

ERNIE WIPF
CHAIR

JULIE BAWCOM
VICE-CHAIR

THERESA MCNERLIN
DIRECTOR

DARWIN DICK
DIRECTOR

CANDACE HORSLEY
DIRECTOR

UKIAH VALLEY SANITATION DISTRICT REGULAR MEETING

WEDNESDAY April 13, 2022 AT 6:00PM

LOCATION: TELECONFERENCE VIA ZOOM

Call in number: 1-669-900-6833

Meeting ID: 841 1967 8349

Zoom Link: <https://us02web.zoom.us/j/84119678349>

*The Ukiah Valley Sanitation District Board meeting will be conducted pursuant to AB 361. The Board welcomes participation in the Board meetings. If you are joining the meeting via Zoom and wish to make a comment on an item, press the "raise a hand" button. If you are joining the meeting by phone, press *9 to indicate a desire to make a comment. The chair will call you by name or phone number when it is your turn to comment. Speakers will be limited to 3 minutes. If you choose not to observe the meeting via Zoom and wish to make a comment on a specific agenda item, please submit your comment via email to the Board Secretary at aa@uvsd.org at least one hour before the meeting. All public comments submitted to the Board Secretary will be read verbatim for up to 3 minutes.*

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need disability-related modifications or accommodation to participate in this meeting, then please contact Chelsea Teague, Board Secretary at 707-462-4429. Requests must be made as early as possible, and at least one-full business day before the start of the meeting. The times indicated for agenda items are estimated and the Board reserves the right to address items either earlier or later than scheduled.

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC EXPRESSION OF NON-AGENDIZED ITEMS**
- 4. APPROVAL OF BOARD MEETING MINUTES**
 - March 9, 2022 Regular Meeting
- 5. CONSENT CALENDAR**
 - Resolution 2021-02.7 Making Findings and Determinations Under AB 361 for Continued Virtual Meetings
 - Check Register for March 2022
 - LAIF Statement for March 2022
 - Unaudited Monthly Financial Statements

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6. OLD BUSINESS

None

7. NEW BUSINESS

- A. DISCUSSION AND POSSIBLE ACTION RE: Update and discussion regarding meetings with City of Ukiah and Mendocino County LAFCo regarding Out of Area Service Agreement requests and consolidation of sewer services

Recommended Action: Discuss and provide direction to staff

8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF

- a) General Manager Report of Ongoing District Activities
- b) Staff Report
- c) Report on JPA
- d) Directors' Reports
- e) Letters Received or Sent
- f) Announce Regular Meeting - May 11, 2022

9. ADJOURNMENT

UVSD Regular Board Meeting March 09, 2022 via teleconference

1. CALL TO ORDER by Chair Wipf at 6:02pm. Roll call by Chelsea Teague – all present.

2. APPROVAL OF THE AGENDA

Motion to approve the agenda by Director Horsley, seconded by Director Dick. Roll call vote: Ayes – 5 Nays – 0. Motion carries. No public comment.

3. PUBLIC EXPRESSION OF NON-AGENDIZED ITEMS

No public comment.

4. APPROVAL OF BOARD MEETING MINUTES

No public comment. Motion to approve Board Meeting Minutes by Director Horsley, seconded by Vice-Chair Bawcom. Roll call vote: Ayes – 5 Nays – 0. Motion carries.

5. CONSENT CALENDAR

Director McNerlin pulled Resolution 2021-02.6 from the Consent Calendar. Board discussion regarding virtual versus in-person meetings. Motion to approve remaining items on Consent Calendar by Director McNerlin, seconded by Director Horsley. Roll call vote: Ayes – 5 Nays – 0. Motion carries. Sean White made some comments to the Board regarding virtual versus in-person meetings. Board discussion continued. Motion to adopt Resolution 2021-02.6 and have a hybrid meeting starting in April by Director McNerlin, seconded by Director Dick. Roll call vote: Ayes – 5 Nays – 0. Motion carries.

6. OLD BUSINESS

A. DISCUSSION AND POSSIBLE ACTION RE: AMEND POLICY 4060 TO REFLECT BOARD ACTION AT THE FEBRUARY 2022 REGULAR BOARD MEETING TO DISBAND THE FINANCE AND GOVERNANCE COMMITTEES

Recommended Action: Approve amended Policy 4060

No public comment. Motion to approve amended Policy 4060 by Director Horsley, seconded by Director McNerlin. Roll call vote: Ayes – 5 Nays – 0. Motion carries.

