance flow and Post Harvest Water becomes available for use in District canals up to a max of 50 CFS thru 10-31-23.
- 3-1-24 EBRR is still at 35 CFS + 5 CFS Buffer flow + PVID 5 CFS = 45 CFS.
- 3-15-24 thru 4-15 PVID may request frost water up to a max of 50 CFS above the EBRR flow for use in District canals. E-16 = 90 CFS
- 4-15-24 EBRR at 35 + 5 buffer = 40 CFS plus 50 for PVID = 90 CFS available.
- 5-15-24 EBRR increase to 75 + 5 buffer = 80 CFS plus 50 for PVID = 130 CFS.
- 9-16-24 EBRR decrease to 35 + 5 buffer = 40 plus 50 for PVID = 90 CFS.
- 10-16-24 PVID begins receiving 5 CFS Maintenance flow and Post Harvest Water becomes available for use in our canals up to a max of 50 CFS thru 10-31-24.

EBRR flows should remain at 35 cfs plus 5 cfs until next May, unless high flows above 7,000 cfs in the Eel River require PG&E to stop all diversion to protect project facilities. (PVID, 2024)

However, in 2024 PG&E filed a request with FERC for a License Flow Variance to operate outside the typical above operating plan because they are no longer allowed to close the top gates on Scott Dam to store the 20,000 AF of water needed to make it through the water season. This has resulted in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total. This change has direct impacts on PVID customers and downstream users. (RFI, 2024)

As of April 16, 2024, 438,320 AF of water has flowed through Lake Pillsbury and past Van Arsdale Dam in 2024. For comparison, only 228,000 AF was diverted during the entire 2022 water season, which immediately followed the severe drought of 2020-21.

#### 3.1.5.4 CAPACITY

The District does not own any storage facilities and relies on the PVP infrastructure, its own system of canals and pipes, and private storage. The District primarily relies on the Scott Dam, which impounds Lake Pillsbury, and the Cape Horn Dam, which impounds the Van Arsdale Reservoir, as its primary storage from which its annual diversions are released. PG&E manages all storage and diversion facilities under its FERC license, which is now an annual license as the decommissioning process proceeds.

Cape Horn Dam impounds the Van Arsdale Reservoir for the purpose of the PVP's diversion facility, which originally had a gross storage capacity of 1,457 AF and a usable capacity of 1,140 AF. However, accumulation of sediment over time has resulted in significant loss of reservoir capacity and is currently approximately less than 390 AF (McMillen Jacobs Associates, 2021).

Until recently, the gates on Scott Dam are open between October 16 and April 1, which in typical years allows Lake Pillsbury to reach maximum storage levels. The storage capacity of the Lake Pillsbury reservoir was originally 94,400 AF but has diminished by approximately 20,000 AF due to siltation and accumulated sediment volume behind the dam (McMillen Jacobs Associates, 2021). Additionally, as of 2024, FERC

notified PG&E that it may no longer close the top gates on Scott Dam due to potential seismic risks. The result is a loss of approximately 20,000 AF of storage space, which will result in reduced summer flows.

As noted above in Table 3-2, Landowners also utilize private storage ponds both within and outside of the District boundary. Private storage allows for an additional 775 AF of water to be stored. In dry years, customers must rely on these private ponds and storage facilities to address the District rotational delivery interval for frost water deliveries. Most private storage is used for vineyards. (RFI PVID, 2025)

The PVID has historically had sufficient capacity to serve its customers in normal years. However, as a result of PG&E's Notice of Intent to surrender and decommission the PVP, the future of water storage for the District is uncertain. As discussed in Section 3.1.2.1 and Section 3.1.2.2, the District is working closely with multiple partners in a joint effort with the MCIWPC to identify potential future storage options.

#### 3.1.5.5 DROUGHT CONTINGENCY PLANNING

In the time since the last MSR/SOI report was prepared for the District, drought conditions throughout the State have ebbed and flowed leaving some smaller service providers in dire positions. During the 2020-2022 extreme drought conditions, the SWRCB established curtailments that affected all post-1949 water rights. PVID'S appropriative right (L-5246) was registered as of 1950 and thus resulted in a 50% reduction of available water for the 2021 season. In response, the District adopted the PVID Drought Allocation Plan for 2021 (effective May 12, 2021), which lasted for a period of 180 days total.

Having only a portion of the normally contracted water amount available, a 50% reduction from normal resulted in a curtailment to PVID forcing the District to operate at 25% of normally available water. As a result of limited storage in Lake Pillsbury, PVID only received 9,000 AF of water in 2021, less than half of the typical annual contract of 19,000 AF. In response, the District adjusted deliveries to each customer based on number of acres of each commodity grown and a percentage of their water use as part of the District Net Acres being irrigated was assigned an AF/AC/YR allotment of the 9,000 AF until it was either gone or readjusted by PG&E or FERC. The figures were based on crop use data over an eleven-year average, including 2020. The District continues to prepare as much as possible for future drought years.

#### 3.1.6 Service Adequacy

Based on information provided by the District regarding facilities, management practices, accountability, and financing, PVID's service is adequate. However, up until April of 2022 the District had relied on their long-standing contract with PG&E to divert water for its customers via the PVP which is now operating on an annual basis since the license expired. The imminent surrender and decommissioning of the PVP will likely have a significant impact on PVID's ability to provide irrigation water services.

The District has been actively involved in multi-agency and organization efforts to identify and develop plans for a post-PVP conditions for the continued diversion of water from the Eel River to meet consumptive needs in the Russian River system, which effects not only the PVID, but the Ukiah Valley and several counties that rely on diverted water stored in Lake Mendocino.

##### 3.1.6.1 REGULATORY PERMITS AND COMPLIANCE HISTORY

As previously noted, the District has historically operated and is dependent on PG&E's FERC hydropower production license that allows for the diversion of water from the Upper Main Eel River (S-1010, L-1199, and L-5545) into the Russian River watershed. Since the license expired on April 14, 2022, the PG&E has been operating on an annual license from FERC. Under the annual license, PG&E is required to file a daily

report to FERC of PVP flows, lake elevations, storage, weather, and general system status for the project. The information is then used to determine flow rate management for the next day. (PVID, 2024)

As of 2024 PG&E filed a request with FERC for a License Flow Variance to operate outside the normal operating plan resulting in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total.

Until the decommissioning process of the PVP is fully completed, the District can continue to expect potential changes to the water license as a result of PG&E actions.

### 3.1.6.2 NEEDS AND DEFICIENCIES

In response to PG&E stating their intent to surrender the PVP, as previously noted the District is working to identify potential new water storage area inside the Potter Valley area. Establishing new water storage will be key to providing water during future irrigation seasons. Additionally, with PG&E filing for a License Flow Variance to operate outside the normal operating plan, the District will need to respond to the impacts of the EBRR being cut back from the normal summer flow. It is anticipated that this issue will most likely continue until the decommissioning of the PVP occurs.

## 3.2 Determinations.

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

### 3.2.1 MSR Review Factors

#### 3.2.1.1 GROWTH

Growth and population projections for the affected area
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1. The District's service area spans a wide area that is mostly agricultural lands and completely encompasses the Potter Valley CDP which has a population of 537. However, the PVID service area is much larger in area than the Potter Valley CDP. Analyzing the zip code that covers the District's service area (95469) there is a total population of 1,855.
2. The anticipated growth of the District is limited to the development of mostly already built out commercial and rural residential areas located in Potter Valley. A majority of the land within the District is agricultural in use, and therefore future development of this land is not anticipated.
3. In 1999, in response to an uncertainty of capacity, the District imposed a moratorium on annexation of any lands into the District, thus limiting new customers. This moratorium is memorialized as Rule No. 20A in the District's Bylaws, which originally ran through 2022 but was extended and continues to remain in effect. As such, the District is precluded from expanding services or seeking to expand its sphere of influence.
4. The District maintains a waitlist with a number of properties located in southeast portion of Potter Valley outside District boundaries that are seeking annexation to obtain water service from the District. However, the moratorium has prevented any further movement on the topic.

### 3.2.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

5. The District encompasses the whole Potter Valley CDP. The MHI of the CDP is of \$76,250, which is just below the statewide MHI threshold and therefore considered to be a DUC. Additionally, both the zip code and the census tract that the District is located within are considered DUC territory. However, the residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community Services District that serves as the umbrella agency for the Potter Valley Volunteer Fire Department. There are no drinking water services provided in the region; properties within the District boundaries utilize well water. According to data sourced from the DWR, the District spans across approximately 24 Public Land Survey Sections, which are documented as having approximately 292 domestic wells. With respect to wastewater, properties utilize onsite septic systems for their wastewater needs. While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services of fire, water, and wastewater.

