

MENDOCINO

Local Agency Formation Commission

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

COMMISSIONERS

Maureen Mulheren, Chair
County Member

Gerald Ward, Vice-Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Vacant
Special District Member

Francois Christen, Alternate
Special District Member

Douglas Crane, Alternate
City Member

John Haschak, Alternate
County Member

Vacant, Alternate
Public Member

STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

A G E N D A

Regular Commission Meeting

Monday, June 3, 2024 at 9:00 am

Location

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

Hybrid Meeting

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

Instructions for Remote Participation Option

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

1. Zoom meeting link: <https://mendocinocounty.zoom.us/j/88148216547>
2. Telephone option (audio only):
Dial: **(669) 900-9128** (*Please note that this is not a toll-free number*)
Meeting ID: **881 4821 6547**

Public Participation is encouraged and public comments are accepted:

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

Meeting Participation

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

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

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

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

1. CALL TO ORDER and ROLL CALL

2. PUBLIC EXPRESSION

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

3. OTHER BUSINESS

None

4. CONSENT CALENDAR

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

4a) May 6, 2024 Regular Meeting Summary

4b) May 2024 Claims & Financial Report

4c) Ratify Legislative Support Letter for AB 3277 - Ad Valorem Property Tax Analysis

4d) Ratify Legislative Support Letter for SB 1209 - LAFCo Indemnification

5. PUBLIC HEARING ITEMS

5a) PUBLIC HEARING Pacific Reefs Water District Municipal Service Review and Sphere of Influence Study

The Commission will hold a Public Hearing to consider adoption of the Pacific Reefs Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study as required by LAFCo law. The final report includes written determinations on the level and scope of services provided by the Pacific Reefs Water District. RECOMMENDED ACTIONS: 1) Find the Pacific Reefs Water District Municipal Service Review is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (14 CCR) §15306 (Class 6 Exemption), and find the Pacific Reefs Water District Sphere of Influence Update is exempt from CEQA pursuant to 14 CCR §15061(b)(3) (General Rule), and approve the Notice of Exemption for filing; and 2) Adopt LAFCo Resolution 2023-24-06, approving the Pacific Reefs Water District Municipal Service Review and Sphere of Influence Update Study and adopting the proposed sphere of influence.

5b) PUBLIC HEARING Final Budget and Work Program for Fiscal Year 2024-25

The Commission will consider and take action on the Final Budget and Work Program for Fiscal Year (FY) 2024-2025. RECOMMENDED ACTIONS: 1) Adopt LAFCo Resolution 2023-24-07 with Exhibits A and B approving the Final Budget and Work Program for Fiscal Year 2024-25, which reflect the priorities for the coming fiscal year, and 2) direct the Executive Officer to transmit the Final Budget and Work Program to the funding agencies and others as specified in Government Code §56381.

6. WORKSHOP ITEMS

6a) WORKSHOP Gualala Community Services District Municipal Service Review and Sphere of Influence Study

The Commission will hold a Workshop on the Draft Gualala Community Services 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) Proposed Amendment to Policy 12.2 Outside Agency Services

The Commission will consider the Policies & Procedures Committee's recommendation for the proposed policy amendment and adoption of Resolution No. 2023-24-08 approving the amendment to Policy 12.2 for Outside Agency Services.

8. INFORMATION AND REPORT ITEMS

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

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

8b) Correspondence (Copies provided upon request)

8c) CALAFCO Business and Legislative Report

8d) Executive Officer's Report (Verbal)

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

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

ADJOURNMENT

The next Regular Commission Meeting is scheduled for Monday, **July 1, 2024** at 9:00 AM in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

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

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

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

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

MENDOCINO

Local Agency Formation Commission

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Agenda Item No. 4a

COMMISSIONERS

Maureen Mulheren, Chair
County Member

Gerald Ward, Vice-Chair/Treasurer
Public Member

Gerardo Gonzalez
City Member

Katharine Cole
Special District Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City Member

Francois Christen, Alternate
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John Haschak, Alternate
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STAFF

Executive Officer
Uma Hinman

Clerk/Analyst
Larkyn Feiler

Counsel
Marsha Burch

REGULAR MEETINGS

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

DRAFT MEETING MINUTES Regular Commission Meeting

Regular Meeting (Hybrid) of Monday, May 6, 2024

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

1. CALL TO ORDER and ROLL CALL (Video Time 5:05)

Chair Mulheren called the meeting to order at 9:00 a.m.

Regular Commissioners Present: Maureen Mulheren, Gerald Ward, Gerardo Gonzalez, Katharine Cole, Candace Horsley, Glenn McGourty (arrived at 10:16), Douglas Crane (seated for Commissioner Rodin)

Regular Commissioners Absent: Mari Rodin

Alternate Commissioners Present: Francois Christen (arrived at 09:04)

Alternate Commissioners Absent: John Haschak

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

2. PUBLIC EXPRESSION (Video Time 5:48)

None

3. OTHER BUSINESS (Video Time 6:25)

None

4. CONSENT CALENDAR (Video Time 6:30)

4a) April 1, 2024 Regular Meeting Summary

4b) April 2024 Claims & Financial Report

April 2024 Claims totaling:	\$37,342.13
Hinman & Associates Consulting	31,746.04
Commissioner Stipends	100.25
Marsha Burch Law Office	2,250.00
Streamline	63.00
Pehling & Pehling, CPAs	2,000.00
Mendocino County IS	599.03
Ukiah Valley Conference Center	583.81

4c) Revised Lease with City of Ukiah for Office Lease in the Ukiah Valley Conference Center

4d) Fiscal Year FY 2022-23 Audit

4e) Resolution No 2023-24-04 Approving the Corrected Annexation Map/Description for the Ukiah Valley Fire District Annexation of the City Limits of the City of Ukiah for Fire Services (A-2021-02)

- Commissioner Ward inquired about the status and invoicing for the new Commission logo as well as further explanation of what the general LAFCo workload entails.
- EO Hinman clarified that a subcontractor was brought on to assist in progressing the work plan.
- Commissioner Horsley asked about the \$100,000 appropriations noted on the budget tracking sheet (Agenda packet page 8 of 151); the \$928 rental charge (covers the use of the Board Chambers); and asked why basic services charges were so much higher this month.
- Commissioner Gonzalez noted his support for LAFCo’s participation in the tax share agreement process.
- EO Hinman clarified that LAFCo’s role in the tax share agreement process is to provide guidance as needed.
- EO Hinman explained that the current annual 5% rent increase is applied in the 5-year office lease in order for the conference center to fully recover operating costs.
- Chair Mulheren pulled Item 4e to consider additional language proposed in the Resolution.

Motion: Approve the Consent Calendar (Items 4a - 4d).		
Motion Maker: Gonzalez	Motion Second: Horsley	Outcome: Passed unanimously
Roll Call Vote: Ayes: (6) Ward, Gonzalez, Crane, Horsley, Cole, and Mulheren		

Analyst Feiler presented Item 4e involving a correction to the administrative record to include a map title and written description for the fire district annexation approved and finalized in 2021.

Motion: Adopt Resolution No. 2023-24-04 Approving the Corrected Annexation Map/Description for the Ukiah Valley Fire District Annexation of the City Limits of the City of Ukiah for Fire Services (LAFCo File No. A-2021-02).		
Motion Maker: Horsley	Motion Second: Gonzalez	Outcome: Passed unanimously
Roll Call Vote: Ayes: (6) Gonzalez, Crane, Horsley, Cole, Ward, and Mulheren		

5. PUBLIC HEARING ITEMS

5a) PUBLIC HEARING Proposed Fiscal Year 2024-25 Budget and Work Program (Video Time 33:58)

Chair Mulheren opened the public hearing at 9:29 a.m. EO Hinman presented the proposed budget and work program (Video Time 34:22-32:35). The following is a summary of discussion points for this item.

Commissioner Horsley:

- Asked for clarification on what the proposed continuity plan is; staff responded that the document would track Commission findings, recommendations, and terms/conditions for staff follow-up.
- Asked about the needs associated with the increase in staffing; staff responded that the increase is for additional administrative/clerk activities.

Commissioner Ward:

- Asked for clarification on what the additional \$20,000 for ‘basic services’ would cover.
- Asked for clarification on the timing of the future work plan and if the focus should be on water districts as opposed to other areas like cemetery districts.
- Recommended exploring adding more staff given the increased responsibilities in annexations and applications on top of the work plan.

Commissioner Gonzalez:

- Commented that addressing the water districts even when we are not in an active drought is a good idea.

Chair Mulheren:

- Noted that remaining focused on the water districts at this time is a good idea given the bigger picture.

Chair Mulheren opened the public comment period at 10:02 a.m. No public comments were received.

Chair Mulheren closed the public comment period and public hearing at 10:02 a.m.

Motion: Adopt Resolution 2023-24-05 approving the Proposed Budget and Work Program as presented, and direct staff as follows: (a) distribute the adopted Proposed Budget and Work Program to the 55 member agencies (county, 4 cities, and 50 independent special districts) as required by GOV 56381; and (b) schedule a public hearing for June 3, 2024 to consider and adopt a Final Budget and Work Program for FY 2024-25.		
Motion Maker: Crane	Motion Second: Gonzalez	Outcome: Passed unanimously
Roll Call Vote: Ayes: (6) Ward, Christen, Mulheren, Gonzalez, Horsley, Crane, Cole		

6. WORKSHOP ITEMS

6a) Pacific Reefs Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Study (Video Time 1:08:27)

EO Hinman presented the Draft Pacific Reefs Water District (PRWD) MSR/SOI Update Study (Video Time 1:09:04 – 1:12:25). Robert Cutler, the PRWD Board President, participated in the workshop. The following is a summary of discussion points for this item.

Commissioner Horsley:

- Noted two spelling errors.

Commissioner Ward:

- Noted that having staggered board members might be more beneficial for the District.
- Asked for clarity on the drought contingency plan.
- Asked what the administration fees cover versus the assessment fees; Mr. Cutler responded that the administration fees cover connections not utilizing the water system).

Commissioner Gonzalez:

- Noted that legacy issues like not having a website or hosting meetings at board members' homes should be addressed.

7. MATTERS FOR DISCUSSION AND POSSIBLE ACTION

None

8. INFORMATION AND REPORT ITEMS

8a) Work Plan, Current and Future Proposals (Video Time 1:24:01)

EO Hinman provided an update that there are a few potential future proposals, including from the Russian River Flood Control District and Redwood Valley County Water District; the City of Willits sphere amendment; and the Covelo CSD.

8b) Correspondence (Video Time 1:25:42)

None

8c) CALAFCO Business and Legislation Report (Video Time 1:25:28)

None

8d) Executive Officer's Report (Video Time 1:25:57)

EO Hinman provided a report, summarized as follows:

- The Alternative Public Member nominee period has been extended to July 1, 2024.
- Hinman & Associates Consulting has hired a new employee.
- An update on the Ukiah Valley Water Authority will be provided at the next meeting.
- A public hearing for the final budget (and potentially Pacific Reefs WD MSR/SOI) as well as a workshop for the Gualala CSD MSR/SOI is tentatively scheduled for the next meeting.

8e) Committee Reports (Executive Committee, Policies & Procedures) (Video Time 1:27:04)

None

8f) Commissioners Reports, Comments or Questions (Video Time 1:27:12)

- Commissioner Cole noted that attendance at the Hopland Municipal Advisory Committee (MAC) over the last year has raised awareness of the Hopland Cemetery District and potentially attracted qualified members for the District Board of Directors.
- Commissioner Mulheren reported that the proposed master tax share agreement between the County and cities is tentatively scheduled be presented to the Board of Supervisors at their May 21, 2024 meeting.

9. CLOSED SESSION

9a) Contract Executive Officer Performance Evaluation (Video Time 1:31:05)

Chair Mulheren reported out that the Commission conducted a performance evaluation of the Executive Officer.

ADJOURNMENT (Video Time 2:01:09)

There being no further business, the meeting adjourned at 10:57 a.m.

The next regular meeting of the Commission is scheduled for Tuesday, **June 3, 2024** at 9:00 a.m. The meeting will be conducted in a hybrid format to accommodate both in-person and remote participation. The in-person meeting will be held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah.

Live web streaming and recordings of Commission meetings are available via the County of Mendocino's YouTube Channel [May 6, 2024 YouTube meeting](#) recording. Links to recordings and approved minutes are also available on the [LAFCo website](#).

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: June 3, 2024
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Claims and Financial Report for May 2024**

RECOMMENDED ACTION

Approve the May 2024 claims and financial report.

Name	Account Description	Amount	Total
Hinman & Associates Consulting, Inc.	5300 Basics Services	\$ 10,955.00	\$ 22,330.08
	5601 Office Supplies (QB, Hostinger)	\$ 197.64	
	5700 Internet (Comcast)	\$ 96.94	
	6200 Bookkeeping	\$ 440.00	
	7001 Work Plan (Coastal W/WW Districts)	\$ 9,735.00	
	8029 Ukiah Annex Western Hills	\$ 841.00	
	8031 AVCSO Annexation of SOI	\$ 64.50	
Commissioner Stipends	6740 In-County Travel & Stipends		\$ 100.25
	Christen (May)	\$ 100.25	
Marsha Burch	6300 Legal Counsel	\$ 720.00	\$ 720.00
Streamline	5700 Website Hosting	\$ 63.00	\$ 63.00
Newspapers	5900 Publications and Legal Notices	\$ 350.43	\$ 350.43
Mendocino County IS	6000 Televised Meetings (April)	\$ 178.36	\$ 178.36
	6670 GIS Services ()		
Mendocino County Clerk	8031 AVCSO Annexation Registered Voter List	\$ 121.00	\$ 121.00
Ukiah Valley Conf. Center	5500 Office Space	\$ 581.25	\$ 722.55
	5600 Postage and copies	\$ 141.30	
Total Claims			\$ 24,585.67

Deposits: None

Transfers: None

Attachments:

- Budget Tracking Spreadsheet
- Work Plan Tracking
- 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 2023-24 BUDGET TRACKING

BUDGET SUMMARY		2023-24 Budget	July	August	September	October	November	December	January	February	March	April	May	Totals To Date	% Expended
Total Revenue		\$285,000.00	\$ 1,583.15	*****	\$ 3,626.51	\$ 1,046.35	\$ 377.29	*****	\$ 778.21	\$ 278.24	\$ 1,934.79	\$104,151.99	\$ 1,437.25	\$ 317,863.21	
Total Expenses		\$320,000.00	\$ 21,176.15	\$ 25,480.07	\$21,770.97	\$20,735.30	\$ 16,596.70	\$ 16,219.81	\$ 25,697.55	\$ 18,668.37	\$ 25,706.97	\$ 34,346.63	\$23,564.17	\$ 249,962.69	
Operations		\$ 30,000.00	\$ 1,082.50	\$ 817.00	\$ 2,501.00	\$ 258.00	\$ 107.50	\$ 119.50	\$ 301.00	\$ 43.00	\$ 1,336.50	\$ 3,000.50	\$ 1,026.50	\$ 10,593.00	
Applications															
Balance Beginning of Year		\$ 31,732.34	\$ 33,757.62	*****	*****	*****	*****	*****	\$ 93,682.06	\$ 93,682.06	\$129,059.82	\$ 29,059.82	*****		
Treasury (apportionments held in Treasury until moved to Checking for claims)		\$ 49,459.33	\$ 44,814.99	*****	\$84,402.21	\$62,896.43	\$ 40,583.53	\$ 12,236.11	*****	\$ 81,019.76	\$ 63,013.75	\$135,272.21	*****		
Checking Account (Bank Statement)		\$116,027.49	\$116,033.25	*****	*****	*****	*****	*****	*****	\$130,935.92	\$131,148.60	\$131,383.66	*****		
Reserves (Bank Statement)															
Account #	REVENUE														
4000	LAFCo Apportionments Fees (held in Treasury until moved to Checking for claims)	\$275,000.00		*****				*****				\$100,000.00		\$ 300,000.00	
4100	Fees and Reimbursements													\$ -	
4800	Miscellaneous													\$ -	
4910	Interest	\$ 500.00	\$ 9.40	\$ 10.92	\$ 11.51	\$ 671.35	\$ 221.04	\$ 1,277.26	\$ 231.46	\$ 215.74	\$ 215.54	\$ 239.49		\$ 3,103.71	
8000	Applications														
4150	Service Fees	\$ 9,500.00	\$ 491.25	\$ 370.50	\$ 1,114.00	\$ 117.00	\$ 48.75	\$ 54.25	\$ 136.50	\$ 19.50	\$ 382.75	\$ 912.00	\$ 410.75	\$ 4,057.25	
80XX	Applications Less Service Fees	\$ 1,082.50	\$ 817.00	\$ 2,501.00	\$ 258.00	\$ 258.00	\$ 107.50	\$ 119.50	\$ 410.25	\$ 43.00	\$ 1,336.50	\$ 3,000.50	\$ 1,026.50	\$ 10,702.25	
TOTAL		\$285,000.00	\$ 1,583.15	*****	\$ 3,626.51	\$ 1,046.35	\$ 377.29	*****	\$ 778.21	\$ 278.24	\$ 1,934.79	\$104,151.99	\$ 1,437.25	\$ 317,863.21	
Account #	EXPENSES														
OPERATIONS															
5300	Basic Services	\$133,000.00	\$ 7,427.59	\$12,817.55	\$12,192.61	\$ 9,005.56	\$ 10,305.54	\$ 9,985.69	\$14,197.00	\$ 6,515.50	\$14,350.50	\$ 18,036.00	\$10,955.00	\$ 125,788.54	95%
5500	Rent	\$ 7,000.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 555.00	\$ 581.25	\$ 581.25	\$ 581.25	\$ 6,933.75	99%
5500	Rent (Board Chambers)				\$ 375.00					\$ 375.00					
5600	Office Expenses	\$ 4,500.00	\$ 249.22	\$ 309.85	\$ 630.69	\$ 218.29	\$ 216.51	\$ 260.59	\$ 399.87	\$ 304.64	\$ 163.94	\$ 219.16	\$ 338.94	\$ 3,311.70	74%
5700	Internet & Website	\$ 3,000.00	\$ 172.84	\$ 156.67	\$ 156.67	\$ 156.67	\$ 156.67	\$ 156.67	\$ 159.94	\$ 159.94	\$ 159.94	\$ 159.94	\$ 159.94	\$ 1,755.89	59%
5900	Publication and Legal Notices	\$ 3,000.00					\$ 605.01			\$ 619.54			\$ 350.43	\$ 1,574.98	52%
6000	Televising Meetings	\$ 2,400.00					\$ 423.61	\$ 267.54	\$ 178.36			\$ 200.66	\$ 178.36	\$ 1,248.53	52%
6100	Audit Services	\$ 4,000.00	\$ 2,000.00									\$ 2,000.00		\$ 4,000.00	100%
6200	Bookkeeping	\$ 5,500.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 605.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 440.00	\$ 5,005.00	91%
6300	Legal Counsel	\$ 30,000.00	\$ 900.00	\$ 900.00	\$ 1,867.50		\$ 495.00	\$ 540.00	\$ 360.00	\$ 1,102.50	\$ 765.00	\$ 1,260.00	\$ 720.00	\$ 8,910.00	30%
6400	A-87 Costs County Services	\$ 2,500.00								\$ 3,440.00				\$ 3,440.00	138%
6500	Insurance - General Liability	\$ 3,000.00				\$ 2,857.81								\$ 2,857.81	95%
6600	Memberships (CALAFCO/CSDA)	\$ 4,000.00	\$ 2,521.00			\$ 1,281.00								\$ 3,802.00	95%
6670	GIS Contract (County)	\$ 3,000.00					\$ 56.91				\$ 256.09	\$ 398.37		\$ 711.37	24%
6740	In-County Travel & Stipends	\$ 4,000.00				\$ 177.95	\$ 177.95	\$ 128.82		\$ 100.25	\$ 100.25	\$ 100.25	\$ 100.25	\$ 885.72	22%
6750	Travel & Lodging Expense	\$ 6,500.00				\$ 842.52								\$ 842.52	13%
6800	Conferences (Registrations)	\$ 4,500.00		\$ 1,950.00		\$ 650.00	\$ (650.00)							\$ 1,950.00	43%
7000	Work Plan (MSR/SOI)	\$100,000.00	\$ 6,901.50	\$ 8,342.00	\$ 5,544.50	\$ 4,541.50	\$ 3,805.50	\$ 3,876.50	\$ 9,237.38	\$ 5,051.00	\$ 8,885.00	\$ 10,946.00	\$ 9,735.00	\$ 76,865.88	77%
9000	Misc Expenses (bank fees)	\$ 100.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 79.00	79%
TOTAL		\$320,000.00	\$ 21,176.15	\$ 25,480.07	\$21,770.97	\$20,735.30	\$ 16,596.70	\$ 16,219.81	\$ 25,697.55	\$ 18,668.37	\$ 25,706.97	\$ 34,346.63	\$23,564.17	\$ 249,962.69	78%
8000 APPLICATIONS															
		Deposits TD													Deposit Remaining
8022	City of Ukiah North Annexation Pre-Application (P-2020-01)	\$ 1,500.00												\$ -	\$ 378.00
8024	Millview CWD Annexation Pre-Application (P-2020-04)	\$ 3,609.25												\$ -	\$ -
8025	City of Ukiah Annexation of City-Owned Properties (A-2021-01)	\$ 8,283.75	\$ 111.25	\$ 875.00	\$ 2,955.00	\$ 125.00								\$ 8,283.75	\$ -
8028	Elk CSD Activation of Latent Powers (L-2022-01)	\$ 5,000.00							\$ 187.50					\$ 4,516.75	\$ 483.25
8029	City of Ukiah Annexation of Western Hills Properties (A-2022-02)	\$ 5,000.00						\$ 173.75			\$ 1,719.25	\$ 3,096.25	\$ 1,222.50	\$ 6,461.75	\$ (1,461.75)
8031	AVCSD Annexation of SOI (A-2023-01)	\$ 6,000.00	\$ 285.00		\$ 660.00	\$ 250.00	\$ 156.25		\$ 250.00	\$ 62.50		\$ 816.25	\$ 214.75	\$ 4,961.50	\$ 1,038.50
8032	Fort Bragg Pre-Application Request (P-2023-02)	\$ 1,500.00	\$ 1,177.50	\$ 312.50										\$ 1,490.00	\$ 10.00
Applications Less Service Fees Subtotal			\$ 1,082.50	\$ 817.00	\$ 2,501.00	\$ 258.00	\$ 107.50	\$ 119.50	\$ 301.00	\$ 43.00	\$ 1,336.50	\$ 3,000.50	\$ 1,026.50	\$ 10,593.00	
Service Fees Subtotal			\$ 491.25	\$ 370.50	\$ 1,114.00	\$ 117.00	\$ 48.75	\$ 54.25	\$ 136.50	\$ 19.50	\$ 382.75	\$ 912.00	\$ 410.75	\$ 4,057.25	
TOTAL			\$ 1,573.75	\$ 1,187.50	\$ 3,615.00	\$ 375.00	\$ 156.25	\$ 173.75	\$ 437.50	\$ 62.50	\$ 1,719.25	\$ 3,912.50	\$ 1,437.25	\$ 14,650.25	
EXPENSES TOTAL			\$ 22,749.90	\$ 26,667.57	\$25,385.97	\$21,110.30	\$ 16,752.95	\$ 16,393.56	\$ 26,135.05	\$ 18,730.87	\$ 27,426.22	\$ 38,259.13	\$25,001.42	\$ 264,612.94	
MONTHLY CLAIMS TOTAL (not including service fees and bank fees)			\$320,000.00	\$ 22,249.65	\$ 26,288.07	\$24,262.97	\$20,984.30	\$ 16,695.20	\$ 16,330.31	\$ 25,993.55	\$ 18,706.37	\$ 26,545.47	\$ 37,342.13	\$24,585.67	

Mendocino LAFCo
FY 2023-24 Estimated Work Plan Implementation Schedule and Cost Tracking
 June 1, 2024

Subject to Change: The estimated schedule and costs for the Fiscal Year 2023-24 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.

CEQA: Based on LAFCo practice, the work plan assumes minimal costs for CEQA compliance related to preparing a Notice of Exemption, unless an agency proposes a non-coterminous SOI and pays for any necessary studies and preparation of a Negative Declaration or Environmental Impact Report.

Rolling Work Plan: It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule and cost tracking table is intended to enhance communication and transparency.

Agency	Coordination/ Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Previous FY Expenses	FY 2023-24 Budget	FY 2023-24 Expenses	Total Cost to Date ²
Coastal Water/Wastewater Districts (7)						\$ 18,754	\$ 100,000	\$ 76,866	\$ 95,620
Caspar South Water District	5/15/2024	In process							
Elk County Water District	In process	In process							
Gualala Community Services District	1/31/2024	3/15/2024	6/3/2024						
Irish Beach Water District	In process	In process							
Mendocino County Waterworks District No. 2	10/12/2023	1/31/2024	3/4/2024						
Pacific Reefs Water District	10/27/2023	4/8/2024	5/6/2024	6/3/2024					
Westport County Water District	In process	In process							



Hinman & Associates Consulting

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

Date May 28, 2024
To Mendocino LAFCo
Project Executive Officer Services
Work Period May 1-26, 2024

Invoice No. 809
Invoice Total \$ 22,330.08

Account	Description	Staff/Hours		Other (At Cost)	Totals
		Executive Officer \$110	Analyst \$86		
5300	Basic Services Public Records Act Requests	60.50	50.00		\$ 10,955.00
5601	Office Supplies Quickbooks Online fee Hostinger (Email Accounts)			\$ 90.00 \$ 107.64	\$ 197.64
5700	Internet & Website Costs (Comcast)			\$ 96.94	\$ 96.94
6200	Bookkeeping	4.00			\$ 440.00
7001	Coastal Region Water/Wastewater MSR/SOI	24.00	82.50		\$ 9,735.00
8029	City of Ukiah Annex Western Hills	1.00	8.50		\$ 841.00
8031	AVCSD Annex SOI A-2023-01		0.75		\$ 64.50
Totals		\$ 9,845.00	\$ 12,190.50	\$ 294.58	\$ 22,330.08

5300 Basic Services

Administrative tasks, file research and maintenance of official records and files. Respond to public inquiries and research requests. Prepare and process April and May claims. Website updates. Preparation for May 6 and June 3, 2024 regular Commission meetings. Worked with Legal Counsel to refine outside agency services draft policy in preparation for Policies & Procedures Committee meeting. Preparation and facilitation of May 17 Policies & Procedures Committee meeting. Research tax share agreements between special districts and counties; provide information to County staff. Responded to inquiries from Hopland Cemetery District, Covelo CSD, and Anderson Valley CSD. Coordination with City of Fort Bragg regarding existing outside agency services; GIS analysis of data provided by City to identify and map outside agency services. Distribute Proposed Budget and Work Program for FY 2024-25 and public hearing notice and preparation for Final Budget hearing. Finalized the Resolution of Correction for Assessor/Elections and County GIS to resolve County mapping needs for UVFD annexation of the City of Ukiah in advance of the election cycle.

6200 Bookkeeping

Entered claims into Quickbooks and prepared checks. Reconciled Quickbooks.

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

Conduct research for coastal water and wastewater districts and private water companies (Pacific Reefs Water District, Caspar South Water District, Westport County Water District, Gualala CSD, Elk CWD, Irish Beach CWD, Mendocino County Water Works District 2 etc.); develop administrative drafts and information requests. Coordinate with agencies regarding information needs and requests. Admin draft Caspar South Water District and Westport County Water District studies; sent to district for review. Coordinate with GCSD and prepare workshop draft study. Prepare the public hearing draft study for PRWD; coordination with Board President. Preparation of Admin Draft Irish Beach Water District study. Coordinate with Sonoma LAFCo and Sonoma Water Agency regarding GCSD SOI and future service plans in The Sea Ranch community in Sonoma County.

8029 City of Ukiah Annexation of Western Hills Properties

Coordination of mapping review with County Surveyor and GIS. Coordinate with City staff.

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

Coordination meetings with County department heads, Legal Counsel, and District staff. Coordinate with County Assessor/Elections for voter registration information.

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Executive Officer, thank you for your payment.

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10001308772206
Invoice date: 05/19/2024
Total: \$90.00
Payment method: VISA ending
in

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[View billing history](#)

Account details

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

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Subject: FW: Upcoming auto-renewal

FYI

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Duration: 1 year

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Service expiry date: May 25, 2024

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New York, 11105-1803
Astoria
United States

Your order

USA 95924

Order Number / Receipt: **#36250005-106887747**

Billing date: **May 11, 2024**

Payment method: **Visa card ending**

Currency: **USD**

	Quantity	Price
Payment for invoice #hh_53419676	1	US\$107.64
Sales Tax (0%)		US\$0.00
YOUR ORDER		US\$107.64

The US\$107.64 payment will appear on your bank/card statement as:
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Mendocino Lafco

Account number
8155 30 052 0354952

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UKIAH CA 95482-4828

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Your monthly account summary

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

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



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

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

COMCAST BUSINESS

9602 S 300 W. STE B SANDY UT 84070-3302
8633 0500 NO RP 09 05102024 YNNNNNNN 01 999484

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

Account number **8155 30 052 0354952**
Automatic payment due **Jun 04, 2024**
Please pay \$96.94
Credit Card Payment To Be Applied 06/04/24

COMCAST
PO BOX 60533
CITY OF INDUSTRY CA 91716-0533

Marsha Burch

131 S. Auburn Street
Grass Valley, CA 95945

INVOICE

Invoice # 201
Date: 05/28/2024
Due On: 06/27/2024

Mendocino LAFCo

00201-Mendocino LAFCo

General Counsel

Type	Date	Notes	Quantity	Rate	Total
Service	05/06/2024	LAFCo meeting	2.00	\$225.00	\$450.00
Service	05/07/2024	Weekly meeting with staff	0.80	\$225.00	\$180.00
Service	05/17/2024	Policy and Procedures Committee meeting	0.40	\$225.00	\$90.00
Total					\$720.00

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
201	06/27/2024	\$720.00	\$0.00	\$720.00
Outstanding Balance				\$720.00
Total Amount Outstanding				\$720.00

Please make all amounts payable to: Marsha Burch

Please pay within 30 days.

MENDOCINO

Local Agency Formation Commission

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

COMMISSIONERS

Maureen Mulheren, Chair
County Member

Gerald Ward,
Vice Chair/Treasurer
Public Member

Katharine Cole
Special District Member

Gerardo Gonzalez
City Member

Candace Horsley
Special District Member

Glenn McGourty
County Member

Mari Rodin
City 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

May 24, 2024

Honorable Maria Elena Durazo, Chair
Senate Local Government Committee
State Capitol, Room 407
Sacramento, CA 95814

RE: **SUPPORT** of AB 3277, Local agency formation commission: districts: property tax

Dear Chair Durazo and Committee members,

The Mendocino Local Agency Formation Commission (LAFCo) is pleased to **Support Assembly Bill 3277**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes a clarifying change to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

Under existing statute, a commission must perform a financial analysis of ad valorem property taxes when a proposal is received that includes the incorporation of a city and the formation of a district. The only purpose of the analysis is to determine how best to apportion the property taxes between the agencies. However, occasionally, an application is received in which the district waives any portion of the ad valorem taxes. In those situations, no analysis is needed for the process, yet it remains required by statute.

This bill will add language that clarifies that the performance of the financial analysis in that situation only needs to be performed in those instances where a portion of the ad valorem property taxes is being sought.

By making this minor change, **AB 3277** will apply this time-consuming process only to those applications that require it.

For the reasons noted above, Mendocino LAFCo **Supports AB 3277**.

Please do not hesitate to reach out with questions or concerns about our position.

Sincerely,



Maureen Mulheren
COMMISSION CHAIR

cc: Members and Consultants, Senate Local Government Committee
Juan Carillo, Assembly Local Government Committee Chair
René LaRoche, Executive Director, CALAFCO

MENDOCINO

Local Agency Formation Commission

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

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Mari Rodin
City Member

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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

May 24, 2024

Honorable Juan Carrillo, Chair
Assembly Local Government Committee
1020 N St., Rm. 157
Sacramento, CA 95814

**RE: SUPPORT - SB 1209 (Cortese): Local agency formation commission:
indemnification**

Dear Chair Carrillo and Committee Members:

The Mendocino Local Agency Formation Commission (LAFCo) is pleased to **Support Senate Bill 1209**, sponsored by the California Association of Local Agency Formation Commissions (CALAFCO). **SB 1209** would add a new section into Government Code authorizing LAFCOs to enter into an indemnification agreement with an applicant. Counties and cities are already empowered to require indemnification, and routinely do so with respect to discretionary land-use approvals. SB 1209 would merely provide LAFCOs with the same authority.

This bill addresses a 2022 decision of the Second District Court of Appeals, which found that existing State law does not provide explicit authority to LAFCOs to require indemnification. Absent indemnification authority - and because LAFCO funding is statutorily required in a specified ratio from the county, cities, and special districts within a county - the costs to defend litigation must be absorbed by all of LAFCO's funding agencies.

Consequently, **SB 1209** will provide LAFCOs with the ability to use a tool already in use by counties and cities, and prevent costs to defend litigation from being shifted to a county, its cities, and its special districts.

Thus, for the above reasons, Mendocino LAFCo is in strong **Support of SB 1209** and respectfully requests your AYE vote.

Sincerely,

Maureen Mulheren
COMMISSION CHAIR

cc: Members and All Consultants, Assembly Local Government Committee
The Honorable Dave Cortese, California State Senate
Rene LaRoche, Executive Director, CALAFCO

MENDOCINO

Local Agency Formation Commission

Staff Report

MEETING June 3, 2024
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **PUBLIC HEARING Pacific Reefs Water District Municipal Service Review and Sphere of Influence Update Study**

RECOMMENDATION

It is recommended that the Commission take the following actions:

- 1) Find the Pacific Reefs Water District (PRWD) Municipal Service Review is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (14 CCR) §15306 (Class 6 Exemption), and find the PRWD Sphere of Influence Update is exempt from CEQA pursuant to 14 CCR §15061(b)(3) (General Rule), and approve the Notice of Exemption for filing; and
- 2) Adopt LAFCo Resolution 2023-24-06, approving the Pacific Reefs Water District Municipal Service Review and Sphere of Influence Update Study and affirming the existing coterminous sphere of influence.

BACKGROUND

This is a Public Hearing to consider public testimony and proposed adoption of the Pacific Reefs Water District (PRWD) Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study.

The Commission held a public workshop on the PRWD Draft MSR/SOI Update Study on [May 6, 2024](#) (starting on page 66 of 151) to hear public/agency comments and provide direction on revisions to the draft study in preparation for this Public Hearing item. A video recording of the meeting is available [online](#) and the recent summary minutes are included in this agenda packet.

The PRWD was formed on June 5, 1967 for the sole purpose of providing water services to the Pacific Reefs Subdivision, which is located approximately a half mile south of Albion and west of State Highway 1. The District and Subdivision boundaries coincide and consist of 24 lots, 17 of which are developed with single-family residences. There have been no changes to the District boundary or SOI since its formation.

Revisions List

The following is a list of revisions the Commission requested during the May workshop:

- a. [Section 2.2.1 and 3.3.1.6](#): Include a recommendation for staggered board terms.
- b. [Sections 2.2.2 and 3.3.1.6](#): Include a recommendation for holding meetings in a public meeting space.
- c. [Section 2.2.6](#): Clarify that the Treasurer and Secretary are not board members.
- d. [Section 2.4.2.3](#): Clarify that administrative fees are applied to parcels that are not currently receiving service.
- e. [Section 3.3.1.4](#): Include a recommendation to confirm the correct process is followed for establishing special assessments.

Sphere of Influence

In 2015, the Commission approved the [PRWD's current SOI](#) by LAFCo [Resolution No 15-16-06](#). This MSR/SOI Update provides a review of the District services and governance and makes a recommendation for the SOI boundary that is appropriate for the capacity of the District's system and projected growth in its service area.

The District has confirmed that their current boundary reflects existing service needs and projected service demands over the next five to ten years. There have been no annexations since formation, and projected growth and demand for services is limited to the single-family development of nine subdivision lots. The District's SOI is recommended to be affirmed as a coterminous sphere, which is a sphere that is the same as the jurisdictional boundary.

CEQA Compliance

The District's MSR is categorically exempt from further review under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations (14 CCR) §15306 (Class 6 Exemption). This is based on the use of the municipal service review as a data collection and service evaluation study. There are no land use changes or environmental impacts created or recommended by the MSR. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.

The District's SOI Update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15061(b)(3) (General Rule). This is based on a determination with certainty that the sphere of influence update will have no possibility of significantly effecting the environment given that this update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

Refer to the prepared Notice of Exemption (NOE) for further information (Attachment 3)

Public Notice

The 21-day Notice for this Public Hearing was properly published, posted, and distributed by Monday, May 13, 2024. The newspaper Proof of Publications are included as Attachment 2.

Public Comments

No public comments have been received to date.

Attachments: (1) PRWD MSR/SOI Update 2024
(2) Proof of Publication
(3) Notice of Exemption
(4) LAFCo Resolution No. 2023-24-06

PUBLIC HEARING DRAFT



[Photo Credit](#)

Pacific Reefs Water District Municipal Service Review / Sphere of Influence Update

Prepared By/For:
Mendocino LAFCo
200 South School Street
Ukiah, California 95482
<http://www.mendolafco.org/>

Workshop: May 6, 2024
Public Hearing: June 3, 2024
Adopted: [Publish Date]
LAFCo Resolution No: XXXX-XX-XX

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1 INTRODUCTION

This chapter provides an introductory overview of Local Agency Formation Commissions (LAFCo), Mendocino LAFCo, and additional details relevant to the Municipal Service Review (MSR) and Sphere of Influence (SOI) Update process for Pacific Reefs Water District (PRWD/District).

1.1 Local Agency Formation Commission

The Local Agency Formation Commission (LAFCo) is a quasi-legislative, independent local agency that was 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 Section 56000 et. seq. in order 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 website¹.

Mendocino LAFCo has a public Commission with seven regular Commissioners and four alternate Commissioners. The Commission is composed of two members of the Mendocino County Board of Supervisors, two City Council members, two Special District Board of Directors members, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category. Table 1-1 below lists the current members, the category they represent, if they are an alternate, and the date their term expires.

Table 1-1: Current Mendocino LAFCo Commissioners, 2024

<i>Commissioner Name</i>	<i>Position</i>	<i>Representative Agency</i>	<i>Term Expires</i>
Gerardo Gonzalez	Commissioner	City	2026
Candace Horsley	Commissioner	Special Districts	2026
Glenn McGourty	Commissioner	County	2024
Maureen Mulheren	Chair	County	2026
Mari Rodin	Commissioner	City	2025

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

<i>Commissioner Name</i>	<i>Position</i>	<i>Representative Agency</i>	<i>Term Expires</i>
Gerald Ward	Vice-Chair/Treasurer	Public	2026
Vacant	Commissioner	Special Districts	2024
Francois Christen	Alternate	Special District	2026
Douglas Crane	Alternate	City	2025
John Haschak	Alternate	County	2027
Vacant	Alternate	Public	2027

Source: Mendocino LAFCo

1.3 Municipal Service Review

The CKH Act requires each LAFCo to prepare a Municipal Service Review (MSR) for its cities and special districts (GC §56430)². MSRs are required prior to and in conjunction with the update of a Sphere of Influence (SOI) (Assembly Committee on Local Government, 2023). This review is intended to provide Mendocino LAFCo with the necessary and relevant information related to the services provided by PRWD.

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 PRWD. 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

² GC §56430 text can be found here: <https://law.justia.com/codes/california/2022/code-gov/title-5/division-3/part-2/chapter-4/section-56430/>

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.

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

- Provide a broad overview of agency operations including type and extent of services provided;
- Serve as a prerequisite for a SOI Update;
- Evaluate governance options and financial information;
- 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.

1.4 Sphere of Influence

The CKH Act requires LAFCo to adopt an 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)³.

When reviewing an SOI for a municipal service provider, under GC §56425⁴, LAFCo will consider the following five factors:

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

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

1.5 Additional Local Policies

1.5.1 Mendocino County General Plan – Coastal Element

The Mendocino County General Plan was originally adopted in November 1985 and last updated in November of 2021. In conformance with the Coastal Act, the County maintains a Coastal Element as part of their Local Coastal Program. Given Pacific Reefs’ coastal location, the Coastal Element includes a section

³ 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/>

⁴ GC § 56425-56434 text can be found here: <https://law.justia.com/codes/california/2010/gov/56425-56434.html>

of policies pertaining specifically to Pacific Reefs and the neighboring community of Albion. The Mendocino County General Plan Coastal Element identifies the Albion Planning Area, which includes Albion Ridge, Middle Ridge, Navarro Ridge, and the Pacific Reefs Subdivision. There are no coastal plan policies specific to the area served by Pacific Reefs Water District.

(County, 2021a)

1.6 Senate Bill 215

Senate Bill 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.

2 AGENCY OVERVIEW

Table 2-1 PRWD Profile	
Agency Name:	Pacific Reefs Water District
General Manager/Contact:	Robert Cutler, President
Office Location:	34177 Pacific Reefs Road, Albion, CA 95410
Mailing Address:	PO Box 314, Albion, CA 95410
Phone Number:	(707) 937-2234
Website:	None
Email:	robert.cutler@attglobal.net
Date of Formation:	June 5, 1967
Agency Type:	Independent Special District, Single-Service Provider
Enabling Legislation	County Water District Law: Water Code § 34000–38501
Board Meeting Schedule:	Quarterly at Board member residences within the District, on a rotating basis; dates and agendas are distributed two weeks prior to meetings.

2.1 [History](#)

2.1.1 Formation

The Pacific Reefs Water District (PRWD/District) was formed on June 5, 1967 under [California Water Code §34503](#), by LAFCo Resolution No. 67-5, for the sole purpose of providing water service to the Pacific Reefs Subdivision residents. The Certificate of Filing with the Office of the Secretary of State is dated January 8, 1968.

2.1.2 Boundary

The District is located in an unincorporated area of southwestern Mendocino County, near the small unincorporated coastal community of Albion. The District is located approximately a half mile south of Albion, which is approximately seven miles south of the Village of Mendocino. The District’s service area is a narrow strip of land on the ocean bluffs located between State Highway 1 and the Pacific Ocean. The District boundary coincides with the Pacific Reefs Subdivision, a 24-lot gated, residential subdivision served by private streets that encompasses approximately 34 acres. See Figure 2-1.