7. NEW BUSINESS

A. DISCUSSION AND POSSIBLE ACTION RE: REVIEW THE CURRENT DROUGHT CONDITIONS AND EVALUATE ALTERNATIVES FOR CALCULATING UPCOMING SEWER RATES, SUCH AS: 1) ADOPTING ONE MONTH WATER USAGE (JANUARY 2022) FOR THE UPCOMING RATE EVALUATION FOR ONE YEAR ONLY; 2) CHANGING THE METHODOLOGY TO CONSIDER LACK OF RAINFALL EACH YEAR; OR 3) USING LAST YEAR'S METHODOLOGY

Recommended Action: Discuss and take possible action on alternatives

Board discussion. Sean White made some comments re: the recalculation. Board discussion continued. No action taken.

B. DISCUSSION AND POSSIBLE ACTION RE: THIRD AMENDMENT TO MASTER SERVICE AGREEMENT (MSA) REGARDING THE ANNUAL RATE CHANGE PROVISION BETWEEN WILLOW COUNTY WATER DISTRICT (WCWD) AND UKIAH VALLEY SANITATION DISTRICT (UVSD) FOR 2022 FOR THE AMOUNT OF \$11,920.95 PER MONTH

Recommended Action: Approve and direct Chair Wipf to execute the Third Amendment to the Master Service Agreement

Motion to approve the Third Amendment to the Master Service Agreement by Director Dick, seconded by Director Horsley. Roll call vote: Ayes – 5 Nays – 0. Motion carries. No public comment.

C. DISCUSSION AND POSSIBLE ACTION RE: CONSIDER A CONTRACT NOT-TO-EXCEED \$6,000 WITH VICTOR SANCHEZ FOR SEWAGE FEE RECALCULATIONS

Recommended Action: Approve contract with Victor Sanchez in an amount not-to-exceed \$6,000 in a form approved by Counsel

Board discussion. No public comment. Motion to accept the contract by Vice-Chair Bawcom, seconded by Director Dick. Roll call vote: Ayes – 5 Nays – 0. Motion carries.

D. DISCUSSION AND POSSIBLE ACTION RE: UPDATE AND DISCUSSION REGARDING MEETINGS WITH THE CITY OF UKIAH AND MENDOCINO COUNTY LAFCO REGARDING OUT OF AREA SERVICE AGREEMENT REQUESTS

Recommended Action: Discuss and provide direction to staff

Wing-See Fox addressed this item to the Board. Board discussion. No public comment. Direction to staff to work on Out of Area Service Agreements with the City of Ukiah and bring back to the Board.

8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF

- a) Wing-See Fox gave a report regarding ongoing meetings with the City of Ukiah.
- b) None.
- c) Director McNerlin gave a report regarding URRWA's March meeting in which discussions were had about continuing consolidation efforts and drought issues.
- d) None.
- e) Attached.
- f) Next Regular Meeting – April 13, 2022.

9. ADJOURNMENT - Meeting adjourned at 7:36p.m.

RESOLUTION 2021-02.7

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UKIAH VALLEY SANITATION DISTRICT MAKING FINDINGS AND DETERMINATIONS UNDER AB 361 FOR CONTINUED VIRTUAL MEETINGS

WHEREAS, the Board of Directors of the Ukiah Valley Sanitation District (the “Board”) is committed to preserving and nurturing public access to and participation in meetings of the Board; and

WHEREAS, the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*) generally requires local agencies meeting via teleconference, including through other virtual or electronic means, to provide public access at each location in which members of the legislative body are teleconferencing; and

WHEREAS, the Legislature recently enacted Assembly Bill 361, Chapter 165, Statutes of 2021 (“AB 361”), which amended Government Code section 54953 to allow local agencies to meet fully virtually during a proclaimed state of emergency if state or local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, the Governor issued a proclamation declaring a state of emergency on March 4, 2020 due to the COVID-19 pandemic, pursuant to section 8625 of the California Emergency Services Act, and this proclaimed state of emergency currently remains in effect; and

WHEREAS, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

WHEREAS, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

WHEREAS, pursuant to the Governor’s executive orders, the Board has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, staff, and Board members; and

WHEREAS, the Governor’s Executive Order N-29-20 related to the suspension of certain provisions of the Brown Act expired on September 30, 2021; and

WHEREAS, AB 361, effective as of October 1, 2021 allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2)

the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the Board has considered the circumstances of the state of emergency; and

WHEREAS, state or local officials continue to recommend measures to promote social distancing; and

WHEREAS, on September 29, 2021, the Mendocino County Health Officer issued a Health Recommendation urging public bodies in Mendocino County to continue meeting remotely through online meetings to lower the risk of COVID-19 transmission; and

WHEREAS, the continuation of virtual meetings will allow for full participation by members of the public until the present state of emergency has ended; and

WHEREAS, the Board desires to continue to hold virtual meetings pursuant to AB 361 and Government Code section 54953(e).

