

MENDOCINO COUNCIL OF GOVERNMENTS

Executive Committee

APPROVED MINUTES

October 15, 2024

Primary Location

MCOG / Dow & Associates Offices
525 S. Main St., Suite G, Ukiah

Teleconference Locations

County Administration Center, 501 Low Gap Rd., Room 1010, Ukiah
City Hall Conference Room, 416 N. Franklin St., Fort Bragg

General Public Teleconference by Zoom

PRESENT: Committee Members: Chair Dan Gjerde and Vice Chair John Haschak
MCOG Staff: Nephele Barrett, Janet Orth, Jody Lowblad
MTA Staff: Jacob King and Mark Harvey

ABSENT: Director Bernie Norvell was excused for a meeting conflict.

1. Call to Order / Roll Call. The meeting was called to order at 1:01 p.m. with a quorum present, Chair Gjerde presiding. Committee members Dan and John and MTA staff attended via Zoom teleconference.

2. Public Expression. None.

3. Review & Recommendation of Options to Recover FY 2022/23 Ineligible Local Transportation Funds (LTF) from Mendocino Transit Authority (MTA) and to Reallocate for MCOG Administration, Transit Operations, Transit Capital, and/or MCOG Reserves in a 2024/25 Regional Transportation Planning Agency (RTPA) Budget Amendment – to comply with the Transportation Development Act (TDA). Janet introduced the item, reviewing background from her written staff report. After several meetings with MTA management and advisors to make calculations and consider several scenarios for repayment, two options were presented.

Staff first asked the committee to weigh in on the question of depreciation expense in the formula. Recognizing depreciation as an operating expense, as in the fiscal audit, versus removing it from the calculation, made a difference of \$1,084,051. TDA codes could be interpreted either way. The relevant code sections were provided in the meeting packet; Janet summarized the three codes and made an argument in favor of counting depreciation as an expense. CCR 6634 deals with eligibility for funds and includes it; CCR 6611.1 points to the definition in PUC 99247; and PUC 99247 deals with performance measures and excludes depreciation. She discussed what risk MCOG could be exposed to as a result of going by the first definition. A triennial TDA performance audit might call for corrective action if MTA owed more funds back to MCOG; otherwise there did not appear to be any penalty for making the wrong interpretation. Of the two options:

- Proposal Excluding Depreciation Expense results in \$2,901,807 for reallocation; MTA could repay over three years.
- Proposal Including Depreciation Expense results in \$1,817,756 for reallocation; MTA repays over two years. – *staff recommendation*

Q&A included:

- How would MTA repay the funds to MCOG? Primarily MCOG's monthly payments of new funds to MTA would be reduced. Staff would track the debt in MCOG's accounting system. To increase the reserves, MTA would need to provide cash for deposits.
- If reallocating the full \$2.8M, where would the additional funds go? To MCOG's reserve for transit.
- When would a TDA audit address this? Staff can ask for advice in this year's audit. MCOG's action falls in the next audit period, due in FY 2027/28.

Nephele shared screen and walked through the two proposals, detailing reallocations with a relatively minor amount for MCOG Administration, followed by amounts for MTA Operations, Capital and Reserves.

Jacob detailed a capital project proposal of \$500,000 for solar canopy improvements and energy capacity, where these local funds would match and leverage other sources.

Nephele suggested a revised MTA claim might trigger an increase to the Senior Centers program, per MTA's policy on local transportation funds for operating, to be determined. The entire matter will be brought to the MCOG Board as part of a proposed budget amendment.

Recommendation:

Upon motion by Gjerde, seconded by Haschak, and carried on roll call vote (2 Ayes; 0 Noes; 1 Absent), the Executive Committee recommended the Proposal Including Depreciation Expense for reallocation in a FY 2024/25 budget amendment and repayment of \$1,817,757 by Mendocino Transit Authority over a two-year period. – *proposed reallocations attached*

Summarized:

- \$20,000 to MCOG Administration to replace over-reliance on other sources
- \$81,583 reallocated for senior centers on October 7, 2024
- \$500,000 to MTA's 2024/25 solar canopy capital project
- \$725,000 to MTA's 2024/25 Operations, to include senior centers if consistent with policy
- \$300,000 to MCOG's Transit Capital Reserve fund
- \$191,173 to MCOG's LTF Reserve in 2024/25 and 2025/26.