2.1.2.1 BOUNDARY CHANGE HISTORY

There have been no changes to the District boundary since its formation in 1967.

2.1.3 Services

The District provides water services to lot owners within the Pacific Reefs Subdivision. No other services are provided and no out-of-agency connections exist. For more information regarding this service, refer to Section 3.

2.1.4 Facilities

On average, the District supplies approximately 400,000 gallons of drinking water annually to its 14 customers and provides backup water supply to 3 additional customers within the District that are on private wells. The District owns a small parcel less than an acre in size, which houses the springs and well, water storage tanks and pumphouse facilities. The storage tanks include a 30,000-gallon steel-bolted tank,

constructed in 2024; two 5,000 gallon plastic tanks; a water treatment shed; and associated infrastructure. The distribution system consists of approximately 2,000 feet of 3-inch and 4-inch graduated water supply lines from the water tanks to each of the 24 lots within the subdivision. For more information regarding District facilities and infrastructure, refer to Section 3.

2.1.4.1 LATENT POWERS

Latent powers are those services, functions or powers authorized by the principal act under which the District is formed, but that are not being exercised and have not been authorized by LAFCo. The California Water District Law ([Water Code §34000 – 38501](#)) 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.

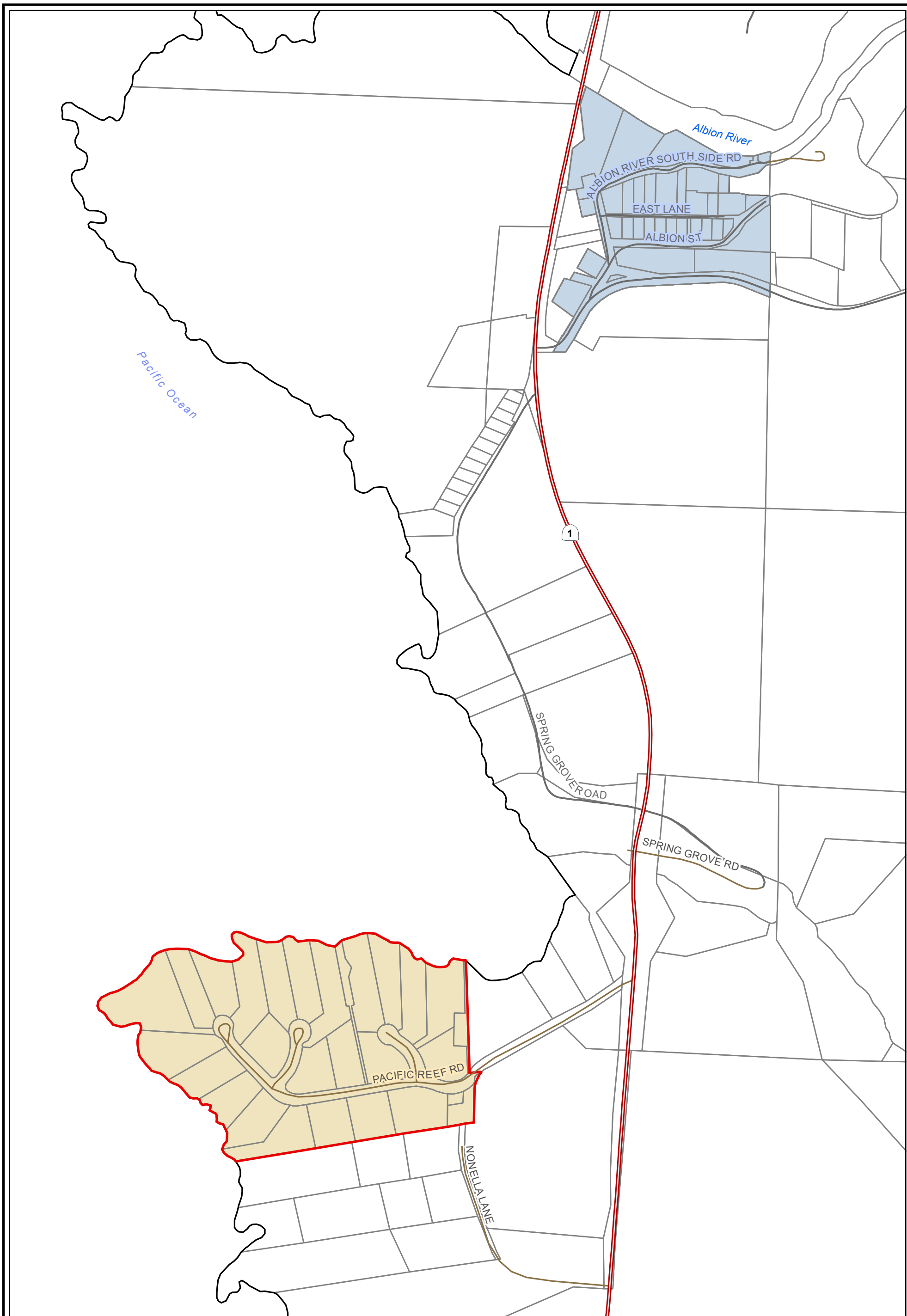
The PRWD is a single-service provider delivering water services only and no other latent powers are authorized under its principal act. Wastewater service within the District boundaries is currently provided by private on-site septic systems.

Other water service providers in the nearby region are listed below:

- Albion Mutual Water Company
- Albion Field Station
- Seafoam Lodge

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

Figure 2-1 Pacific Reefs Water District Boundary Map



Pacific Reefs Water District

Source: This map was prepared by the Mendocino County Information Services Division GIS Program, May 30, 2023.
 Note: This map is not a survey product.

- Pacific Reefs Water Distirct
- Pacific Reefs Water District SOI
- Albion Mutual Water Company
- Parcels
- Highways
- Roads

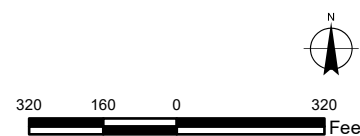


Figure 2-1: Pacific Reefs Water District

Mendocino County Water & Sanitation Districts & Companies

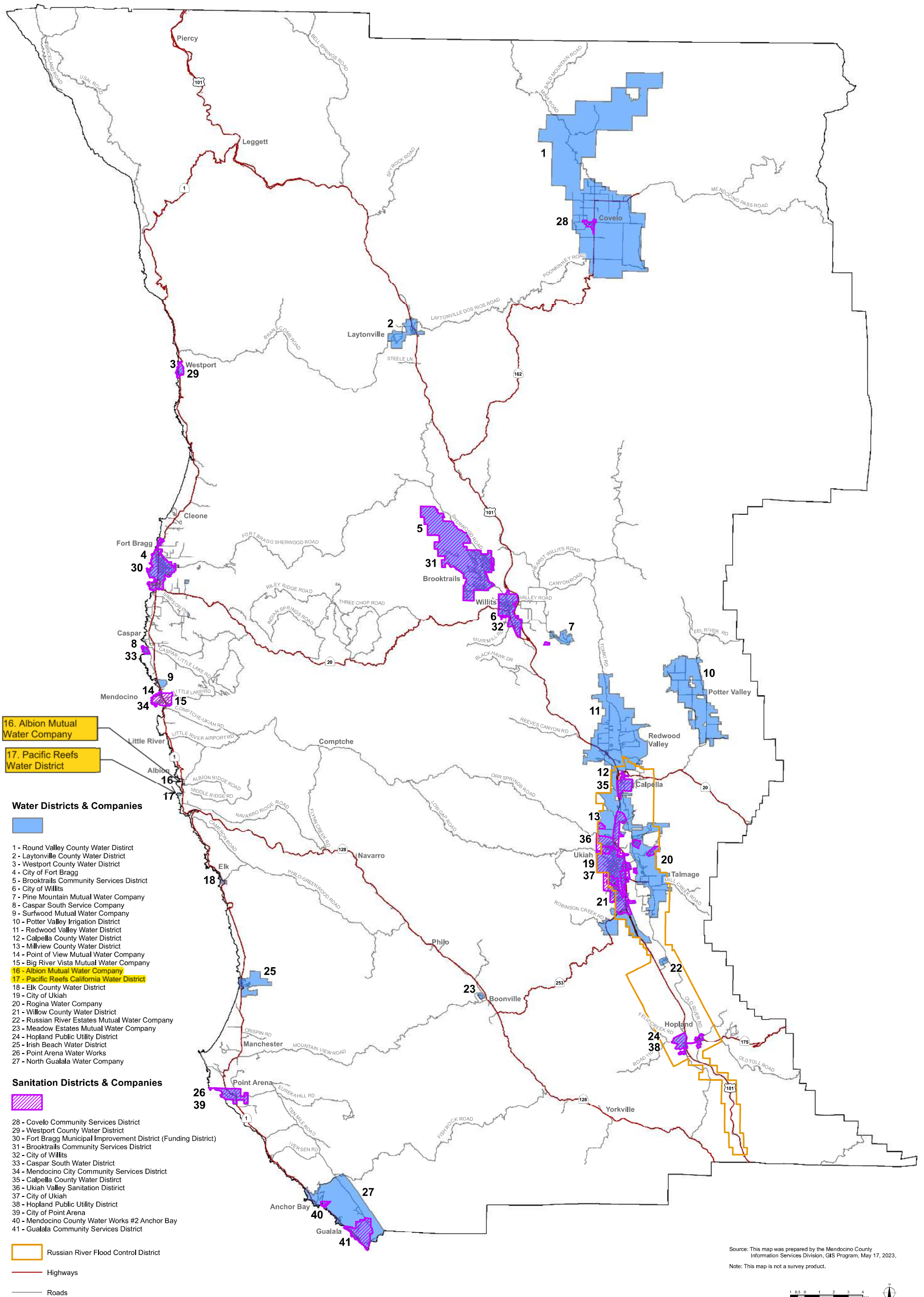


Figure 2-2: Mendocino County Water and Wastewater Districts and Companies

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, which until 1993 was the Mendocino County Board of Supervisors. In 1993, an independent board was appointed by the Board of Supervisors to serve the District. PRWD is a landowner-voter district ([§56050](#)) with directors elected by landowners within the district boundary to serve four-year terms. In accordance with best practices and the intent of Elections Code 10505, the board should consider establishing staggered terms aligned with the General Election cycle.

See Table 2-2 PRWD Board of Directors for the current directors and their term limits.

Table 2-2 PRWD Board of Directors		
Name	Office/Position	Term Expiration
Robert Cutler	President	November 2025
Donald Falk	Director	November 2025
Stephen Francescini	Director	November 2025
Howard Pines	Director	November 2025
Jeannette Rasker	Director	November 2025

Source: Cutler, 2023

In order to be elected to the Board, 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 in lieu of election by the County Board of Supervisors per [Elections Code §10515](#). New Board members take office at noon on the first Friday in December following their election.

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

The District Board of Directors elect officers annually at the January regular meeting. Officers include a President, Secretary and Treasurer. The Board President serves as the representative for the District. District Board members do not receive compensation for their public service or a stipend for attending meetings (Cutler, 2023).

There have been no board vacancies in recent years.

2.2.2 Public Meetings

Board meetings are held quarterly on the third Thursday of every third month (February, May, August, November). Meetings are held by Zoom at board member residences on a rotational basis. To promote transparency and accessibility for the public, the District should consider holding meetings in a public meeting space.

Agendas are e-mailed and mailed to each of the property owners and interested parties two weeks prior to each meeting. Minutes of the meetings are distributed within two weeks following the meetings. Public comments are accepted at each meeting.

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

Public notices and meeting agendas are posted at the meeting location and emailed to all residents. Meeting summaries are kept for all District Board of Directors meetings and are adopted at a subsequent meeting. Additionally, public notices regarding Board of Director vacancies are emailed to all residents.

Regular board meetings, records, annual budgets and financial audits are kept current and maintained by the Board President and Secretary. Public meeting information, including past agendas, reports, resolutions, and approved meeting minutes are available upon request from the District Secretary.

2.2.3 Standing Committees

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

2.2.4 Public Outreach

With the passage of Senate Bill (SB) 929 in 2018, all special districts are required to establish and maintain a website with specific information and accessibility requirements by January 2020 (a compliance handout is included in Appendix B – Website Compliance Handout). SB 929 does allow for a special district to be exempt from the website requirements if the District has adopted a resolution declaring that a hardship exists that prevents the district from establishing or maintaining a website; the District has done so.

The District currently does not have website; however, the District emails all customers with updated information including meeting notices and agendas. If any immediate problems occur with the water system, the District will email all customers and physically post the pertinent information at each customer's property if appropriate.

2.2.5 Complaints

Landowners within the District may file complaints with any Director or staff member in person or by phone, e-mail or mail. Complaints are typically discussed at the next board meeting. No complaints have been received in the last five years.

LAFCo staff recommends that the Commission review any complaints at the next MSR/SOI Update, or within three years of the completion of this MSR, whichever comes first.

2.2.6 Transparency and Accountability

The PRWD Bylaws were originally approved on February 24, 1996; there have been no updates since (Cutler, 2023). The Bylaws serve as the legal guidelines of the organization and provide written rules that control internal affairs. They define the District's official name, purpose, officers titles and responsibilities, how officers are to be assigned, how meetings should be conducted, and how often meetings will be held. The District does not maintain any other additional policies outside of the Bylaws (Cutler, 2023).

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. The District does not currently maintain a Conflict-of-Interest Code; however, Board members prepare annual Form 700s and submit to the State.

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. The District maintains that they are current on their required Form 700 filings with the Mendocino County Clerk's Office (Cutler, 2023).

According to 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 Government Code §53235. The District currently pays a stipend to the Board Treasurer (\$2,240/year) and a Secretary (\$1,200/year), neither of which are Board members.

Presently, neither the District staff or Directors attend any Brown Act related or ethics trainings making the District in violation of the AB 1234. LAFCo recommends the District Board members and staff comply with these requirements.

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

2.3 Operational Structure

2.3.1 Management and Staffing

Operations and maintenance are performed year-round by a part-time Water Master under contract with the District. The Water Master conducts daily inspections to ensure the system is operating correctly and within the parameters of the District's permit. The District holds its meetings at board member residences and has no administrative office outside residences.

The Board President volunteers as the General Manager with the following responsibilities and duties: oversee all management and customer service including customer billings, customer complaints, connection enforcement duties, and managing the contract of the Water Master. (Cutler, 2023)

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

Given the small size and lack of District staff, there is little need for evaluations and work load monitoring. Board members review and approve meeting minutes, quarterly budgets and perform financial reviews. The District does not conduct formal evaluations of overall district performance, such as benchmarking or

annual reports. However, the Water Master attends all Board meetings to report and receive feedback and direction from the Board. The contract with the Water Master is reviewed annually.

2.3.1.1 CONTRACT STAFFING AND SERVICES

The District maintains a contract for a Water Master and utilizes an independent Certified Public Account (CPA) for biennial audits. (Cutler, 2023)

2.3.2 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. Because the District has no employees other than the contracted Water Master, the District measures performance through the Water Master's regular reports at each District meeting. (Cutler, 2023)

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

2.3.2.1 CHALLENGES

The District states they are experiencing no challenges in providing services.

2.3.2.2 DISTINGUISHED SERVICE

The District did not provide any information related to distinguished services.

2.3.2.3 STRATEGIC OR SUCCESSION PLAN

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 when it comes to the future of the District.

In lieu of these documents, the Board considers progress and setbacks over the prior year during the annual budget development process. (Cutler, 2023)

2.3.3 Regional and Service-Specific Participation

The District does not participate in any interagency collaborative arrangements or mutual aid agreements. During the 2020-2022 drought emergency, the District was able to meet customer demand with existing supply. While there has been no formal collaboration with the Albion Mutual Water Company (AMWC) to date, the District's Water Master also serves that water service provider as well.

The District participates in a Joint Powers Authority (JPA) with the Special Risk Management Authority (SDRMA) for the purchasing of insurance. The SDRMA is a JPA formed pursuant to Section 6500 et. Seq., California Government Code, is comprised of California special districts and agencies including such districts. The SDRMA's purpose is to jointly fund and develop programs to provide stable, efficient, and long-term risk financing for special districts. These programs are provided through collective self-insurance, the purchase of insurance coverage, or a combination thereof. (Calentano, 2023)

PRWD also participates in the North Coast Resource Partnership (NCRP) Integrated Regional Water Management (IRWM) Program and received a grant from the organization in 2021 to install a new water tank. The District does not participate in any other regional or service-specific associations and organizations.

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 several private water service providers in the Albion area that are located within a mile of the PRWD (Figure 2-2):

- Albion Mutual Water Company ([CA2300502](#)) – community water system; 27 connections
- Albion Field Station ([CA2300512](#)) – transient non-community water system; 29 connections
- Seafoam Lodge ([CA2300620](#)) – transient non-community; 24 connections

The PRWD does not currently participate in any shared collaborations with nearby private water service providers; however, given the close proximity (0.7 miles) to Albion Mutual Water Company the District could consider future collaborations as part of the scope of water service provision of in the local area.

The Albion Mutual Water Company, the closest private service provider to PRWD, currently has 27 service connections and provides residential drinking water to approximately 30 full time residents. Average service fees range between \$41 and \$60 per month. The Company has two active wells (East and West Wells) and owns and/or maintains approximately 0.8 miles of pipeline and a treatment plant at the East Well. The Albion Mutual Water Company’s governing board consists of five elected members with one-year terms. There are no restrictions to the number of terms a member can serve. Stakeholders meet annually at the Whitesboro Grange. The Company has no employees though it does contract for a Water Master and bookkeeping services. Additionally, Board members assist with administrative and operational responsibilities.

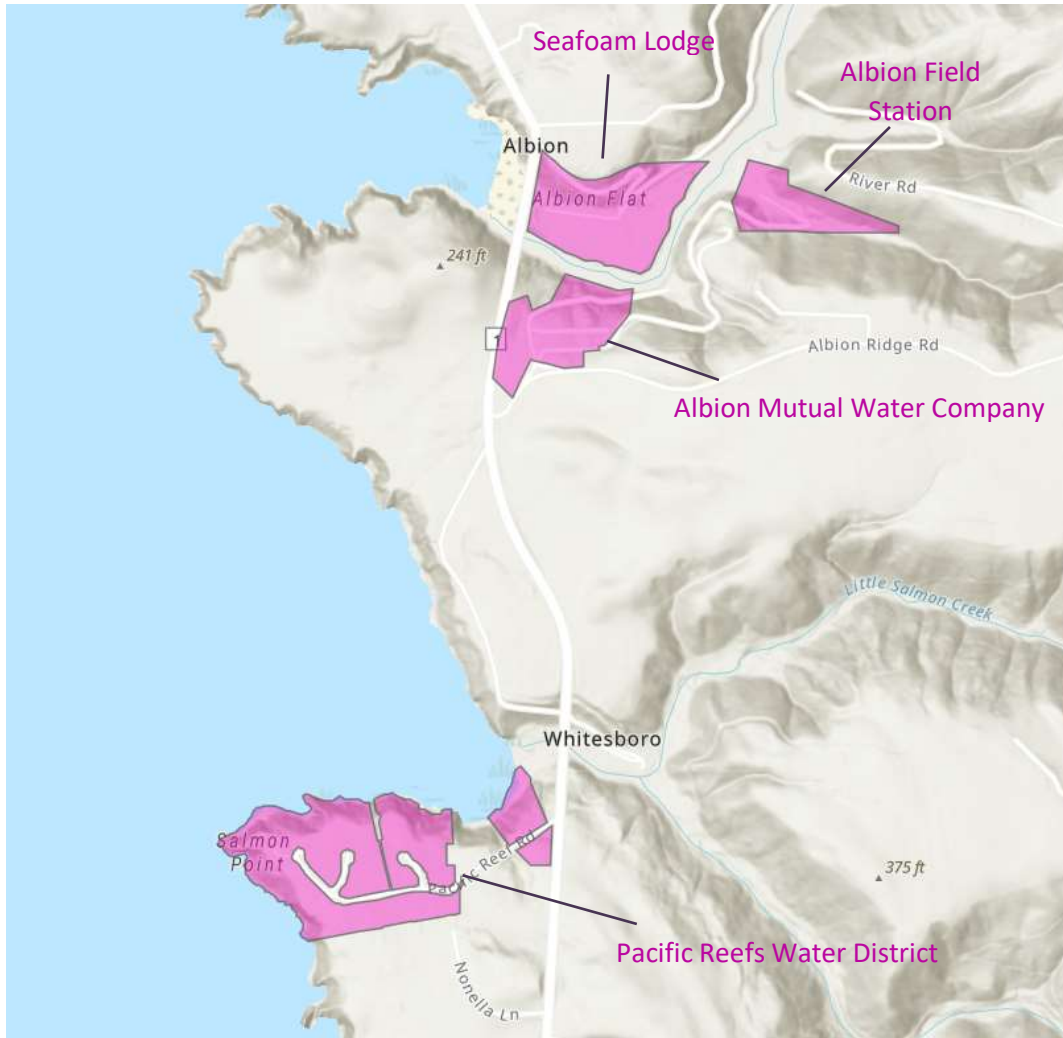


Figure 2-3 Adjacent private water service providers

Source: [State Water Board GIS Water System Tool, 2023](#)

2.3.4.2 SHARED SERVICES AND FACILITIES

The District does not currently jointly own or share facilities or services with other agencies. There are no areas in or near the District boundaries that would be better served by a different agency.

With respect to emergency coordination, the District maintains relations with both the Albion-Little River Fire Protection District and the Nonella Lane neighborhood located just south of the District. (Cutler, 2023)

2.3.4.3 DUPLICATION OF SERVICES

The AMWC is a nearby service provider providing residential drinking water services to the community of Albion. Based on its close proximity to the District there is the potential for collaboration and coordination of services.

The AMWC is regulated by the State Water Resources Control Board (SWRCB) Department of Drinking Water (DDW). At the time of this report there have been no identified needs for coordination of services between PRWD and the Company. While mutual water companies do not fall under the jurisdiction of

LAFCo, the SWRCB has the authority to encourage and mandate [consolidations](#) if the agency determines it necessary (SWRCB, 2023). Government Code §56375(r) gives LAFCo jurisdiction over annexation of territory served by a mutual water company that operates a public water system into the jurisdiction of a special district, with the consent of the respective public agency and mutual water company. Should a consolidation of the services be of interest or necessity in the future, the entities in question would submit an application to LAFCo.

2.3.4.4 INTERAGENCY COLLABORATION

The District does not participate in any interagency collaborative arrangements or mutual aid agreements. (Cutler, 2023)

2.3.4.5 REGIONAL AND SERVICE-SPECIFIC PARTICIPATION

The PRWD participates in the North Coast Regional Partnership (NCRP) Integrated Regional Water Management (IRWM) Program and has successfully obtained a Proposition 1 IRWM Round 1 Implementation Grant from DWR to install a new water storage tank. Participation in these types of joint planning activities provides opportunity to pursue joint grant applications and to leverage other regional resources.

It is recommended that the District enhance group participation efforts to learn about new opportunities to achieve operational efficiencies 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.

2.3.5 Governmental Structure and Community Needs

2.3.5.1 ENHANCED SERVICE DELIVERY OPTIONS

The District is the only agency providing water services to the Pacific Reefs Subdivision. The PRWD does not share services or facilities with other districts. Fire protection for properties within PRWD is provided by Albion-Little River Fire Protection District. Wastewater service within the PRWD is provided by private on-site septic systems.

No opportunities for the District to achieve organizational or operational efficiencies were identified during the preparation of this MSR. However, the District is encouraged to plan for drought resilience to prepare for periods of extended drought.

2.3.5.2 GOVERNMENT RESTRUCTURE OPTIONS

Government restructure options should be pursued if there are potential benefits in terms of reduced costs, greater efficiencies, better accountability or representation, or other advantages to the public. No opportunities for government restructure options were identified during the preparation of this MSR.

2.4 [Finances](#)

2.4.1 Current Fiscal Health

The PRWD operates as a water enterprise fund, meaning that charges for services are intended to pay for the costs of providing such services. Funding sources for the District include tax assessments and fees for water usage. The District operates out of a single fund for operational and maintenance purposes. The District's operational type is considered an enterprise activity in that they are financed and operated in a

manner similar to private business enterprises where the intent is that the costs (including depreciation) to provide the water services to the general public are financed or recovered primarily through user charges. These enterprise activities are accounted for in the Enterprise Fund.

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 Michael A. Celentano, CPA. 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.

Table 2-3: PRWD Financial Summary				
	FY 18-19 (\$)	FY 19-20 (\$)	FY 20-21 (\$)	FY 21-22 (\$)
Beginning Net Position	74,454	83,344	78,749	87,757
Ending Net Position	83,344	78,749	87,757	157,156
Operating Revenues				
Water Service Fees	13,082	12,025	14,487	14,507
User Assessment	23,611	17,549	28,577	28,577
Total Operating Revenues	36,693	29,574	45,539	43,084
Operating Expenses				
Maintenance and Repairs	12,742	22,792	29,451	21,435
Insurance	1,374	1,460	2,562	3,234
Permits and Fees	489	923	554	1,169
Utilities	1,104	946	1,153	1,095
Administration	7,542	3,491	8,487	4,258
Depreciation	4,559	4,559	4,559	4,559
Total Operating Expenses	27,810	34,171	46,766	35,750
Net Income/(Loss)	8,883	(4,597)	(1,227)	7,334
Other Non-Operating Revenues (Expenses)				
Interest Income	7	2	2	3
Grant Revenue	0	0	10,233	62,062
Total Non-Operating Revenue (Expenses)	7	2	10,235	62,065
Change in Net Position from Prior FY	-	(4,595)	9,008	69,399

The District’s cash accounts are summarized in Table 2-4.

Table 2-4: Cash Accounts				
Type	FY 18-19	FY 19-20	FY 20-21	FY 21-22
General Operations – Checking	(\$43)	\$1,926	\$1,806	\$10,541
General Operations – Savings	\$25,004	\$25,755	\$27,099	\$32,572
Total Cash	\$25,004	\$27,681	\$28,905	\$43,113

2.4.1.1 REVENUES AND EXPENDITURES

Expenditures totaled \$35,750 in FY 2021-2022, \$46,766 in FY 2020-2021, and \$34,171 in FY 2019-2020. The top expenditures included maintenance/repairs, insurance, administration and depreciation.

In FYs 2020-21 and 2021-22, the District received grant funds from the North Coast Regional Partnership Integrated Regional Water Management Program totaling \$72,298 to fund its 30,000-gallon tank replacement project. The total grant award is \$386,000, implementation of which has extended into 2024.

The District's cash accounts (Table 2-4) show a general upwards trend that indicates financial stability for typical annual operations and maintenance.

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 District does not have a needs assessment or a capital improvement plan, therefore it is not clear what the improvements need to be made to the District and the costs associated with such improvements.

2.4.1.3 NET POSITION

The District is currently operating at a net positive. The District has been implementing a grant-funded project for a tank replacement; funds are accounted for in a separate line item in the budget.

The District evaluates its financial position during development of its annual budget. The District reports that if, during the analysis of operational needs, additional revenue is necessary, the annual assessments are reviewed and adjusted through a public hearing process. This suggests that the District may need to re-evaluate the existing rates and fee structure.

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 April 2024, reserve funds totaled \$46,283.

2.4.2.2 OUTSTANDING DEBT/COST AVOIDANCE

The District currently has no debt.

2.4.2.3 RATE RESTRUCTURING

Revenue consists of water service fees and user assessment fees. The District's current process is to review its rates and assessments during the annual budget development process and propose increases, when necessary, to support the on-going delivery of services. The District Board of Directors adopts rates and fees annually at a duly noticed Public Hearing based on actual expenditures and cost recovery.

New water service connections to the District are charged a one-time fee of \$1,500. This fee is due in full before the water service connection is completed.

Each property owner has a metered water connection, which is read monthly by the Water Master. Billings are quarterly and prepared and sent by the District Treasurer. Rates are tiered to encourage water conservation, and are as follows:

Gallons	Rate (\$/gallon)
1 – 4,000	0.015
4,001 – 15,000	0.02
15,001+	0.06

Administrative fees are applied to those properties not currently utilizing water services. The administrative fees are billed quarterly and are dependent on whether or not the property has a well: without wells, \$90 per quarter; with wells, \$40 per quarter.

In addition to water service rates and administration fees, the District Board adopted user/service assessment fees to pay for increased regulatory costs. The District’s annual water service assessment fee of \$750 is collected by Mendocino County Auditor-Controller as part of each property owner’s property tax bill (PRWD Resolution No. 05-2020). However, in FY 2020-21, a \$500 special assessment was added for the purpose of installing the new tank to increase the annual assessments to \$1,250 per year through 2024-25 (PRWD Resolution Nos. 04-2021 and 01-2022). The special assessment fee for tank installation is set to expire at the end of fiscal year 2024-25; the water service annual assessment of \$750 will remain in place (PRWD Resolution No. 01-2022).

The District’s increased regulatory requirements and associated higher operations costs indicate that the District may need to re-evaluate existing rates and fees on a more permanent basis.

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).

The record is not clear on whether the assessments were established in compliance with Prop 218. It is recommended that the District prepare a rate study to identify and plan for infrastructure needs and anticipated operating costs, and establish appropriate rates in compliance with the Prop 218 process.

2.4.2.4 CAPITAL IMPROVEMENT PLAN

The District currently does not maintain a Capital Improvement Plan (CIP). The District has indicated that repairs to the existing water system need to be conducted, but because the District does not have a needs assessment or a CIP, it is not clear what the costs associated with these replacements would be.

2.5 Growth

2.5.1 Area History

The District is located immediately south of the small, unincorporated community of Albion, which is a census-designated place located along State Highway 1 where the Albion River meets the Pacific Ocean. Albion was first settled in 1853 by English Sea Captain William Richardson, who built the first sawmill to begin operating on the redwood coast. A sawmill would continue to operate in Albion for the next 75 years, the last one closing in 1928. Albion has survived as a farming and ranching community and has a thriving tourism industry with bed and breakfast inns, restaurants, a small marina, the Albion River and Schooner's Landing Campgrounds, and a historic wooden bridge spanning the mouth of the Albion River. A small fishing fleet operates out of the harbor and a college-sponsored biological field station is located across the river. Albion also has a US Post Office and a general store. (Source: [A Short History of Albion, California: Tides Turn Vacation Home](#))



Figure 2-4: Albion and Schooner's Landing Marina

2.5.1.1 PACIFIC REEFS SUBDIVISION

The Pacific Reefs Subdivision was developed in the 1960s and includes a total of 24 residential lots. The Pacific Reefs Water District was formed on June 5, 1967 to serve the Subdivision; the boundaries are coterminous.



Figure 2-5 Albion, California



Figure 2-6 Pacific Reefs Subdivision

2.5.2 Present and Planned Land Use and Development

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

2.5.2.1 LAND USE

The specific land use designations within the District are Rural Residential (RR5, RR1, RR5-DL, RR1-DL). Principally permitted RR uses are 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. This designation has larger minimum parcel sizes (e.g., RR-1: 40,000 sq. ft. and RR-5: 5 acres). See Figure 2-7 for General Plan designations within the District boundary.

Within the Pacific Reefs Subdivision, all of the northeastern parcels adjacent to the ocean have a combining district designation of Development Limitations (DL). This additional designation is used on parcels or portions of parcels that have serious constraints that may prevent or severely limit development (slope over 30 percent, erosion, or landslide). Many parcels with this designation have experienced severe bluff erosion and currently may have no feasible building site remaining. In each case, on-site inspection and tests will be necessary to determine whether a building site is viable should the property owner choose to develop.

All of the parcels east of the District are designated Rangelands (RL), which is intended to encompass lands within the Coastal Zone that are suited for and are appropriately retained for the grazing of livestock; this designation may also contain some timber producing areas.

2.5.2.2 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 Pacific Reefs area is included in the Coastal Zone (County of Mendocino Coastal Element, 2021). As shown in Figure 2-9, the County's Zoning Map designates most of the Pacific Reefs Subdivision and surrounding parcels as single-family residential and coastal commercial.



Figure 2-7: Mendocino County General Plan Designations



Figure 2-8: Mendocino County Zoning Map

Source: (Mendocino County Web Zoning Map, 2024)

2.5.3 Existing Population

The District serves the Pacific Reefs Subdivision, which consists of primary and secondary homes owned and occupied primarily by retirees. According to the District, the average occupancy is two persons per household and the year-round residency is approximately 34 persons, with additional weekend and seasonal residents. The Pacific Reefs Subdivision is located within Census Tract 110.01 in Mendocino County, which includes the area between Little River to the north, to areas south of Elk on the southern edge, and has an estimated population of 2,027.

The nearest community is Albion, which is a Census Designated Place (CDP) with a population of 153. The Albion CDP encompasses approximately 1.8 square miles and includes primarily rural residential properties with commercial development along Highway 1.

2.5.4 Projected Growth

The District's population is limited to residents within the Pacific Reefs Subdivision; currently, 17 of the 24 lots are developed. The anticipated growth of the District is limited to development of an additional seven lots. At the current persons per household (approximately 2 persons per household), buildout of the subdivision would result in an estimated population of 48 persons.

The State Department of Finance (DOF) projects that the population of Mendocino County will decline by a little more than 2.7 percent in the next 10 years, from 91,601 in 2023 to 89,091 in 2033, and 89,139 in 2043. (DOF, 2023) The projected decline of 2.7 percent throughout the County suggests that buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document (DOF, 2023). Given that the PRWD is limited to the Pacific Reefs Subdivision, which has a set number of undeveloped lots, buildout of the District is limited to the remaining seven 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, 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 need allocations (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 to service providers as a result of development will continue to mount. It is imperative that small districts such as PRWD stay up to date on legislative changes.

For additional information and data on housing legislation see Appendix 8.3.

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 services⁵. 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 American Census Survey (ACS) 2022 1-Year estimates, the statewide median household income for California was \$91,551 ([US Census, 2022A](#)). Thus, the MHI DUC threshold is \$73,240 and the threshold for severely disadvantaged unincorporated communities (SDUC) (less than 60 percent of the State MHI) is \$54,930.

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

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

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city sphere of influence (SOI), is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has a median household income that is 80 percent or less than the statewide MHI

⁵ Technical advisory on SB 244 can be found here: https://opr.ca.gov/docs/SB244_Technical_Advisory.pdf

- For this analysis, per CALAFCO recommendation, calculated the “MHI Threshold” i.e. 80% of the statewide MHI as \$73,240, per the ACS MHI data (The MHI for the State of California is \$91,551) (US Census, 2022A)
- Income data was sourced from the American Community Survey (“ACS”) 5-year Estimates dataset for 2018-2022 and the 2022 ACS 1-Year Estimates.

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

Mendocino County has an MHI of \$65,520 with a majority of the County considered DUCs including both the census tract and block group that the District is located within. (US Census, 2024) The census tract the District is located within (Census Tract 110.01) has a population of 1,889 (986 households) and a MHI of \$40,529. (Census, 2024)

As previously stated, the District is located just 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 (US Census, 2024).

Because the Pacific Reefs Water District falls within the County of Mendocino and is not a CDP, the MHI of its residents is assumed to approximate the County MHI of \$65,520. Because this amount is lower than the Statewide MHI threshold of \$73,240, the District would be considered to be located within a DUC under this analysis.

It is worth noting that the census block group the District is located within (Block Group 1) has a population of 1,108 (463 households) and a MHI of \$66,300 (US Census, 2024). By this measure the District would not be considered a DUC. Further, given the specifics of the Subdivision, which is a gated residential community of 24 residential lots located immediately on the coastline, it is difficult to quantify the District as a DUC. Real estate prices in the Subdivision are in excess of a million dollars.

The residents within Pacific Reefs subdivision receive adequate services with respect to fire, which is provided by Albion-Little River Fire Protection District ⁶. Wastewater services are provided by on-site septic systems; no issues were brought to the attention of LAFCo staff during the preparation of this study.

The residents of Pacific Reefs Subdivision are receiving the essential municipal services of fire and water. Wastewater is provided by private, onsite septic systems and appears adequate; no reports of septic failures have been reported.

⁶ 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>

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 SOI Update process and assist LAFCo in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.3.

3.1 Service Overview

This is the second MSR prepared for the District; the first was adopted by the Commission in October 2014.

3.1.1 Services

The District provides water services to lot owners within the Pacific Reefs Subdivision; no other services are provided.

3.1.2 Service Area

The District provides water services to 14 of the 17 developed lots within the Pacific Reefs Subdivision. Water service is provided as a secondary-connection to the remaining three property owners with private wells within the Subdivision. Of the 24 residential lots within the Subdivision, the District has adequate infrastructure in place to provide water to the remaining seven lots should a property owner choose to develop.

The PRWD is located in the Mendocino Coast Hydrologic Unit Watershed (See Figure 3-1). This watershed covers 298 square miles and is characterized by rugged mountainous terrain with erodible soils forested by redwoods, douglas firs, madrones, and tan oaks. Substantial data collection and watershed restoration efforts have been undertaken, and are continuing, in the watershed through the efforts of private and industrial landowners and local, state, and federal agencies.

3.1.3 Outside Agency Services

The District does not provide any services outside its jurisdictional boundaries and there have been no requests for extensions of services.



Figure 3-1: Mendocino Coast Hydrologic Unit Watershed

Source: California State Water Board, North Coast Region 1

3.2 Water

3.2.1 System History

The PRWD was formed in 1965 under the provisions of the Water Code for the State of California. No further history of services was provided to LAFCo staff.

3.2.2 Service Overview

The District's water supply is regulated by the SWRCB Division of Drinking Water (Permit No. 2300871) and consists of two springs and a well, all of which are located on District-owned land within the Subdivision and District boundaries. The well is equipped with a pump that operates at approximately 1.5 gallons per minute (gpm). The spring water is collected and pumped to the storage tanks. All water flows through a chlorinator and a ultraviolet (UV) system before being pumped into the District's above-ground storage tanks. Existing storage capacity is estimated to be the equivalent of 57 days of average usage.

The District supplies an average of approximately 400,000 gallons annually to its 14 customers and provides backup water supply to 3 additional customers within the District that utilize private wells as their primary water source. Average daily use for the District is estimated at 1,050 gallons per day (75 gallons per residence per day on average), with an average peak day demand at 1,400 gallons per day (gpd) (100 gallons per residence). The District reported that the backup water supply customers have not required District water, even during the 2020-2022 drought. The system is operating at approximately 60 to 80 percent capacity.

3.2.3 Facilities and Infrastructure

The District owns a small lot of less than an acre in size, which is the location of its springs and well, water storage tanks and pumphouse facilities. The storage tanks include a 30,000-gallon bolted steel water tank that will fully online by June 2024; two 5,000-gallon plastic tanks; a water treatment shed; and associated infrastructure.

The distribution system consists of graduated water lines from the water tanks to each of the 24 lots within the subdivision. The water supply is collected from springs and well and pumped into the storage tanks, from which it is distributed by gravity to the District's customers. The distribution system consists of approximately 2,000 feet of 3-inch and 4-inch supply lines.

Additional infrastructure includes fire standpipes at the tanks throughout the neighborhood.

Operations and maintenance are performed year-round by a part-time Water Master under contract with the District. The Water Master conducts daily inspections to ensure the system is operating correctly and within the parameters of the District's permit.

3.2.3.1 SYSTEM IMPROVEMENTS

The District recently received grant funding and approval of a coastal development permit to replace the 20,000 redwood water tank with a 30,000-gallon bolted steel water tank (Figure 3-2). The two existing 5,000-gallon plastic water tanks will remain. The new tank will be plumbed into the existing system to provide a year-round reliable water supply to PRWD's customers. The tank replacement project is in under construction and is expected to be completed by June 2024.

No other infrastructure needs have been identified at the time of this report.



Figure 3-2: New 30,000-gallon bolted steel water tank replacement project schematic

Source: Mendocino County Coastal Development Permit 20210030

3.2.4 Service Adequacy

Based on information provided by the District regarding facilities, management practice and accountability, and financing, PRWD's service appears to be limited. The District has a part-time contracted Water Master that provides maintenance and monitors operations, and conducts daily inspections to ensure the system is operating correctly. The District relies heavily on Board members to conduct daily affairs for the District. With past difficulties in securing enough Board members to fill vacancies, due to a very small eligible population, the District could have trouble managing the system in the future. In addition, the District does not have any future planning documents and did not provide LAFCo with any information regarding age of infrastructure or when replacement would be necessary. District revenues appear to be adequate to cover expenditures so far; however, the District has very little reserves to cover unexpected expenses and relies on grants to fund infrastructure improvements. The current system is operating at 60-80 percent capacity and it is anticipated that the system will be able to handle buildout of the remaining seven lots and the three secondary water users full-time. In addition, though the District was able to provide continuing services to customers during the most recent drought, the District does not have any future planning documents related to the effects of climate change and potential loss of groundwater resources.

With the recent infrastructure upgrade, the District's existing facilities and little growth in the service area that is expected to occur, the District and its facilities are sufficient to serve buildout of the Subdivision.

3.2.4.1 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 (USEPA). 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 the SDWIS, the PRWD has had no recent water quality violations.

There are five individual sampling sites tested as part of the SDWIS monitoring for PCWD:

- Hydrant Lot 5 – Last sampled 10/2013
- Spring 01 – Last sampled 06/2023
- Spring 02 – Last sampled 06/2023
- HARMSCO WTP – No sample data available
- Lead and Copper Sample Sites - No sample data available

No Consumer Confidence Reports are available in the SDWIS for the last five years for the District.

3.2.4.2 CAPACITY

On average, the District supplies approximately 400,000 gallons annually to its 14 customers and provides backup water supply to three additional customers within the District that are on private wells. Average daily use for the District is estimated at 1,050 gallons per day (75 gallons per residence per day on average), with an average peak day demand at 1,400 gallons per day (100 gallons per residence).

The system is operating at approximately 60-80 percent capacity. Thus, the District's water supply and infrastructure is sufficient to accommodate full buildout (24 residential lots) of the subdivision.

3.2.4.3 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 District, despite not having a drought contingency plan in place, had sufficient water supplies to serve its customers.

It is worth noting that during that period the District did maintain informal conversations with the Albion Mutual Water Company as well as the Albion-Little River Fire Protection District in relation to water supplies.

Although the District did not report supply deficits during the severe drought of 2021-2022, 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.

3.2.4.4 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 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.