NOW THEREFORE, the Board of Directors of the Ukiah Valley Sanitation District, County of Mendocino, State of California does hereby resolve as follows:

1. The above recitals are true and correct.
2. Consistent with the provisions of Government Code Section 54953(e), the Board finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; and (2) state and local officials have recommended measures to promote social distancing in connection with COVID-19. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board under the provisions of Government Code Section 54953(e).
3. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Ukiah Valley Sanitation District, County of Mendocino, State of California, this 13th day of April, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ernie Wipf, Board Chair

ATTEST:

Chelsea Teague
Board Secretary

APPROVED AS TO FORM:

Joanna Gin
General Counsel



**Public Health Department
of Mendocino County**

Healthy People, Healthy Communities

Andy Coren, MD, County Health Officer



Recommendation Regarding Continued Remote Public Meetings of Governmental Bodies

September 29, 2021

In light of the continued state of emergency related to COVID-19, as the County Health Officer, I recommend that public bodies continue to meet remotely to the extent possible.

This recommendation is made due to the continued threat of COVID-19 to this community with the ongoing surge in cases and deaths experienced since the Labor Day holiday, the current county vaccination rate, and a concern for continued risk during the upcoming holidays. Additionally, I make this recommendation based on the unique characteristics of public governmental meetings (such as the increased mixing associated with bringing people together from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in such governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings), and the continued increased safety protection that physical/social distancing provides as one means by which to reduce the risk of COVID-19 transmission.

Therefore, I strongly recommend teleconferencing through online meetings as this type of meeting presents the lowest risk of transmission of SARS-CoV-2, and allows for the participation of the community, local agency staff, presenters, and local agency governing bodies in a safe environment, with no risk of contagion.

I will continue to evaluate this recommendation on an ongoing basis, paying particular attention to the pandemic stage of our community. I will communicate when there is no longer such a recommendation with respect to meetings for public bodies.

A handwritten signature in blue ink, appearing to read "Howard A. Coren, M.D.", written over a horizontal line.

