

**NOTICE IS HEREBY GIVEN THAT A REGULAR MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD AT:**

**Azalea Hall
1620 Pickett Road
McKinleyville, California**

**Wednesday, September 15, 2010
7:00 P.M.**

AGENDA

A. CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by two-thirds vote of the members of the legislative body present at the time of the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the McKinleyville Community Services District after the Agenda was posted.

B. APPROVAL OF THE AGENDA

C. PUBLIC HEARINGS

These are items of a Quasi-Judicial or Legislative nature. Public comments relevant to these proceedings are invited.

C.1 Consider Central Avenue Open Space Zone reformation **P. 4**

C.2 Consider adopting resolution authorizing collection of **P. 14**
Measure B Assessments for Fiscal Year 2011

D. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

D.1 Consider approval of minutes of the Board of Directors' Regular
Meeting of August 18, 2010 **P. 27**

D.2 Consider approval of August 2010 Treasurer's Report **P. 32**

D.3 DCV Violations for September **P. 45**

E. CONTINUED AND NEW BUSINESS

E.1 Present "Community Builder Award" to CalWORKs Program Department **P. 46**

E.2 Information regarding expenditure related to the 2008 AlgaRhythms project for laboratory testing of algae at the Waste Water Management Facility **P. 49**

E.3 Consider Fischer Ranch Request for Lease Proposals and Draft Lease Agreement **P. 63**

E.4 Consider revised Board Policy Manual **P. 90**

E.5 Information and comparison of current District water and sewer capacity fee rates for new connections **P. 103**

E.6 Consider approval of September 2010 Newsletter and Recreation Activity Guide **P. 105**

E.7 Consider Resolution authorizing submission of financing application-Ramey Pump Station Upgrade **P. 107**

F. REPORTS

No specific action is required on these items, but the Board may discuss any particular item as required.

F.1. ACTIVE COMMITTEE REPORTS

- a. Recreation Advisory Committee (Couch/Mayo (alternate))
- b. Area Fund (John Kulstad)
- c. Redwood Region Economic Development Commission ((Edwards, Wennerholm (alternate))
- d. McKinleyville Senior Center (Wennerholm)
- e. Audit (Corbett, Edwards)
- f. Water Task Force ((Mayo, Corbett (alternate))
- g. AdHoc No Drugs & Toxics Down the Drain (Mayo)
- h. AdHoc Committee-review goals, objectives and mission statement (Edwards, Corbett)
- i. AdHoc Financial Reserve Committee (Edwards, Corbett)

F.2. STAFF REPORTS

- a. Support Services Department (Steve Edmiston) **P. 112**
- b. Operations Department (Greg Orsini) **P. 113**
- c. Parks and Recreation Department (Jason Sehon) **P. 116**
- d. General Manager (Norman Shopay) **P. 118**

F.3. BOARD PRESIDENT'S REPORT

F.4. BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS

G. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

*Any person may address the Board at this time upon any subject not identified on this Agenda but within the jurisdiction of the McKinleyville Community Services District; however, any matter that requires action will be referred to staff for a report of action at a subsequent Committee or Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered. **Comments are limited to 3 minutes.** Letters should be used for complex issues.*

H. CLOSED SESSION DISCUSSION

At any time during the regular session, the Board may adjourn to closed session to consider existing or anticipated litigation, liability claims, real property negotiations, license and permit determinations, threats to security, public employee appointments, personnel matters, evaluations and discipline, labor negotiations, or to discuss with legal counsel matters within the attorney-client privilege.

NO CLOSED SESSION SCHEDULED

I. ADJOURNMENT

Posted 5:00 pm on Friday, September 10, 2010

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: C.1. Initiate Reformation of Central Avenue Open Space Maintenance Zone #6.

PRESENTED BY: Jason Sehon

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff Requests the Board review the Draft Management Plan, engineer's report, and ballot and consider adopting resolution 2010-09 as attached as Attachment 5.

Discussion:

The District formed Open Space Maintenance Zone #6 along Central Avenue in June 1997. The zone extends from Anna Sparks Way at the shopping center on the south end of Central Avenue to the McGaughey property on the north end of Central Avenue. The zone was established with a five-year "sunset clause" and was last reformed on January of 2005.

This zone is once again up for renewal. A private contractor was hired to maintain the zone for the first nine years. In 2004 the District took over the maintenance of the zone when we hired a new Park Maintenance position. We are currently working ten hours per week in the zone at the current rate of reimbursement.

Due to the increased cost of insurance, workers compensation and fuel costs we are proposing an increase of 3% to the zone participants for the next five year period.

Staff proposes the reformation of the zone in order to continue maintenance of the landscape zone for another term of five years. Staff is also recommending that the reformation of the zone include the purchase of banners to be hung from the streetlights within the zone during the holiday season (November 15 to January 15) and during Pony Express Days (May 1 to June 15).

This proposal includes the cost for a private company to install brackets and put up and take down the banners. The cost associated with the purchase of the banners is amortized over a five-year period. Staff is proposing an increase of \$0.11 per linear foot.

We do have some financial assistance from the County to purchase new plants, replace the shredded redwood bark and perform additional projects. In addition, the County is required to provide a Sheriff Work Alternative Program (SWAP) Crew on the first Saturday of each month to assist with the maintenance of the zone. These two items help to offset the cost to the participants in the zone who only pay for the routine maintenance of cleanup, trimming and weed abatement.

Attachment 5 is a resolution that initiates the reformation Central Avenue Open Space Zone #6. If the Board adopts the attached resolution, an engineer's report including ballots (Attachment 2), they will be prepared and forwarded to participants in the zone, in accordance with Proposition 218 and District Rules and Regulations.

Attachment 1 is a Draft Management Plan detailing the expected monthly costs for the assessment area as shown on the map (Attachment 3).

Attachment 4 is a maintenance cost estimate and calculations of the assessment for each parcel within the zone.

Attachment 5 is a draft resolution initiating the process for the formation of the zone. Pursuant to Proposition 218, the process requires preparation of the Engineer's report.

The Engineer's Report and ballots will be mailed to the participants in the zone. A Public Protest Hearing will be scheduled for November 17, 2010 for public input prior to the formation of the zone. The votes will be tallied and the Board will have the option to consider reforming the zone.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action
- Initiate a 3% increase and do not proceed with purchasing and installing the banners

Fiscal Analysis:

The Draft Management Plan (Attachment 1) and the cost estimate (Attachment 4) designate the expenses for maintenance, insurance and administration of the zone to the owners of the property within the proposed zone. A monthly administrative fee for the District's estimated administration cost for billing is included in the cost division formula. Therefore, the proposed zone will have no fiscal impact on the District.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1-Draft Management Plan
- Attachment 2-Engineer's report
- Attachment 3-Zone # 6 Map
- Attachment 4-Maintenance Cost Estimate
- Attachment 5-Resolution 2010-09
- Attachment 6-Proposed Ballot

ATTACHMENT 1

Reformation of Zone # 6

DRAFT MANAGEMENT PLAN CENTRAL AVENUE OPEN SPACE ZONE

The Central Ave Open Space Zone extends from the McGaughey parcel across from the Rainbow Storage area south to Anna Sparks Way at the shopping center. There are 77 properties within this designated zone. (See Attachment 3 for the site map).

If the formation of the zone is initiated by the Board, the assessor's parcel numbers, ownership, and length of frontage of each parcel, estimated costs and proposed assessments for each parcel will be determined and included in an Engineer's Report. The Engineer's Report will be available for review in the District Office and forwarded to each customer within the zone, in accordance with the requirements of Proposition 218, and the District's Rules and Regulations. Each business or property owner will then have the opportunity to cast a weighted vote, based on their assessable frontage.

A protest hearing will be scheduled, after which ballots will be tallied. If votes are cast in favor of reforming the zone by businesses or property owners representing a majority of the assessable frontage casting votes, the Board may consider reforming the Landscape Maintenance Zone.

The cost estimate (attachment 4) describes the detailed costs and expenses as determined by the Engineer for the maintenance of the zone. Each of the seventy-seven (77) parcels within the zone will be assessed in proportion to their frontage of the estimated \$0.28 per linear foot for insurance and maintenance of the zone, as well as banners to be hung from the streetlights twice per year.

In addition, each customer would pay a fifty-cent per month charge for bookkeeping and billing. The total fee per parcel per month would be collected along with each parcel's regular water/sewer bill. The District reserves the right to increase these costs annually as allowed by the California Department of Finance "Price and Population" calculations.

Maintenance activities for the landscape zone shall include weeding, hedging, pruning, planting, mulching, and trail repair and maintenance.

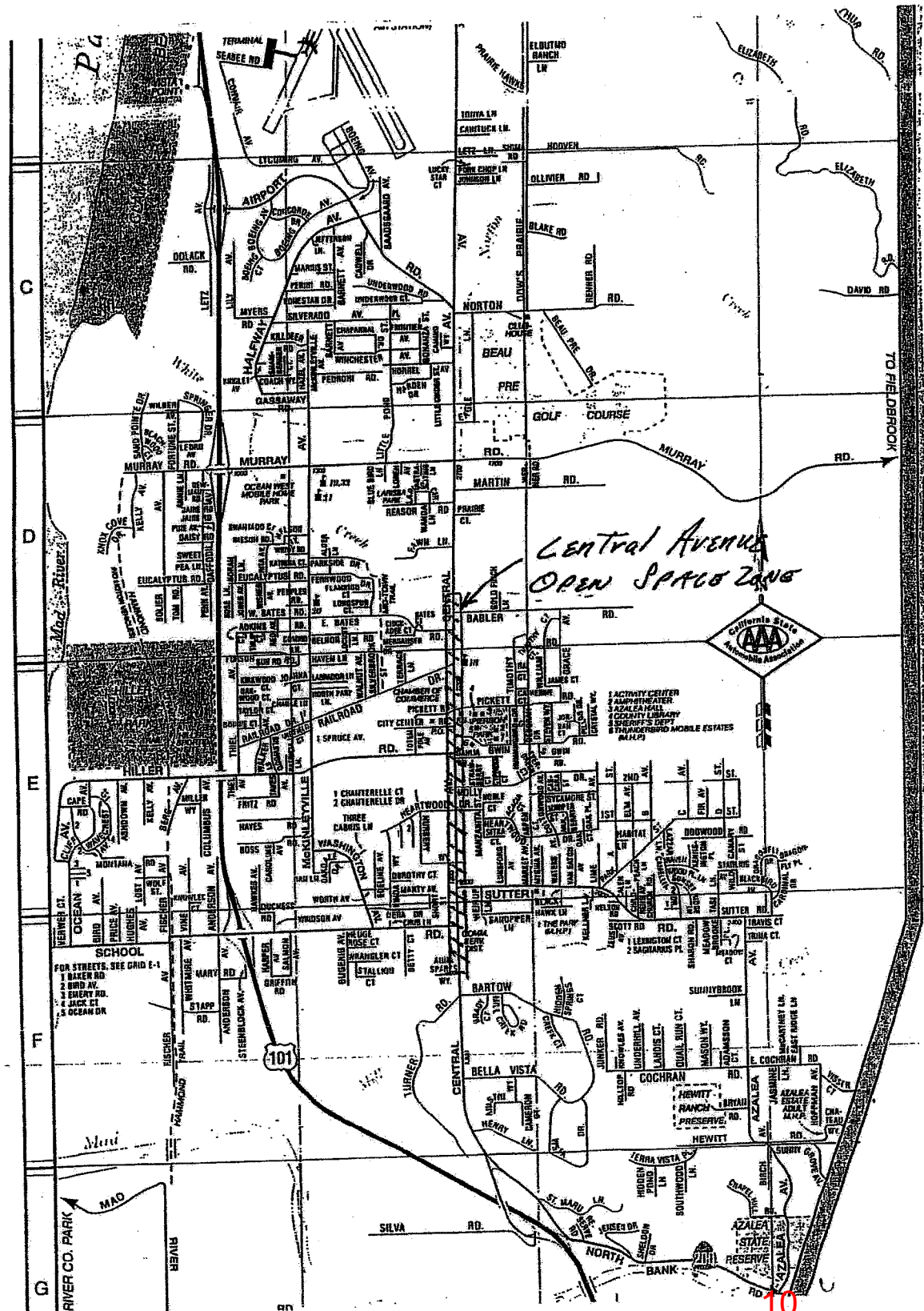
ATTACHMENT 2

ENGINEER'S REPORT

Central Avenue Landscape Zone (OSZ #6)
June 11, 2010

Parcel	Rte/Svc	LM #	Customer #	Customer Name	Service Address	Total Frontage	Driveway Frontage	Net Frontage	Assessed Frontage	Fee Multiplier	Status Quo	Proposed Monthly Increase \$0.11 per linear ft.
508-242-012	020/0502	6072	AME0012	American Hospital Mgmt	1680 Central Ave	147	0	147	147	0.01856	\$25.06	\$41.52
508-242-015	005/0430	1970	LIM0002	Jack Limmer, Et Al	1660 Central Ave	110	20	90	90	0.01136	\$16.00	\$26.51
508-242-019	005-0332	6866	MIL0011	Miller Farms	1595 Nursery Way	166	20	146	146	0.01843	\$25.96	\$43.02
508-242-023	020/0503	6073	WAT0017	Kathy Watson	1600 Central Ave	109	0	109	109	0.01376	\$18.58	\$30.79
508-242-024	005/0400	1967	SHO0001	Shopping Center (Fig's)	1734 Central Ave	275	78	197	197	0.02487	\$35.02	\$58.03
508-242-025	006/0010	2147	HUM0004	Humboldt Petroleum	1606 Central Ave	119	32	87	87	0.01098	\$15.47	\$25.63
508-242-029	005/0435	5153	SIX0003	Six Rivers Bank	1640 Central Ave	296	55	241	241	0.03043	\$42.84	\$70.99
508-251-004	005/0359	1962	MIL0008	Miller Farms	1834 Central Ave	96	21	75	75	0.00947	\$13.33	\$22.09
508-251-005	005/0357	1960	MIL0018	D R Miller Family LLC	1836 Central Ave	78	0	78	78	0.00985	\$13.87	\$22.98
508-251-008	005/0290	1956	COA0002	Coast Central Credit Union	1968 Central Ave	250	63	187	187	0.02361	\$33.25	\$55.10
508-251-012	005/0354	1958	OPI0001	Opie's Fine Cars	1900 Central Ave	235	56	179	179	0.02260	\$31.82	\$52.73
508-251-018	005-0360	1963	MIL0009	Miller Farms	1828 Central Ave	258	80	178	178	0.02247	\$13.33	\$22.09
508-251-023	005/0300	1957	CHU0009	Church of the Joyful Healer	1944 Central Ave	63	0	63	63	0.00795	\$11.20	\$18.56
508-251-024a	005/0307	5150	NOR0034	Northern Ca Safety Consortium	1932 Central Ave	87	34	53	13	0.00167	\$2.42	\$4.01
508-251-024b	005/0306	5149	THE0003	The Complete Look	1936 Central Ave	^	^	^	13	0.00167	\$2.42	\$4.01
508-251-024c	005/0308	5151	TRE0006	Paul Trepanier (McK Office Supply)	1928 Central Ave	^	^	^	13	0.00167	\$2.42	\$4.01
508-251-024d	005/0305	5148	MUR0010	Murphy's Pizza Office	1940 Central Ave	^	^	^	13	0.00167	\$2.42	\$4.01
508-251-034	005/0313	6254	BUR0092	Burger King	1645 Heartwood	187	0	187	187	0.02361	\$33.25	\$55.10
508-251-035	005/0310	6252	STA0052	Starbucks	1924 Central Ave.	119	0	119	119	0.01503	\$21.15	\$35.05
509-181-016	005/2150	7417	GKP0002	G & K Properties	1565-81 Central Ave	240	19	221	221	0.02790	\$39.29	\$65.10
509-181-017	005/2146	7416	THO0092	Casey Thompson	1589 Central Ave	56	14	42	42	0.00530	\$7.47	\$12.38
509-191-005	005/2144	2142	HAR0131	Mike Harvey	1604 Central Ave.	40	0	40	40	0.00505	\$7.11	\$11.78
509-191-007	005/2170	2144	SUT0017	Roger Sutterfield	1607 Central Ave	102	23	79	79	0.00997	\$20.27	\$33.59
509-191-016	005/2180	2145	CEN0002	Central Station	1631 Central Ave	160	63	97	97	0.01225	\$17.24	\$28.57
509-191-022	005/2170	2144	SUT0017	Roger Sutterfield	1607 Central Ave	35	0	35	35	0.00442	\$0.00	\$0.00
509-191-023	004/0833	6693	SUT0015	Sutter's Mudd Coffee Co	1693 Central Ave	93	28	65	65	0.00821	\$11.56	\$19.15
509-191-024	005/2190	2146	EDD0003	Nicolas Eddy	1697 Central Ave	107	0	107	107	0.01351	\$19.02	\$31.52
509-191-027	005/2165	5194	CSK0001	CSK Auto DBA Kragen's	1605 Central Ave	119	37	82	82	0.01035	\$14.58	\$24.16
509-221-021a	002/0077	6229	HEN0082	Martha Henry	1781 C Central Ave	122	61	61	31	0.00385	\$5.42	\$8.98
509-221-021b	002/0078	6166	HEN0057	Martha Henry	1781 Central Ave	^	^	^	31	0.00385	\$5.42	\$8.98
509-221-044	004/0830	1841	CAR0090	Carmela's Restaurant	1701 Central Ave	123	20	103	103	0.01301	\$18.31	\$30.34
509-221-046a	002/0030	1339	COP0006	Beverly Copeland MD	1727 Central Ave	139	20	119	24	0.00301	\$4.23	\$7.01
509-221-046b	002/0060	1342	MAD0001	Mad River Hospital	1733 Central Ave	^	^	^	24	0.00301	\$4.23	\$7.01
509-221-046c	002/0050	1341	MAD0004	McKinleyville Family Practice	1735 Central Ave	^	^	^	24	0.00301	\$4.23	\$7.01
509-221-046d	002/0040	1340	MEL0001	Gregory Mellon DDS	1737 Central Ave	^	^	^	24	0.00301	\$4.23	\$7.01
509-221-046e	002/0010	1337	LIM0004	Lima's Pharmacy	1711 Central Ave	^	^	^	24	0.00301	\$4.23	\$7.01
509-221-053	002/0067	1343	LUZ0001	Luzmila's	1751 Central Ave	173	28	145	145	0.01831	\$25.78	\$42.72
509-221-058	002/0085	5050	BMW0001	BMW of Humboldt Bay	1795 Central Ave	139	26	113	113	0.01427	\$20.09	\$33.29
509-232-018	002/0890	1425	MIC0002	Mickey's Quality Cars	1901 Central Ave	216	0	216	216	0.02727	\$38.40	\$63.63
509-233-001	002/0116	6340	LDS0002	LDS Church	1855 Central Ave	330	0	330	330	0.04167	\$58.66	\$97.20
509-233-002	002/0110	1347	JAS0002	J.A. Sutherland DBA Taco Bell	1811 Central Ave	65	0	65	65	0.00821	\$11.56	\$19.15
509-233-003a	002/0090	1345	RYN0003	Mark Ryneanson	1803 Central Ave	76	35	41	21	0.00259	\$3.64	\$6.03
509-233-003b	002/0100	1346	FOR0001	Forbes & Associates	1807 Central Ave	^	^	^	21	0.00259	\$3.64	\$6.03
509-261-028	002/2180	1554	CEN0007	Central Dental	1955 Central Ave	120	0	120	120	0.01515	\$21.33	\$35.34
509-261-029a	002/2235	5087	MAC0056	MacMullin & Company	1981 Central Ave	200	16	184	31	0.00387	\$5.23	\$8.67
509-261-029b	002/2190	1555	NEL0045	Nelson Floor Co	1965 Central Ave	^	^	^	31	0.00387	\$5.23	\$8.67
509-261-029c	002/2200	1556	HOL0073	Hollrigel & Associates	1969 Central Ave	^	^	^	31	0.00387	\$5.23	\$8.67

509-261-029d	002/2220	1558	MAC0054	MacMullin & Company	1973 Central Ave	^	^	^	31	0.00387	\$5.23	\$8.67
509-261-029e	002/2240	1560	RED0020	Redwood Coast Cellular	1985 Central Ave	^	^	^	31	0.00387	\$5.23	\$8.67
509-261-029f	001/2230	1559	TRI0022	Trinity Ballet	1977 Central Ave.	^	^	^	31	0.00387	\$5.23	\$8.67
509-262-001	002/0904	5766	DEM0021	Demartini Ent. Inc.	1933 D Central Ave	120	0	120	120	0.01515	\$21.33	\$35.34
510-122-005	013/1436	6367	LES0009	Les Schwab Tires	2210 Central Ave	247	81	166	166	0.02096	\$31.65	\$52.44
510-122-022	013/1436	6367	LES0009	Les Schwab Tires	2210 Central Ave	12	0	12	12	0.00152	\$0.00	\$0.00
510-122-023	011/1652	5288	MCD0028	Dennis McDonald	2260 Central Ave	200	68	132	132	0.01667	\$23.47	\$38.89
510-132-007	020/0517	6502	LAE0008	L & A Enterprises	2160 Central Ave	125	31	94	94	0.01187	\$16.02	\$26.55
510-132-015	013/1438	3389	THE0018	The Complete Look	2196 Central Ave	100	21	79	79	0.00997	\$14.05	\$23.28
510-132-031	005/0170	1928	LAE0001	L & A Enterprises	City Center	800	50	750	750	0.09470	\$133.32	\$220.91
510-132-032	013/1439	3390	STJ0005	St Joseph's Hospital	2192 Central Ave	100	50	50	50	0.00631	\$8.89	\$14.73
510-133-006	005/0280	1954	BIG0006	Big Oil & Tire	1980 Central Ave	150	79	71	71	0.00896	\$12.62	\$20.91
510-341-008	013/0110	3258	MCK0017	McKinleyville Trailer Park	2331 Central Ave	20	0	20	20	0.00253	\$31.29	\$51.85
510-341-009	013/0114	6454	MCG0023	Vern McGaughey	2375 Central Ave	300	0	300	300	0.03788	\$53.33	\$88.37
510-234-010	013/0110	3258	MCK0017	McKinleyville Trailer Park	2331 Central Ave	208	52	156	156	0.01970	\$0.00	\$0.00
510-341-013	013/0060	3253	MAT0058	Elizabeth Matthews	2295 Central Ave	185	17	168	168	0.02121	\$1.30	\$2.15
510-341-013	013/0080	3254	ESC0003	Jesse Escarda	2301 Central Ave	^	^	^		0.00000	\$1.30	\$2.15
510-341-013	013/0090	3255	HOR0011	Douglas Horrie	2291 Margo Lane	^	^	^		0.00000	\$1.30	\$2.15
510-341-013		3256	PAR0050	Thomas Parker II	2297 Central Ave	^	^	^			\$1.30	\$2.15
510-341-013		7898	Vac Svc	Developer Biller	Margo Lane Lot #4	^	^	^			\$1.30	\$2.15
510-341-013		7900	Vac Svc	Developer Biller	Margo Lane Lot #4	^	^	^			\$1.30	\$2.15
510-341-013		7901	Vac Svc	Developer Billed	Margo Lane Lot #4	^	^	^			\$1.30	\$2.15
510-341-013		7902	Vac Svc	Developer Billed	Margo Lane Lot #4	^	^	^			\$1.30	\$2.15
510-341-013		7904	Vac Svc	Developer Billed	Margo Lane Lot #5	^	^	^			\$1.30	\$2.15
510-341-013		7905	Vac Svc	Developer Billed	Margo Lane Lot #5	^	^	^			\$1.30	\$2.15
510-341-013		7906	Vac Svc	Developer Billed	Margo Lane Lot #5	^	^	^			\$1.30	\$2.15
510-341-013		7907	Vac Svc	Developer Billed	Margo Lane Lot #5	^	^	^			\$1.30	\$2.15
510-341-013		7910	Vac Svc	Developer Billed	Margo Lane Lot #6	^	^	^			\$1.30	\$2.15
510-341-013		7911	Vac Svc	Developer Billed	Margo Lane Lot #6	^	^	^			\$1.30	\$2.15
510-341-013		7912	Vac Svc	Developer Billed	Margo Lane Lot #6	^	^	^			\$1.30	\$2.15
510-341-013		7913	Vac Svc	Developer Billed	Margo Lane Lot #6	^	^	^			\$1.30	\$2.15
510-341-013		7916	MAT0060	Leon Matyshock	1600 Margo Ln #C	^	^	^			\$1.30	\$2.15
510-341-013		7917	LEE0028	Amanda Lee	1660 Margo Ln #B	^	^	^			\$1.30	\$2.15
510-341-013		7918	Vac Svc	Developer Billed	1660 Margo Ln #A	^	^	^			\$1.30	\$2.15
510-341-013		7919	Vac Svc	Developer Billed	1660 Margo Ln #D	^	^	^			\$1.30	\$2.15
510-341-013		7920	VAL0021	Louis Valadeo	1655 Margo Ln #B	^	^	^			\$1.30	\$2.15
510-341-013		7921	MAL0031	Kevan Malin	1655 Margo Ln #C	^	^	^			\$1.30	\$2.15
510-341-013		7922	Vac Svc	Developer Billed	1655 Margo Ln #A	^	^	^			\$1.30	\$2.15
510-341-013		7923	Vac Svc	Developer Billed	1655 Margo Ln #D	^	^	^			\$1.30	\$2.15
510-341-013		7924	VAL0019	Louis Valadeo	2299 Margo Lot #1	^	^	^			\$1.30	\$2.15
510-341-014	013/0030	3250	MCK0054	Ace Hardware	2197 Central Ave	114	42	72	72	0.00909	\$12.80	\$21.21
510-341-017	013/0020	3249	MCK0098	Ace Hardware	2165 Central Ave	270	40	230	230	0.02904	\$40.88	\$67.74
510-341-032	013/0050	3252	MCK0015	McKinleyville School	2285 Central Ave	432	40	392	392	0.04949	\$69.69	\$115.48
510-401-003	012/1575	3230	TRO0002	David Trobitz	2151 Central Ave	114	0	114	114	0.01439	\$20.26	\$33.57
510-401-004	013/0010	3248	ARC0002	Arcata Fire Protection Dist.	2149 Central Ave	89	52	37	37	0.00467	\$22.58	\$37.42
510-401-006	012/0010	3073	NIV0004	Niveen's	2145 Central Ave	144	30	114	114	0.01439	\$20.26	\$33.57
510-401-011	012/1750	3247	UMP0001	Umpqua Bank	2095 Central Ave	110	22	88	88	0.01111	\$15.64	\$25.92
510-401-012	013/0010	3248	ARC0002	Arcata Fire Protection Dist.	2125 Central Ave	90	0	90	90	0.01136	\$0.00	\$0.00
510-411-016	002/2310	1567	ROU0014	Round Table Development Corp.	2023 Central Ave	100	29	71	71	0.00896	\$12.62	\$20.91
510-411-022	020/9979	6890	BER0032	George Berry	2019 Central Ave	98	30	68	68	0.00859	\$29.56	\$48.98
510-411-023	020/9979		BER0032	George Berry	2019 Central Ave	165	40	125	125	0.01578	\$0.00	\$0.00
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					Total	9,543	1,623	7,920	7,920	1.0000	\$1,383.89	\$2,293.11



**MAINTENANCE COST ESTIMATE
CENTRAL AVENUE OPEN SPACE MAINTENANCE ZONE**

ANNUAL COSTS:

Attachment 4

Description	Hrly Rate	Labor Cost	Total Hrs	Materials	Subtotal
Vegetative Control		\$35.00	512		\$17,920.00
Vehicle	\$5.00		256		\$1,280.00
Insurance (2%)					\$384.00
Admin & Inspection					\$256.00
Book keeping	(\$0.50 per month per participant)				\$462.00
Purchase Banners (Holidays)					\$649.50
Purchase Banners (Pony Express)					\$649.50
Purchase Brackets					\$610.53
Install Brackets					\$500.00
Put up/take down Banners (holidays)					\$1,500.00
Put up/take down Banners (Pony Express)					\$1,443.00
Total Annual Estimate of Labor and Materials=					\$25,654.53
		Proposed new cost breakdown per month:			\$2,137.88
		Proposed annual 3% increase:			\$2,202.01

Cost Breakdown:

	Monthly	Per Linear ft.
Current assessment:	\$1,383.89	\$0.17
Proposed new assessment (banners and 3% annual increase):	\$2,202.01	\$0.28

There are currently 77 properties within the designated zone for a total of 7,920 of linear footage.