3.3 Determinations

This section presents the required MSR determinations pursuant to GC §56430(a) for the PRWD.

3.3.1 MSR Review Factors

3.3.1.1 GROWTH

Growth and population projections for the affected area

1. The estimated population of the District is 34 residents.
2. The District is limited in growth to buildout of the 24 lots within the Pacific Reefs Subdivision, of which 17 are currently developed.
3. At full buildout of the Subdivision, and at current occupancy rates, the District will have an estimated population of approximately 48 persons.

3.3.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

4. The PRWD falls within the County of Mendocino and is not a CDP; therefore, the MHI of its residents is assumed to approximate the County MHI of \$65,520. Because this amount is lower than the Statewide MHI threshold of \$73,240, the District would be considered as located within a DUC under the typical analysis. However, given the specifics of the Subdivision, which is a gated residential community of 24 residential lots located immediately on the coastline, it is difficult to quantify the District as a DUC.

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

5. The District's water sources consist of two springs and one well, which provide adequate water supply to serve its current and projected population.
6. Construction of a new 30,000-gallon steel tank secured through grant funding ensures adequate storage facilities for the District.
7. For purposes of depreciation, the most recent annual audit for the District estimates the useful life of the water system at 15-30 years and general plant assets at 7 years. The District indicates no infrastructure issues have been identified.
8. According to the most recent data uploaded to the SDWIS, the PRWD has had no recent water quality violations.
9. The District should develop a capital improvement plan to identify, schedule, and develop funding strategies to address aging infrastructure needs.

3.3.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

10. The District has been operating at a net positive and appears to be financially stable. Additionally, an infusion of grant funding supported construction of a 30,000-gallon water storage tank, which was the District's most costly infrastructure upgrade need, identified to date.
11. The District's primary source of ongoing revenue is from parcel charges and fees; therefore, the District's current financial position is dependent upon the continued collection of those parcel charges and fees. There appears to be insufficient administrative records regarding the establishment of the District's parcel charges and fees. It is highly recommended that the District Board confer with their legal counsel on this matter to ensure that this key revenue source is secure and the long-term financial health of the District remains stable.
12. The District should prepare a rate study to identify and plan for infrastructure needs and anticipated operating costs, and establish appropriate rates in compliance with the Proposition 218 process.
13. The District's reserves account as of April 2024 totaled \$46,283.

3.3.1.5 SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities

14. The District operates with minimal facilities and no need for facility sharing were identified either by the District or through this MSR process. However, should the need arise in the future, nearby private water service providers may provide an opportunity for shared facilities and/or support.
15. The District does not own or lease any administrative facilities.

3.3.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

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

16. The District demonstrated accountability and transparency by disclosing financial and service related information in response to LAFCo requests.
17. The District provides accountability to its constituents through regular quarterly board meetings and distribution of agendas, notices and meeting records.
18. To promote transparency and accessibility for the public, the District should consider holding its meetings in a public meeting space.
19. The District should consider posting meeting notices on a public information board such as the Albion Store bulletin board.
20. In accordance with best practices, the Board should consider establishing staggered terms aligned with the General Election cycle.
21. The District does not currently maintain a website. However, the District has adopted hardship resolutions for the past few years. To continue compliance with SB 929, the District should either develop and maintain a website or adopt annual hardship resolutions as needed.
22. The District does not have a written mission statement or established goals and objectives. The District should consider developing a strategic plan that could help the District improve upon (1) facility planning efforts, (2) identification of future funding goals and opportunities, and (3) accountability and transparency.
23. No additional cost avoidance measures have been identified.

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 in order to plan for the logical and orderly development of that agency in a manner that supports 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 study and required determinations pursuant to GC §5642(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, 2018⁷.

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.

10.1.4 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

⁷ Mendocino LAFCo Policies and Procedures Manual can be found here:

<https://www.mendolafco.org/files/8e5477867/FINAL+Adopted+Mendo+LAFCo+PP+Manual+2018+upd+12-15-23.pdf>.

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 (G.G. §56375.5). However, territory within an agency’s sphere will not necessarily be annexed. A sphere is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

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

10.1.10 Overlapping Spheres

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

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

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

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

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

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest 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 District's SOI was first adopted in August 1994 (LAFCo Resolution No. 94-4) and confirmed in November 2015 (LAFCo Resolution No. 15-16-06). The SOI is coterminous with its boundary, meaning the same, and coterminous with the Pacific Reefs Subdivision boundaries. The District was formed solely to provide water services to the Pacific Reefs Subdivision, with no potential for expansion. The District does not provide any services outside its boundaries. Further, due to the physical limitations of the area (i.e., its location on an isolated seaside bluff between Highway 1 and the Pacific Ocean) the provision of services beyond its boundaries is not readily feasible.

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 in or immediately surrounding the PRWD.

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 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 PRWD.

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 coterminous sphere.

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 (refer to 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 with respect to five factors as outlined in GC §56425(e). These factors are as follows:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;

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

LAFCo staff propose no change to the existing SOI for the District 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 just south of the Albion community in coastal unincorporated Mendocino County. The primary uses of the coastal zone are rural residential uses and agricultural. Future development in the District is limited to buildout of the remaining seven residential lots within the subdivision. 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 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 the area

The District provides water services to a 14 residential connections and provides secondary backup water supply to 3 additional connections within the District that are on private wells; there are a total of 34 customers. The service area is limited to the boundaries of the Pacific Reefs Subdivision located immediately west of State Highway 1. The District anticipates little growth in resident population within the near term (five years) and long-term planning horizon (20 years). Given that the PRWD is limited to the residential properties in the Pacific Reefs Subdivision, and there are only seven undeveloped lots within the subdivision for full build out, it is anticipated the District can accommodate future development. Further, the projected population decline of 2.7 percent throughout the County suggests that buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document.

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

The District provides water services to a 14 residential connections and provides secondary backup water supply to 3 additional connections within the District that utilize private wells as their primary source. The District owns a small parcel less than an acre in size, which is the location of its springs and well, water storage tanks and pumphouse facilities. The distribution system consists of graduated water lines from the water tanks to each of the 24 lots within the subdivision. The distribution system consists of approximately 2,000 feet of 3-inch and 4-inch supply lines. The District is nearing completion on construction of a new 30,000-gallon steel storage tank and also maintains two 5,000 gallon plastic tanks for storage. The water storage is sufficient to provide year round reliable water supply for customers.

Operations and maintenance are performed by a part-time Water Master under contract who provides their own tools for maintenance purposes and contracts with local contractors to do larger repairs and

maintenance. Average daily use for the District is estimated at 1,050 gpd (75 gallons per residence per day on average), with an average peak day demand at 1,400 gpd (100 gallons per residence). The system is operating at approximately 60-80 percent capacity. Thus, the District's water supply and infrastructure is sufficient to accommodate full buildout (24 residential lots) of the subdivision.

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 coastal zone of Mendocino County just south of the Albion CDP. Most of the coastal zone is made up of rural uses and is geographically isolated from other communities. Given its isolated location and financial standing, no additional communities of interest have been identified for the District.

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

The District is located within the County of Mendocino and is not a CDP, the MHI of its residents is assumed to approximate the County MHI of \$65,520. Because this amount is lower than the Statewide MHI threshold of \$73,240, the District would be considered as located within a DUC under the typical analysis. However, given the specifics of the Subdivision, which is a gated residential community of 24 residential lots located immediately on the coastline, it is difficult to quantify the District as a DUC.

Residents of the Pacific Reefs Subdivision are currently receiving the essential municipal services of fire and water at adequate service levels. Wastewater is provided by private on-site septic systems, which are regulated by the County Department of Environmental Health.

4.6 Recommendation

Pursuant to [California Water Code §3540 et seq.](#), and [GOV 56425\(i\)](#), the Commission does hereby establish the functions and classes of services provided by the PRWD as limited to providing water services. Based upon the information contained in this report, it is recommended that the District Service Area Boundary and SOI remain unchanged and coterminous.

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6 ACRONYMS

AB	Assembly Bill
ACS	American Census Survey
ADU	Accessory Dwelling Unit
AMWC	Albion Mutual Water Company
AOI	Area of Interest
APR	Annual Progress Report
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPA	Certified Public Accountant
DDW	Division of Drinking Water
DOF	Department of Finance
DUC	Disadvantaged Unincorporated Community
DWR	Department of Water Resources
FY	Fiscal Year
GC	Government Code
GHG	Greenhouse gas emissions
GPD	Gallons per day
GPM	Gallons per minute
HCD	Housing and Community Development
IRWM	Integrated Regional Water Management
JADU	Junior Accessory Dwelling Uni
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MHI	Median Household Income
MPO	Metropolitan planning organization
MSR	Municipal Service Review
MWC	Mutual Water Company
NCRP	North Coast Resource Partnership (IRWM)
OIR	Operating Indirect Rate
OPR	Office of Planning and Research
PRWD	Pacific Reefs Water District
RHNA	Regional housing need allocations
SB	Senate Bill
SDUC	Severely Disadvantaged Unincorporated Community
SDRMA	Special District Risk Management Association
SDWIS	Safe Drinking Water Information System
SOI	Sphere of Influence
SWB	State Water Board
SWRCB	State Water Resources Control Board

7 ACKNOWLEDGEMENTS

7.1 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

7.2 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.

Pacific Reefs Water District	Robert Cutler, Board President
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8 APPENDICES

8.1 Appendix A – Open Government Resources

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

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

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

California Website Compliance Checklist

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

Public Records Act

SB 929

Our district has created and maintains a website

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

SB 272

Our Enterprise System Catalog is posted on our website

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

AB 2853 (optional):

We post public records to our website

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

The Brown Act

AB 392:

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

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

AB 2257:

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

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

State Controller Reports

Financial Transaction Report:

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

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

Compensation Report:

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

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

Healthcare District Websites

AB 2019:

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

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

Open Data

AB 169:

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

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

Section 508 ADA Compliance

CA gov code 7405:

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

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



California Special Districts Association
Districts Stronger Together

csda.net



getstreamline.com

8.3 Appendix C – Housing Legislation Trends and Results

Mendocino County and ADUs

In response to State legislation aimed at encouraging affordable housing, 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. The County adopted an ADU ordinance, which outlines specific development standards. Further, a General Plan update was adopted on 2021 that amended the Coastal Zoning Code component of the Local Coastal Plan to establish and revise standards for ADUs in the Coastal Zone.

Because Pacific Reefs 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 exempt from this cap. Any change to the cap on the number of ADUs requires a Local Coastal Program amendment.

Per County Municipal Code Section 20.458.040 – Public Health and Safety Requirements, 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, 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 (County Municipal Code Section 20.458.045).

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 6TH, 2023 by the Board of Supervisors) suggests that despite strict development regulations in some places, ADUs are certainly a factor in local housing development trends. Out of the 143 housing development applications received in the 2022 reporting year, 38 were for ADUs; in 2021 a total of 102 housing development applications were received, of which 35 were for ADUs. The 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 type of development could very slightly increase demand for water services provided by PRWD. However, any new development requires written approval from the service provider to authorize services, providing the District the opportunity to limit development if capacity is not available.

Regional Housing Needs Allocation (RHNA)

It is worth noting that in response to statutory requirements, policy direction from the HCD, and mandated deadlines for delivery of housing need allocation numbers to local jurisdictions within Mendocino County, the MCOG adopted a Regional Housing Needs Plan in 2018.

Although MCOG does not typically involve themselves in 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 that 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 8-1: 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
Extremely Low-Income Units*		145			15	26	21	62	83
*Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).									

(HCD, 2023)

With respect to how RHNA requirements may affect PRWD, the State continues to push for more housing across the state including in communities located on the coast such as Albion and the Pacific Reefs Subdivision. While these coastal communities are subject to additional regulation and governing bodies (i.e. the Coastal Commission), housing mandates can affect these areas similar to inland communities. While there are few undeveloped lots in the Pacific Reefs Subdivision, evolving legislation could allow for increased development potential that supports the State's housing goals.

Additional Recent State Housing Legislation

In addition to the Legislature's concerted effort to progress ADU development statewide, 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.

8.4 Appendix D – District Financial Audits

PACIFIC REEFS WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

PACIFIC REEFS WATER DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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Independent Auditor's Report

Opinions

I have audited the accompanying financial statements of the business-type activities Pacific Reefs Water District as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Pacific Reefs Water District basic financial statements as listed in the table of contents. In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Pacific Reefs Water District as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 Pacific Reefs Water 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Pacific Reefs Water 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

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 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Pacific Reefs Water 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 Pacific Reefs Water 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 we identified during the audit.

Required Supplementary Information

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United State has determined is necessary to supplement, although not required to be part of the basic financial statements.



Michael A Celentano
Certified Public Accountant

January 7, 2023

PACIFIC REEFS WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash in bank - Note 2	\$ 43,113	\$ 28,905
Accounts receivable	5,584	4,665
Grants receivable	<u>13,843</u>	<u>10,233</u>
Total Current Assets	62,540	43,803
<u>Capital Assets - Note 3</u>	<u>109,882</u>	<u>64,253</u>
Total Assets	<u>\$ 172,422</u>	<u>\$ 108,056</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 15,266	\$ 20,299
Total Current Liabilities	<u>15,266</u>	<u>20,299</u>
Total Liabilities	<u>\$ 15,266</u>	<u>\$ 20,299</u>
<u>Net Position</u>		
Investment in capital assets	\$ 96,039	\$ 45,384
Unrestricted	<u>61,117</u>	<u>42,373</u>
Total Net Position	<u>\$ 157,156</u>	<u>\$ 87,757</u>

PACIFIC REEFS WATER DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

<u>Operating Revenues</u>	<u>2022</u>	<u>2021</u>
Charges for services	\$ 14,507	\$ 14,874
User assessment	<u>28,577</u>	<u>30,665</u>
Total Operating Revenue	43,084	45,539
 <u>Operating Expenses</u>		
Maintenance and repairs	21,435	29,451
Insurance	3,234	2,562
Permits and fees	1,169	554
Utilities	1,095	1,153
Administration	4,258	8,487
Depreciation	<u>4,559</u>	<u>4,559</u>
Total Operating Expenses	<u>35,750</u>	<u>46,766</u>
Operating Income (Loss)	7,334	(1,227)
 <u>Non-Operating Revenues (Expenses)</u>		
Interest income	3	2
Grant revenue	<u>62,062</u>	<u>10,233</u>
Total Non-Operating Revenues (Expenses)	62,065	10,235
Net Income (Loss)	69,399	9,008
 <u>Net Position, Beginning of Year</u>	<u>87,757</u>	<u>78,749</u>
 <u>Net Position, Ending of Year</u>	<u>\$ 157,156</u>	<u>\$ 87,757</u>

PACIFIC REEFS WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 42,167	\$ 45,172
Payments to suppliers for goods and services	<u>(31,199)</u>	<u>(42,169)</u>
Net Cash Provided by Operating Activities	10,968	3,003
<u>Cash Flows From Capital and Related Financing Activities</u>		
Grant funds received	58,452	0
Purchase of capital assets	<u>(55,215)</u>	<u>(1,781)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	3,237	(1,781)
<u>Cash Flows From Non Capital and related Financing Activities</u>		
Net Cash Flows Provided by Non Capital and Related Financing Activities	-	-
<u>Cash Flows From Investing Activities</u>		
Interest	<u>3</u>	<u>2</u>
Net Cash Flows From Investing Activities	<u>3</u>	<u>2</u>
Net Change in Cash and Cash Equivalents	14,208	1,224
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>28,905</u>	<u>27,681</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>\$ 43,113</u>	<u>\$ 28,905</u>

PACIFIC REEFS WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided by Operating Activities</u>	<u>2022</u>	<u>2021</u>
Operating income (loss)	\$ 7,334	\$ (1,227)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	4,559	4,559
(Increase) decrease in current assets:		
Accounts receivable	(919)	(367)
Increase (decrease) in current liabilities		
Accounts payable	<u>(6)</u>	<u>38</u>
 Net Cash Provided by Operating Activities	 <u>\$ 10,968</u>	 <u>\$ 3,003</u>

PACIFIC REEFS WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The District was formed in 1965 under the provisions of the Water Code for the State of California. The District operates under a board of directors' form of government. Members of the board of directors were the County of Mendocino's Board of Supervisors until November 2, 1993 at which time they appointed an independent board of directors to serve the District. Legislation has passed making the District independent from the County of Mendocino starting July 1, 1996. Accordingly, the Board of Directors are an elected body of officials.

The District provides water services to residents within the district boundaries. The District's boundaries include a relatively confined region representing the area known as "Pacific Reefs" which is located in the County of Mendocino. The District's financial statements include the accounts of all District operations.

Accounting Policies

The District'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 District as a whole.

The District is comprised of only one fund, the Enterprise Fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position.

Basis of Accounting

The District 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.

Deposits and Investments

It is the District's policy for deposits and investments to either be insured by the FDIC or collateralized. The District's deposits and investments are categorized to give an indication of the level of risk assumed by the District as of June 30, 2022 and 2021. 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, 2022 and 2021 consisted of Category 1 type only.

Receivables

Bad debts associated with accounts receivable for services are provided for by use of the allowance method. Other receivables, if any, are shown at the anticipated recoverable amount, unless otherwise noted.

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 reporting period. Actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverage in the past three years.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or estimated cost if actual cost is not available. Donated assets are valued at their fair market value on the date donated.

Depreciation of plant, property and equipment is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method of accounting. The ranges of estimated useful lives are as follows:

Water System	15-30 years
General plant assets	7 years

Assessments

The County of Mendocino and not the District is responsible for collection of the assessments. The District recognizes assessments when received from or collected by the county.

Proprietary Fund Financial Statements

The District has a sole fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, A Statement of Activities and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Activities and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Note 2 - Cash

As of June 30, 2022 and 2021 cash consisted as follows:

	<u>2022</u>	<u>2021</u>
Cash		
General operations - Checking	\$10,541	\$ 1,806
General operations – Savings	<u>32,572</u>	<u>27,099</u>
 Total Cash	 <u>\$43,113</u>	 <u>\$28,905</u>

All above deposits are either insured or collateralized and are considered for purposes of the Statement of Cash Flows as cash and cash equivalents. The deposits approximate fair market value.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The District’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.

Note 3 - Property, Plant and Equipment

The following is a summary of the changes in property, plant and equipment for the fiscal year:

	<u>Balance</u> <u>7/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/22</u>
Water system	\$ 132,389	\$	\$ 0	\$ 132,389
Equipment	1,500	0	0	1,500
Construction in Progress	<u>0</u>	<u>70,838</u>	<u>0</u>	<u>70,838</u>
 Total Cost	 133,889	 0	 0	 204,727
 Less accumulated Depreciation	 <u>(85,727)</u>	 <u>(9,118)</u>	 <u> </u>	 <u>(94,845)</u>
 Net Book Value	 <u>\$ 48,162</u>	 <u>\$ 61,720</u>	 <u>\$ 0</u>	 <u>\$ 109,882</u>

Depreciation expense of \$4,559 and \$4,559 were charged as an operating expense for the years ended June 30, 2022 and 2021, respectively.

Note 4 - Joint Powers Agreements

The District participates in a joint venture under a joint power (JPA) with the Special Risk Management Authority (SDRMA) for insurance purposes. The SDRMA is a joint powers agency formed pursuant to Section 6500 et. Seq., California Government Code, is comprised of California special districts, and agencies including such districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The SDRMA's purpose is to jointly fund and develop programs to provide stable, efficient and long term risk financing for special districts. These programs are provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof.

Note 5 - 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 statements or disclosures therein.

There are no subsequent events that have occurred through January 7, 2023 that meet the above definition.

Fort Bragg Advocate-News

690 S. Main Street
Fort Bragg, California 95437
707-964-5642

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

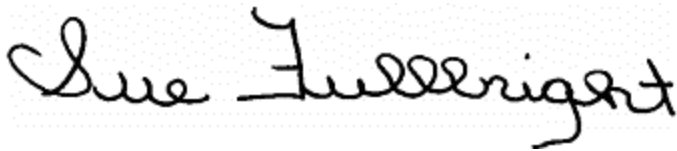
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the Fort Bragg Advocate-News, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

05/09/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
May 9th, 2024



Sue Fullbright, LEGAL CLERK

Attachment 2

Legal No. **0006827611**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on **Monday, June 3, 2024, at 9:00 AM** (or as soon thereafter as the matter may be heard) in a hybrid meeting format with in-person participation in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, and remote (video or telephone) participation pursuant to GOV Section 54953 as described in the agenda to be posted at least 72 hours in advance of the meeting, and livestreamed at **www.youtube.com/MendocinoCountyVideo**, the Mendocino Local Agency Formation Commission (LAFCo) will hold a Public Hearing to consider the **Pacific Reefs Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study**. This MSR/SOI Update is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 CCR § 15306 and § 15061(b)(3). Copies of all related documents may be reviewed once available (72 hours in advance of the meeting) at the LAFCo website (**www.mendolafco.org**) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: **eo@mendolafco.org**; phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer
Publish: 5-9/2024

The Mendocino Beacon

690 S. Main Street
Fort Bragg, California 95437
707-964-5642

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION (2015.5 C.C.P.)

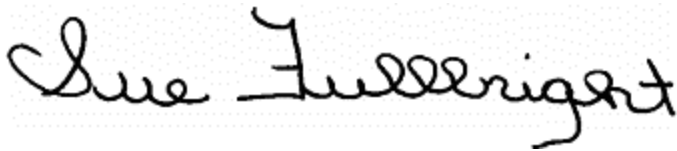
STATE OF CALIFORNIA COUNTY OF MENDOCINO

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the The Mendocino Beacon, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

05/09/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
May 9th, 2024



Sue Fullbright, LEGAL CLERK

Legal No. **0006827612**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on **Monday, June 3, 2024, at 9:00 AM** (or as soon thereafter as the matter may be heard) in a hybrid meeting format with in-person participation in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, and remote (video or telephone) participation pursuant to GOV Section 54953 as described in the agenda to be posted at least 72 hours in advance of the meeting, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a Public Hearing to consider the **Pacific Reefs Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study**. This MSR/SOI Update is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 CCR § 15306 and § 15061(b)(3). Copies of all related documents may be reviewed once available (72 hours in advance of the meeting) at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer
Publish: 5-9/2024

Ukiah Daily Journal

617 S. State St
Ukiah, California 95482
(707) 468-3500
sfullbright@ukiahdj.com

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION (2015.5 C.C.P.)

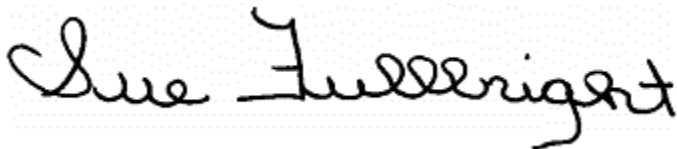
STATE OF CALIFORNIA COUNTY OF MENDOCINO

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

05/11/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
May 13th, 2024



Sue Fullbright, LEGAL CLERK

Legal No. **0006827614**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING.

NOTICE IS HEREBY GIVEN that on **Monday, June 3, 2024, at 9:00 AM** (or as soon thereafter as the matter may be heard) in a hybrid meeting format with in-person participation in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, and remote (video or telephone) participation pursuant to GOV Section 54953 as described in the agenda to be posted at least 72 hours in advance of the meeting, and livestreamed at **www.youtube.com/MendocinoCountyVideo**, the Mendocino Local Agency Formation Commission (LAFCo) will hold a Public Hearing to consider the **Pacific Reefs Water District Municipal Service Review (MSR) and Sphere of Influence (SOI) Update Study**. This MSR/SOI Update is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 CCR § 15306 and § 15061(b)(3). Copies of all related documents may be reviewed once available (72 hours in advance of the meeting) at the LAFCo website (**www.mendolafco.org**) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: **eo@mendolafco.org**; phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. **BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer**
Publish: 5-11/2024

Attachment 3

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: Mendocino

From: (Public Agency): Mendocino LAFCo
200 S School Street
Ukiah, CA 95482

(Address)

Project Title: Pacific Reefs Water District Municipal Service Review & Sphere of Influence Update

Project Applicant: N/A

Project Location - Specific:

The Pacific Reefs Subdivision, 1/2 mile south of Albion and west of State Hwy 1

Project Location - City: Albion Project Location - County: Mendocino

Description of Nature, Purpose and Beneficiaries of Project:

This is a LAFCo-initiated Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Pacific Reefs Water District (PRWD) prepared in accordance with California Government Code Sections 56430 and 56425

Name of Public Agency Approving Project: Mendocino Local Agency Formation Commission

Name of Person or Agency Carrying Out Project: Mendocino Local Agency Formation Commission

Exempt Status: **(check one):**

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: 15306 (Class 6 Exemption)
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

15306 (Information Collection): the MSR is a data collection and service evaluation study, does not make land use changes, and any future actions will be subject to additional environmental review.

15061(b)(3) (General Rule): the SOI Update does not grant new municipal service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

Lead Agency

Contact Person: Uma Hinman, Executive Officer Area Code/Telephone/Extension: (707) 463-4470

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: 06/03/2024 Title: Executive Officer

▪ Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

**Resolution No. 2023-24-06
of the Mendocino Local Agency Formation Commission**

**Approving the
Pacific Reefs Water District
Municipal Service Review and Sphere of Influence Update**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Mendocino County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the Pacific Reefs Water District, hereinafter referred to as the “PRWD or District”, pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Commission held a public workshop on May 6, 2024 to hear public and agency comments and provide direction on revisions to the District’s Draft MSR/SOI update; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer’s report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the Municipal Service Review and Sphere of Influence update on June 3, 2024; and

WHEREAS, the Commission considered all the factors required under California Government Code Sections 56430 and 56425.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Mendocino Local Agency Formation Commission, as follows:

1. The Commission, as Lead Agency, finds the municipal service review is categorically exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15306 (Class 6 Exemption). This finding is based on the use of the municipal service review as a data collection and service evaluation study. There are no land use changes or environmental impacts created or recommended by the MSR. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15061(b)(3) (General Rule). This finding is based on the Commission determining with certainty that the sphere of influence update will have no possibility of significantly effecting the environment given that this update does not grant new municipal

service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: “Pacific Reefs Water District MSR/SOI Update 2024”.
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the District.

BE IT FURTHER RESOLVED that the Pacific Reefs Water District MSR/SOI Update 2024 is hereby approved and incorporated herein by reference and that the District’s existing coterminous Sphere of Influence established in 2015 is affirmed as depicted in Exhibit “A”, attached hereto.

PASSED and ADOPTED by the Mendocino Local Agency Formation Commission this 3rd day of June 2024 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAUREEN MULHEREN,
Commission Chair

ATTEST:

UMA HINMAN, Executive Officer

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: June 3, 2024
 TO: Mendocino Local Agency Formation Commission
 FROM: Uma Hinman, Executive Officer
 SUBJECT: **Public Hearing Final Budget and Work Program for FY 2024-25**

RECOMMENDATION

Staff recommends the following actions for Commission consideration:

- 1) Adopt Resolution 2023-24-07 with Exhibits A and B, approving the Final Budget and Work Program for Fiscal Year 2024-2025, which reflect the priorities for the upcoming fiscal year; and
- 2) Direct the Executive Officer to transmit the Final Budget and Work Program for FY 2024-2025 to the funding agencies, the County Auditor-Controller, and others as specified in GC §56381.

BACKGROUND

The Proposed Budget and Work Program for Fiscal Year (FY) 2024-25 were unanimously adopted by the Commission at its May 6, 2024 regular meeting. Pursuant to Government Code (GC) §56381, the Proposed Budget and Work Program were distributed to each of the funding agencies for review and comment. No changes are recommended for the Final Budget and Work Program.

The Final FY 2024-25 Budget meets expected expenditures, is funded by the projected revenues and includes use of anticipated cash balance to keep apportionments unchanged (Table 1). The recommended Final Budget totals \$308,000 in expenditures, which represents a decrease of approximately 3.75 percent from the FY 2023-24 budget and takes into account the current inflationary trends. See Attachment 1.

Table 1. Summary of Adopted FY 2023-24 and Proposed Final FY 2024-25 Budgets		
	FY 2023-24 Adopted (\$)	FY 2024-25 Final (\$)
REVENUES		
<i>Anticipated Use of Cash Balance</i>	56,000	23,000
Apportionments	275,000	275,000
Fees/Reimbursements/Interest	10,000	10,000
Revenues Total	341,000	308,000
EXPENDITURES		
Basic Services (Staffing)	133,000	155,000
Services and Supplies	87,000	78,000
Work Plan	100,000	75,000
Expenditures Total	320,000	308,000
Reserves – increase/(decrease)	14,025	0
Work Plan Contingency - increase/(decrease)	6,975	29,000
Net Financial Impact	0	0

Section 56381(c) of the CKH states: “If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year’s budget.” It is anticipated that there will remain a cash balance (unreserved equity) of approximately \$52,000 at the end of the current fiscal year to appropriate for the FY 2024-25 budget, which will allow apportionments to remain unchanged (Table 1). The recommended apportionment of \$275,000, funded equally on a one-third basis by the County, cities and special districts, represents no change from the current fiscal year.

A detailed description and discussion of the revenues, expenditures, reserves and work program recommended for next fiscal year are provided in the [May 6, 2024 Proposed Fiscal Year 2024-25 Budget and Work Program Staff Report](#) (starting on page 50 of 151). Additionally, a description of budget accounts has been provided as Attachment 2.

Agency/Public Comments

On May 6, 2024, the [Mendocino LAFCo FY 2024-25 Proposed Budget](#) was distributed to the County of Mendocino and each city and independent special district for review and comment. In addition, a notice of public hearing for the final budget was published in the combined edition of the Ukiah Daily Journal and Willits News on May 11, and in the Fort Bragg Advocate-News and the Mendocino Beacon on May 9 (Attachment 4).

No public comments were received by staff as of May 28, 2024.

Attachments: (1) Draft Resolution No. 2023-24-07 Final Budget and Work Program for FY 2024-25
(2) Summary of FY 2024-25 Budget Categories
(3) Proof of Publication

**Resolution No. 2023-24-06
of the Mendocino Local Agency Formation Commission**

**Approving the
Pacific Reefs Water District
Municipal Service Review and Sphere of Influence Update**

WHEREAS, the Mendocino Local Agency Formation Commission, hereinafter referred to as the “Commission”, is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Mendocino County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the Pacific Reefs Water District, hereinafter referred to as the “PRWD or District”, pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Commission held a public workshop on May 6, 2024 to hear public and agency comments and provide direction on revisions to the District’s Draft MSR/SOI update; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner prescribed by law; and

WHEREAS, the Executive Officer’s report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the Municipal Service Review and Sphere of Influence update on June 3, 2024; and

WHEREAS, the Commission considered all the factors required under California Government Code Sections 56430 and 56425.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Mendocino Local Agency Formation Commission, as follows:

1. The Commission, as Lead Agency, finds the municipal service review is categorically exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15306 (Class 6 Exemption). This finding is based on the use of the municipal service review as a data collection and service evaluation study. There are no land use changes or environmental impacts created or recommended by the MSR. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.
2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations §15061(b)(3) (General Rule). This finding is based on the Commission determining with certainty that the sphere of influence update will have no possibility of significantly effecting the environment given that this update does not grant new municipal

service powers or areas and no physical changes to the environment are anticipated, planned, or reasonably foreseeable as a result of the SOI Update.

3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: “Pacific Reefs Water District MSR/SOI Update 2024”.
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
6. The Executive Officer shall revise the official records of the Commission to reflect this update of the sphere of influence for the District.

BE IT FURTHER RESOLVED that the Pacific Reefs Water District MSR/SOI Update 2024 is hereby approved and incorporated herein by reference and that the District’s existing coterminous Sphere of Influence established in 2015 is affirmed as depicted in Exhibit “A”, attached hereto.

PASSED and ADOPTED by the Mendocino Local Agency Formation Commission this 3rd day of June 2024 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAUREEN MULHEREN,
Commission Chair

ATTEST:

UMA HINMAN, Executive Officer

Exhibit A

Mendocino Local Agency Formation Commission Final Budget for FY 2024-2025

June 3, 2024

ACCOUNT #	DESCRIPTION	FY 2023-24 Adopted	FY 2024-25 Final
REVENUE			
	<i>Anticipated Cash Balance</i>	\$ 56,000	\$ 23,000
4000	LAFCo Apportionment Fees	\$ 275,000	\$ 275,000
4100	Fees and Reimbursements (Includes Service Fees)	\$ 9,500	\$ 9,000
4800	Miscellaneous		
4910	Interest Income	\$ 500	\$ 1,000
	REVENUE TOTAL	\$ 341,000	\$ 308,000
EXPENSES			
5300	Basic Services (EO, Analyst, Clerk)	\$ 133,000	\$ 155,000
5500	Rent	\$ 7,000	\$ 8,000
5600	Office Expenses	\$ 4,500	\$ 4,000
5700	Internet & Website Costs	\$ 3,000	\$ 3,000
5900	Publication and Legal Notices	\$ 3,000	\$ 3,000
6000	Televising Meetings	\$ 2,400	\$ 2,400
6100	Audit Services	\$ 4,000	\$ 4,500
6200	Bookkeeping	\$ 5,500	\$ 5,500
6300	Legal Counsel	\$ 30,000	\$ 19,000
6400	A-87 Costs County Services	\$ 2,500	\$ 3,500
6500	Insurance-General Liability	\$ 3,000	\$ 3,000
6600	Memberships (CALAFCO/CSDA)	\$ 4,000	\$ 4,000
6670	GIS Contract with County	\$ 3,000	\$ 3,000
6740	In-County Travel & Stipends	\$ 4,000	\$ 3,000
6750	Travel & Lodging Expense	\$ 6,500	\$ 7,000
6800	Conferences (Registrations)	\$ 4,500	\$ 5,000
7000	Work Plan (MSRs and SOIs)	\$ 100,000	\$ 75,000
9000	Misc Exp (Special District Training Support, bank charges)	\$ 100	\$ 100
	OPERATING EXPENSE TOTAL	\$ 320,000	\$ 308,000
	Increase to Operational Reserves per Policy	\$ 14,025	\$ -
	Increase to Work Plan Contingency	\$ 6,975	
		\$ 341,000	\$ 308,000
8000	Application Fees (Revenue)	\$ 37,500	
8000	Applications (Expenses)	\$ 30,000	
8600	Special Projects	\$ -	
	REVENUE/EXPENSE DIFFERENCE	\$ -	\$ -
	<i>(Negative balance indicates use of fund balance and/or reserves)</i>		
RESERVES / CONTINGENCIES			
	Legal Reserves	\$ 50,000	\$ 50,000
	Operations Reserves @ min. 25% Annual Operating Budget	\$ 80,000	\$ 81,500
	Total Reserves	\$ 130,000	\$ 131,500

Exhibit B

Final Work Program (Basic Services and Work Plan)

FY 2024-25


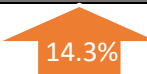

June 3, 2024

Tasks	Description & Assumptions	Estimated Budget
Basic Services		
Office Hours & Administrative Duties	Clerk duties not related to projects; office hours; public assistance; PRA requests; budget development, tracking, amendments; accounts payable, QuickBooks; annual audit; EO correspondence; response to requests for Agency Comments for projects and/or environmental documents routed to LAFCo for review, etc.; carrying out Commission direction.	\$ 85,000
Commission & Committee Meetings	Commission & Committee meeting attendance (12 Regular and 8 Committee); agenda packet development, staff reports, presentations, minutes.	\$ 37,000
Work Plan Support	Prepare and distribute Public Notices, development of staff reports specifically related to MSR/SOI studies, presentation at Commission meetings for Public Workshops and Public Hearings.	\$ 6,000
Consult Legal Counsel	Contract is on an hourly basis.	Per Contract
Application Forms	Update application forms; map research and process clarification	\$ 5,000
Application Processing	Process change of organization or reorganization applications initiated by landowner petition or resolution of application from Cities and Special Districts to modify existing powers, annex and/or detach territory from agency boundaries, and create, dissolve, or consolidate/merge local agencies.	Paid by applicant
Work Plan Follow	Create a Continuity Plan and managing follow-up items identified in MSR/SOI studies and application approvals.	\$ 10,000
Policy Development	Prepare policy amendment and development as needed (overhaul)	\$ 10,000
Transparency Improvements to Website	Assess/implement website improvements (JPAs, maps, etc.)	\$ 2,000
Total		\$ 155,000
Work Plan		
MSR/SOI Update	Prepare and adopt combined Municipal Service Review and Sphere of Influence (MSR/SOI) Update studies pursuant to GOV \$56425 and \$56430, either in-house or by contract.	\$ 75,000
<p>The agencies listed below have priority for preparation of a LAFCo-initiated MSR/SOI Update in Fiscal Year 2024-25.</p> <p>The actual completion of a specific study may span multiple fiscal years. The budget allocation for each agency is based on estimated costs. Actual costs for study completion may be higher or lower than estimated below.</p> <p>Work Plan implementation is subject to change due to various factors, such as: (a) agency responsiveness and timely provision of requested information, (b) complexity of issues involved, (c) level of public and affected agency controversy, (d) changing needs and priorities, (e) overall staff workload, and (f) higher than anticipated costs.</p> <p>The Work Plan budget assumes minimal costs for CEQA compliance related to filing a Notice of Exemption (NOE). Agencies requesting a non-coterminous SOI may expedite a potential multi-fiscal year process by contributing to the cost of preparing an Initial Study and associated environmental document (ND/MND, EIR, etc.).</p>		
<p>The total Work Plan Budget is not limited to the following designations. These budget allocations may shift to other agencies as needed during the year.</p>	<p>Inland Water/Wastewater Districts (9 special districts, 10 mutual water companies)</p> <p>Partially Outsourced/Consultant Contract</p>	\$ 75,000
Total		\$ 75,000

Attachment 2

Description of Expenses by Account

The following table provides a description of LAFCo’s budget accounts, the proposed budget recommendation, and an explanation of any recommended changes from FY 2023-24.

Account 5300	Basic Services	
Description	Contract staffing (Executive Officer, Analyst/Clerk, Clerk/Administrative Assistant)	
Budget Recommendation	\$155,000 (increase of \$22,000)	 16.50%
Notes: An increase of \$10,000 is proposed for creating a Continuity Plan and managing follow-up items identified in MSR/SOI studies and application approvals. Slight increase (\$2,000) to accommodate staff rates approved in 2023. An increase of \$10,000 for organizational and general office tasks such as policy and procedure development; comprehensive update of application forms and process streamlining; outreach to member agencies; website improvements and increasing catalog of historic meeting documents; clerk/administrative assistant for office hours & administrative duties; Commission & Committee meetings; Work Plan support.		
Account 5500	Rent	
Description	Office space lease and work room at UVCC	
Budget Recommendation	\$7,000 (increase of \$1,000)	 14.3%
Notes: 2024 office space lease will be \$552/month for the 2024; increase to \$568 for 2025. Work room fee of \$30/month for full FY. Also includes \$1,000 for BOS chambers rental, which last FY was included in Office Expenses (Account 5600).		
Account 5600	Office Expenses	
Description	Office supplies, photocopies, postage, office equipment, phone service, software subscriptions, meeting venue fees	
Budget Recommendation	\$4,000 (decrease of \$500)	 11.1%
Notes: Decrease due to moving the BOS chambers rental to Account 5500; includes CPI adjustments for services and supplies.		
Account 5700	Internet and Website Costs	
Description	Internet service provider, website subscription, email hosting service, domain registration	
Budget Recommendation	\$3,000 (no change)	
Notes:		
Account 5900	Publication and Legal Notices	
Description	Newspaper publishing of legal notices	
Budget Recommendation	\$3,000 (no change)	
Notes: Legal notices for work plan studies, proposed and final budgets, alternate public member notice of vacancy.		
Account 6000	Televising Meetings	
Description	Live-streaming and recording regular Commission meetings	
Budget Recommendation	\$2,400 (no change)	
Notes: Contract with County Information Services for technical support for live-streaming and recording regular Commission meetings. Budget anticipated to support assumed COLAs for County staff.		

Account 6100	Audit Services	
Description	Contracted annual audit services	
Budget Recommendation	\$4,500 (increase of \$500)	12.5%
Notes: Increase assumes continuing with Pehling & Pehling, CPAs, and anticipates the 5% increase per current contract clause.		
Account 6200	Bookkeeping	
Description	Bookkeeping including Quickbooks entries, processing claims, and financial reporting	
Budget Recommendation	\$5,500 (no change)	
Notes:		
Account 6300	Legal Counsel	
Description	Contract general legal representation	
Budget Recommendation	\$19,000 (decrease of \$11,000)	36.7%
Notes: Decrease reflects lower contract rates and estimated need for the FY.		
Account 6400	A-87 Costs County Services	
Description	County services costs for treasury account and overhead for other County services	
Budget Recommendation	\$3,500 (increase of \$1,000)	40.0%
Notes: Increase reflects actual invoiced amount for FY 2023-24 (\$3,440) and assumes slightly higher billing for FY 2024-25 to accommodate County staff COLA raises.		
Account 6500	Insurance – General Liability	
Description	General liability insurance through SDRMA	
Budget Recommendation	\$3,000 (no change)	
Notes: Advisory letter from SDRMA estimates \$2,750, a slight decrease. Small cushion included to allow for final adjustments with final billing.		
Account 6600	Memberships	
Description	Membership dues for CALAFCO and CSDA	
Budget Recommendation	\$4,000 (no change)	
Notes: CALAFCO Board adopted dues of \$2,581 for Mendocino LAFCo consistent with the current CPI of 3.1%. CSDA dues are estimated to increase to \$1,300-1,500 with CPI.		
Account 6670	GIS Services	
Description	GIS services under contract with County	
Budget Recommendation	\$3,000 (no change)	
Notes:		
Account 6740	In-County Travel and Stipends	
Description	Commissioner stipends of \$50 and mileage for regular Commission meetings	
Budget Recommendation	\$3,000 (decrease of \$1,000)	25.0%
Notes: Meetings are returning to in-person; IRS mileage rate increased for 2024. However, expenses for this account are historically under budget; budget lowered accordingly.		