### 3.2.1.3 CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES

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

6. The PVID utilizes diverted raw water from the Eel River to provide irrigation water to its approximately 275 agricultural customers on 6,966.1 acres.
7. The PVID has historically operated under three licenses (5246, 1199, 5545) with the SWRCB that allow the PVID to divert up to 22,670 AFY between May 1 and September 30 of each year. As part of this allotment, the PVID has a contract with PG&E to supply 19,000 AFY irrigation water through 2022. This license has since expired and the PVP is operating on an annual basis now.
8. The average annual demand is 16,588 AF on a normal annual supply of 22,670 AF. During the most recent drought period the District's supply was reduced by more than 50 percent.
9. As of 2024 PG&E filed a request with FERC for a License Flow Variance to operate outside the normal operating plan resulting in the EBRR being cut back from the normal summer flow of 35 cfs plus the 5 cfs buffer, to just 5 cfs total. It is anticipated that this issue will most likely continue until the decommissioning of the PVP occurs.
10. The District does not own any storage facilities and relies on the PVP infrastructure and private storage.
11. Cape Horn Dam impounds the Van Arsdale Reservoir which currently has a reservoir capacity of approximately less than 390 AF.
12. As of 2024, FERC notified PG&E they may no longer close the top gates on Scott Dam due to potential seismic risks, thereby reducing potential storage capacity by up to 20,000 AF and limiting normal summer flows.
13. Landowners utilize private storage ponds both within and outside of the District boundary that store approximately 775 AF of irrigation water.
14. The PVID has historically had sufficient capacity to serve its customers in normal years. However, as a result of PG&E's Notice of Intent to surrender and decommission the PVP, the future of water storage

for the District is uncertain. The District is working closely with multiple partners including the Sonoma Water Agency, in a joint effort with the MCIWPC to identify potential future storage options.

15. Until the decommissioning process of the PVP is fully completed, the District can continue to expect potential changes to the water license as a result of PG&E actions.

#### 3.2.1.4 FINANCIAL ABILITY OF AGENCY

##### Financial ability of agencies to provide services

16. The PVID budget operates on a calendar-year basis. Revenue sources are derived primarily from property taxes, which accounts for approximately 70 percent of all revenues.
17. The top expenditure for the District is transmission and distribution (which is tied to the cost of selling the water), followed by administrative and depreciation costs. PVID revenues fluctuate based on the type of season, weather, and the time the season starts and ends. The District's budget is a reflection of the increase in the cost of goods including capital improvement costs and employee wages which are increased annually with the COLA.
18. The current water purchase contract with PG&E stipulates that PVID pays \$20.00 per acre-foot (AF) and District customers pay \$22.50 per AF.
19. District customers are charged standby fees which are assessed annually on a per acre basis of the irrigated lands within the PVID boundaries at a rate of \$8.50 per acre levied in two installments. Only the District standby fees fall under Prop 218 and charges are assessed for it on January 1.
20. The District has been operating at a net positive and appears to be financially stable. The PVID has sufficient revenues to provide service. However, in light of PG&E's decommissioning and surrender of the PVP license, the District will likely need to make substantial infrastructure investments to adjust to new, yet to be determined, diversion facilities and schedules and storage facilities.
21. The District's reserves account as of December 2024 totaled \$291,689.38.
22. The District has 5 and 10 year CIPs with the last being adopted for the 2024 year. It is noted that the CIPs will need to be reviewed for relevancy upon establishment of new operations in a post-PVP condition. Further, with the decommissioning of the PVP the District will be considering funding options for future water storage and infrastructure upgrades.
23. By the end of 2024, 6 out of 12 CIP projects planned for the year were completed, with the rest of the projects still underway.

#### 3.2.1.5 SHARED SERVICES AND FACILITIES

##### Status of, and opportunities for, shared facilities

24. Due to its geographical isolation, there are no other public or private irrigation water service providers located adjacent to the District. The nearest irrigation water provider in the region is the Mendocino County Russian River Flood Control & Water Conservation Improvement District located in the Ukiah and Redwood Valley areas.
25. The District does not share services or facilities with any other entity; however, it has historically relied on the infrastructure of the PVP through a long standing contract with PG&E now operating on an annual basis from FERC.
26. In response to the imminent surrender and decommissioning of the PVP, the District is working with various groups to determine the future of the District's diversion infrastructure and ability to serve existing customer in the immediate future.

27. The District regularly works closely with other county agencies such as the MCIWPC, a JPS consisting of Mendocino County, the City of Ukiah, PVID, Mendocino County Russian River Flood Control and Water Conservation Improvement District, and Redwood Valley County Water District.
28. In December 2023, the ERPA JPA was formed by a joint exercise of powers agreement between the County of Sonoma, Sonoma Water Agency (Sonoma Water), and the MCIWPA. ERPA was formed to negotiate with PG&E as the entity moves ahead with the imminent surrender and decommissioning of the PVP. The ERPA has the legal capacity to own, construct and operate a new water diversion facility near the Cape Horn Dam. The PVID board currently has one board member who also sits on the board of the ERPA and represents PVID's interests and concerns.
29. The District has been very proactive in collaborating with other agencies to develop options and plans for a post-PVP situation. It will be important for the District to continue to actively coordinate with all the appropriate and necessary groups, including but not limited to the ERPA, in response to the surrender and decommissioning of the PVP.

#### 3.2.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

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

30. The District demonstrated accountability and transparency by disclosing financial and service related information in response to LAFCo requests.
31. The District provides accountability to its constituents by meeting regularly on the third Wednesday of the month at 7 p.m. at the PVID office at 10170 Main Street in Potter Valley. Board meetings are noticed according to the Brown Act.
32. The PVID is governed by a five-member board elected at large from divisions. Board members receive no compensation. The board functions under a set of by-laws, which were last amended in 2022, and has one standing committee - the Safety Committee.
33. In accordance with District policies 1020.1 and 1020.2, Form 700 has been filed by all elected District members, including the Superintendent and District legal counsel, with the Mendocino County Clerk's Office for the year 2024.
34. The District reports that no complaints have been received within the last five years.
35. The PVID has five full-time and seven part-time employees who provide efficient services to the PVID residents and customers. All employees are given an annual review to track their performance, which is administered by either the supervising staff member or the Board of Directors.
36. PVID noted as part of this MSR process that while the number of District staff members is currently adequate to run the operations and maintenance of the District, staff is stretched thin and additional staff is needed.
37. The PVID maintains a website (<https://www.pottervalleywater.org/>) that allows for communication with the public. The District is encouraged to review its website to ensure compliance with SB 929 transparency laws and the most recent ADA and accessibility laws (see Appendix B).



## 4 SPHERE OF INFLUENCE

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) review process. An SOI study considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports the CKH Law and the policies of the Commission. The MSR and required determinations are presented in Chapters 2 and 3 of this document and form the basis of information and analysis for this SOI review. This chapter presents the SOI Update and required determinations pursuant to GC §56425(e).

### 4.1 Mendocino LAFCo Policies

In addition to making the necessary determinations for establishing or modifying an SOI consistent with the CKH Act, the appropriateness of an agency's SOI is also based on an evaluation of consistency with local LAFCo policies. Sphere of Influence policies can be found in the [Mendocino LAFCo Policies and Procedures Manual](#), adopted November 5, 2018, and as updated.

#### 10.1.1 Legislative Authority and Intent

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

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

#### 10.1.2 Definitions

The Commission incorporates the following definitions:

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

#### 10.1.3 Sphere Updates

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

- a) The Commission will review all spheres of influences every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police, and fire protection services.
- b) Sphere of influence changes initiated by any agency providing a municipal service shall generally require either an updated or new service review unless LAFCo determines that a prior service review is adequate.

- c) Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.

#### **10.1.4 Reduced Spheres**

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

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

#### **10.1.5 Zero Spheres**

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

#### **10.1.6 Service Specific Spheres**

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

#### **10.1.7 Agriculture and Open Space Lands**

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

#### **10.1.8 Annexations Are Not Mandatory**

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

#### **10.1.9 Islands or Corridors**

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

### 10.1.10 Overlapping Spheres

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

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

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

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

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

### 10.1.12 Areas of Interest

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

- a) An Area of Interest is a geographic area beyond the sphere of influence in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency (the "Interested Agency"). For example, approval of a housing project developed to urban densities on septic tanks outside the city limits of a city and its sphere of influence may result in the city being forced subsequently to extend sewer services to the area to deal with septic failures and improve city roads that provide access to the development. The city in such a situation would be the Interested Agency with appropriate reason to request special consideration from the Acting Agency in considering projects adjacent to the city.
- b) When LAFCo receives notice of a proposal from another agency relating to the Area of Concern, LAFCo will notify the Interested Agency and will consider its comments.
- c) LAFCo will encourage Acting and Interested Agencies to establish Joint Powers Agreements or other commitments as appropriate.

## 4.2 Existing Sphere of Influence

The PVID's SOI was originally established by the Commission in 1995 via LAFCo Resolution No. 95-3 and was last updated by LAFCo in 2016 (Figure 1-21). The SOI currently covers an additional 16,074 acres surrounding the District's jurisdictional boundary.

### 4.2.1 Study Areas

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

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

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

There are no study areas that have been identified for the District at the time of the preparation of the report.