The current assessment is \$1,383.89 Per month. The proposed new amount to include banners is \$2,137.88. We recommend adding 3% (\$2,202.01) for the labor and materials and ask the participants to select this option for the District to properly maintain the zone and to include the purchase banners for the Holiday season and for Pony Express Days.

RESOLUTION 2010-09

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT INITIATING REFORMATION OF CENTRAL AVENUE OPEN SPACE ZONE #6

WHEREAS, the participants of the Central Avenue Open Space Zone have requested reformation to pay for the administration and maintenance expenses of the landscape area, and

WHEREAS, the District Board, on April 11, 1991 adopted Ordinance 42, which establishes a process for administration of open space zones, and

WHEREAS, the Board has reviewed and approved a Draft Management Plan for the proposed Zone in compliance with Ordinance 42,

NOW, THEREFORE, BE IT RESOLVED that the Board:

1. Adopts the Draft Management Plan for Open Space Zone #6, including the cost division formula;
2. Initiates formation of Open Space Zone #6 for the participants designated in the Draft Management Plan;
3. Designates the General Manager as the Engineer of Record for the assessment district;
4. Order's preparation of the Engineer's Report to be forwarded to the participants with the zone on or by September 22, 2010;
5. Sets a protest hearing to consider formation of Open space Zone #6 for November 17, 2010 and
6. MCSD reserves the right to increase charges annually using the Department of Finance adjustments for the open space zone and trail system.

PASSED AND ADOPTED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 15th day of September 2010 by the following vote:

AYES:

NOES:

ABSENT:

**Helen Edwards, President of the
Board of Directors**

Attest: _____
Sharon L. Denison, Secretary to the Board

OFFICIAL ASSESSMENT BALLOT

McKINLEYVILLE COMMUNITY SERVICES DISTRICT Landscape and Lighting District No. 22 (LLAD 22)

REFORMATION OF THE CENTRAL AVENUE LANDSCAPE OPEN SPACE ZONE #6

The MCSD Board of Directors will only accept ballots provided by MCSD and will not accept photocopies, faxes or other forms of the ballot. If a ballot is lost or destroyed, you may request a duplicate ballot from MCSD. For a more complete explanation of the balloting procedures, please refer to the "Procedures for the Completion, Return and Tabulation of Ballots", which are on file in the MCSD Office. This ballot becomes a public record at the close of the public input portion of the Public Hearing on this matter and is subject to public inspection at that time.

The ballot must be received by MCSD prior to the time the Board of Directors closes the public input portion of the public hearing on the proposed assessment. Mail or deliver ballot to the MCSD Office at:

Central Ave OSMZ Ballot, MCSD, P.O. Box 2037, McKinleyville CA 95519

To ensure the privacy of your ballot, please seal it within the enclosed return envelope. Mailed ballots must be received in the MCSD Office no later than 4:30 pm on Wednesday, November 17, 2010. Ballots may also be hand delivered the MCSD Board of Directors at the Public Hearing scheduled to be held at 7:00 PM on November 17, 2010 at Azalea Hall located at 1620 Pickett Road, McKinleyville, California.

Remember: Ballots must be received by November 17, 2010

PLEASE NOTE: This assessment includes a credit of 1 day per month of Sheriff Alternative Work Program (SWAP) Crews and up to \$7,500 in reimbursed annual expense from the County of Humboldt.

As a participant of the Central Avenue Open Space Zone I acknowledge receipt of this ballot and:

- ☐ Yes, I approve MCSD to reform the zone and the \$.11 increase per linear foot in the monthly assessment for the maintenance of the zone and to purchase Holiday and Pony Express Days banners that will be added to my sewer and water bill. I approve of an annual increase as allowed by the Department of Finance but not to exceed 3%.
- ☐ I do not want to reform the Central Avenue Landscape Zone.

Participant Signature

Date

Ballot must be returned prior to the close of the public hearing of November 17, 2010 in order to be considered. Postmarks are not sufficient.

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: C.2 Adopt Resolution 2010-15 Authorizing Collection of Fiscal Year 2010/2011 Measure B Assessments

PRESENTED BY: Jason Sehon and Steve Edmiston

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends that the Board open a public hearing, receive and consider public input and comment, close the public hearing, and then consider adoption of **Resolution 2009-15** authorizing collection of the Fiscal Year 2010/2011 Measure B Assessments.

Discussion:

In 1992, McKinleyville voters approved the Measure B Assessment District for a 20-year term for the purpose of developing public recreation facilities including the McKinleyville Activity Center, Azalea Hall and Hiller Sports Complex. The Board has authorized collection of the assessment in each year beginning in FY1992/1993. At the February 18, 2009 Board meeting, the Board initiated proceedings and adopted Resolution 2009-3 to collect the Fiscal Year 2009/2010 assessments. At the June 16, 2010 Board meeting, the Board reviewed the preliminary Engineer's Report and adopted resolution 2010-07 of the intent to collect those assessments.

The Streets and Highway Code requires the Board to conduct a public hearing following the completion of the Engineer's Report and to adopt a resolution authorizing the collection of those assessments as shown in the Final Engineer's Report (attached). The full Measure B Tax Roll with summary reports and parcel maps are available for review both at the meeting and at the MCSD Administrative Office throughout the year

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The Fiscal Year 2010/2011 Engineer's Report anticipates that Measure B collections from the 5402 parcels in the assessment district will be \$213,944.

As noted in the Report, those funds are required to cover debt service and operations and maintenance of recreation facilities and of Hiller Sports Complex.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Resolution No. 2010-15

RESOLUTION 2010-15

**A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CONFIRMING THE ENGINEER'S REPORT, ORDERING IMPROVEMENTS AND
LEVYING FISCAL YEAR 2010/2011 MEASURE B ASSESSMENTS**

WHEREAS the Board of Directors formed the Measure B Assessment Zone in 1992 for a period of 20 years and collected assessments in FY93 through FY08; and

WHEREAS the Board of Directors adopted a resolution initiating proceedings to collect assessments on January 20, 2010; and

WHEREAS the Board of Directors has adopted a resolution of intent to collect assessments on June 16, 2010; and

WHEREAS the designated engineer of record has prepared and filed the report required pursuant to Section 55898 et seq. of the Streets and Highway Code; and

WHEREAS the District has provided the required legal notice for this hearing; and

WHEREAS the Board intends to implement the Measure B program described in the report; now, therefore, be it

RESOLVED that written protests against the proposed improvements have not been made by owners representing more than one-half of the area of land to be assessed for the improvements; and

RESOLVED that the Engineer's Report and each component thereof are hereby approved; and

RESOLVED that the Engineer of Work, in the Engineer's Report, has fairly and properly apportioned the cost of the improvements to each parcel of land in the assessment district in proportion to the estimated benefits to be received from each parcel, respectively, from the improvements; and

RESOLVED that the Board of Directors confirms and levies each individual assessment as stated in the Engineer's Report; and

RESOLVED that the Board of Directors orders the improvements described in the Engineer's Report.

PASSED AND ADOPTED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 15th day of September 2010 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Helen Edwards, Board President

Attest:

Sharon Denison, Board Secretary

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

MEASURE B ASSESSMENT

FOR THE FISCAL YEAR ENDING 2011

**Final Engineer's 2010/2011 Report and Assessment Roll By
Norman Shopay, P.G.**

MCSO BOARD OF DIRECTORS

**Helen Edwards, President
Dennis Mayo, Vice President
John Corbett, Director
David Couch, Director
Bill Wennerholm, Director**

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
FISCAL YEAR 2010/11 MEASURE B ENGINEER'S REPORT
FINAL ENGINEER'S REPORT SEPTEMBER 15, 2010

The Fiscal Year 2009-2010 Measure B assessment total is \$213,944 based on 5,627 parcels with 1,386,790 Units of Benefit as delineated in the accompanying Fiscal Year 10/11 Measure B Assessment Roll Book.

BACKGROUND

McKinleyville is situated in the unincorporated coastal area of Humboldt County, lying north of the Mad River and south of Patrick's Creek. The McKinleyville Community Services District (MCSD) was established in 1970 and operates under a Governing Body of five elected members on a Board of Directors. The MCSD has a population of approximately 14,500 people. Its boundary encompasses 12,140 acres and is located north of North Bank Road (State Route 200) running 5 miles east-west and 6 miles north-south, with the Pacific Ocean on the west (a full legal description and map are included in Appendix "A"). The MCSD currently provides service to approximately 6,700 water connections and 6,100 sewer connections. The MCSD also manages the library, parks, open spaces, sewage disposal, street lighting, and public recreation facilities within its boundaries.

Commercial activity in McKinleyville is primarily retail sales and restaurant establishments. There are also several professional offices in the commercial areas.

In November 1991, MCSD voters passed Measure B, which established an assessment formula and authorized the Board of Directors to collect assessments to fund the construction of a new community center and the purchase of lands for sports fields. The MCSD formed the Measure B Assessment District (Assessment District) in 1992. Assessments have been collected each year since Fiscal Year 1993. Collection has been based on the assessment formula established in the original Measure B, and the annual Engineer's Report. This annual Engineer's Report evaluates properties within the Assessment District, estimates costs and revenues under Measure B, describes the proposed funding method, determines the assessment for each parcel within the Assessment District, and establishes the FY10/11 Measure B Assessment Roll.

The boundaries of the Assessment District have been determined to be coterminous with the MCSD boundaries.

AUTHORITY

This Engineer's report has been prepared pursuant to action taken by the McKinleyville Community Services District Board of Directors in its Resolution No. 2010-01, dated January 20, 2010, and in compliance with the requirements of Article IV, Chapter 1, "Landscaping and Lighting Act of 1972," being Part 2 of Division 15 of the California Streets and Highways Code.

DESCRIPTION OF IMPROVEMENTS

As allowed under Sections 22525 and 22525.5 of the Landscaping and Lighting Act, the MCSD formed an Assessment District for twenty (20) years (assessments terminate in 2012) in order to levy and collect assessments for payment of capital and annual costs on the following improvements:

- Pierson Park Buildings
- Hiller Sports Fields

Pierson Park Buildings

The District has constructed two buildings at Pierson Park:

1. **McKinleyville Activity Center (MAC):** The MAC is a 10,027 square foot stand-alone complex located at 1705 Gwin Road, within Pierson Park. The facility includes a 7,000 square foot gymnasium for indoor sports and youth activities, office, lobby, storage, and restrooms.
2. **McKinleyville Community Center (Azalea Hall):** Azalea Hall is a 6,880 square foot stand-alone complex located at 1620 Pickett Road, within Pierson Park. The facility includes a 3,000 square foot hall, commercial kitchen, 900 square foot meeting room, lobby, reception area, stage, restrooms, and storage for cultural/social events and senior activities.

Hiller Sport Site Fields

The MCSD has purchased a 58-acre parcel of land, known as Hiller Park East, adjacent to Hiller Park between the Hammond Trail and Highway 101. The parcel is approximately 2,600 feet long (north to south) and 900 to 1,400 feet wide (east to west). The MCSD has allocated Measure B funds for the half of the property (approximately 24 acres) on which it has developed sports fields. The purchase of the remaining 34 acres has been allocated to the District Sewer Department and the parcel is utilized for land application of treated effluent and temporary stormwater detention.

COSTS OF IMPROVEMENTS AND OPERATIONS

Building Construction, Land, and Sports Field Costs

Improvements funded by the Measure B funds are described below, together with a recap of current and historic funding sources and amounts.

McKinleyville Activity Center

- FY95 Total Project Cost was \$691,000.
- Construction was funded by a combination of reserve funds and the sale of the remainder parcel from the Cochran Road tank site.
- There is no remaining debt service or repayment obligation.
- \$35,000 is allocated from Measure B revenues for ongoing maintenance of the McKinleyville Activity Center.

Azalea Hall

- Azalea Hall construction was originally financed in 1994 by Chelsea Lease 1994-1 (\$864,615).

- It was refinanced in 1998 as M. L. Stern Lease 1998-1 (MLSL 1998-1). Total MLSL 1998-1 Lease Amount for Azalea Hall construction was \$777,461.
- It was refinanced in 2003 as part of the WestAmerica Bancorp Lease 2003-1 (WABL 2003-1). Total WABL 2003-1 Lease Principal Amount for Azalea Hall construction was 497,203.
- Azalea Hall FY09/10 debt service from WABL 2003-1 is \$44,569.
- \$49,000 is allocated from Measure B revenues for ongoing maintenance of the McKinleyville Activity Center.

Hiller Sport Complex (HSC)

- Hiller East ("Rylander Property") was purchased in 1996 (total cost approximately \$900,000).
- A portion of Hiller East parcel (60%) was allocated to the Sewer Department for effluent disposal. A stormwater detention wetland was developed on this parcel in FY06.
- Hiller East was originally financed as part of MLSL 1996-1.
- Hiller East was refinanced as a portion of M. L. Stern Lease 1998-2 (MLSL 1998-2),
- Hiller East was refinanced as part of the WestAmerica Bancorp Lease 2003-1 (WABL 2003-1). Total WABL 2003-1 Lease Principal Amount for Hiller Sports Complex was \$150,425.
- Hiller Sport Complex FY09/10 debt service from WABL 2003-1 is \$13,937.
- Hiller Sport Complex discretionary remainder amount (after debt service payments and Complex improvements) is committed to Recreation Facilities and HSC operating costs for FY10/11.
- \$70,546 is allocated from Measure B revenues for ongoing maintenance of Hiller Sports Complex.

Financing Costs

Any expenses incidental to the issuance of bonds, notes, or certificates of participation (COP) pursuant to Measure B improvements are eligible costs as provided for in Section 22526(f) of the Landscaping and Lighting Act. In order to finance the Measure B improvement, costs of issuance and other finance costs are required. The total finance costs were estimated to be approximately 3%-5% of the financed principal amount.

Operation and Maintenance Costs

The costs of maintaining and servicing the existing and proposed Measure B improvements are eligible costs as provided for in Section 22569(a) of the Landscaping and Lighting Act. The District estimates the cost of operation and maintenance of the improvements to be \$154.982 per year.

FUNDING

The MCSD intends to fund the new improvements, debt service on the existing municipal leases, and operations and maintenance of the facilities as identified above through funds from Measure B assessments, Parks Department budget and reserves, grants, and other taxes and fees. As provided for in the Landscaping and Lighting Act, any surplus (or contingency) fund may be carried forward to the following year for future expenses (Section 22656).

If funds are acquired specifically for this Assessment District from other sources, the MCSD is required to use them first to meet present obligations and may then redeem bonds or notes prior to their due date. Early bond redemption is normally accomplished by first retiring those bonds that are due to be redeemed last and working

forward--the effect being to shorten the time taken to pay off the bond issue. A possible source of such funds is Quimby Act levies on developing parcels and/or user fees related to facility rentals.

ASSESSMENTS

The Measure B Assessment District was established to construct the Pierson Park buildings and to fund purchase and/or improvements to sports complex property. Assessments appear on the regular property tax bill and are collected by the Humboldt County Tax Collector at the same time and in the same manner as property taxes. Measure B assessments carry the same penalties for delinquency as do regular property taxes.

In view of the fact that a substantial fund is required, bonds and/or notes have been sold to make it possible to fund the project and pay for it over a long period. The Landscaping and Lighting Act allows the issuance of bonds, providing the total debt service (principal and interest) does not exceed the amount to be raised by assessments over 30 years. Other funds may be used to meet current obligations and retire bonds before their due date.

The Landscaping and Lighting Act requires that the Assessment District establish an assessment schedule each year to meet Measure B bond service and expense obligations. By passing Measure B (1991), voters authorized an annual assessment of \$30 per household and varying assessment amounts for other businesses and undeveloped parcels. The Assessment District intends to continue this level of assessment, while retaining the option of reducing the assessment as notes are paid off.

The Landscaping and Lighting Act also requires that the Assessment Roll be updated annually to reflect changes in property ownership and to adjust for increases or decreases in assessment due to changes in land use. Annually, the Assessment Roll is obtained from the Humboldt County Assessor's Office.

The assessments to be levied and collected from parcels within the Assessment District, as set forth on the Measure B Assessment Roll, are intended to be sufficient to pay the principal and interest due in each fiscal year, and to pay portions of the operation and maintenance of Measure B improvements. Table 1 below presents the FY 09/10 Measure B budget.

**TABLE 1
FISCAL YEAR 10/11 MEASURE B BUDGET**

FY09/10 MEASURE B BUDGET:	REVENUE	EXPENSES
1. Measure B FY2010-2011 Assessments	\$213,944	
2. Azalea Hall		
Debt Service (portion of WABL 2003-1)		\$44,569
3. Hiller Sports Site		
Debt Service (portion of WABL 2003-1)		\$13,937
4. Operation, Maintenance and Improvements		
Pierson Park Complex		\$84,892
Hiller Sports Complex		\$70,546
Measure B Facilities Revenue & Expenses	\$213,944	\$213,944

METHOD AND FORMULA OF ASSESSMENT SPREAD

The Landscaping and Lighting Act of 1972 allows the determination of assessment by any fair and reasonable means based on benefit received by the properties assessed. Pursuant to Section 22573 of the Lighting Act, the amount to be assessed upon the lands within an Assessment District may be apportioned by any formula or method that fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by such lot or parcel from the improvement.

Benefit Ratios

For purposes of Measure B assessments, the Assessment District has established benefit ratios for specific property uses. Table 2 presents these benefit ratios.

Single-family dwellings will derive maximum benefit because residents will access to the projects for a wide range of recreational opportunities. Availability of recreation should improve the quality of life for current residents and result in increased property values.

**TABLE 2
BENEFIT RATIOS**

PROPERTY TYPE	BENEFIT RATIO
Single-Family Dwelling (Per Unit)	1.00
Multiple Unit Without Public Recreation (Per Unit)	1.00
Multiple Unit With Public Owned Recreation (Per Unit)	0.75
Nonresidential (Per Business)	0.75
Vacant Property (Per Parcel)	0.30
RV Parks, Hotels, Motels, Cabins (Per Space or Room, minimum of 0.75)	0.10
Low Value Properties ("Z" Exemption)	0.00
Parcels Owned By A Governmental Or Quasi-Governmental Agency	
With Improvements	0.75
Without Improvements	0.30
With Public Accessible Recreational Facilities	0.75

Multiple units in a complex without public recreation facilities will also derive maximum benefit because apartments are usually smaller than houses and have less access to yard area. These residents should experience an improved quality of life and the property value of the complex should increase.

Multiple units in a complex with public owned recreation facilities will benefit less than residents of single-family dwellings or residents in complexes without recreation facilities. These residents, however, will have access to recreation opportunities in the project. Additionally, the property value of the complex

should increase. In order to qualify for this assessment benefit ratio, recreation facilities must have public owned, usable, open space that satisfies parks and recreation plan standards

Nonresidential units (businesses) should benefit because owners and employees will have access to recreational programs. Users of the improvements may spend money in McKinleyville that otherwise may have been spent elsewhere. The quality of life in McKinleyville will improve and property values are likely to increase.

Vacant property owners will benefit from the recreation facilities because the improved quality of life in McKinleyville should also increase their property values.

RV parks, hotels, motels, and cabin owners will benefit from the recreation facilities by the increased availability of facilities for visitors who patronize their businesses. Their assessment will be 0.10 per space or room, with a minimum aggregate of 0.75.

Low value properties with a “Z” exemption issued by Humboldt County will not be assessed under this Measure.

Parcels owned by a governmental or quasi-governmental agency (i.e. McKinleyville Community Services District, Humboldt County) or by a qualified tax exempt, non-profit organization (i.e. churches) are also expected to receive benefit comparable to a business if they have improvements on the land. Parcels in this category without improvements are treated comparable to vacant land. Any parcels in this category that have open space available to the public are to be assessed at 75% of the regular assessment, as with multi-family properties.

Pierson Park Facilities

The Pierson Park facilities are located at approximately the geographic center of McKinleyville. No property in the Assessment District is situated more than four (4) miles from Pierson Park. Pierson Park is easy to get to from every point in the Assessment District. Programs to be conducted at the park will be equally available to all residents within the Assessment District; Sports fields and sports facilities will be equally available to all.

Annual Assessment Rate

Voters authorized an annual assessment of up to \$30 per household by passing Measure B (91) on November 5, 1991. This annual assessment lasts for a total of 20 years, and together with the benefit ratio formula presented in Table 2, will be the basis for the District-wide assessment spread.

Units of Benefit

In order to facilitate and automate the Measure B assessment process, “units of benefit” have been assigned to each of the County’s use code designations, or property use types as identified in the Measure B proceedings. These units of benefit have been assigned in the same proportion as the benefit ratio previously established. A value of \$0.15 was assigned to each unit of benefit in order to produce dollar assessments for each property type that are exactly the same as the initial assessments.

Correlation of the County's Use Code to District Measure B Assessments resulted in approximately 95% of the parcels within the Assessment District having a direct correlation between Use Code and Measure B Assessments. The remaining "exception" parcels required some measure of manual review and calculation of the assessment. The assessments for the exception parcels are shown on the Tax Roll together with a reference to a supplementary table showing the complete documentation of the calculated assessment. The "Calculation Method" column denotes whether the parcel is assessed as a direct correlation to Use Code ("Use Code" appears in the column), or if the assessment is derived from a separate table (Ref. Table 1, 2, 3, or 4). The supplemental tables are included at the beginning of "Appendix B: Assessment Roll."

ASSESSMENT ROLL

The Assessment Roll will be prepared pursuant to Section 22571 of the "Landscaping and Lighting Act of 1972" by using the County Assessor's Maps, including the parcel lines and dimensions prepared by the County under Section 327 of the Revenue and Taxation Code. The Assessor's maps are on file at the Humboldt County Assessor's office, 825 Fifth Street, Eureka, California 95501.

This report and the Assessment Roll included as Appendix B will be based on the County Assessor's Office's Assessment Roll from FY09/10. Due to the legal requirements for preparation of the annual Engineer's Report as identified in the Landscaping and Lighting Act, the preliminary Assessment Roll is the best information available from the Assessor's Office regarding the current County assessment roll at the time that this report must be prepared. Because the County Assessor's Office continues to modify the County's tax roll until immediately prior to posting (billing), the Measure B Assessment Roll may be updated immediately prior to posting to be in conformance with the County's assessment roll at that time. We may update the Measure B Assessment Roll in an amendment to this report.

Some of the parcels within the Assessment District do not strictly adhere to uses that correspond to the County's use codes. An example of this type of parcel is a single-family unit (Use Code 9911) that has constructed a second rental unit or a "mother-in-law" unit on a single legal parcel (Use Code 9921). These parcels' Use Codes were adjusted to facilitate the calculation of the Measure B Assessment only.

Any parcel whose use code was adjusted as described above is denoted on the Tax Roll by the County's actual use code appearing in the "Orig. County Use Code" column. The "adjusted" Measure B Use Code is shown in the "Meas. B Use Code" column.

SUMMARY

Based on the above, it is my opinion that the assessments are apportioned by a formula that fairly distributes the net cost in accordance with the benefits that are received.

Submitted by:

Norman Shopay
General Manager

LEGAL DESCRIPTION

**McKinleyville Community Services District
(District's Boundary as of 11-21-91)**

Beginning at a point where the subdivisional line running east and west through the center of Section 1, T. 6N., R.1, W., H. B. & M. intersects the shoreline of the Pacific Ocean:

Thence east to the center of Section 1, same Township;

Thence south one-half mile to the quarter corner on the south line of said Section 1;

Thence east one-half mile to the southeast corner of said Section 1;

Thence south one-fourth mile to the SW corner of the NW quarter of the NW Quarter of Section 7, T. 6N, R.1E., H.

B. & M.;

Thence east one-half mile to the SE corner of the NE quarter of the NW quarter of said Section

7;

Thence south one-fourth mile to the center of said Section 7;

Thence east on the subdivisional line running east and west through the center of Section 7 & 8 a distance of 4400 feet more or less to the centerline of Central Avenue (formerly State Hwy. 101);

Thence southeasterly along the centerline of Central Avenue 150 feet more or less to the centerline of North Bank Road (State Route 200);

Thence easterly and southerly along the said centerline of North Bank Road a distance of 8500 feet more or less to the east line of the west half of the of the southeast quarter of Section 9, T. 6N., R. 1E., H. B. & M.;

Thence northerly along the said easterly line a distance 1950 feet more or less to the northeast corner of the northwest quarter of the southeast quarter to Section 9;

Thence easterly along the quarter section line running east and west through Sections 9 & 10 a distance of 6500 feet more or less to the quarter corner on the east line of Section 10, T. 6N., R. 1E., H. B. & M.;

Thence north one and one-half miles to the northeast corner of Section 3, T. 6N., R. 1E., H. B. & M.;

Thence west one mile;

Thence north four miles to the northeast corner of Section 16, T. 7N., R. 1E., H. B. & M.;

Thence west two and one-half miles to the quarter section corner between Sections 7 & 18, T. 7N., R. 1E., H. B. & M.;

Thence south 0 degrees 08 minutes east 1105.50 feet along the quarter section line running north and south through the center of said Section 18;

Thence south 89 degrees 52 minutes west 627.05 feet to the easterly right of way line of a public road (formerly designated State Hwy. 101);

Thence northerly along the easterly right of way of said public road to the north line of said Section 18, T. 7N., R. 1E.;

Thence west along said north line, Section 18 to the shoreline of the Pacific Ocean;

Thence following the shoreline of the Pacific Ocean southwesterly to the point of beginning.

EXHIBIT D.1

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, AUGUST 18, 2010 AT 7:00PM AT AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE

The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 7:00pm with the following Directors and staff in attendance:

Helen Edwards, Board President
Dennis Mayo, Vice President
David Couch, Director
Bill Wennerholm, Director
John Corbett, Director

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Jason Sehon, Park & Recreation Director
Steve Edmiston, Finance Director
Sharon Denison, Board Secretary

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE, ADDITIONS TO THE AGENDA:

At 7:00pm President Edwards called the meeting to order with Directors Corbett, Couch, Mayo and Wennerholm present. Director Wennerholm led the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA: It was consensus to approve the agenda with no changes.

AGENDA ITEM C-PUBLIC HEARINGS: none

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Board of Directors' Regular Meeting of July 21, 2010
2. Consider approval of July 2010 Treasurer's Report
3. DCV Violations
4. Approve conveyance for facilities at the School Ridge Subdivision, AP#508-351-040.
5. Approve conveyance for facilities at the Valadeo Subdivision, AP#510-341-013.
6. Consider renewal of caretaker contract at Hiller Park.
7. Consider Memorandum of Understanding (MOU) between the MCSD and McKinleyville Union School District regarding provision of after school program.
8. Consider approval to declare 2000 Chevy utility truck surplus.
9. Consider approval of a facilities extension agreement for Santos Subdivision.

President Edwards announced a request to pull consent item D.6 and a member of the public asked for item D.8 be pulled for further discussion.

MOTION: It was moved to approve Consent Calendar items D.1-5, & D.7 & D.9. Motion by Wennerholm; second by Corbett.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

Consent Calendar Item D.6-Consider Renewal of caretaker contract at Hiller Park: Park and Recreation Director Sehon explained that an item was left out of the caretaker contract included in the packet. He explained that this item would be listed as item E and would clarify that the “District will cover the duties of the contractor due to their absence for up to 15 days per year.”

MOTION: It was moved to approve consent calendar item D.6 with the addition as requested by staff. Motion by Corbett; second by Mayo.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

Consent Calendar Item D.8-Consider approval to declare 2000 Chevy Utility Truck Surplus: As there were no Board comments, President Edwards opened public input and one person expressed concern.

MOTION: It was moved to approve consent calendar item D.8. Motion by Corbett; second by Mayo.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards.

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-PRESENT “COMMUNITY BUILDER AWARD” TO KIWANIS CLUB:

Park & Recreation Director Sehon reported that Kiwanis Club was being honored this month for their contributions to the District and McKinleyville, which included financial backing of two drop in programs at the McKinleyville Activity Center, donations of playground equipment and donation and planting of trees at the Hiller Sports Complex. President Edwards then presented an engraved plaque to Mary Rose from the Kiwanis Club and thanked them for their generous support.

AGENDA ITEM E.2-FIELD TRIP TO OBSERVE RESULTS OF COMMUNITY GARDEN, BOCCE BALL COURT

AND LIBRARY CONSTRUCTION PROGRESS: General Manager Shopay announced that a short field trip would start now and include a look at the library addition the community garden and bocce ball courts. Approximately 20 people joined the tour and were impressed with the progress on the Library, the bounty in the gardens and the new bocce ball courts.

AGENDA ITEM E.3-BIENNIAL REVIEW OF CONFLICT OF INTEREST CODE AND SUGGESTED NON-SUBSTANTIVE CHANGES:

MOTION: It was moved to adopt Resolution 2010-12 to accept the MCSD conflict of Interest code with the revisions as recommended. Motion by Corbett; second by Wennerholm.

