

Mission statement of McKinleyville Community Services District:

"Provide McKinleyville with safe, adequate and reliable utility, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner."

**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, July 10, 2013
6:30 P.M.**

AGENDA

A.1 CALL TO ORDER

A.2 ROLL CALL

A.3 PLEDGE OF ALLEGIANCE

A.4 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.

A.5 APPROVAL OF THE AGENDA

**A CLOSED SESSION IS SCHEDULED FOR 6:30PM TO BE FOLLOWED
BY THE REGULARLY SCHEDULED MEETING AT 7:00PM (APPROXIMATE
TIME).**

A.6 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.

A.6.a CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION. Consider initiation of litigation pursuant to subdivision (c) of Section 54956.9: 1 potential case: Defects included in Willdan Consulting 2012 Rate Study/Analysis/Rate Structure.

A.7 REPORT OUT OF CLOSED SESSION

B. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

C. 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.*

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 June 12, 2013. **Pg. 4**
- D.2 Consider approval of May, 2013 Treasurer's Report **Pg. 10**
- D.3 No DCV Violations this month.

E. CONTINUED AND NEW BUSINESS

- E.1 Presentation from the McKinleyville Land Trust **Pg. 33**
- E.2 Information related to Humboldt County Association of Governments (HCAOG) Board Membership request for future action by MCSD Board **Pg. 39**
- E.3 Consider Approval of Agreement with Willdan Consulting Services to Perform Revised Rate Study to Correct 2012 Water Rate Structure Defects **Pg. 48**

- E.4 Information for upcoming LAFCo meeting concerning MCSD request for Out of District Services **Pg. 70**
- E.5 Select Candidates for Special District Risk Management Authority (SDRMA) Board of Directors **Pg. 80**
- E.6 Information related to McKinleyville Community Services Districts Water (MCSD) Leak Adjustment Policy for future action by MCSD Board **Pg. 99**
- E.7 Review Streetlight Central Avenue portion to date and consider approval **Pg. 116**
- E.8 Consider Approval of Strategic Plan **Pg. 118**
- E.9 Review California Special Districts Association (CSDA) 2013 Official Board Elections Mail Ballot Information **Pg. 151**
- E.10 Resolution 2013-16 Authorizing Purchase of Water Main Easement for Northern Intertie Project **Pg. 157**

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 (Wennerholm/Edwards (alternate))
- d. McKinleyville Senior Center Advisory Committee (Wennerholm)
- e. Audit (Corbett/Edwards)
- f. Employee Negotiations (Wennerholm/ Edwards)
- g. Water Task Force (Mayo/Corbett (alternate))
- h. AdHoc No Drugs & Toxics Down the Drain (Couch/Mayo (alternate))
- i. McKinleyville Municipal Advisory Committee (Edwards/Corbett (alternate))

F.2. STAFF REPORTS

- a. Support Services Department (Colleen M. R. Trask) **Pg. 202**
- b. Operations Department (James Henry) **Pg. 203**
- c. Parks and Recreation Department (Jason Sehon) **Pg. 205**
- d. General Manager (Greg Orsini) **Pg. 207**

F.3. PRESIDENT'S REPORT

F.4. BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS

G. ADJOURNMENT

Posted 5:00 pm on July 05, 2013

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: D.1 **Consider Approval of Minutes from June 12, 2013 Regular Board Meeting**

PRESENTED BY: **Kathy Wilson, Board Secretary**

TYPE OF ACTION: **Voice Vote-Consent Calendar**

Recommendation:

Staff recommends that the Board review the draft minutes from the June 12, 2013 Regular Board Meeting, recommend edits if any and provide staff with direction.

Discussion:

The Draft Minutes are attached for the above listed meetings.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Exhibit D.1-Draft Minutes from June 12, 2013 Regular Meeting

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, JUNE 12, 2013 AT 6:00 P.M.
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA**

The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 6:02 p.m. with the following Directors and staff in attendance:

Dennis Mayo, Board President
David Couch, Vice President
John Corbett, Director
Bill Wennerholm, Director
Russ Gans, Legal Counsel

Greg Orsini, General Manager
Colleen M.R. Trask, Finance Director
James Henry, Operations Director
Jason Sehon, Parks and Recreation Director
Kathy Wilson, Board Secretary

REGULAR MEETING

AGENDA ITEM A.1 thru A.3 - CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE:

At 6:02 p.m. President Mayo called the regularly scheduled meeting to order; Directors Couch, Wennerholm and Mayo were present. Director Couch and Edwards were absent. President Mayo asked Jason Sehon to lead in the pledge of allegiance.