### 4.2.2 Area of Interest Designation

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

An Area of Interest (AOI) designation serves as a compromise approach that recognizes situations involving challenging boundary or municipal service delivery considerations, or for which urbanization may be anticipated in the intermediate or long-range planning horizons. It is a tool intended to enhance communication and coordination between local agencies.

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

There are currently a number of properties located in the southeast portion of Potter Valley, outside District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the District's annexation moratorium has prevented any further movement on the topic. The properties on the waiting list could be considered AOIs for the District should water availability become more stable in the future and the annexation moratorium is lifted.

### 4.3 Proposed Sphere of Influence

There are no proposed changes to the SOI with this Update. The District and LAFCo staff recommend the Commission affirm the existing sphere (Figure 1-2).

### 4.4 Consistency with LAFCo Policies

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

The proposed District SOI is consistent with Mendocino LAFCo Policies (see Section 4.1 for SOI policies).

### 4.5 Determinations

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

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

#### 4.5.1 Present and Planned Land Uses

The primary land uses within the District service area are described in Section 2.5. The District service area encompasses the community of Potter Valley which is a CDP with a downtown area that includes commercial operations, a school, a post office, a health clinic, and other uses. The remainder and majority of the District's service area is mainly agricultural, with grazing lands, vineyards and orchards covering most of the valley floor. Residential ranchettes of 5 to 10 acre lots are situated in and around these farm sites, and the valley floor rapidly transitions to upland forests and rural grazing lands. Future growth and development within the District is subject to Mendocino County land use regulations. The anticipated growth of the District is limited to the development of mostly already built out commercial and rural residential areas located in Potter Valley. A majority of the land within the District is agricultural in use, and therefore future development of this land is not anticipated. Additionally in 1999, in response to an uncertainty in capacity, the District imposed a moratorium on annexation of any lands into the District, thus limiting new customers. This moratorium is still in place today and ensures that the District does not have to worry about accommodating any future growth.

#### 4.5.2 Present and probable need for facilities and services in the area

Within the PVID service area, the District provides irrigation water services to approximately 275 customers on a total of 6,966.1 acres. Given the current water service moratorium and anticipated low growth rate throughout the County, the need for services presently provided by the District are expected to remain fairly consistent for the foreseeable future. More notably, however, as described in Section 3.1.2.1 and 3.1.2.2, the current status of the PVP and the imminent surrender and decommissioning of

the PVP infrastructure including the Scott Dam, Lake Pillsbury, the water diversion infrastructure connected to the Russian River, and the powerhouse could all potentially be dismantled. Discussions between the ERPA and PG&E about asset transfer and coordination of decommissioning activities and refurbishment of the diversion are still ongoing. PG&E and the ERPA will enter into legal agreements addressing construction obligations, permitting, and facility transfers as needed. In addition, PG&E will attempt to enter into legal agreements with other agencies and parties where their interest related to the Potter Valley facility removal fall outside of the FERC Surrender proceeding. It is worth noting that the schedule and events associated with the PVP decommissioning could be modified as time goes on. The District is working closely with the appropriate parties to assess the future service and infrastructure needs of the District in response to the relicensing conflict.

#### **4.5.3 The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

Based on information provided by the District regarding facilities, management practices, accountability, and financing, PVID's service is adequate. However, up until April of 2022 the District had relied on their long-standing contract with PG&E to divert water for its customers via the PVP which is now operating on an annual basis since the license expired. The imminent surrender and decommissioning of the PVP will likely have a significant impact on PVID's ability to provide irrigation water services.

The District has been actively involved in multi-agency and organization efforts to identify and develop plans for a post-PVP conditions for the continued diversion of water from the Eel River to meet consumptive needs in the Russian River system, which effects not only the PVID, but the Ukiah Valley and several counties that rely on diverted water stored in Lake Mendocino.

#### **4.5.4 The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency**

The District is located within the unincorporated Mendocino County and consists primarily of agricultural lands and the small community of Potter Valley. It is geographically isolated from other communities east of Redwood Valley and north of Highway 20 on the eastern edge of Mendocino County. There are currently a number of properties located in the southeast portion of Potter Valley, outside District boundaries, that are on a waiting list seeking annexation to obtain water service from the District. However, the District's annexation moratorium has prevented any further movement on the topic.

#### **4.5.5 The present and probable need for public facilities and services of any disadvantaged unincorporated communities**

The District serves the unincorporated community of Potter Valley. Because the District encompasses the whole Potter Valley CDP. The MHI within the CDP is \$76,250 (US Census, 2023C), which is just below the statewide MHI Threshold and is therefore also considered to be a DUC. The District spans across only one zip code, 95469, which has a population of 1,323 (622 households) and a MHI of \$61,500 (Census Reporter, 2023); and the census tract that the District is located within, Census Tract 108.02, has a population of 1,548 (697 households) and a MHI of \$57,163 (Census Reporter, 2023) By both of these measures the District would still be considered to be located within DUC territory. The residents within Potter Valley receive adequate services with respect to fire, which is provided by Potter Valley Community

Services District which serves as the umbrella agency for the Potter Valley Volunteer Fire Department<sup>13</sup>. There are no drinking water services provided in the region, properties within the District boundaries utilize well water. According to data sourced from the State Department of Water Resources (DWR), the District spans across approximately 24 Public Land Survey Sections, which are documented as having approximately 292 domestic wells<sup>14</sup>. With respect to wastewater, properties utilize onsite septic systems for their wastewater needs. While the Potter Valley CDP qualifies as a DUC under this methodology, the community is currently receiving adequate essential municipal services of fire, water, and wastewater.

#### 4.5.6 Recommendation

Pursuant to The California Water Code (GC §20500), the Commission does hereby confirm the functions and classes of services provided by the Potter Valley Irrigation District as limited to the supply of water for irrigation purposes.

As an irrigation district, the PVID is responsible for providing irrigation water delivery for agricultural uses, thereby indirectly helping to maintain land in productive use for agriculture. While there is land outside the current district boundary and within the current SOI that could be irrigated, the 1998 moratorium precludes any annexation of lands. The District maintains a priority list of requests for annexation in the event future water conditions change. PVID Bylaws and recorded stipulations prohibit delivery of water outside of district boundaries.

When the present SOI was established, an environmental review and master plan for service were conducted. As discussed previously, the District has indicated no interest in modifying its current SOI. Given the uncertainties of the District's water supply and operations post-PVP, and that the District is the only irrigation water supplier in the area, LAFCo staff recommends no change to the current SOI.

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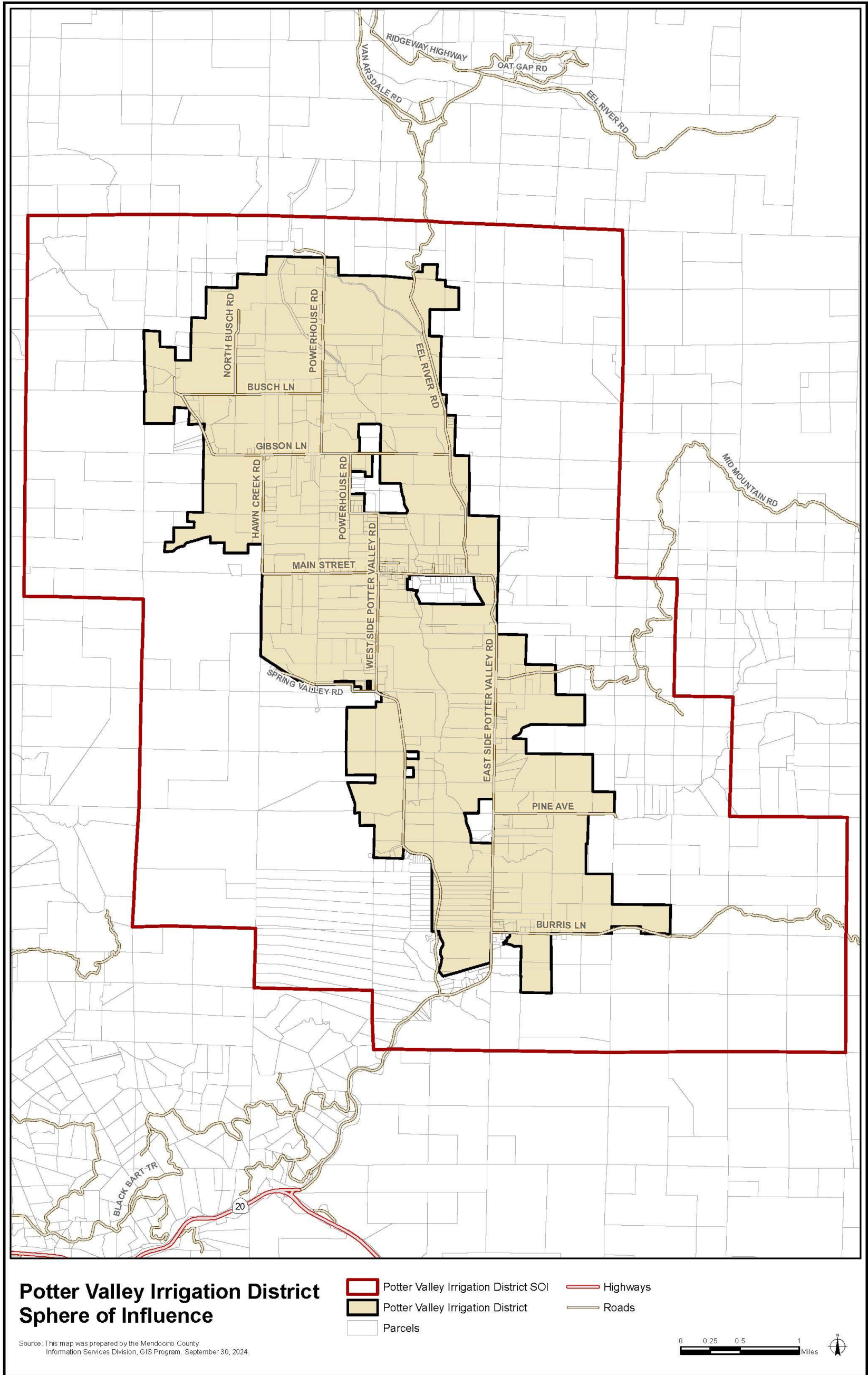
<sup>13</sup> Source is the 2018 Mendocino LAFCo Multi-District Fire Protection Services SOI found here:

<https://www.mendolafco.org/files/01d2409c9/Multi-District+Fire+SOI+Update+Adopted+FINAL.pdf>

<sup>14</sup>Well Completion Report Map Application data can be found here:

<https://dwr.maps.arcgis.com/apps/webappviewer/index.html?id=181078580a214c0986e2da28f8623b37>

Figure 4-1: PVID Proposed Sphere of Influence and Area of Interest





## 5 REFERENCES

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## 6 ACKNOWLEDGEMENTS

### 6.1 Report Preparation

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

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

### 6.2 Assistance and Support

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

Potter Valley Irrigation District	Steven Elliott, Superintendent (retired) Don Brown, Superintendent
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## 7 APPENDICES

### 7.1 Appendix A– Open Government Resources

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

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

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

## 7.2 Appendix B – Website Compliance Handout

# Appendix B

## California Website Compliance Checklist

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

### Public Records Act

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SB 929

**Our district has created and maintains a website**

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

SB 272

**Our Enterprise System Catalog is posted on our website**

All local agencies must publish a catalog listing all software that meets specific requirements—free tool at [getstreamline.com/sb272](http://getstreamline.com/sb272)

AB 2853 (optional):

**We post public records to our website**

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

### The Brown Act

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AB 392:

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

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

AB 2257:

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

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

### State Controller Reports

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Financial Transaction Report:

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

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

Compensation Report:

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

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

### Healthcare District Websites

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AB 2019:

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

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

### Open Data

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AB 169:

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

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

### Section 508 ADA Compliance

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CA gov code 7405:

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

Requirements were updated in 2018—if you aren't sure, you can test your site for accessibility at [achecker.ca](http://achecker.ca)



California Special Districts Association  
CSDA  
Districts Stronger Together

[csda.net](http://csda.net)



[getstreamline.com](http://getstreamline.com)

# The Brown Act: new agenda requirements

Tips for complying with AB 2257 by January, 2019

## Placement:

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

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

## Exception:

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

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

## Format:

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

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

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

Questions? Contact [sloane@getstreamline.com](mailto:sloane@getstreamline.com) or [dillong@csga.net](mailto:dillong@csga.net)



# California 2024 Web Accessibility Checklist

*Updated May 1, 2024. Download the latest at [getstreamline.com/ada](https://getstreamline.com/ada)*

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

## Before you begin

- Perform an initial scan to check for known issues using [checkmydistrict.org](https://checkmydistrict.org) or another tool
- Have your website provider's contact information to report any issues

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

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

## Ongoing actions - recommended once per month

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

## Other actions to consider

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

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



### 7.3 Appendix C – Housing Legislation Trends and Results

#### Mendocino County and ADUs

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

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

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

#### The Larger Picture

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

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

#### Regional Housing Needs Allocation (RHNA)

It is worth noting that in response to statutory requirements, policy direction from the State of California Department of Housing and Community Development (HCD), and mandated deadlines for delivery of housing need allocation numbers to local jurisdictions within Mendocino County, the Mendocino Council of Governments (MCOG) adopted a Regional Housing Needs Plan in 2018.

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

The Regional Housing Needs Plan went through numerous iterations prior to being adopted which took into account different allocation factors for the methodology. Throughout the process, each member

jurisdiction provided statements of constraints to HCD which detailed the land-constraints that challenge residential development in unincorporated Mendocino County. Water resources and availability was cited by multiple MCOG member jurisdictions as a constraint and contributed to the adjustments made by the state on the region’s required housing allocations.

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

**Table 7-1: Mendocino County RHNA Allocations**

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

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

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

With respect to how RHNA requirements may affect Potter Valley, the State continues to push for more housing across the state. While there is not currently much left to develop under current regulations in Potter Valley, evolving legislation could allow for increased development potential that supports the State’s housing goals.

Additional Recent State Housing Legislation

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

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

## 7.4 Appendix D – District Financial Audits

	2023 ACTUAL	2023 BUDGET	2024 PROPOSED	2024 APPROVED
<b>Income</b>				
4000 · OPERATING INCOME				
4031 · IRRIGATION WATER	187,570.31	236,250.00	220,000.00	220,000.00
4032 · STANDBY CHARGES	55,787.59	55,800.00	55,800.00	55,800.00
4033 · PENALTIES	1,033.07	500.00	700.00	700.00
Total 4000 · OPERATING INCOME	244,390.97	292,550.00	276,500.00	276,500.00
4100 · OTHER INCOME				
4134 · INVESTMENT INCOME	12,579.03	500.00	5,000.00	5,000.00
4135 · COUNTY TAXES	481,710.95	460,000.00	460,000.00	460,000.00
4137 · MISCELLANEOUS	2,148.31	100.00	500.00	500.00
Total 4100 · OTHER INCOME	496,438.29	460,600.00	465,500.00	465,500.00
<b>Total Income</b>	<b>740,829.26</b>	<b>753,150.00</b>	<b>742,000.00</b>	<b>742,000.00</b>
<b>Expense</b>				
5100 · PURCHASED WATER	112,772.00	120,000.00	115,000.00	115,000.00
5300 · PUMPS/ELECTRIC - STAND BY	257.44	500.00	300.00	300.00
5500 · FUEL	21,850.58	20,000.00	22,400.00	22,400.00
5600 · TOOLS/EQUIPMENT	2,156.07	9,700.00	9,400.00	9,400.00
5700 · MAINT/SUPPLIES				
5701 · OFFICE	6,746.34	6,000.00	7,000.00	7,000.00
5702 · GENERAL MAINTENANCE	9,374.83	8,100.00	9,600.00	9,600.00
5703 · VEH/EQUIPMT	8,113.08	8,300.00	6,650.00	6,650.00
5704 · CANAL MAINTENANCE	25,877.14	24,000.00	20,000.00	20,000.00
5705 · WEED MAINTENANCE	405.12	2,400.00	2,400.00	2,400.00
Total 5700 · MAINT/SUPPLIES	50,516.51	48,800.00	45,650.00	45,650.00
6300 · LEGAL/PROFESSIONAL	9,200.00	95,250.00	17,900.00	17,900.00
6400 · PVP LICENSING COSTS	50,000.00			
6560 · PAYROLL EXPENSES				
6561 · WAGES	338,637.99	352,500.00	370,750.00	370,750.00
6562 · EMPLOYER TAXES	34,465.93	35,000.00	37,000.00	37,000.00
6563 · PEOPLE KEEP HRA	8,836.93	16,300.00	13,600.00	13,600.00
Total 6560 · PAYROLL EXPENSES	381,940.85	403,800.00	421,350.00	421,350.00
6700 · TRAVEL	360.00	400.00	400.00	400.00
6900 · ELECTRICITY - SHOP/OFFICE	2,958.74	2,100.00	3,000.00	3,000.00
6950 · SOLID WASTE	394.00	500.00	500.00	500.00
6960 · INTERNET/WEBSITE				
6961 - INTERNET	1,320.00	700.00	1,200.00	1,200.00
6962 - WEBSITE	1,877.79	1,700.00	1,800.00	1,800.00
TOTAL 6969 - INTERNET/WEBSITE	3,197.79	2,400.00	3,000.00	3,000.00
7000 · TELEPHONE				
7001 · OFFICE PHONE	1,577.93	1,000.00	1,000.00	1,000.00
7002 · CELL PHONES	3,189.97	3,200.00	3,200.00	3,200.00
Total 7000 · TELEPHONE	4,767.90	4,200.00	4,200.00	4,200.00
7200 · INSURANCE/LIABILITY	14,692.85	15,000.00	16,000.00	16,000.00
7300 · INSURANCE/COMP	9,328.96	10,500.00	12,600.00	12,600.00
7600 · MISC. EXPENSES				
7601 · FEES	15,132.91	14,000.00	15,000.00	15,000.00
7605 · CLASSES/TRAINING	650.00	1,000.00	500.00	500.00
7606 · OTHER EXPENSE	2,046.19	-	0.00	0.00
7607 · MC PROP TAX ADMIN	10,230.58	5,000.00	10,000.00	10,000.00
Total 7600 · MISC. EXPENSES	28,059.68	20,000.00	25,500.00	25,500.00
<b>Total Expense</b>	<b>692,453.37</b>	<b>753,150.00</b>	<b>742,000.00</b>	<b>742,000.00</b>
<b>Net Income</b>	<b>48,375.89</b>			

