

ORDINANCE 1997-4

AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
DEDICATING FUNDING FOR REPAYMENT OF THE STATE REVOLVING FUND
SEWER CAPACITY EXPANSION PROJECT PHASE 2 LOAN AND AMENDING
THE DISTRICT'S RULES AND REGULATIONS TO REVISE THE
EXISTING WASTEWATER CAPITAL RESERVE FUND

WHEREAS, The Board wishes to improve the District's current wastewater treatment disposal capability by constructing Phase 2 of the Sewer Capacity Expansion Project (hereinafter called Project);

WHEREAS, The District's consulting engineer has prepared the final design plans and specifications for the Project and the Board has selected Contri Construction for construction of the Project at a cost of \$349,668;

WHEREAS, The District has applied for a loan totaling \$440,000 to cover the construction cost of the Project including engineering and administrative costs;

WHEREAS, The State of California has agreed to fund up to \$436,673 towards the construction cost of upgrading the wastewater treatment facility (Project) with a low interest loan subject to specific conditions;

WHEREAS, The Board on July 13, 1995 adopted Ordinance 56 creating a Wastewater Capital Recovery Fund for Phase 1 of the Sewer Capacity Expansion Project and on August 16, 1995 adopted Ordinance 57 dedicating sewer revenues to repayment of the annual debt service on phase 1 of the Sewer Capacity Expansion Project.

WHEREAS, a condition of the State loan approval is for the District to adopt an ordinance dedicating a source of revenue toward repayment of this new loan; and

WHEREAS, a condition of loan approval is for the District to adopt an ordinance revising the existing Wastewater Capital Reserve Fund (WCRF) to dedicate additional funding for the expansion, major repair or replacement of the new wastewater treatment works. Specifically, the State requires that the District deposit additional funds to build up the WCRF at a minimum rate of .5% of the Loan amount each year for a period of ten years or for the purposes of this loan \$2,200 per year;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Regulation 31 of the MCSD Rules and Regulations is amended to read:

"REGULATION 31 -- WASTEWATER CAPITAL RESERVE FUND

Rule 31.01. WASTEWATER CAPITAL RESERVE FUND -- The District shall maintain a Wastewater Capital Reserve Fund (WCRF) in the Sewer Department dedicated solely to pay for future expansion, major repair and replacement of the disposal works at the Fisher Irrigation Site and treatment works at the MCSD Wastewater Treatment Facility.

In FY97-98, the WCRF shall be budgeted at \$13,053 relative to the FY1995-96 contribution (\$4,100); the interest earned during FY1995-96 (\$246); the FY1996-97 contribution (\$4,100); the interest earned during FY1996-97 (\$507); and the FY97-98 contribution (\$4,100).

Each year in the period FY1998-99 through FY2004-05, MCSD shall deposit an additional \$6,300 to the balance (\$4,100 for phase 1 and \$2,200 for phase 2) into the WCRF. Additionally, the Board shall annually apportion the interest earned on the balance in the WCRF to the Fund.

Each year in the period FY2005-06 through FY2007-08, MCSD shall deposit an additional \$2,200 to the balance into the WCRF. Additionally, the Board shall annually apportion the interest earned on the balance in the WCRF to the Fund.

The District shall annually reconcile the balance in the fund and submit a report to the State Water Resources Control Board every five years (Ie. FY2000-2001; FY2005-2006; FY2010-2011; and FY2015-2016) for the term of the phase 1 and phase 2 Project loans. At the end of the phase 1 loan term, the District Board may reallocate any phase 1 funds in the Fund to any sewer department purpose. Starting in FY2016-17, the District shall annually reconcile the balance in the fund and submit a report to the State Water Resources Control Board in FY2020-2021 for the term of the phase 2 Project Loan. At the end of the phase 2 loan term, the District Board may reallocate any phase 2 funds in the Fund to any sewer department purpose.

Rule 31.02. WITHDRAWAL OF WCRF MONIES. The Board may use money from the WCRF prior to the end of the loan term to pay for the cost of planning, design and construction of capital improvements to the wastewater treatment works subject to adoption of an ordinance committing the District to repayment of any amounts expended from the WCRF at a minimum annual rate of ten (10) percent of the expended amount in addition to the payment described above in Rule 31.01."

Section 2. THE DISTRICT HEREBY DEDICATES AN ANNUAL DISBURSEMENT OF SEWER DEPARTMENT USER FEES TO REPAYMENT OF ANY AND ALL STATE REVOLVING LOANS ON PROJECT C-06-4259-110/120 (Project) UNTIL SUCH LOANS ARE FULLY DISCHARGED UNLESS MODIFICATION OR CHANGE OF SUCH DEDICATION IS APPROVED IN WRITING BY THE STATE WATER RESOURCES CONTROL BOARD.