Account 6750	Travel and Lodging Expenses	
Description	Travel and lodging expenses associated with conference, workshop and training attendance out of county.	
Budget Recommendation	\$7,000 (increase of \$500)	7.7%
Notes: The 2024 CALAFCO Conference is at Tenaya Lodge/Yosemite; assumes four commissioners and the EO will attend. Mileage (670 miles RT) = \$450; hotel (\$255 pp/night); meals (\$60/day). Per person expenses: \$1,150, for a total of \$5,750. The 2025 CALAFCO Staff Workshop will be held in Temecula; one staff person to attend Staff Workshop, expenses estimated at \$1200/pp.		
Account 6800	Conferences	
Description	Conference registrations	
Budget Recommendation	\$5,000 (increase of \$500)	11.1%
Notes: CALAFCO has provided estimated registration costs for the annual conference (\$800/pp) and the 2024 Staff Workshop (\$660/pp). Assumes four Commissioners and the EO will attend the conference, for a total of \$4,000; one staff person to attend Staff Workshop. Budget allows for a slight cushion.		
Account 7000	Work Plan	
Description	Preparation of Municipal Services Reviews, Sphere of Influence Updates and special studies	
Budget Recommendation	\$75,000 (decrease of \$25,000)	25.0%
Notes: The coastal water and wastewater agency studies will roll over from FY 2023-24 into FY 2024-25 for completion purposes, but will not include additional budget allocation in FY 2024-25. The inland water and wastewater agency studies will be allocated the full \$75,000 in FY 2024-25 work plan budget. Studies for the water agencies that rely on Potter Valley Project water supply will commence in the later half of FY 2024-25 (January 2025), will likely roll into the following year (FY 2025-26) for completion, and may require an additional allocation in the FY 2025-26 work plan budget, such that study costs might be allocated from two budget cycles (FY 2024-25 and 2025-26).		
Account 9000	Miscellaneous Expenses	
Description	Bank service fees, special district training support, etc.	
Budget Recommendation	100 (no change)	
Notes:		

Ukiah Daily Journal

617 S. State St
Ukiah, California 95482
(707) 468-3500
sfullbright@ukiahdj.com

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

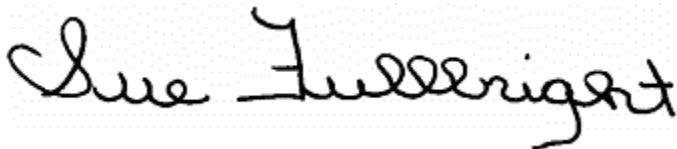
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

05/11/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
May 13th, 2024



Sue Fullbright, LEGAL CLERK

Attachment 3

Legal No. **0006827555**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING. NOTICE IS HEREBY GIVEN that on **Monday, June 3, 2024, at 9:00 AM** (or as soon thereafter as the matter may be heard) in a hybrid meeting format with in-person participation in the Mendocino County Board of Supervisors Chambers, 501 Low Gap Road, Ukiah, California, and remote (video or telephone) participation pursuant to GOV Section 54953 as described in the agenda to be posted at least 72 hours in advance of the meeting, and livestreamed at www.youtube.com/MendocinoCountyVideo, the Mendocino Local Agency Formation Commission (LAFCo) will hold a Public Hearing to consider the **Final Budget and Work Program for Fiscal Year 2024-2025**. The LAFCo Budget for Fiscal Year 2024-2025 anticipates \$308,000 in revenues (\$275,000 apportionment fees) and \$308,000 in expenditures (not including reimbursable application costs). The proposed Final Budget includes utilizing \$23,000 in anticipated cash balance to balance the budget. The Final Budget is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 CCR § 15306 and § 15061(b)(3). Copies of all related documents may be reviewed once available (72 hours in advance of the meeting) at the LAFCo website (www.mendolafco.org) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470. All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. **Pub: 5-11/2024**

Fort Bragg Advocate-News

690 S. Main Street
Fort Bragg, California 95437
707-964-5642

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION (2015.5 C.C.P.)

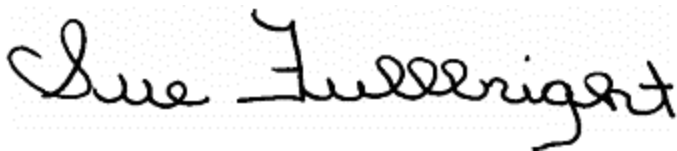
STATE OF CALIFORNIA COUNTY OF MENDOCINO

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the Fort Bragg Advocate-News, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

05/09/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
May 9th, 2024



Sue Fullbright, LEGAL CLERK

Legal No. **0006827557**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING.

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the Mendocino Local Agency Formation Commission (LAFCo) will hold a Public Hearing to consider the **Final Budget and Work Program for Fiscal Year 2024-2025.**

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related documents may be reviewed once available (72 hours in advance of the meeting) at the LAFCo website

(www.mendolafco.org) or at the LAFCo office. If you cannot attend the Public Hearing described in this notice, you may submit written comments prior to the hearing. Please direct comments, questions, and requests to review documents to LAFCo, 200 South School Street, Ukiah, CA 95482; e-mail: eo@mendolafco.org; phone: (707) 463-4470.

All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. **Pub: 5-9/2024**

The Mendocino Beacon

690 S. Main Street
Fort Bragg, California 95437
707-964-5642

2117504

MENDOCINO COUNTY LAFCO
200 SOUTH SCHOOL ST
UKIAH, CA 95482

PROOF OF PUBLICATION (2015.5 C.C.P.)

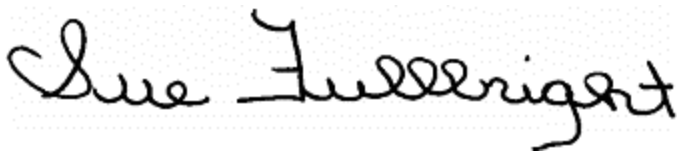
STATE OF CALIFORNIA COUNTY OF MENDOCINO

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the Office Clerk of the The Mendocino Beacon, a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California under the date of May 9, 1952 - Case Number 9151, that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been printed in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates:

05/09/2024

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Fort Bragg, California,
May 9th, 2024



Sue Fullbright, LEGAL CLERK

Legal No. **0006827559**

Mendocino Local Agency Formation Commission NOTICE OF PUBLIC HEARING.

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All interested persons are invited to attend, be heard, and participate in the hearings. BY ORDER OF THE MENDOCINO LOCAL AGENCY FORMATION COMMISSION. UMA HINMAN, Executive Officer. **Pub: 5-9/2024**

**MENDOCINO
Local Agency Formation Commission**

Staff Report

MEETING June 3, 2024
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Workshop for Gualala Community Services District Municipal Service Review and Sphere of Influence Study**

RECOMMENDATIONS

Hold a Workshop on the Draft Gualala Community Services 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.

INTRODUCTION

This is a Workshop to introduce the Draft Municipal Service Review (MSR) and Sphere of Influence (SOI) update for Gualala Community Services District (GCSD/District). This is the second [MSR](#) and [SOI](#) Update for the District; the first round were adopted in 2014 and 2016, respectively. The Workshop Draft GCSD 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 July 7, 1986 to provide wastewater collection, treatment and disposal services to the Gualala area, which is located on State Highway 1 on the Mendocino/Sonoma County border. The District boundaries include the town of Gualala and consists of approximately 1,430 acres with residential and commercial development.

The District provides services to an estimated population of 816 in Zones 1 and 2; no services are provided in the District's Zones 3 and 4. The District also services the Gualala Point Regional Park and treats collected wastewater from the Sea Ranch Sanitation Zone North Plan in Sonoma County. Other municipal service providers in the area include the South Coast Fire Protection District, Mendocino County Waterworks District #2 (MCWD2), North Gualala Water Company, Sonoma County Service Area 6, and The Sea Ranch Water Company.

In 2016, the Commission adopted a coterminous SOI and including the Gualala Point Regional Park in Sonoma County. The SOI reflects the service area of the District as appropriate for the services provided and system capacity. The District's 2016 SOI is recommended to be affirmed. Additionally, it is recommended that Areas of Interest be established to identify the Mendocino County Waterworks District #2 and an area north of the District boundary in the Old Stage Road and Ocean View Drive as areas of particular interest and coordination with the County of Mendocino and MCWD2.

Attachment: Workshop Draft GCSD MSR/SOI Update

WORKSHOP DRAFT



[Photo Credit](#)

Gualala Community Services District

Municipal Service Review and
Sphere of Influence Update

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Workshop: June 3, 2024

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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 Section 56000 et. seq. with goals to promote orderly growth, prevent urban sprawl, preserve agricultural and open space lands, and oversee efficient provision of municipal services.

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

1.2 Mendocino LAFCo

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

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

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

Table 1-1: Current Mendocino LAFCO Commissioners, 2024

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

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

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

Source: Mendocino LAFCo

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) (Assembly Committee on Local Government, 2023). This review is intended to provide Mendocino LAFCo with the necessary and relevant information related to the services provided by Gualala Community Services District (GCSD).

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.

MSRs 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 wastewater services provided by GCSD. This review also provides technical and administrative information to support Mendocino LAFCo's evaluation of the existing boundary for GCSD. 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 ultimate decision maker regarding approval or modification of any determinations, policies, boundaries, and discretionary items. 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 a Sphere of Influence 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.

1.4 Sphere of Influence

The CKH Act requires LAFCo to adopt an 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)².

When reviewing an SOI for a municipal service provider, under GC §56425(e)³, 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 – Coastal Element

The Mendocino County General Plan was originally adopted in November 1985 and last updated in November of 2021. In conformance with the Coastal Act, the County maintains a Coastal Element as part of their Local Coastal Program. Given Gualala’s coastal location, the Coastal Element includes a section of policies pertaining specifically to Gualala and the neighboring town of Anchor Bay. Policies from Section 4.12 of the Coastal Element include requirements for septic system installation for new development and that new development be connected to the GCSO within the District boundary through the approval process. These policies and others related to Gualala can be found in the Gualala Town Plan.

(County, Mendocino County General Plan, Coastal Element, 2009)

² 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/>

³ GC § 56425-56434 text can be found here: <https://law.justia.com/codes/california/2010/gov/56425-56434.html>

1.5.2 Gualala Town Plan

On January 15, 2002, Mendocino County adopted the Gualala Town Plan⁴ (GTP/Plan) as part of the Coastal Element of the Mendocino County General Plan. This GTP serves as the Local Coastal Plan required by the California Coastal Act and identifies planning goals and policies that establish a scenario for growth within the Town Plan area over a 30-year planning horizon (i.e. until 2032)⁵. The GTP also includes a map that depicts an Urban/Rural boundary for the community, which includes Service Zones 1 and 2 of the District.

The GTP noted that the District's treatment system was designed to accommodate annual increases of residential growth at a constant rate of 2 percent for a 20-year planning horizon. This was in conformance with population increases projected in Policy 3.9 of the GTP (Locating and Planning New Development) of between 0.5 and 2.4 percent. Annual increases in commercial development were projected at 3 percent for the 20-year planning period. The GTP concluded as part of its sewer service and septic availability analysis that the District may not have sufficient capacity to accommodate the demands for sewer connections for the 30-year planning horizon of the GTP, which is 2032.

In 1991, the County Board of Supervisors created the Gualala Municipal Advisory Council (GMAC) with a two-part mandate: 1) to advise the Board of Supervisors on current development applications; and 2) to inform long-range planning efforts to update the Coastal Element of the Mendocino County General Plan as it pertains to the Gualala area.

The GMAC is responsible for the development of the GTP, which was a result of community discussions at GMAC meetings over a four-year period. The GMAC ultimately reviewed the GTP, facilitated public discussions, and hosted public meetings supporting the Plan development. The GMAC's GTP was submitted to the County Board of Supervisors in May 1995. After an initial review by County staff and public agencies, a revised draft was prepared by the Gualala Town Plan Advisory Committee that included representatives of GMAC, the County Board of Supervisors, County Planning Commission and Planning Department staff. The draft was ultimately adopted in 2002 (County, Gualala Town Plan, 2002)

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)

⁴ The Gualala Town Plan is located here: <https://www.mendocinocounty.gov/government/planning-building-services/plans/gualala-town-plan>

⁵ The Gualala Town Plan is available on the County's website here: <https://www.mendocinocounty.gov/government/planning-building-services/plans/gualala-town-plan>

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.

2 AGENCY OVERVIEW

Table 2-1 GCSO Profile	
Agency Name:	Gualala Community Services District
General Manager	Chris Troyan
Office Location:	42455 CA-1, Sea Ranch, CA 95497
Mailing Address:	PO Box 124, Gualala, Ca 95445
Phone Number:	(707) 884-1715 (Office) (707) 785-2331 (Wastewater Treatment Plant)
Website:	https://gualalacsd.org
Email:	gcsdoffice@gualalacsd.org ; gcsdplant@gmail.com
Date of Formation:	August 5, 1986
Agency Type:	Community Services District
Enabling Legislation	Community Services District Law (GOV §61000 et seq.)
Board Meeting Schedule:	Fourth Thursday of each month at 5:00 p.m.

2.1 History

2.1.1 Formation

The Gualala Community Services District (GCSO/District) serves residents of the unincorporated coastal community of Gualala, on the southern coast of Mendocino County. Located south of Point Arena and north of the Sea Ranch Community in Sonoma County, the Gualala community is the socioeconomic center of the area.

The Gualala CSD was initially formed in 1986 as a Community Services District through Mendocino LAFCo’s adoption of [Resolution 86-4](#) on July 7, 1986; and the Mendocino County Board of Supervisor’s Resolution 86-175 adopted on August 5, 1986. The District’s facilities were constructed utilizing 10 percent local funding and a grant under the Clean Water Act (CWA) through the State Water Resources Control Board (SWRCB). Construction of the infrastructure and treatment facilities was completed in September 1992 and the wastewater treatment plant began operations October 1, 1992.

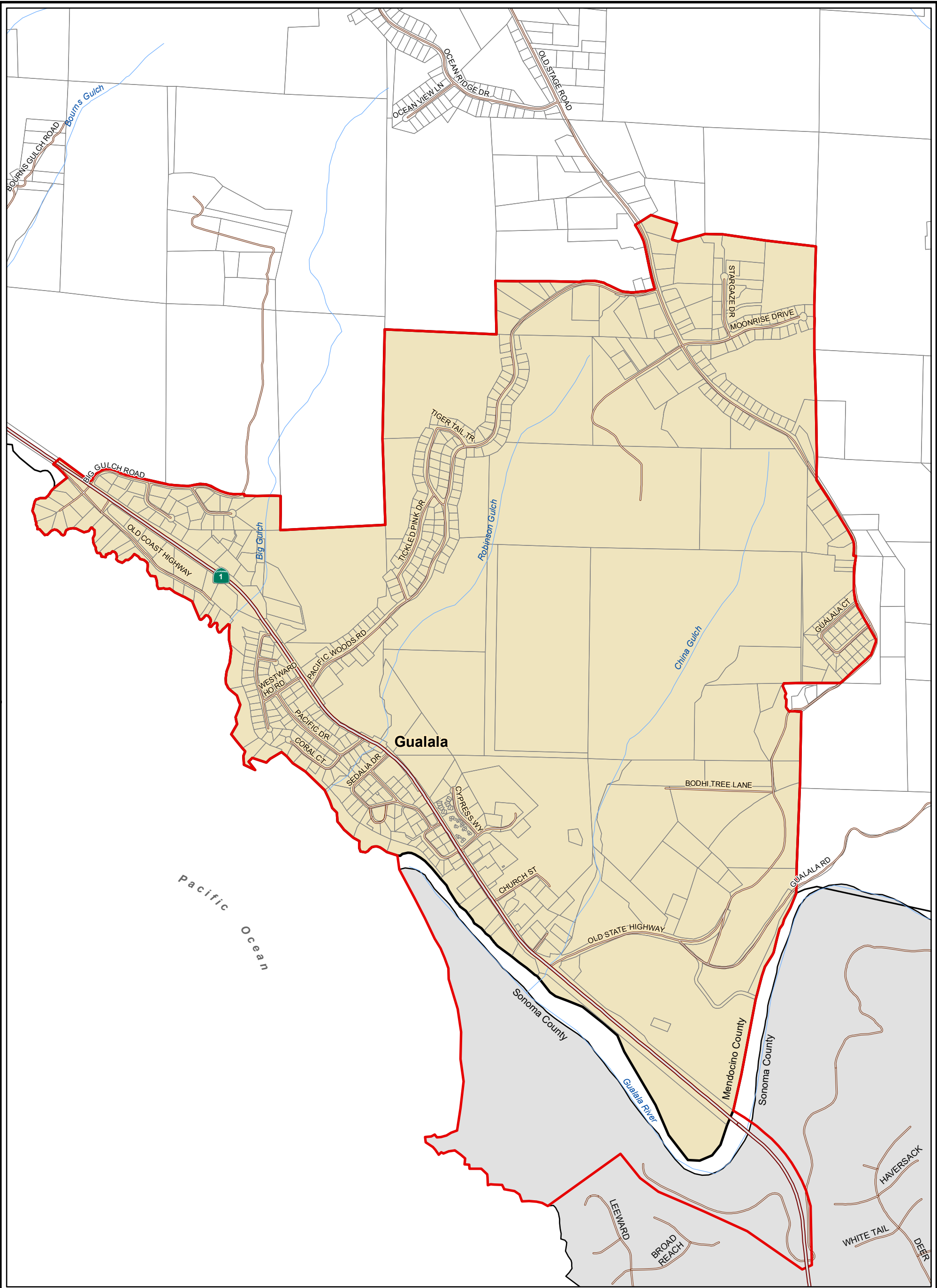
2.1.2 Boundary

The District serves the unincorporated community of Gualala and surrounding area, as shown in Figure 2-1 GCSO Boundary and SOI. The District’s jurisdiction encompasses approximately 1,430 acres (2.23 square miles) extending from its southern boundary, which is coterminous with the Mendocino/Sonoma County line (and the Gualala River), north to approximately Big Gulch Rd. The Pacific Ocean forms the western boundary of the District; the eastern boundary extends approximately 1.5 miles inland to approximately Bohdi Tree Lane.

2.1.2.1 BOUNDARY CHANGE HISTORY

The District boundaries remain unchanged from the original 1986 boundaries.

The GCSO’s SOI was originally established in 1986 as part of the District’s formation and was expanded in 2016 to include the Gualala Point Regional Park, which is located in Sonoma County and has been served by the GCSO since 1992.



Gualala Community Services District

Source: This map was prepared by the Mendocino County Division of Information Services GIS Program, June 7, 2023.

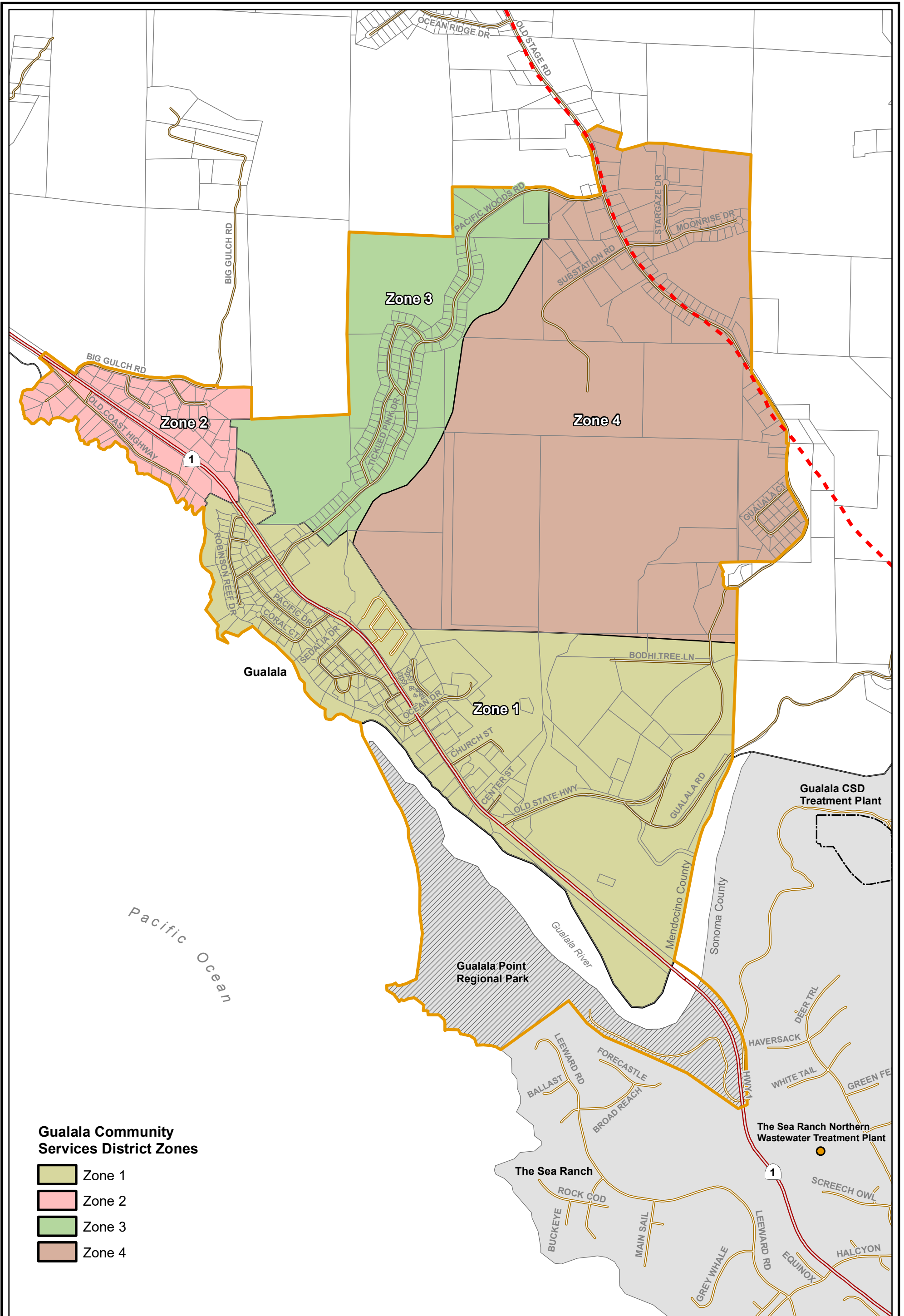
Note: This map is not a survey product.

- Gualala Community Services District
- Sphere of Influence
- Parcels
- Highways
- Roads
- Streams

Figure 2-1: Gualala Community Services District Boundary

0.1 0.05 0 0.1 Miles





Gualala Community Services District Zones

- Zone 1
- Zone 2
- Zone 3
- Zone 4

- Gualala CSD SOI 2016
- Coastal Zone Boundary
- Out of District Services Area
- Highways
- Parcels
- Roads

Source: This map was prepared by the Mendocino County Information Services Division, GIS Program, March 8, 2024.

Figure 2-2: GCSD Service Zones

2.1.3 Services

The GCSD is empowered to provide wastewater services to the coastal, unincorporated community of Gualala. Services include the collection, treatment, and disposal of wastewater generated by residential and commercial connections within the service area, and maintenance of related facilities and equipment.

The District also provides wastewater treatment to collection areas outside of its boundaries as part of a Tri-Party Agreement⁶ between the District, Sonoma Water (Division of Sonoma County), and the Sea Ranch Golf Links. The District also serves the Gualala Point Regional Park, a Sonoma County park located just adjacent to the District just over the county line, as part of its outside agency services.

In addition, the District has an agreement with Mendocino County Waterworks District #2 (MCWD2), which serves the small unincorporated community of Anchor Bay to the north of the GCSD, to provide operational and administrative services.

The District is organized into 4 Service Zones (See Figure 2-2). There are approximately 416 billable units on a total of 369 parcels within Service Zones 1 and 2. Properties within Service Zones 3 and 4, while within the District boundaries, do not currently receive services from the District and rely on individual onsite septic systems.

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 Community Services District Law (California Government Code §61100) identifies a significant number of potential latent powers which can be found listed in Appendix 8.1.

Any expansion of services would necessitate prior approval from LAFCo through an application for activation of latent powers, which generally follows the normal Commission proceedings for a change of organization or reorganization (GOV §56650 et seq.).

The GCSD is currently a single-service provider providing wastewater services; however, the GMAC has inquired with the District about creating a Parks and Recreation Division. There are no recreational opportunities for the District in connection with existing facilities.

Water service for the area including the District is provided by the North Gualala Water Company, a privately-owned public utility. Fire service is provided by the South Coast Fire Protection District⁷.

Other service providers in the nearby region providing water and wastewater services are listed below:

Water Services:

- North Gualala Water Company
- Sea Ranch Water Company (Sonoma County)

⁶ The Tri-Party Agreement was amended in 2016 and is located here: https://img1.wsimg.com/blobby/go/dd308714-d493-42e5-84bd-d358e0fa409d/downloads/1c79bo1jp_384347.pdf?ver=1713304824442

⁷ 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>

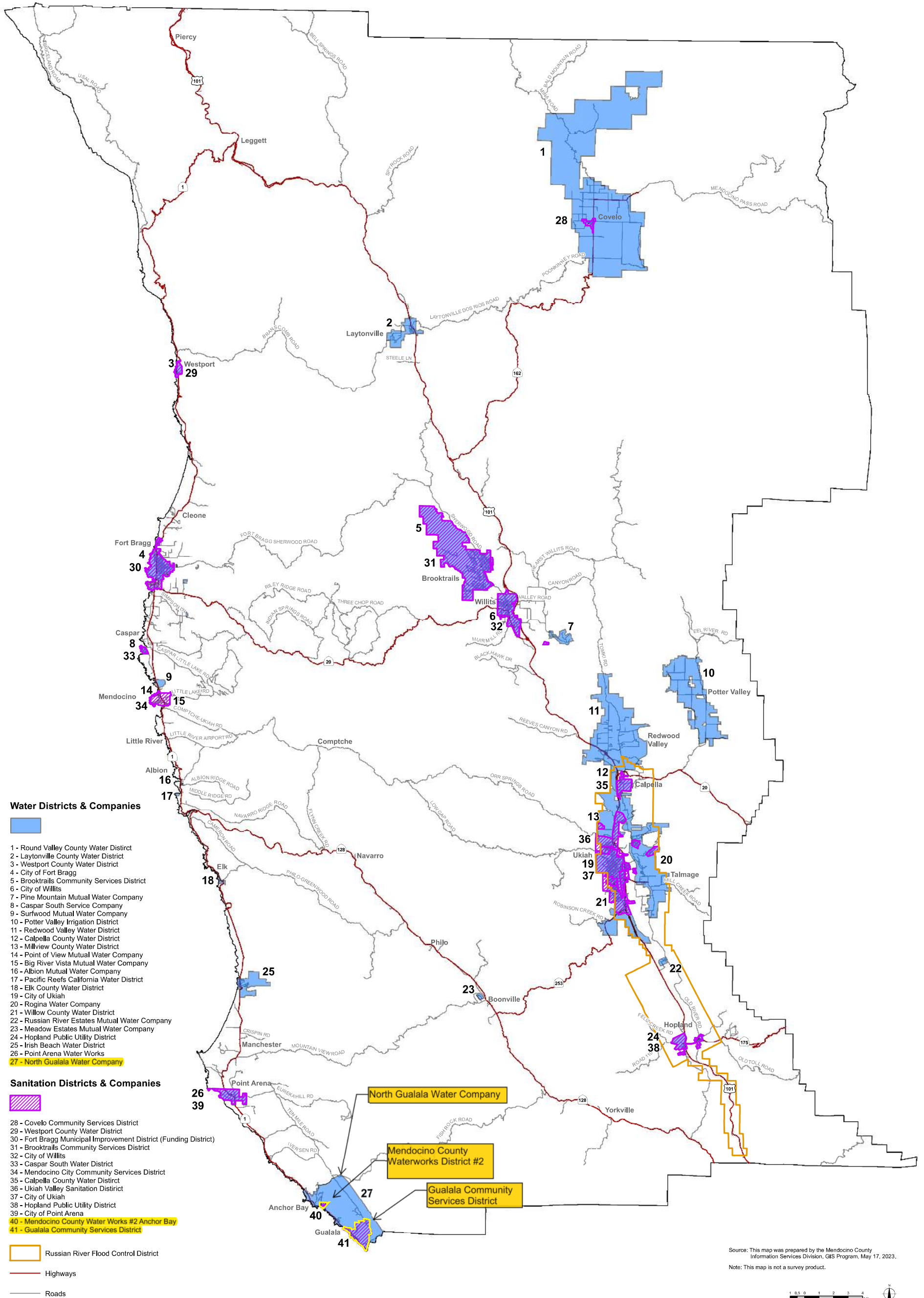
- Point Arena Water Works

Wastewater Services:

- Mendocino County Waterworks District #2 (Anchor Bay)
- Sonoma Water Agency's CSA 6 for Sea Ranch (Sonoma County)
- City of Point Arena Sewer System & Wastewater Treatment Plant

For a full map of Mendocino County's Water and Sanitation District and Companies see Figure 2-3 on the following page.

Mendocino County Water & Sanitation Districts & Companies



2.2 Government Structure

2.2.1 Governing Body

The District is governed by a five-member Board of Directors, who are elected by registered voters within the District boundaries. In order to be elected to the Board, 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 in lieu of election by the County Board of Supervisors (BOS) per [Elections Code §10515](#); all current members of the Board were appointed by the BOS. New Board members take office at noon on the first Friday in December following their election. The current Board Members, positions, and terms are shown in Table 1-1Table 2-2.

Name	Office/Position	First Year of Service	Term Expiration
De Denten	President	2017	
Gary Abel	Vice-President	2022	
Bruce Jones	Secretary	2019	
John Denten	Member	2015	
Randy Burke	Member	2020	

Source: RFI⁸

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

The Board currently has zero vacancies, but as a small district, generally has difficulty filling vacancies due to the eligibility requirement that Board members be, and remain, residents of the District and registered voters in the County throughout their terms. As discussed in Section 2.5 below, much of the District is comprised of vacation homes or short-term rentals with a small number of full-time residents who would qualify to sit on the District Board. This is a common problem for other small service providers within the region and throughout rural areas of California.

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.

The GCS D has several external partners including the Sea Ranch (and its golf course), the GMAC, the SWA, and Mendocino County. Issues with both the GMAC and the Sea Ranch were documented in a 2007 Grand

⁸ Request for Information responses provided by District General Manager March 2024

Jury report produced by the County of Mendocino⁹; however, a process to help maintain positive relations with the Sea Ranch Golf Links (SRGL), Sea Ranch, and the SWA has been developed and includes a monthly meeting among the signatories of the Tri-Party Agreement. These monthly meetings have been effective in opening communication and resolving problems. Additionally, the 2007 Grand Jury report also reported on differences between the District and GMAC with respect to future build out of the District area. Those discrepancies have also since been resolved amongst the parties.

2.2.2 Public Meetings

In accordance with the Brown Act, all District Board meetings are open to the public and are publicly posted a minimum of 72 hours prior to regular meetings, or a minimum of 24 hours prior to special meetings. Postings and meeting agendas are located on public information boards in town at the Gualala Post Office. Meeting agendas and minutes are posted on the District's website and distributed by email upon request.

Regularly scheduled meetings are held on the fourth Thursday of the month at 5:00 PM. Meetings are located at the Coast Life Support District office at 38901 Ocean Dr. Gualala, CA 95445.

2.2.3 Standing Committee

Committees assist in carrying out various functions of local government. The District currently has a standing ordinance committee consisting of two board members. The District also appoints a budget committee at every March meeting, which also consists of two board members.

2.2.4 Public Outreach

With the passage of SB 929 in 2018, all special districts were required to establish and maintain a website with specific information and accessibility requirements by January 2020 (a compliance handout is included in Appendix C – Website Compliance Handout). The District maintains a website at <https://gualalacsd.org/>, which includes recent meeting agendas and minutes, rates, current FY budget, recent studies, permit information, personnel manual, etc.

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

2.2.5 Complaints

Complaints are directed to the General Manager and may be submitted in person, by phone, or through the website's contact page. In the last five years, the District has received 10 complaints that may be generally characterized as data entry errors. The data entry errors are typically a result of the District's transmittal of individual customer sewer charges to Mendocino County for entry and collection via property tax bills. Over the past five years the data entry errors have resulted in the District overcharging undeveloped parcels; the issues have been resolved through refunds to the property owners.

2.2.6 Transparency and Accountability

The GCSO Bylaws were originally adopted in 1986. The Bylaws serve as the legal guidelines of the organization by providing written rules that control internal affairs. They define the group's official name,

⁹ The May 3, 2007 Mendocino County Grand Jury Report titled *Waste Not...Want Not* is located here: <https://www.mendocinocounty.gov/home/showpublisheddocument/4420/636239889631330000>.

purpose, requirements for membership, officer titles and responsibilities, how offices are to be assigned, how meetings should be conducted, and frequency of meetings.

The District also maintains a District Policy Manual to guide operations, personnel, conflicts of interest, and financial matters; the Manual was last revised in November of 2019.

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.

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. The District staff confirm they comply with the requirement and are current for 2023.

According to 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 Government Code §53235. District compensation for its Board members is \$50 per meeting they attend; its directors and staff attend Brown Act/Ethics training regularly.

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

2.3 Operational Structure

2.3.1 Management and Staffing

The District employs five individuals, which consists of the General Manager/Chief Plant Operator, Operations Supervisor (Grade 2), one Grade 1 Operator, a Finance Director, and an Administrative Assistant. GCSD has an extensive training program that supports its employees in expanding their abilities and knowledge. The General Manager oversees all plant and collection system operations; schedules all maintenance and work assignments for the operators; helps prepare the annual budget; monitors expenditures; keeps the operations in compliance with the Discharge Permits; and prepares monthly and annual reports for the RWQCB. The General Manager and both operators have recently raised their Operator Certificates issued by the State Office of Operator Certification. The General Manager holds a Grade 5 Wastewater License from the SWRCB.

2.3.1.1 CONTRACT STAFFING AND SERVICES

The District utilizes contract services for various tasks including the preparation of financial audits for the District, rate studies, and grant administration. Contract wastewater services offered by the District are discussed in Section 2.3.3 below.

In addition, since 2023, the District has maintained a contract with Mendocino County Waterworks District #2 to provide management, operational and administrative services.

2.3.2 Agency Performance

A component of monitoring agency performance is routinely evaluating staff productivity. The District does not track employee workload and productivity through a timekeeping mechanism but does conduct

annual written performance evaluations for their employees. The District outlines their evaluation procedures in the District's Personnel Manual¹⁰.

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

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

2.3.2.1 CHALLENGES

The District reported that in recent years it has operated on its reserves related to impacts of various challenges, primarily due to cash-flow issues associated with delayed grant reimbursements. In 2018, the District implemented an engineering projects under a planning grant from the SWRCB. The contractor billing for the project outpaced the grant reimbursements, thereby forcing the District to rely on reserve funds to meet its contractor commitments.

In 2023, the District successfully completed a Prop 218 process to establish a rate increase of 28 percent to be implemented over the next 5 years. Further, the District, Sonoma County and SRGL amended their Tri-Party Agreement to include a substantial rate increase of 56 percent to be consistent with GCSD customer rates. However, the increased revenue will still not be adequate addressing the District's significant challenges related to aging and failing infrastructure. To address this challenge, the GCSD is actively pursuing grant funding to upgrade the system's collection system and treatment plant.

2.3.2.2 DISTINGUISHED SERVICE

In 2023, the District won a safety award from the Special District Risk Management Authority (SDRMA) for no workman compensation claims in five consecutive years.

2.3.2.3 STRATEGIC OR SUCCESSION PLAN

The District does not currently have an established strategic plan, mission statement, or official goals. In lieu of these documents, the Board reviews progress and setbacks over the prior year during the annual budget development process, making adjustments as needed for the next fiscal year.

2.3.3 Regional and Service Specific Collaboration

GCSD does not participate in any regional or service-specific associations and organizations, nor have any been identified for potential participation.

The Gualala River Watershed Council is a not-for-profit community group that promotes facilitation and shared understanding among landowners, resource managers, agencies, community organizations and interested citizens in working towards restoring the natural balance of the Gualala River Watershed. Although the GCSD does not currently participate in the Council, participation could be beneficial in increasing District outreach and collaboration within the community through this network of community leaders. Participation in the Watershed Council could also give the District advance notice on upcoming grant opportunities and other opportunities for community collaborations.

The District participates in the Special Risk Management Authority (SDRMA) Joint Powers Authority (JPA) for insurance purposes. The SDRMA JPA was formed pursuant to G.C. Section 6500 et seq., and is

¹⁰ The GCSD Personnel Manual is located on their website: <https://gualalacsd.org/files>.

comprised of California special districts and agencies for the purpose of jointly funding and developing programs to provide stable, efficient, and long-term risk financing for special districts. These programs are provided through collective self-insurance, the purchase of insurance coverage, or a combination thereof (Calteno, 2023). The District purchases insurance through SDRMA, but does not currently have any debt with SDRMA or any other lender. Further, the relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting issues.

The District participates in three outside agency service agreements with neighboring agencies and parties as follows: 1) a Tri-Party Agreement with SWA's Community Service Area 6 (CSA6, Division of Sonoma County) and the Sea Ranch Golf Links (SRGL) golf course, 2) a service agreement with Sonoma County, and 3) an operations and administration agreement with MCWD2.

The Tri-Party Agreement with Sonoma County SWA CSA6 and the SRGL was originally adopted in 1991 and was amended and restated in March of 2016; the current rates were negotiated in November of 2023. The Sea Ranch residential development and its golf course (SRGL) are located in the Sea Ranch Sanitation Zone (SRSZ), which was formed in 1972. While SWA owns the SRSZ facilities, the Sea Ranch Water Company operates the system. The Sonoma County Board of Supervisors serves as the Board of Directors for the SRSZ. The SRSZ owns two wastewater treatment facilities: the Central Plant located at 37875 Highway One, and the Northern Plant located at 41775 Highway One. Under the Tri-Party Agreement, the District treats raw wastewater from the Northern Plant to tertiary standards. The District then disposes of the tertiary effluent by selling it to SRGL for irrigation purposes.

The second service agreement is between the District and Sonoma County for the collection and treatment of wastewater originating from the Gualala Point Regional Park, which is managed by the Sonoma County Parks Department, to GCSD's wastewater treatment plant. The Gualala Point Regional Park is located adjacent to the District boundary in Sonoma County, just south of the Mendocino County line and north of the Sea Ranch. In 2016, the Gualala Point Regional Park was added to the District's SOI. The park is part of the larger Sonoma County Regional Parks system and consists of 195 acres of open meadows and coastal forest and contains a visitors' center, picnic tables, a campground, a 2.9-mile trail system, and the Gualala Point Beach.

As part of this agreement, the District also provides pumping services via truck to six nearby facilities all of which are owned by Sonoma County: Salal Beach, Shell Beach, Pebble Beach, Black Point Beach, Stillwater Beach, and Stillwater campgrounds. No records exist of the original agreement; however, the District reports that the Park has paid fees since service began in 1992.

The latest service agreement is between the District and MCWD2, which is located approximately three miles north of the District and serves the small unincorporated community of Anchor Bay. As part of this agreement the District provides management, operations and administrative services to help with budget preparation, expenditure monitoring, Discharge Permits compliance, and RWQCB reporting. The GCSD's General Manager supervises the MCWD2's only employee, a part-time Operator who works 20 hours per week, and oversees the management of the MCWD2, including customer service and connection enforcement duties. In addition, by default, GCSD handles all issues that arise beyond what is anticipated in the contract. For example, GCSD fully managed a recent emergency construction project to by-pass a compromised manhole, avoiding a catastrophic failure and environmental disaster.

The MCWD2 District President has stated that the contract with GCSD has enabled MCWD2 to address long-deferred infrastructure and management issues that would have otherwise threatened their ability to provide adequate wastewater services. In addition, GCSD been able to provide engineering and grant expertise that MCWD2 did not previously have access to. The future of this agreement is discussed further in Section 2.3.5.

2.3.4 Shared Service Delivery

2.3.4.1 ADJACENT PROVIDERS

Due to its geographical isolation, there are only two nearby providers of wastewater services within the nearby vicinity and two water providers in the area.

- Wastewater
 - Mendocino County Waterworks District #2 – Anchor Bay (MCWD2)
 - Sea Ranch North Sanitation Zone (Owned by SWA)
- Water
 - North Gualala Water Company (NGWC)
 - Sea Ranch Water Company (SRWC)

As previously stated in Section 2.3.3, the District currently maintains outside agency service agreements with both MCWD2 and the Sea Ranch North Sanitation Zone.

The North Gualala Water Company is a private water service provider that currently provides residential drinking water services to the Anchor Bay and Gualala areas, and which overlaps customers of both the GCSD and the MCWD2. Although the Company does not provide wastewater services, there is potential for consolidation of services under a single service-provider serving this region. Expansion of special district area and services require appropriate LAFCo process and approval.

2.3.4.2 SHARED SERVICES AND FACILITIES

The District does not currently jointly own any facilities with other agencies. The GCSD does not participate in any mutual aid or automatic aid agreements. The District does not belong to or participate in any JPAs (other than those discussed in Section 2.3.3) or joint decision-making efforts.

As previously noted, the District provides tertiary treatment through its wastewater treatment plant for the SWA CSA 6's Northern Plant that is limited to secondary treatment and serves a portion of the Sea Ranch development in Sonoma County.

There are no other areas in or near the District boundaries that would be better served by a different agency.

2.3.4.3 DUPLICATION OF SERVICES

The District's participation in the Tri-Party Agreement with SWA's CSA6 and the SRGL, allows the District to treat secondary effluent to tertiary levels.

Additionally, the District's service agreements with Sonoma County to treat Gualala Point Regional Park, and an administrative and operational agreement with MCWD2, support rather than duplicate services. However, the interconnectedness of the agencies indicate room for efficiencies of services in general.

2.3.4.4 INTERAGENCY COLLABORATION

As previously stated, the District collaborates with multiple neighboring agencies through the three existing agreements. These agreements dictate the varying levels of collaboration that existing between the District and its neighbors.

Through these agreements, there is only the potential for reorganizations or consolidations of wastewater services as it relates to the agreement with MCWD2.

2.3.5 Government Structure and Community Needs

2.3.5.1 ENHANCED SERVICE DELIVERY OPTIONS

As previously stated, the District collaborates with multiple neighboring agencies through the three existing agreements. See Section 2.3.4.

2.3.5.2 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.