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2023

ASSETS

Current assets:		
Cash and cash equivalents (Note 3)		\$ 336,417
Investments (Note 3)		278,180
Accounts receivable		<u>84,478</u>
Total current assets		699,075
Capital assets, at cost (Note 4)	\$2,139,137	
Less, accumulated depreciation	<u>1,220,160</u>	
	918,977	
Work in progress	<u>1,964</u>	
		<u>920,941</u>
		<u>\$1,620,016</u>

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities		\$ 2,744
Accrued vacation		<u>16,993</u>
Total current liabilities		19,737
Net position:		
Net investment in capital assets	\$ 920,941	
Restricted	-	
Unrestricted	<u>679,338</u>	
		<u>1,600,279</u>
		<u>\$1,620,016</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
for the year ended December 31, 2023

Operating revenues:		
Water services		\$ 187,570
Standby charges		55,788
Other		<u>3,181</u>
Total operating revenues		246,539
Operating expenses:		
Source of supply	\$ 130,858	
Transmission and distribution	423,385	
Administrative	89,931	
Depreciation	<u>78,709</u>	
Total operating expenses		<u>722,883</u>
Operating loss		( 476,344)
Non-operating income (expenses):		
Property tax revenue	481,711	
Interest income	148	
Unrealized investment income	14,483	
Unrealized investment loss	( 2,052)	
Licensing costs	<u>( 50,000)</u>	
		<u>444,290</u>
Income (loss) before contributions		( 32,054)
Capital contributions		<u>-</u>
Change in net position		( 32,054)
Total net position:		
Beginning		<u>1,632,333</u>
Ending		<u>\$1,600,279</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2023

Cash flows from operating activities:		
Receipts from customers		\$ 277,108
Payments to suppliers		( 271,434)
Payments to employees		<u>( 369,405)</u>
Net cash provided to operating activities		( 363,731)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		481,711
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$( 55,466)	
Licensing costs	<u>( 50,000)</u>	
		( 105,466)
Cash flows from investing activities:		
Investment income	148	
Unrealized investment gain	<u>12,431</u>	<u>12,579</u>
Net increase in cash and cash equivalents		25,093
Cash and cash equivalents:		
Beginning of year		<u>589,504</u>
End of year		<u>\$ 614,597</u>

See notes to financial statements



POTTER VALLEY IRRIGATION DISTRICT  
 STATEMENT OF CASH FLOWS, continued  
 for the year ended December 31, 2023

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		\$( 476,344)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	\$ 78,709	
Changes in operating assets and liabilities:		
Accounts receivable	33,750	
Accounts payable and accrued liabilities	( 1,568)	
Accrued vacation	<u>1,722</u>	
		<u>112,613</u>
Net cash provided to operating activities		\$( <u>363,731</u> )

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2022

ASSETS

Current assets:		
Cash and cash equivalents (Note 3)	\$	323,755
Investments (Note 3)		265,749
Accounts receivable		<u>118,228</u>
Total current assets		707,732
Capital assets, at cost (Note 4)	\$2,066,090	
Less, accumulated depreciation	<u>1,167,370</u>	
	898,720	
Work in progress	<u>45,464</u>	
		<u>944,184</u>
		<u>\$1,651,916</u>

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities	\$	4,312
Accrued vacation		<u>15,271</u>
Total current liabilities		19,583
Net position:		
Net investment in capital assets	\$	944,184
Restricted		-
Unrestricted		<u>688,149</u>
		<u>1,632,333</u>
		<u>\$1,651,916</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
for the year ended December 31, 2022

Operating revenues:		
Water services		\$ 231,614
Standby charges		55,793
Other		<u>801</u>
Total operating revenues		288,208
Operating expenses:		
Source of supply	\$ 123,078	
Transmission and distribution	383,245	
Administrative	80,810	
Depreciation	<u>76,871</u>	
Total operating expenses		<u>664,004</u>
Operating loss		( 375,796)
Non-operating income (expenses):		
Property tax revenue	463,901	
Interest income	160	
Unrealized investment income	5,621	
Unrealized investment loss	( 15,040)	
Licensing costs	( 50,000)	
Loss on asset disposal	<u>( 19,858)</u>	
		<u>384,784</u>
Income (loss) before contributions		8,988
Capital contributions		<u>-</u>
Change in net position		8,988
Total net position:		
Beginning		<u>1,623,345</u>
Ending		<u>\$1,632,333</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2022

Cash flows from operating activities:		
Receipts from customers		\$ 226,968
Payments to suppliers		( 251,491)
Payments to employees		<u>( 329,152)</u>
Net cash provided to operating activities		( 353,675)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		677,048
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$( 106,202)	
Licensing costs	<u>( 50,000)</u>	
		( 156,202)
Cash flows from investing activities:		
Investment income	160	
Unrealized investment loss	<u>( 9,419)</u>	<u>( 9,259)</u>
Net increase in cash and cash equivalents		
		157,912
Cash and cash equivalents:		
Beginning of year		<u>431,592</u>
End of year		<u>\$ 589,504</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS, continued  
for the year ended December 31, 2022

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		\$( 375,796)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	\$ 76,871	
Changes in operating assets and liabilities:		
Accounts receivable	( 61,240)	
Accounts payable and accrued liabilities	1,445	
Accrued vacation	<u>5,045</u>	
		<u>22,121</u>
Net cash provided to operating activities		<u>\$( 353,675)</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2021

ASSETS

Current assets:		
Cash (Note 3)		\$ 156,349
Investments (Note 3)		275,243
Accounts receivable		56,988
Taxes receivable		<u>213,147</u>
Total current assets		701,727
Capital assets, at cost (Note 4)	\$2,095,049	
Less, accumulated depreciation	<u>1,162,349</u>	
	932,700	
Work in progress	<u>2,011</u>	
		<u>934,711</u>
		<u>\$1,636,438</u>

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable and accrued liabilities		\$ 2,867
Accrued vacation		<u>10,226</u>
Total current liabilities		13,093
Net position:		
Net investment in capital assets	\$ 934,711	
Restricted	-	
Unrestricted	<u>688,634</u>	
		<u>1,623,345</u>
		<u>\$1,636,438</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 for the year ended December 31, 2021

Operating revenues:		
Water services		\$ 145,147
Standby charges		55,791
Other		<u>1,552</u>
Total operating revenues		202,490
Operating expenses:		
Source of supply	\$ 73,650	
Transmission and distribution	322,146	
Administrative	79,668	
Depreciation	<u>75,419</u>	
Total operating expenses		<u>550,883</u>
Operating loss		( 348,393)
Non-operating income (expenses):		
Property tax revenue	398,365	
Investment income	1,235	
Unrealized investment loss	( 1,947)	
Licensing costs	<u>( 50,000)</u>	
		<u>347,653</u>
Income (loss) before contributions		( 740)
Capital contributions		<u>-</u>
Change in net position		( 740)
Total net position:		
Beginning		<u>1,624,085</u>
Ending		<u>\$1,623,345</u>

See notes to financial statements

POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2021

Cash flows from operating activities:		
Receipts from customers		\$ 226,785
Payments to suppliers		( 435,531)
Payments to employees		<u>( 250,853)</u>
Net cash provided to operating activities		( 459,599)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		398,365
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$( 64,348)	
Licensing costs	<u>( 50,000)</u>	
		( 114,348)
Cash flows from investing activities:		
Investment income	1,235	
Unrealized investment loss	<u>( 1,947)</u>	
		( 712)
Net decrease in cash and cash equivalents		( 176,294)
Cash and cash equivalents:		
Beginning of year		<u>607,886</u>
End of year		<u>\$ 431,592</u>

See notes to financial statements



POTTER VALLEY IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS, continued  
for the year ended December 31, 2021

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating income (loss)		\$( 348,393)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	\$ 75,419	
Changes in operating assets and liabilities:		
Receivables	( 188,852)	
Accounts payable and accrued liabilities	( 1,581)	
Accrued vacation	<u>3,808</u>	
		( <u>111,206</u> )
Net cash provided to operating activities		\$( <u>459,599</u> )

See notes to financial statements



## STAFF REPORT

Agenda Item No. 7a	
MEETING DATE	February 3, 2025
MEETING BODY	Mendocino Local Agency Formation Commission
FROM	Uma Hinman, Executive Officer
SUBJECT	Memorandum of Understanding with Mendocino Coast Recreation and Park District Request for Municipal Service Review and Sphere of Influence Update

### RECOMMENDED ACTION

The Commission will consider approving the Memorandum of Understanding (MOU) with the Mendocino Coast Recreation and Park District for a cost share to prepare an expedited update of its Municipal Service Review (MSR) and Sphere of Influence (SOI) update, and authorize the Chair to sign the MOU.