Dr. Howard A. Coren, M.D.,
Mendocino County Health Officer

Dated: September 29, 2021

**Ukiah Valley Sanitation District
Check Detail
March 2022**

| Type | Num | Date | Name | Account | Paid Amount | Original Amount |
|------------------------|--------------|-------------------|------------------------------------|--|-------------|--------------------|
| Bill Pmt -Check | 2050 | 03/01/2022 | City of Ukiah | 1001 - UVSD Checking | | -213,030.20 |
| Bill | 032022 | 03/01/2022 | | 6300 - Operating Expense Allocation | -213,030.20 | 213,030.20 |
| TOTAL | | | | | -213,030.20 | 213,030.20 |
| Bill Pmt -Check | 2051 | 03/10/2022 | Urban Futures, Inc. | 1001 - UVSD Checking | | -3,625.00 |
| Bill | 0222-003 | 02/28/2022 | | 5101 - Management - UFI | -3,625.00 | 3,625.00 |
| TOTAL | | | | | -3,625.00 | 3,625.00 |
| Bill Pmt -Check | 2052 | 03/10/2022 | Best Best & Krieger LLP | 1001 - UVSD Checking | | -450.50 |
| Bill | 929159 | 02/28/2022 | | 5601 - General Counsel | -450.50 | 450.50 |
| TOTAL | | | | | -450.50 | 450.50 |
| Bill Pmt -Check | 2053 | 03/10/2022 | Clifton Larson Allen, LLP | 1001 - UVSD Checking | | -2,500.00 |
| Bill | 3173063 | 02/28/2022 | | 5307 - Financial Review/Monthly Report | -2,500.00 | 2,500.00 |
| TOTAL | | | | | -2,500.00 | 2,500.00 |
| Bill Pmt -Check | 2054 | 03/10/2022 | Creative Technologies | 1001 - UVSD Checking | | -995.00 |
| Bill | 7127 | 02/28/2022 | | 5207 - Reproduction (prints & copies) | -995.00 | 995.00 |
| TOTAL | | | | | -995.00 | 995.00 |
| Bill Pmt -Check | 2055 | 03/10/2022 | Mark DeMeulenaere | 1001 - UVSD Checking | | -487.50 |
| Bill | 022022 | 02/28/2022 | | 5305 - Financial & Managerial Support | -487.50 | 487.50 |
| TOTAL | | | | | -487.50 | 487.50 |
| Bill Pmt -Check | 2056 | 03/10/2022 | RespecTech, Inc. | 1001 - UVSD Checking | | -61.48 |
| Bill | 44638 | 03/02/2022 | | 5206 - Supplies | -61.48 | 61.48 |
| TOTAL | | | | | -61.48 | 61.48 |
| Bill Pmt -Check | 2057 | 03/10/2022 | Tri-Cities | 1001 - UVSD Checking | | -87.80 |
| Bill | 220200577101 | 02/28/2022 | | 5201 - Telephone & DSL | -87.80 | 87.80 |
| TOTAL | | | | | -87.80 | 87.80 |
| Bill Pmt -Check | 2058 | 03/10/2022 | US Bank | 1001 - UVSD Checking | | -1,200.00 |
| Bill | 6438630 | 02/25/2022 | | 5302 - Banking Services Fees | -1,200.00 | 1,200.00 |
| TOTAL | | | | | -1,200.00 | 1,200.00 |
| Bill Pmt -Check | 2059 | 03/10/2022 | USPS | 1001 - UVSD Checking | | -265.00 |
| Bill | 022022 | 02/20/2022 | | 5205 - Postage | -265.00 | 265.00 |
| TOTAL | | | | | -265.00 | 265.00 |
| Bill Pmt -Check | 2060 | 03/10/2022 | Willow Water District | 1001 - UVSD Checking | | -12,408.58 |
| Bill | 526 | 02/28/2022 | | 5102 - MSA - Willow | -11,346.00 | 11,346.00 |
| | | | | 5209 - Information Technology-All | -199.95 | 199.95 |
| | | | | 5201 - Telephone & DSL | -300.00 | 300.00 |
| Bill | 525 | 03/01/2022 | | 5203 - Office Rent | -425.00 | 425.00 |
| | | | | 5204 - Office Utilities | -137.63 | 137.63 |
| TOTAL | | | | | -12,408.58 | 12,408.58 |

Ukiah Valley Sanitation District
Check Detail
March 2022

| Type | Num | Date | Name | Account | Paid Amount | Original Amount |
|-------|------|------------|------------------|-------------------------|----------------|-----------------|
| Check | 2061 | 03/23/2022 | Zachary Schat | 1001 - UVSD Checking | | -100.00 |
| | | | | 4001 - Residential Fees | -100.00 | 100.00 |
| TOTAL | | | | | -100.00 | 100.00 |
| Check | 2062 | 03/23/2022 | Deborah F Samson | 1001 - UVSD Checking | | -6.86 |
| | | | | 4001 - Residential Fees | -6.86 | 6.86 |
| TOTAL | | | | | -6.86 | 6.86 |
| Check | 2063 | 03/23/2022 | Catalina Erotico | 1001 - UVSD Checking | | -17.12 |
| | | | | 4001 - Residential Fees | -17.12 | 17.12 |
| TOTAL | | | | | -17.12 | 17.12 |
| Check | 2064 | 03/23/2022 | Lorraine Wilcox | 1001 - UVSD Checking | | -30.78 |
| | | | | 4001 - Residential Fees | -30.78 | 30.78 |
| TOTAL | | | | | -30.78 | 30.78 |

Savings Bank of Mendocino County

Beginning Balance as of 3/01/2022 \$412,588.10
Ending Balance as of 3/31/2022 \$714,441.05

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

April 01, 2022

LAIF Home
PMIA Average Monthly
Yields

UKIAH VALLEY SANITATION DISTRICT

GENERAL MANAGER
151 LAWS AVENUE, SUITE B
UKIAH, CA 95482

[Tran Type Definitions](#)