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E4-CONSIDER PROPOSAL TO PROVIDE ASSESSMENT ENGINEERING PROPOSITION 218

SERVICES: Park & Recreation Director Sehon reviewed the RFP, proposed timeline and staff recommendations.

(In accordance w/Robert’s Rules of Order, 10th edition, Pg. 451, Section 48: “Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members”.)

MOTION: It was moved to approve executing an agreement with Wildan Financial at a not to exceed amount of \$36,000 to provide assessment engineering and balloting services related to the proposed re-establishment of the existing Measure B assessment district. Motion by Corbett; second by Mayo.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E5-CONSIDER APPROVAL OF MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN MCSD AND MCKINLEYVILLE LAND TRUST: Park & Recreation Director Sehon briefly reviewed the proposal and answered Directors questions.

MOTION: It was moved to approve the Memorandum of Understanding between MCSD and the McKinleyville Land Trust. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E6-CONSIDER ADJUSTMENT OF APPROPRIATIONS LIMIT AND RECALCULATION OF FY 07-08 AND 08-09 APPROPRIATIONS SUBJECT TO LIMIT: Finance Director Edmiston reviewed the summary and background information that explained the methodology for appropriation calculations and corrections needed to prior years as recommended by the MCSD auditor. Director Corbett commended staff for following up with resolution of this audit finding.

1st MOTION: It was moved to adopt Resolution 2010-13 to revise the appropriation limit for fiscal years 07-08 and 08-09. Motion by Corbett; second by Wennerholm.

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

2nd MOTION: It was moved to adopt Resolution 2010-14 to adopt the appropriation limit for fiscal year 09-10. Motion by Corbett; second by Couch.

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: There was nothing to report.

F1b-McK Area Fund: No report was made.

F1c-RREDC: There was nothing to report.

F1d-McK Senior Center: Director Wennerholm reported they would be meeting at 7:15am tomorrow morning.

F1e-Audit: Director Corbett advised the Board that the audit committee would be meeting before the end of the month to discuss the amortization of employee benefits as recommended by the Auditor.

F 1f-Negotiations: There was nothing to report.

F1g-Water Task Force: Director Mayo reported that the task force had successfully completed the work of the last 18 months, have come up with a draft proposal and will be asking the public for input on the process of looking at the proposals and narrowing down the choices. Director Couch asked Operations Director Orsini to bring information to the next Board Meeting regarding an expenditure in 2008 for AlgaRhythms for algae testing at the WWMF.

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

F1h-Adhoc No Drugs & Toxics Down the Drain: Director Mayo had nothing to report.

F1i-AdHoc-Review Goals, Objectives and Mission Statement: President Edwards reported that the committee was working on the Goals and Objectives, had another meeting scheduled and would report to the Board on progress made.

F1j-AdHoc Financial Reserve Committee: There was nothing to report.

F2a-Support Services Department: Finance Director Edmiston had nothing to add to his written report included in the packet.

F2b-Operations Department: Operations Director Orsini had nothing to add to his written report. President Edwards thanked Operations Director Orsini for the cost savings made on shipping by coordinating with United Rental and for his work on initiating a pretreatment program for Industrial sewer customers.

F2c-Park & Recreation Department: Park & Recreation Director Sehon had nothing to add to his written report..

F2d-General Manager: General Manager Shopay shared information included in his staff report regarding recent efforts by staff that saved the District considerable money. He reported that he hoped to have future statistics for the Board regarding Hazardous waste collected on the last collection day held at Pierson Park.

F3-Board President's Report: President Edwards had nothing to report.

F4-Board Members' comments, Announcements and Reports: No report was given.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Edwards opened public comments and three members of the public addressed the Board. President Edwards closed public comment .

ADJOURNMENT OF REGULAR MEETING: President Edwards adjourned the regular meeting at 8:20pm for a short break to clear the room for closed session discussion.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: The Board adjourned into closed session at 8:25pm for discussion of the following item:

H1-Conference with Legal Counsel-anticipated litigation: Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9. One potential case: Written correspondence/threats of potential litigation received from Mr. David Elsebusch, dated July 30, 2010. A copy of the written statement is available for inspection pursuant to Government Code § 54957.5.

TIME OUT OF CLOSED SESSION: The Board adjourned out of closed session at 8:55pm.

ANNOUNCEMENT FROM CLOSED SESSION: President Edwards announced there was nothing to report from closed session.

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 8:55pm. Motion by Corbett; second by Wennerholm.

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: D.2. Consider Approval of August, 2010 Treasurer's Report

PRESENTED BY: Steven Edmiston, Finance Director

TYPE OF ACTION: Voice Vote – Consent Calendar

Recommendation:

Staff Requests the Board accept the August, 2010 Treasurer's Report as presented.

Discussion:

The August, 2010 Treasurer's Report is attached.

Alternatives:

Take no action.

Fiscal Analysis:

See attached August, 2010 Treasurer's Report.

Environmental Requirements:

Not applicable

Exhibits/Attachments

August, 2010 Treasurer's Report.

**McKinleyville Community Services District
Treasurer's Report
August 2010**

Page 2	Investments and Cash Flow Report
Page 3	Capital Expenditure Report
Page 4	Activity Summary by Fund
Page 6	Selected Graphic Comparisons
Page 10	Cash Disbursement Report

McKinleyville Community Services District
Investments and Cash Flow Report
August 2010

General Disbursement and Money Market Account:

Beginning Balance		374,032.68	
Utility Billing (inc. \$36,287.19 in CC, EFT, web pay)	312,063.37		
New Services & Capacity Fees: Water	946.92		
New Services & Capacity Fees: Sewer	10,751.41		
Money Market Account Interest	135.08		
Other Cash Receipts	90,605.14		
Transfer from Humboldt Co. #2560	<u>0.00</u>		
Total Cash Receipts		414,501.92	
Cash Expenditures:			
Payroll, Taxes, etc.	(141,668.87)		
Capital Expenditures	(61,816.29)		
Debt Service	(4,644.48)		
Other Expenditures	<u>(204,986.42)</u>		
Total Cash Expenditures		<u>(413,116.06)</u>	Estimated Annual Interest Rate
Total Cash in Umpqua Bank		375,418.54	0.64%
Investment Funds:			
LAIF	126,617.61		
Interest Income	<u>0.00</u>		
Balance in LAIF		126,617.61	0.55%
Humboldt Co. #2560 - Beginning Balance	917,349.02		
Interest Income	1,376.03		
Secured Property Tax & Measure B Assessment	0.00		
Transfer to Operating Account	<u>0.00</u>		
Balance in Humboldt Co. #2560		918,725.05	1.80%
Humboldt Co. #4240 - Beginning Balance	5,168,842.10		
Interest Income	7,753.27		
Transfer from Fund #2560	<u>0.00</u>		
Balance in Humboldt Co. #4240		5,176,595.37	1.80%
Balance in Humboldt Co. #9390		110,584.48	
USDA Bond Reserve Fund	166,755.78		
Bond Reserve Payment	7,500.00		
Interest Income	27.42		
Debt Service Payment	<u>(71,375.00)</u>		
Balance in USDA Reserve Funds		<u>102,908.20</u>	0.61%
Total Investments		6,435,430.71	
Total Cash and Investments		6,810,849.25	
Total Cash and Investments Last Month		<u>6,864,181.67</u>	
Net Change to Cash and Investments This Month		<u>(53,332.42)</u>	

**McKinleyville Community Services District
Capital Expenditure Report
August 2010**

	August	YTD Total	FY 11 Budget	Remaining Budget	Budget %
Water Department					
Ramey Pump Upgrades	12,426	84,582	1,100,000	1,015,418	92%
Emergency Water Line River Crossing	-	-	200,000	200,000	100%
Murray Road Tank	-	-	80,000	80,000	100%
Meter Replacements	-	-	65,000	65,000	100%
Emergency Water Supply	-	-	45,000	45,000	100%
Radio Telemetry Upgrades	-	-	20,000	20,000	100%
Misc. Replacements	-	1,660	9,000	7,340	82%
Subtotal	12,426	86,242	1,519,000	1,432,758	94%
Sewer Department					
WWMF Upgrade and Capital Maintenance	10,158	14,317	113,000	98,683	87%
NPDES Permit	5,989	9,189	80,000	70,811	89%
Industrial Discharge Permit	910	910	25,000	24,090	96%
Radio Telemetry Upgrades	-	-	20,000	20,000	100%
Meter Replacements	-	-	20,000	20,000	100%
Misc. Replacements	-	-	24,000	24,000	100%
Subtotal	17,057	24,416	282,000	257,584	91%
Water and Sewer Operations					
Dump Truck	-	-	50,000	50,000	100%
Air Compressor	-	-	17,000	17,000	100%
3/4 or 1 Ton Pickup	27,408	27,408	29,000	1,592	5%
Emergency Response Equipment and Supplies	-	-	6,000	6,000	100%
Office, Corperation Yard and Shops	-	616	36,000	35,384	98%
Computer Replacement and Upgrades	4,760	4,500	41,000	36,500	89%
Small Equipment & Other	-	-	41,000	41,000	100%
Streetlight Pole Replacements	-	-	7,000	7,000	100%
Subtotal	32,168	32,524	227,000	194,476	86%
Enterprise Fund Total	61,651	143,182	2,028,000	1,884,818	93%
Parks and Recreation Department					
Projects contingent upon grant funding	-	-	4,379,000	4,379,000	100%
Projects funded by Quimby/Other Funds	-	-	185,000	185,000	100%
Other Parks Projects & Equipment	165	165	65,000	64,835	100%
General Fund Total	165	165	4,629,000	4,628,835	100%
All Funds Total	61,816	143,347	6,657,000	6,513,653	98%

McKinleyville Community Services District
Activity Summary by Fund
August 2010

Department Summaries

Water:

Water Sales
Other Water Revenues

Total Operating Revenue

Salaries & Benefits
Water Cost
Other Expenses
Depreciation

Total Operating Expenses

Net Operating Income
Interest Income
Interest Expense

Net Income

Sewer:

Sewer Service Charges
Other Sewer Revenues

Total Operating Revenue

Salaries & Benefits
Other Expenses
Depreciation

Total Operating Expenses

Net Operating Income
Interest Income
Interest Expense

Net Income

Enterprise Funds Net Income

	August	FY10 YTD	YTD				% Year Remaining:		Notes
			FY10 YTD	Budget	Variance		FY10 Budget	Remaining Budget	
	157,769	334,855	331,317	3,538	1.07%		1,987,900	(1,653,045)	-83.16%
	25,698	41,631	23,114	18,517	80.11%		138,686	(97,055)	-69.98%
	183,467	376,486	354,431	22,055	6.22%		2,126,586	(1,750,100)	-82.30%
	57,065	117,326	118,756	1,430	1.20%		712,535	595,209	83.53%
	53,026	105,215	104,980	(235)	-0.22%		629,880	524,665	83.30%
	24,072	44,912	53,116	8,204	15.45%		318,693	273,781	85.91%
	19,000	38,000	38,000	-	0.00%		228,000	190,000	83.33%
	153,163	305,453	314,852	9,399	2.99%		1,889,108	1,583,655	83.83%
	30,304	71,033	39,579	31,454			237,478	(166,445)	
	3,657	7,314	8,167	853	10.44%		49,000	41,686	85.07%
	(4,486)	(10,392)	(14,513)	4,121	-28.40%		(87,078)	(76,686)	88.07%
	29,475	67,955	33,233				199,400		
	122,476	241,237	239,657	1,580	0.66%		1,437,944	(1,196,707)	-83.22%
	27,877	37,025	48,774	(11,749)	-24.09%		292,645	(255,620)	-87.35%
	150,353	278,262	288,431	(10,169)	-3.53%		1,730,589	(1,452,327)	-83.92%
	60,262	119,837	118,756	(1,081)	-0.91%		712,535	592,698	83.18%
	25,765	59,694	85,296	25,602	30.02%		511,776	452,082	88.34%
	34,000	68,000	68,000	-	0.00%		408,000	340,000	83.33%
	120,027	247,531	272,052	24,521	9.01%		1,632,311	1,384,780	84.84%
	30,326	30,731	16,379	14,352			98,278	(67,547)	
	4,244	8,478	9,167	689	7.52%		55,000	46,522	84.59%
	(5,338)	(10,690)	(10,754)	64	-0.60%		(64,526)	(53,836)	83.43%
	29,232	28,519	14,792				88,752		
	58,707	96,474	48,025				288,152		

McKinleyville Community Services District
Activity Summary by Fund
August 2010

Department Summaries

Parks & Recreation:

Programs
Rentals
Property Tax Assessments
Measure B Assessment
State Bonds & Grants
Other Revenue
Interest Revenue

Total Revenue

Salaries & Benefits
Other Expenditures
Debt Service
Capital Expenditures

Total Expenditures

Excess (Deficit)

Street Lights:

Total Revenue

Salaries & Benefits
Other Expenditures
Debt Service

Total Expenditures

Excess (Deficit)

Governmental Funds Excess (Deficit)

	August	FY10 YTD	YTD Budget	YTD Variance	YTD Budget	YTD Variance	%	% Year Remaining:	
								FY10 Budget	Remaining Budget
	21,139	51,082	54,884	(3,802)			-6.93%	329,306	(278,224)
	5,865	11,454	10,400	1,054			10.13%	62,400	(50,946)
	-	-	86,667	(86,667)			-100.00%	520,000	(520,000)
	-	-	35,667	(35,667)			-100.00%	214,000	(214,000)
	12,000	729,833	(717,833)				-98.36%	4,379,000	(4,367,000)
	6,582	12,287	46,029	(33,742)			-73.31%	276,176	(263,889)
	1,389	3,477	3,333	144			4.32%	20,000	(16,523)
	46,975	90,300	966,813	(876,513)			-90.66%	5,800,882	(5,710,582)
	58,747	124,280	133,465	9,185			6.88%	800,787	676,507
	23,071	61,720	36,524	(25,196)			-68.98%	219,141	157,421
	-	125,682	21,313	(104,369)			-489.70%	127,877	2,195
	165	165	771,500	771,335			99.98%	4,629,000	4,628,835
	81,983	311,847	962,802	650,955			67.61%	5,776,805	5,464,958
	(35,008)	(221,547)	4,011					24,077	
	9,914	16,711	13,333	3,378			25.34%	80,000	(63,289)
	4,364	6,922	5,974	(948)			-15.87%	35,841	28,919
	2,941	5,795	12,705	6,910			54.39%	76,231	70,436
	-	11,348	1,925	(9,423)			-489.51%	11,549	201
	7,305	24,065	20,604	(3,461)			-16.80%	123,621	99,556
	2,609	(7,354)	(7,271)					(43,621)	
	(32,399)	(228,901)	(3,260)					(19,544)	

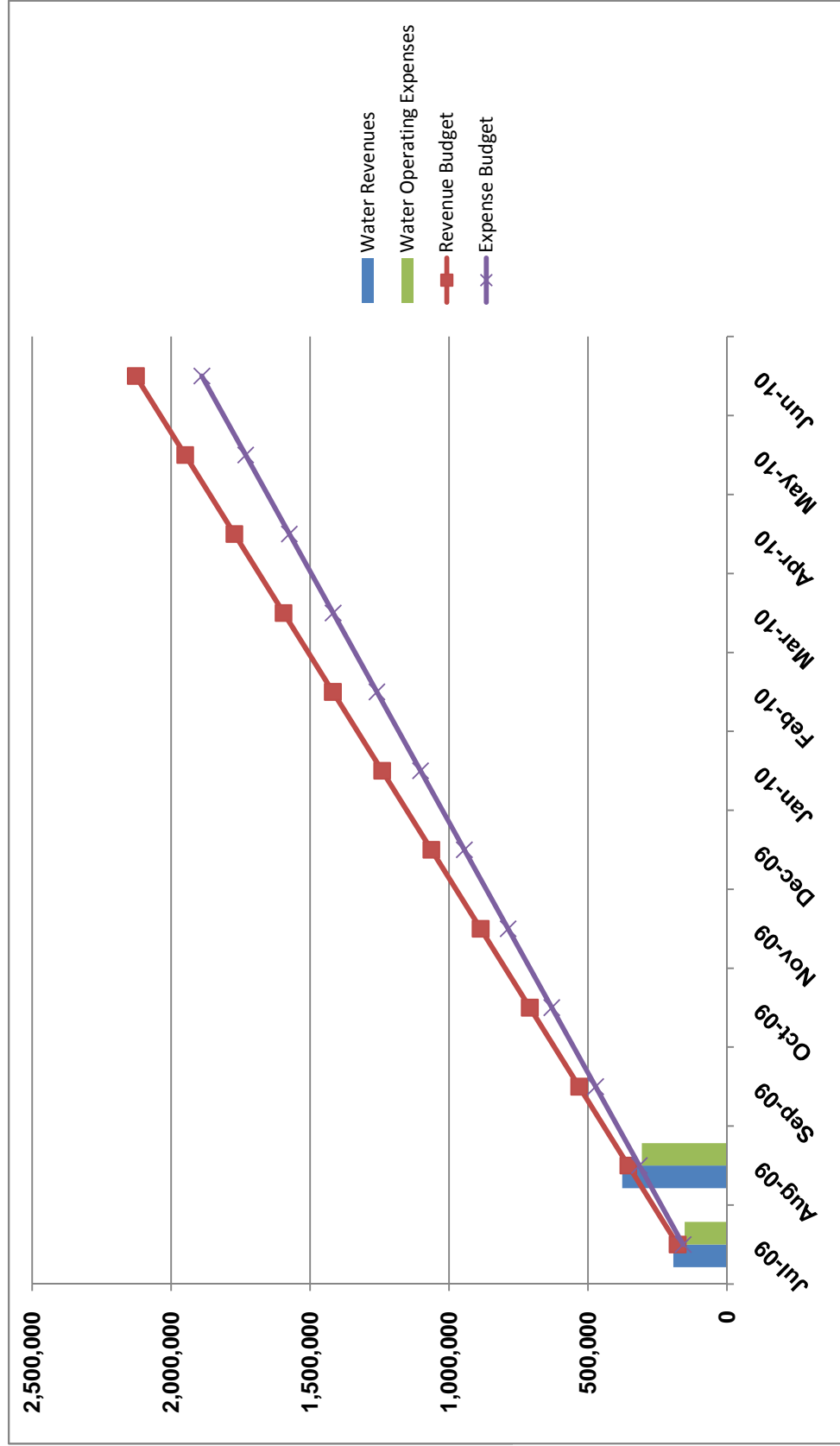
Collection of property tax and
measure B assessments occur in
December and April.

Principal and interest payment on
outstanding debt was made in July

Principal and interest payment on
outstanding debt was made in July

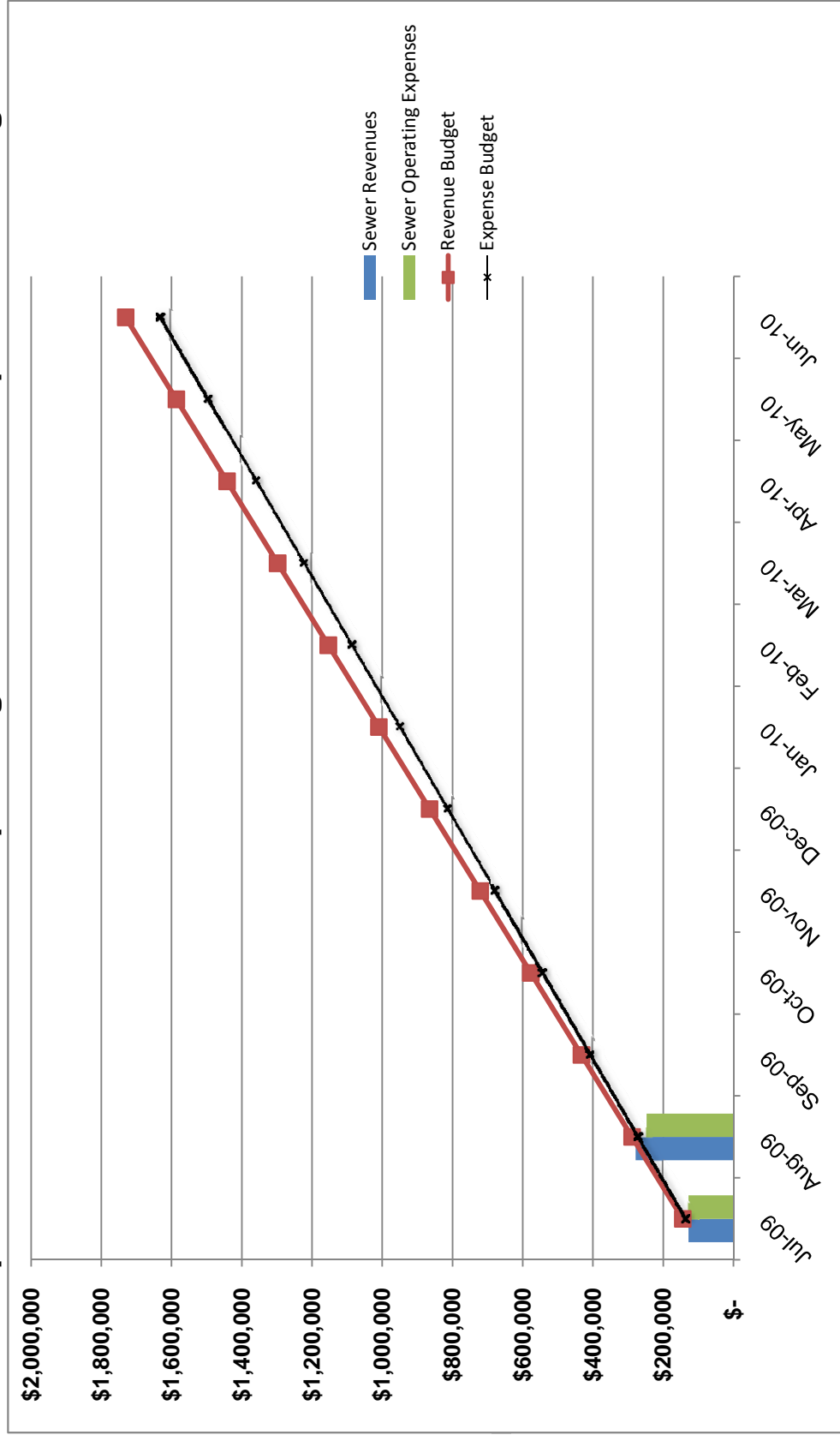
McKinleyville Community Services District August 2010

Comparison of Water Fund Operating Revenues and Expenses to Budget



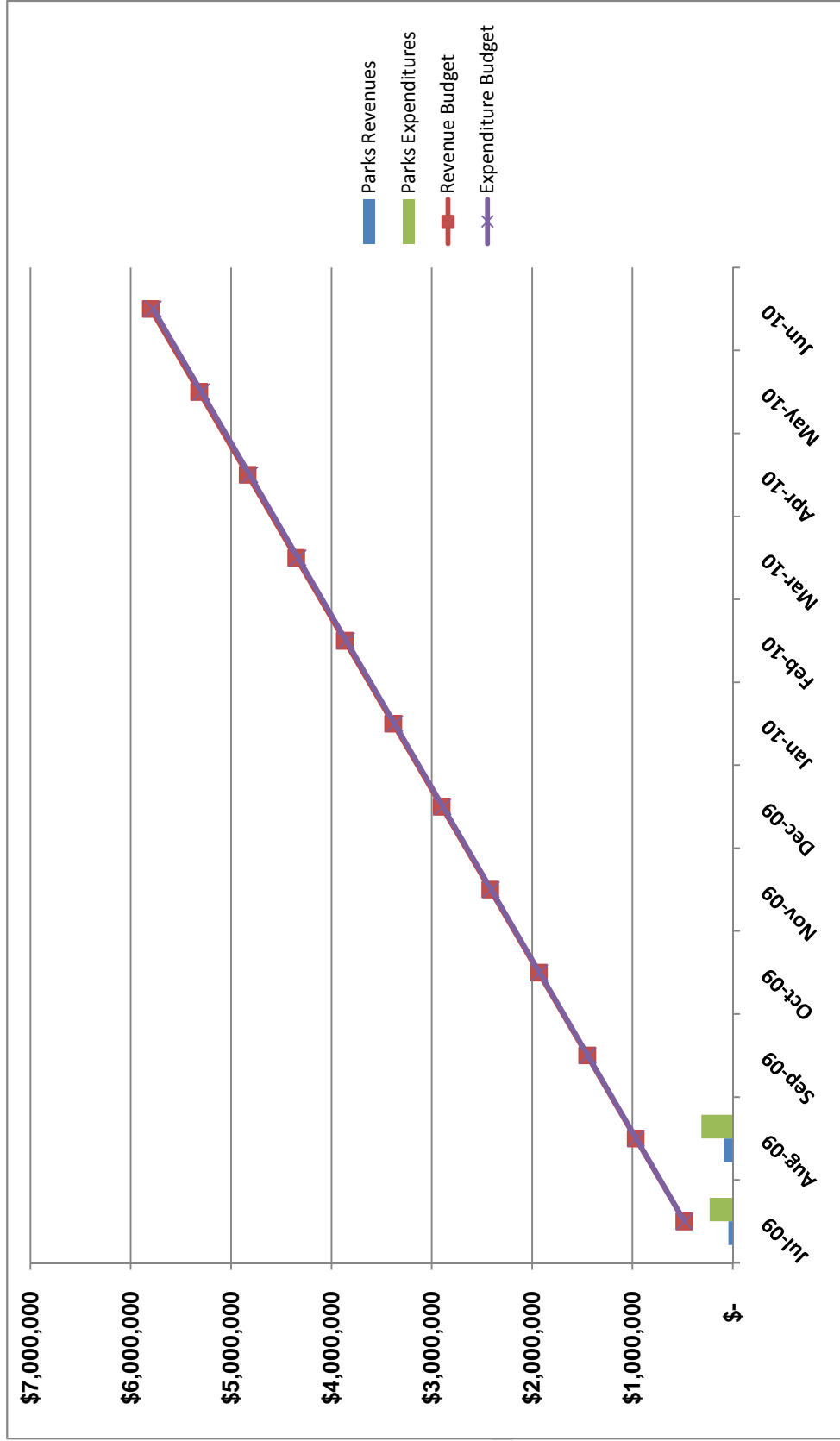
McKinleyville Community Services District August 2010

Comparison of Sewer Fund Operating Revenues and Expenses to Budget



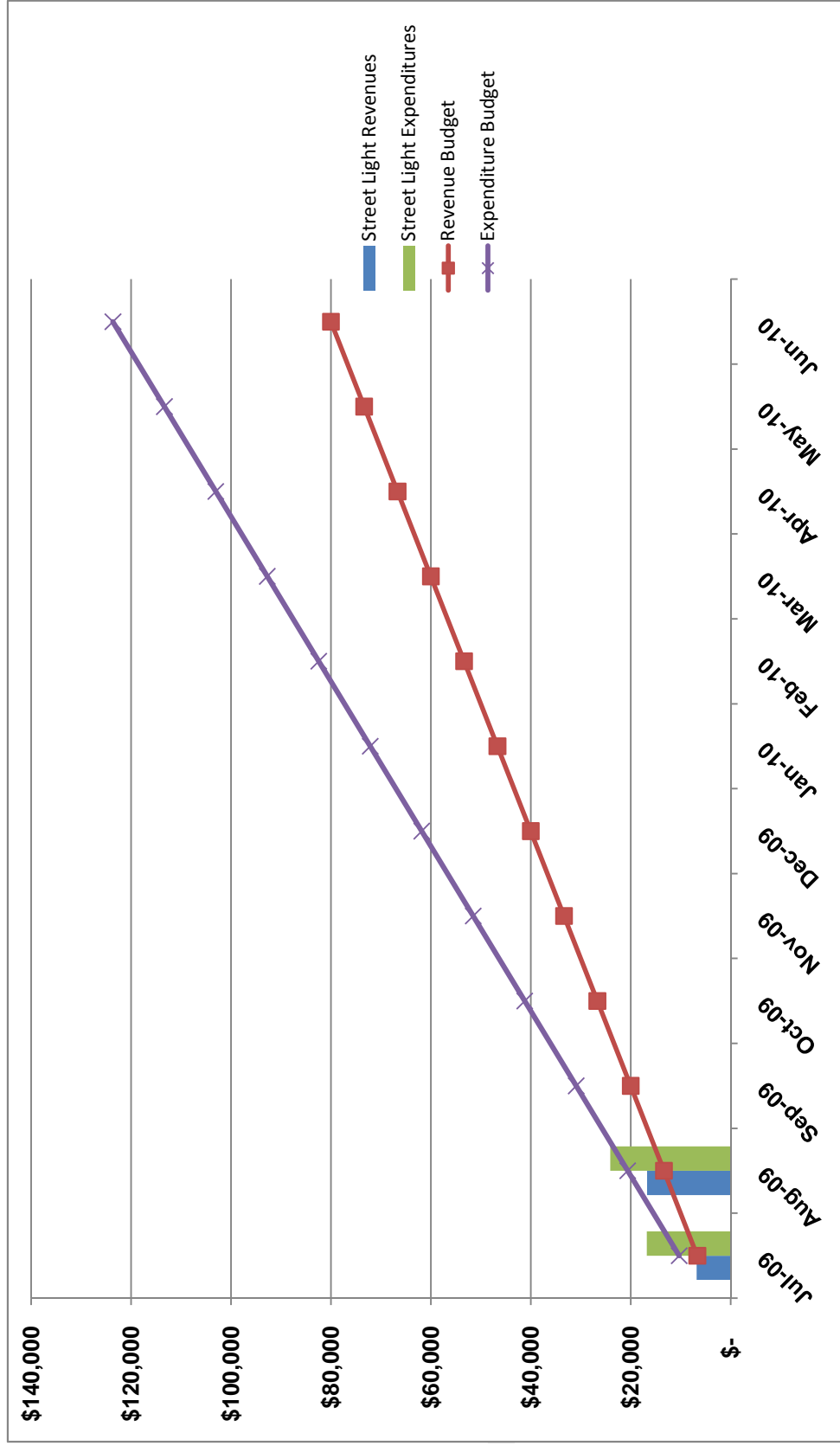
McKinleyville Community Services District August 2010