AGENDA ITEM A.4 – ADDITIONS TO THE AGENDA: There were no additions to the agenda.

AGENDA ITEM A.5 – APPROVAL OF THE AGENDA:

MOTION: It was moved to approve the agenda. Motion by Couch; second by Wennerholm

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

MOTION SUMMARY: Motion Passed – 4 Ayes; 0 Nays

CLOSED SESSION

AGENDA ITEM A.6 – CLOSED SESSION DISCUSSION

A.6.a CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION. *Consider initiation of litigation pursuant to subdivision (c) of Section 54956.9: 1 potential case (facts and circumstances not yet known to adverse party).*

Recess to closed session at 6:04 p.m.

Director Corbett arrives at 6:12 p.m.

Reconvened out of closed session at 6:41 p.m.

AGENDA ITEM A.7 – REPORT OUT OF CLOSED SESSION – President Mayo reported out of closed session that there was no action taken.

AGENDA ITEM B – PUBLIC HEARINGS: Staff recommended the Board open public hearing, receive comment on the 2010 Urban Water Management Plan (UWMP); close public hearing and adopt Resolution No. 2013-14 approving the 2010 UWMP with changes as necessary; and authorize resubmission to the Department of Water Resources. President Mayo opened public input and no input was offered.

**B.1 Take Public Comment on Urban Water Management Plan and
Approve Plan for Submittal**

MOTION: It was moved to adopt Resolution 2013-14 approving the 2010 Urban Water Management Plan for submittal to The Department of Water Resources. Motion by Corbett; second by Wennerholm

ROLL CALL VOTE: Ayes: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

AGENDA ITEM C – PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Mayo opened public input and the following people addressed the Board:

1. Jeff Dunk addressed the Board regarding the draft minutes from closed session held on April 27, 2013 to conduct interviews for McKinleyville Community Services District General Manager position. He noted that the closed session minutes were lacking detail. He suggested the Board consider going back to the more extensive minutes instead of action minutes for general meetings. The extensive minutes preserve the record which will serve the District better. In ten years when the Board looks back they can see the deliberation and thought that went into the decisions being made. Mr. Dunk asked that this topic be brought back for further discussion in the near future. No further comments were offered.

President Mayo closed public comment with no additional comments received.

AGENDA ITEM D – CONSENT CALENDAR: Director Corbett made a motion to adopt Agenda Item D.1 through D.5 subject to public and Board objection. Director Couch asked that item D.5 be pulled to be handled separately. Director Corbett Amended the motion to approve item D.1 through D.4.

- D.1 Consider approval of minutes of the Board of Directors' Special Meeting of April 27, 2013**
- D.2.a Consider approval of minutes of the Board of Directors' Regular Meeting of May 1, 2013**
- D.2.b Consider approval of minutes of the Board of Directors' Special Meeting of May 20, 2013**
- D.3 Consider approval of April, 2013 Treasurer's Report**
- D.4 DCV Violations this month**
- D.5 Approve conveyance for developments related to water and sewer facilities in referenced projects**

MOTION: It was moved to approve the consent calendar item **D.1 thru D.4**. Motion by Corbett; second by Couch

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

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

- D.5 Approve conveyance for developments related to water and sewer facilities in referenced projects**

Director Couch identified he has a conflict of interest with two (2) of the projects; Eureka Sand & Gravel and Almquist Lumber.

MOTION: It was moved to adopt item **D.5** from the consent calendar subject to Board members recusing themselves for potential conflict of interest. Director Couch identified he has a conflict of interest with this item. Motion by Corbett; second by Wennerholm

MOTION VOTE: Ayes: Corbett, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 3 AYES; 0 NAYS; 1 ABSTENTION - Director Couch

AGENDA ITEM E – CONTINUED AND NEW BUSINESS:

E.1 Consider Participation in Household Hazardous Waste collection Event to be Held at Pierson Park on Saturday July 22, 2013: Greg Orsini introduces Brent Whitener, Programs Manager for Humboldt Waste Management Authority (HWMA) and notes a correction as to the date of the event. The correct date is Saturday, July 20, 2013. Mr. Whitener noted this is the fifth annual Household Hazardous Waste event with the McKinleyville community being the largest mobile event contributor. He thanked MCSD for being gracious hosts and for the thirty percent cost share allocation. To help control costs this year HWMA will do all of the handling, packaging and characterizing of items in house using their hazardous material qualified staff. Following board discussion and input from staff a motion was made:

MOTION: It was moved to approve participation in the household hazardous waste collection event by approving a 30% cost share not to exceed \$10,000 with one amendment to correct the date of the event from July 22, 2013 to **Saturday, July 20, 2013**. Motion by Corbett; second by Wennerholm

MOTION VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.2 Final Budget Approval: Colleen Trask presented the FY2013-14 budget for adoption and asked the Board to adopt Resolution 2013-13 establishing appropriations limits for FY2013/14. Director Corbett asked for clarification regarding fund balance. President Mayo opened public input and no input was offered.