Account Number: 70-23-001

March 2022 Statement

Account Summary

| | | | |
|-------------------|------|--------------------|--------------|
| Total Deposit: | 0.00 | Beginning Balance: | 9,335,557.70 |
| Total Withdrawal: | 0.00 | Ending Balance: | 9,335,557.70 |

UKIAH VALLEY SANITATION DISTRICT

**FINANCIAL STATEMENTS
MONTH ENDED AND FISCAL YEAR TO DATE
FEBRUARY 28, 2022**

Working Draft For
Discussion Purposes
Only

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Working Draft For
Discussion Purposes
Only

**UKIAH VALLEY SANITATION DISTRICT
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MONTH ENDED AND FISCAL YEAR TO DATE FEBRUARY 28, 2022**

Basic Financial Statements

Fund Financial Statements

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| Statement of Revenues, Expenses, and Changes in Fund Net Position | 2 |
| Selected Notes To The Financial Statements | 3 |

Working Draft For
Discussion Purposes
Only

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF NET POSITION
FEBRUARY 28, 2022**

ASSETS

Current Assets:

| | |
|------------------------|--------------|
| Cash and Investments | \$ 9,999,453 |
| Accounts Receivable | 915,983 |
| Interest Receivable | 12,500 |
| Restricted Cash | 1,494,185 |
| Due from City of Ukiah | 1,000,000 |
| Prepaid Expenses | 2,715 |
| Total Current Assets | 13,424,836 |

Noncurrent Assets:

Capital Assets:

| | |
|-------------------------|------------|
| Depreciable, Net | 28,466,291 |
| Total Noncurrent Assets | 28,466,291 |
| Total Assets | 41,891,127 |

LIABILITIES

Current Liabilities:

| | |
|---------------------------------|-----------|
| Accounts Payable | 21,457 |
| Accrued Interest | 277,211 |
| Customer Deposits Payable | 31,400 |
| Bonds Payable - Due in One Year | 1,448,000 |
| Total Current Liabilities | 1,778,068 |

Long-Term Liabilities:

| | |
|---|------------|
| Bonds Payable - Due in More Than One Year | 21,462,000 |
| Total Long-Term Liabilities | 21,462,000 |
| Total Liabilities | 23,240,068 |

NET POSITION

| | |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 5,556,291 |
| Unrestricted | 13,094,768 |
| Total Net Position | \$ 18,651,059 |

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MONTH ENDED AND FISCAL YEAR TO DATE FEBRUARY 28, 2022**

| | Month Ended February 28, 2022 | Fiscal Year to Date February 28, 2022 |
|---|----------------------------------|--|
| OPERATING REVENUES | | |
| Charges for Services | \$ 461,451 | \$ 3,575,394 |
| Connection Fees | - | 496,043 |
| Total Operating Revenues | <u>461,451</u> | <u>4,071,437</u> |
| OPERATING EXPENSES | | |
| Services and Supplies | 22,850 | 226,122 |
| Operating Expense Allocation - City of Ukiah | 213,031 | 1,704,242 |
| Legal Expense | 450 | 20,293 |
| Depreciation and Amortization | 65,619 | 524,910 |
| Total Operating Expenses | <u>301,950</u> | <u>2,475,567</u> |
| OPERATING INCOME (LOSS) | <u>159,501</u> | <u>1,595,870</u> |
| NONOPERATING REVENUE (EXPENSES) | | |
| Taxes and Assessments | - | 37,562 |
| Interest Income | 2,502 | 37,057 |
| Interest and Bond Expense | (47,826) | (374,123) |
| Total Nonoperating Revenue (Expenses) | <u>(45,324)</u> | <u>(299,504)</u> |
| CHANGE IN NET POSITION | 114,177 | 1,296,366 |
| Net Position - January 31, 2022 and June 30, 2021 | <u>18,536,882</u> | <u>17,354,693</u> |
| NET POSITION - END OF PERIOD | <u>\$ 18,651,059</u> | <u>\$ 18,651,059</u> |

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

**UKIAH VALLEY SANITATION DISTRICT
SELECTED NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR TO DATE FEBRUARY 28, 2022**

Ukiah Valley Sanitation District

Selected Information

For the month ended and fiscal year to date February 28, 2022

The accompanying financial statements include the following departures from accounting principles generally accepted in the United States of America:

The financial statements omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America.

The financial statements omit all required supplementary information, such as management discussion and analysis as required by accounting principles generally accepted in the United States of America.