Community Services Districts (CSDs) are typically formed in unincorporated communities “to achieve local governance, provided needed facilities, and supply public services.” Per G.C. §61001(b), CSDs are a permanent form of local government that can provide locally adequate levels of public facilities and services; a form of governance that can serve as an alternative to incorporation. It is also an effective form of governance for combining two or more special districts that serve overlapping or adjacent territories into a single, multifunctional special district. There are many efficiencies that can be gained through consolidation of services.

The District’s agreement with MCWD2 provides operational and administrative support to MCWD2. Despite the assistance from the District, the MCWD2 Board is still more involved in administrative tasks than is typical or desired by the existing board members of MCWD2, and the MCWD2 President has expressed an interest in expanding the agreement with GCSO to provide additional support, even seeking consolidation if the respective boards are amenable.

In developing the 2024 Draft MCWD2 MSR/SOI Study, the Board President indicated an interest in furthering discussions of consolidation with GCSO. With the existing contract with GCSO for operations and administrative support already in place, such a reorganization would benefit MCWD2 residents and create efficiency of services to the region served by both Districts.

The current contract with GCSO gives the District a solid understanding of the MCWD2’s operations, infrastructure needs, and an awareness of the issues that MCWD2 is currently facing. From a financial standpoint, consolidation would primarily benefit MCWD2. MCWD2 has expressed that the District’s infrastructure needs significant upgrades to maintain its service, which will incur high infrastructure costs. The benefits to the GCSO of absorbing the MCWD2 are mostly limited to increased economies of scale and quality of services to the MCWD2 customers.

Although not a special district, the North Gualala Water Company service area encompasses both GCSO and the MCWD2 and provides domestic water services to its customers. In the future, if there is interest in absorbing water services into the GCSO, application would be made to LAFCo for activation of appropriate powers and likely an expansion of boundaries.

2.4 Finances

LAFCo is required to make determinations regarding the financial ability of the GCSO 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 utilizes audited financial statements for Fiscal Years (FYs) 2019-2020, 2020-2021 and 2021-2022, and the budget for FY 2022-2023 as the primary sources of information for this section.

In California, special districts are classified as either enterprise or non-enterprise based on their source of revenue. GCSO operates as an enterprise District, meaning that charges for wastewater services are intended to pay for the costs of providing such services.

The primary funding source for the District is fees for services, which is generally a reliable and recurring revenue source, provided adopted rates are sufficient to cover the actual cost of services. The District operates out of a single enterprise fund for operational and maintenance purposes (Refer to Table 2-3 and Table 2-4).

The District's sole fund is considered a proprietary fund. Proprietary funds are 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. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. 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.

Table 2-3: GCSO Financial Summary

	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Operating Revenues				
Service charges	583,735	564,007	532,845	493,949
Other operating income	232,710	198,376	188,732	199,174
Total Operating Revenues	816,445	762,383	721,557	693,123
Operating Expenses				
Salaries	269,995	257,920	294,725	328,105
Employee Benefits	83,535	101,711	109,171	114,501
Collection System	102,600	61,275	47,751	51,317
Treatment Plant	209,825	151,455	132,482	101,077
Utilities	39,957	50,957	43,224	7,153
Vehicle Expense	10,864	15,425	10,794	19,246
Legal and Other Professional Services	26,964	47,680	31,520	29,420
Office Expense	1,498	2,460	2,878	2,703
Insurance	17,886	16,954	22,723	22,646
Other Administrative Expenses	11,250	25,091	28,455	26,280
Depreciation	268,531	269,672	263,328	260,303
Total Operating Expenses	1,042,887	1,000,600	987,051	1,023,251
Operating Income/(Loss)	(226,442)	(238,217)	(265,495)	(330,128)
Non-Operating Revenues (Expenses)				
Interest Income – Bank & County Treasury	4,871	3,164	1,031	1,546
Federal and State Funding	-	-	-	195,549

	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Grant Income	-	142,723	327,340	66,405
Grant Expense	-	(89,863)	(345,596)	(105,815)
Gain/(Loss) on Sale of Capital Assets	700	-	-	19,202
PERS Actuarial Assumption Changes	(33,250)	(20,192)	(23,862)	7,267
Interest Expense	(45,108)	(41,488)	(38,547)	(33,574)
Total Non-Operating Revenue (Expenses)	(72,787)	(5,656)	(79,634)	150,580
Net Income (Loss)	(299,229)	(243,873)	(345,128)	(179,548)
Beginning Net Position	5,313,394	5,014,165	4,770,292	4,425,164
Ending Net Position	5,014,165	4,770,292	4,425,164	4,245,616

The District’s cash accounts are summarized below:

Table 2-4: Cash Accounts				
Type	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Cash and Cash Equivalents – Beginning of Year	736,736	715,746	512,721	324,159
Cash and Cash Equivalents – Ending of Year	715,746	512,721	324,159	364,398

Source: RFI

2.4.1.1 REVENUE AND EXPENDITURES

The District’s revenues and expenditures for FYs 2019-2020 through 2021-2022 are summarized in Figure 2-4. District service charge revenues have declined over each of the last few FYs due to a number of factors all occurring at the same time. In 2018 the District received a planning grant totaling \$484,000 through the SWRCB Disadvantaged Community (DAC) program; contractor billing for the project outpaced State reimbursements, causing a substantial cash-flow problem for the District and forcing reliance on reserves to bridge the reimbursement gap and address contractor obligations. Further, project expenditures exceeded grant funding and the requested grant amendment took nearly two years to receive State approval. Additionally, impacts from the COVID pandemic (2020-2021) resulted in increases in operating costs that were not readily recoverable as well as some customers’ inability to pay fees.

Collectively, the District’s wastewater fees and charges provide approximately 70-72 percent of the District’s annual revenue, the SWA consists of approximately 18-22 percent of the District’s total annual revenue, and the SRGL makes up the difference. Wastewater fees are collected by Mendocino County with the property taxes and paid to the District three times a year: August, December, and April.

It should be noted that as part of the District’s most recent rate study, which was produced in March 2023, an extensive analysis was prepared that included evaluation of the Tri-Party Agreement. The terms of the original Tri-Party Agreement were based on the GCSD customers paying for most of the fixed operational costs while the Sea Ranch customers were responsible for relatively small percentages of the overall costs. The arrangement was determined and stipulated in the Agreement using various calculations for estimating increases in energy, chemicals, and un-burdened manpower to operate the plant. However, the findings in the 2023 rate study illustrated that this prior model was no longer fiscally sustainable for the GCSD and a combination of “fair share” costs must be collected from the SRSZ customers in addition to significant rate increases for GCSD customers in order for the District to be financially viable in the

future. At the time of this rate study, Sonoma Water was paying the District \$8.49 per 1,000 gallons of wastewater treated, but actual costs were estimated to be approximately \$15.36 per 1,000 gallons

In response to the 2023 rate study, in November 2023 the Sonoma County Supervisors approved a negotiated new rate of \$13.28 per 1,000 gallons; the 56 percent increase took effect January 1, 2024. This increase will have a substantial impact on the revenues brought in from the Tri-Party Agreement and should support the District’s financial stability.

Expenditures in FY 2019-2020 totaled \$1,000,600; \$987,051 in FY 2020-2021; and \$1,023,251 in FY 2021-2022. The top expenditures for FY 2019-2020 included salaries/benefits; maintenance to the WWTP, which included repairs to the system’s clarifier and collection system; and depreciation.

Effective January 1, 1997, the District entered into the California Public Employees Retirement System (CalPERS). Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California. Contribution requirements of plan members and the District are established and may be amended by CalPERS.

As shown in

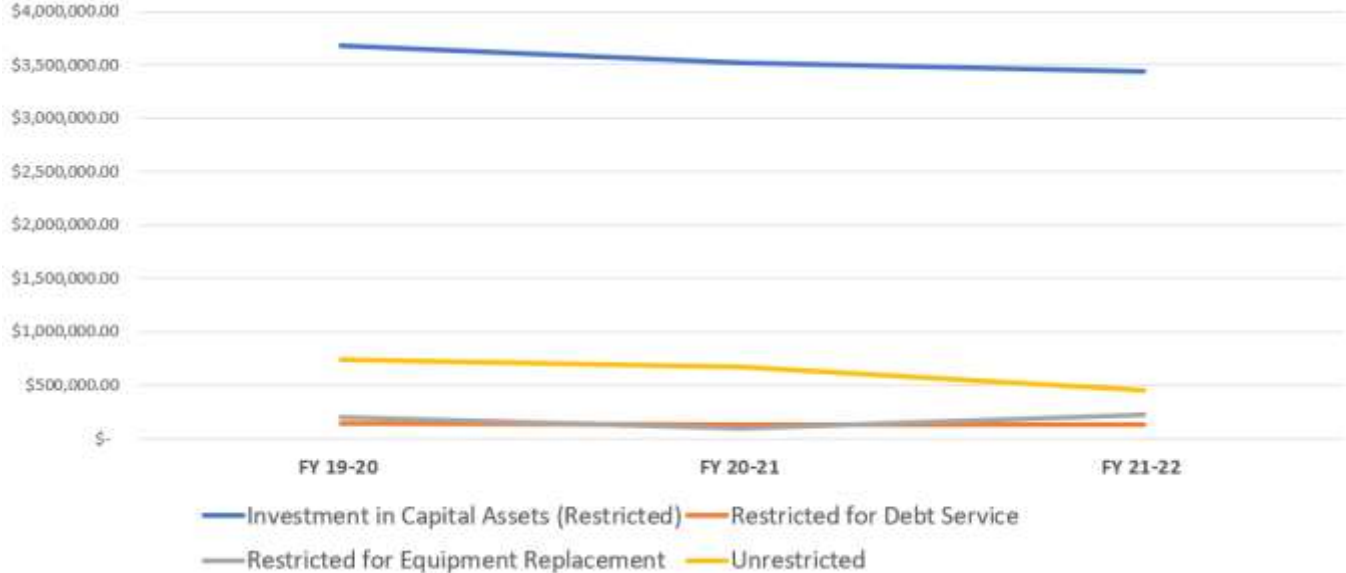


Figure 2-9, the District’s cash accounts have varying trends. The most reliable cash account is the cash from operating activities. The significant drop in cash flows from capital and related financing activities in 2022 is attributed to a replacement of the control panel for Lift Station #2.

As shown in Figure 2-4, the District’s expenditures exceeded revenues for each of the last three fiscal years, necessitating reliance on reserves to cover the difference. The District’s inability to regularly cover the expenses of operating the District without utilizing its reserves suggests it is not in a stable financial position. However, in recent years the District has been able to support its revenue/expenditures balance with grant funding, particularly for capital improvements and maintenance. Additionally, the implementation of the 2024 rate increases for District customers as well as parties to the Tri-Party Agreement should support the District’s financial stability. However, to address needed and costly

infrastructure improvements, the GCSD will need to secure grant funding to upgrade the system's collection system and treatment plant.

2.4.1.2 ASSETS AND LIABILITIES

As shown in Figure 2-66, the District's largest asset is infrastructure for which depreciation costs have been accounted for in the expense section. The District's other largest assets are income from grants and a special assessment debt.

The District also recently applied for a \$10.7 million dollar grant through the SWRCB State Revolving Fund (SRF) Program. If awarded, these grant funds will be used to rehabilitate the WWTP to become fully compliant with Title 22 and to also rehabilitate the collection system within Zones 1 and 2.

2.4.1.3 NET POSITION

As shown in Table 2-8, the District is currently operating at a net loss as a result of the various factors discussed in Section 2.4.1.1.

Figure 2-4: District Revenues and Expenses

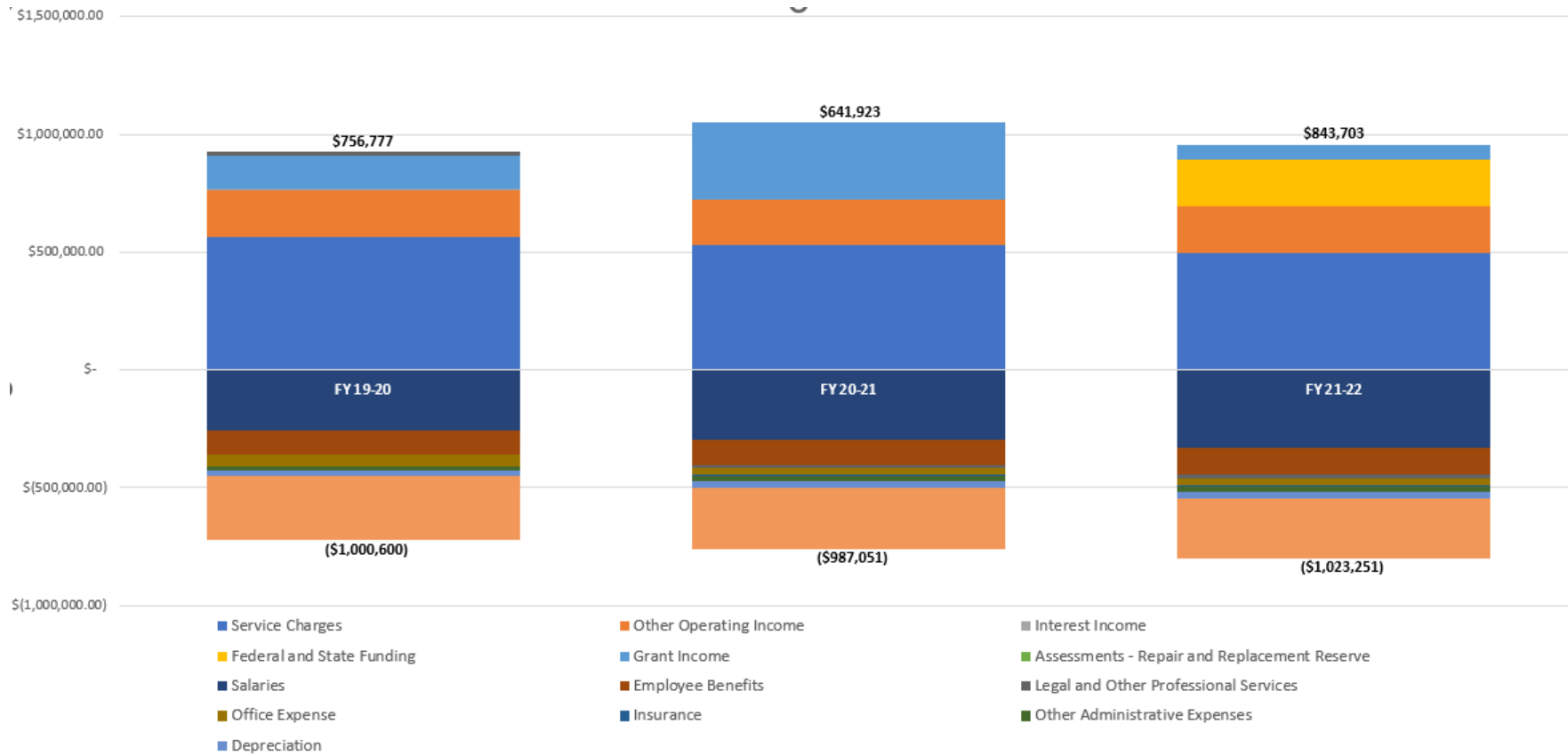


Figure 2-5: District Revenues Over/Under Expenses

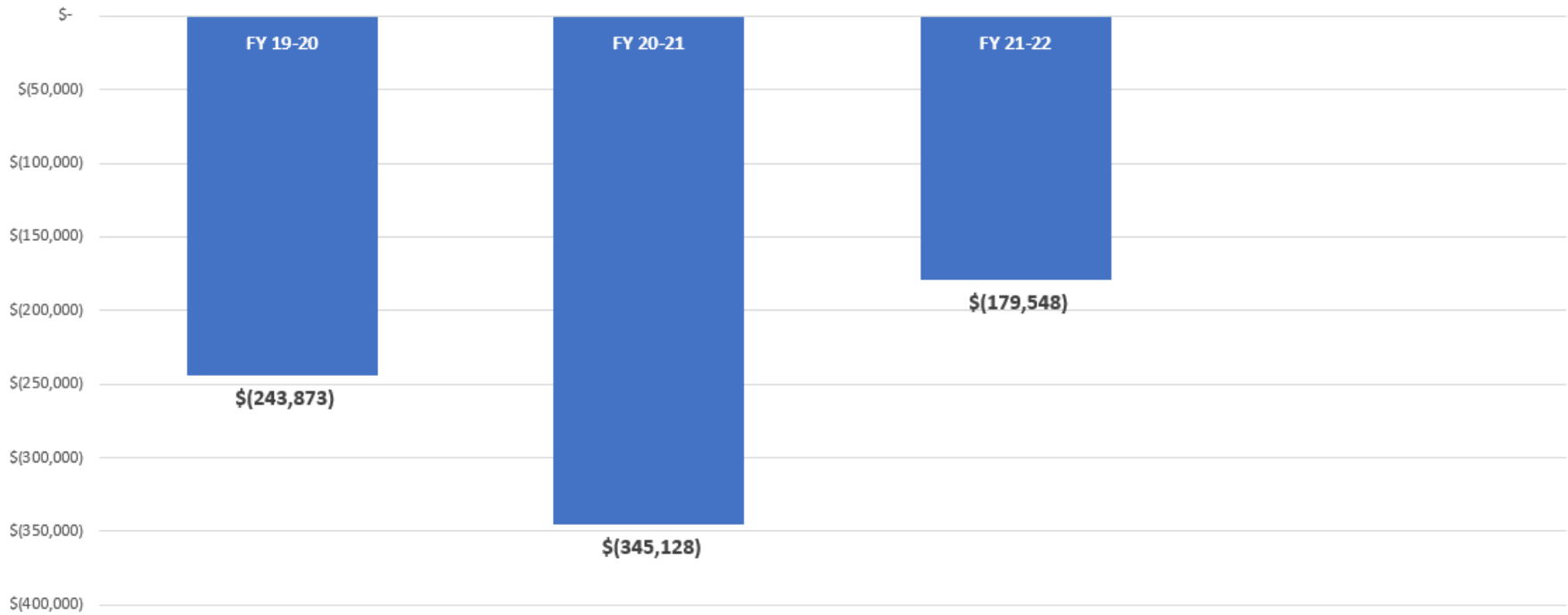


Figure 2-6: District Assets

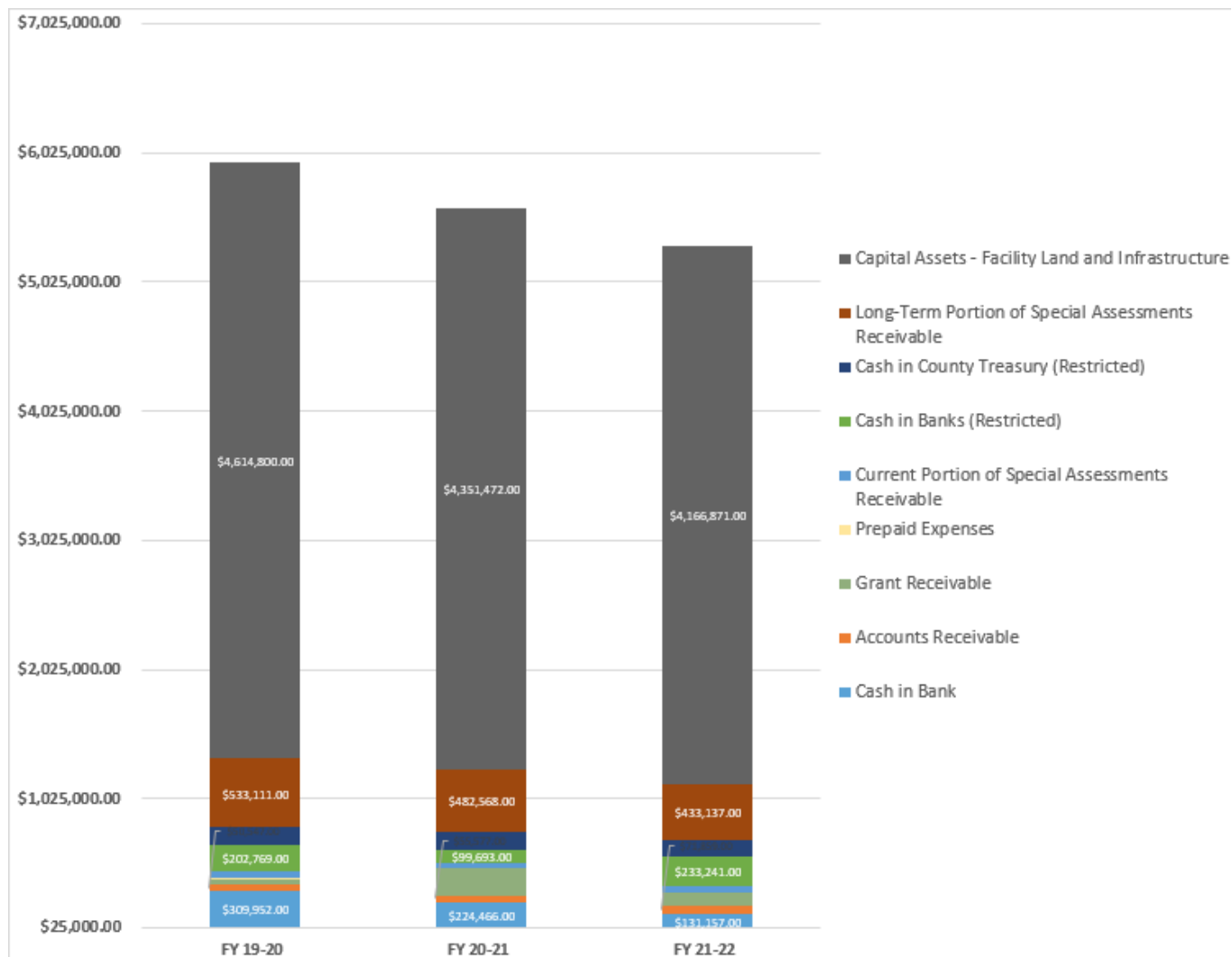


Figure 2-7: District Liabilities



Figure 2-8: District Net Position

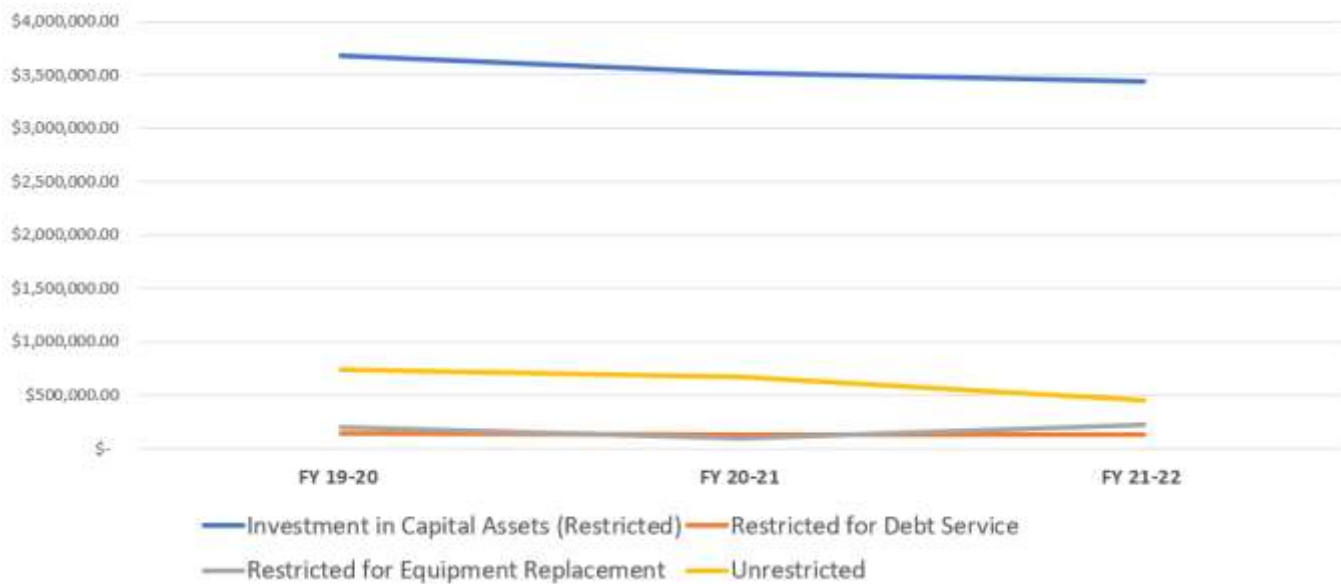
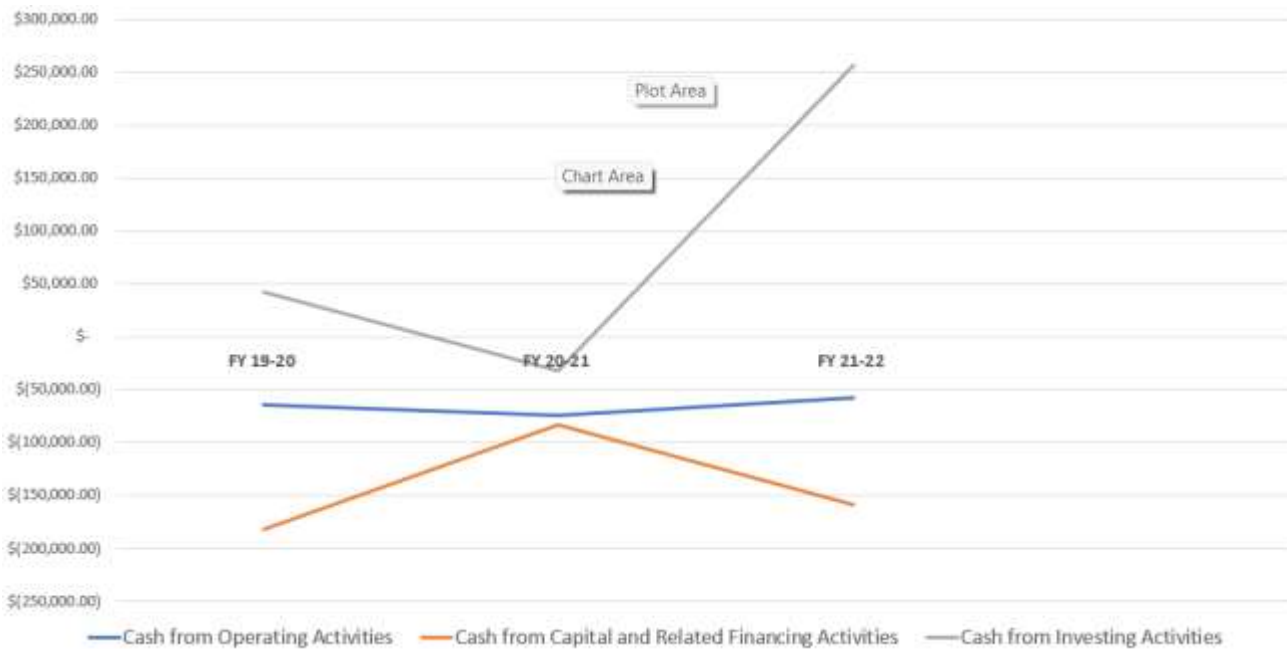


Figure 2-9: District Cash Accounts



2.4.2 Long Term Financial Considerations

2.4.2.1 RESERVES

The District maintains a policy on reserves that limits use to available “Unrestricted” Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service or other non-grant earnings. All special use funds are designated by formal action of the Board of Directors. The General Manager, in collaboration with the Administrative Assistant, performs a reserve status analysis annually, which is provided to the Board of Directors’ during the annual deliberation/approval of Budget and Reserve Funds.

In accordance with the terms of a loan received in 2016 from CoBank, the District is required to maintain a reserve of approximately \$65,000.

2.4.2.2 OUTSTANDING DEBT/COST AVOIDANCE

In the early 1990s, the District issued special assessment debt to help finance the acquisition and construction costs of the land, structures, water treatment plant and equipment. The bonds are issued upon and are secured by paid and unpaid assessments, lawfully levied pursuant to the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). The bonds are described as *Gualala Community Services District Sewer System Assessment District 1987-1* and were originally issued on March 12, 1991 for \$973,118.18. The bonds bear an interest rate of 5 percent per annum with interest paid semi-annually on March 2 and September 2 each year; principal payments are scheduled to be paid annually in various amounts on September 2 of each year. The bonds are subject to redemption on any March 2 or September 2 in advance of maturity date upon thirty days prior notice and upon payment of accrued interest and principal plus a redemption premium of three percent (3.0%) of the principal amount redeemed.

Required with the bond issuance was the establishment of a Bond Reserve Fund as security should the District become delinquent on its bond payments. The funds are maintained in the County treasury and are restricted for bond repayment use only. The County of Mendocino has no other payment obligation for these bonds except to advance funds from the reserve fund to the bond redemption fund, as needed.

The District borrowed \$750,000 to fund improvements on November 17, 2016 through a CoBank loan. Terms of the loan include variable monthly payments and an annual interest rate of 3.51 percent, which varies based with the LIBOR Index Rate and is fully amortized on December 20, 2026.

The District has been making regular principle and loan payments on a yearly basis, with the loan payments historically being between \$84,000 to \$90,000 per year. Since the GCSO has very limited reserves set-aside on an annual basis for both emergency and planned capital replacements, it has relied heavily on outside loan funding agencies to assist in the financing of necessary improvements. Remaining debt for the loan is currently \$260,631 in principal and \$39,946 in interest for a total of approximately \$300,000.

The District also received a line of credit through RCAC in 2023 for \$150,000 as an advance on the reimbursements from the planning grant amendment. The loan supports cash flow needs as the District implements the grant.

The District’s CalPERS annual pension cost for FY 2021/22 was \$14,093. These costs are expected to increase because of the CalPERS unfunded liability. Contributions to the District’s pension plans are

expected to increase to \$15,877 in FY 2022/23, \$16,212 in FY 2023/24, and \$18,661 in FY 2024/25 (CalPERS, 2024).

2.4.2.3 RATE RESTRUCTURING

In March of 2023, a Rate Study was prepared for the District in accordance with Proposition 218. As a result, effective July 1, 2024, the District adopted the following fees for its three classes of users: (1) residential, (2) commercial and (3) hotels. For 2023, residential customers pay a flat rate of \$1,263.53 per year, which is assessed on the property annual tax bills and collected by Mendocino County. That rate consists of a sewer fee of \$901.11, maintenance fee of \$56.18, and capital improvement/reserves fee of \$306.24. This represents a 10 percent increase in fees from the previous year and rate structure.

Residential customers with two separate septic tanks are charged twice the annual flat rate of \$1,263.53. Residential customers with multiple units on their property that share a single septic tank are charged a single sewer fee, the maintenance fee and capital improvement/reserves fee, multiplied by the number of Equivalent Dwelling Units (EDUs). For example, for a customer with three units on its property, the maintenance fee of \$56.18 and capital improvement/reserve fee of \$306.24 are totaled and multiplied by 3, to equal \$1,087.26 ($\$56.18 + \$306.24 = \$362.42 \times 3 = \$1,087.26$). The single sewer fee of \$901.11 is then added for an annual total of \$1,988.37 for the sewer fee in this example.

The District bills commercial properties on a monthly basis at the minimum rate of \$105.29 per month, which includes a minimum sewer fee of \$75.09 per month, maintenance fee of \$4.68 per month, and capital improvement/reserve fee of \$25.52 per month. Those fees are multiplied for each EDU of wastewater use, as described below.

The EDU of wastewater use is calculated by the total amount of wastewater used by all District customers divided by the number of customers. For the District's FY 2021-22, that wastewater usage was 122 gallons per day (gpd). Thus, if a commercial customer uses 366 gpd for the billing period, the customer will be deemed to have 3 EDUs of use and the monthly fees would be multiplied by 3 to determine the sewer bill for that month, $\$105.29 \times 3 = \315.87 .

Hotels are billed in the same manner as commercial accounts, but the total monthly bill is multiplied by the average occupancy rate percentage. GCSO uses the state average when determining the occupancy rate each year. Using the above example, if a hotel has EDU wastewater usage at 3 units, but had average occupancy during of 70 percent, then the hotel's bill for the month would be $\$315.87 \times 0.70 = \221.11 .

The most recent rate study recommended annual rate increases over the next five years: 10 percent from FY 2023-24; 7 percent from FY 2024-25; 5 percent from FY 2025-26; and 3 percent from July 1, 2026 to June 30, 2028. The new rates were adopted by the District Board in May of 2023 and should improve the District's financial stability.

2.4.2.4 CAPITAL IMPROVEMENT PLAN

The District does not currently have a Capital Improvement Plan (CIP), although one is currently being developed. While the most recent rate study prepared for the District outlines the necessary improvements that need to be made in order to provide adequate service, a CIP will help identify potential funding sources and prioritize projects.

2.4.3 Current Fiscal Health

The District is currently operating at a net loss based on the information provided in the financial audits and shown in Table 2-9. The District anticipates that recently approved and implemented rate increases, including the 56 percent rate increase approved by the Sonoma County Supervisors for the Tri-Party Agreement will support the District's goals for financial stability.

Further, while the District does not currently have existing reserves to fund the multiple infrastructure improvements to the WWTP and collection system that are needed, the District has applied for a \$10.7 million grant through the SWRCB to cover some of the improvements; the grant application is still under review as of April 2024.

2.5 Present and Planned Land Use and Development

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

The Gualala Town Plan serves as the Local Coastal Plan required as part of the California Coastal Act, and includes most of the GCSO jurisdiction. The Gualala Town Plan provides planning goals and policies that establish a scenario for growth within the Town Plan area over a 30-year planning horizon to 2032.

2.5.1.1 LAND USE

The specific zoning designations within the District according to Mendocino County's General Plan are Rural Residential 1-acre minimum (RR1), Rural Residential 5-acre minimum (RR5), Remote Residential 20-acre minimum (RMR20), Gualala Village Mixed Use (GVMU), Gualala Highway Mixed Use (GHMU), Gualala Planned Development (GPD), Gualala Industrial (GI), Rural Residential, 5 acre minimum [Suburban Residential] (Planned Development) RR5:PD [SR:PD], Timberland Production (TP), Forest Land (FL), Limited Industrial (LI), Rangeland (RL). See Figure 2-10 for the land uses within the District boundary.

Figure 2-10: Mendocino County General Plan Land Use Mapping

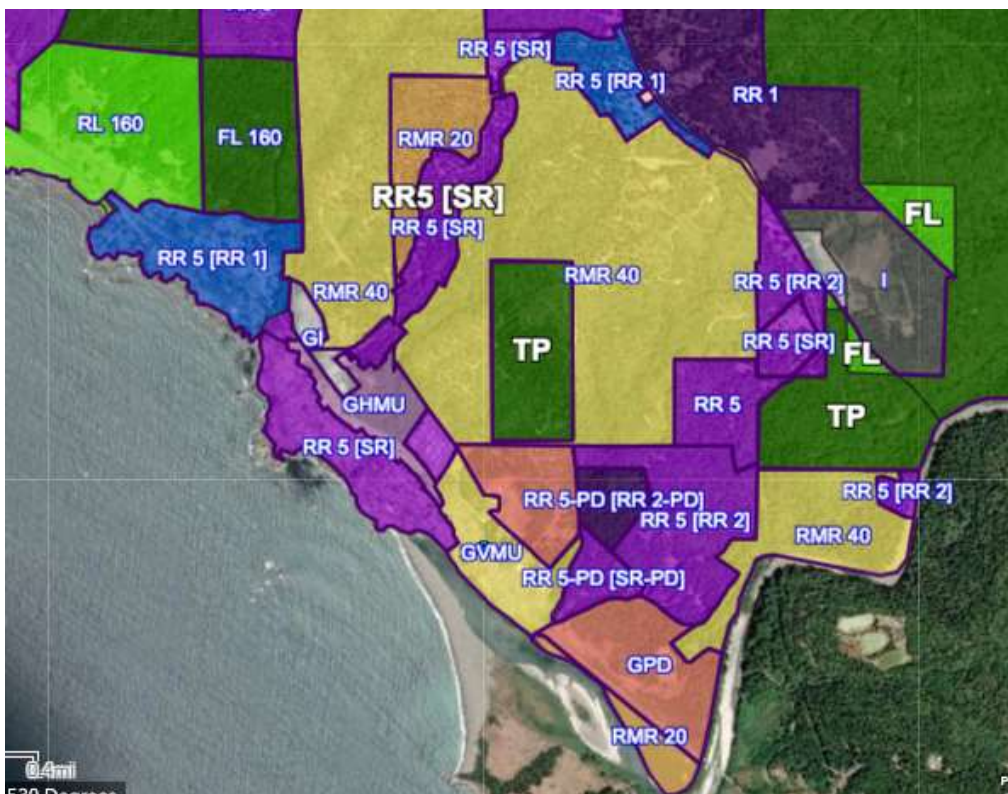
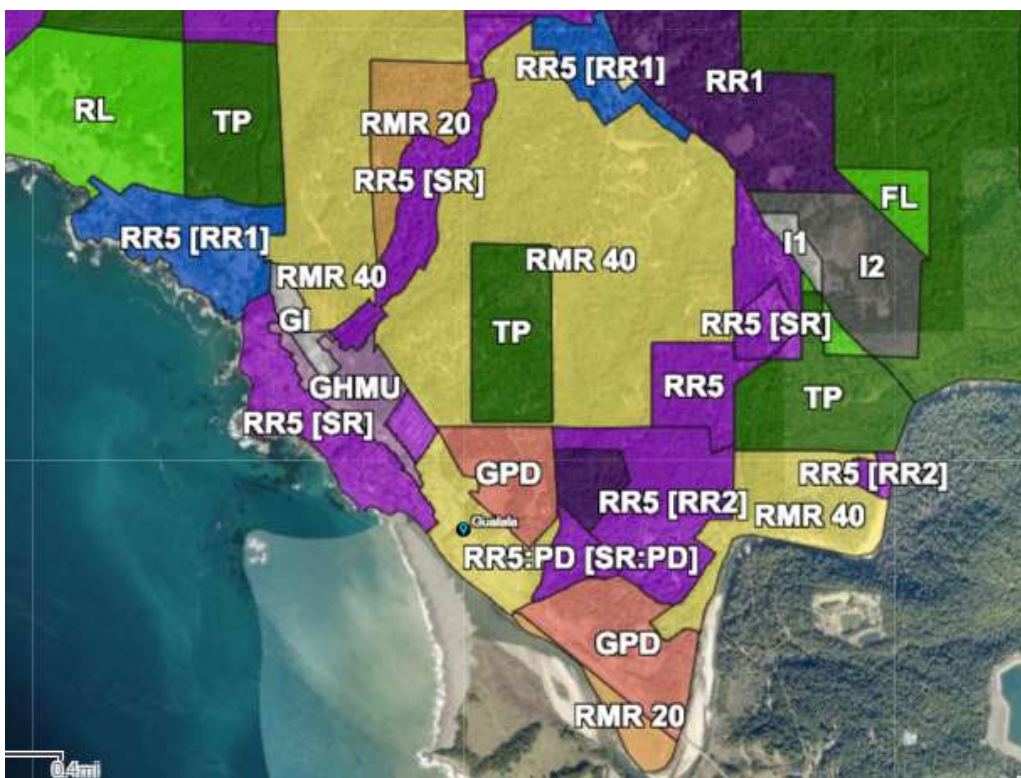
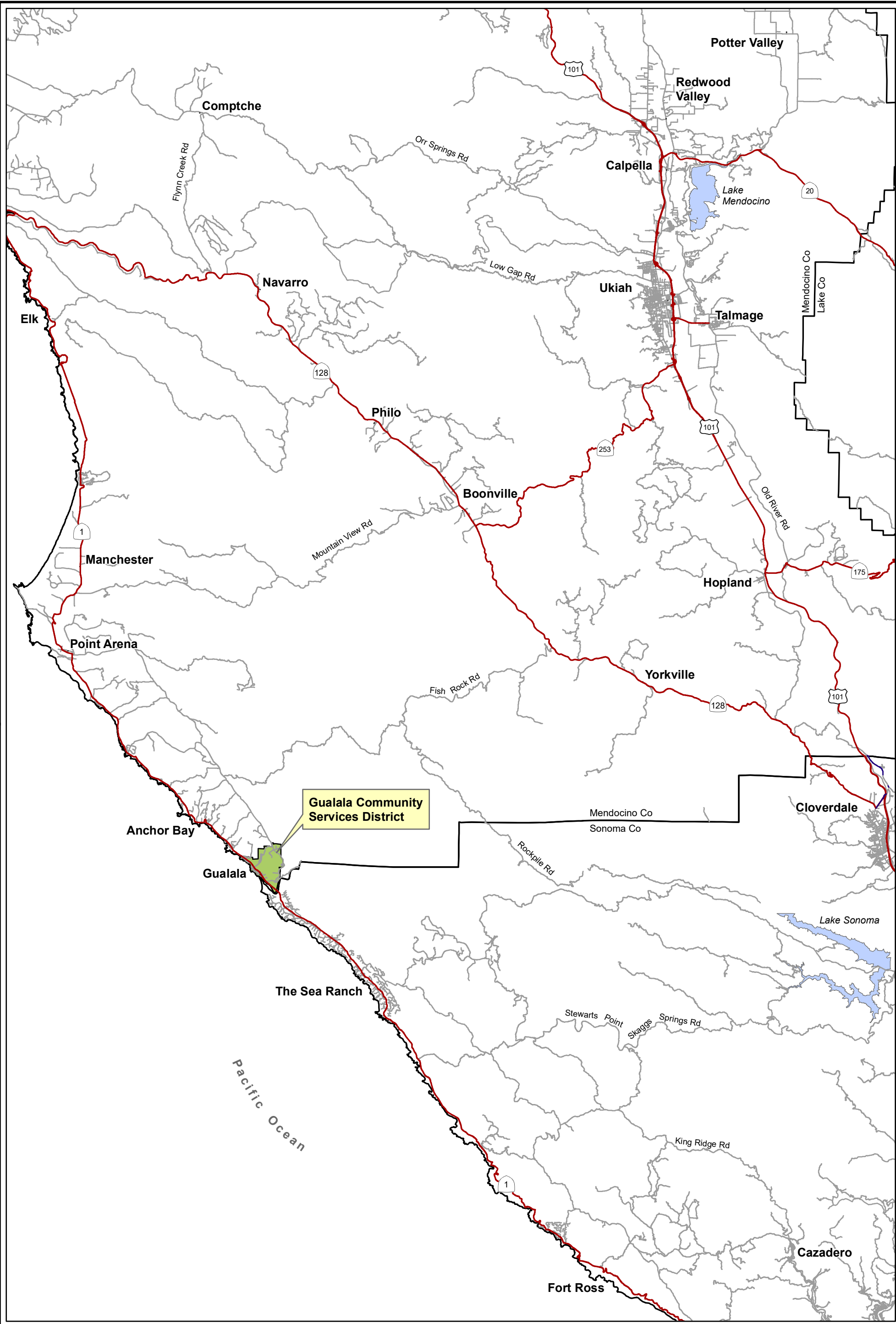


Figure 2-11: Mendocino County Zoning Map





Location - Gualala Community Services District

- Gualala Community Services District
- Highways
- Roads

Source: This map was prepared by the Mendocino County Division of Information Services, GIS Program, February 5, 2024.