On the Motion of Director Estes and seconded by Director Harling, the foregoing ordinance is duly accepted on first reading this 14th day of August, 1997 by the following vote:

AYES: Estes, Harling, Shepherd, Walund

NOES: None

ABSENT: Klein

Edward E. Estes

Edward E Estes, President, Board of Directors, McKinleyville Community Services District

ATTEST:

Sharon L. Denison

Secretary, Board of Directors
McKinleyville Community Services District

I, SHARON DENISON, Secretary to the Board of Directors of the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, hereby certify that the foregoing is a full, true, and correct copy of an ordinance duly adopted this 14 day of August, 1997.

Sharon L. Denison

Secretary to the Board of
Directors of McKinleyville
Community Services District

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

this space is for the County Clerk's Filing Stamp

STATE OF CALIFORNIA

County of Humboldt

RECEIVED

MAY 14 1997

McK. C.S.D.

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-mentioned matter. I am the principal clerk of the printer of THE TIMES-STANDARD, a newspaper of general circulation, printed and published daily in the City of Eureka, County of Humboldt, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Humboldt, State of California, under the date of June 15, 1997. Consolidated Case Number 27009 and 27010; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and extra issue of the newspaper and not in any supplement or insertions, to-wit:

ORDINANCE 1997-3
AN ORDINANCE OF THE
MCKINLEYVILLE
COMMUNITY SERVICES
DISTRICT CALLING FOR AN
ELECTION AND, IF THE
VOTERS APPROVE THE
BALLOT MEASURE,
IMPLEMENTING A
SPECIFIC SEISMIC
UPGRADE PROGRAM,
BORROWING FUNDS, AND
AMENDING MCSD'S RULES
AND REGULATIONS TO
INCREASE WATER RATES

May 12
All in the year 19 97

I certify (or declare) upon foregoing is true and correct

Dated at Eureka, California this 12 day of May 1997

[Signature]
Sgt.

WHEREAS, McKinleyville is located in a hazardous seismic region with the potential for a 8.4 Richter magnitude earthquake off of Cape Mendocino and a 7.25 Richter magnitude earthquake along the Mad River Fault crossing underneath the community;
WHEREAS, MCSD retained a Consulting Engineer, John Eidinger, to evaluate the vulnerability of MCSD's water and sewer works to seismic events;
WHEREAS, Mr. Eidinger has determined that substantial damage would occur to specific facilities if a large earthquake occurred;
WHEREAS, such damage would result in severe personal, social and economic disruption to the community;
WHEREAS, The severity of the damage could be significantly reduced if an effort is made to strengthen and augment these facilities;
WHEREAS, The Board appointed a citizens committee comprised of eleven members to review the Consulting Engineer's recommendations;
WHEREAS, This committee, after intensive review and

debate, unanimously recommended a comprehensive program including retrofit upgrades, funding and rates (hereinafter defined as "Recommended Program" to minimize seismic damage to MCSD's systems and to shorten the recovery time after an earthquake;
WHEREAS, No current MCSD funds are available to implement the Recommended Program;
WHEREAS, The proposed rate increase is designed to cover the actual cost of implementing the Recommended Program, to equitably spread the added costs amongst rate payers, to encourage conservation, to simplify rates and to produce predictable future revenues;
WHEREAS, This ordinance guarantees that any funds borrowed by MCSD will only be used to implement the Recommended Program and that any unspent funds will be paid back to the lender to reduce principal;
WHEREAS, The Government Code of the State of California authorizes special districts to utilize tax exempt borrowing capacity to obtain funds at the lowest possible cost;
WHEREAS, The Election Code and the Government Code of the State of California authorize a special district to propose a ballot measure to determine the will of the electorate; and
WHEREAS, The Board believes that MCSD's voters should determine if they wish to pay increased water rates to implement the Recommended Program.
NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY:
1. Finds that the foregoing recitals are, and each of them is, true and correct;
2. Requests the County of Humboldt Elections Department to place the following ballot measure on the November 4, 1997 election:
"MEASURE ___: Should the McKinleyville Community Services District borrow up to \$910,500 to fund the specific seismic upgrades listed in Ordinance 1997-3 so as to minimize seismic damage to MCSD's facilities, to shorten recovery time after an earthquake and to repay the resultant annual debt service cost with increased water rates as described in Ordinance 1997-3."
3. Requests the County of Humboldt Elections Department to consolidate this election with the general election; publish all required election materials; mail all required sample ballots; perform all actions necessary under law to tally the ballots; provide the District with the initial results of the election after the election; and provide the District with final results after the election is certified.
4. Should a majority of those that vote on the Ballot Measure vote "Yes" then:
A. MCSD shall borrow up to \$910,500 in principal for implementation of the seismic upgrades described in Section 3B of this Ordinance.
B. MCSD shall spend up to