### BACKGROUND

At its January 9, 2025 meeting, the Executive Committee reviewed a request from the Mendocino Coast Recreation and Park District (MCRPD/District) for an expedited update of its Municipal Service Review (MSR). In October 2024, the MCRPD board authorized a request to LAFCo for an updated MSR as well as a cost share for preparing the study. Reasons for the request are summarized in the attached letter from the District, dated December 27, 2024 (Attachment 1).

The last [MSR and Sphere of Influence Report](#) for the District was adopted in 2008. To guide LAFCo’s work plan development, policies are in place that prioritize service reviews and sphere studies for municipal service providers, locally defined as those agencies that provide water, wastewater, fire and police services, which are scheduled as close to a five-year rotation as budget and staff capacity allow. Consequently, LAFCo’s rolling work plan has the MCRPD tentatively scheduled for an MSR/SOI update in FY 2027-28.

When updating agency studies, it has been our practice to include preparation of SOI updates concurrent with MSRs. Preparing the studies concurrently and in the same document is a more efficient and cost effective approach than individual studies and it is recommended the SOI update for the MCRPD be included with the requested MSR.

To implement this request, the Executive Committee recommends the attached Memorandum of Understanding (MOU) with the District to identify roles, responsibilities, and funding for the MSR/SOI study (Attachment 2). Because the District states they have no interest in changing the boundaries of the District or SOI, and since the periodic review and update of an agency’s SOI is the responsibility of the Commission, the draft MOU proposes the District fund preparation of the MSR and the Commission assume the expense of the SOI update portion of the study.

Staff has capacity to prepare the study in-house with the cooperation of District staff. Because the SOI update will be based primarily on the analysis contained in the MSR, it is estimated that the cost to LAFCo will be approximately \$2,500 for preparation of the SOI analysis and updated mapping. Staff proposes to draw budget for the SOI update from the work plan contingency, which has a current approximate balance of \$15,000. The additional cost of the SOI study is within the limits of Policy 5.1.6, which states that a budget line item may be exceeded by up to \$3,000 without formal budget amendment; therefore, no budget amendment is necessary at this time.

#### **ATTACHMENTS**

- (1) MCRPD Letter, December 27, 2024
- (2) Draft Memorandum of Understanding

## Attachment 1



### Mendocino Coast Recreation and Park District

401 North Harbor Drive, Fort Bragg, California 95437

Mailing: P.O. Box 532, Fort Bragg, CA 95437

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December 27, 2024

To: Uma Hinman, LAFCO

From: Kylie Felicich, Mendocino Coast Recreation and Park District

Re: Municipal Services Review

Hello Uma,

Mendocino Coast Recreation and Park District would like to request a Municipal Services Review by LAFCO. The MCRPD Board of Directors voted unanimously on October 16, 2024, to authorize this request and share the cost of this MSR. The District is anxious to proceed as soon as possible.

The reasons for this request are;

1. The last MSR was completed in March 2008. The District has changed fundamentally since that last review.
2. The two major capital facility changes since the last MSR are the transfer of The C.V. Starr Community Center and the 580-acre property off State Route 20 at Summers Lane, which are now owned, operated and maintained by the City of Fort Bragg.
3. Two of the major administrative changes since the last MSR are the development of up-to-date code compliant budgeting and accounting practices and dramatic growth in recreational programming delivery throughout the 77-mile coastal service area.
4. The District is a funding partner with the County of Mendocino and California Department of Parks and Recreation on the Bower Park Rehabilitation Project. Recognizing County obligations to perpetual maintenance of the park and historic County funding limitations, The District and County are exploring options for the District to operate and maintain Bower Park, estimated to cost at least \$75,000 per year.  
(*Mendocino Parks Operations and Management Analysis*; February 2022)
5. While the District has succeeded in resolving many of the concerns identified by the 2016-2017 Mendocino Grand Jury (see <https://www.mendocinocounty.gov/government/grand-jury/2016-2017-reports>), the Board of Directors is aware of continuing taxpayer concerns about effective, equitable, and sustainable delivery of services throughout the 77-mile service area.

The District has NO interest in dissolving, expanding or changing the current service area boundaries, sphere of influence or service responsibilities.

Please let me know what other information you will need from us.

Sincerely,

Kylie Felicich

General Manager

## Attachment 2

### Memorandum of Understanding

between Mendocino Local Agency Formation Commission  
and the Mendocino Coast Recreation and Park District

Relating to the Preparation of a Municipal Services Review and Sphere of Influence Update

#### Recitals

- A. The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 requires that agency spheres be updated or reviewed by their Local Agency Formation Commission every 5 years commencing in 2008 (Government Code [“GC”] §56067).
- B. The CKH requires a municipal service review (“MSR”) be completed prior to or in conjunction with the review or update of a sphere of influence (“SOI”) (GC §56430).
- C. The MSR/SOI for the Mendocino Coast Recreation and Park District (“District”) has not been updated since 2008.
- D. While the District has succeeded in resolving many of the concerns identified by the 2016-2017 Mendocino County Grand Jury (see <https://www.mendocinocounty.gov/government/grand-jury/2016-2017-reports>), the Board of Directors is aware of continuing taxpayer concerns about effective, efficient, equitable, and sustainable delivery of services throughout the 77-mile coastal service area.
- E. The District is a funding partner with the County of Mendocino and California Department of Parks and Recreation on the Bower Park Rehabilitation Project. Recognizing County obligations for perpetual maintenance of the park and historic County funding limitations, the District and County are exploring options for the District to operate and maintain Bower Park, estimated to cost at least \$75,000 per year (Mendocino Parks Operations and Management Analysis; February 2022). However, absent a current MSR, the District cannot determine the equitable and sustainable financial capacity to support this crucial south coast facility.
- F. Mendocino Local Agency Formation Commission (LAFCo”) adopts an annual budget with associated work program. The work program includes prioritized MSR and SOI Updates, which for fiscal year 2024-2025 are the inland County water service providers. The District is not included in the currently adopted work plan and budget and there is limited budget to include additional studies this fiscal year.
- G. The District wishes to move forward with the preparation of an MSR as soon as possible to assist the District in developing programs and services within its service area, and for allocating costs accordingly.
- H. The District does not wish to make any changes of organization, and desires no change to the existing SOI.

MOU between Mendocino LAFCo and Mendocino Coast Recreation and Park District  
RE: Preparation of the MSR/SOI Update for Mendocino Coast Recreation and Park District

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- I. To facilitate the earlier completion of the MSR, the District has agreed to fund the costs of the preparation of the MSR. LAFCo has agreed to accept funding for preparing the MSR, furnish funding to affirm the existing SOI (if needed), and work with the District on the preparation of the MSR.
  - J. District and LAFCo enter this Memorandum of Understanding (“MOU”) to establish their respective roles and responsibilities relating to the oversight and management of the MSR and the SOI affirmation.
1. Preparation of the MSR/SOI Update. LAFCo will prepare the MSR and the proposed affirmation of the SOI. The District agrees to pay the actual costs for staff preparation of the MSR and LAFCo agrees to pay the actual staff costs for SOI affirmation.
  2. District Cooperation.
    - a. LAFCo and District staff shall cooperate to the maximum extent feasible and timely on the production of the MSR.
    - b. LAFCo will keep the District informed of all major issues relating to the MSR.
    - c. LAFCo will make all reasonable effort to complete the MSR within nine (9) months of this agreement and the District will support the LAFCo work schedule for the MSR.
    - d. LAFCo shall have final say on all decisions with respect to the MSR, after engaging in good-faith and reasonable collaboration with the District in the event of disagreement.
    - e. District and LAFCo shall each identify and notify the other of their respective staff contacts responsible for implementing this MOU.
    - f. District agrees to promptly pay the full estimated amount of the cost of preparation of the MSR prior to undertaking the work.
    - g. District must approve reasonable additional contract costs, which consent will not be unreasonably withheld.
    - h. Upon completion of the documents to be presented to the LAFCo for approval, any outstanding amounts will be paid by the District.
  3. Environmental Review. The parties understand that the MSR is not subject to review under the California Environmental Quality Act (“CEQA”), and that a review and affirmation of the existing SOI (with no changes) is also exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity will have a significant effect on the environment.
  4. LAFCo Discretion Preserved. Nothing contained in this MOU is intended, nor shall it be construed, to commit, control, or influence in any manner whatsoever the authority, judgment, or discretion of the Local Agency Formation Commission in their future decisions on the MSR/SOI Update and the ultimate decision of LAFCo with respect to the MSR/SOI Update.