Comparison of Parks Operating Revenues and Expenditures to Budget



McKinleyville Community Services District August 2010

Comparison of Street Light Fund Revenues to Budget



REPORT.: Sep 08 10 Wednesday
 RUN....: Sep 08 10 Time: 16:08
 Run By.: STEVEN EDMISTON

McKinleyville C.S.D.
 Cash Disbursement Detail Report
 Check Listing for 08-10 Bank Account.: 10011

PAGE: 001
 ID #: PY-DP
 CTL.: MCK

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
022007	08/06/10	*0007	ALLISON GARFIELD	62.50	.00	62.50	B00729	REFUND FOR DOG OBEDIENCE
022008	08/06/10	ADA02	ADAPCO	277.13	.00	277.13	81887	VECTOBAC
022009	08/06/10	BAL01	DAVID BALDOSSER	38.61	.00	38.61	B00802	AFLAC FLEX SPENDING REIMB
022010	08/06/10	BAS01	BASIC LABORATORY INC.	181.00	.00	181.00	7148	LAB TESTING
				2066.40	.00	2066.40	100691	PRETREATMENT STUDY/TESTIN
			Check Total.....:	2247.40	.00	2247.40		
022011	08/06/10	BAY02	BAY WEST SUPPLY, INC.	1416.89	.00	1416.89	B00802	JANITORIAL SUPPLIES FOR J
022012	08/06/10	COL05	COLANTUONO & LEVIN, PC	319.00	.00	319.00	20386	PROP 218 ADVICE
022013	08/06/10	COS03	COSTCO WHOLESALE	399.24	.00	399.24	B00730	FOOD FOR BBQ, COFFEE, GIF
022014	08/06/10	COU02	HUMBOLDT COUNTY ASSESSOR	352.72	.00	352.72	B00805	COPYS OF RECORDS
				-352.72	.00	-352.72	B00805u	Ck# 022014 Reversed
			Check Total.....:	.00	.00	.00		
022015	08/06/10	CSK01	CSK AUTO, INC. (KRAGEN)	28.65	.00	28.65	719785	INV 723744 DISTRIBUTOR CA
022016	08/06/10	CUM01	CUMMINS WEST, INC.	82.10	.00	82.10	005-92840	GEN. PARTS FOR COCHRAN
022017	08/06/10	EUR06	EUREKA READY MIX	477.38	.00	477.38	62709	18YRDS P ROCK
022018	08/06/10	HAC01	HACH COMPANY	664.21	.00	664.21	6837116	INV.6822198 6807927
022019	08/06/10	HAR03	HARVEY M. HARPER CO.	155.73	.00	155.73	694137	INV 5102070 GAS CAP, MONT
022020	08/06/10	HFS01	HF SCIENTIFIC, INC.	256.36	.00	256.36	167502	METER CALIBRATION
022021	08/06/10	HOO01	HOOVEN & CO., INC.	1083.45	.00	1083.45	8397	DELIVERED COLD MIX AND RO
022022	08/06/10	HUM01	HUMBOLDT BAY MUNICIPAL WA	52188.81	.00	52188.81	B00802	WTR PURCHASED FOR JULY 20
022023	08/06/10	HUM08	HUMBOLDT SANITATION	828.80	.00	828.80	B00805	GARBAGE SERVICE FOR JULY
022024	08/06/10	IND02	Industrial Electric Serv	268.65	.00	268.65	1762	INV 1762 1769 1771 1802 1
022025	08/06/10	KEN01	KEN GRADY CO.	216.38	.00	216.38	14035	CHLORINE SENSOR
022026	08/06/10	LES01	LES SCHWAB TIRE CENTER	176.64	.00	176.64	313031	BATTERY FOR WWMF
022027	08/06/10	MCK03	MCKINLEYVILLE OFFICE SUPP	297.92	.00	297.92	42276	FED-EX SHIPPING CHARGE
022028	08/06/10	MCK04	MCK ACE HARDWARE	751.87	.00	751.87	B00804	OIL,PVC, CEMENT, TAPE, RO
022029	08/06/10	MIL01	Miller Farms Nursery	1321.35	.00	1321.35	B00804	AIR FILTER, BULB, BLADE,
022030	08/06/10	MIL03	THE MILL YARD	341.16	.00	341.16	5342	POSTS
022031	08/06/10	MIT01	Mitchell, Brisso, Delaney	692.00	.00	692.00	27242	LEGAL WORK DONE IN JULY 2
022032	08/06/10	MUN02	MUNICIPAL MAINTENANCE	97.66	.00	97.66	62098	VAC-CON BELT
022033	08/06/10	NCU01	NORTH COAST UNIFIED AIR Q	635.46	.00	635.46	3852	INITIAL EVAL. PERMIT TO O
022034	08/06/10	NOR01	NORTH COAST LABORATORIES	2570.00	.00	2570.00	B00805	LAB TESTING FOR JULY
022035	08/06/10	NOR20	NORTH COAST JOURNAL	54.90	.00	54.90	722-10-15	AD FOR EMPLOYMENT KIDS CL
022036	08/06/10	NYL01	NYLEX.NET	225.00	.00	225.00	68670	JENS COMPUTER REPLACED
022037	08/06/10	PGE01	PG & E (Office & Field)	15637.89	.00	15637.89	B00805	GAS & ELECTRIC JULY 2010
022038	08/06/10	PRE08	PRECISION INTERMEDIA	451.25	.00	451.25	12483	ARTWORK FOR MCSD NEW LOGO
				30.00	.00	30.00	12484	WEB HOSTING
			Check Total.....:	481.25	.00	481.25		
022039	08/06/10	REN01	RENNER PETROLEUM	5612.26	.00	5612.26	B00805	FLEET FUEL FOR JULY
022040	08/06/10	RES03	RESTIF CLEANING SERVICE	155.00	.00	155.00	26087	CARPET CLEANING
				-155.00	.00	-155.00	26087u	Ck# 022040 Reversed
			Check Total.....:	.00	.00	.00		
022041	08/06/10	SCH02	Schmidbauer Lumber, Inc.	184.71	.00	184.71	72896	8X8 WOOD
022042	08/06/10	SHN01	SHN ENGINEERING	7060.75	.00	7060.75	72139	WORK DONE FOR MAY 2010
022043	08/06/10	SIE02	SIERRA CHEMICAL CO.	1633.74	.00	1633.74	202721	INV 203645 CHLORINE AND D
022044	08/06/10	SUP01	Superior Alarm Sys., Inc.	195.00	.00	195.00	91152	CHECK MOTION DETECTOR IN
022045	08/06/10	THE06	THE LEW EDWARDS GROUP	5500.00	.00	5500.00	8082	MEASURE B PREP
022046	08/06/10	THO02	Thomas Home Center	349.17	.00	349.17	B00804	MISC REPAIRS SUPPLIES

REPORT.: Sep 08 10 Wednesday
 RUN....: Sep 08 10 Time: 16:08
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Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice # Description
022047	08/06/10	THR01	THRIFTY SUPPLY COMPANY	2243.60	.00	2243.60	1283482 INV. 1284346 FIRE HYDRANT
022048	08/06/10	TWO01	TWO BROTHERS CATHODIC SER	1600.00	.00	1600.00	237 ANNUAL SERVICE ON WATER T
022049	08/06/10	UMP02	UMPQUA BANK	1347.44	.00	1347.44	B00805 VISA CARDS USAGE FOR JULY
022050	08/06/10	UND01	UNDERGROUND SERVICE ALERT	239.76	.00	239.76	70590 ANNUAL MEMBERSHIP
022051	08/06/10	UPS01	UPS	63.31	.00	63.31	Y6B493300 LAB SHIPPING
022052	08/06/10	USP02	USPS: ARCATA BMEU	185.00	.00	185.00	B00803 FEE RENEWAL FOR PERMIT 20
022053	08/06/10	VER01	VERISON WIRELESS	30.50	.00	30.50	B00802 PARKS AND REC/D.O CELL PH
022054	08/06/10	WAH02	WAHLUND CONSTRUCTION INC.	66045.06	.00	66045.06	B00804 RAMEY PUMP STATION IMPROV
022055	08/06/10	WIN02	Winzler & Kelly	5307.25	.00	5307.25	52982 RAMEY PUMP UPGRADE
022056	08/06/10	*0008	EZEQUIEL SANDOVAL	80.00	.00	80.00	B00803 REMAINING DEPOSIT REFUNDE
022057	08/06/10	*0010	ELIZABETH WADE	20.00	.00	20.00	B00804 REFUND AZALEA HALL DEPOSI
022058	08/06/10	*0011	DONNA TURNER	100.00	.00	100.00	B00804 REFUND AZALEA HALL DEPOSI
022059	08/06/10	*0012	HEIKI PETRANEK	10.00	.00	10.00	B00806 KIDS CAMP DEPOSIT REFUNDE
022060	08/06/10	GUA01	THE GUARDIAN	3919.06	.00	3919.06	B00730 DENTAL INSURANCE AUG2010
022061	08/06/10	HAR13	The Hartford - Priority A	616.08	.00	616.08	B00806 LIFE AND DABILITY INSURAN
022062	08/06/10	SUD01	SUDDENLINK	173.95	.00	173.95	B00730 AUG PAYMENT FOR INTERNET
022063	08/06/10	USB01	U.S. BANK TRUST N.A.	7500.00	.00	7500.00	001B008011 SEWER BOND PAYMENT
022064	08/06/10	\A001	ADAMS, MORGAN	49.54	.00	49.54	000B00801 MQ CUSTOMER REFUND FOR AD
022065	08/06/10	\A007	AVELAR, HENRY	30.54	.00	30.54	000B00801 MQ CUSTOMER REFUND FOR AV
022066	08/06/10	\B009	BAKER, JESSICA	68.89	.00	68.89	000B00801 MQ CUSTOMER REFUND FOR BA
022067	08/06/10	\B010	BRAUN, KRISTIN OR TOERY	56.73	.00	56.73	000B00801 MQ CUSTOMER REFUND FOR BR
022068	08/06/10	\C008	COSBY, WILLIAM	24.05	.00	24.05	000B00801 MQ CUSTOMER REFUND FOR CO
022069	08/06/10	\C009	CUTTLE, CONSTANCE	68.79	.00	68.79	000B00801 MQ CUSTOMER REFUND FOR CU
022070	08/06/10	\D008	DANIELSON, BARBARA	61.84	.00	61.84	000B00801 MQ CUSTOMER REFUND FOR DA
022071	08/06/10	\D009	DAVIS, KAYLAH	45.63	.00	45.63	000B00801 MQ CUSTOMER REFUND FOR DA
022072	08/06/10	\F003	FARRELL, KATIE	26.32	.00	26.32	000B00801 MQ CUSTOMER REFUND FOR FA
022073	08/06/10	\H008	HOOVEN & COMPANY,	58.23	.00	58.23	000B00801 MQ CUSTOMER REFUND FOR HO
022074	08/06/10	\M009	MCGAUGHEY, VERN	32.58	.00	32.58	000B00801 MQ CUSTOMER REFUND FOR MC
022075	08/06/10	\M010	MULLAN, JASON	30.74	.00	30.74	000B00801 MQ CUSTOMER REFUND FOR MU
022076	08/06/10	\N004	NAKAMOTO, JOHN	69.05	.00	69.05	000B00801 MQ CUSTOMER REFUND FOR NA
022077	08/06/10	\R007	RADANT, PAUL	49.54	.00	49.54	000B00801 MQ CUSTOMER REFUND FOR RA
022078	08/06/10	\R008	RHODES, ASHLEIGH	8.57	.00	8.57	000B00801 MQ CUSTOMER REFUND FOR RH
022079	08/06/10	\R009	ROSS, DANIEL	63.66	.00	63.66	000B00801 MQ CUSTOMER REFUND FOR RO
022080	08/06/10	\S003	SALSTROM, H. LELAND	11.65	.00	11.65	000B00801 MQ CUSTOMER REFUND FOR SA
022081	08/06/10	\S013	SANDELL, CHRIS	17.97	.00	17.97	000B00801 MQ CUSTOMER REFUND FOR SA
022082	08/06/10	\T005	TRIPP, SHAY	56.27	.00	56.27	000B00801 MQ CUSTOMER REFUND FOR TR
022083	08/06/10	\V002	VON HERRATH, FRANZISKA	25.00	.00	25.00	000B00801 MQ CUSTOMER REFUND FOR VO
022084	08/06/10	\W008	WADSWORTH, DAVID	6.04	.00	6.04	000B00801 MQ CUSTOMER REFUND FOR WA
022085	08/19/10	*0013	KIMBERLY BARKER	82.00	.00	82.00	B00819 KIDSCUB UNUSED DEPOSIT R
022086	08/19/10	*0014	KATRINA HAFAR	15.00	.00	15.00	B00818 REFUND OVERNIGHTER CANCEL
022087	08/19/10	*0015	CHRISTY SPARACIO	79.50	.00	79.50	B00818 KIDS CAMP UNUSED DEPOSIT
022088	08/19/10	*0016	KAREN HENDERSON	100.00	.00	100.00	B00818 AZALEA HALL DEPOSIT REFUN
022089	08/19/10	*0017	VICKIE PALMER	100.00	.00	100.00	B00818 REFUND AZALEA HALL AND PP
022090	08/19/10	*0018	TANYA FECHNER	46.00	.00	46.00	B00819 KIDSCAMP 1 DAY REFUND
022091	08/19/10	*0019	MARIA ESTEVEZ	100.00	.00	100.00	B00819 AZALEA HALL DEPOSIT REFUN
022092	08/19/10	ACW01	ACWA HEALTH BENEFITS AUTH	34115.17	.00	34115.17	1 GRP. HEALTH INS AUG 2010

REPORT.: Sep 08 10 Wednesday
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Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Payment Information
							Invoice # Description
022092	08/25/10	ACW01	ACWA HEALTH BENEFITS AUTH	-34115.17	.00	-34115.17	1u Ck# 022092 Reversed
				60.00	.00	60.00	B00819 ACWA DINNER AND TOUR
				-60.00	.00	-60.00	B00819u Ck# 022092 Reversed
			Check Total.....:	.00	.00	.00	
022093	08/19/10	ATT01	AT&T	1140.20	.00	1140.20	B00819 PHONE SYSTEM FOR AUG. 201
022094	08/19/10	BRU04	REBECCA J. BRUINEKOOL	1620.00	.00	1620.00	B00819 KINDERSPORTS LEISURE CLA
022095	08/19/10	COR07	JOHN W. CORBETT	100.00	.00	100.00	B00819 DIRECTORS FEES
022096	08/19/10	COU09	DAVID R. COUCH	100.00	.00	100.00	B00819 DIRECTORS FEE
022097	08/19/10	DEP04	CA DEPT OF PUBLIC HEALTH-	55.00	.00	55.00	B00819 WM-WATER TREATMENT CERT R
022098	08/19/10	EDW01	HELEN L. EDWARDS	100.00	.00	100.00	B00819 DIRECTORS FEE
022099	08/19/10	FRI05	LESLEY FRISBEE	128.25	.00	128.25	B00819 REIMBURSEMENT FOR CC AT S
022100	08/19/10	HUC01	DELILAH HUCK	398.12	.00	398.12	B00819 PUPPY DOG OBEDIENCE TRAIN
022101	08/19/10	KEY01	KEY EQUIPMENT FINANCE	314.57	.00	314.57	1009 AUG COPIER LEASE PAYMENT
022102	08/19/10	MAY02	DENNIS MAYO	100.00	.00	100.00	B00819 DIRECTORS FEES
022103	08/19/10	MOR01	JOHN M. MORGAN	243.04	.00	243.04	B00819 WATER TREATMENT COURSE, D
022104	08/19/10	NIL01	NILSEN CO.	385.58	.00	385.58	196 148 GALVANIZED GATE AND SHELL
022105	08/19/10	ORI01	ORIENTAL TRADING CO. INC.	181.97	.00	181.97	B00819 INV 639691153-01 BALLS, S
022106	08/19/10	WEN01	WILLIAM WENNERHOLM, DC	100.00	.00	100.00	B00819 DIRECTORS FEES
022107	08/27/10	*0020	JACK BAREILES	100.00	.00	100.00	B00824 HSS DEPOSIT REFUND
022108	08/27/10	*0021	BASKETBALL JONES HOOP CAM	100.00	.00	100.00	B00825 MAC DEPOSIT REFUND
022109	08/27/10	*0022	SALOMON GONZALEZ	23.10	.00	23.10	B00825 KIDSCUB REFUND, CANCELLE
022110	08/27/10	*0023	MIKE HAYES	100.00	.00	100.00	B00826 REFUND DEPOSIT FOR MAC
022111	08/27/10	A&M02	A & M BODY SHOP & TOWING	95.54	.00	95.54	61943 LOGO REMOVAL FROM TRUCKS
022112	08/27/10	ACW01	ACWA HEALTH BENEFITS AUTH	34115.17	.00	34115.17	B00825 HEALTH INSURANCE FOR AUG
022113	08/27/10	ACW03	ACWA REG. 1 HUMB. COUNTY	60.00	.00	60.00	B00825 ACWA DINNER AND TOUR
022114	08/27/10	CAS01	CASH	167.61	.00	167.61	B00825 COOKIES FOR BOARD MEETING
022115	08/27/10	COR01	CORBIN WILLITS SYSTEMS	833.42	.00	833.42	B008151 MONTHLY PAYMENT FOR MOM S
022116	08/27/10	EUR05	Eureka Oxygen Co	248.12	.00	248.12	60506 INV 60456 SCREWDRIVER SET
022117	08/27/10	JON05	CHRISTOPHER G. JONES	65.00	.00	65.00	B00825 DISTRIBUTION 2 OPERATOR T
022118	08/27/10	MCK03	MCKINLEYVILLE OFFICE SUPP	325.27	.00	325.27	42344 INV 42361 42381 STREETLIG
022119	08/27/10	PGE02	PACIFIC GAS & ELECTRIC	2426.80	.00	2426.80	B00825 GAS & ELECTRIC FOR AUG, 2
022120	08/27/10	PRI01	PRICE GEOGRAPHIC CONSULTI	4760.00	.00	4760.00	1718 GPS WATER METER POINTS, L
022121	08/27/10	RED11	REDWOOD MINI GOLF	300.48	.00	300.48	B00825 MINI GOLF FIELDTRIP FOR K
022122	08/27/10	SHN01	SHN ENGINEERING	9505.70	.00	9505.70	B00825 NPDES WORK FOR JUNE, ACT.
022123	08/27/10	UNI05	UNITED RENTALS NORTHWEST	967.95	.00	967.95	888968761 SHORING HAND PUMP PARTS T
022124	08/27/10	WIN02	Winzler & Kelly	3583.00	.00	3583.00	53576 INV 53386 RAMEY PUMP UPGR
022125	08/27/10	YOU01	NANCY YOUNG	497.25	.00	497.25	B00825 BABYSITTING CLASS INSTRUC
022126	08/27/10	SPI01	SPILMAN & ASSOCIATES	2232.50	.00	2232.50	MCK01P APPROPRIATIONS LIMIT STUD
				2232.50	.00	2232.50	MCK001P APPROPRIATIONS LIMIT STUD
			Check Total.....:	4465.00	.00	4465.00	
			Cash Account Total.....:	263401.30	.00	263401.30	
			Total Disbursements.....:	263401.30	.00	263401.30	

**McKinleyville Community Services District
Board Agenda Background**

AGENDA ITEM: D.3.

AGENDA TITLE: Compliance with State Double Check Valve Law

MEETING DATE: September 15, 2010

PRESENTED BY: Greg Orsini, Operations Director

TYPE OF ITEM: Consent Calendar

BACKGROUND: Customers listed below are not now in compliance with State law regarding cross-connection control for water customers with alternate water supply. These customers have been notified of their respective violations as noted and have been provided notification of this meeting.

1st Notice	July 26, 2010
10 Day Notice	September 1, 2010
Board Meeting	September 15, 2010
Lock	October 18, 2010
ROUTE 14	

Account	Address	Brand	S/O Out
14-544-000	1110 Eucalyptus	Feb co	8/31/10
14-572-000	2388 McKinleyville	Wilkins	

UPDATED: 09/08/10

RECOMMENDATION: Staff recommends that the Board authorized staff to provide these customers with formal notice that their water service will be discontinued in one month if they have not come into compliance with state law regarding water service cross-connection in accordance with MCSD Rules 7 and 10.

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1. Present “Community Builder Award” to Humboldt County CalWORKs Program Department

PRESENTED BY: Norman Shopay and Jason Sehon

TYPE OF ACTION: None

Recommendation:

Staff Requests the Board listen to a presentation of the “Community Builder Award” to representative(s) of the CalWORKs Program Department.

Discussion:

The “Community Builder Award” is an award the District presents to local individuals, businesses, and organizations for their volunteer service, sponsorship, promotion of programs and events, outstanding service in the interest of the District, and for other contributions significant to McKinleyville’s quality of life.

District staff has selected the CalWORKs Welfare-To-Work Department for the month of September 2010. The District has worked with this program since 2007. The Parks & Recreation Department has provided a variety of cross training to more than ten (10) individuals from CalWORKs.

After completion of their hours, many participants have moved on to find jobs, and two (2) have applied for, been selected for an interview, and hired as full time employees of the District. Each of these positions were filled after reviewing a large pool of applications.

In the past, MCSD has placed CalWORKs participants in its Parks & Recreation Department, Business Office and the Operations Department.

Most recently, MCSD staff has provided cross training between the Parks & Recreation Department and the Operations Department. An example of skills learned on the job are how to operate equipment, safety procedures, landscaping, janitorial, small engine maintenance, turf management, reading meters, and many additional day-to-day tasks completed by MCSD staff.

This has truly been a “win win” situation for MCSD, CalWORKs, and the participants in the program.

Alternatives:

Not Applicable

Fiscal Analysis:

Estimated cost savings to the District is \$4,000 per month for each CalWORKs participant. Currently, the Parks & Recreation Department is working with four (4) CalWORKs participants, for a cost savings of approximately \$16,000 per month or \$192,000 annually.

Exhibits/Attachments

- Interview with representative of CalWORKS.

Overview of the Community Builder Award:

McKinleyville Community Services District (MCSD) will present the award to local individuals, businesses and organizations for their volunteer service, sponsorship, promotion of programs and events, outstanding service in the interest of the District, and for other contributions significant to McKinleyville's quality of life.

The Community Builder Award for the month of September 2010 goes to the Humboldt County CalWORKs Welfare-To-Work Department.

The following interview is based on answers from employees who were surveyed by Marti Hufft, Program Manager II for CalWORKs:

The CalWORKs program has placed Work Experience workers at MCSD since 2007.

When asked what they like best about McKinleyville, they responded "McKinleyville is a growing community with much to offer families in Humboldt County. McKinleyville is a community which works with CalWORKs in fulfilling its vision: "Humboldt County is a nurturing, supportive, healthy environment for its children, families, adults and communities."

We asked what they like about McKinleyville Community Services District, which they responded, "As a partner in the assisting families in becoming self-sufficient, MCSD is a supportive and proactive partner. MCSD teaches, refines and builds important work skills necessary for an individual to obtain and retain employment. MCSD also assists individuals in finding permanent employment in the community."

They said that they feel recreation opportunities and park facilities are important for our community because they are contributions to a well-rounded and safe community. They provide outlets for adults and children to exercise, improve their health as well as providing an aesthetic environment for families to live and thrive in.

When asked if they have a future vision for MCSD, they answered, "CalWORKs anticipates that MCSD will continue to provide the community with the resources necessary for families to thrive as well as assist families become self-sufficient and resilient."

The Department of Health and Human Services is a department committed to assist county residents in obtaining good physical health, mental health and self-sufficiency through employment. Staff from all 3 branches provide services to county residents in McKinleyville. Some examples are providing immunizations, environmental code enforcement, mental health and AOD counseling, job search and training services through CalWORKs, ETD and the Job Market.

In a final note, they said, "CalWORKs staff enjoys working with MCSD as a partner. Many staff commented on how helpful MCSD staff is in assisting participants and they truly value MCSD as a Work Experience site as well as the community of McKinleyville."

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.2 **Information regarding expenditure related to the 2008 AlgaRhythms project for laboratory testing of algae at the Waste Water Management Facility**

PRESENTED BY: **Greg Orsini**

TYPE OF ACTION: **None**

Recommendation:

No action necessary

Discussion:

During the last Board meeting an informational request was made regarding expenditures related to an algae removal project involving AlgaRhythms and McKinleyville CSD. After doing some research of old files, emails and invoices staff has brought this matter back for clarification.

In September of 2007, then Director Dunk was approached by Brandon Hemenway at Humboldt State regarding a process to efficiently remove algae from wastewater. Director Dunk relayed the information to the previous General Manager Marking and put Mr. Hemenway in contact with Marking. Shortly thereafter Hemenway “pitched the idea of a unique process to remove algae from wastewater to market it as fertilizer or convert the oil for biodiesel”.

In February of 2008 staff brought a proposal from AlgaRhythms for a bench study to be followed by a pilot project to the Board as an informational item with an action item to follow in the coming month. The proposal projected it would cost \$11,000 for the items as outlined in the Schedule of Cost in Section IV, and AlgaRhythms will commit to \$5,600 for their portion of the expenses. District costs will be more than the \$11,000 with CTR testing, electricity and manpower. Staff estimated approximately another \$6,000 to \$7,000 for these additional items. The Board voiced interest in the project but did not have to approve any expenditure.

Later that summer a bench scale study was conducted. AlgaRhythms set up the required equipment but due to the high pH of the wastewater it was determined pH manipulation and a specific coagulant would be required. AlgaRhythms secured the proper chemicals and proceeded with the study. Samples were collected for functionality of the process and for laboratory

analysis. Staff was interested in finding out if the constituents of concern had an affinity for the solids or if they were in solution so the solids and supernatant were both sent to the laboratory for analysis. AlgaRhythms would also need to determine the quality of the solids to meet solids handling regulations. The results of the laboratory analysis were inconclusive due to the quality of the samples because the solids and liquids did not separate adequately.

In conclusion:

- \$15,000 number that has been referred to was the cost for the full pilot study that never occurred.
- If the District would have proceeded to full production the capital investment would have been at a minimum of \$400,000 with an operating cost of \$60,000 to \$160,000
- District expenditure was \$2,600 for lab analysis

Alternatives:

Take Action

Fiscal Analysis:

The District spent \$2,600 in lab tests for analysis. No other funds were expended by the District.

Exhibits/Attachments

- Attachment 1-AlgaRhythms Proposal and Suspended Solids Harvesting Outline dated January 25, 2008.
- Attachment 2-December 21, 2009 E mail regarding AlgaRhythms Proposal

**Technical Proposal to the
McKinleyville CSD from
AlgaRhythms, Inc., for the**

Removal and Capture of Algae in Wastewater Effluent

January 25, 2008



I. Introduction

This document is a technical proposal from AlgaRhythms, Inc., an Arcata-based biotechnology firm, to the McKinleyville CSD for the removal of algae from the McKinleyville wastewater treatment plant's effluent. The removal of algae would benefit the McKinleyville CSD by reducing total suspended solids (TSS) and biological oxygen demand (BOD) in the effluent. High levels of TSS and BOD can lead to permit violations and fines. Even moderate levels of TSS and BOD are becoming worrisome to many publicly owned wastewater treatment plants, as the State Water Quality Control Board continues to impose more stringent regulatory limits. AlgaRhythms plans to retain and process the algae for use as a fertilizer.