\$910,500 to implement the following system upgrades together with the design and contingency costs. None of these funds shall be spent for any other purpose:
1. ALTERNATE SUPPLY - Construct two high production ground water wells as a second source of supply to augment the existing 18" main from the Humboldt Bay Municipal Water District (HBMWD). These wells would supply water to MCSD should the existing main fail in an earthquake, should HBMWD not be able to deliver water or if HBMWD's water is too turbid to drink. These wells could also be used to supply water during peak summer demands so as to reduce the cost of buyer HBMWD supply.
ENGINEER'S COST ESTIMATE: \$310,000
2. EMERGENCY PLUMBING: Purchase up to 6,000 linear feet of 5" to 8" flex hose, hydrant couplings, spare parts and deployment trailers to bypass broken water mains. Evaluate the likely breakage zones across faults and install flanges and attachment points to expedite service reactivation.
ENGINEER'S COST ESTIMATE: \$174,000
3. ANCHOR STORAGE TANKS: Retrofit the 1,000,000 gallon Cochran Road Tank; the 1,000,000 gallon three Norton Road Tank and the 250,000 Hilltop Tank that are projected to fail in the event of a moderate earthquake by installing concrete retaining rings around the base of each tank and installing motorized shutoff valves on the Cochran Road Tank.
ENGINEER'S COST ESTIMATE: \$130,000
4. REINFORCE CRITICAL BUILDINGS: Strengthen the Ramey Pump Station to withstand moderate to heavy earthquake shaking.
ENGINEER'S COST ESTIMATE: \$22,000
5. EMERGENCY STORAGE/SUPPLY: Purchase and plumb storage tanks at three disaster shelters and fabricate up to ten hydrant supply manifolds to supply water to displaced residents and those with no running water.
ENGINEER'S COST ESTIMATE: \$23,000
6. EMERGENCY COMMUNICATIONS: Purchase and install a Ham Radio system including a fixed antenna to ensure coordination with emergency service providers.
ENGINEER'S COST ESTIMATE: \$1,500
7. PLANNING DESIGN & INSPECTION: For each of the six components described above evaluate options, select a proposed project, conduct an environmental review, secure permits, finalize the design, secure a contractor/vendor, and implement.
ENGINEER'S COST ESTIMATE: \$85,000
8. CONTINGENCIES & ADDITIONAL WORK: The balance of the \$910,500 borrowing, \$165,000, is a contingency fund to cover unknown expenses on components one through six described above and if unneeded

ed to for and a m. ENO \$16 C. bor ma exp res MC D. ple un on. E. r. raf del fu specified in Section 444-8222 M-F 9-5. This Ordinance.
5. Should a majority of those that vote on the Ballot Measure vote "Yes" then the third sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read: "Minimum charges per month for multiple living units: \$4.25 per living unit regardless of the meter size."
6. Should a majority of those that vote on the Ballot Measure vote "Yes" then the fourth sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read: "Minimum charge per month for all other customers:
METER SIZE MONTHLY RATE
5/8" X 3/4", 3/4" & 1" \$4.25
1 1/2" & 2" \$21.25
3" or larger \$34.00"
7. Should a majority of those that vote on the Ballot Measure vote "Yes" then the fifth sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read: "The consumption charge shall be calculated as a function of the actual amount of water consumed applied to the following schedule:
AMOUNT OF WATER CONSUMED CHARGE PER 100 CUBIC FEET
100 to 500 Cubic Feet \$.77
600 Cubic Feet & Over \$1.00"
8. Staff is directed to provide the electorate with information on the ballot measure including a description of each upgrade proposed and the rationale for each upgrade. Such description shall include aspects of any of the upgrades which could be used for non-emergency purposes, particularly the non-emergency functions of the proposed ground water wells.
9. This ordinance is not adopted for the purpose of complying with the requirements of Proposition 218. Separate proceedings will be processed by the Board of Directors if it is subsequently determined that notice and hearing requirements of Proposition 218 must be met. On the Motion of Director and seconded by Director, the foregoing ordinance is duly adopted this 14th day of May, 1997 by the following vote:
AYES:
NOES:
ABSENT:

McK, brand new 2 bd. Garage, coin op, avail July \$550 mon + \$300 dep. 839-1227

MCKINLEYVILLE
Almost new 3 bdrm, 2 1/2 triplex. Garage, private fr yard, Indry hkps, w/s/g p on bus line. \$775 + \$600 dep. 839-1227

NICELY REMODELED 2 apt.w/ large fenced yard and street parking. \$550/mo + 1000 dep. Move in for only \$825 this w/c. Call 444-8222 M-F 9-5.