Figure 2-12: GCSRD Regional Location

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2.5.1.2 DEVELOPMENT

Future growth and development of the District is subject to Mendocino County land use regulations. The County has adopted plans and policies to regulate growth including a General Plan and a Zoning Ordinance. The County's Zoning Ordinance contains three major geographical zones (Inland, Coastal, and Mendocino Town); the Gualala area is included in the Coastal Zone (County of Mendocino Coastal Element, 2021). As shown in Figure 2-11: Mendocino County Zoning Map, the County's General Plan and Zoning Ordinance designate most of the Gualala community as single-family residential and Gualala specific designations are aimed at creating comprehensive mixed use planned development projects.

The Gualala Town Plan includes land use policies that support new residential and commercial development in the area. For example, the Ocean Ridge Subdivision, located near the eastern part of Service Zone 3, has a total of 100 approved lots and only 40 percent of these lots are currently developed. Additionally, a 480- acre "residential reserve" is located east of town and was identified as a suitable location for future residential development. However, water conservation efforts mandated by the California Utilities Commission since September of 2014 have severely impacted development in the area.

Additionally, the GMAC advises the Board of Supervisors on current development applications and informs long-range planning efforts to update the Coastal Element of the Mendocino County General Plan as it pertains to the Gualala area.

2.5.2 Existing Population

Gualala is a small, unincorporated community that serves as the economic and social hub for the south coast of Mendocino County and for The Sea Ranch development located in northern Sonoma County. Gualala is a former logging town and attracts many thousands of visitors each year due to its scenic qualities and recreational opportunities. State Highway 1 (Pacific Coast Highway/PCH) is the primary transportation and commercial corridor through the town.

Gualala is located within Mendocino County Census Tract 111.02, which includes the area between Gualala to the south to areas just north of Manchester and has an estimated population of 4,305.

While the District serves a small number of commercial customers along State Highway 1, the District consists primarily of many second homes and short-term vacation rental properties. The number of wastewater connections that the District serves (approximately 416) does not change throughout the year, but demand for service fluctuates seasonally. It is also notable that populations within the District have increased as a result of refugees seeking shelter from numerous fires throughout the state and the COVID-19 pandemic.

2.5.3 Projected Growth

Projecting future growth within the District boundaries is a challenge since U.S. Census data is not separated out for Gualala. Compounding this problem is that in large part, growth in the region is driven by economic activities in Sonoma County.

A Community Action Plan was prepared for the Gualala in 2007. During plan preparation, a socio-economic study was created and entitled "Appendix D, Economic Inputs to Gualala Community Action Plan." This study estimated a future growth rate for Gualala at approximately 16 new residences per year with an average household size of 2.25 persons per household, which results in an average annual growth rate of approximately 8 percent.

Given that all of the plans prepared for Gualala are approximately 15 years old or more, the relevancy of their population projections should be considered. Current State Department of Finance (DOF) projections predict 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 by 2033, and 89,139 by 2043. (DOF, 2023)

The District estimates that the number of residents served within Zones 1 and 2 is approximately 816 based on the number of residential connections and average household size in the County and upon information provided by the District. The 2014 MSR estimated that the 2015 population for the entire community of Gualala was approximately 2,133 people.

Another factor affecting growth rates in the area is the water conservation efforts mandated by the California Public Utilities Commission (CPUC) since September of 2014. For their part, the North Gualala Water Company (NGWC), which provides domestic water services to GCSO customers (except those on wells), imposes its Mandatory Water Conservation Program (MWCP) when stream flows in the North Fork of the Gualala River are at or below specific levels¹¹. During these times, water use restrictions prohibit the use of water for construction purposes. As of March 2024, NGWC was actively seeking funding opportunities to construct a reservoir to lift the moratorium. However, given the increasingly recurrent drought trends, it is unlikely that any new construction will be approved in the area as a result of the moratorium on new potable water connection, thus populations in the area should not be expected to increase significantly.

With respect to the District's Tri-Party Agreement to treat wastewater from the Northern WWTP of the Sea Ranch Sanitation Zone to tertiary standards, the future development of the vacant residential lots within The Sea Ranch community is also unlikely in the near future given the water restrictions. The number of undeveloped lots in the SRSZ is unknown.

However, changes to California Housing laws could result in a slight increase in development and density within the District in the years to come, and is further discussed below.

2.5.4 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 G.C. §65852.150, 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.

¹¹ For more information on NGWC's water conservation efforts see their website: <https://ngwco.com/conservation/mandatory-conservation/>

New laws have since been passed that 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 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 to service providers as a result of development will continue to mount. It is imperative that small districts such as GCSD stay up to date on legislative changes.

For additional information and data on housing legislation see Appendix 8.4.

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 services¹². 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) 2022 1-year estimates, the statewide MHI for California was \$91,551 ([US Census, 2022A](#)). Thus, the MHI DUC threshold is \$73,240 and the threshold for severely disadvantaged unincorporated communities (SDUC) (less than 60 percent of the State MHI) is \$54,930.

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

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

- Contains 10 or more dwelling units in close proximity to one another;

¹² Technical advisory on SB 244 can be found here: https://opr.ca.gov/docs/SB244_Technical_Advisory.pdf

- Is either within a city sphere of influence (SOI), is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has a MHI that is 80 percent or less than the statewide MHI
- This analysis is based on CALAFCO recommendations that calculated the “MHI Threshold” be 80 percent of the statewide MHI (\$73,240) (The MHI for the State of California is \$91,551) (US Census, 2022A)
- Income data was sourced from the American Community Survey (ACS) 5-year Estimates dataset for 2018-2022 and the 2022 ACS 1-Year Estimates.

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

Mendocino County has an MHI of \$65,520 with a majority of the County considered DUCs, including both the census tract and block group that the District is located within (US Census, 2022B). Because the Gualala falls within the County of Mendocino and is not a Census Designated Place (CDP), the MHI of its residents is assumed to approximate the County median household income of \$56,378. The MHI for Gualala is 71 percent of the statewide MHI and is therefore considered to be a DUC.

It is also worth noting that the census block group that the District is located within (Block Group 3, 20 square miles) has a population of 1,866 (843 households) and a MHI of \$79,596 (Census Reporter, 2022A); and the census tract the District is located within (Census Tract 111.02, 320 square miles) has a population of 4,827 (1,968 households) and a MHI of \$83,135 (Census Reporter, 2022B). By both of these measures the District would not be considered to be located within DUC territory.

The residents within Gualala receive adequate services with respect to fire, which is provided by South Coast Fire Protection¹³. Water services are provided by North Gualala Mutual Water Company, though it should be noted that there are properties within the District boundaries and adjacent properties that utilize well water. According to data sourced from the State Department of Water Resources (DWR), the District spans two Public Land Survey Sections (PLSS) M11N15W27, which is documented as having eight domestic wells¹⁴.

Residents within the District’s Zones 3 and 4 continue to utilize onsite septic systems for their wastewater needs. However, some of these have or are failing and ultimately it will be incumbent upon the GCSD to provide service in these areas. Further, an unsewered area adjacent to the District has been identified with failing septic systems as well; this area has been identified as proposed Zone 5 (See Section 3.2.4.3.2 for more information).

While the residents of Gualala are technically of DUC status, the community is currently receiving adequate essential municipal services of fire, water, and wastewater.

¹³ 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>

¹⁴Well 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 SOI Update process and assist LAFCo in considering the appropriateness of a public service provider's existing and future service area boundary. The information and analysis presented in Chapters 2 and 3 of this document form the basis for the MSR determinations provided under Section 3.3.

3.1 Service Overview

This is the second MSR for the Gualala CSD with the previous MSR adopted by the Commission on October 6, 2014.

3.1.1 Services

The District provides collection, treatment, and disposal of wastewater generated by connections within the service area and provides maintenance of related facilities and equipment. The District boundaries include 4 service zones and encompasses approximately 1,430 acres.

3.1.2 Service Area

The District's jurisdictional boundaries are located entirely within Mendocino County; however, it is worth noting that the District's wastewater treatment facilities are located within Sonoma County. Currently, service is provided only within Zones 1 and 2 along the State Highway 1 corridor, which contain approximately one-third of the District's territory as shown in Figure 2-2. Properties within Service Zones 3 and 4, while within the District boundaries, do not receive services from the District and rely on individual onsite septic systems. Also of note, the District provides outside agency services to two areas in Sonoma County: The Sea Ranch development and Gualala Point Regional Park.

The District defines a customer as a parcel or billable unit that is connected to the wastewater system and receiving service. There are approximately 416 billable units on a total of 369 parcels within Service Zones 1 and 2 (252 residential homes, 2 mobile home parks with 78 residential units, 141 commercial uses, and a handful of mixed-use residences [commercial and residential]).

The GCSO is located in the Mendocino Coast Hydrologic Unit Watershed – Hydrological Area 113.80 (Figure 3-1). This watershed covers 298 square miles and is characterized by rugged mountainous



Figure 3-1: Mendocino Coast Hydrological Unit Watershed

terrain with erodible soils forested by redwood, Douglas fir, madrone, and tan oak. It is an important steelhead stream and once supported a coho salmon population. Substantial data collection and watershed restoration efforts have been implemented, and are continuing, in the watershed through the efforts of private and industrial landowners and local, state, and federal agencies.

The SWRCB took particular interest in the District during its inception and recommended that the plant be located in Sonoma County, partially as a reclamation facility for The Sea Ranch development and golf course (SRGL). Using GCSD's reclaimed water at the golf course is beneficial because the North Coast RWQCB regulations prohibit wastewater from being discharged directly to a ditch, creek, or stream. Authorities felt that this recommendation would also reduce and offset freshwater demands on the environmentally sensitive Gualala River.

3.1.3 Outside Agency Services

As previously stated, the District is party to multiple service agreements with both public and private parties to provide outside agency services to areas in neighboring Sonoma County.

3.1.3.1 SONOMA WATER AGENCY – SEA RANCH SANITATION ZONE, NORTHERN FACILITY

The District maintains its Tri-Party Agreement with the Sonoma Water Agency (SWA) that owns and operates the Sea Ranch Sanitation Zone (SRSZ), and Sea Ranch Golf Links (SRGL). This 40-year agreement was originally approved in 1991 and was emended and restated in March of 2016. The Agreement stipulates that the District will accept effluent produced from the SRSZ's Northern Facility into GCSD's wastewater treatment plant (WWTP) for treatment. The combined flows treated to tertiary levels are then used to irrigate the SRGL. The SRSZ Service Area comprises 4,600 acres in total and serves a population of 1,100 (607 single-family dwelling unit equivalents, though the exact number of parcels served is unknown). Further information on this Agreement and the SRSZ is included in Section 2.3.5



Figure 3-2: The Sea Ranch Development

Source: *The Sea Ranch [website](#); Photo credit: Bill Oxford.*

3.1.3.2 SONOMA COUNTY – GUALALA POINT REGIONAL PARK

The District also maintains an agreement with Sonoma County to service the Gualala Point Regional Park. The terms of the agreement include District collection and treatment of wastewater originating from the Park, which is managed by the Sonoma County Parks Department. The Park is located adjacent to the District boundary in Sonoma County, just south of the Mendocino County line and north of The Sea Ranch (See Figure 2-2). As part of this agreement, the District also provides pumping services via truck to six nearby campgrounds (Salal Beach, Shell Beach, Pebble Beach, Black Point Beach, Stillwater Beach, and Stillwater). No records exist of the original agreement, but the District reports that the Park has paid fees since service began in 1992. Further information on this agreement is included in Section 2.3.5

3.1.3.3 MENDOCINO COUNTY WATERWORKS DISTRICT #2

The District has an agreement with MCWD2 to provide management, operations and administrative services to support MCWD2. GCSD's General Manager and Admin/Bookkeeper work directly with the MCWD2 Board of Directors, providing administrative and operational support. Further information on this agreement is included in Section 2.3.5.

3.2 Wastewater Services

3.2.1 System History

Construction of the infrastructure and treatment facilities was completed in September 1992 and the WWTP began operations on October 1, 1992. Subsequent improvements to the system's infrastructure are discussed in Section 3.2.3.2.

3.2.2 Service Overview

Services provided by the District include the collection, treatment, and disposal of wastewater generated by residential and commercial connections within the service area, and maintenance of related facilities and equipment. The District is regulated pursuant to North Coast Regional Water Quality Control Board (RWQCB) Order No. R1-2022-0004¹⁵.

The primary drainage in the area is the Gualala River, which contains several sensitive fish species. China Gulch, a tributary of the Gualala River, and Robinson Gulch are seasonal creeks that drain the area and which also contain sensitive environmental resources. Robinson Gulch flows directly to the Pacific Ocean.

3.2.3 Infrastructure and Facilities

The GCSD owns 15.47 acres just over the County line in Sonoma County that contains the WWTP, a maintenance garage, office trailer, and lab. Wastewater is collected within the GCSD service areas and piped to the District's facility for treatment.

¹⁵ The District's Waste Discharge Requirements and Master Reclamation Permit are available here: https://img1.wsimg.com/blobby/go/dd308714-d493-42e5-84bd-d358e0fa409d/downloads/22_0004_Gualala_CSD_WDR.pdf?ver=1713304824442

Collection System

The collection system currently serves GCSD Zones 1 and 2, which comprises roughly one-third of the District boundary area. The STEP system consists of 34,600 feet of gravity and 27,900 feet of pressurized mains ranging in diameter from 2 to 6 inches, interceptor tanks, and 3 lift stations. At the terminus of the collection system a fourth lift station, Lift Station No.4, pumps collected septic tank effluent through a 6-inch diameter force main to the WWTP on the south side of the Gualala River.

Each connection to the Gualala collection system includes a Septic Tank Effluent Pumping (STEP) process, which consists of a septic tank to separate the solids and pre-treat the wastewater and a submersible, low-horsepower sump pump that discharges the wastewater to the collection system. The District currently maintains a total of 238 septic tanks and 125 control panels, including 177 residential systems and 61 commercial systems. (MC Engineering, 2022B)



Figure 3-3 Aerial View of GCSD's Treatment Facilities

The District's wastewater treatment system is designed as an extended aeration activated sludge plant. The facility includes two aerated ponds and two clarifiers for secondary treatment, a travelling bridge and fine screen filter for tertiary treatment, and a chlorine contact chamber for disinfection (See Figure 3-2).

The GCSD WWTP includes four effluent storage ponds with a combined capacity of 28.4 million gallons (mg). Three of the ponds, totaling 20 mg of capacity, are located adjacent to the Gualala WWTP and were designed with subdrain systems that can be monitored to determine if there is leakage from the ponds. The fourth pond, with a capacity of 8.4 mg, is located at the Sea Ranch Northern Plant site.

Recycled water from all four effluent storage ponds is delivered to the Sea Ranch Golf Links, an 80-acre golf course, through an 8-inch diameter pipeline for irrigation of turf grass within the fairways, tee boxes, and greens. The existing collection system is shown in **Error! Reference source not found.**

The GCSD also owns several pieces of construction equipment used for trenching, driveway maintenance, drying bed cleaning and work around the facility. GCSD staff reported the backhoe is in excellent condition and is 11 years old. The CAT is in very good condition and is 35 years old. The GCSD recently acquired a roller that is in good condition and is several years old (exact age unknown) and has a trencher in excellent condition that was purchased new in 2006.



Figure 3-4 Facility Location Map



Figure 3-4 GCSD gravity and pressurized sewer mains

3.2.3.1 SEA RANCH SANITATION ZONE

The SRSZ is operated by the Sea Ranch Water Company and consists of collection lines and the Central Plant and the Northern Plant. The SRSZ currently serves 612 Equivalent Single-Family Dwellings within a 4,600-acre service area. The Central Plant collection system includes 1.9 miles of sewer lines (1.3 miles of gravity sewer mains, 0.3 mile of force mains, and 0.3 mile of service laterals for which Sonoma Water Agency is responsible) and 1 pump station

The Sea Ranch North (SRN) Collection System includes 11 miles of 4–12-inch PVC and asbestos cement gravity sewer and force mains. The majority of the pipeline is gravity. Sewage is collected from the northern portion of the Sea Ranch development. Flows from the SRN are conveyed by four dedicated lift stations to the CSA 6 primary pond where the liquids are subsequently pumped to GCSD for secondary and tertiary treatment before it is returned for disposal at the Sea Ranch Links golf course. Essentially, the SRSZ's Northern Plant acts as a pumping station that transfers raw effluent collected within The Sea Ranch to the GCSD WWTP for treatment, disinfection, storage and subsequent reclamation at the SRGL. (MC Engineering, 2022B)

Wastewater service in the southern portion of SRSZ is either by private on-site septic systems or septic systems that utilize a common area that is managed by The Sea Ranch Association. Sea Ranch wastewater staff monitor the roughly two-thirds of Sea Ranch homes that use individual septic systems. The remaining homes use one of two sanitary sewer collection and treatment systems known as the SRSZ.

3.2.3.2 SYSTEM IMPROVEMENTS

The District reported that the WWTP and collection system are generally in good condition. However, as identified in the 2023 Rate Study, the system is aging and system-wide deterioration and condition have been identified for replacement and/or upgrading.

The District recently experienced a failing filter, which was ultimately replaced, allowing the District to recondition the failed filter at a low cost. A second clarifier was added in 2017, making the major components of the treatment plant fully redundant. This substantially reduces risk in case of a major equipment failure. Additionally, in 2022 the District replaced the control panel at lift station #2 as a result of weather damage.

The WWTP has an average dry weather flow of 131,000 gallons per day (gpd) and an average wet weather flow of 151,000 gpd.

The District takes measures to ensure the integrity of the wastewater collection system, including regular inspections of the system (visual and video) and adding cleanouts in the gravity lines for camera access.

The 2023 Rate Study included recommended capital improvements, which were compiled based on current significant and necessary replacements and upgrades and based on age, deterioration, and new WDR Permit Requirements. Identified projects totaling \$10.7 million (Table 3-1) were submitted as part of a grant application to the SWRCB State Revolving Fund (SRF) program, which is still currently under review as of the publication of this report.

Component	Component Description	Total Cost (With Soft Costs and Contingency)
Aeration Basin	Short-Term Title 22 Aeration and Sludge Storage Improvements	\$117,359
Secondary Sedimentation	RAS Pump Station w/Handrails	\$235,303
Tertiary Filtration	Metering w/Turbidimeter and Programming	\$132,193
Disinfection	Metering	\$62,339
Tertiary Storage/Reclamation	Pond 1 Liner	\$518,104
Sludge Storage Basin	New Sludge Storage Basin	\$710,444
Sludge Dewatering Facilities (Drying Beds)	Drying Beds (Bags) and Landfill Hauling	\$1,001,499
Septage Receiving Facility	Septage Receiving	\$712,726
Operations Building, Administration, Vehicle and Equipment Storage, and Chemical Storage Room	Upgrade/Replace Siding on I Control Building (1,800 sf) (N) Admin Building (N) Vehicle/Equipment Storage (N) Chemical Storage Room	\$1,963,302
Potable Water	Potable at WWTP with Use of Existing 5,000 Gallon Tank	\$52,599
Fire Protection Facilities	Emergency Fire-Flow at Plant	\$336,186
Access Road	Road Improvements, Only	\$538,427
Emergency Access for Pipeline Repairs	1065 LF Cleaning and Grubbing I(E) FM	\$89,752
GCSO STEP Systems (Interceptor Tanks)	Rehabilitation of (E) STEPS	\$2,180,202
GCSO Lift Stations	LS 1-4 Improvements	\$1,958,138
Sea Ranch North Collection System and CSA 6 Facility	Aeration/Pond/Pump Improvements	\$105,309
Total Cost for Existing Facility Improvements		\$10,713,882

Source: 2023 Rate Study prepared by MC Engineering, Inc.

3.2.3.3 ENGINEERING REPORTS

In 2022, MC Engineering prepared the *SWRCB Grant Funded Wastewater Project Engineering Report* for the District with grant funds from the Clean Water State Revolving Fund (CWSRF). The planning study addressed deficiencies and impending issues with the District's wastewater collection system, WWTP and the associated service area by recommending future capital improvement projects and related funding sources and responsibilities. The study also identified unsewered areas both within and outside the GCSO boundaries for potential inclusion in the District's service area. (MC Engineering, 2022A)

3.2.4 Service Adequacy

Based on information provided by the District regarding facilities, management practice and accountability, and financing, GCSO's service appears to be limited. There are a number of infrastructure

improvements which must be made in order to maintain current services. The cost of the recommended infrastructure improvements is beyond the District's current finances, which will necessitate successful grant awards to support those projects. While the District has applied for a \$10.7 million grant through the SWRCB SRF program, the status of its approval is still under review as of the publication of this report. Very little growth is likely to occur, if any, within the District; however, District facilities would need additional improvements in order to serve potential buildout of the District's service area and any remaining undeveloped residential lots in the Sea Ranch development as it pertains to the Tri-Party Agreement. Though the newly adopted service rate schedule include escalating increases over the next five years, the increased revenue is expected to just barely cover rising expenditures, leaving the District to find additional revenue to fund the identified infrastructure upgrades, particularly if not awarded the SRF grant (Table 3-1).

However, the District has recently applied to SWRCB DAC Program for \$10.7 million to upgrade the WWTP and existing infrastructure to increase capacity to meet anticipated need. The District was able to complete an engineering study under a planning grant from the SWRCB that supports their current grant application.

3.2.4.1 REGULATORY PERMITS AND COMPLIANCE HISTORY

The District currently operates under RWQCB Order # 91-2022-0004 (pursuant to Waste Discharge Requirements Order No. 92-120, adopted on September 24, 1992). As required by the permit, the General Manager prepares monthly and annual reports for the RWQCB. A regulatory history of the District can be found below in Table 3-2.

Table 3-2: SWRCB – GCSO Regulatory Measures

<u>Reg Measure ID</u>	<u>Reg Measure Type</u>	<u>Program</u>	<u>Order No.</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Status</u>	<u>Amended?</u>
409176	WDR	WDRMUNIOTH	R1-2022-0004	04/07/2022	04/07/2032	Active	N
261039	Letter	WDR	051203	05/12/2003		Historical	N
137948	WDR	WDRMUNIOTH	92-120	09/24/1992	09/22/2014	Historical	N
137888	WDR	WDRMUNIOTH	89-030	04/26/1989	04/26/1994	Historical	N

Source: North Coast Regional Water Quality Control Board

The District submitted incomplete Reports of Waste Discharge (ROWD) and Title 22 Recycled Water Engineering Reports in 2016, 2017, 2019, and 2020. These submittals were modified in response to Regional Water Board comments and State Water Board Division of Drinking Water (DDW) staff comments. On May 11, 2021, the District submitted a written response titled *GCSO Response to SWRCB DDW review of May 2020 Resubmittal of Title 22 Technical Report* for DDW review. On July 7, 2021 DDW provided a letter conditionally accepting the May 2020 Title 22 Recycled Water Engineering Report with the update provided by the District's response. Additionally, on November 23, 2021, the District submitted a revised Engineering Report for the *Production, Distribution, and Use of Recycled Water – November 2021 Resubmittal* (Title 22 Engineering Report), which updated the November 2021 Title 22 Engineering Report

to include the results of a tracer study conducted by the District on its chlorine disinfection system. The DDW issued acceptance of the report in April 2022.¹⁶

The GCSD and Sea Ranch North collection systems, including the temporary storage of wastewater at the Sea Ranch North effluent pond are enrolled separately under SWRCB Order No. 20060003-DWQ, Statewide Waste Discharge Requirements for Sanitary Sewer Systems.

3.2.4.2 SANITARY SEWER SPILLS

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

When searching the SWRCB's sanitary sewer overflow incident data for GCSD, only one spill incident was identified for the District, which was listed as a Category 1 Spill Events¹⁷.

Category 1 Spill Events are defined as a spill of **any volume** of sewage from or caused by a sanitary sewer system regulated under the General Order that results in a discharge to:

- A surface water, including a surface water body that contains no flow or volume of water; or
- A drainage conveyance system that discharges to surface waters when the sewage is not fully captured and returned to the sanitary sewer system or disposed of properly.

Any spill volume not recovered from a drainage conveyance system is considered a discharge to surface water, unless the drainage conveyance system discharges to a dedicated stormwater infiltration basin or facility.

On May 11, 2008, as a result of a pipe structural failure, a total of 33,264 gallons of effluent spilled; 9,000 was recovered by GCSD. Three additional sanitary sewer overflows took place in 2005 and 2008, which led to enforcement actions from the RWQCB. The RWQCB levied fines on the District, which were paid. Additionally, peak flow capacity was exceeded in February 2009 and January 2010 at 0.1324 mgd and 0.1726 mgd, respectively. There were no additional spills or violations noted in the online reporting system since 2008.

3.2.4.3 CAPACITY

The District's WWTP currently receives approximately 122 gpd per person, and a daily average flow volume of 77,500 gpd. The WWTP annually treats 28.25 mg, which is based on actual flows from 2023.

The District takes measures to ensure the integrity of the wastewater collection system, including regular inspections of the system (visual and video) and adding clean outs in the gravity lines for camera access. The District reported that the plant and collection system are generally in good condition. The GCSD treatment plant has a design capacity of 131,000 gpd. The current daily average of 77,500 gallons a day

¹⁶ Summary provided by the SWRCB in the GCSD Waste Discharge Requirements and Master Reclamation Permit.

¹⁷ Data for Spill Events can be found here: https://www.waterboards.ca.gov/water_issues/programs/sso/

represents 59 percent of the design capacity; therefore, it can be determined that the District has capacity to handle some limited growth.

The District's four effluent storage ponds have a combined capacity of 28.4 mg. A 2016 ROWD prepared by the District in compliance with the North Coast RWQCB permit identified that the storage pond capacity for recycled water is inadequate during periods of above average precipitation. At the time, the District stated that they were concerned that the cost of constructing additional recycled water storage to address extreme wet weather conditions was not an effective use of its limited financial resources.

Should services within the SRSZ be assumed by the SWA, and SRSZ treatment facilities be upgraded as needed to provide the service, the GCSD would have additional capacity to serve areas in GCSD Service Zones 3 and 4, as well as Proposed Zone 5.

3.2.4.3.1 Service Zones 3 and 4

In 2003, the District commissioned a Sewer Feasibility Study which outlined various options and costs for extending and expanding District facilities to provide sewer service to Service Zones 3 and 4. As previously stated, service is not currently provided to these zones and an extension of services to these areas would require Coastal Commission review and extensive environmental review.

The District would need a resident majority to approve an assessment required to fund extension of services to the entirety of Zones 3 and 4. To provide full service to either zones would require significant costs to the District and residents in these area and is not presently financially feasible.

Notably, the planning grant awarded the District in 2018 was originally intended to cover the cost of an updated feasibility study to assess expanding service to Zones 3 and 4. However, during the study development it became apparent the WWTP would need to be upgraded in order to handle the extra flow that would be created by Service Zones 3 and 4. Further, the current collection system in Service Zones 1 and 2 needed rehabilitated before any expansion could take place.

Due to costs of new planning/infrastructure, and residents' preference, the District has no immediate plans to expand their facilities into Service Zones 3 and 4, or elsewhere for that matter.

3.2.4.3.2 Proposed Zone 5

An area north of the District boundary, located along Old State Road and Ocean Ridge Drive, has been experiencing septic system failures and was identified as Proposed Zone 5 in the *SWRCB Grant Funded Wastewater Planning Project Engineering Report* prepared by MC Engineering. The need for future service within this area is critical to removing the possibility of groundwater and surface water pollution by upgrading/replacing the current septic tanks into interceptor tanks. Existing septic systems have a variety of inherent deficiencies as a result of, and/or a combination of, high ground water, steep slopes, tree roots, settlement around septic tanks, improper construction techniques, and other miscellaneous issues. Providing sewer service to the expansion area will require additional force-mains, gravity sewer mains, and lift stations, including new infrastructure and appurtenances from the street mains to the homes. (MC Engineering, 2022B)

3.2.4.3.3 Sea Ranch Sanitation Zone

The SWA-owned SRSZ consists of two treatment facilities; however, only the Northern Plant sends its flows to the GCSD for treatment. The Northern Plant, which began operation in 1972, is no longer permitted as a WWTP. The SWA's discharge permit was rescinded by the SWRCB in 2022 when the GCSD's

WDR was issued; the Northern Plant is now classified as part of the SWA collection system. Since 2014, GCSD has treated raw wastewater from the Northern Plant.

Currently, the SRSZ Northern Plant pumps a daily average of 47,039 gpd to the GCSD WWTP, which accounts for approximately 60 percent of the overall effluent flowing through GCSD.

3.2.4.3.3.1 Gualala Point Regional Park

As previously stated, the District provides pumping services to the Gualala Point Regional Park. In 2015, the District purchased a new truck to service the parks. No other updates regarding this service were provided.

3.2.4.4 NEEDS AND DEFICIENCIES

The 2023 Rate Study identified that the condition of the existing infrastructure facilities required immediate attention, due to both age and system-wide deterioration and condition. More specifically, the General Manager noted that some collection system components were exposed to the elements within Service Zones 1 and 2 and are beyond their useful life or are corroded due to the above average moisture in the air; components include the lift station pump control panels, lift station discharge piping, relief valves, check valves, and gate vales.

As previously noted, the District has applied for a \$10.7 million grant through the SWRCB which is still under review as of April 2024. If awarded, the grant funds would be applied to the infrastructure needs identified in Table 3-1.

3.3 Determinations

This section presents the required MSR determinations pursuant to California Government Code §56430(a) for the Gualala Community Services District.

3.3.1 MSR Review Factors

3.3.1.1 GROWTH

Growth and population projections for the affected area

1. The estimated number of residents served within Zones 1 and 2 is approximately 816, based on the number of residential connections and average household size in the County and based upon information provided by the District.
2. The population growth within Mendocino County was approximately an average of 1.1 percent annually between 2000 and 2010.
3. The District anticipates limited population growth in the future within Zones 1 and 2 due to a moratorium on new potable water connections from NGWC, which constrains new development.
4. A significant increase in the capacity to collect and treat wastewater for the system would be required to expand service provision to Zones 3 and 4. GCSD does have a sewer feasibility study that analyzes and provides options for future expansion of service to Zones 3 and 4.

3.3.1.2 DISADVANTAGED UNINCORPORATED COMMUNITIES

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

5. The District serves the unincorporated town of Gualala. Because the community of Gualala is not a Census Designated Place (CDP), the MHI of its residents is assumed to approximate the County MHI of \$56,378. The MHI for Gualala is less than 80 percent (71 percent) of the statewide MHI of \$78,672 and is therefore considered to be a DUC. The residents of Gualala are receiving adequate essential municipal services of fire, water, and wastewater for the area. While these areas currently don't lack public services they would benefit from upgraded systems.

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

6. The GCSD was established in 1986 to provide wastewater/sewage treatment service.
7. Mendocino County Board of Supervisor Resolution 86-175 also indicates the District can provide storm water services; however, the District has never activated this service through LAFCo.
8. GCSD consists of a total of four service zones (Zones 1, 2, 3, and 4) within its boundaries.
9. Currently, only Zones 1 and 2 are being serviced consisting of 353 parcels along the State Highway 1 corridor. Each parcel in Service Zones 1 and 2 has its own interceptor tank.
10. All new development within Service Zones 1 and 2 must connect to the wastewater treatment system.
11. The GCSD treatment facility is located outside the District's boundaries, south of the Gualala River in Sonoma County.

12. The GCSO WWTP has a design capacity of 131,000 gpd. The current daily average of 77,500 gpd represents 59 percent of the original design capacity (131,000 gpd). The District has sufficient capacity to serve existing connections, including the outside agency service agreements for the Gualala Point Regional Park and the Sea Ranch Sanitation Zone.
13. The outside agency services Tri-Party Agreement with Sonoma Water Agency and the Sea Ranch Golf Links has been in place since 1991. In November 2023, the Sonoma County Supervisors approved a negotiated new rate of \$13.28 per 1,000 gallons (a 56 percent increase) that went into effect beginning January 1, 2024. The District is also in negotiations with the Sea Ranch Golf Links to increase rates for tertiary treatment of wastewater for use of reclaimed water on the golf course.
14. The existing outside agency service agreement with Sonoma County to serve the Gualala Point Regional Park remains current.
15. The 2023 Rate Study identified numerous improvements to the collection system and WWTP necessary to maintain adequate service. The District is actively seeking State Revolving Fund grant funding to address the issues.
16. Expansion of wastewater collection, treatment, and disposal service into Zones 3 and 4 would require significant infrastructure upgrades to the system capacity, in addition to new collection infrastructure. These upgrades have been studied in detail by the District in their 2003 Sewer Feasibility Study. No expansion is planned at this time.

3.3.1.4 FINANCIAL ABILITY OF AGENCY

Financial ability of agencies to provide services

15. The GCSO is funded primarily through service charges and sewer fees.
16. The implementation of the 28 percent rate increase scheduled over the next 5 years will support the District's financial stability.
17. The District's Sewer System Management Plan describes their approach to addressing long-term capital improvement needs. Essentially, new development proposals will need to pay for required improvements to the system's capacity.
18. Expansion of service into Zones 3 and 4 has been extensively studied by GCSO. Paying for the upgrades in infrastructure that would be needed to achieve this expansion is a concern to the District and residents. Potential sources of funding have been identified, including property assessments, bonds, and grants. However, a detailed financing plan has not yet been completed, partly due to preferences by local property owners to retain their existing septic systems.
19. Rates should continue to be reviewed and adjusted as necessary to fund District costs and provide for capital improvements as needed.

3.3.1.5 SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities

20. The GCSO does not presently practice wastewater facility sharing; however, it does maintain a Tri-Party Agreement with Sonoma Water Agency and Sonoma County's CSA 6 (Sea Ranch Sanitation Zone) to provide treatment of wastewater from the SRSZ Northern Plant and to dispose of treated wastewater at the Sea Ranch Golf Links.
21. The District provides outside agency services to Gualala Point Regional Park as part of a service agreement with Sonoma County.

22. The District has a contract with Mendocino County Water Works District #2 (MCWD2) to provide management, operations, and administrative support, and shares office space under an agreement with MCWD2.
23. Based on the current contractual arrangement between GCSD and MCWD2 to provide essential services to MCWD2, the District could consider expanding the services offered to MCWD2 where possible and discuss consolidation options.
24. No other opportunities for shared facilities have been identified at this time.

3.3.1.6 ACCOUNTABILITY, STRUCTURE AND OPERATIONAL EFFICIENCIES

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

22. GCSD demonstrated accountability through its prompt disclosure of information requested by LAFCo for preparation of this MSR.
23. Board meetings are publicly noticed and comply with the Brown Act. Meetings are on the fourth Thursday of each month.
24. The District maintains a website with recent meeting information and information; however, some compliance components appear to be missing. It is recommended that the District continue to build their website to achieve compliance with SB 929. A website compliance handout is included in Appendix C.
25. The District practices cost reduction through careful purchasing and bidding processes that are guided by policies adopted by the District Board.
26. In the short-term, no additional cost avoidance opportunities have been identified at this time.
27. No boundary changes are pending or proposed at this time.
28. The GCSD follows standard accounting procedures.
29. All Board Members have access to GCSD data, records and information.
30. The District does not currently have a strategic plan that outlines its mission statement, vision statement, and goals and objectives. Developing a strategic plan could help the District improve upon planning efforts, accountability and transparency.
31. The District does not currently participate on the Gualala River Watershed Council. Participate in the Council could be beneficial in increasing District outreach and collaboration within the community, and could also provide opportunities for advance notice on upcoming grant opportunities and other opportunities for community collaborations.

4 SPHERE OF INFLUENCE

LAFCo prepares a Municipal Service Review (MSR) prior to or in conjunction with the Sphere of Influence (SOI) Update process. An SOI Update considers whether a change to the SOI, or probable future boundary, of a local government agency is warranted to plan the logical and orderly development of that agency in a manner that supports 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 G.C. §56425(e).

4.1 Mendocino LAFCo Policies

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

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

10.1.1 Legislative Authority and Intent

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

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

10.1.2 Definitions

The Commission incorporates the following definitions:

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

10.1.3 Sphere Updates

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

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

10.1.4 Reduced Spheres

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

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

10.1.5 Zero Spheres

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

10.1.6 Service Specific Spheres

If territory within the proposed sphere boundary of a local agency does not need all 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 (G.G. §56375.5). However, territory within an agency's sphere will not necessarily be annexed. A sphere

is only one of several factors that are considered by LAFCo when evaluating changes of organization or reorganization.

10.1.9 Islands or Corridors

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

10.1.10 Overlapping Spheres

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

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

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

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

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

10.1.12 Areas of Interest

LAFCo may, at its discretion, designate a geographic area beyond the sphere of influence as an Area of Interest 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 Gualala CSD's SOI was originally established in 1986 as part of the District's formation and was last updated by LAFCo in 2016. In 2016, the SOI was expanded to include the Gualala Point Regional Park, which is located in Sonoma County and has been served by the GCSD since 1992.

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.

4.2.1.1 MENDOCINO COUNTY WATERWORKS DISTRICT NO. 2 – ANCHOR BAY

The District has been party to a contract with MCWD2 since early 2023 to provide management and operations of that agency's wastewater facilities. The MCWD2 provides wastewater treatment services to approximately 80 customers, some of whom have multiple connections. Their service area includes the unincorporated community of Anchor Bay with approximately 68 residences, the Anchor Bay Campground, and a small commercial area straddling State Highway 1. There are several customers who own more than one EDU; therefore, the actual number of treatment connections is closer to 100.

Under the agreement with MCWD2, the District provides operations and administrative services. The MCWD2 Board President has stated that the contract with GCSD has enabled the District to address long-deferred infrastructure and management issues that would have otherwise threatened the District's ability to provide adequate wastewater services. The potential for consolidation of the agencies has been

broached by staff and individual members of the boards; however, no formal discussions have taken place as of yet.

District staff state that the WWTP has sufficient capacity to serve the MCWD2 customers should consolidation or regionalization be pursued.

4.2.1.2 UNSEWERED AREAS AND PROPOSED ZONE 5

Unsewered areas within GCSO Zones 3 and 4, as well as outside boundary areas located along Old State Road and Ocean Ridge Drive have been experiencing septic system failures. These areas were identified in the 2022 *SWRCB Grant Funded Wastewater Planning Project Engineering Report* prepared by MC Engineering as proposed Zone 5. The need for future service of unsewered development in Zones 3, 4, & 5 is critical to remove the possibility of groundwater and surface water pollution by upgrading/replacing the current septic tanks into interceptor tanks. This would facilitate the treatment and disposal to the unsewered portions of the community which is experiencing a health risk and water pollution problems due to the failures of on-site septic systems. (MC Engineering, 2022B) (See Figure 4-1)

The District is pursuing grant funding to implement WWTP and collection system improvements that will increase capacity sufficient to serve these unsewered areas. The Engineering Report identified specific infrastructure needs and preliminary mapping of the proposed Zone 5 and unsewered areas of Zones 3 and 4 (Figure 4-1).

4.2.1.3 THE SEA RANCH

The Sea Ranch is a planned community consisting of approximately 2,200 homes and undeveloped lots governed by a homeowner's association (HOA) and a board of directors. The Sea Ranch located in Sonoma County and within County Service Area 6, which is operated by Sonoma Water Agency, for sewer services. GCSO is party to the Tri-Party Agreement between Sonoma Water Agency and Sonoma Water Agency's Sea Ranch Sanitation Zone since 1991, with amendments in 2016 and rate adjustments in 2023. The Sea Ranch Association operates two wastewater collection and treatment facilities, one of which (the Northern Plant) acts as a pumping station to send collected raw wastewater to the GCSO WWTP for treatment. The GCSO sells its tertiary treated water to The Sea Ranch Golf Links for irrigation purposes. See Section 3.1.5.1 for more information.

As such, the District has substantial economic and service ties with the master planned community known as [the Sea Ranch](#). Although the community is located south of the District in Sonoma County, it is directly adjacent to the GCSO.

It is noted that the Sea Ranch Association (SRA) is currently in ongoing discussions with the SWA, which oversees CSA 6, regarding upgrading the two treatment facilities located within The Sea Ranch to SWA and transferring services to SWA.

4.2.1.4 RECREATION SERVICES

There has been expressed interest (particularly through the GMAC) in the creation of a special district in the south coast area (including Gualala, Anchor Bay and north to Manchester) focused on the provision of recreation services for the region. Rather than creation of a new district, it is often a more logical and efficient route to consider expanding service powers of existing special districts. The CSD principal act allows for provision of recreation services upon activation of that latent power should the District and

south coast community wish to pursue recreation services. There have been no formal proposals at this time.

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.

It is recommended the Commission establish AOIs, as follows (See Figure 4-1):

1. The MCWD2 (Anchor Bay) service area, acknowledging the potential for consolidation of services; and
2. GCSD's proposed Zone 5, indicating the District's interest in future annexation and service to this area once necessary capacity upgrades are implemented and that it will likely occur outside the planning horizon of this study.

4.3 Proposed Sphere of Influence

The District has expressed interest in expanding its SOI north to include the MCWD2 serving Anchor Bay, and northeast to include proposed Zone 5 along Old Stage Road and Ocean View Drive.

Since 2023, the GCSD has had a contract with MCWD2 to provide management, operations and administrative services to the MCWD2. GCSD also shares office space with MCWD2. The MCWD2 is located approximately three miles north of the current GCSD boundaries. There has been interest expressed by staff and individual board members from both districts in studying a potential consolidation of the two agencies, or alternatively, a regionalization of wastewater services.

Although an initial planning study has been prepared, until significant infrastructure and WWTP upgrades have been funded and implemented, the expansion remains conceptual and an expansion of the SOI to cover these areas would be premature.