Schedule and Costs

We are proposing a pilot-scale study that would operate in June, 2008. Projected costs for this study to the McKinleyville CSD are \$11,000. The study process, schedule and costs are detailed below. The expected outcome is that the cost of the process to the CSD is far below the potential fines from WWTP effluent permit violations at both current and more stringent future standards, as well as an increased capacity to accommodate population growth without increasing the ecological or spatial footprint of the WWTP. In short, the CSD benefits, and AlgaRhythms obtains a usable byproduct of the wastewater treatment process.

The Basic Process

This technical proposal provides a summary of a process developed by AlgaRhythms, Inc., for the acquisition and use of the algae contained in the McKinleyville WWTP. Briefly, the basic process is to:

1. remove algae from WWTP effluent
2. dewater the algae and transport to drying facilities
3. dry, process, package and sell the algae

The portions of this process involving the McKinleyville CSD are numbers 1 and 2. Once the algae is transported off the McKinleyville WWTP premises, the CSD's involvement in the process ends. As such, this proposal is primarily a detailing of Steps 1 and 2, with only a brief summary of Step 3.

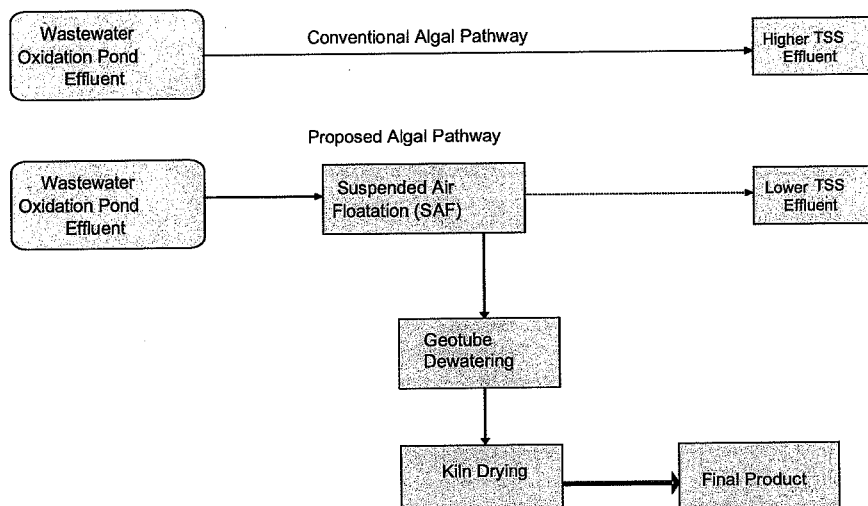
Below, we provide detail on the process, discuss schedule and costs, and suggest where we go following the pilot study.



II. Detail of the Pilot-Scale Study Process

Production Process

The basic production process is shown in the figure below, comparing the current, conventional pathway and our proposed pathway:



Basic Diagram of the Algae Fertilizer Production Process

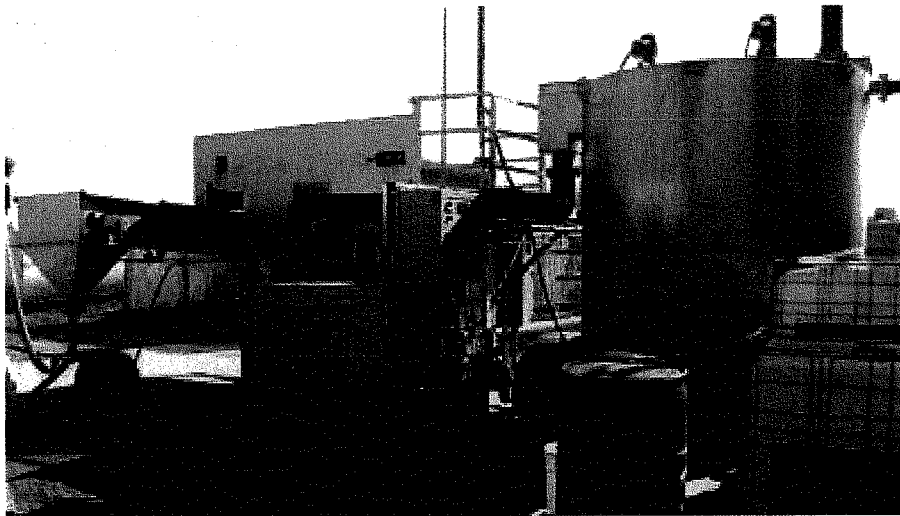
As the diagram shows, we propose to redirect the effluent through a process that will remove total suspended solids, and in particular, algae. We will use a variety of technologies to accomplish this. These are discussed in greater detail below.

1. Remove Algae from WWTP Effluent

Algae are essential to the successful operation of wastewater oxidation ponds, and while they efficiently oxidize and aerate wastewater ponds, they can also cause problems in the form of TSS and non-soluble BOD in the pond effluent. Excessively high levels of suspended solids and biological oxygen demand prevent many WWTPs from meeting permit requirements as outlined in Federal Water Pollution Control legislation. To comply with permit requirements, some WWTPs use sand filters or marsh systems to remove excess algae. In addition, as allowable limits for TSS and BOD continue to be reduced by regulatory bodies, other systems and methods may be necessary to remove TSS and BOD from wastewater. Because it is desirable to remove algae from wastewater effluent, there is great potential for synergistic relationships to be developed between AlgaRhythms and the McKinleyville WWTP.



For the pilot-scale study, AlgaRhythms proposes to use a suspended air flotation (SAF™) system to treat effluent from pond 2 or 3. The SAF™ System is developed by the company Heron Innovators. The company's literature reports that SAF can successfully treat wastewaters containing as much as 15,000 mg/L of suspended solids with removal rates greater than 90%. Results from independent research conducted by Humboldt State University and AlgaRhythms personnel support these claims.



SYSTEM MODEL	CF MODEL	DWC MODEL	DWC DIMENSIONS			DWC BELT WIDTH
			L	W	H	
SAF50	CF50	DWC208	8'-0"	3'-4"	2'-0"	2'-0"
SAF125	CF125	DWC210	10'-0"	3'-4"	2'-0"	2'-0"
SAF250	CF250	DWC212	12'-0"	3'-4"	2'-0"	2'-0"
SAF500	CF500	DWC212	12'-0"	3'-4"	2'-0"	2'-0"
SAF1000	CF1000	DWC312	12'-0"	4'-4"	2'-0"	3'-0"
SAF2000	CF2000	DWC315	15'-0"	4'-4"	2'-0"	3'-0"
SAF3000	CF3000	DWC315	15'-0"	4'-4"	2'-0"	3'-0"

The picture above from a Heron Innovators brochure shows Heron's "SAF250" unit. Other SAF sizes are available as can be seen in the table included below the picture.

Benefits of SAF. The SAF treatment process works well compared to older technologies (notably dissolved air flotation, or DAF) for several reasons. The coagulating and flocculating chemicals impart an electrical charge to the floc particles in the wastewater. This electrical charge is opposite to the electrical charge of the surfactant forming the film on the MicroFroth™ microbubbles. The microbubbles tightly adhere to the floc particles by electrostatic attraction and form stable float solids that rise quickly to the surface where they can be skimmed off.

Other benefits of the SAF system include:



1. The maximum capacity of Heron's SAF™ microbubble generators has 100 gallons per minute of microbubble emulsion. This removes any limitation on the maximum flow of water able to be treated.
2. The size of Heron's flotation tanks has been reduced by an order of magnitude. Heron's flotation tanks operate at a design hydraulic loading rate of 10 gallons per minute per square foot of flotation area and a solids flux of 10 lb. per hour per square foot. This reduces the cost and especially the footprint of a SAF™ treatment system.
3. Solids dewatering. The solids floated out of the wastewater in a flotation cell are stable and gelatinous in nature, because they contain entrained air bubbles. These stable solids can be then be dewatered.

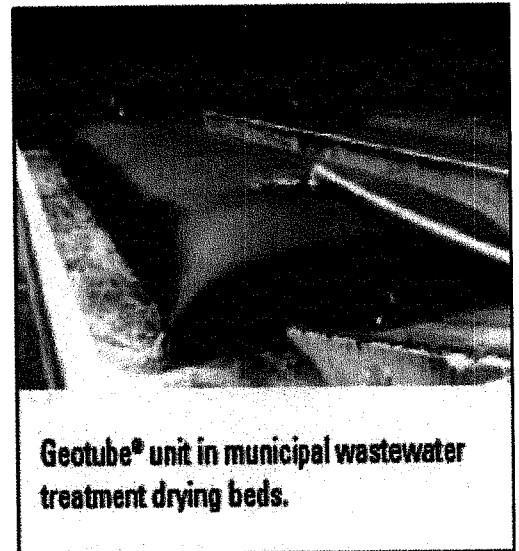
Biopolymers. AlgaRhythms will apply a patent pending combination of natural biopolymers for coagulation with the charged surfactants in the SAF process. This combination of ecologically sound chemicals not only enhances the solids separation process, but also adds value to the separated residuals for agricultural and horticultural applications. Natural biopolymers, such as GelFloc™, manufactured by HaloSource of Bothel, WA, and FlocClear™ and ClariVer™, manufactured by Rocklin Products, will be used in the study.

The gelatinous algal slurry that results from the SAF process will still hold a lot of water. Before we transport the algae, we need to remove as much water as is cost-effectively possible. This dewatering is detailed in Step 2 below.

2. Dewater the Algae and Transport to Drying Facilities

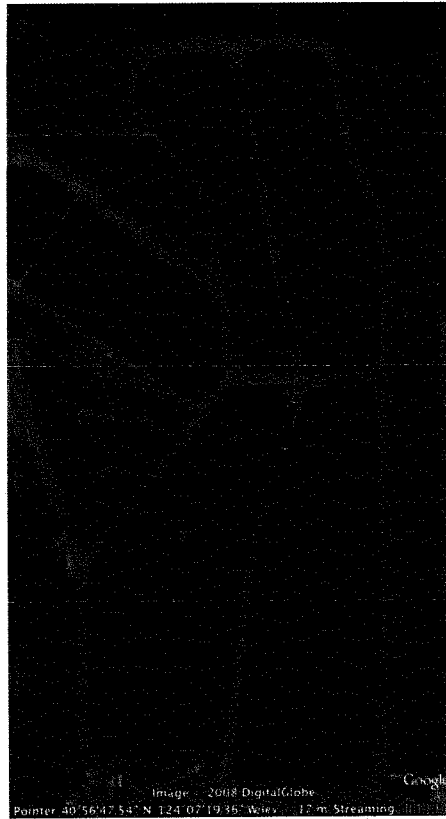
The gelatinous solids—or algal slurry—that results from the SAF process will be approximately 2.5% solids (or about 97.5% water by weight.) As a result, further dewatering on-site will be necessary before the algae can be transported to the drying facility.

AlgaRhythms proposes to use “Geotube” technology (shown in the picture at right; from www.geotubes.com) to dewater the algal slurry that comes from the SAF process. The algal slurry can be managed and handled cost-effectively with the Geotube technology. Geotube containers can be custom-sized to the application, so, for example, they could be placed between ponds 1a and 1b in McKinleyville, and removed once dewatering is complete, as shown in the picture below.



Geotube® unit in municipal wastewater treatment drying beds.





Geotubes reduce costs by consolidating solids with very little maintenance. Effluent can be pumped directly from the SAF process into the Geotube. The steps involved with using a Geotube include:

1. Filling. Sludge is pumped into the Geotube container (see picture at right). In some cases, environmentally-safe polymers are added to the sludge, which make the solids bind together and water separate.

2. Dewatering. Clear effluent water simply drains from the Geotube container. Over 99% of solids are captured, and clear filtrate can be collected and recirculated through the system or returned to the WWTP ponds.

3. Consolidation. Solids remain in the bag. Volume reduction can be up to 90%. AlgaRhythms anticipates generating approximately 13,000 gallons of thickened algae

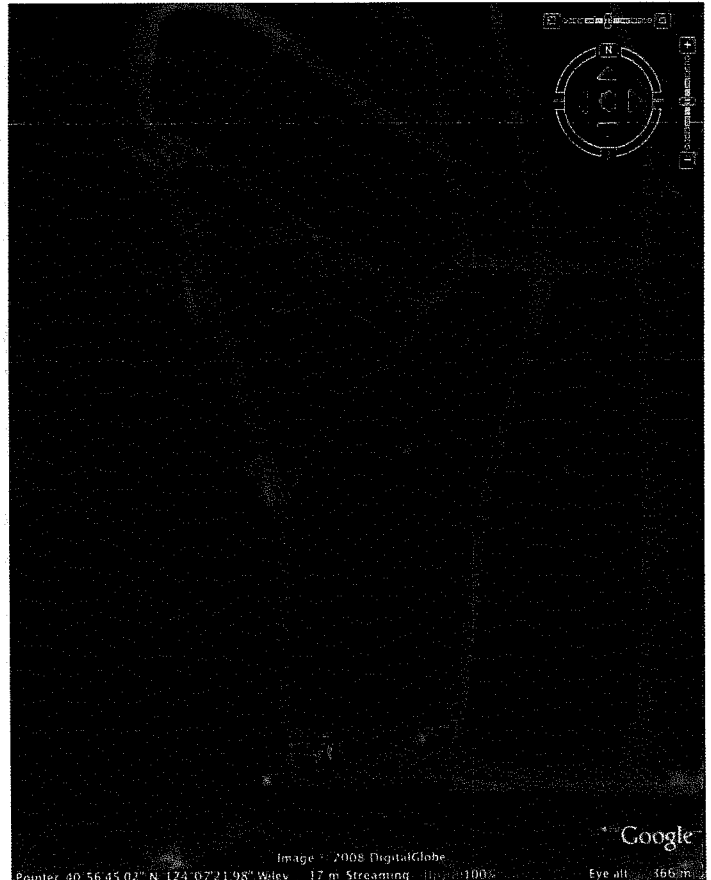


slurry of about 2.5% solids content from the pilot SAF device over the course of this study. This thickened algae slurry will be dewatered down to approximately 1,300 gallons of algae cake with a solids content of at least 20%, having a wet mass of approximately 10,000 lbs. at the completion of the dewatering step using Geotubes. When full, the algal solids can be removed and further processed.

The exact location of the Geotube at the WWTP for this proposed pilot study is yet to be determined. It will likely be housed in a roll-off trailer near the headworks or the currently unused pump station near pond 4, adjacent to the trailer mounted pilot scale SAF unit. Potential locations of the trailer mounted SAF unit and Geotube are shown in the picture to the right in blue rectangles. Following the dewatering and consolidation of algal slurry in the Geotube, there are two possible next steps:

1. Open Geotube and move dewatered paste onto trays, and move the trays into tractor trailer for transport to California Redwood Company (CRC) in Bracut; *or*
2. Transport the Geotube in a roll-off trailer to California Redwood Company in Bracut. Open the Geotube and move dewatered paste onto racks of trays for drying.

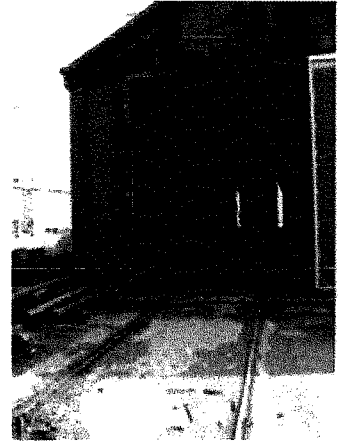
AlgaRhythms would prefer option 1, but will discuss with MCSD and CRC staff to determine the most appropriate course of action.



3. Dry and Process the Algae

Step 3 is “post-WWTP,” but we review the steps here so that we provide a complete picture of the process we are proposing.

Once the algae is transported from McKinleyville to CRC, AlgaRhythms will dry the algae in the kilns (see picture at right) at the California Redwood Company in Bracut (see lower picture at right). Racks of trays (“charges” of algae) will be moved into kilns. We will monitor ambient temperature, humidity, and internal temperature of the algae paste as it is heated. We will also be experimenting with odor-control technologies at this time. When the algae is dry we will send a sample to an independent lab for analysis of metals and pathogens, consistent with EPA biosolids regulations.



AlgaRhythms will analyze the performance and costs of this process, including the cost of grinding and packaging the dried algae. At present, we have labeled the product “Chlogro,” as it is a fertilizer derived primarily from chlorella algae.

The final step is to market, distribute and sell Chlogro. Our current target markets include golf courses, specialty agriculture, ecologically conscious homeowners, and turfgrass managers.



IV. Schedule and Costs of Pilot-Scale Test

The pilot-scale test of the algae removal process will take place over a four consecutive month period. Month 1, currently targeted for May 2008, will consist of logistical preparation. The majority of the test and data collection will occur in Month 2. Finally, analysis of the data will occur in Months 3 and 4. A report on the results of the test will be delivered to MCSD at the end of Month 4.

The costs to the CSD are estimated as follows:

• One-month rental of pilot SAF unit:	\$5,000
• Transport of SAF unit to MCSD WWTP:	\$1,500
• Chemicals (coagulants, polymers, surfactants)	\$1,000
• Independent laboratory metals & pathogen analysis	\$500
• Supplies	\$1,000
• Pilot scale Geotube (including shipping)	\$1,000
• Roll-off container (for Geotube)	<u>\$1,000</u>
Total:	<u>\$11,000</u>

The costs to AlgaRhythms are estimated as follows:

• Odor mitigation	\$500
• Fabrication: Rack & Tray drying units	\$2,000
• Kiln rental & handling fees	\$2,300
• Algae storage/'disposal'	\$800
Total:	<u>\$5,600</u>

Labor will be needed to oversee delivery, installation, and operation of the equipment; transport of the harvested algae; collection, analysis, and reporting of data and findings. AlgaRhythms recommends the following distribution of these responsibilities:

MCSD:

- Receive equipment to be used in steps 1 and 2, and keep stored on WWTP site.
- Coordination, participation, provision of labor with AlgaRhythms for installation of equipment at WWTP, and establishment of procedures
- Periodic summary checks of SAF unit (automated), and Geotube to ensure eqpt. is still functioning properly.



- Collection of data, especially TSS, BOD, COD levels for WWTP influent and effluent, as well as at points immediately prior and post harvest within WWTP

AlgaRhythms:

- Logistical coordination of necessary equipment and supplies prior to month of operational test
- Coordination, participation with MCSD for installation of equipment at WWTP, and establishment of procedures
- Daily operating checks of SAF unit, and Geotube
- Logistical coordination of equipment and algae, post harvest
- Drying and storing operations
- Sampling for laboratory analysis
- Collection of data, especially operating parameters and efficiencies of all equipment
- Analysis of data, reporting of findings

V. Next Steps

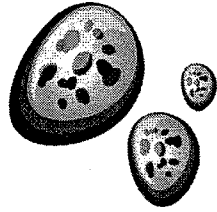
AlgaRhythms will report its findings at the end of the 4th month of the pilot period. At this time, the AlgaRhythms team will discuss findings with MCSD staff, and together determine:

1. Whether to recommend full-scale implementation of algae harvesting system and contractual relationship with AlgaRhythms, and
2. What elements of the system and contractual arrangements, if any, should be significantly modified.

References

- Heron Innovators, Inc., Heroninnovators.com
- TenCate Geotubes, Geotubes.com
- AlgaRhythms / HSU suspended air flotation research:
<http://dscholar.humboldt.edu:8080/dspace/handle/2148/179>





ALGARHYTHMS

SOLUTIONS IN HARMONY WITH NATURE

767 5th St • Arcata, CA 95521 • Tel 707-845-4714 • brandon.hemenway@algarhythms.com

Suspended Solids Harvesting at McKinleyville- Outline

Two Phase Study:

SAF suspended air flotation

Phase 1: Bench Scale - *Economic and "on paper" analysis, followed by small, bench scale tests.*

Winter 2007 / Spring 2008

- Assess feasibility of dewatering/drying options *geotubes*
 - On-site: dewatering- geotubes, other
 - Off-site: drying- kiln drying, other *CA Redwood lumber 6 of 17 active kilns to Brent*
- Assess natural, nutrient enhancing odor treatment additives
- Investigate options and requirements for permitting changes, grant funding with RWQCB.
- **No cost to MCSD** (except minimal coordination time)

Late Spring/Early Summer 2008 (beginning of algae bloom) – *Proof of concept at bench.*

- Optimize application of chitosan and SAF
 - Identify optimal dosage (quantity chitosan, pH adjustment, % capture, mixing time)
- Demonstrate process in sequence at bench scale: separation, dewatering, drying
- McKinleyville WWTP provides space, electricity, and access to ponds.
 - Small laboratory space, less than 10 kWh for intermittent batches

Grates CSD by Sebastopol

Phase 2: Pilot Scale — Proof of concept at ~ one-tenth scale.

- Late Spring/Summer 2008
- Demonstrate harvesting, test drying operations at scale
- Initial market testing of fertilizer/amendment prototype
- McKinleyville WWTP provides SAF rental fee, space, electricity, access to ponds.
 - SAF RENTAL FEE: \$5,000 for 1 month, + cost of transportation of unit to McKinleyville from previous location.
 - CHEMICALS (chitosan/polymer, surfactant, coagulant): \$400-\$600
 - SPACE: approximately 600 sq. ft (2 trailers @ 8' * 30', +work/maneuver area)
 - POWER: ~ 11 kW; 460 or 480 volts; 20 amps, 3 phase, breaker
 - CONNECTIONS: 3" suction hose
 - WATER: 3-4 GPM of solids free water for bubble machine (non-potable OK); 100-130 GPM of WW @ highest algae concentration

GeoTube Trailer 30' length

ca 1000'

1st test of 30 days

Service Model Options

1) Solids Handling & Disposal:

- AlgaRhythms disposes of harvested solids at low to no cost
- WWTP buys & maintains capital harvesting equipment (SAF, belt press, etc.)
 - 1 MGD SAF: ~ \$400,000. Fully automated.
- WWTP buys operating expendables (coagulant, surfactant, etc.)
 - Expendables: Geotubes ~\$.02 per gallon thickened slurry treated; coagulant, polymer, surfactant: \$0.20-\$0.60 / 1,000 gallons treated. Annual Total likely \$60,000 - \$160,000

400' ft² = SAF
9' x 16' long
1 MGD

CF 300 unit

F 50 cement
25 ft²

3,6 to 4 %
annual expendables + labor

2) Solids Extraction, Handling & Disposal

- AlgaRhythms extracts suspended solids from pond effluent
- AlgaRhythms dewater/dries solids on site
- WWTP pays fee for extraction, dewatering, disinfection, and disposal services. Annual fees likely \$120,000-\$220,000.

per head on 1 MGD

Geotubes 30% moisture
at least 25%

Wine
Pond effluent
30' long
settling basin
Activated sludge
10 mg/l
polymer only

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Consider Fischer Ranch Request for Lease Proposals and Draft Lease Agreement**

PRESENTED BY: **Norman Shopay and Greg Orsini**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Consider approval of the attached Request for Lease Proposal (RFLP) and the draft form of the Lease agreement to be included in the RFLP. Authorize staff to prepare a 30-day notice regarding the availability of the Fischer Ranch Property for lease, and obtain initial proposals from interested parties. Staff will evaluate the proposals and will continue to receive proposals until a suitable use for the property has been identified. Authorize the General Manager to enter into an agreement with lessee whose proposal best utilizes the property for reclamation of treated wastewater, manages the land in a responsible manner and generates revenue for the District.

Discussion:

The approximately 100 acre Fischer Ranch property is currently leased to Mr. Tim Gomes. The lease is due to expire on November 30, 2010. After that time the lease reverts to a month-to-month lease with a 30 day notice of termination by either party. At the June 2010 Board meeting, the Board approved the preparation of an RFP in order to notice the availability of the property for lease and receive bids and evaluate the compatibility of the intended use of the property. Staff has prepared the attached RFLP and the example lease agreement. The lease agreement has been review by District Legal counsel.

Alternatives:

- Take no action

Fiscal Analysis:

- The current lease agreement is \$1,100 per month. While other uses of the property may result in higher monthly fees. The intended use of the property may not be completely compatible with District desires. Therefore, the evaluation of bids will not be solely based on the highest dollar bid.

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- Exhibit 1-Request for Lease Proposal
- Exhibit 2-Lease Agreement
- Exhibit 3-Aerial photo of property included with lease

EXHIBIT 1

Request for Proposals for Lease of 100 acres of Pasture Land

McKinleyville Community Services District (MCSD) is requesting proposals from interested parties to lease and manage approximately 100 acres of pasture land located along the Mad River in McKinleyville, CA. The property consists of a 33 acre upper terrace of which 28 acres can be irrigated with treated wastewater and 62 acres of bottom land of which 43 acres can be irrigated with treated wastewater. There are also two large hay barns, one 2,272 square feet and one 8,250 square feet (see attached map). For many years the property was operated as a Dairy Ranch, but due to current environmental regulations it is necessary to restrict the grazing of livestock on the parcel. The District is interested in considering various lease terms including a long term lease (up to 5 years with option to renew). The District is interested in receiving proposals of how to best utilize the property and allow the continued use of treated water for irrigation within the parameters of the District Discharge Permit.

The District will initially evaluate proposals received by October 1, 2010, but will continue to receive and consider proposals until an accepted lease is negotiated.

The draft lease containing all the restrictions can be requested, a tour of the property can be arranged or questions answered by contacting Greg Orsini at (707) 839-3251

LEASE AGREEMENT

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, herein called “Lessor”, hereby leases to, _____ herein called “Lessee”, those certain premises, herein called “Premises”, in the County of Humboldt, State of California, described as follows: The real property in the unincorporated area of McKinleyville, Humboldt County, California described in Exhibit A, attached hereto, including all improvements thereon, on the terms and conditions set forth herein.

ARTICLE 1. TERM OF LEASE

1.1 Original Term. This initial lease shall be for a term of two years commencing on _____ (“Commencement Date”) and ending on _____, unless, District at its sole discretion, decides to sell the property, thereby vacating the Lease. In the event Lessor sells or and conveys the Premises, this lease shall automatically terminate effective immediately at the close of escrow.

1.2 Extension of Term. The Term of this Lease can be extended as provided in Article 11 hereof.

1.3 Hold over. Should Lessee hold over and continue in possession of said Premises after expiration of the term of this lease or any extension thereof, Lessee’s continued occupancy of said Premises shall be considered a month-to-month tenancy subject to all terms and conditions of this Lease.

ARTICLE 2. RENT

2.1 Rent. Lessee agrees to pay Lessor _____ per month for the initial term of the Lease. Rent shall be prorated on a 30-day month for any portion of a

Lease Agreement

month included in the term. However, rent shall be adjusted upon renewal of the Lease in accordance with Section 2.2.

2.2 Rent Adjustment. The amount of the monthly rent for any extended term of the Lease pursuant to Article 11 herein shall be adjusted at the beginning of each extended term by the West Cities Index of the Pacific Cities and U.S. City Average All Items Index, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is in effect on the Commencement Date (Beginning Index). The Index published most immediately preceding the adjustment date in question ("Extension Index") is to be used in determining the amount of the adjustment. If the Extension Index has increased over the Beginning Index, the rent for the following year shall be set by multiplying the minimum monthly rent set forth in Section 2.1 by a fraction, the numerator of which is the extension Index and the denominator of which is the Beginning Index. Notwithstanding the foregoing, the Rent Adjustment shall not be less than 2% nor more than 6% of the rent in effect immediately preceding the adjustment.

If the Index is changed at any time prior to a Rent Adjustment, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index has not been discontinued or revised.

2.3 Rent Payments. Rent shall be payable on the first day of the month, at the office of Lessor at 1656 Sutter Road, McKinleyville, California, or at such other place or places as Lessor may from time to time designate by written notice delivered to Lessee.

Lease Agreement

Should rent payment be five or more days late, a late payment in the amount of three percent (3%) of the rent payment shall be due and payable in addition to the month's rent. Should any rent payment be ten (10) or more days late, interest at the rate of ten percent (10%) per annum or the maximum amount allowed by law if said rate is higher than the maximum amount allowed by law, shall accrue and be payable on all amounts due.

2.4 Deposit. Lessee shall place a deposit equal to the first and last months Lease amount to Lessor at start of Lease. This Deposit will be returned to Lessee at end of lease period subject to the terms stated in Article 10 for defaults and remedies.