Total of \$1,817,757 to be reallocated

4. Review & Recommendation on RuralREN (Regional Energy Network) North Memorandum of Agreement (MOA) with Governing Partners. Janet summarized her written report, reporting status of legal reviews, with comments pending from Mendocino County Counsel before a final draft is released. Final MOA approvals are expected by each partner's board in November or December. At this point, staff recommended approval in concept. Other documents under development include bylaws, business plan and program budgets. Also there will be a contract between MCOG and Redwood Coast Energy Authority as Lead Administrator to cover other logistical details such as invoicing and payment. Nephele answered questions in discussion:

- Agrees with staff serving as a steering committee (Section 2 – Governing Partners). Will programs be presented to the Board for comment and approval? (Dan) Yes.
- Sonoma Clean Power has a citizens' advisory committee. Will there be advisory groups? (Dan) It could be of value, though budgets are limited for maintaining that kind of effort.
- Recognizing priorities agreed to by the Board, which of the seven program will MCOG offer? (John) All will be delivered to some extent, though phased in with different launch dates depending on time needed to prepare.
- Are the ratepayer funds collected in Ukiah, even though electricity customers are not served by PG&E? Yes, though limited to charges for gas service provided by PG&E.

Recommendation:

Upon motion by Haschak, seconded by Gjerde, and carried on roll call vote (2 Ayes; 0 Noes; 1 Absent), the Executive Committee recommended approval of the draft RuralREN North Memorandum of Agreement in concept, pending review by County Counsel and a final version by the partners, for final approval by the full Council in November or December, authorizing the Executive Director to sign on behalf of MCOG.

5. Recommendation to Amend Administrative & Fiscal Services and Planning Services Contracts to Allow for Future Extensions as Defined in Requests for Proposals – October 1, 2024 through September 30, 2029 and up to five years of extensions. Janet briefly reiterated her written report that this request is to correct an oversight. The procurement consultants, Regional Planning & Analysis Services (RAPS) confirmed that extensions were meant to be included in the contracts they prepared and have recommended these amendments. Amendments would make the contracts consistent with the RFPs, which specify a process:

“At least six months prior to contract termination, the MCOG Board or its delegate shall conduct a performance review of the CONTRACTOR and a cost analysis. Based on the results of the performance review and cost analysis, the Board may elect to amend this contract for an additional period of time not to exceed five years.”

Examples of the amendments were provided in the committee’s agenda packet.

Recommendation:

Upon motion by Gjerde, seconded by Haschak, and carried on roll call vote (*2 Ayes; 0 Noes; 1 Absent*), the Executive Committee recommended amending both the Administrative & Fiscal Services contract with Dow & Associates and the Planning Services contract with Davey-Bates Consulting to allow for extensions as defined in the Requests for Proposals.

6. Recommendation to Amend Administrative & Fiscal Services Contract with Dow & Associates to Add Rural REN North (Regional Energy Network) Program Budgets. Nephele reviewed her proposal from Dow & Associates including scope of work and budget, noting in her letter MCOG’s recent competitive procurement process for staffing services, with Dow & Associates selected as the successful contractor to provide administrative and fiscal services. Because the Rural REN North was still pending action by the California Public Utilities Commission (CPUC) at the time, scope and costs for those responsibilities were not included in either the Request for Proposals (RFP) or the Dow & Associates proposal. The approved proposal did identify the pending RuralREN activities as a possible future need for which Dow & Associates would provide additional staffing, consistent with the RuralREN business plan. Both the RFP and the Dow proposal included optional tasks that provided for future contract amendments if additional tasks beyond the RFP scope of work were to be added by MCOG. The addition of the RuralREN activities now necessitates a contract amendment in order to provide the staffing needed to deliver these new programs.

The proposed scope of work, schedule and budget were provided in the committee’s agenda packet. All additional costs would be funded through the RuralREN North’s program budget. Discussion included:

- If she had better understood earlier, she might have requested more funding in the RuralREN budget for more Mendocino County jobs to be created; hopefully these can grow over time. (Nephele)
- There are few installation contractors in Sonoma County and likely even fewer in Mendocino County. Perhaps through Sonoma Clean Power and West Company’s small business development services, self-employed contractors could be upskilled to handle more work. (Dan)

Recommendation:

Upon motion by Gjerde, seconded by Haschak, and carried on roll call vote (*2 Ayes; 0 Noes; 1 Absent*), the Executive Committee recommended approval of the Dow & Associates contract amendment as proposed, for a total FY 2024/25 increase of \$419,720.77, to be prorated for the remainder of the fiscal year, funded by the RuralREN North program budget.

7. Miscellaneous / Members’ Concerns / Announcements. Jacob asked about the number of riders to MCOG’s board meeting and tour in Covelo next month, to determine which bus to provide. Jody reported working on collecting RSVPs and would know soon.

8. Adjournment. The meeting was adjourned at 2:15 p.m.

Submitted by Janet Orth, Deputy Director & CFO