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 (refer to Section 4.1 for the specific SOI policies).

4.5 Determinations

In determining the Sphere of Influence (SOI) for an agency, LAFCo must consider and prepare written determinations with respect to five factors as outlined in Government §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 2.4.4. The entirety of the District service area is located around the community of Gualala in coastal unincorporated Mendocino County. The primary uses of the coastal zone are rural residential uses and small commercial areas, many of which are specific to the town of Gualala (i.e. Gualala Village Mixed Use and Gualala Planned Development, etc.) and described in the County's Gualala Town Plan. Agricultural uses also exist within the area (Timberland Production and Forest Land). The outside agency service area of Gualala Point Regional Park, which is located in Sonoma County, is generally considered open space, but services provided are for recreational public facilities and therefore are also consistent with LAFCo policy. The Gualala Town Plan includes land use policies that support new residential and commercial development in the area. However, water conservation efforts mandated by the California Utilities Commission since September of 2014 have severely limited development in the area. Furthermore, 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 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 the area

Within the GCSO service area, the District provides wastewater treatment services to approximately 416 billable units on a total of 369 parcels within Service Zones 1 and 2 (252 residential homes, 2 mobile home parks with 78 residential units, 141 commercial uses, and a handful of mixed use residences [commercial and residential]). Given the current water service moratorium and anticipated low growth rate, the need for services presently provided by the District are expected to remain fairly consistent with only a slight increase in the foreseeable future. More notably, as described in Section 2.5.3, the North Gualala Water Company (NCWC) currently has a water moratorium in place that prohibits new connections for potable water. Until that moratorium is lifted, no new building permits will be issued. The US Census's projected population decline of 2.7 percent throughout the County suggests that buildout of the residential parcels will likely not occur until well beyond the planning horizon of this document.

The outside agency service area of Gualala Point Regional Park is expected to continue to require service and services may expand as Sonoma County improves its visitor amenities.

The outside agency services provided to the Sea Ranch Sanitation Zone may become unnecessary in the near future, as the SWA and SRSZ explore options for providing services independently.

With development of the 2022 *SWRCB Grant Funded Wastewater Planning Project Engineering Report*, numerous failed or failing septic systems were identified in GCSD Service Zones 3 and 4, as well as within an area identified as proposed Zone 5. Zones 3 and 4 are within the GCSD boundaries but do not currently receive wastewater services; proposed Zone 5 is located adjacent to the northeastern boundary of the District along Old Stage Road and Ocean View Drive. Serving these areas will require infrastructure installation and WWTP upgrades to increase capacity, and, in the case of proposed Zone 5, annexation into District.

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

The current design capacity of the WWTP is 131,000 gpd. The District's WWTP serves approximately 416 billable units on a total of 369 parcels within Service Zones 1 and 2. District facilities include four effluent storage ponds with a combined capacity of 28.4 million gallons; it has been noted that capacity of the ponds is insufficient during periods of above average precipitation. The District has experienced only a few noted violations; five since July 2005 with the most recent taking place in September 2022. The District's infrastructure is in need of extensive repairs in order to continue providing adequate service to its existing customers. The District applied for State grant funding totaling \$10.7 million to help cover the costs of the needed improvements; this grant is currently still under review for approval.

In 2022, MC Engineering prepared the *SWRCB Grant Funded Wastewater Planning Project Engineering Report*, which the District is using to pursue grant funding to implement. The District has submitted an application for SWRCB DAC Program grant funding amounting to approximately \$10.7 million to implement the improvements and upgrades to its collection system and WWTP in order to increase capacity to serve Zones 3 and 4, as well as proposed Zone 5.

There have been initial conversations regarding potential consolidation or regionalization of services with MCWD2, which is located several miles north of the District. The GCSD currently provides management, operations and administration services under contract with MCWD2, which has, until recently, been run primarily by board members. Should the GCSD consolidate with the MCWD2, or regionalize services, a robust plan for services would be developed, including a financial analysis and plan for providing the services to the Anchor Bay community. Any such change of organization would require consideration and approval by LAFCo. District staff have indicated there is sufficient capacity to treat effluent from the MCWD2 customers.

Another capacity consideration relates to the current consideration by the SWA and SRSZ to assume full service provision internally. Should that occur, the GCSD WWTP would have increased capacity to provide to other service areas (i.e., Service Zones 3, 4, and proposed Zone 5).

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 has substantial economic and service ties with the community of Sea Ranch immediately south of the District. The Sea Ranch is located in the Sea Ranch Sanitation Zone (SRSZ), which is owned by the SWA and who is one of the parties to the Tri-Party Agreement with GCSD and Sonoma County. The Tri-Party Agreement has been in place since 1991, was updated in 2016, and again in 2023 to establish new rates that reflect a 56 percent increase and take effect as of January 1, 2024; this increase should have a substantial impact on the District's revenues. Given that the District treats a significant amount of the wastewater generated from the SRSZ, any changes that may affect the Sea Ranch will likely have an impact on the District.

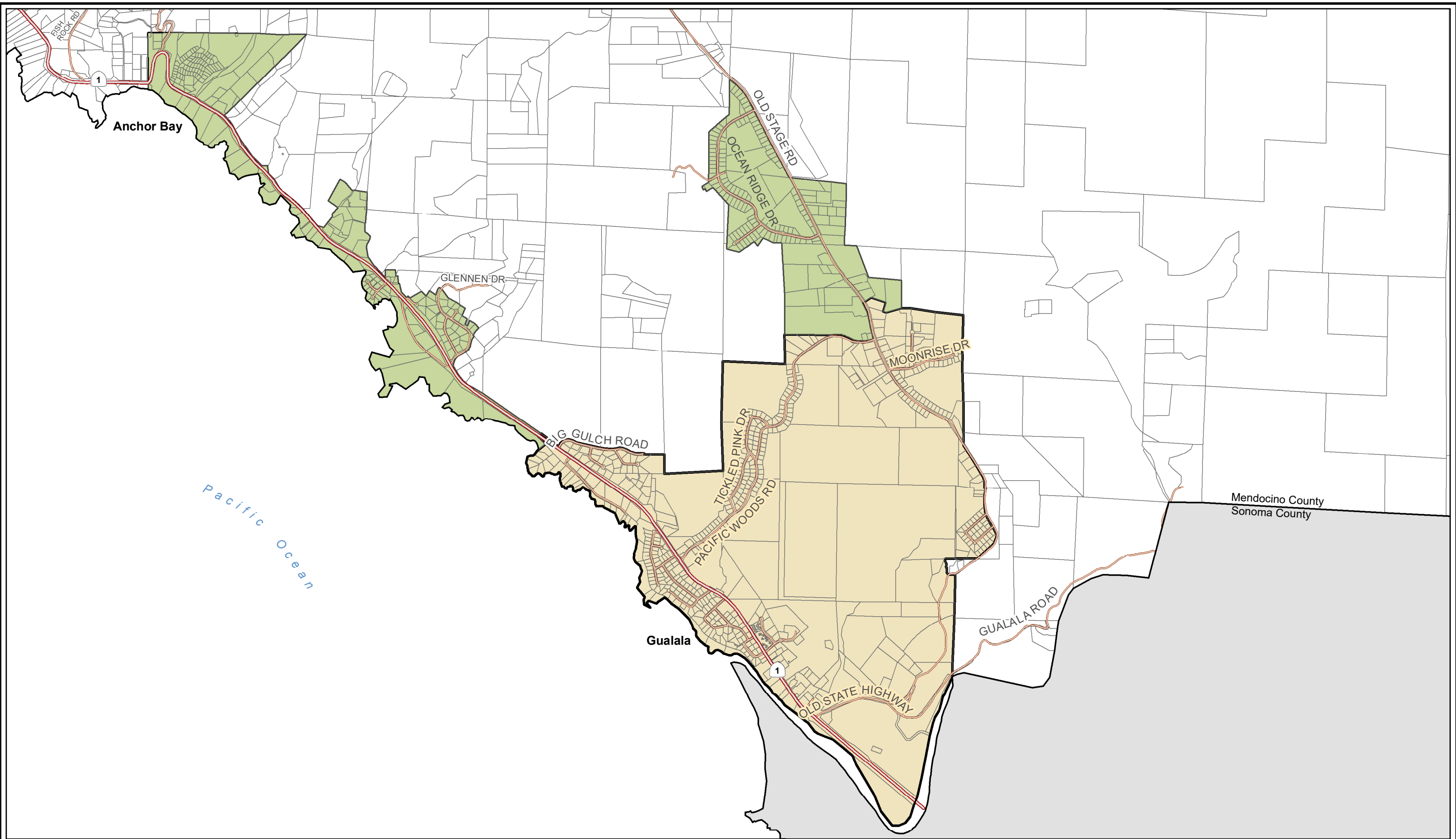
4.5.5 The present and probable need for public facilities and services of any disadvantaged unincorporated communities

The District serves the unincorporated town of Gualala. Because the community of Gualala is not a Census Designated Place (CDP), the MHI of its residents is assumed to approximate the County MHI of \$56,378. The MHI for Gualala is less than 80 percent (71 percent) of the statewide MHI of \$78,672 and is therefore considered to be a DUC. The residents of Gualala are receiving adequate essential municipal services of fire, water, and wastewater for the area. While these areas currently don't lack public services they would benefit from upgraded systems

4.6 Recommendation

Pursuant to The Community Services District Law (California Government Code §61100), the Commission does hereby establish the functions and classes of services provided by the Gualala Community Services District as limited to wastewater collection and treatment.

Based upon the information contained in this report and the expressed interest of the GCSD, it is recommended that the 2014 Gualala Community Services District Area SOI be affirmed with no changes. Further, it is recommended that two AOIs be established: (1) the MCWD2 boundaries, serving the Anchor Bay community; and (2) the proposed Zone 5, located adjacent to the northeast boundary of the District along Old Stage Road and Ocean View Drive. (Figure 4-2)



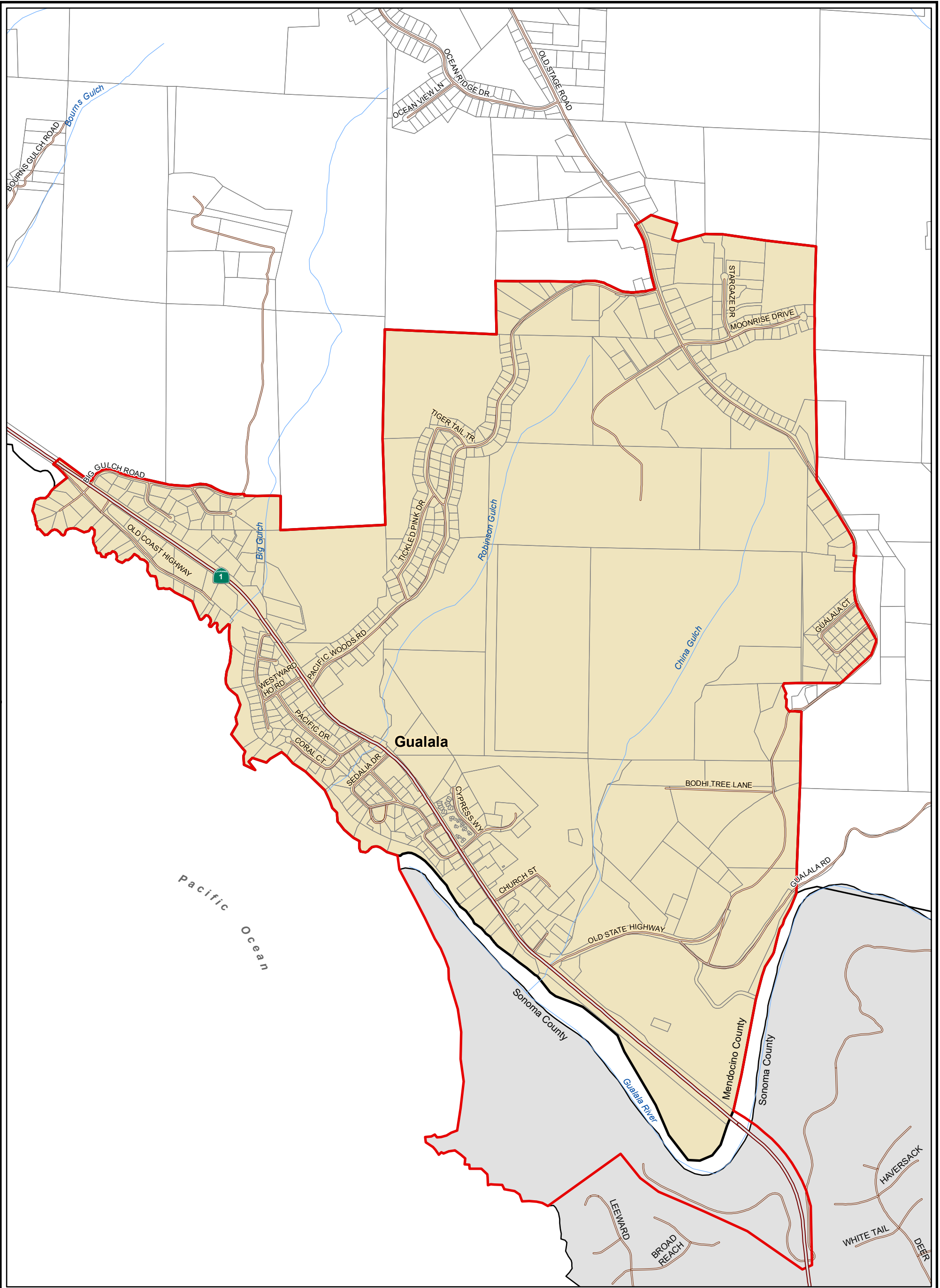
Gualala Community Services District Area of Interest

Source: This map was prepared by the Information Services Division GIS Program, May 24, 2024.
 Note: This map is not a survey product.

- Gualala Community Services District
- Area of Interest
- Parcels
- Highways
- Roads

Figure 4-1: GCS Proposed Areas of Interest

1,000 500 0 1,000
 Feet



Gualala Community Services District

Source: This map was prepared by the Mendocino County Division of Information Services GIS Program, June 7, 2023.

Note: This map is not a survey product.

- Gualala Community Services District
- Sphere of Influence
- Parcels
- Highways
- Roads
- Streams

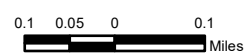


Figure 4-1: GCSD Proposed Sphere of Influence

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6 ACRONYMS

ADU	Accessory Dwelling Unit
ACS	American Community Survey
AF	Acre-feet
BOS	Board of Supervisors
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CIP	Capital Improvement Plan
CIR	Capital Indirect Rate
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CPA	Certified Public Accountant
CSA	County Service Area
CSD	Community Services District
CWA	Clean Water Act
DUC	Disadvantaged Unincorporated Community
DWR	Department of Water Resources
EDU	Equivalent Dwelling Units
FY	Fiscal Year
FTE	Full Time Equivalent
GCSD	Gualala Community Services District
GDP	Gallons per day
GHG	Greenhouse Gases
GMAC	Gualala Municipal Advisory Council
GPM	Gallons per minute
GTP	Gualala Town Plan
HOA	Homeowners Association
I&I	Infiltration and inflow
JPA	Joint Powers Authority
LAFCo	Local Agency Formation Commission
MCOG	Mendocino Council of Governments
MCWD2	Mendocino County Waterworks District No. 2
MG	Million gallons
MGD	Million gallons per day
MHI	Median Household Income
MPO	Metropolitan Planning Organization
MSR	Municipal Service Review
MWCP	Mandatory Water Conservation Program
NGWC	North Gualala Water Company
PCH	Pacific Coast Highway
RHNA	Regional Housing Needs Allocation
ROWD	Report of Waste Discharge
RTP	Regional Transportation Plan
RWQCB	Regional Water Quality Control Board
SB	Senate Bill
SDUC	Severely Disadvantaged Unincorporated Community
SDRMA	Special District Risk Management Association
SOI	Sphere of Influence

SOP	Standard Operating Procedures
SRF	State Revolving Fund
SRGL	Sea Ranch Golf Links
SRSZ	Sea Ranch Sanitation Zone
SSMP	Sewer System Management Plan
SSO	Sanitary Sewer Overflows
STEP	Septic Tank Effluent Pumping
SWA	Sonoma Water Agency
SWRCB	State Water Resources Control Board
WDR	Water Discharge Requirements
WWTP	Wastewater Treatment Plant

7 ACKNOWLEDGEMENTS

7.1 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
 Spencer Richard, Analyst

7.2 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.

Gualala Community Services District	Chris Troyan, General Manager Geraldine LiaBraaten, Administrator
South Fork Consulting, LLC	Amanda Ross, Principal

8 APPENDICES

8.1 Appendix A - Community Services District Law (California Government Code §61100 Latent Powers)

- a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, [Division 20 \(commencing with Section 71000\) of the Water Code](#). In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, [Division 6 \(commencing with Section 6400\) of the Health and Safety Code](#). In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- c) Collect, transfer, and dispose of solid waste, and provide solid waste handling services, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with [Section 41821.2 of the Public Resources Code](#).
- d) Provide fire protection services, rescue services, hazardous material emergency response services, and ambulance services in the same manner as a fire protection district, formed pursuant to the Fire Protection District Law, Part 2.7 (commencing with [Section 13800](#)) of Division 12 of the Health and Safety Code.
- e) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with [Section 5780](#)) of Division 5 of the Public Resources Code.
- f) Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with [Section 5780](#)) of Division 5 of the Public Resources Code.
- g) Acquire, construct, improve, maintain, and operate street lighting and landscaping on public property, public rights-of-way, and public easements.
- h) Provide for the surveillance, prevention, abatement, and control of vectors and vectorborne diseases in the same manner as a mosquito abatement and vector control district formed pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with [Section 2000](#)) of Division 3 of the Health and Safety Code.
- i) Provide police protection and law enforcement services by establishing and operating a police department that employs peace officers pursuant to Chapter 4.5 (commencing with [Section 830 of Title 3 of Part 2 of the Penal Code](#)).
- j) Provide security services, including, but not limited to, burglar and fire alarm services, to protect lives and property.
- k) Provide library services, in the same manner as a library district formed pursuant to either Chapter 8 (commencing with [Section 19400](#)) or Chapter 9 (commencing with [Section 19600](#)) of Part 11 of the Education Code.
- l) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct,

improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.

- m) Convert existing overhead electric and communications facilities, with the consent of the public agency or public utility that owns the facilities, to underground locations pursuant to Chapter 28 (commencing with [Section 5896.1\) of Part 3 of Division 7 of the Streets and Highways Code](#).
- n) Provide emergency medical services pursuant to the Emergency Medical Services System and the Prehospital Emergency Medical Care Personnel Act, Division 2.5 (commencing with [Section 1797\) of the Health and Safety Code](#).
- o) Provide and maintain public airports and landing places for aerial traffic, in the same manner as an airport district formed pursuant to the California Airport District Act, Part 2 (commencing with [Section 22001\) of Division 9 of the Public Utilities Code](#).
- p) Provide transportation services.
- q) Abate graffiti.
- r) Plan, design, construct, improve, maintain, and operate flood protection facilities. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within the boundaries of another special district that provides those facilities unless the other special district gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities in unincorporated territory unless the board of supervisors gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within a city unless the city council gives its written consent.
- s) Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.
- t) Abate weeds and rubbish pursuant to [Part 5 \(commencing Section 14875\) of the Health and Safety Code](#). For that purpose, the board of directors shall be deemed to be a “board of supervisors” and district employees shall be deemed to be the “persons” designated by [Section 14890 of the Health and Safety Code](#).
- u) Acquire, construct, improve, maintain, and operate hydroelectric power generating facilities and transmission lines, consistent with the district's water supply and wastewater operations. The power generated shall be used for district purposes, or sold to a public utility or another public agency that generates, uses, or sells electrical power. A district shall not acquire hydroelectric power generating facilities unless the facilities' owner agrees.
- v) Acquire, construct, improve, maintain, and operate television translator facilities.
- w) Remove snow from public streets, roads, easements, and rights-of-way. A district may remove snow from public streets, roads, easements, and rights-of-way owned by another public agency, only with the written consent of that other public agency.
- x) Provide animal control services pursuant to [Section 30501 of the Food and Agricultural Code](#). Whenever the term “board of supervisors,” “county,” “county clerk,” or “animal control officer” is used in Division 14 (commencing with [Section 30501\) of the Food and Agricultural Code](#), those terms shall also be deemed to include the board of directors of a district, a district, the general manager of the district, or the animal control officer of a district, respectively. A district shall not provide animal control services in unincorporated territory unless the county board of supervisors gives its written consent. A district shall not provide animal control services within a city unless the city council gives its written consent.

- y) Control, abate, and eradicate pests, in the same manner as a pest abatement district, formed pursuant to Chapter 8 (commencing with [Section 2800](#)) of Division 3 of the Health and Safety Code. A district's program to control, abate, or eradicate local pine bark beetle infestations shall be consistent with any required plan or program approved by the Department of Forestry and Fire Protection.
- z) Construct, maintain, and operate mailboxes on a district's property or rights-of-way.
 - aa) Provide mail delivery service under contract to the United States Postal Service.
 - bb) Own, operate, improve, and maintain cemeteries and provide interment services, in the same manner as a public cemetery district, formed pursuant to the Public Cemetery District Law, [Part 4 \(commencing with Section 9000\)](#) of Division 8 of the Health and Safety Code.
 - cc) Finance the operations of area planning commissions formed pursuant to [Section 65101](#).
 - dd) Finance the operations of municipal advisory councils formed pursuant to [Section 31010](#).
 - ee) Acquire, own, improve, maintain, and operate land within or without the district for habitat mitigation or other environmental protection purposes to mitigate the effects of projects undertaken by the district.
 - ff) Construct, own, improve, maintain, and operate broadband facilities and provide broadband services. For purposes of this section, broadband has the same meaning as in [subdivision \(a\) of Section 5830 of the Public Utilities Code](#). A district shall comply with Article 12 (commencing with [Section 53167](#)) of Chapter 1 of Part 1 of Division 2 of Title 5 when providing broadband services pursuant to this subdivision. If the district later determines that a private person or entity is ready, willing, and able to acquire, construct, improve, maintain, and operate broadband facilities and to provide broadband services, and to sell those services at a comparable cost and quality of service as provided by the district, the district may do one of the following:
 - a. Diligently transfer its title, ownership, maintenance, control, and operation of those broadband facilities and services at a fair market value to that private person or entity.
 - b. Lease the operation of those broadband facilities at a fair market value to that private person or entity.

8.2 Appendix B - Open Government Resources

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

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

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

8.3 [Appendix C – Website Compliance Handout](#)

8.4 Appendix D – 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 Anchor Bay 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 Pacific Reefs), 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 6TH, 2023 by the Board of Supervisors) suggests that despite strict development regulations in some places, ADUs are certainly a factor in local housing development trends. Out of the 143 housing development applications received in the 2022 reporting year, 38 were for ADUs; in 2021 a total of 102 housing development applications were received, of which 35 were for ADUs. This small number of ADUs compared to single-family home applications suggests that there could continue to be some limited development of ADUs throughout the unincorporated areas of the County. This kind of development could very slightly increase demand for wastewater services provided by MCWD2 in Anchor Bay. 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 8-1: 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 Anchor Bay, the State continues to push for more housing across the state including in communities located on the coast such as Anchor Bay. 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 Anchor Bay, 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.

8.5 Appendix E – District Financial Audits

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: June 3, 2024
TO: Mendocino Local Agency Formation Commission
FROM: Uma Hinman, Executive Officer
SUBJECT: **Proposed Amendment to Policy 12.2 Outside Agency Services**

RECOMMENDATION

The Commission will consider the Policies & Procedures Committee’s recommendation for the proposed policy amendment and adoption of Resolution No. 2023-24-08 approving the amendment to Policy 12.2 for Outside Agency Services.

BACKGROUND

The Commission may authorize a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary, but within its sphere of influence, in anticipation of a later change of organization (e.g., annexation), or in response to an existing or impending threat to health or safety pursuant to Government Code (GOV) Section (§) [56133](#). This State law is further refined by existing local Policy 12.2 Extension of Services by Contract.

[Mendocino LAFCo Policies](#) were comprehensively updated in early 2016 under prior contract staff and warrant updating to modernize and address opportunities for improvement. The Fiscal Year 2023-24 Budget includes funding for policy development and amendment efforts.

In preparing the proposed policy amendment, LAFCo staff reviewed example policies from other LAFCOs. At the November 6, 2023 Policies & Procedures Committee meeting, staff was directed to simplify the policy name and conduct additional agency outreach, which resulted in the formation of a small Focus Group and holding a Public Workshop with notice provided to all cities and special districts. Below is a summary of all meetings held related to the proposed policy amendment.

1. November 6, 2023 Policies and Procedures Committee meeting
2. November 16, 2023 Focus Group Meeting
3. February 27, 2024 Focus Group Meeting
4. March 11, 2024 Policies and Procedures Committee meeting (Public Workshop)
5. May 1, 2024 Focus Group Meeting
6. May 17, 2024 Policies and Procedures Committee meeting

LAFCo staff received positive feedback regarding policy revisions made after the March meeting that allow for flexibility and focus on collaboration; no further changes have been requested or made to date. On May 17, 2024, the Policies & Procedures Committee recommended that the Commission consider approval of the proposed amendment to Policy 12.2 Outside Agency Services.

Attachment: Draft Resolution No. 2023-24-08 Outside Agency Services Policy Amendment

Resolution No. 2023-24-08
of the Mendocino Local Agency Formation Commission

Approving the
Amendment to Policy 12.2 for Outside Agency Services

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

WHEREAS, the Commission allocated funding for policy development and amendment efforts to modernize and address opportunities for improvement in the Fiscal Year 2023-24 Budget; and

WHEREAS, the Policies & Procedures Committee held public meetings on the proposed policy amendment on November 6, 2023, March 11, 2024, and May 17, 2024, and at those meetings, the Committee considered the report of the Executive Officer and all oral and written comments with respect to the proposed policy amendment, and recommended the policy amendment to the Commission, and

WHEREAS, the Commission held a public meeting on June 3, 2024, and at that meeting the Commission considered the recommendation of the Policies & Procedures Committee, the report of the Executive Officer, and all oral and written comments with respect to the proposed policy amendment.

NOW, THEREFORE, the Local Agency Formation Commission of the County of Mendocino DOES HEREBY RESOLVE, DETERMINE and ORDER the adoption of an amendment to Policy 12.2 for “Outside Agency Services”, as set forth in Exhibit A, attached hereto and incorporated herein by reference.

BE IT FURTHER RESOLVED that the Mendocino LAFCo Policies & Procedures Manual be updated accordingly.

PASSED and ADOPTED by the Mendocino Local Agency Formation Commission this 3rd day of June 2024 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

MAUREEN MULHEREN, Commission Chair

ATTEST:

UMA HINMAN, Executive Officer

Mendocino LAFCo Policy Amendment

12.2 OUTSIDE AGENCY SERVICES

12.2.1 COMMISSION APPROVAL REQUIRED

A city or district, individually or as a member agency of a joint powers authority (JPA), shall not provide new or extended services to any party or property outside its jurisdictional boundaries unless it has obtained written approval from LAFCo, consistent with the CKH Act (G.C. §56133) and the policies described herein.

LAFCo prefers that this type of application be made by the local agency; however, if the city or district has declined to serve as the applicant, the affected landowner(s) may submit the application based on current (e.g. within 3 months) written proof from the local agency confirming both willingness and capacity to serve (e.g. will serve letter) the affected territory.

12.2.2 REQUIREMENT FOR EXEMPTIONS TO COMMISSION APPROVAL

Commission approval may not be required for cities or special districts to provide new or extended services outside their jurisdictional boundaries in accordance with the provisions of G.C. §56133(e).

Agency self-exemption under G.C. §56133(e) is not recommended due to the complexity involved and the potential for a difficult and/or costly process to unwind unauthorized services. Outside agency services may be allowed to address unique circumstances and are not intended to circumvent the LAFCo process by providing services by contract instead of through the annexation of territory. Agency self-determinations of exemption can lead to a communication breakdown and can prevent LAFCo from effectively fulfilling its mandates, such as conducting meaningful studies.

LAFCo strongly encourages advance notice and coordination with agencies in determining whether specific situations are exempted by G.C. §56133(e) to support LAFCo in efficiently performing its functions and to support agencies in providing valid outside agency services.

For outside agency services that a city or district was providing on or before January 1, 2001 under G.C. §56133(e)(4), LAFCo encourages the city or district to request an Annexation Consent Agreement from each landowner, unless it is not logical and orderly for the city or district to ever annex the subject property or area.

12.2.3 DEFINITIONS

Services – any municipal services provided by a city or special district.

Outside Agency Services – municipal services provided outside the jurisdictional boundary of a local government agency (city or special district) by contract or agreement.

New – the provision of municipal services to a previously unserved property or use.

Extended – the expansion or intensification of municipal services currently provided to a property or use.

Exhibit A

In anticipation of a later change of organization – a reliable commitment from the serving agency and/or landowner(s) that outside agency services will become inside agency services within a near-term timeframe or based on a foreseeable event or change in circumstance.

An existing threat to health or safety – the non-functioning or failure of existing private utilities (e.g. on-site septic system or well), which cannot be readily remedied, and have resulted in a health hazard from inadequately treated wastewater or the loss of access to safe and reliable drinking water. The lack of fire protection and/or emergency medical services to existing development may also qualify as an existing safety threat.

An impending threat to health or safety – the stage before an existing threat to health or safety in which there is a known and measurable high risk that will result in a threat to health or safety (e.g. within 6 months).

12.2.4 NEW OR EXTENDED SERVICES

Annexation to cities and special districts involving territory located within the affected agency's sphere of influence (SOI) is preferred to providing outside agency services by contract or agreement, in support of logical and orderly growth and development. The Commission recognizes, however, that there may be special circumstances that justify approval of outside agency services by contract or agreement prior to annexation.

Such special circumstances most frequently involve the need for municipal services to address an existing threat to health or safety. A properly documented threat to health or safety for consideration in those cases is strongly encouraged, regardless of whether located within or outside the agency's SOI.

In reviewing requests for outside agency services, LAFCo will apply the same general substantive policies as for annexation proposals. The following will be addressed in the Executive Officer's written report:

- 1) The ability of the agency to provide the subject service(s) to the affected territory, without detracting from current service levels.
- 2) Documentation with substantial evidence to support a finding by the Commission of an existing or impending threat to the health or safety of the public or the affected residents.
- 3) Consistency with the policies and general plans of all affected local agencies.
- 4) Effect on growth and development within and adjacent to the affected territory.
- 5) Potential impacts on prime agricultural or open space lands.
- 6) Consistency with the Commission's adopted municipal service review determinations and recommendations.
- 7) The applicant's statement, with specificity, of the nature and timing of the anticipated later change of organization for the affected territory.

12.2.4.1 Within SOI

The Commission strongly discourages the use of outside agency services for the purpose of providing municipal services to new development, which can result in unintended consequences, such as inducing

Exhibit A

growth or resulting in the premature conversion of agricultural or open space lands to urban use. The Commission will approve such requests only under extraordinary circumstances and will apply strict limitations on such services.

G.C. §56133(b) authorizes the Commission to approve outside agency services “in anticipation of a later change of organization”. The standard condition for landowners to record a LAFCo Annexation Consent Agreement may not necessarily satisfy the qualification for an anticipated later change of organization. Further, the inclusion of the land to be served within the SOI of the serving agency also may not be sufficient because the SOI boundary can change over time, and placing territory within a sphere does not guarantee that annexation will occur (Policy 10.1.8). The Commission may include a condition to address this component of the CKH Act, such as requiring that an annexation application be submitted prior to, or within a specified timeframe (e.g. 1-2 years) of, the outside agency services approval.

Any outside agency services approved by the Commission prior to the date this policy is approved by the Commission shall not be subject to this policy, but the policy in effect at the time said application is approved by the Commission.

12.2.4.2 Outside SOI

The Commission recognizes the importance of promptly addressing threats to public health and safety, especially in considering outside agency services related to water and sewer services.

The Commission shall authorize a city or special district’s request to provide new or extended services outside their jurisdictional boundary and outside their SOI only in response to an existing or impending threat to the health or safety of the public or affected residents in accordance with G.C. §56133(c).

For water and sewer services, the affected agency and/or landowner(s) shall provide the Commission with documentation consistent with the public health and safety criteria for water and sewer services below.

An existing on-site sewage disposal system may be deemed a threat to the health and safety of the public or the affected residents if it meets one or more of the following criteria, as determined by Mendocino County Environmental Health or another qualified professional:

- i. There is ponding or accumulation of wastewater or septic tank effluent at or above the surface of the ground.
- ii. There is a lack of an unsaturated vertical soil separation between the bottom of a disposal field and seasonal high groundwater.
- iii. There is a failure of the disposal field or septic tank to accept, treat, and dispose of wastewater in quantities discharged by the structure served, and additional capacity cannot adequately or reasonably be developed.
- iv. Any other condition associated with the operation or use of an on-site sewage system that could permit the exposure, either directly or indirectly, of individuals or domestic animals to inadequately treated wastewater.

An existing water source used for domestic purposes may be deemed a threat to the health and safety of the public or the affected residents if it meets one or more of the following criteria, as determined by Mendocino County Environmental Health or another qualified professional:

Exhibit A

- i. The water supply is impacted by biological, chemical, or radiological constituents that cannot be adequately or reasonably treated or removed to levels deemed safe for human consumption or contact.
- ii. The quantity of the water supply is constantly or periodically inadequate (less than one gallon per minute) to meet the domestic needs for which its use is intended, and additional quantities cannot adequately or reasonably be developed.
- iii. Any other condition in which the continued use of an existing water supply could result in negative impacts to human health.

12.2.5 ADMINISTRATIVE APPROVAL UNDER URGENT CIRCUMSTANCES

The Commission authorizes the Executive Officer, in accordance with G.C. §56133(d), to administratively approve a city or special district's request for new or extended outside agency services by contract or agreement if there is an existing and urgent public health or safety emergency as identified in writing from the local public health officer and/or environmental health director, or in the case of fire services, the applicable Fire Chief. The Commission shall ratify the Executive Officer's determination at the next regularly scheduled meeting.

12.2.6 CONDITIONS OF APPROVAL

12.2.6.1 Annexation Consent Agreement

The Commission will condition the approval of all outside agency services upon a requirement that the landowner(s) sign a LAFCo agreement consenting to annexation of the territory to the public service provider, which agreement shall bind current and future owners and registered voters of the property. The standard agreement shall be prepared by LAFCo legal counsel and provided to all landowners for execution and recording. Proof of recordation of the Annexation Consent Agreement will be required before the LAFCo outside agency services approval becomes final and effective.

12.2.6.2 Expiration of LAFCo Approval

Unless specified otherwise in the Commission's resolution approving a particular outside agency services application, the Commission's approval of outside agency services shall expire within one year of approval unless the agency-landowner contract has been executed and the construction of any needed infrastructure improvements has commenced. A one-time extension may be requested by the applicant, prior to the one-year expiration date, for a period of time that is necessary to complete the Commission's conditions. If the provision of outside agency services has not commenced within three years of the Commission's approval, the approval is terminated and a new application is required.

12.2.6.3 Further LAFCo Review - Expansion or Intensification of Services

The Commission's approval of outside agency services shall be limited to the existing structures and uses on the subject property, and not to any other properties. Any significant expansion or intensification of the approved services (e.g. upsize the connection for a subdivision or major conversion of use type) shall be considered a new request, subject to LAFCo review.

12.2.7 Temporary Water Hauling During a Local Emergency

During a city, county, or state issued drought emergency proclamation affecting potable water supply, a city or special district may provide potable water outside its jurisdictional boundaries through water

Exhibit A

hauling on a temporary basis to address impacts to health and safety arising from dry wells or other temporary limitations on regular water supply. In these situations, LAFCo approval will not be required pursuant to G. C. §56133 due to the temporary and emergency nature of the service.

While LAFCo approval will not be required during the temporary emergency, LAFCo does require notice of and data reporting for the temporary outside agency water service to support LAFCo in efficiently performing its functions. The city/district providing the potable water service should notify LAFCo within 30 days of commencing such service, as feasible under emergency conditions. Notification should include the address and/or assessor's parcel number (APN) for each property receiving water service and reference the emergency proclamation. The city or special district shall cease providing temporary water service outside jurisdictional boundaries within 30 days of termination of the emergency proclamation. Within 90 days of the end of the emergency, the city/district providing the potable water service should provide LAFCo a detailed summary of how much water was provided to each property per month during the emergency water hauling.

Absent a city, county, or state issued emergency proclamation, G. C. §56133 specifies that a city or special district must apply for and obtain LAFCo approval before providing new or extended services outside its jurisdictional boundaries, including potable water hauling.

DRAFT

**MENDOCINO
Local Agency Formation Commission**

Staff Report

MEETING June 3, 2024
TO Mendocino Local Agency Formation Commission
FROM Uma Hinman, Executive Officer
SUBJECT **Applications and Work Load**

RECOMMENDATION

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 (LAFCo) 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 PROPOSALS

Attachment 1 is a regular update to the Commission on active proposals on file as well as identification of future proposals staff anticipates being filed with LAFCo in the near term based on discussions with local agencies and proponents.

WORK PLAN

Local policy directs the Commission to annually adopt a Work Plan for purposes of providing a comprehensive overview of municipal service reviews and sphere of influence updates over the course of the fiscal year. Attachment 2 is an update on the status of activities scheduled in the Work Plan. This report also serves to inform the Commission of any changes in circumstances or priorities.

Attachments

1. Summary Table – Application Activity and Potential Future Proposals
2. Summary Table – Work Plan Tracking and Status

Attachment 1. Summary Table – Application Activity and Potential Future Proposals

LAFCo File No. ¹	Applicant	Project Name	Date Application Received	Certificate of Filing	LAFCo Hearing Date	Certificate of Completion	BOE Submittal Date
P-2023-02	Fort Bragg	Pre-Application Review for Annexation of City-owned Properties	4/10/2023	N/A	N/A	N/A	N/A
<p>The City of Fort Bragg submitted a Pre-Application Review Request for annexation of Mendocino Coast Recreation and Park District properties consisting of 6 parcels totaling 582 acres. The intended use of the parcels is for water supply reservoirs, power generation, preservation and recreation. A pre-application meeting was held with Fort Bragg staff on July 25, 2023. Recent communications with the City indicate preparation of application materials is progressing.</p>							
A-2023-01	AVCSD	Annexation of Sphere	3/6/2023				
<p>The Anderson Valley Community Services District (AVCSD) proposes to annex the District’s Sphere of Influence (SOI) for fire and ambulance services. The Agency Referral and Notice of Filing were distributed to initiate the tax share negotiation process (3/2023). The application is incomplete pending additional information and a tax share agreement. Coordination meetings are being held with AVCSD staff and County Departments regarding the tax share process.</p>							
A-2022-02	Ukiah	City of Ukiah Annexation of Western Hills (Hull Properties)	6/8/2022 3/21/2024				
<p>The City of Ukiah proposes to annex approximately 791 acres in the Western Hills for open space preservation, while allowing the potential for future low density residential up to 20 dwelling units on the 40 easternmost acres. New application materials were submitted March 21, 2024; the agency referrals were distributed on 3/21/24 and the Notice of Filing sent to the Auditor and Assessor for the tax share agreement process. Note: it is anticipated that the Master Tax Share Agreement between the City and County will be considered by the BOS in May 2024. The application is deemed incomplete pending information needs and the tax share agreement. Coordination meetings are being held with LAFCo and City staff.</p>							
L-2022-01	ECSD	Elk Community Services District Activation of Latent Powers for Wastewater Services	4/8/2022				
<p>The Elk Community Services District (ECSD) proposes to activate latent powers for the provision of wastewater services. The district will be assuming ownership and operation of a community leach field within the community of Elk. The application has been referred to affected agencies and a Notice of Filing sent to the County Assessor and Auditor-Controller to initiate the tax share negotiation process in accordance with Revenue & Tax Code Section 99. The application is incomplete pending a tax share agreement.</p>							
Potential Future Proposals							
	AVCSD	AVCSD Activation of Latent Powers for Water and Wastewater Services					
<p>For several years the AVCSD has been developing a plan and design for providing water and wastewater services to the community of Boonville, which will require activation of latent powers through LAFCo. Staff have recently provided direction to District staff regarding application needs. Staff is coordinating with District CEQA consultants to provide input for inclusion in CEQA analysis.</p>							
	RRFC/ RVCWD	RRFC Annexation of RVCWD					
<p>The Russian River Flood Control District and Redwood Valley County Water District have established an ad hoc committee to prepare an application to LAFCo for annexation of the RVCWD into the RRFC. The annexation will allow the RRFC to establish a contract with the RVCWD to see non-surplus water; thereby creating a more stable source of water. Currently, the RRFC is only able to sell surplus water, when available, to the RVCWD.</p>							

Attachment 2. Summary Table – Work Plan Tracking and Status

FY 2023-24 ESTIMATED WORK PLAN IMPLEMENTATION SCHEDULE AND STATUS						
<i>Work Plan status as of June 1, 2024</i>						
Subject to Change: The estimated schedule and costs for the Fiscal Year 2023-24 Work Plan are subject to change based on agency responsiveness, timely provision of requested information, complexity of issues, level of public and affected agency controversy, and changing needs and priorities.						
CEQA: Based on LAFCo practice, the work plan assumes minimal costs for CEQA compliance related to preparing a Notice of Exemption, unless an agency proposes a non-coterminous SOI and pays for any necessary studies and preparation of a Negative Declaration or Environmental Impact Report.						
Rolling Work Plan: It is difficult to completely contain staff activities in a single fiscal year; therefore, completion of a study may roll over to the next fiscal year. This estimated work plan implementation schedule is intended to enhance communication and transparency.						
Agency	Request for Information	Admin Draft	Public Workshop	Public Hearing	Final Study	Status/Notes
Caspar South Water District	In process	In process				Administrative Draft and Request for Information (RFI) is in process. Unable to contact board members.
Elk County Water District	In process	In process				Research and development of an Administrative Draft and RFI is in process.
Gualala Community Services District	1/31/2024	3/15/2024	6/3/2024			Workshop scheduled.
Irish Beach Water District	In process	In process				Administrative Draft and RFI is in process.
Mendocino County Water Works Water Works District No. 2	10/12/2023	1/31/2024	3/4/2024			This is the first MSR for the District. Public workshop held; additional information being collected by district. Staff anticipate holding public hearing same day as public hearing for GCSD.
Pacific Reefs Water District	10/27/2023	4/8/2024	5/6/2024	6/3/2024		Public hearing scheduled.
Westport County Water District	In process	In process				Administrative Draft and RFI is in process.