ARTICLE 3. USE OF PREMISES

3.1. Uses. Said Premises shall, during the term of this Lease and any extensions thereof, be used for the purpose of _____ and for uses normally incident to such purposes. Said use(s) shall comply with all applicable zoning requirements and permit procedures. In conducting the business specified in this section and on said Premises, Lessee shall be entitled to sell such merchandise and render such services, as are customarily sold and rendered by the operators of businesses of the same type in the county and state where said Premises are located. Lessor makes no representation concerning the Premises' suitability for such use.

3.2. Restrictions on Use. Use of the Premises shall be restricted as set forth below.

3.2.1. Irrigation Set Backs: No irrigation is to occur within 100 feet of the perimeter fences or within 200 feet of the bottom of the slope between the lower and upper pastures.

3.2.2. Discharge Permit Compliance: Lessee shall not operate in any manner to cause a waste discharge violation or violation of any state, federal or local law or regulation affecting the environment or the storage, handling, use or discharge of any hazardous material, pollutant or substance.

3.2.3. Storage of Equipment or Materials. Lessee is only to store those pieces of equipment or materials owned or leased by Lessee and needed as part of the ____operation. Equipment is to be stored only within the two hay barns, the milk barns and the area designated on Appendix A. The grounds and buildings are to be kept clean and free of debris and non operational equipment.

3.2.4. Livestock and Animals: No livestock or animals of any sort are to be brought onto the Premises at any time.

3.2.5. Burning: No burning of any type is to be done on the Premises. All trash and vegetation is to be removed from the Premises by the Lessee for disposal.

3.2.6. Residence: The Lessee shall not reside nor allow any employee to reside upon the Premises.

3.3. Insurance Hazards. Lessee shall not commit or permit the commission of any acts on said Premises nor use or permit the use of said Premises in any manner that will increase the existing rates for or cause the cancellation of any fire, liability, or other insurance policy insuring said Premises or the improvements on said Premises. Lessee shall, at its own cost and expense, comply with any and all reasonable requirement of

Lease Agreement

Lessor's insurance carriers necessary for the continued maintenance at reasonable rates of fire and liability insurance policies on said Premises and the improvement on said Premises; provided, however that in the event Lessee believes the requirement are unreasonable, Lessor shall seek coverage with other reputable carrier which may or may not have such unreasonable requirement. Requirements which are imposed on an industry-wide basis shall be complied with by Lessee regardless of Lessee's assessment of reasonableness.

3.4. Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on said Premises; Lessee shall not maintain, commit, or permit the maintenance of commission of any nuisance as defined in Section 3479 et seq. of the California Civil Code on said Premises; and Lessee shall not use or permit the use of said Premises for an unlawful purpose.

3.5. Compliance With Law. Lessee shall at Lessee's own cost and expense comply with all statutes, ordinances, regulations, and requirements of all governmental entities, federal, state, county or municipal, relating to Lessee's use and occupancy of said premises whether such statutes, ordinances, regulation, and requirements be now in force or hereinafter enacted. This shall include, but not be limited to, compliance with ADA requirements, obligations regarding workers' compensation insurance and employers' liability insurance as set forth in the Labor Code, and all laws relating to sanitation and odor abatement, as well as any state, federal or local law or regulation affecting the environment or the storage, handling, use or discharge of any hazardous material, pollutant or substance. The judgment of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessee by an government

entity, that Lessee has violated any such statute, ordinance, regulation, or requirement shall be conclusive as between Lessor and Lessee and shall be grounds for termination of the Lease by Lessor. Lessee shall be deemed in violation of this provision if Lessee's activities are the cause of Lessor being found in violation of any statutes, ordinances, waste discharge regulation, and requirements of any governmental entities, including federal, state, county or municipal.

3.6. Weed Abatement: Lessee shall be responsible to keep Premises free of invasive weeds such as Canadian Thistle, Boltic Grass and other invasive plants deemed detrimental to the grass crop. Invasive weeds shall not be allowed to go to seed and must be removed or cut down by mechanical means.

ARTICLE 4. TAXES AND UTILITIES

4.1 Payment of Utility Charges. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from all charges for the furnishing of gas, water, electricity, telephone service, and other public utilities to said Premises during the term of the Lease or any extension thereof and for the removal of garbage and rubbish from said premises during the term of this Lease or any extension thereof, except as expressly provided for herein.

4.1.1. Irrigation Water. Lessor will provide treated wastewater for irrigation to those areas south of the flood irrigation cells and not closer than 100 feet from the nearest property boundary, and 200 feet from the bottom of the slope, except as set forth below. Lessee may purchase water from Lessor to irrigate those portions of the Premises not irrigated with

Lease Agreement

treated wastewater for the period between October 1 and May 15, when Lessor is not irrigating with treated wastewater.

4.1.2. All Other Water. Lessee may purchase water from Lessor for all other uses at the prevailing rates and charges.

4.1.3. Irrigation Power. Lessee shall be responsible for all electric power costs.

4.2. Personal Property Taxes. Lessee shall pay before they become delinquent all taxes, assessments, or other charges levied or imposed by any governmental entity on the furniture, trade fixtures, appliances, and other personal property placed by Lessee in, on, or about said Premises including, without limiting the generality of the other terms used in this section, any fixtures, machinery, plant equipment or office equipment brought on said Premises by Lessee.

4.3. Real Property Taxes. Subject to Lessee's obligation to reimburse Lessor as hereinafter provided, all real property taxes and assessments levied or assessed against said Premises by any governmental entity, including any special assessment imposed on or against said Premises for the construction or improvement of public works in, on, or about said Premises, shall be paid by Lessor before they become delinquent. Lessee shall promptly reimburse Lessor, within fifteen (15) days of the date of receipt of a request for reimbursement, for all real property taxes and assessments paid by Lessor during the term of the Lease, or any extension thereof. In the event that a portion of the Premises are later developed by Lessor for use by other tenants, the real property taxes and assessments levied against the Premises will be prorated in an

equitable manner based upon the value and size of the improvements and ground area occupied by each Lessee.

ARTICLE 5. ALTERATIONS, REPAIRS AND MAINTENANCE

5.1 Conditions of Premises. Lessee acknowledges herein that he has inspected and approved the condition of the Premises. Lessor makes no warranties of any kind or nature, express or implied, regarding the condition of the Premises or any improvements located thereon, or the suitability of the Premises and improvements thereon for Lessee's intended use. Lessee assumes occupancy of the Premises based solely on Lessee's inspection and assessment of the Premises, and assumes occupancy of the Premises in its existing condition, with all faults and defects present, both patent and latent.

5.2 Maintenance by Lessor. Lessor shall have no maintenance obligation whatsoever, except being responsible for normal wear and tear of buildings, roofs and wiring. Notwithstanding the above, if this Lease through extension pursuant to Section 1.2 continues in effect for more than 15 years, Lessee shall be solely responsible for maintaining and restoring all improvements and facilities, including but not limited to all fencing, so that they are in the condition they were in at the commencement of this Lease. Lessor shall cooperate, at Lessee's expense, with any reasonable demand of Lessee in arranging repairs or maintenance. Capital improvements required by governmental mandate shall be the responsibility of Lessor.

5.3 Maintenance by Lessee. Except as otherwise expressly provided in Section 5.2 of this Lease, Lessee shall at his own cost and expense keep and maintain all portions of said Premises as well as improvements of said Premises and all facilities appurtenant

Lease Agreement

to said Premises in good order and repair and in as safe and clean a condition as they were when received by Lessee from Lessor. Without limiting the foregoing, Lessee is responsible for damages directly attributed to the hay operation such as broken pipes, damages to buildings, fences or structures or other damages associated with the operation and use of the Premises.

5.3.1. Moving Pipes for Irrigation. Lessee shall be responsible for promptly moving irrigation pipes (once daily) as directed by Lessor. Lessee must not over water or exceed agronomic uptake of grass creating groundwater violations for nitrates or pollutants.

5.3.2. Harvesting. Lessee may harvest at his discretion however, Lessor may advise Lessee when the Premises must be harvested. Lessee agrees to cut and remove crop using commercially reasonable methods from the areas designated for harvesting by Lessor within twenty (20) calendars days of notice to harvest by Lessor.

5.4. Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to said Premises or to any improvement thereon to the facilities appurtenant thereto without first obtaining the written consent of Lessor. Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on said Premises at the instance or request of Lessee. Furthermore, any and all alterations, additions, and improvements, except furniture and trade fixtures, made or placed in or on said Premises by Lessee or any other person shall on expiration or sooner termination of this lease become the property of the Lessor and remain in said premises; provided,

Lease Agreement

however, that Lessor shall have the option on expiration or sooner termination of the Lease of requiring Lessee, at Lessee's sole cost and expenses, to remove any or all such alterations, additions and improvements from said Premises and restore the Premises to its original condition.

5.5. Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter said Premises at all reasonable times for the purpose of inspecting said Premises to determine whether Lessee is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in said Premises under this Lease or to perform Lessor's duties under this Lease.

5.6. Surrender of Premises. On expiration or sooner termination of this Lease, or any extensions or renewals of this Lease, Lessee shall promptly surrender and deliver said Premises to Lessor in as good condition as they were at the commencement of this Lease in accordance with Section 5.2 and 5.3 herein. Lessee shall remove all equipment and supplies from the Premises prior to the end of the term. Should Lessee fail to remove any equipment or supplies, Lessor may, at its own discretion remove equipment or supplies and bill Lessee for actual costs of removal. Lessee agrees to pay Lessor's actual costs of removal. Lessee acknowledges that all equipment and supplies left on the Premises may become the property of Lessor at Lessor's discretion.

ARTICLE 6. INDEMNITY AND INSURANCE

6.1. Hold Harmless Clause. Lessee agrees to defend, indemnify and hold Lessor and the property of Lessor, including, without limitation, the Premises, free and harmless

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from any and all claims, liability, loss, damage, penalties, fees and expenses of any kind resulting from or arising out of Lessee's occupation and use of the Premises, and all improvements thereon, specifically including, without limitation, any claim, liability loss, or damage arising by reason of:

- 6.1.1. The death of injury of any person or persons, including Lessee or any person who is an employee of agent of Lessee, or by reason of damage to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, and caused or allegedly caused by either the condition of said Premises or some act or omission of Lessee or of some agent, contractor, employee, servant or sublessee or licensee on said Premises;
- 6.1.2. Any work performed on said Premises or materials furnished to said Premises at the instance or request of Lessee or any agent or employee of Lessee;
- 6.1.3. Lessee's failure to perform any provision of this Lease or to comply with any provision of law or any requirement imposed on Lessee or the leased Premises by any duly authorized governmental agency or political subdivision; and
- 6.1.4. Any death, damage or injury occurring to any person arising out of any use, act, omission or other occurrence relating to or arising out of Lessee's use of the Premises.

6.2 Liability Insurance. Lessee shall obtain, prior to commencement of the term of this Lease, comprehensive general public liability insurance issued by carriers

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acceptable to Lessor insuring the performance by Lessee of all obligations set forth in this Lease including all contractually assumed liability which insurance shall insure the Lessor, its officers, agents, employee and Lessee in the amount of not less than \$1,000,000 for any individual claimant and \$1,000,000 in the aggregate. A certificate of insurance shall be provided to Lessor prior to the inception of the term which shall provide that coverage provided by the policy shall not be canceled or amended until the Lessor is first provided with at least thirty (30) days written notice concerning such cancellation notice, and naming Lessor as an additional named insured. Failure of Lessee to maintain insurance pursuant to this section for a period longer than four (4) days shall be grounds for immediate termination of the Lease.

6.3 Waiver of Subrogation. The parties agree to release each other, and their respective authorized representatives, from any claims for damage to any person, the Premises or any improvements on the Premises, or Lessee's trade, fixtures, equipment, merchandise, or personal property located on the premises, caused by or resulting from risks insured against under any insurance policies carried by the parties pursuant to this Lease that are in force at the time of any such damage to the extent of the available insurance proceeds. Each party shall cause each insurance policy carried pursuant to this Lease by that party to be written to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by the policy.

ARTICLE 7. SIGNS AND TRADE FIXTURES

7.1 Installation and Removal of Trade Fixtures. Lessee shall have the right at any time and from time to time during the term of this lease and any renewal or extension of such term, at Lessee's sole cost and expense, to install and affix in, to, or on said Premises such items, herein called "trade fixtures" for use in Lessee's trade or business as Lessee may, in his sole discretion, deem advisable. Any and all such trade fixtures that cannot be removed without structural damage to said Premises or any building or improvements on said Premises shall remain the property of Lessor and may not be removed by Lessee at any time or times prior to the expiration or sooner termination of this Lease.

7.2 Unremoved Trade Fixtures. Any trade fixtures described in this Article that are not removed from said Premises by Lessee with thirty (30) days after the expiration or sooner termination, regardless of cause, of this Lease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed. However, Lessor may demand that Lessee remove said fixtures and restore Premises to original condition, all at Lessee's expense.

7.3 Signs. Lessee may install such signs as Lessee requires for its business operations, subject to the laws of any governmental agency having jurisdiction. On the expiration or sooner termination of this Lease, or any extension thereof, Lessee shall remove all such signs and shall repair any damage to the Premises caused by the removal.

ARTICLE 8. DESTRUCTION AND CONDEMNATION

8.1 Partial Destruction. If, during the term, the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Lessor shall restore the Premises to substantially the same condition as was immediately before destruction, if the restoration can be made under the existing laws and can be completed within one hundred eighty (180) days after the date of the destruction. Such destruction shall not terminate this Lease. If the restoration cannot be made in the time stated in this section, then within fifteen days after the parties determine that the restoration cannot be made in the time stated in this paragraph Lessee can terminate this Lease immediately by giving written notice to Lessor. If Lessee fails to terminate this Lease and if restoration is permitted under the existing laws, Lessor shall restore the Premises within a reasonable time and this Lease shall continue in full force and effect. If the existing laws do not permit the restoration, or cannot be achieved at a reasonable cost to Lessor, either party can terminate this Lease immediately by giving notice to the other party.

8.2 Insurance Proceeds. Any insurance proceeds received by Lessor because of the total or partial destruction of said Premises or any building on said Premises shall be the sole property of Lessor, free from any claims of Lessee, and may be used by Lessor for whatever purpose Lessor may desire.

8.3 Abatement of Rent. Should Lessor be required under Section 8.1 of this Lease to repair and restore said Premises to their former condition following partial or full destruction of said Premises.

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8.3.1 Lessee shall not be entitled to any damages for any loss or inconvenience sustained by Lessee by reason of the making of such repairs and restoration;

8.3.2. Lessor shall have full right to enter said premises and take possession of so much of said Premises, including the whole of said Premises as may be reasonably necessary to enable Lessor promptly and efficiently to carry out the work of repair and restoration; and

8.3.3 The rent payable by Lessee to Lessor pursuant to Section 2.1 of the Lease shall be abated to the extent that the Lessee shall be prevented from using the whole of said Premises. The extent of abatement of rent shall be calculated as the percentage reduction in the useable area of the Premises.

8.4. Condemnation. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all or portions of said Premises be taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of the date actual physical possession of said Premises is taken by the agency or entity exercising the power of eminent domain and both Lessor and Lessee shall thereafter be released from all obligations herein. If a lesser portion of the Premises is taken, the Lease will terminate as to the part taken, except that if the remaining portion is not reasonably suitable for Lessee's continuing use then Lessee shall have the option to terminate the Lease in its entirety. In the event of such partial taking which does not result in termination of the Lease, an equitable reduction in the rent shall be made.

ARTICLE 9. ASSIGNMENT AND SUBLEASES

9.1 Subleasing or Assigning as Breach. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease , or any right or interest in said Premises or any of the improvements that may now or hereafter be constructed or installed on said Premises without the express prior written consent of Lessor, which shall be given or refused in Lessor's sole discretion. Neither shall Lessee sublet said Premises or any part thereof without the prior express written consent of Lessor. Under no circumstance shall any sublessee use the Premises for grazing or raising of livestock. A consent by Lessor to one assignment, one subletting, or one occupation of said Premises by a person shall not constitute consent to any such action involving others. Any encumbrance, assignment, subletting, or transfer without the prior express written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Default by Lessee. Lessee shall be in default hereunder if (i) Lessee fails to timely pay rent or other charges due hereunder, or (ii) Lessee fails to perform any other obligation of Lessee under this Lease within fourteen (14) days after written notice from Lessor specifying the failure and stating that it is a "notice of default", provided that if the nature of the obligation is such that more than 14-days is reasonably required for its cure, then within such longer period as is reasonable necessary for the cure as long as the cure is begun during the 14- days period and prosecuted with diligence to

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completion. Notwithstanding the above, failure of Lessee to perform an obligation under this Lease which is expressly stated to be grounds for termination of the Lease shall result in immediate default by Lessee and is grounds for immediate termination of the Lease unless an express cure period is specified, in which case such cure period will control notwithstanding Section 10.2 below.

10.2 Lessor's Cure Right. Upon a default by Lessee pursuant to clause (ii) of Section 10.1 above, Lessor, without prejudice to its other remedies, shall have the right to notify Lessee that if Lessee fails to cure the default within fourteen (14) days, then Lessor may cure the default and the cost of the cure shall immediately be deducted from the Lessee's Deposit held by the Lessor. Upon notice, Lessee must reinstate the Deposit to the full amount within 14-days. In addition, in the event of an emergency risking injury to persons or immediate damage to property, Lessor shall have the right to cure the default after giving telephone notice to Lessee and allowing such time for Lessee to cure the default as is reasonable in the circumstances.

10.3 Lessor's Remedies. Following a default by Lessee pursuant to Section 10.1, Lessor shall have the option to either (i) cure the default pursuant to Section 10.2, or (ii) terminate this Lease by notice to Lessee and recover the difference between the rent due hereunder and the fair rental value of the Premises for the remainder of the then unexpired Lease Term, together with reletting costs including necessary Lease improvements and leasing commissions, or (iii) re-enter and re-take possession of the Premises without terminating this Lease and re-let them in a commercially reasonable manner to a substitute Lessee and Lessor may continue to collect the difference, if any,

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between the rent and other charges payable under this Lease and the lower rent collected from Lessor's substitute Lessee.

10.4 Waiver of Breach. The waiver by Lessor or Lessee of any breach by the other party of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by either party.

ARTICLE 11. EXTENSION OF TERM

11.1 Automatic Renewal. Provided that Lessee is not in default of any term of this Lease, upon expiration of the initial term or an extended term of this Lease, the Lease shall automatically renew for an extended term of one (1) year, however, that the rent shall be subject to adjustment at the commencement of each extended term as provided in Section 2.2. Such an automatic renewal of the Lease shall not occur if notice of either party's election not to extend the term of the Lease is given to the other party at least ninety (90) days but not more than one hundred eighty (180) days prior to the expiration of the term or extended term. If proper notice not to extend has occurred, at the end of the Lease Term, Lessor may consider a month-to-month tenancy of the Premises to Lessee as described in Section 1.3. Furthermore, this lease shall terminate automatically in the event Lessor sells or conveys the Premises as stated in Section 1.1, above.

ARTICLE 12. MISCELLANEOUS

12.1 Force Majeure - Unavoidable Delays. Should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of an act of God, strike, lockout, labor troubles, inability to secure

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materials, restrictive governmental laws or regulation, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; provided, however, that nothing contained in this section shall excuse the prompt payment of rent by Lessee as required by this Lease or the performance of any act rendered difficult solely because of the financial condition of the party, Lessor or Lessee, required to perform the act.

12.2 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning said Premises, this Lease or the rights and duties of either in relation thereto, the prevailing party in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum for costs and attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

12.3 Notice Except as otherwise expressly provided by law, any and all notices or other communications required by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of such personal service, when deposited in the United States mail, first class postage prepaid, addressed as follows:

To Lessee:

To Lessor: McKinleyville Community Services District
P.O. Box 2037

McKinleyville, CA 95519

Either party, Lessee or Lessor, may change its address for the purpose of this section giving written notice of such change to the other party in the manner provided in this section.

12.4 Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, Lessor and Lessee, but nothing in this section contained shall be construed as a consent by the Lessor to any assignment of the Lease or any interest herein by Lessee.

12.5 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

12.6 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said Premises, the leasing of said Premises to Lessee, or the Lease Term herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void.

12.7 Time of Essence. Time is expressly declared to be of the essence for this Lease.

12.8 Transfers by Lessor. Lessor shall have the right to transfer and assign, in whole or in part, all of the Lessor's rights and obligations under this Lease and on the Premises, and in such event and on assumption by Lessor's transferee of Lessor's obligation under this Lease, no further liability or obligation shall accrue against Lessor

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under this Lease, and Lessor shall be entirely relieved of all agreements and conditions of this Lease to be performed by Lessor. Lessee agrees to consent to any such transferee or assignee.

12.9 Modification. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Lessee and Lessor.

LESSOR:

McKinleyville Community Services District

Dated: _____

By: _____

General Manager

LESSEE:

Dated: _____





PER NOTE 2

INSTALL (N)
GATE PER

5
C3

ROAD

(E) 16" MAIN

(E) METER & ISOLATION
VALVES TO REMAIN

(E) PIPING & VALVE
SEE 1 FOR MORE INFO

1
C2

BARN

CONC

HOUSE

GARAGE

SHED

BLDG

CONC. RAMP

BARN

BARN

CONC

BARN

Barns Included in Lease

(E) OVH POWER

(E) PILOT STUDY
BERMS TO BE
REGRADED FLAT
SEE SECTION

OP OF BERM, TYP

BERM, TYP.

ON CELL
SEE DETAIL
ADES

1
C2

(E) SEWER

(E) OVH POWER

12.29
MW 18 TOP CASING

89

(E) RCP

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: E.4 Review Board Policy Manual

PRESENTED BY: Norman Shopay

TYPE OF ACTION: Voice Vote

Recommendation:

Staff requests the Board review the Board Policy Manual, discuss and make any desired changes.

Discussion:

The Board typically reviews the Board Policy Manual on a regular basis and makes changes or modifications as needed. The Board Policy Manual was last reviewed and updated on January 21, 2009. District legal counsel has reviewed and provided comments on the draft document.

Alternatives:

- Take no action

Fiscal Analysis:

- Not applicable

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- Board Policy Manual, Dated September 9, 2010

**POLICY MANUAL
OF THE BOARD OF DIRECTORS
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**

PART 1 -- GENERAL RULES

RULE 1-1: PURPOSE -- The purpose of this Policy Manual is to provide guidelines for the conduct of the Board of Directors of the McKinleyville Community Services District (MCSD) to help maintain the highest standard of ethics for its Board members. The objectives of this policy are to (1) provide guidance for dealing with ethical issues, (2) heighten awareness of ethics and values as critical elements in Board members' conduct, and (3) improve ethical decision-making and values-based management.

RULE 1-2: SUSPENSION OF RULES -- Any of the within rules not required by law may be suspended by a majority of the Board.

RULE 1-3: ALTERATION, AMENDMENT OR REPEAL -- Any rule may be altered, amended or repealed at a duly noticed meeting by a majority vote of the Board.

PART 2 -- BASIS OF AUTHORITY

RULE 2-1: AUTHORITY OF THE BOARD -- The Board of Directors is the unit of authority within the District. Apart from his/her normal function as a part of this unit, individual Directors may not commit the District to any policy, act or expenditure.

RULE 2-2: REPRESENTATION -- The Board of Directors as a whole should not represent any factional segment of the community, but rather represent and act for the community as a whole. The proper operation of the District requires decisions and policy to be made within the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with the District remain objective, impartial and responsive to the needs of the public they serve.

RULE 2-3: GOVERNING LAWS -- Board Members are obligated to uphold the Constitution of the United States and the Constitution of the State of California. Board Members will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government meeting laws. Board Members will strive to work in cooperation with other public officials unless prohibited from so doing by law or officially-recognized confidentiality of their work.

PART 3 -- BOARD STRUCTURE

RULE 3-1: OFFICERS -- Annually, at the regular December Board Meeting, the Board shall select a President and Vice President for the next calendar year. Appointment of officers shall be subject to the affirmative vote of the Board. The Finance Director shall perform the duties of Treasurer and the General Manager shall select a staff member to serve as Board Secretary.

RULE 3-2: PRESIDENT -- The President shall perform the duties of presiding officer at all meetings of the Board of Directors and shall carry out the resolutions and orders of the Board of Directors and perform such other duties as the Board of Directors prescribes including appointment of members to serve on committees of the Board and

designation of committee chairs, except for the Recreation Advisory Committee. The Board President is responsible for leadership at public meetings and for exerting every effort to unite the Board into a working, cohesive group. This requires the assistance and cooperation of all of the Board Members.

RULE 3-3: VICE-PRESIDENT – In the absence of the President, the Vice-President shall perform the President's duties. When the President disqualifies himself/herself from participating in an agenda item or declares himself/herself partisan in the debate on any such item, the Vice-President shall perform the duties of the presiding officer.

RULE 3-4: COMMITTEES -- Committees of the Board, whether standing or ad hoc, may, from time to time, be established by the President of the Board, subject to confirmation by the Board. Unless authority to perform a duty is expressly delegated by the Board to a committee, committee motions and recommendations shall be advisory to the Board. Committees shall not commit the District to any policy, act or expenditure nor may any committee direct staff to perform specific duties unless authorized by the Board. The Committee Chair is authorized to schedule committee meetings as deemed necessary and to preside at any such meeting.

Where the Board has agreed to designate a Director or Directors to serve on a non-District Committee, the President shall appoint said Directors for Board ratification.

PART 4 -- CODE OF ETHICS

RULE 4-1: OBJECTIVES -- The Board of Directors of MCSD are committed to providing excellence in legislative leadership that results in the provision of the highest quality services and representation to the District's constituents. In order to assist in the government of the behavior between and among members of the Board of Directors, the following guidelines are recommended:

4-1A Respect: The dignity, style, values and opinions of each director shall be respected.

4-1B Listening: Responsive and attentive listening during communications is encouraged.

4-1C Representation: The needs and desires of the District's constituents shall be a priority of the Board of Directors.

4-1D Responsibility: The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to the General Manager of the District.

4-1E Attitude: Directors should commit themselves to emphasizing a positive attitude.

4-1F Issue Orientation: Directors should commit themselves to focusing on issues and not personal attacks. The presentation of the opinions of others should be encouraged. The formation of voting blocs based on personal relationships rather than the merit of issues must be avoided.

4-1G Openness: Different viewpoints are healthy in the decision making process. Individuals have the right to disagree with ideas and opinions. Once the Board of

Directors takes action, dissenting Directors should not create barriers to the implementation of such action.

4-1H Code of Ethics: Directors are required by law (AB1234, California Government Code § 53234, et seq.) to receive a minimum of two hours of training every two years in general ethics principals and law. Proof of completion must be provided to the District. If any one Board member is not in compliance the meeting compensation fee will be withheld for all Directors until compliance is met.

4-1I Conflict of Interest: Each Director is responsible for completion and submittal of an annual Conflict of Interest (Form 700) to the District Filing Officer. This form is then forwarded to the County Elections Office and is kept on file for public review.

RULE 4-2: INFORMATION -- Directors should practice the following procedures:

4-2A Clarification: In seeking clarification on informational and policy items, Directors should directly approach the General Manager to obtain information needed to supplement, upgrade or enhance their knowledge to improve legislative decision making.

4-2B Complaints: In handling complaints from residents and property owners of the District, said complaints should be referred to the General Manager.

4-2C Safety: In handling items related to safety, concerns for safety or hazards should be reported to the General Manager or to the District Office. Emergency situations should be dealt with immediately by seeking appropriate assistance.

4-2D Policy: In seeking clarification for administrative policy related concerns, especially those involving personnel, legal action, land acquisition, finances, and programming, said concerns should be directed to the General Manager.

RULE 4-3: INTERACTION WITH STAFF -- When approached by District personnel concerning specific District policy, Directors should direct inquiries to the appropriate staff supervisor.

RULE 4-4: TEAM EFFORT -- The smooth working of the District is a team effort. All individuals should try to work together in the collaborative process, assisting each other in conducting the affairs of the District.

RULE 4-5: CONSTITUENT REQUESTS -- When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.

RULE 4-6: INTERACTION WITH GENERAL MANAGER: The District's General Manager serves at the pleasure of the Board. The Board will provide policy direction and instructions to the General Manager on matters within the authority of the Board by majority vote of the Board during duly-convened Board and Committee meetings. Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.

RULE 4-7: BOARD AS A WHOLE Directors should function as a part of the whole. Issues should be brought by individual Board members to the attention of the Board as a whole, rather than to individual members selectively. The Board of Directors functions

collectively, not as individuals and all members should be tolerant of each other's views. Unless the Board, by formal action, delegates responsibility to one or more individual Board members and such delegation is authorized by law, no Director has the legal capacity to act on behalf of the District.