5. Resolution of Disputes.

- a. The parties shall first exhaust all reasonable effort to resolve any dispute arising out of this MOU between themselves. If that is unsuccessful, the dispute shall, on the written request of either party served on the other, be submitted to mediation before a mediator acceptable to all parties. The mediation shall occur within 45 days of the initial request, unless extended by agreement of the parties. Should any party commence court action based on a dispute or claim to which this Section applies, without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such action.
- b. If the mediation is unsuccessful, either party may file an action in the appropriate superior court.

7. Recitals Accurate. The parties confirm that the recitals set forth at the beginning of the MOU are true and accurate and are an integral part of this MOU.

8. Attorneys' Fees and Costs. If any action at law or in equity, including any action for declaratory relief, is brought to enforce or interpret any part of this MOU, the prevailing party will be entitled to recover its attorneys' fees and costs, including, without limitation, discovery costs, witness fees, expert fees, and any other expenses related to the preparation and presentation of proof, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

9. Further Acts and Assurances. Each of the parties hereto shall execute and deliver any and all documents and take any and all actions, which may be necessary or appropriate to carry out the terms of this MOU.

10. Authority. Each party represents and warrants that the individuals executing this MOU on that party's behalf are duly authorized to do so.

11. Entire Agreement; Modification. This MOU contains the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes any prior understandings, agreements, or representations, written or oral, relating to the subject matter hereof. Any amendment or modification of this MOU shall be effective only if in writing and signed by all parties hereto.

12. Counterparts; Electronic Signatures. This MOU may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument. For purposes of this MOU, a .pdf via e-mail or facsimile signature shall be deemed to be as valid and enforceable as an original.

MOU between Mendocino LAFCo and Mendocino Coast Recreation and Park District  
RE: Preparation of the MSR/SOI Update for Mendocino Coast Recreation and Park District

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Executed on this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

Mendocino Coast Recreation and Park District

BY: \_\_\_\_\_

Dave Shpak  
District Chair

Date: \_\_\_\_\_

Mendocino Local Agency Formation Commission

BY: \_\_\_\_\_

Commission Chair

Date: \_\_\_\_\_





## STAFF REPORT

Agenda Item No. 7b	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Proposed Policy Amendment Establishing a New Meeting Time for Regular Commission Meetings

### RECOMMENDED ACTION

The Commission will consider the following actions:

1. Accept the Executive Committee’s recommendation to move the start time for regular meetings of the Commission from 9:00 AM to 9:30 AM on the first Monday of the month to facilitate public access and participation for those with long travel times to Ukiah; and
2. Approve Resolution No. 2024-25-07 amending Mendocino LAFCo Policy 3.8.2 *Regular Meetings* to reflect the new regular meeting time of 9:30 AM.

### BACKGROUND

The Commission holds its regular Commission meetings on the first Monday of the month commencing at 9:00 AM in the County Board of Supervisors Chambers. If any regular meeting of the Commission falls on a holiday, the meeting is held on the preceding or succeeding Monday that does not fall on a holiday; the annual meeting schedule is adopted by the Commission in the preceding December.

At its regular meeting on December 2, 2024, the Commission adopted a schedule of meetings for 2025 reflecting the current schedule and requested staff conduct research on potentially revising the regular meetings to a later start time to accommodate participants who have long travel times to Ukiah.

The Board of Supervisors Chambers are available between 8:30 AM and 12:00 PM the first Mondays of the month. Commission meetings typically range from one to two hours, with heavier agendas reaching two and a half hours.

The Executive Committee reviewed staff research at it’s January 9, 2025 meeting and recommends to the Commission a start time of 9:30 AM. The recommended time is in recognition of the vast and geographically diverse landscape of Mendocino County and the often-arduous roadways that must be traversed enroute to Ukiah, particularly from the coast and northern communities.

Adjusting the start time of the meetings necessitates amending Mendocino LAFCo Policy 3.8.2 *Regular Meetings* accordingly. Draft Resolution No. 2024-25-07 is included as Attachment 1 for Commission consideration.

### ATTACHMENTS

1. Draft Resolution No. 2024-25-07

**Attachment 1**  
**Resolution No. 2024-25-07**  
**of the Mendocino Local Agency Formation Commission**

**Approving the**  
**Policy Amendment to**  
**Establish a New Meeting Time for Regular Meetings of the Commission**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, has an established regular meeting time, day and location per Policy 3.8.2 of the Mendocino Local Agency Formation Commission Policies and Procedures Manual, adopted on November 5, 2018 and as amended; and

WHEREAS, the Commission conducts its business at regularly scheduled public meetings held on the first Monday of the month in the Mendocino County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, CA; and

WHEREAS, the Commission establishes a regular start time to ensure transparency and consistency to increase public participation and confidence; and

WHEREAS, the Commission recognizes the vastness of our geographically diverse county and the arduous roadways that the public must travel to reach Ukiah, which is the County seat and location of Commission meetings, and wishes to facilitate public access and participation; and

WHEREAS, on December 2, 2024, the Commission directed staff to research options for a later start time to allow additional travel time for public and staff traveling long distances and dangerous road conditions; and

WHEREAS, at a January 9, 2025 meeting of the Executive Committee, staff’s research on venue availability was discussed and recommendation for a later start date on the same day and location was unanimously referred to the Commission.

NOW, THEREFORE, the Mendocino Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE and ORDER the following amendment to Policy 3.8.2 Regular Meetings:

Regular meetings of the Commission shall be held on the first Monday of each month, at the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, CA, commencing at 9:30 AM unless otherwise noticed. If any regular meeting of the Commission falls on a holiday, the regular meeting of the Commission shall be held on the preceding or succeeding Monday that does not fall on a holiday or on the first available date agreeable to the Commission.

PASSED and ADOPTED by the Mendocino Local Agency Formation Commission this 3rd day of February 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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, Commission Chair

ATTEST:

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UMA HINMAN, Executive Officer

DRAFT



## STAFF REPORT

Agenda Item No. 8a	
<b>MEETING DATE</b>	February 3, 2025
<b>MEETING BODY</b>	Mendocino Local Agency Formation Commission
<b>FROM</b>	Uma Hinman, Executive Officer
<b>SUBJECT</b>	Report on Applications and Work Load

### RECOMMENDED ACTION

Staff recommends the Commission receive and file this report.

### BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 delegates local agency formation commissions (LAFCos) with regulatory and planning duties to coordinate the logical formation and development of local government agencies. This includes approving or disapproving proposals for reorganizations (i.e., annexations, detachments, dissolutions, etc.), activation of latent powers, sphere of influence amendments, and outside service agreements.

LAFCo proceedings for jurisdictional changes are generally initiated by outside applicants through petitions (landowners or voters) and resolutions (local agencies). LAFCos may also initiate jurisdictional changes to form, consolidate, or dissolve special districts if consistent with the recommendations of approved municipal service reviews.

The item is for information and satisfies Mendocino LAFCo’s reporting requirement for current and future applications.

### Active and Future Proposals

Attachment 1 is a regular update to the Commission on active proposals on file as well as identification of future proposals staff anticipates being filed with LAFCo in the near term based on discussions with local agencies and proponents.

### Work Plan

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence updates over the course of the fiscal year. Attachment 2 is an update on the status of activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

### Attachments

1. Summary Table – Application Activity and Potential Future Proposals
2. Summary Table – Work Plan Tracking and Status



**Attachment 2. Summary Table – Work Plan Tracking and Status**

<b>FY 2024-25 ESTIMATED WORK PLAN IMPLEMENTATION SCHEDULE AND STATUS</b>						
<i>Work Plan status as of February 1, 2025</i>						
<b>Subject to Change:</b> The estimated schedule and costs for the Fiscal Year 2023-24 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.						
<b>CEQA:</b> 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.						
<b>Rolling Work Plan:</b> It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule is intended to enhance communication and transparency.						
<b>Agency</b>	<b>Request for Information</b>	<b>Admin Draft</b>	<b>Public Workshop</b>	<b>Public Hearing</b>	<b>Final Study</b>	<b>Status/Notes</b>
<b>FY 2024-25 Work Plan</b>						
Laytonville County Water District	8/9/2024					RFI-I sent on 8/9/24. Requests for interview sent on 9/3/2024, 11/11/2024, 12/2/2024, 1/21/2025.
Potter Valley Irrigation District	7/25/2024	1/10/2025	2/3/2025			Workshop scheduled
Round Valley County Water District	8/9/2024	N/A	N/A	N/A	12/2/2024	Streamlined review process completed; SOI affirmed
Calpella County Water District	1/21/2025					RFI-II sent
Hopland Public Utilities District	1/16/2025					RFI-I sent
Millview County Water District	1/21/2025					RFI-II sent
Redwood Valley County Water District	1/21/2025					RFI-II sent
Willow County Water District	1/21/2025					RFI-II sent
Russian River Flood Control District	8/9/2024					Administrative Draft in process
<b>FY 2023-24 Work Plan</b>						
Caspar South Water District	5/15/2024	7/25/2024	9/9/2024	10/7/2024	10/11/2024	Completed
Elk County Water District	8/28/2024	1/13/2025	2/3/2025			Workshop scheduled
Gualala Community Services District	1/31/2024	3/15/2024	6/3/2024	7/1/2024	7/26/2024	Completed
Irish Beach Water District	6/7/2024	10/14/2024	11/4/2024	3/3/2025		Public Hearing scheduled for March
Mendocino County Water Works Water Works District No. 2	10/12/2023	1/31/2024	3/4/2024	7/1/2024	7/5/2024	Completed
Pacific Reefs Water District	10/27/2023	4/8/2024	5/6/2024	6/3/2024	6/4/2024	Completed
Westport County Water District	6/4/2024	1/6/2025	3/3/2025			Admin Draft sent to district for review; tentatively planning for workshop on 3/3/2025