<p>Date: May 21, 2024</p> <p>To: Local Agency Formation Commission Members and Alternate Members</p> <p>From: Kenneth Leary, Committee Chair CALAFCO Board Election Committee CALAFCO Board of Directors</p> <p>RE: Nomination Period Now Open for 2024/2025 CALAFCO Board of Directors</p>	
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The Nomination Period is now open for the fall elections of the CALAFCO Board of Directors for the following seats:

CENTRAL REGION	COASTAL REGION	NORTHERN REGION	SOUTHERN REGION
County Member	County Member	City Member	City Member
District Member	District Member	Public Member	Public Member

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

MONDAY, SEPTEMBER 16, 2024

<p><i>Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year, generally virtually. However, strategic plan retreats and other meetings may be scheduled in-person and will alternate around the state. A job description is attached that more fully discusses director responsibilities and time commitment.</i></p>	<p><i>Board terms span a two-year period, with no term limits, and any LAFCO commissioner or alternate commissioner is eligible to run for a Board seat.</i></p> <p><i>Elections will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 17, 2024 at the Tenaya Lodge in Fish Camp, California.</i></p>
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Should your Commission nominate a candidate, please return the completed Nomination Form and Candidate’s Résumé Form by the deadline. Completed nomination forms and all materials must be RECEIVED by CALAFCO by the deadline.

Electronic filing of nomination forms is ***highly encouraged*** to facilitate the recruitment process. Please email to info@calafco.org. However, hard copy forms and materials may also be mailed to:

Election Committee c/o Executive Director
California Association of Local Agency Formation Commissions
1451 River Park Drive, Suite 185
Sacramento, CA 95815

Complete nominations received by the September 16th deadline will be included in the Election Committee’s Report that will be distributed to LAFCO members. Candidate names will be listed in the report, and on the ballot, in the order nominations are received. The Election Committee Report will be distributed no later than October 3, 2024, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCOs who cannot send a representative to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. **Ballot requests must also be received no later than Monday, September 16, 2024, with completed absentee ballots due by no later than Thursday, October 10, 2024.**

NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **May 21** – Nomination Announcement and packet sent to LAFCO membership and posted on the CALAFCO website.
- **September 16** – Completed Nomination packet due
- **September 16** – Request for an absentee/electronic ballot due
- **September 16** – Voting delegate name due to CALAFCO
- **October 3** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 3** – Distribution of requested absentee/electronic ballots.
- **October 10** – Absentee ballots due to CALAFCO
- **October 17** - Elections

If you have any questions about the election process, please contact CALAFCO Executive Director René LaRoche at rlaroche@calafco.org or by calling 916-442-6536.

Members of the 2024/2025 CALAFCO Election Committee are:

Kenneth Leary, Committee Chair	Napa LAFCO (Coastal Region)
Bill Connelly	Butte LAFCO (Northern Region)
Kimberly Cox	San Bernardino LAFCO (Southern Region)
Anita Paque	Calaveras LAFCO (Central Region)

To assist you in this consideration, you will find attached for your reference a copy of the CALAFCO Board Member Job Description, the CALAFCO Board of Directors Nomination and Election Procedures and Forms, and the current listing of Board Members and corresponding terms of office.

I sincerely hope that you will consider joining us!

Attachments.



Board Member Job Description

California Association of Local Agency Formation Commissions (CALAFCO) Member of the Board of Directors

Mission

As a 501(c)(3) nonprofit organization, CALAFCO supports LAFCOs by *promoting efficient and sustainable government services based on local community values through legislative advocacy and education.*

For more information, please see CALAFCO's website at www.calafco.org.

Values

The underlying values that define our organization are: *dependability, efficiency, honesty, and transparency.*

Duties

Board members have the following legal duties:

1. **Duty of Care:** *Ensuring prudent use of all assets including financial, facility, people, and good will.*
2. **Duty of Loyalty:** *Ensuring that the association's activities and transactions are, first and foremost, advancing its mission; Recognizing and disclosing conflicts of interest; Making decisions that are in the best interest of the association and not in the best interest of an individual board member, or any other individual or entity.*
3. **Duty of Obedience:** *Ensuring that the association obeys applicable laws and regulations; follows its own bylaws and policies; and that it adheres to its stated corporate purposes/mission.*

Position

The Board is a governing body and is expected to support the work of CALAFCO by providing mission-based leadership and strategic governance. While day-to-day operations are led by CALAFCO's Executive Director (ED), the Board-ED relationship is a partnership and the appropriate involvement of the Board is both critical and expected. Board Members are tasked with the Leadership, Governance, and Oversight of the association. Responsibilities include, but are not limited to:

- Representing CALAFCO to stakeholders; acting as an ambassador for the organization to regional members and California legislators.

- Approving policies that provide the appropriate authority and guidance for/to the ED in the administration of the organization.
- Serving as a trusted advisor to the ED.
- Participating in strategic planning retreats.
- Reviewing agenda and supporting materials, and communicating question to the Executive Director, prior to board and committee meetings.
- Weighing the organization’s outcomes against strategic plan initiatives.
- Approving CALAFCO’s annual budget, financial reports, and business decisions; being informed of, and meeting all, legal and fiduciary responsibilities.
- Assisting the ED and board chair in identifying and recruiting other Board Members to ensure CALAFCO’s commitment to a diverse board and staff that recognizes the differing perspectives among LAFCOs.
- Partnering with the ED and other board members to ensure that board resolutions are carried out.
- Serving on committees or task forces and taking on special assignments, as needed.

Board Terms/Expected Participation

CALAFCO’s Board Members are elected during regional caucuses held at the association’s annual meeting, and serve two-year terms.

Regular board meetings are held quarterly, special meetings are called as needed, strategic planning retreats are held every two years, committee meetings are called at different times during the year, and legislative canvassing in Sacramento may be needed. Two absences, within a calendar year, from any regularly scheduled board meetings constitutes a resignation of the Board member.

Qualifications

Board Members must be seated LAFCO Commissioners at their local level.

This is an extraordinary opportunity for an individual who is passionate about the importance of the role that LAFCOs play in the sustainable growth of a region, and who has a track record of leadership. His/her accomplishments will allow him/her to interface effectively with the state legislature, as well as attract other well-qualified, high-performing Board Members.

Remuneration

Service on CALAFCO’s Board of Directors is without remuneration. Administrative support, travel, and accommodation costs are typically provided by a director’s home LAFCO.



Board of Directors Nomination and Election Procedures and Forms

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF AN ELECTION COMMITTEE:

- a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
- b. The Board Chair shall appoint one of the members of the Election Committee to serve as Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a CALAFCO regional officer to serve as staff in cooperation with the Executive Director.
- c. Each regional officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCOs across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCOs:

- a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFCO for distribution to each commissioner and alternate. The announcement shall include the following:
 - i. A statement clearly indicating which offices are subject to the election.
 - ii. A regional map including LAFCOs listed by region.
 - iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCO marked "Received too late for Election Committee action."
 - iv. The names of the Election Committee members and the name of their LAFCO, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.
 - v. The email address and physical address to send the nominations forms.
 - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
 - vii. The specific date by which all voting delegate names are due.
 - viii. The specific date by which absentee ballots must be requested, the date CALAFCO will

Key Timeframes for Nominations Process	
Days*	
120	Nomination announcement
30	Nomination deadline
14	Committee report released
*Days prior to annual membership meeting	

distribute the absentee ballots, and the date by which they must be received by the Executive Director.

- b. A copy of these procedures shall be posted on the web site.

3. THE ELECTION COMMITTEE:

- a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned regional officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the regional officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Executive Director to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Advise the Executive Director to provide "VOTING DELEGATE" ribbons to all voting delegates attending the Annual Conference.
- g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.
- h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a regional officer from a region other than their own, as assigned by the Executive Director
- i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

- a. Any LAFCO in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCOs requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.
- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the

annual meeting.

- d. LAFCO must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.
- e. LAFCOs voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCOs voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

- a. The Presiding Officer shall:
 - i. Review the election procedure with the membership of their region.
 - ii. Present the Election Committee Report (previously distributed).
 - iii. Call for nominations from the floor by category for those seats subject to this election:
 - 1. For city member.
 - 2. For county member.
 - 3. For public member.
 - 4. For special district member.
- b. To make a nomination from the floor, a LAFCO, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.
- e. The Presiding Officer shall then conduct the election:
 - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
 - 1. Name the nominees and offices for which they are nominated.
 - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
 - ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
 - 1. Poll the LAFCOs in good standing by written ballot.
 - 2. Each LAFCO in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.

3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
 4. With assistance from the regional officer, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
1. A majority of the total number of LAFCOs in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
 2. The nominee receiving the majority of votes cast is elected.
 3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
 4. In case of tie votes:
 - a. A second run-off election shall be held with the same two nominees.
 - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.
- b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCO may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

CALAFCO's Four Regions



The counties in each of the four regions consist of the following:

Northern Region

Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Steve Lucas
Butte LAFCO
slucas@buttecounty.net

Southern Region

Orange
Los Angeles
Imperial
Riverside
San Bernardino
San Diego

CONTACT: Gary Thompson
Riverside LAFCO
gthompson@LAFCO.org

Coastal Region

Alameda
Contra Costa
Marin
Monterey
Napa
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: Dawn Longoria
Napa LAFCO
dawn.longoria@napa.lafco.ca.gov

Central Region

Alpine
Amador
Calaveras
El Dorado
Fresno
Inyo
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: José Henriquez
Sacramento LAFCO
henriquezj@sacounty.net

CURRENT BOARD MEMBERS AND TERMS

NAME	REGION	TYPE & TERM
Bill Connelly	Butte <i>Northern</i>	County (2025)
Kimberly Cox	San Bernardino Southern	District (2025)
Rodrigo Espinosa	Merced <i>Central</i>	County (2024)
Yxstian Gutierrez	Riverside Southern	County (2025)
Blake Inscore, Secretary	Del Norte <i>North</i>	City (2024)
Gay Jones, Treasurer	Sacramento <i>Central</i>	District (2024)
Kenneth Leary	Napa Coastal	Public (2025)
Gordon Mangel	Nevada <i>Northern</i>	District (2025)
Michael McGill	Contra Costa <i>Coastal</i>	District (2024)
Derek McGregor	Orange <i>Southern</i>	Public (2024)
Margie Mohler, Chair	Napa <i>Coastal</i>	City (2025)
Anita Paque	Calaveras <i>Central</i>	Public (2025)
Wendy Root Askew	Monterey <i>Coastal</i>	County (2024)
Josh Susman	Nevada <i>Northern</i>	Public (2024)
Tamara Wallace	El Dorado Central	City (2025)
Acquanetta Warren, Vice-Chair	San Bernardino <i>Southern</i>	City (2024)



Board of Directors

2024/2025 Nomination Form
(Must accompany the Candidate Résumé Form)

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

_____ LAFCO of the _____ Region

Nominates _____

for the (check one) [] City [] County [] Special District [] Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual Membership Meeting of the Association.

LAFCO Chair

Date

NOTICE OF DEADLINE

Nomination Packets must be received by September 16, 2024 to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

Date Received



Board of Directors
2024/2025 Candidate Résumé Form
(Complete both pages)

Nominated By: _____ LAFCO Date: _____

Region (please check one): Northern Coastal Central Southern

Category (please check one): City County Special District Public

Candidate Name _____

Address _____

Phone Office _____ Mobile _____

e-mail _____

Personal and Professional Background:

LAFCO Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

NOTICE OF DEADLINE

Complete Nomination Packets must be received by **September 16, 2024** to be considered by the Election Committee.

Send completed nominations to
info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

Date: May 13, 2024

To: CALAFCO Members
LAFCO Commissioners and Staff
Other Interested Organizations

From: Blake Inscore, Committee Chair
CALAFCO Achievement Awards Committee
CALAFCO Board of Directors

Subject: 2024 CALAFCO Achievement Award Nominations
Period Open



Deadline: Saturday, August 31, 2024

On behalf of the Association, I am pleased to announce that the nomination period for the 2024 CALAFCO Achievement Awards is now open!

Each year, CALAFCO is honored to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at its Annual Conference Achievement Awards Ceremony. This year's ceremony will be held at the gorgeous Tenaya Lodge just outside Yosemite National Park on October 17th, during the awards banquet.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who have gone **above and beyond** over the last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition based on the criteria outlined.

Before submitting a nomination, ***please carefully review the nomination instructions and the criteria for each award as incomplete nominations, and nominations that do not adhere to the submission guidelines, will not be considered by the Committee.***

ACHIEVEMENT AWARDS NOMINATION PROCEDURE:

1. Most nominations may be made by an individual, a LAFCO, a CALAFCO Associate Member, or any other organization.
2. Each nomination must meet the specific award category criteria for consideration.
3. With the exception of the Lifetime Achievement Award, all nominated projects or acts of service must have occurred or been completed between August 18, 2023, and August 15, 2024.
4. Nominations ***must be submitted with a completed nomination form.*** Please use a separate form for each

nomination. The form is your opportunity to highlight the most important points of your nomination.

5. Nomination *Executive Summaries* must be **limited to no more than 250 words in length**. Nomination *Summaries* must be **limited to no more than 1,000 words or 2 pages in length maximum**. You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount **will not be considered by the Committee**.
6. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. **Limit supporting documentation to no more than 3 pages**. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount **will not be considered by the Committee**.
7. All nomination materials must be submitted at one time and must be received by the deadline. No late nominations will be accepted – no exceptions. Electronic submittals are required and must be submitted as pdf document, using the fillable pdf document provided.
8. **Nominations and all supporting materials must be received no later than Saturday, August 31, 2024**. Send nominations via e-mail to:

Stephen Lucas, CALAFCO Executive Officer
slucas@buttecounty.net

You may contact Steve Lucas, CALAFCO Executive Officer, at slucas@buttecounty.net or (530) 538-7784 with any questions.

Members of the 2024 CALAFCO Board of Directors Awards Committee

Board Members:

Blake Inscore, Committee Chair (Del Norte LAFCO, Northern Region)
Rodrigo Espinosa (Merced LAFCO, Central Region)
Kenneth Leary (Napa LAFCO, Coastal Region)
Anita Paque (Calaveras LAFCO, Central Region)

Regional Officer Members:

<i>Steve Lucas</i> , CALAFCO Executive Officer (Northern Region)	slucas@buttecounty.net
<i>José Henriquez</i> , CALAFCO Deputy Executive Officer (Central Region)	henriquezj@saccounty.net
<i>Dawn Longoria</i> , CALAFCO Deputy Executive Officer (Coastal Region)	dlongoria@napa.lafco.ca.gov
<i>Gary Thompson</i> , CALAFCO Deputy Executive Officer (Southern Region)	gthompson@lafco.org

Attachments:

- Achievement Award categories, nomination and selection criteria
- Listing of prior Achievement Award recipients
- 2024 Achievement Award nomination form (separate file)



CALAFCO ACHIEVEMENT AWARD CATEGORIES, NOMINATION & SELECTION CRITERIA

Every year, CALAFCO recognizes excellence within the LAFCO community, and among the full membership, by presenting *Achievement Awards* at the CALAFCO Annual Conference. Nominations are now open and being accepted until **Saturday, August 31, 2024** in the following categories:

OUTSTANDING CALAFCO VOLUNTEER

Award Summary:

Recognizes a CALAFCO volunteer who has provided exemplary service **during the year past**. Exemplary service is service which clearly goes above and beyond that which is asked or expected in the charge of their responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

Nomination criteria:

1. Nominee must have volunteered for the Association during the year in which the nomination is being made.
2. Nominee does not have to be a CALAFCO member.
3. Volunteer efforts must have demonstrated the individual going above and beyond what was asked/expected with positive and effective results.
4. Nominee can be a CALAFCO Board member, regional officer, program volunteer or any other volunteer.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee, regardless of their position or role as a volunteer. Only the contributions and outcomes shall be considered, not the individual's position.
3. The extent of the volunteerism and the overall impact to the statewide Association and membership based on that volunteerism shall be considered.
4. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING CALAFCO ASSOCIATE MEMBER

Award Summary:

Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCOs by consistently producing distinguished work that upholds the mission and goals of LAFCOs and has helped elevate the role and mission of LAFCOs through its work. Recipient consistently demonstrates a collaborative approach to LAFCO stakeholder engagement.

Further, the individual or firm has a proven commitment to the Association membership through volunteering time and resources to further the cause of LAFCO and CALAFCO.

Nomination criteria:

1. Nominee must be a CALAFCO Associate Member in good standing with the Association.
2. Nominee shall be an Associate Member for the full year in which the nomination is being made.
3. The Associate Member nominated shall have been an Associate Member in good standing with the Association for at least one year prior to the year for which the nomination is being made.
4. As an Associate Member, the nominee may be an individual, firm or agency.
5. The nominee may be an individual within an Associate Member firm or agency.
6. Nominee shall demonstrate that through their work as an Associate Member, the role and mission of LAFCO has been upheld and furthered.
7. Nominee must have proven cooperative and collaborative approaches to situations and solutions that affect LAFCOs statewide as an Associate Member.
8. Proven commitment to the Association's membership as an Associate Member by volunteering resources to the Association during the year in which the nomination is made.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. The level of volunteering time and resources to the Association shall be a consideration with all other nomination criteria.

OUTSTANDING COMMISSIONER

Award Summary:

Presented to an individual Commissioner for extraordinary service to his or her Commission. Extraordinary service is considered actions above and beyond those required in the course of fulfilling their statutory responsibilities as a Commissioner. It requires consistently demonstrating independent judgment on behalf of the interest of the entire county, developing innovative and collaborative solutions to local issues, and leading the commission and community by example.

Nomination criteria:

1. Nominee must be a Commissioner of a LAFCO in good standing with the Association.
2. Nominee shall be a Commissioner for the full year in which the nomination is being made.
3. Proven demonstration of consistently exercising independent judgment for the greater good of the County is required.
4. Proven leadership of the commission and the community through collaborative, innovative and creative solutions to local issues is required.
5. Proven effective results and outcomes shall be demonstrated in the nomination.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Representation type (city-county-district-public) shall not be a consideration nor shall be the size or geographic area of the LAFCO on which the Commissioner serves.

4. The overall impact of the leadership of the Commissioner shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING LAFCO PROFESSIONAL

Award Summary:

Recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCO staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCO responsibilities.

Nomination criteria:

1. Nominee must be a staff person of a LAFCO in good standing with the Association.
2. Nominee shall be a staff person for the full year in which the nomination is being made.
3. As a staff person, the nominee can be either an employee of the LAFCO or a contractor providing employee-type services to the LAFCO.
4. Efforts must be demonstrated that the individual has consistently gone above and beyond or outside the scope of their role or job responsibilities, with proven results that otherwise would not have occurred.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Position within a LAFCO shall not be a consideration, nor shall be the size or geographic area of the LAFCO.
4. The overall impact of the LAFCO professional to their LAFCO and the greater community shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

LIFETIME ACHIEVEMENT AWARD

Award Summary:

Recognizes any individual who has made extraordinary contributions to the statewide LAFCO community in terms of longevity of service, exemplary advocacy of LAFCO-related legislation, proven leadership in approaching a particular issue or issues, and demonstrated support in developing and implementing innovative and creative ways to support the goals of LAFCOs throughout California. At a minimum, the individual should be involved in the LAFCO community for at least twenty (20) years.

Nomination criteria:

1. Nomination must be received from a member LAFCO or Associate Member in good standing with the Association.
2. A minimum of 20 years direct involvement with the LAFCO community is required for

- consideration.
3. During that time, nominee shall have a proven positive impact and effect on the support and evolution of LAFCOs statewide.
 4. This includes advocacy of LAFCOs statewide through legislation, developing creative and innovative solutions to LAFCO issues that serve beyond their LAFCO to the greater good, and collaborative stakeholder approaches to issues and opportunities to further the cause and mission of LAFCO.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Preference may be given to nominees who also have proven experience volunteering for CALAFCO through a regional officer role, serving on committees, serving on the CALAFCO Board, or any other method of volunteering for the Association that serves to promote and support the mission and work of LAFCOs throughout the state.

LEGISLATOR OF THE YEAR

Award Summary:

Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCO goals that have a statewide effect. The recipient shall have demonstrated clear support and effort to further the cause and ability of LAFCOs to fulfill their statutory mission. Selected by CALAFCO Board by super majority.

Nomination criteria:

1. Nominee shall be a California State legislator during the full year in which the nomination was made.
2. Nominee must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCOs statewide, with efforts resulting in a positive impact for all LAFCOs.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. All Legislator of the Year nominations shall be forwarded by the Achievement Awards Committee to the Board for consideration.
3. Selection of the recipient of this award shall be done with a super majority approval of the Board (present at the time of the vote).

MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARD

Award Summary:

Awarded to an individual, group or agency for actions that rise above expected or common functions or actions that are LAFCO-related; *and* reduce or eliminate common institutional roadblocks; *and* result in a truly extraordinary public service outcome. Individuals, a LAFCO, or collaborative effort among multiple LAFCOs or a LAFCO with other entities are eligible. Other entities shall be decision-making bodies at the local, regional or state level. This award has two distinct categories, each focusing on a specific area:

1. *Protection of agricultural and open space lands and prevention of sprawl*

2. *Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*

Award categories:

• **Protection of agricultural and open space lands and prevention of sprawl**

Includes the development and implementation of programs or other actions associated with agriculture, water, flood control, parks and recreation, habitat conservation plans and public lands. Demonstrates the recipient has identified, encouraged and ensured the preservation of agricultural and open space lands. Proven actions that encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands. Includes demonstrated consideration given in decisions to Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, and sustainable communities.

• **Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services**

Includes the development and implementation of innovate support and systems within internal LAFCO operations in the support of local agencies. Actions produce systemic and sustainable improvements and innovation of local government. Proven facilitation of constructive discussions with local and regional agencies and proactive outreach to local and regional agencies as well as local stakeholders and communities to identify issues and solutions and demonstrated action as a coordinating agency in offering and supporting unique local solutions to meet local challenges. Successful demonstration of development of capacities and abilities of local agencies. Provide tools and resources to local agencies to address aging infrastructure, fiscal challenges and the maintenance of existing services. Demonstrated action to streamline the provision of local services with proven results that services are consistent or have been improved as a result, with little to no increased cost to the consumer. Focused efforts and proven results to ensure delivery of services to all communities, especially disadvantaged communities.

Nomination criteria:

1. Clear demonstration that the actions rise above expected or common functions or actions.
2. The actions reduced or eliminated common institutional roadblocks.
3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.
4. Identified unique circumstances and factors leading to the solution/project.
5. The innovative steps taken by the LAFCO or entity/entities/individual to solve the problem, overcome the situation, or to take action.
6. Clear description of the results/outcomes of the work and the short- and long-term effects.
7. How this work can be promoted as a LAFCO best practice.
8. Clear demonstration how this nomination meets all criteria.

Selection Criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee within each category. The size or geographic area of the LAFCO within a given category shall not be a consideration.
3. The overall impact of the actions and outcomes to the greater community being served shall be considered.
4. The level of impact based on the required nomination criteria shall be considered.

QUALIFYING PERIOD: *With the exception of the Lifetime Achievement Award, all nominated projects or acts of service must have occurred or been completed between August 18, 2023, and August 15, 2024.*



PREVIOUS CALAFCO ACHIEVEMENT AWARD RECIPIENTS

2023

Lifetime Achievement Award:	Dawn Mittleman Longoria , Napa LAFCO
Outstanding Commissioner	Richard Bettencourt , San Benito LAFCO
Outstanding LAFCO Professional	Two-Way Tie: José C. Henriquez , Sacramento LAFCO Andrea Ozdy , Ventura LAFCO
Outstanding Associate Member	Colantuono, Highsmith & Whatley
Outstanding Volunteer	Anita Paque , Calaveras LAFCO
Mike Gotch Award - Agriculture Innovation	Napa LAFCO Tom Cooley , Plumas LAFCO

2022

Outstanding Commissioner	Don Saylor , Yolo LAFCO
Outstanding LAFCO Professional	Carolyn Emery , Orange LAFCO
Mike Gotch Award - Innovation, Collaboration, And Outreach	Two-Way Tie: Cristine Crawford , Yolo LAFCO, and Erica Sanchez , El Dorado LAFCO & Amanda Ross , South Fork Consulting, LLC

2020 – 2021 (2 year period due to the pandemic)

Outstanding Associate Member	Planwest Partners
Outstanding Commissioner	Olin Woods , Yolo LAFCO
Outstanding LAFCO Professional	Crystal Craig , Riverside LAFCO
Mike Gotch Protection of Ag and Open Space Lands & Prevention of Urban Sprawl	Napa LAFCO
Mike Gotch Courage & Innovation in Local Government Leadership Award	Yolo LAFCO
Lifetime Achievement Award	Jerry Glabach , Los Angeles LAFCO

2019

Distinguished Service Award	Charley Wilson , Orange LAFCO
Most Effective Commission	Contra Costa LAFCO
Outstanding Commissioner	Jim DeMartini , Stanislaus LAFCO
Outstanding LAFCO Professional	David Church , San Luis Obispo LAFCO
Project of the Year	Orange LAFCO , for San Juan Capistrano Utilities MSR
Government Leadership Award	CA State Water Resources Control Board, Los Angeles County and Los Angeles LAFCO , for Sativa Water District
Mike Gotch Courage & Innovation in Local Government Leadership Award	Butte LAFCO
Legislator of the Year	Assembly Member Mike Gipson
Lifetime Achievement Award	John Benoit , various LAFCOs, Jurg Heuberger , Imperial LAFCO

2018

Distinguished Service Award	John Withers , Orange LAFCO
Most Effective Commission	Santa Clara LAFCO
Outstanding Commissioner	Margie Mohler , Napa LAFCO
Outstanding LAFCO Professional	George Williamson , Del Norte LAFCO
Outstanding LAFCO Clerk	Elizabeth Valdez , Riverside LAFCO
Outstanding CALAFCO Associate Member	Best Best & Krieger
Project of the Year	Lake LAFCo , water services consolidation
Government Leadership Award	City of Porterville, County of Tulare, Dept. of Water Resources, State Water Resources Control Board, Governor’s Office of Emergency Services, Self Help Enterprises, Community Water Center for East Porterville water supply project
Mike Gotch Courage & Innovation in Local Government Leadership Award	Mike Ott , San Diego LAFCO
Legislator of the Year	Assembly Member Anna Caballero
Lifetime Achievement Award	Pat McCormick , Santa Cruz LAFCO, George Spiliotis , Riverside LAFCO

2017

Most Effective Commission	Los Angeles LAFCO
Outstanding CALAFCO Member	Sblend Sblendorio , Alameda LAFCO
Outstanding Commissioner	John Marchand , Alameda LAFCO
Outstanding LAFCO Professional	Paul Novak , Los Angeles LAFCO
Outstanding LAFCO Clerk	Richelle Beltran , Ventura LAFCO
Outstanding CALAFCO Associate Member	Policy Consulting Associates
Project of the Year	County Services MSR , Butte LAFCO, and Santa Rosa Annexation , Sonoma LAFCO
Government Leadership Award	San Luis Obispo County Public Works Dept.
Lifetime Achievement Award	Kathy Rollings McDonald (San Bernardino)

2016

Distinguished Service Award	Peter Brundage , Sacramento LAFCO
Most Effective Commission	San Luis Obispo LAFCO
Outstanding CALAFCO Member	John Leopold , Santa Cruz LAFCO
Outstanding Commissioner	Don Tatzin , Contra Costa LAFCO
Outstanding LAFCO Professional	Steve Lucas , Butte LAFCO
Outstanding LAFCO Clerk	Cheryl Carter-Benjamin , Orange LAFCO
Project of the Year	Countywide Water Study , (Marin LAFCO)
Government Leadership Award	Southern Region of CALAFCO
Lifetime Achievement Award	Bob Braitman (retired Executive Officer)

2015

Mike Gotch Courage & Innovation in Local Government Leadership Award	Yuba County Water Agency
Distinguished Service Award	Mary Jane Griego , Yuba LAFCO
Most Effective Commission	Butte LAFCO
Outstanding CALAFCO Member	Marjorie Blom , formerly of Stanislaus LAFCO
Outstanding Commissioner	Matthew Beekman , formerly of Stanislaus LAFCO
Outstanding LAFCO Professional	Sam Martinez , San Bernardino LAFCO
Outstanding LAFCO Clerk	Terri Tuck , Yolo LAFCO
Project of the Year	Formation of the Ventura County Waterworks District No. 38 (Ventura LAFCO) and 2015 San Diego County Health Care Services five-year sphere of influence and service review report (San Diego LAFCO)
Government Leadership Award	The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency
CALAFCO Associate Member of the Year	Michael Colantuono of Colantuono, Highsmith & Whatley
Legislators of the Year Award	Assembly member Chad Mayes
Lifetime Achievement Award	Jim Chapman (Lassen LAFCO) and Chris Tooker (formerly of Sacramento LAFCO)

2014

Mike Gotch Courage & Innovation in Local Government Leadership Award	David Church , San Luis Obispo LAFCO
Distinguished Service Award	Kate McKenna , Monterey LAFCO
Most Effective Commission	Santa Clara LAFCO
Outstanding CALAFCO Member	Stephen Lucas , Butte LAFCO
Outstanding Commissioner	Paul Norsell , Nevada LAFCO
Outstanding LAFCO Professional	Kate McKenna , Monterey LAFCO
Outstanding LAFCO Clerk	Paige Hensley , Yuba LAFCO
Project of the Year	LAFCo Procedures Guide: 50th Year Special Edition , San Diego LAFCO
Government Leadership Award	Orange County Water District, City of Anaheim, Irvine Ranch Water District, and Yorba Linda Water District
Legislators of the Year Award	Assembly member Katcho Achadjian
Lifetime Achievement Award	Susan Wilson , Orange LAFCO

2013

Mike Gotch Courage & Innovation in Local Government Leadership Award	Simón Salinas , Commissioner, Monterey LAFCO
Distinguished Service Award	Roseanne Chamberlain , Amador LAFCO
Most Effective Commission	Stanislaus LAFCO
Outstanding CALAFCO Member	Harry Ehrlich , San Diego LAFCO
Outstanding Commissioner	Jerry Gladbach , Los Angeles LAFCO
Outstanding LAFCO Professional	Lou Ann Texeira , Contra Costa
LAFCO Outstanding LAFCO Clerk	Kate Sibley , Contra Costa LAFCO
Project of the Year	Plan for Agricultural Preservation , Stanislaus LAFCO
Government Leadership Award	Orange County LAFCO Community Islands Taskforce , Orange LAFCO

Legislators of the Year Award
Lifetime Achievement Award

Senators Bill Emmerson and Richard Roth
H. Peter Faye, Yolo LAFCO; **Henry Pellissier**, Los Angeles LAFCO; **Carl Leverenz**, Butte LAFCo; **Susan Vicklund-Wilson**, Santa Clara LAFCO.

2012

Mike Gotch Courage & Innovation in Local Government Leadership Award
Distinguished Service Award
Most Effective Commission
Outstanding CALAFCO Member

Bill Chiat, CALAFCO Executive Director

Outstanding Commissioner
LAFCO Outstanding LAFCO Professional
Outstanding LAFCO Clerk
Project of the Year

Marty McClelland, Commissioner, Humboldt LAFCO
Sonoma LAFCO

Stephen A. Souza, Commissioner, Yolo LAFCO and CALAFCO Board of Directors

Sherwood Darington, Monterey

Carole Cooper, Sonoma LAFCO

Gwenna MacDonald, Lassen LAFCO

Countywide Service Review & SOI Update, Santa Clara LAFCO

Government Leadership Award
Lifetime Achievement Award

North Orange County Coalition of Cities, Orange LAFCO

P. Scott Browne, Legal Counsel LAFCOs

2011

Mike Gotch Courage & Innovation in Local Government Leadership Award
Distinguished Service Award
LAFCo Most Effective Commission
Outstanding CALAFCO Member
Outstanding Commissioner
Outstanding LAFCO Professional
Outstanding LAFCO Clerk
Project of the Year

Martin Tuttle, Deputy Director for Planning, Caltrans
Mike McKeever, Executive Director, SACOG

Carl Leverenz, Commissioner and Chair, Butte
San Bernardino LAFCO

Keene Simonds, Executive Officer, Napa LAFCO

Louis R. Calcagno, Monterey LAFCO

June Savala, Deputy Executive Officer, Los Angeles LAFCO

Debbie Shubert, Ventura LAFCO

Cortese-Knox-Hertzberg Definitions Revision
Bob Braitman, Scott Browne, Clark Alsop, Carole Cooper, and George Spiliotis

Government Leadership Award

Contra Costa Sanitary District

Elsinore Water District and Elsinore Valley Municipal Water District

2010

Mike Gotch Courage & Innovation in Local Government Leadership Award
Distinguished Service Award

Helen Thompson, Commissioner, Yolo LAFCO

Kathleen Rollings-McDonald, Executive Officer, San Bernardino LAFCO

Bob Braitman, Executive Officer, Santa Barbara LAFCO
Tulare LAFCO

Most Effective Commission
Outstanding CALAFCO Member
Outstanding Commissioner
Outstanding LAFCO Professional
Outstanding LAFCO Clerk

Roger Anderson, Ph.D., CALAFCO Chair, Santa Cruz LAFCO

George Lange, Ventura LAFCO

Harry Ehrlich, Government Consultant, San Diego LAFCO

Candie Fleming, Fresno LAFCO

Project of the Year

Butte LAFCo
Sewer Commission - Oroville Region Municipal Service Review

Government Leadership Award

Nipomo Community Services District and the County of San Luis Obispo

Special Achievement

Chris Tooker, Sacramento LAFCO and CALAFCO Board of Directors

2009

Mike Gotch Courage & Innovation in Local Government Leadership Award

Paul Hood, Executive Officer, San Luis Obispo LAFCO

Distinguished Service Award

William Zumwalt, Executive Officer, Kings LAFCO

Most Effective Commission

Napa LAFCO

Outstanding CALAFCO Member

Susan Vicklund Wilson, CALAFCO Vice Chair
Jerry Gladbach, CALAFCO Treasurer

Outstanding Commissioner

Larry M. Fortune, Fresno LAFCO

Outstanding LAFCO Professional

Pat McCormick, Santa Cruz LAFCO Executive Officer

Outstanding LAFCO Clerk

Emmanuel Abello, Santa Clara LAFCO

Project of the Year

Orange LAFCO Boundary Report

Government Leadership Award

Cities of Amador City, Jackson, Lone, Plymouth & Sutter Creek; Amador County; Amador Water Agency; Pine Grove CSD – Countywide MSR Project

Legislator of the Year Award

Assembly Member Jim Silva

2008

Distinguished Service Award

Peter M. Detwiler, Senate Local Government Committee Chief Consultant

Most Effective Commission

Yuba LAFCO

Outstanding Commissioner

Dennis Hansberger, San Bernardino LAFCO

Outstanding LAFCO Professional

Michael Ott, San Diego LAFCO Executive Officer
Martha Poyatos, San Mateo Executive Officer

Outstanding LAFCO Clerk

Wilda Turner, Los Angeles LAFCO

Project of the Year

Kings LAFCO
City and Community District MSR and SOI Update

Government Leadership Award

San Bernardino Board of Supervisors

Legislator of the Year Award

Assembly Member Anna M. Caballero

2007

Outstanding CALAFCO Member

Kathy Long, Board Chair, Ventura LAFCo

Distinguished Service Award

William D. Smith, San Diego Legal

Counsel Most Effective Commission

Santa Clara LAFCO

Outstanding Commissioner

Gayle Uilkema, Contra Costa LAFCO

Outstanding LAFCO Professional

Joyce Crosthwaite, Orange LAFCO Executive Officer

Outstanding LAFCO Clerk

Debby Chamberlin, San Bernardino LAFCO

Project of the Year

San Bernardino LAFCo and City of Fontana
Islands Annexation Program

Government Leadership Award

City of Fontana - Islands Annexation Program

Lifetime Achievement

John T. "Jack" Knox

2006

Outstanding CALAFCO Member

Everett Millais, CALAFCO Executive Officer and Executive Officer of Ventura LAFCO

Distinguished Service Award	Clark Alsop , CALAFCO Legal Counsel
Most Effective Commission Award	Alameda LAFCO
Outstanding Commissioner Award	Ted Grandsen , Ventura LAFCO Chris Tooker , Sacramento LAFCO
Outstanding LAFCO Professional Award	Larry Calemine , Los Angeles LAFCO Executive Officer
Outstanding LAFCO Clerk Award	Janice Bryson , San Diego LAFCO Marilyn Flemmer , Sacramento LAFCO
Project of the Year Award	Sacramento Municipal Utility District Sphere of Influence Amendment and Annexation; Sacramento LAFCO
Outstanding Government Leadership Award	Cities of Porterville, Tulare, and Visalia and Tulare LAFCO Island Annexation Program
Legislator of the Year Award	Senator Christine Kehoe

2005

Outstanding CALAFCO Member	Peter Herzog , CALAFCO Board, Orange LAFCO
Distinguished Service Award	Elizabeth Castro Kemper , Yolo LAFCO
Most Effective Commission Award	Ventura LAFCO
Outstanding Commissioner Award	Art Aseltine , Yuba LAFCO Henri Pellissier , Los Angeles LAFCO
Outstanding LAFCO Professional Award	Bruce Baracco , San Joaquin LAFCO
Outstanding LAFCO Clerk Award	Danielle Ball , Orange LAFCO
Project of the Year Award	San Diego LAFCO MSR of Fire Protection and Emergency Medical Services
Outstanding Government Leadership Award	Sacramento Area Council of Governments (SACOG)

2004

Outstanding CALAFCO Member	Scott Harvey , CALAFCO Executive Director
Distinguished Service Award	Julie Howard , Shasta LAFCO
Most Effective Commission Award	San Diego LAFCO
Outstanding Commissioner Award	Edith Johnsen , Monterey LAFCO
Outstanding LAFCO Professional Award	David Kindig , Santa Cruz LAFCO
Project of the Year Award	San Luis Obispo LAFCO Nipomo CSD SOI Update, MSR, and EIR

2003

Outstanding CALAFCO Member	Michael P. Ryan , CALAFCO Board Member
Distinguished Service Award	Henri F. Pellissier , Los Angeles LAFCO
Most Effective Commission Award	San Luis Obispo LAFCO
Outstanding Commissioner Award	Bob Salazar , El Dorado LAFCO
Outstanding LAFCO Professional Award	Shirley Anderson , San Diego LAFCO
Outstanding LAFCO Clerk Award	Lori Fleck , Siskiyou LAFCO
Project of the Year Award	Napa LAFCo Comprehensive Water Service Study
Special Achievement Award	James M. Roddy

2002

Outstanding CALAFCO Member	Ken Lee , CALAFCO Legislative Committee Chair
Most Effective Commission Award	San Diego LAFCO Outstanding
Commissioner Award	Ed Snively , Imperial LAFCO
Outstanding LAFCO Professional Award	Paul Hood , San Luis Obispo LAFCO
Outstanding LAFCO Clerk Award	Danielle Ball , Orange LAFCO

Project of the Year Award
 Outstanding Government Leadership Award

San Luis Obispo LAFCO
Napa LAFCo, Napa County Farm Bureau, Napa Valley Vintners Association, Napa Valley Housing Authority, Napa County Agricultural Commissioner's Office, Napa County Counsel Office, and Assembly Member Patricia Wiggins

2001

Outstanding CALAFCO Member
 Distinguished Service Award
 Outstanding Commissioner Award
 Outstanding LAFCO Professional Award
 Project of the Year Award
 Outstanding Government Leadership Award
 Legislator of the Year Award

SR Jones, CALAFCO Executive Officer
David Martin, Tax Area Services Section, State Board of Equalization
H. Peter Faye, Yolo LAFCO
Ingrid Hansen, San Diego LAFCO
Santa Barbara LAFCO
Alameda County Board of Supervisors, Livermore City Council, Pleasanton City Council
Senator Jack O'Connell

2000

Outstanding CALAFCO Member
 Distinguished Service Award
 Most Effective Commission Award
 Outstanding Commissioner
 Outstanding LAFCO Professional Award
 Outstanding LAFCO Clerk Award
 Project of the Year Award
 Legislator of the Year Award

Ron Wootton, CALAFCO Board Chair
Ben Williams, Commission on Local Governance for the 21st Century
Yolo LAFCO
Rich Gordon, San Mateo LAFCO
Annamaria Perrella, Contra Costa LAFCO
Susan Stahmann, El Dorado LAFCO
San Diego LAFCO
Robert Hertzberg, Assembly Member

1999

Distinguished Service Award
 Most Effective Commission Award
 Outstanding Executive Officer Award
 Outstanding LAFCO Clerk Award
 Most Creative Solution to a Multi-Jurisdictional Problem
 Outstanding Government Leadership Award
 Legislator of the Year Award

Marilyn Ann Flemmer-Rodgers, Sacramento LAFCO
Orange LAFCO
Don Graff, Alameda LAFCO
Dory Adams, Marin LAFCO
San Diego LAFCO
Assembly Member John Longville
Assembly Member Robert Hertzberg

1998

Outstanding CALAFCO Member
 Distinguished Service Award
 Most Effective Commission Award
 Outstanding Executive Officer Award
 Outstanding Staff Analysis
 Outstanding Government Leadership Award

Dana Smith, Orange LAFCO
Marvin Panter, Fresno LAFCO
San Diego LAFCO
George Spiliotis, Riverside LAFCO
Joe Convery, San Diego LAFCO
Joyce Crosthwaite, Orange LAFCO
Santa Clara County Planning Department

1997

Most Effective Commission Award
 Outstanding Executive Officer Award

Orange LAFCO
George Finney, Tulare LAFCO

Outstanding Staff Analysis

Annamaria Perrella, Contra Costa LAFCO

Outstanding Government Leadership Award

South County Issues Discussion Group

Most Creative Solution to a Multi-Jurisdictional Problem

Alameda LAFCO and Contra Costa LAFCO

Legislator of the Year Award

Assembly Member Tom Torlakson