RULE 4-8: MONITORING PROGRESS -- Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

RULE 4-9: PREPARATION -- Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. Information may be requested from staff, but contact among Board members concerning District affairs outside of the meeting context, is to be avoided, as such activity may constitute a violation of the State of California open meeting laws.

RULE 4-10: STAFF NOTES -- Information that is exchanged before the meetings shall be distributed through the Manager, and all Directors will receive all information being distributed.

RULE 4-11: COURTESY -- Directors shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.

RULE 4-12: QUESTIONS -- Directors shall defer to the President for conduct of meetings of the Board, but shall be free to question and discuss items on the agenda. All comments should be confined to the matter being discussed by the Board.

RULE 4-13: MINUTES-RECORDING OF INFORMATION--

4-13A Unless directed otherwise by the Board President, all open sessions of the Board meetings shall be audio recorded in their entirety. The recordings will be retained in accordance with the current MCSD records retention policy.

4-13B Copies of meeting minutes shall be distributed to Directors as part of the information packet for the next regular meeting of the Board, at which time the Board will consider approving the minutes as presented or with modifications. Once approved by the Board, the official minutes shall be kept in the District vault.

4-13C Action minutes shall be taken by the Board Secretary which summarize (a) Action taken, with a recordation of motion noting name of each person making and seconding the motion (b) Action taken, with a recordation of voting by name on each motion where a roll call vote is required (c) Specific information requested by the Board to be entered in the minutes.

RULE 4-14: CONFLICT OF INTEREST -- Directors shall abstain from participating in consideration on any item involving a legally prohibited conflict of interest and shall declare the nature of that conflict to the Board.

RULE 4-15: CORRESPONDENCE -- Staff shall date-stamp the original of all correspondence from constituents, responsible agencies, and trustee agencies upon receipt and distribute a copy to each director within one week. Where a response is requested or where the Manager believes a response is needed, the Manager will cause a response to be transmitted to the author with copies to the Board as soon as workloads allow but no later than ten working days following receipt.

RULE 4-16: DIRECTOR REACTION TO CORRESPONDENCE -- A Director that believes the Board should address an issue raised by the author of correspondence, or by staff's response to correspondence reserves the right to request Board review on a subsequent agenda by submitting a written request to the Manager at least seventeen days prior to that meeting. When a Director submits such a request staff will prepare a draft response for Board edit at the Board Meeting. Where a concern arises within seventeen days of a Board Meeting, the Director with the concern should express his or her concern at the Board meeting and request the inclusion of the issue as an agenda item at a subsequent Board meeting.

PART 5 -- BOARD MEETING PROCEDURES

RULE 5-1: REGULAR MEETINGS -- Regular meetings of the Board of Directors shall be held on the third Wednesday of each calendar month at 7:00 PM at Azalea Hall. The date, time, and place of regular meetings shall be reconsidered annually at the annual organizational meeting of the Board.

RULE 5-2: SPECIAL MEETINGS (NON-EMERGENCY) -- Special meetings (non-emergency) of the Board of Directors may be called by the President.

5-2A Notice: All Directors, the Manager and District Counsel shall be notified of the Special Board Meeting and the purpose or purposes for which it is called. Said notification shall be in writing, delivered to them at least twenty-four (24) hours prior to the meeting.

5-2B Notification: Newspapers of general circulation in the District, radio stations and television stations, organizations, and property owners who have requested notice of Special Meetings in accordance with the Ralph M. Brown Act (California Government Code 54950 through 54960) shall be notified by a mailing unless the Special Meeting is called less than one week in advance, in which case, notice, including a description of the business to be transacted, will be given by telephone during business hours as soon after the meeting is scheduled as is practical.

5-2C Agenda: An agenda shall be prepared as specified for the Regular Board Meetings and shall be delivered with the notice of the Special Meeting to those specified above.

5-2D New Business: Only those items of business listed in the call for the Special Meeting shall be considered at any Special Meeting.

RULE 5-3: SPECIAL MEETINGS (EMERGENCY) -- In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened immediate disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the twenty-four (24) hour notice required above. An emergency situation means a substantial emergency which severely impairs or threatens public health, safety or both, as determined by the Manager and Board President or Vice President in the Presidents absence.

5-3A Notification: Newspapers of general circulation in the District, radio stations and television stations which have requested notice of Special Meetings in accordance with the Ralph M. Brown Act shall be notified by at least one (1) hour prior to the emergency meeting. In the event that telephone services are not working, the notice requirement of one hour is waived, but the Manager, or his/her designee, shall notify such newspapers, radio stations or television stations of the

fact of holding the Emergency Special Meeting and of any action taken by the Board, as soon after the meeting as possible.

5-3B New Business: No Closed Session may be held during an Emergency Special Meeting, and all other rules governing Special Meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the Emergency Special Meeting, a list of persons the Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten (10) days in the District office as soon after the meeting as possible.

RULE 5-4: ADJOURNED MEETINGS -- A majority vote by the Board of Directors may terminate any Board meeting at any place in the agenda, to any time and place specified in the order of adjournment, except when a quorum is lacking at any Regular or Adjourned Meeting, the members present may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those specified above.

RULE 5-5: ANNUAL ORGANIZATIONAL MEETING -- The Board of Directors shall hold an annual meeting at its Regular Meeting in December. At this meeting the Board will elect a President and Vice-President from among its members to serve during the coming calendar year, and will appoint the Finance Director as the Board's Treasurer and the General Manager shall select a staff member to serve as the Board's Secretary.

RULE 5-6: ORDER OF AGENDA -- The Presiding Officer of the meeting described herein shall determine the order in which the agenda items shall be considered for discussion and/or action by the Board. Any Director may place an item on a Board Meeting agenda by submitting a letter describing the item to be discussed at least seventeen days prior to the Board Meeting.

RULE 5-7: MEETING ROOM PREPARATION -- The President and the Manager shall insure that appropriate information is available for the audience at meetings of the Board of Directors, and that physical facilities for said meetings are functional and appropriate.

PART 6 -- BOARD MEETING CONDUCT

RULE 6-1: CONDUCT GUIDELINES -- Meetings of the Board of Directors shall be conducted by the President in a manner consistent with the policies of the District. The latest edition of Robert's Rules of Order, Revised shall also be used as a general guideline for meeting protocol. District policies shall prevail whenever they are in conflict with Robert's Rules of Order, Revised. Members of the Board of Directors will fully comply with the provisions of the state's open meeting law for public agencies, the Brown Act.

RULE 6-2: CONDUCT OBJECTIVE -- The conduct of meetings shall to the fullest extent possible, enable Directors to consider problems to be solved; weigh evidence related thereto, and make wise decisions intended to solve the problems; receive, consider and take any needed action with respect to reports of accomplishments of District operations.

RULE 6-3: PUBLIC INPUT -- Provisions for permitting any individual or group to address the Board concerning items on the agenda of a Special Meeting, or to address the Board at a Regular Meeting on any subject that lies primarily within the jurisdiction of the Board President and as follows:

6-3A Time Limits: The President, unless a majority of the Board objects, may allot a maximum amount of time for each speaker and a maximum amount of time to each subject matter.

6-3B Boisterous Conduct: No boisterous, insulting, offensive, threatening, intimidating, demeaning, or hostile conduct actions or speech shall be permitted at any Board meeting. Persistence in boisterous conduct shall be grounds for summary termination, by the President, of the speaker's privilege of address and/or removal of the individual from the meeting.

RULE 6-4: WILLFUL DISRUPTION -- Willful disruption of any meeting of the Board of Directors shall not be permitted. If the President with the concurrence of the Directors finds that there is in fact willful disruption of any meeting of the Board, he/she may order the room cleared and subsequently conduct the Board's business without the audience present.

6-4A New Business: In such an event, only matters appearing on the agenda may be considered in such a session.

6-4B Readmittance: After clearing the room, the President should permit those persons who, in his/her opinion, were not responsible for the willful disruption to re-enter the meeting room before any further business is conducted.

6-4C Media: Representatives of the news media, whom the President finds not to have participated in the disruption, shall be admitted to the remainder of the meeting.

RULE 6-5: QUORUM AND MAJORITY -- Action can only be taken by the vote of the majority of the Board of Directors. Three (3) Directors represent a quorum for the conduct of business. Actions taken at a meeting where only a minimum quorum is present, therefore, require all three (3) votes to be effective.

RULE 6-6: ABSTENTIONS -- Where a Director abstains in a vote with respect to a potential Conflict of Interest the Director shall be considered to be absent. Where a Director abstains in a vote for any reason other than a potential Conflict of Interest (see Rule 4-14, above), the abstention will be recorded as an abstention which has the same effect as a "NO" vote. Thus, if only three directors are present and one abstains, no action can be taken on the item because a "Majority of the Board" did not vote "YES".

RULE 6-7: DIRECTIONS -- The Board may give directions which are not formal action. Such directions include the Board's directives and instructions to the Manager. The President shall determine by consensus a Board directive and shall state it for clarification. Should any two directors challenge the statement of the President, a voice vote may be requested. A formal motion may be made to place a disputed directive on a future agenda for Board consideration, or to take some other action (such as to refer the matter to the Manager for review and recommendation, etc.). Informal action by the Board is still Board action and shall only occur regarding matters which appear on the agenda for the Board Meeting during which said informal action is taken.

PART 7 -- PARLIAMENTARY PROCEDURE

RULE 7-1: PARLIAMENTARY DETERMINATIONS -- The Presiding Officer shall preserve order and decorum and shall decide questions of order subject to appeal to the Board.

RULE 7-2: AUTHORITY OF PRESIDING OFFICER -- The Presiding Officer shall not make motions or second motions but he/she may debate and vote on any matter under consideration. Where the President wishes to make or second a motion he/she should vacate the role of Presiding Officer until that item is resolved. Where the President has vacated the role of Presiding Officer for a particular agenda item, the Vice-President (or another director) shall become the Presiding Officer until all action on that agenda item is completed.

RULE 7-3: CALL FOR QUESTION -- A "call for question" shall be deemed a non-binding request that the Presiding Officer close debate and bring a motion to an immediate vote. The Presiding Officer may choose to continue discussion of the issue.

RULE 7-4: MOTION TO CLOSE DEBATE -- The "motion to close debate", if seconded, shall be a non-debatable motion, and shall have precedence over any other motion except for a parliamentary inquiry, or a motion to adjourn. Should the "motion to close debate" pass by a majority vote, the Presiding Officer shall thereafter immediately call the question on the pending motion.

RULE 7-5: AMENDMENTS TO MOTIONS -- A main motion may only be amended with the consent of the maker and seconder. Without this approval, no amendment to a motion shall be in order without a vote on the principal motion. A "substitute motion" shall be construed as an amendment to the main motion, and shall follow the process described in this rule.

RULE 7-6: RECONSIDERATION -- Any Director that voted for an approved motion on an agenda item may move to reconsider that item at a subsequent meeting. If seconded by any other Director and passed by a majority vote, the effect of the motion is to nullify the earlier motion so that a new motion may be debated at the subsequent meeting. Under no circumstances can such an item be reconsidered at the same meeting. If the matter is to be reconsidered at a subsequent meeting, notice of that fact must be stated in the agenda for the subsequent meeting.

RULE 7-7: RECONSIDERATION (Subsequent to Meeting) -- Any two Directors may request that an item resolved at an earlier meeting be added to the agenda of a subsequent meeting. The Presiding Officer may reject this request if no new information is presented in his/her opinion to warrant further debate. At the meeting where the item rejected by the President could have been considered a majority of the Board may place an item on a subsequent meeting's agenda.

RULE 7-8: MOTION TO CONTINUE -- Any Director may move that an item be continued to a specific future Board Meeting even if a main motion is pending consideration. If a motion to continue is seconded and passed all consideration on that item is halted and continued until the subsequent meeting.

RULE 7-9: MOTION TO TABLE -- Any Director may move that an item be tabled for an indefinite time, even if a main motion is pending consideration. If such a motion is seconded and passed all consideration on that item is halted until a Director requests consideration on a subsequent agenda.

RULE 7-10: ORDER OF DEBATE (Legislative Matter, Action Items) -- The Presiding Officer shall follow the following order of debate in the consideration of Legislative (Action/Decision) matters:

7-10A Presentation: Staff shall present the issue with any recommendations.

7-10B Questions of Staff by Board: The Board may ask questions of staff to clarify the issue or the recommendation.

7-10C Audience Input: Members of the audience may make statements or ask questions regarding the matter. Any person wishing to address the Board, shall, when recognized by the President, step to the rostrum, and give their name to the Board Secretary. All questions of staff from the public shall be addressed to the President. The President may impose reasonable limitations upon the amount of time each person can speak or the number of times any speaker can speak. After affording public comment, he or she may close the public comment period when necessary to allow the Board to complete its business.

7-10D Board Discussion and Resolution: Following closure of public input, the Board shall discuss the item and take the action it deems desirable by motion. Individual Directors may ask questions of members of the audience through the President but such questions and answers should not become a debate. All other audience input shall be deemed "out of order" by the Presiding Officer unless the Board determines that additional input is desirable.

RULE 7-11: ORDER OF DEBATE (Quasi Judicial) -- The Presiding Officer shall follow the following order of debate in the consideration of quasi judicial/adjudicative matters:

7-11A Presentation: Staff shall present the issue with any recommendations.

7-11B Questions of Staff by Board: The Board may ask questions of staff to clarify the issue or the recommendation.

7-11C Public Hearing: The Presiding Officer shall open the Public Hearing, call upon the Applicant to make a statement, and then receive any and all input from the public. Any person wishing to address the Board, shall, when recognized by the President, step to the rostrum, and give their name to the Board Secretary. All questions of staff from the public shall be addressed through the President. Following receipt of public comment, the applicant shall be given the opportunity to respond to comments received. The President may limit the amount of time each person can speak or the number of times a speaker can speak and may close public comment restricting further discussion to the Board level unless a majority of the Board wishes to hear other testimony. The President shall then close the Public Hearing.

7-11D Board Discussion and Resolution: Following closure of public input, the Board shall debate the item and take the action it deems desirable by motion. Individual Directors may ask questions of members of the audience through the President but such questions and answers should not become a debate. All other audience input shall be deemed "out of order" by the Presiding Officer unless the Board determines that additional input is desirable.

RULE 7-12: ORDER OF DEBATE (Non-Legislative Matter, Informational Items)

7-12A Presentation: Staff shall present the issue with any recommendations.

7-12B Questions of Staff by Board: The Board may ask questions of staff to clarify the issue or the recommendation.

7-12C Audience Input: The Board President may choose to accept input from the audience regarding the matter, however such input is optional and at the Board President's discretion.

RULE 7-13: EX PARTE CONTACT AND DISCLOSURE -- If a Director talks to or is otherwise contacted by a party in a quasi-judicial/adjudicative matter pending before the Board, that Director must disclose to the Board of Directors that he or she was contacted and disclose the name of the person who contacted them.

PART 8 -- REMUNERATION

RULE 8-1: BOARD MEETING COMPENSATION -- Board Members compensation shall be governed by section 61047 of the California Government Code. The Board of Directors may provide, by ordinance or resolution, that each of its members may receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service. A member of the Board of Directors shall not receive compensation for more than six days of service in a month. However, the MCSD Board in August of 2000 unanimously voted that "Directors would be compensated \$100 per noticed meeting attended up to a maximum of \$200 per month per Director with no compensation for Committee Meetings or Ceremonial Meetings". For the purposes of this section, a "day of service" means any of the following:

(1) A meeting conducted pursuant to the Ralph M. Brown Act, Chapter 9 (commencing with [Section 54950](#)) of Part 1 of Division 2 of Title 5 of the Government Code.

(2) Representation of the District at a public event, provided that the Board of Directors has previously approved the member's representation at a Board of Directors' meeting and that the member delivers a written report to the Board of Directors regarding the member's representation at the next Board of Directors' meeting following the public event.

(3) Representation of the District at a public meeting or a public hearing conducted by another public agency, provided that the Board of Directors has previously approved the member's representation at a Board of Directors' meeting and that the member delivers a written report to the Board of Directors regarding the member's representation at the next Board of Directors' meeting following the public meeting or public hearing.

(4) Representation of the District at a meeting of a public benefit nonprofit corporation on whose board the District has membership, provided that the

Board of Directors has previously approved the member's representation at a Board of Directors' meeting and the member delivers a written report to the Board of Directors regarding the member's representation at the next Board of Directors' meeting following the corporation's meeting.

(5) Participation in a training program on a topic that is directly related to the District, provided that the Board of Directors has previously approved the member's participation at a Board of Directors' meeting, and that the member delivers a written report to the Board of Directors regarding the member's participation at the next Board of Directors' meeting following the training program.

RULE 8-2: BOARD MEMBER EXPENSES -- Board Members that incur expenses for service rendered at the request of the Board shall be reimbursed on the basis established under the District's Expenditure Control Guidelines.

RULE 8-3: INSURANCE -- Board Members serving continuously prior to December 31, 1995 shall be eligible for the same insurance benefits as afforded regular employees while serving on the Board. These Board Members shall not be eligible for insurance benefits after they stop serving on the Board unless they participate on a self pay basis. Board Members starting terms on or after January 1, 1996 shall not be eligible for insurance benefits unless the recipient participates on a self pay basis.

PART 9-- PERSONNEL POLICIES

RULE 9-1: SEXUAL HARASSMENT -- The District will not tolerate sexual harassment (which includes harassment based on verbal, physical and visual conduct that creates an intimidating, offensive, or hostile working environment or that interferes with an employee's work performance) by a Board Member, consultants, clients, customers, members of the public, or visitors. The Board considers sexual harassment to be a major offense which may result in disciplinary action of the offending Director. The District is committed to providing a workplace free of sexual harassment (which includes harassment based on gender, pregnancy, childbirth, or related medical conditions), as well as harassment based on such factors as race, color, creed, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, medical leave status, veteran status, or any other basis protected by federal, state or local laws.

An employee who feels that he/she is being harassed is encouraged to immediately report such incident to the immediate supervisor of the accused individual without fear of reprisal. The Manager shall be informed of all such complaints and will assist in the investigation and resolution of complaints.

RULE 9-2 WORKPLACE VIOLENCE - In recognition of the fact that workplace violence is a concern among Boards, employers and employees across the country the District has committed itself to providing a safe, violence-free workplace. In this regard, the District strictly prohibits employees, consultants, clients, customers, members of the public, visitors, or anyone else on MCSD premises or engaging in a District-related activity from behaving in a violent, threatening, intimidating, or hostile manner.

Moreover, the District seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity towards violence even prior to any violent behavior occurring.

The District believes that prevention of workplace violence begins with recognition and awareness of potentially early warning signs and the Board shall respond to any situation that may present the possibility of violence.

Workplace violence includes, but is not limited to, the following:

- Threats of any kind;
- Threatening, physically aggressive, or violent behavior, such as intimidation of or attempts to instill fear in others;
- Other behavior that suggests a propensity toward violence, which can include belligerent speech, excessive arguing or swearing, threats to Board or staff members, sabotage, or threats of sabotage of District property, or a demonstrated pattern of refusal to follow District policies and procedures;
- Defacing District property or causing physical damage to the facilities.

RULE 9-3: NON-DISCRIMINATION -- The District shall not unlawfully discriminate against qualified employees or job applicants on the basis of sex, race, color, religious creed, national origin, ancestry, age over 40, marital status, physical or mental disability, or Vietnam era veteran status.

Equal opportunity shall be provided to all qualified employees and applicants in every aspect of personnel policy and practice. The District shall not discriminate against physically or mentally disabled person who, with reasonable accommodation, can perform the essential function of the job in question.

All Directors are expected to carry out their duties in a manner that is free from discriminatory statements or conduct.

RULE 9-4: REASONABLE ACCOMMODATION -- Pursuant to the Americans with Disabilities Act, MCSD has a duty to reasonably accommodate Directors with known disabilities. This accommodation is not generally required until the person with the disability requests it.

PART 10 -- DIRECTORS LEGAL LIABILITY

RULE 10-1: DEFENSE -- The District shall defend and indemnify Board Members from any claim, liability or demand that arises out of a Director's performance of his or her duties as a Board Member or Officer of the District.

RULE 10-2: LEGAL COUNSEL -- The District Counsel reports to the Board as a whole but is available to each director for consultation regarding legal matters particular to that Board Member's participation in District matters. No Board Member may request a legal opinion of legal counsel without concurrence by the Board except as such requests relate to questions regarding that Member's participation.

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.5 **Information related to current water and sewer capacity fee rates for new service connections**

PRESENTED BY: **Norman Shopay**

TYPE OF ACTION: **None**

Recommendation:

Staff Requests the Board listen to information presented on MCSD current water and wastewater connection fee rates

Discussion:

It has been some time since the current water (1991) and wastewater capacity fees (1999) for the McKinleyville Community Services District (MCSD) have been updated. The current fees are relatively low, and do not adequately fund previous project debt service, reflect updated system demands, and/or needs for expanded or additional facilities. In addition, there are several new anticipated projects (Ramey Pump Station Upgrade, Murray Road Water Tanks, Waste Water Management Facility upgrade, Mad River Bridge crossing pipeline) that will improve water and wastewater services.

Current water capacity fee rates were established in 1991 at \$154 per Equivalent Residential Unit (ERU). Current wastewater capacity fee rates were established in 1999 at \$1,761 per ERU. Unfortunately, no increases in water and sewer capacity rates were made since that time.

Given these factors, staff is proceeding to determine the appropriate levels for water and wastewater capacity fees, incorporating appropriate assumptions for new development and new or expanded facilities, and accounting for long term capital plans and needed reserves. While related to utility rate revenues, capacity charges/fees can more appropriately be considered as parallel to impact fees chargeable to new or increased development on a particular parcel, and are not subject to Proposition 218 procedures or limitations.

We are working to calculate the maximum justifiable capacity fee and provide the flexibility for the Board to consider and adopt fees up to that amount.

The following is a comparison of MCSD water and sewer capacity fee rates compared to other districts in the area.

District or Municipality	Water Capacity	Sewer Capacity Charge
MCSD	\$154.00	\$1,761.00
Arcata	* \$1,576.80 to \$2,932.00	\$2,354.00
Blue Lake	* \$2,046.10 to \$7,366.03	\$1,023.07
Crescent City	* \$2,700.00 to \$19,200.00	\$9,682.00
Eureka	* \$490.00 to \$5,250.00	\$2,000.00
Fieldbrook CSD	\$5,513.40	\$5,513.40
Fortuna	* \$2,165.00 to \$199,526.40	\$6,985.00
Humboldt CSD	\$1,030.00	\$1,000.00

* Range in rates is dependent on the size of the water meter requested.

Fortuna		
Meter Size	ERU=equivalent residential unit	Water Capacity Charge
5/8 by 3/4	1 ERU	\$2,165.00
1 inch	2.56 ERU	\$5,542.40
2 inch	10.24 ERU	\$22,169.60
6 inch	92.16 ERU	\$199,526.40

Equivalent Residential Unit (ERU)=Single Family Residence

As can be observed from the above examples, MCSD capacity (impact) fees are significantly behind other municipalities. Maintaining the low rates for new development has been offset by the rates charged to current users. If capacity fees are not adjusted, current customers will need to share a greater burden of future costs related to water and sewer improvements.

Alternatives:

Take Action

Fiscal Analysis:

From 1991 the District added 1,993 new water connections and since 1993 the District added 1,469 new sewer connections. If connection fees were adjusted to \$5,000 for water and \$6,000 for sewer in 1991 and 1993 the District could have accumulated an additional \$9,658,078 into our capital water reserve fund and \$6,227,091 into our sewer reserve fund to fund future anticipated improvements.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: E.6. Consider approval of September 2010 McKinleyville Newsletter and Recreation Activity Guide

PRESENTED BY: Jason Sehon, Parks & Recreation Director

TYPE OF ACTION: Voice Vote

Recommendation:

Staff Requests the Board approve the September 2010 McKinleyville Newsletter and Recreation Activity Guide.

Discussion:

The District publishes three (3) McKinleyville Newsletters and Recreation Activity Guides each year. These publications are mailed to over 5,000 MCSD customers in January, June, and September.

The District is required to mail the June Newsletter because it includes a Consumer Confidence Report. All other Newsletters are not required to be mailed directly to customers, but staff feels there is important information that we can share with our customers.

This Newsletter and Recreation Activity Guide now has a new look. For several years, staff produced the Newsletter on legal size paper. About six (6) years ago, the Parks & Recreation Department began producing a Recreation Activity Guide to mail along with the Newsletter, also on legal size paper. Because of the District's printing capabilities, the Newsletter and Recreation Activity Guide have not been able to be printed in color.

After researching potential avenues to produce a better looking Newsletter and considering color printing options, we have discovered that there is a company called Western Web who can print color and mail the publications for the District.

District staff would continue to design the Newsletter and Recreation Activity Guide in-house. Once completed, staff would send the finished product to Western Web, who will then print, label, and bring to the Post Office.

Staff is excited to have a better looking Newsletter, and having more space to work with in order to better inform our customers of District happenings.

A copy of the Newsletter and McKinleyville Activity Guide has been presented to each Board of Director and is also available for public review at the District Office located at 1656 Sutter Road in McKinleyville.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

- Estimated cost for MCSD staff to produce the Newsletter, and contract with Western Web to print, label and pay postage is within 10% of staff producing the Newsletter in house.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **ACTION**

ITEM: E.7

Consider Resolution Authorizing the Submission of Financing Application to the California Infrastructure and Economic Development Bank for Financing of the Ramey Pumping Station Upgrade.

PRESENTED BY:

Steven Edmiston, Finance Director

TYPE OF ACTION:

Roll Call Vote

Recommendation:

Staff recommends adopting resolution 2010-16 authorizing submission of financing application to the California Infrastructure and Economic Development Bank (i-Bank) for financing of the Ramey Pumping Station Upgrade project.

Discussion:

The District has been invited to apply for financing with i-Bank to provide funds for the completion of the Ramey Pumping Station Upgrade project. Their guidelines require that the District's application include a board resolution that includes authorization to apply for loan funds. The attached resolution 2010-16 contains their required verbiage.

Alternatives:

Take no action

Fiscal Analysis:

The interest rate on borrowed funds under the i-Bank program is based on 2/3 of the Thompson's Municipal Market Data Index which currently would be approximately 3%. There are additional costs and fees associated with this program which, when they become known, will be analyzed and presented with all loan documents.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Resolution 2010-16
- Invitation letter dated September 9, 2010, from i-Bank

Exhibit 1

RESOLUTION 2010-16

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
AUTHORIZING THE SUBMISSION OF THE APPLICATION TO THE CALIFORNIA
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK FOR FINANCING OF RAMEY
PUMP STATION UPGRADE, DECLARATION OF OFFICIAL INTENT TO REIMBURSE
CERTAIN EXPENDITURES FROM PROCEEDS OF OBLIGATION, AND APPROVING
CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the California Infrastructure and Economic Development Bank (“I-Bank”) administers a financing program to assist local governments with the financing of Public Development Facilities as described in Section 63000 *et seq.* of the California Government Code (the “Act”); and,

WHEREAS, the I-Bank has instituted an application process for financing under its Infrastructure State Revolving Fund Program (“ISRF Program”); and,

WHEREAS, the McKinleyville Community Services District (“Applicant”) desires to submit an application (“Financing Application”) to the I- Bank from the ISRF Program for the financing of Ramey Pump Station Upgrade (“Project”) in an amount not to exceed \$1,500,000.00; and,

WHEREAS, the Act requires the Applicant to certify by resolution certain findings prior to a Project being selected for financing by the I-Bank; and,

WHEREAS, the Applicant expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to incurring indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and,

WHEREAS, the Applicant reasonably expects that a financing arrangement (“Obligation”) in an amount not expected to exceed \$1,500,000.00 will be entered into and that certain of the proceeds of such Obligation will be used to reimburse the Reimbursement Expenditures; and,

WHEREAS, the ISRF Program requires funding sources, other than the I-Bank financing, be identified and approved prior to Project financing approval by the I-Bank Board; and,

NOW, THEREFORE, the McKinleyville Community Services District does resolve as follows:

Section 1. The McKinleyville Community Services District hereby approves the filing of an ISRF Program Financing Application with the I-Bank for the Project; and in connection therewith certifies:

- a. that the Project is consistent with the General Plan of both McKinleyville Community Services District and the County of Humboldt;
- b. the proposed financing is appropriate for the Project;
- c. the Project facilitates effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources;
- d. the Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities; and

- e. the Project is consistent with the I-Bank's Criteria, Priorities and Guidelines for the ISRF Program.