December 31, 2024

Mary Leittem-Thomas, Foreperson  
Mendocino County Civil Grand Jury  
County of Mendocino  
501 Low Gap Road, Room 1030  
Ukiah, CA 95482

**RE: Municipal Service Review Update**

**Grand Jury Report: "Mendocino Coast Health Care District – Sick, but Returning to Health"**

Dear Foreperson Mary Leittem-Thomas:

In response to the Grand Jury's June 12, 2024 report titled "Mendocino Coast Health Care District – Sick, but Returning to Health," Mendocino LAFCo committed to preparation of a Municipal Service Review (MSR) for the Mendocino Coast Health Care District (MCHCD/district) (see attached letter dated September 9, 2024).

In working towards the timeline outlined in our response, we have been coordinating with MCHCD staff throughout the fall in anticipation of initiating the MSR in December 2024. However, in early October, Adventist Health initiated a 60-day negotiation period with the district to restructure the agreement under which the health care provider leases the district's critical care hospital. Initiating an MSR when the district is in such flux is counterproductive for the district, and would mean that any MSR prepared would be lacking critical operational and financial information.

Further, as noted in LAFCo's original response to the Grand Jury, unless the MCHCD is amenable to bearing the costs of a consultant-prepared MSR, prioritizing the MCHCD MSR this fiscal year would not be possible as it would require delaying some of the current work plan tasks or allocation of additional funding from reserves. The LAFCo work plan is carefully prepared, reviewed, and approved by the Commission, and an MSR for MCHCD is not in the current work plan. Additionally, the MCHCD board has not yet authorized funds for preparation of the MSR.

LAFCo continues to coordinate with MCHCD staff to schedule development of the MSR when appropriate, and to identify funding for the study. We will keep the Grand Jury apprised of the MSR schedule as we proceed. Please contact me with any questions by email ([eo@mendolafco.org](mailto:eo@mendolafco.org)) or by phone (707) 463-4470.

Respectfully,

Uma Hinman  
EXECUTIVE OFFICER

Enc: September 9, 2024 LAFCo Response to Grand Jury

Cc: Katharine Wylie, Agency Administrator, Mendocino Coast Health Care District



# Mendocino LAFCo

*Encouraging Well-Planned Community Growth*

200 S School Street | Ukiah, CA 95482

Phone: (707) 463-4470

Email: eo@mendolafco.org

Web: mendolafco.org

## COMMISSIONERS

Maureen Mulheren  
Chair  
County Member

Gerald Ward  
Vice Chair/Treasurer  
Public Member

Gerardo Gonzalez  
City Member

Candace Horsley  
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Glenn McGourty  
County Member

Mari Rodin  
City Member

Vacant  
Special District Member

Francois Christen  
Alternate Special District Member

Douglas Crane  
Alternate City Member

John Haschak  
Alternate County Member

Vacant, Alternate  
Public Member

## STAFF

Executive Officer  
Uma Hinman

Clerk/Analyst  
Larkyn Feiler

Counsel  
Marsha Burch

## REGULAR MEETINGS

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

September 9, 2024

The Honorable Judge Ann Moorman  
Mendocino County Superior Court  
100 North State Street, Dept E  
Ukiah, CA 95482

Office of the County Counsel  
County of Mendocino  
501 Low Gap Road, Room 1030  
Ukiah, CA 95482

Mendocino County Civil Grand Jury  
County of Mendocino  
501 Low Gap Road, Room 1030  
Ukiah, CA 95482

**RE: LAFCo Response to the Grand Jury’s Report  
“Mendocino Coast Health Care District – Sick, but Returning to Health”**

Dear Honorable Judge Ann Moorman:

The Mendocino Local Agency Formation Commission (LAFCo) has reviewed the Grand Jury’s June 12, 2024 report titled “Mendocino Coast Health Care District – Sick, but Returning to Health.” This report investigates the Mendocino Coast Health Care District (MCHCD) board and operations following its restructuring with Adventist Health, and requests LAFCo responses to Finding F11 and Recommendation R18.

LAFCo’s statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) (Government Code (GOV) §56000, et seq.). Among LAFCo’s purposes are: discouraging urban sprawl, preserving open space and prime agricultural lands, efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (GOV §56301). To support LAFCos in these objectives, the CKH grants LAFCos authority to conduct reviews of the efficiency and effectiveness with which special districts deliver services.

Mendocino LAFCo discussed the report during a regular meeting of the Commission held on September 9, 2024 and provides the following responses.

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

**LAFCo Response: LAFCo partially agrees with the finding.**



The CKH provides for development of local policies to guide implementation of the statutes, reflective of local conditions and need. The CKH requires LAFCo to review and update spheres of influence every five years, as necessary (GOV §56425(g)). Mendocino LAFCo Policy 10.1.3(a) clarifies and provides local direction to implement this statute, requiring “(a) The Commission will review all spheres of influence every five years for each governmental agency providing municipal services. Municipal services include water, wastewater, police and fire protection services.” (emphasis added).

Policy 10.1.3(c) further clarifies, “Spheres of influence of districts not providing municipal services including, but not limited to, ambulance, recreation, hospital, resource conservation, cemetery, and pest control shall be updated as necessary.” (emphasis added).

LAFCo agrees that the restructuring of the MCHCD’s operations warrants an update of the 2014 MSR. However, financial and staff capacity limitations, coupled with other prioritized agency studies, necessitates careful scheduling of the work plan to ensure undue financial strain is not passed on to LAFCo’s funding agencies (50 special districts, 4 cities and the County).

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

**LAFCo Response: The recommendation has not yet been implemented, but will be initiated by December 2024.**

In Mendocino County, there are 50 special districts and 4 cities that fall under the jurisdiction of LAFCo, and for which LAFCo is required to periodically prepare MSRs and Sphere of Influence (SOI) updates. Given LAFCo’s financial limitations and the expense of preparing MSRs, subject agencies are reviewed during the annual budget development process and prioritized based on a number of factors, including but not limited to, 1) provision of municipal services, 2) known issues, and 3) date of last review. A work plan and associated budget for the prioritized agency studies are adopted with the annual budget.

Mendocino LAFCo’s funding consists almost entirely of apportionments collected from Mendocino County and its cities and independent special districts on a one-third apportionment formula set forth in Government Code section 56381(b). Apportionments for cities and independent special districts are further divided and proportional to each agency’s total revenues as a percentage of the overall revenue amount collected in the county. It is notable that health care districts are exempt from paying an annual apportionment if the district’s operations revenue is negative (GOV §56381(b)(D)); MCHCD has not paid LAFCo apportionments in many years. While this does not change the fact that LAFCo has a responsibility to prepare an MSR for the district, the Commission has not prioritized it above municipal service providers also in need of a review.

LAFCo’s annual work plan schedule and budget for FY 2024-25 includes MSR/SOI studies for nine water districts with a budget of \$75,000. The water districts were prioritized for the following reasons: 1) they provide a critical municipal service, 2) the impacts and effects of the severe drought of 2021-22, 3) the anticipated effects of the change in water supply with PG&E’s abandonment of the Potter Valley Project, and 4) the last MSR/SOI studies of the water districts were conducted in 2014-2015.

A rough estimate for a comprehensive MSR for the MCHCD is between \$15,000-30,000, depending on whether LAFCo staff has capacity to prepare the study in-house or whether an outside consultant would be necessary. Prioritizing the MCHCD MSR this fiscal year would necessitate delaying some of the current work plan tasks and allocation of additional funding from reserves and within the next fiscal year budget. However, should the MCHCD be amenable to bearing the costs of a consultant-prepared MSR; Mendocino LAFCo would be able to manage the preparation of the MSR without compromising or adjusting the current work plan schedule and budget.

Mendocino LAFCo respectfully agrees to prioritize the MCHCD MSR and will initiate the MSR development process by December 2024 with the intent of completing the study by August 2025. Please note that development of MSRs is highly dependent on the responsiveness of the district to information requests, availability of information and staff workload, all of which affects schedules for study completion.

Thank you again for the opportunity to comment on the Grand Jury's recent MCHCD report. Feel free to contact Uma Hinman, Executive Officer, if you have any questions. She can be reached by email ([eo@mendolafco.org](mailto:eo@mendolafco.org)) or by phone (707) 463-4470.

Respectfully,



Maureen Mulheren  
COMMISSION CHAIR