As of the quarter ended December 31, 2021, the District's actual operating expense allocation from the City of Ukiah was less than the budgeted operating expense allocation by \$205,286. The District has omitted this receivable from these financial statements.

The effects of these departures have not been determined.

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

Ukiah Valley Sanitation District
151 Laws Avenue
Ukiah, CA 95482

STAFF REPORT
April 13, 2022

To: Board of Directors
From: Wing-See Fox
Meeting Date: April 13, 2022

Item #7A: Update and discussion regarding meetings with City of Ukiah and Mendocino County LAFCo regarding Out of Area Service Agreement requests and consolidation of sewer services

Background:

In 2021, the City of Ukiah and the District formed an Ad Hoc Committee to discuss and resolve various issues between the City and the District. Most recently, the Ad Hoc Committee has been focused on discussing and jointly creating a path towards consolidating sewer services in Ukiah Valley. The Committee has also agreed to prioritize working together to provide sewer connection to properties outside of District and City boundaries through Out of Area Service Agreements.

The City and the District have agreed to explore a framework for Out of Area Service Agreements that includes an agreement for the District, under certain terms and conditions, to provide interim sewer services for properties that would be connecting to District lines. This agreement would stipulate that the District will provide sewer service to the area until such time that LAFCo approves the City's annexation of the area, at which point the District would support the City's annexation of the area. However, the District would ensure that the agreement also stipulates that the City will not pursue any piecemeal annexations or detachments.

This framework was presented to the LAFCo Commission at its regular meeting on March 7, 2022, and LAFCo, City, and District staff have had follow-up meetings on the framework. LAFCo expressed its support for the proposed cooperative approach, and the next step is for the District and City to execute an agreement.

The Out of Area Service Agreements are intended to be an interim solution for providing sewer services as the City and District continue to discuss a plan for one provider to provide sewer services (i.e., through the City's full annexation of the District, or with the District as a subsidiary district of the City with the City Council acting as the Board of Directors of the subsidiary district). In the meantime, District staff is continuing to work with LAFCo staff on updating the District's MSR/SOI. At the April regular LAFCo meeting, LAFCo staff presented a calendar that aims to complete the District's MSR/SOI update by the end of the calendar year.

Discussion:

The Ad Hoc Committee has discussed key terms for the Agreement between the District and the City, which include the following for discussion purposes:

Sewer Service. Until such time as the earliest of the following occurs, District shall have first rights of refusal to provide, at its sole discretion, sewer service to the areas outside the City's and District's jurisdictions: (1) the area is annexed by the City; or (2) the Parties mutually agree

otherwise. Said sewer service shall be at the same level of service as that provided throughout the District.

OASA. The City, as the applicant for annexation, shall prepare the OASA and submit to the District for review. This Agreement shall be attached as an addendum to any OASA. The City will file OASAs at the direction of the District. The District shall reimburse the City for costs the City incurs to file the OASA, and the District shall recover those costs from the property owners that request and receive out of area sewer service. For OASAs approved by LAFCo under this agreement, the District shall collect all fees associated with providing such services from sewer customers of the affected parcels. The District shall be responsible for all costs associated with providing such services until the areas receiving service are annexed by the City.

No Piecemeal Annexation. As consideration for this Agreement, the City agrees that it will not proceed with piecemeal annexation (or detachment), and that if City does, it shall be deemed a breach and result in termination of this Agreement. For the purposes of this paragraph, this means that City shall not submit an application for annexation, detachment or other reorganization that applies to any parcel within the District, its sphere of influence or served by an OASA unless such application applies to the entirety of the District and such parcels identified in this paragraph or results in meeting the threshold for the formation of a subsidiary district.

Mutual Cooperation. District agrees to work cooperatively with the City regarding revisions to the City's General Plan, Municipal Service Review and Sphere of Influence necessary or advisable to enable such annexations and not to propose or seek LAFCo approval for or support proposed provisions in the District's MSR or SOI that would inhibit, conflict with, or prevent such City annexations and/or reorganization, as described in this Agreement. The District shall cooperate with the City regarding any annexation/reorganization by the City that furthers the goal of consolidating sewer services into a single service provided by the City and that is consistent with this Agreement.

Staff is seeking feedback on these terms and conditions as well as other considerations that the Board may have. The goal is to bring back a fully drafted Agreement for Board consideration at its regular May meeting.

Recommendation:

Discuss and provide direction to staff.

Respectfully submitted,



WING-SEE FOX
Interim District Manager