Section 2. The Applicant hereby declares its official intent to use proceeds of the Obligation to reimburse itself for Reimbursement Expenditures. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Applicant to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. All of the Reimbursement Expenditures were made no earlier than 60 days prior to the date of this Declaration. The Applicant will allocate proceeds of the Obligation to pay Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure is paid or the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.

Section 4. That the Applicant has available and commits not to exceed \$165,100.00 to the Project.

Section 5. Norman Shopay, General Manager, is hereby authorized and directed to act on behalf of the McKinleyville Community Services District in all matters pertaining to this application.

Section 6. If the application is approved, Norman Shopay, General Manager, is authorized to enter into and sign the financing documents and any amendments thereto with the I-Bank for the purposes of this financing.

Section 7. This resolution shall become effective immediately upon adoption.

PASSED, APPROVED and ADOPTED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 15th day of Sept., 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Helen Edwards, Board President

Attest:

Sharon L. Denison, Board Secretary

Steve Edmiston

From: Nakata, Carlos [CNakata@IBANK.ca.gov]
Sent: Thursday, September 09, 2010 4:35 PM
To: Steve Edmiston
Cc: Cummings, Diane; Whittington, Karl; Cristia-Plant, Roma
Subject: McKinleyville Invitation Letter
Attachments: 09-09-10 Enterprise Fund App.doc

September 9, 2010

Steve Edmiston, CPA
Finance Director
McKinleyville Community Services District
P.O. Box 2037
McKinleyville, California 95519-2037

Re: Ramey Pump Station Upgrade

Dear Mr. Edmiston:

We have concluded our review of McKinleyville Community Service District's Preliminary Application to the California Infrastructure and Economic Development Bank (I-Bank) for financing by the Infrastructure State Revolving Fund (ISRF) Program for the Ramey Pump Station Upgrade (Project). It appears that the proposed Project will be able to meet the ISRF Program's threshold eligibility criteria. You are therefore invited to submit a completed Financing Application consistent with the information provided in your Preliminary Application. A Financing Application including a sample application resolution form is attached.

A completed Financing Application must be submitted within eighteen (18) months from the date of this letter. Extensions of this time limit must be requested in writing and are subject to review and approval by the I-Bank. Once the application has been determined to be complete and that it meets all ISRF Program eligibility and underwriting criteria, the request for financing will be submitted to the I-Bank Board for approval.

Issuance of this Financing Application is not to be construed as an approval of your financing request. Your Financing Application will be reviewed to determine if the proposed Project and repayment stream meet all Program eligibility criteria, including underwriting criteria.

We bring the following issues to your attention as you complete the ISRF Program Financing Application:

- All projects must score a minimum of 80 out of 200 points in a combination of different categories to be eligible for Board consideration of the financing request.
- The portion of the Project financed with I-Bank funds will require the payment of prevailing wages.
- Although not required for I-Bank financing of \$2,000,000 or less, we strongly encourage you to use the Contractor Pre-qualification Questionnaire provided by the Department of Industrial Relations (DIR). The questionnaire and other information can be obtained at DIR's website at <http://www.dir.ca.gov/prequal.htm>.
- The ISRF Program allows for the reimbursement of certain up-front project planning costs subject to federal tax limitations (e.g., those up-front costs necessary to determine the Project such as architectural, engineering, surveying, soil and environmental testing and reports, studies (including environmental impact, rate and feasibility studies), environmental reports, permits and similar costs incident to commencement of construction.

- All project funding sources, other than the proposed ISRF financing amount, must be identified in the Financing Application and approved by the applicant and available for use on the Project before I-Bank Board consideration.
- Should the I-Bank Board approve the financing request, each disbursement request for employee costs, if any, will require submission to the I-Bank of a detailed spreadsheet with the names of the employees, Project work performed, number of hours worked, hourly rates, and benefits.
- The ISRF Program *Criteria, Priorities and Guidelines* require that applicants demonstrate a readiness to begin construction within six months of funding approval when presented to the I-Bank Board.

If there is any substantial change in the proposed Project as described in your Preliminary Application, you may be required to submit a new Preliminary Application. A substantial change may include, but is not limited to, a change in the repayment source for the loan, a change in the scope of the Project, or a large change in the requested loan amount. I urge you to contact me as soon as possible if you have any questions in this regard.

Please contact Karl Whittington if you have any questions or concerns about either the Financing Application forms or the ISRF Program. Mr. Whittington can be reached via e-mail at kwhittington@ibank.ca.gov, or by telephone at (916) 322-3506. Both Mr. Whittington and I look forward to continuing to work with you on such an important Project to your community.

Sincerely,

Carlos Nakata
ISRF Support Unit Manager
cnakata@ibank.ca.gov
(916) 322-5217

Attachments

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Monthly Report
September 15, 2010

AGENDA ITEM: F.2.a.
PRESENTED TO: MCSD Board of Directors
FROM: Steven Edmiston, Finance Director
SUBJECT: Monthly Report

WATER AND SEWER BUDGET

Revenues for water sales are 1.07% ahead the budgeted amount for the fiscal year to date. Revenues for sewer service are also within 1% of budget however other sewer revenues (connection/capacity fees, etc.) are below expectations for the first month of the fiscal year.

Water and Sewer expenses are below the fiscal year to date budgeted amounts by due the seasonal nature of testing and treatment costs for the summer months. The exception to this is the \$10,000 cost incurred to provide an e-waste day which was free to the public.

PARKS AND RECREATION BUDGET

Secured property tax and Measure B assessments are collected by the County Treasurer-Tax Collector in December and April of each year and deposited to the District's Trust account. The District anticipates that approximately \$520,000 in secured property taxes, and \$210,000 in measure B assessments will be collected during the current fiscal year.

The District has submitted grant applications for funds totaling \$4,379,000. Such funds will be recorded as revenue upon receipt of an award letter from the grantor agency.

The annual interest and principal debt service payment for the General Fund was disbursed in advance of the August 1 due date in order to avoid delinquent payment penalties. An interest payment on this obligation will be due on February 1, 2011.

COST OF PUBLIC INFORMATION REQUESTS AND CORRESPONDENCE

The District received several correspondences from the public during August, 2010. The cost to the District for this is \$1,797.67 for August, 2010; bringing the total cost for FY-11 to \$2,494.54.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Board Agenda Background: Department Report

September 9, 2010

To: MCSD Board

From: Gregory P Orsini, Operations Director

Subject: Agenda Item: F.2.B. –September 15, 2010 Board Meeting
Operations Department - August 2010 Report

Progress in achieving the Board's adopted FY10-11 Goals are summarized in the following narrative:

Water Department:

◇ Water Statistics:

The district pumped 64 million gallons of water in August.

Five water quality complaints were investigated and rectified in August.

Three service line leaks were reported and repaired in August.

No water service installations were completed in August.

Daily, weekly and monthly inspections of all water facilities were conducted.

◇ Average and Maximum Water Usage:

During the summer months, the District's water consumption typically increases dramatically we will report throughout the summer months on the average and maximum usage day. The maximum water usage day was 2.7 million gallons and the average usage per day was 2.0 million gallons for the month of August.

◇ Double Check Valve Testing:

Route 15 testing was completed in August accounting for 30 devices.

◇ Annual Valve Exercising:

Staff continued valve exercising in August. This requires the operation of every valve in the district. Two personnel will require several weeks to complete and is done to keep valves in operating condition and easy to locate. During this annual exercise, valve discrepancies can be noted, work orders generated and repaired in a timely manner.

◇ Water Site Clearing:

Off site water right of ways at Heath, Hewitt and Dows Prairie were cleared in August. This maintenance is conducted annually to reestablish and/ or maintain our presents along dedicated District right of ways. While doing this maintenance staff is able to make observations to assess the condition of facilities and to monitor for leaks.

◇ New Construction Inspections:

Airport Ramp Project, waiting on completion of punch list; Central Estates Phase 2A and B, construction has begun on dirt work only; Central Terrace, job completed; Dows Prairie School, hydrant installed and tested; Landis, punch list complete; Santos Subdivision, construction has begun; Van Eaton Subdivision, pending as- builds and completion letter.

Waste Water Statistics:

28.8 million gallons of wastewater were collected and pumped to the W.W.M.F in August.

26.9 million gallons of waste water were treated and discharged to land disposal in August.

No sewer services were completed in August.

Daily, weekly and monthly inspections of all sewer facilities were conducted.

◇ Sewer Station and Right of Way Maintenance:

Members of the staff completed the trimming at Sharon Road Sewer Right of Way in August. The sewer right of ways are cleared annually so staff can access off site manholes and maintain a presents along those granted right of ways. Staff also prepped and painted the pumps and piping at Kelley Sewer Lift station.

◇ **Sewer Mainline Complaint:**

Due to complaints of toilets not functioning correctly on Silverado, staff conducted camera inspection of the sewer main. No obstructions were noted during inspection. Staff scheduled and conducted hydro-cleaning due to the amount of grease in the main as preventative maintenance.

◇ **Electric Motor Maintenance:**

Amp and Meg checking of all motors was conducted in August. Staff tested motors at all stations and recorded the results of the inspections. Meg checks verify the condition of the insulation in the windings of the motors and amp checks verify the current draw to turn the motor. The results of this testing indicate the health of the motor and indicate life expectancy.

◇ **Wet Well Wash Down:**

B Street and Fischer Sewer Lift Station wet wells had their quarterly wash down. These wash downs are conducted on a regular basis to prevent build up of grease, grit and prevent damage that would be caused by hydrogen sulfide gas accumulation.

◇ **Vac-Con Maintenance:**

The Vac-Con hydraulic pump belts were replaced in August due to defects noticed during the weekly vehicle inspections. The location of the belts made this procedure difficult but this work was performed in house saving the district several hundred dollars.

◇ **Office Maintenance:**

A Community Service Worker is in the process of calking, prepping and painting the field office exterior and trim. This project will be completed for the cost of materials only.

◇ **Babbler Road Site:**

Staff worked at the Babbler site in August. Stored brush cleared from other sites, concrete rubble and asphalt were hauled out and dirt piles were leveled along with the clearing of brush that grew at the site. This is done to give staff more room for dumping and maneuvering.

◇ **New Truck Logos:**

Staff replaced all truck door logos with the new logos in August. Most of the logo removal was done by a Community Service Worker that owed time to us required by Humboldt County Probation Office. The logo installations were done in house by staff.

◇ **Street Light Department:**

Staff worked on the Streetlight maps in August. The District is in the process of having all streetlight poles inspected. All locations were verified on the map and updates were made where needed. This map will be copied onto a disc and given to the contractors that will be performing the inspections. The contractor will be providing us with a report and GPS locations of all streetlights after their inspections are completed along with maintenance to prolong the life of the poles. Five streetlight problems were reported and repaired in August.

Promote Staff Training and Advancement:

Weekly safety meetings were conducted.

Special Notes:

The Local Limits Development Work Plan is nearing completion. Staff with the help of a consultant has drafted a plan that will give the District guidance in updating the local limits for discharges. When the plan is complete it will be reviewed by personnel at EPA and then presented to the Regional Water Quality Control Board for concurrence. EPA provides guidance for writing the work plans and having their approval before it goes to the Regional Board will be a benefit. Once the work plan is accepted staff will conduct testing of the collection system influent and effluent at the WWMF. Staff will then analyze the results of the testing and recommend changes to the District Rules and Regulations for approval by the Board. Pretreatment Program work Plan

development is nearing completion.

Staff received confirmation from Pacific EcoRisk regarding our first round of sampling for the Copper Water Effects Ratio Study (WER). The results of the first round of sampling revealed a WER multiplier of 28.8 based on total recoverable copper. This is what the District's NPDES final effluent limitations are based on, so in essence existing permit limits would be multiplied by 28.8x raising our copper limit from about 3 to 84. Of course, the final multiplier will be an average of the 2 rounds of sampling, but I just wanted to pass this along and let you know that so far we're looking great to achieve final effluent limitations that the District will be able to comply with 100% of the time. Our average copper is in the range of 18 to 28. Staff collected and shipped samples for the final round of testing and when completed the results of the WER will be submitted to the Regional Board for modification to the existing copper limit.

Ramey Upgrade Project continues with MCSD Staff conducting project management. Work continued as the turbine can excavations were completed. Three 7' square by 11' deep holes were excavated and 48" corrugated steel pipe were placed on end in the excavations. Grave was brought up and compacted in lifts to locate the cans for the pumps. This process will be completed for the placement of two pumps and a spare can for future expansion. Samples were also taken of the potentially contaminated soil and were delivered to North Coast Labs. for analysis the soil was found to contain minimal amounts of hydrocarbon contamination and will be used as back fill at the site in compliance with state regulation. Sub-grade was established and laying of plumbing and setting form boards was started. Staff met with Construction Management, the General and sub-Contractors to discuss various issues involved with the coordination of the continuing work.

Major permittees under the National Pollutant Discharge Elimination System (NPDES) program are required to participate in the annual Discharge Monitoring Report–Quality Assurance (DMR-QA) study program. DMR-QA evaluates the analytical ability of the laboratories that routinely perform self-monitoring analyses required by their NPDES permit. The District contracts out the majority of the laboratory analysis we are required to perform but must still submit the DMR-QA information the Water Board. This work was completed in August.

Mutual Aid Agreements will be drafted and distributed to local agencies, business and contractors to confirm their willingness to cooperate with the District in the event of an emergency. A list of participants was generated with contact information and the type of resource.

Staff met with the consulting firm responsible for aiding the district in conducting the feasible study for treatment alternatives that will be included in the 20 Year Facilities plan. The meeting covered the schedule for completion of the Facilities Plan and the strategy for moving ahead with exploring how practical the permitting process would be if Ocean Outfall is determined to be an alternative.

The District is required in the NPDES Permit to report on daily, weekly, monthly and quarterly monitoring from the Wastewater Management Facility in a monthly report that was originally submitted in hard copy. It contains tabular data, lab reports and a narrative explaining what occurred during that month. A new program has commenced that requires staff prepare and submit the data electronically. Due to the complexity of our current permit and the format of the electronic report, building a template and getting the District information imported has been quite difficult. The plan calls for reporting in the electronic and hard copy method for three months. Staff is in the process of using the new reporting method for the first time in August.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Board Agenda Background - Department Report
September 15, 2010

AGENDA ITEM: F.2.C.
PRESENTED TO: MCSD Board of Directors
FROM: Jason Sehon, Parks & Recreation Director
SUBJECT: Parks & Recreation Department Report

McKINLEYVILLE LIBRARY EXPANSION PROJECT:

The following is a report from MCSD's Project Manager for the project:

Construction is progressing. The exterior and interior windows have been installed. The exterior trim appears to be complete. The sheet rock has been mudded in the expansion. Both doors have been mounted, though the interior door is missing the glass.

An issue came up about the automatic door closer on the exterior door. It has been mounted on the outside of the door. Not only is this aesthetically displeasing, it puts the mechanism in danger of being vandalized and/or damaged by inclement weather. After then contacting DCI builders and making them aware of the issue, they agreed to fix it.

EAGLE SCOUT PROJECT:

MCSD worked with an individual on another great Eagle Scout Project. The project included making improvements to a trail system within our Open Space Maintenance Zones, called Parkside Trail. The improvements consist of the removal of invasive plant species and old galvanized fence posts, and placing weed cloth and type II rock for the trail.

The trail runs from Parkside Road and heads north towards the McKinleyville High School Property. This is a popular trail for high school students going back and forth from school and their homes. A portion of the trail crosses over Widow White Creek. Years ago, there was a bridge that crossed over the creek. During the summer of 2005, the bridge was vandalized several times and eventually was caught on fire. The bridge was deemed unsafe and staff removed it. Since then, there has been no bridge over the creek and students using the trail jump over the creek, or place logs to cross.

The Eagle Scout has also secured donations for materials to build a bridge that was designed by an engineer; however, they have not yet secured a Streambed Modification Permit from the Department of Fish and Game. Although they have verbal permission to construct the bridge, staff is asking for written approval from the Department of Fish and Game.

The Eagle Scout has agreed to come to an MCSD Board Meeting so that we can put together a presentation with photos and a description of the project. We anticipate this will happen at the November 2010 Board meeting.

BIKE RODEO:

Staff worked with the McKinleyville Family Resource Center to host its First Annual Community Bike Rodeo at Pierson Park on Saturday, August 28, 2010. The event was a success and several residents took advantage of the event, despite the inclement weather.

Participants at the event were able to get their helmets and bikes checked for safety, and they were able to go through a variety of skills stations that taught various aspects of bicycle safety.

Next year we plan to expand the event and add additional recreation opportunities that entire families can enjoy. I would like to commend our Recreation Staff for doing such a great job implementing this new event.

KINDERSPORTS PROGRAM:

Our relatively new KinderSports Program has become extremely popular. This program is for youth ages 3-5, giving toddlers an opportunity to learn teamwork, good sportsmanship, the value of physical fitness, sports safety, and the basic skills needed for various sports.

The classes are non-competitive and run in a friendly and nurturing environment where parents, family and friends are encouraged to cheer and support the children in the program. Each session is six weeks long with a different sport (Track & Field, Basketball, Soccer, & T-Ball).

MEASURE B:

Staff continues to work on the Measure B renewal.

COMMUNITY SERVICE WORKERS:

Our Parks staff continues to utilize the Community Service Worker (CSW) program daily. This program helps us to maintain Pierson Park, Hiller Park, Hiller Sports Complex, Azalea Hall, the McKinleyville Activity Center, and several of our Open Space Maintenance Zones.

WORK EXPERIENCE (Cal Works PROGRAM)

We now have two positions through the Cal Works program that are working with the Parks & Recreation Department. This is a great program for the workers and for the MCSD. It gives the employees great on the job experience and it aids MCSD in its daily operations. The County pays all wages for a six-month period (with possible extensions of time), and workers compensation is also under the Counties umbrella. If MCSD hires an employee from this program, the County will pay for half their wages for the first year of employment.

GRAFFITI UPDATE:

There was graffiti discovered at the MCSD office on Sutter Road and at the Hiller Park Restrooms.

McKinleyville Community Services District

BOARD OF DIRECTORS

September 15, 2010

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.D. General Manager's Report

PRESENTED BY: Norman Shopay

TYPE OF ACTION: None

1. Cost Savings Related to District Activities – While the Board remains fully informed and up-to-date on all the various staff efforts, cost savings, and extra work done by the dedicated District staff members in their continued efforts to look for creative opportunities for cost and efficiency savings measures for the District, these activities may not be fully understood and realized by some members of the public. Therefore, I thought it would be useful to highlight some of the cost savings. The following is a summary of some of the recent District cost savings opportunities staff has identified.

- Installing truck logos. \$500.00 savings
- Replaced Belt on Vac-con water pump. \$320.00 savings
- Supervised compaction test at Northbank Road. \$2,160.00
- Epoxy windings on spare recirculation motor. \$500.00 savings if we had outside source work repair. Or \$1,200.00 to replace motor.
- Treated pond 5 with mosquito control \$400.00 savings
- Repaired weather stripping in Unit 13 trunk to prevent water from entering trunk. \$160.00
- Currently assigned four (4) Cal Works employees for a cost savings of approximately \$16,000 per month

2. Library Expansion Project: Construction is nearing completion on the Library project. Windows, doors, roof, siding and sheetrock is installed. Completion is anticipated in October.

3. Emergency Response Planning: Continue updates to the emergency response plan. Staff is working on obtaining mutual aid agreements with service, material, and equipment providers. Blue lake has expressed an interest in having a joint response exercise and coordination of efforts and staff if needed. We will be working on some cross training familiarization with them.

4. Ramey Pump Station Upgrade: Construction proceeding as planned. A future critical component is removal of a pipe section that will require the pumps to be shut down for up to 24-hours. Water tanks will be filled to capacity before starting and no interruption in water service is anticipated. The community will be noticed prior to the event and asked to conserve water during this time.

5. NPDES Permit Compliance and 20-Year Facility Plan – We are moving forward with the activities on the 20-year plan. We are planning to have an initial discussion with interested Federal, State and Local agencies regarding the feasibility of permitting an ocean outfall.

6. HBMWD – Advisory Committee Recommendations for water use options – HBMWD has issued a final recommendations in an August 2010 report that HBMWD “immediately pursue” four options: Actively pursue companies that utilize significant water in their process or product; Expand the HBMWD boundaries to serve more commercial, agricultural and municipal users; Sell untreated water to another municipality for transfer and use within their jurisdiction; Release water from Ruth Lake during the summer or fall – with no corresponding downstream diversions, to provide environmental benefit to aquatic species or habitat. It is also recommended that HBMWD “passively pursue” six options. HBMWD is schedule to provide a presentation to the Board in October. It is staffs opinion that of the four options (actively pursue) the Board should consider only supporting the options that will result in a decrease in HBMWD’s water rates to MCSD and oppose any option that may result in increased rates to MCSD. Staff will be preparing a draft letter for Board consideration.

7. HBMWD Pulp Mill Status – No additional new information has been provided by HBMWD related to the Pulp Mill.

8. NPDES Permit Changes – Staff has completed and mailed the letter to the RWQCB requesting revisions to the NPDES monitoring program. The letter requests changes in our sampling schedule that will result in a significant decrease in annual sampling and laboratory costs.

9. Emergency Water Line Crossing over the Mad River – Staff will be preparing an RFP to obtain bids for the emergency water line over the Mad River.

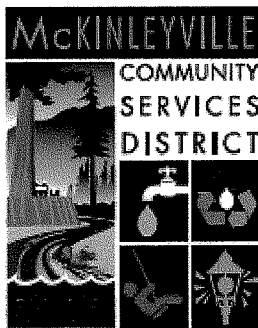
10. School Road Improvements - The County has stated that they want MCSD to pay all cost for the lowering of the water line on School Road (estimated \$60,000 if existing line can be used as backfill) when the grade of the road is lowered as a result of County improvements associated with the new residential development on School Road. Staff does not agree with this county position. The county did not include this portion of the work when applying for Grant funding. The County did not negotiate and require the developers to pay this cost. Staff and a Board member will be meeting with the County and County Supervisor on October 18, 2010.

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



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MAIN OFFICE:

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PARKS & RECREATION OFFICE:

PHONE: (707) 839-9003
FAX: (707) 839-5964

August 30, 2010

R.W.Q.C.B. NORTH COAST REGION
5550 SKYLANE BLVD., SUITE A
SANTA ROSA, CA 95403

RE: MONTHLY MONITORING REPORT

Dear Lisa:

Enclosed is the Monthly Monitoring Report for July 2010 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM.

The normal discharge of effluent was 31 days to land reclamation and disposal. The required monitoring and water quality constituents that were tested and were reported were in compliance in July.

The requirement for BOD is 45 mg/L, a maximum of 441 pounds of BOD for the 30-day average, a minimum of 65% removal and a weekly average of 65 mg/L. With five weekly tests in July, that constitutes eight criteria. The BOD results for July are in compliance.

The requirement for NFR is 83 mg/L, a maximum of 931 pounds per-day and a minimum of 65% removal for the 30-day average. With five weekly tests in July, that constitutes three criteria. The NFR results for July are in compliance.

The requirement for Nitrate as Nitrogen in the effluent is a monthly average of 10 mg/L. One test was conducted in July and was in compliance.

Total Coliform Organisms MPN/100 ml. The Monthly Median not to exceed MPN of 23 and the daily maximum not to exceed MPN of 230. The reported results for the month of July are as follows. Median was 9.5 and a Maximum of 23. Four samples were collected in the month of July and were in compliance.

Monitoring of the Mad River was conducted in July but Storm Water Wetlands at Hiller and Backswamp Wetlands were dry

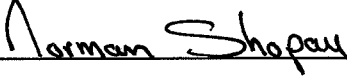
Quarterly testing of the Monitoring Well and Disinfection by-products were conducted in July.

EXHIBITS:

- A. July 2010 Wastewater Management Facilities spreadsheet with the daily, weekly, monthly, quarterly and annual monitoring records for monitoring location M-001.
- B. Disposal Flows and Location Data Sheet.
- C. BOD and TSS work sheet.
- D. River Monitoring work Sheet for R-001 and R-002
- E. Monitoring Well Levels and Testing Results
- F. Volatile Organic Compounds Lab. Results

"I CERTIFY UNDER PENALTY OF LAW THAT THIS DOCUMENT AND ALL ATTACHMENTS WERE PREPARED UNDER MY DIRECTION OR SUPERVISION IN ACCORDANCE WITH A SYSTEM DESIGNED TO ASSURE THAT QUALIFIED PERSONNEL PROPERLY GATHER AND EVALUATE THE INFORMATION SUBMITTED. BASED ON MY INQUIRY OF THE PERSON OR PERSONS WHO MANAGE THE SYSTEM, OR THOSE PERSONS DIRECTLY RESPONSIBLE FOR GATHERING THE INFORMATION, THE INFORMATION SUBMITTED, IS, TO THE BEST OF MY KNOWLEDGE AND BELIEF, TRUE, ACCURATE, AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION, INCLUDING THE POSSIBILITY OF FINE AND IMPRISONMENT FOR KNOWING VIOLATIONS."

If you have any questions, please contact this office.



NORMAN SHOPAY, GENERAL MANAGER

ENCLOSURES

FILE

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

MONTH: JULY

YEAR: 2010

DATE	INFLUENT FLOW		EFFLUENT FLOW		EFFLUENT MAXIMUM GPM	RIVER CFS	INFLUENT MONITORING		pH	(C) TEMP		B.O.D. mg/L	NFR mg/L	EFFLUENT MONITORING			RIVER C ₂ RES	SETTLABLE SOLIDS	TOTAL COLIFORM
	MG/D	MG/D	MG/D	MG/D			B.O.D. mg/L	N.F.R. mg/L		TEMP	mg/L			AMMONIA	Cl ₂ RES.	Cl ₂ RES			
1	0.981	1.413	1027						6.5	17.3				26	3.1			<0.1	
2	0.987	0.952	1000				240		6.8	17.9		32	38	28	0.9				
3	0.926	0.497	465																
4	0.907	0.642	467																
5	0.998	0.670	469																
6	0.956	1.101	1071						6.6	16.5				22	1.9				<2
7	0.966	1.265	1071						6.6	17.3				24	1.4				
8	0.951	1.274	1066						6.6	17.3				22	2.1				
9	0.929	1.070	1060				240		6.5	17.5		37	27		2.2			<0.1	
10	0.938	0.847	690																
11	0.968	0.822	690																
12	0.963	0.813	1050						6.5	17.5					2.3				23
13	0.947	1.175	1091						6.5	17.4				20	0.2				
14	0.924	1.008	1107						6.5	17.3				20	7.9				
15	0.903	1.127	1061						6.5	17.6		40	23	20	4.4			<0.1	
16	0.923	0.800	777				270		6.4	17.6				22	5.2				
17	0.918	0.445	316																
18	0.961	0.457	322																
19	0.938	0.787	989						6.6	16.9				22	4.3				17
20	0.913	1.105	953						6.5	17.2				22	2.5				
21	0.973	1.064	1001						6.7	16.8				20	2.0				
22	0.895	1.002	959						6.7	17.3				26	3.2				
23	0.900	0.787	921				320		6.4	17.0		23	46	24	4.6			<0.1	
24	0.866	0.286	284																
25	0.973	0.289	296																
26	0.924	0.759	1021						6.6	16.3				20	1.9				2
27	0.916	1.061	1013						6.4	17.4				24	3.7				
28	0.910	1.049	1015						6.6	16.4				24	6.1				
29	0.898	1.057	1036						6.6	18.6				30	3.6				
30	0.880	0.840	984				200					27	30	22	3.2			<0.1	
31	0.872	0.466	337						7.0	16.2									

MONTHLY TESTS

DATE	TDS	AMMONIA	NITRATE	BORON
7/20/2010	300	17.0	ND	250

DATE	Copper	Lead	Bis phthalate	alpha-BHC	4,4'-DDT	2,3,7,8-TCDD
N/A						

Quarterly Tests		Value in ug/l
Dichlorodibromodiphenyl		ND
Bromodiphenyl		ND
Chlorodibromodiphenyl		ND
Chlorodiphenyl		2

30 DAY AVERAGE

DATE	BOD mg/L	BOD LBS/DAY	BOD % Removal	NFR mg/L	NFR LBS/DAY	NFR % Removal
7/20/2010	32	234	87	32	227	83

SPILLS:

Name to report

ACUTE TOXICITY		% Survival
DATE		
Rainbow Trout	N/A	
C. dubia	N/A	

Indicates Permit Exceedance

CHRONIC TOXICITY		% Survival
TESTED		
Minnnow	N/A	
C. dubia	N/A	
Algae	N/A	
TUC		

SIGNATURE:

[Signature]

Total Coliform	Monthly	Median	Daily	Maximum
	9.5			23