MOTION: It was moved to adopt the FY2013-14 Budget. Motion by Corbett; second by Couch

MOTION VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

MOTION: It was moved to adopt Resolution 2013-13 Establishing Appropriations Limit for Fiscal Year 2013/2014.

Motion by Corbett; second by Couch

ROLL CALL VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.3 Consider STRATEGIC PLAN (Board to approve prior to July 1, 2013) further reviews will be done annually: The Board met in workshop session on February 13, 2013 with Brent Ives, the public and staff to develop an implementation plan. This evening Brent Ives with BHI Management Consulting presented to the Board the proposed draft Strategic Plan for review and discussion. President Mayo opened public input and a member of the public spoke. Further discussion continued with the Board and staff. The Strategic Plan in finished form will be brought back at the July 10, 2013 Board Meeting for approval of the implementation plan.

INFORMATIONAL ITEM: No action required or taken by the Board

E.4 Decide Parameters for November Board of Directors Election:

MOTION: It was moved to approve staff recommendation that each candidate would pay all publishing costs for their candidate statements and the statements would be limited to 200 words. Motion by Director Corbett; second by Couch

MOTION VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.5 Consider Association of California Water Agency (ACWA) Nomination for the 2014-2015 Region 1 Board Term:

MOTION: Motion to nominate Dennis Mayo as a candidate for the ACWA Region 1 Board for 2014-2015 terms by adopting Resolution 2013-12. Motion by Director Corbett; second by Wennerholm

ROLL CALL VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.6 Consider Local Agency Formation Commission (LAFCo) Election for District Representative:

MOTION: It was moved to vote for candidate Director Bill Wennerholm to serve as a regular “voting” member on the Humboldt LAFCo. Motion by Director Corbett; second by Couch

ROLL CALL VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.7 Consider Employee Negotiations Regarding Proposed three (3) Year Compensation Contract with District Employees: Colleen Trask presented the proposal from the members of the Employee Negotiation Committee. The Board asked for clarification on the agreed upon COLA. The COLA is 2.3 percent. President Mayo opened public input and a member of the public spoke. Further discussion continued with the Board and staff.

MOTION: It was moved to adopt staff’s proposal as presented with the understanding there will be an amendment to the proposal to approve a one (1) year contract with the employees. Motion made by Director Corbett; second by Wennerholm

1. The District will maintain the current employee benefits package for a one (1) year period including COLAs based on the agreed-upon indices from the last round of negotiations.
2. The District may change the Dental Insurance carrier from Guardian to Delta, which can save the District up to \$21,822 for FY2013-14.
3. The District may change the Life Insurance carrier, from Hartford to ACWA which can save the District up to \$7,530 for FY2013-14.

MOTION VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

E.8 Consider Approval of General Manager Contract: Greg Orsini presented the negotiated General Manager Contract for review and approval by the Board. President Mayo opened public input and no input was offered.

MOTION: It was moved to approve the General Manager Contract retro-active to May 1, 2013 authorizing President Mayo to sign. Motion by Director Corbett; second by Wennerholm

MOTION VOTE: Corbett, Couch, Wennerholm and Mayo

MOTION SUMMARY: Motion Passed – 4 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F.1.a Recreation Advisory Committee (Couch/Mayo (alternate))

Did not meet, nothing to report.

F.1.b Area Fund (John Kulstad)

Jason Sehon reported that the Area Fund awarded MCSD Parks and Recreation Department a grant to purchase an interactive game for the teen center.

F.1.c Redwood Region Economic Development Commission ((Wennerholm/Edwards (alternate))

Nothing to report.

F.1.d McKinleyville Senior Center Advisory Committee (Wennerholm)

Did not meet, nothing to report.

F.1.e Audit (Corbett/Edwards)

A meeting has been scheduled for July 1, 2013 @ 10:00am.

F.1.f Employee Negotiations (Wennerholm/Edwards)

The committee met and the negotiated proposal was presented at tonight's meeting. See item E.7 as to motion and vote.

F.1.g Water Task Force (Mayo/Corbett (alternate))

Nothing to report.

F.1.h AdHoc No Drugs & Toxics Down the Drain (Couch/Mayo (alternate))

Director Mayo reported that on July 20, 2013 the Household Hazardous Waste collection event will be held at Pierson Park.

F.1.i McKinleyville Municipal Advisory Committee (Edwards/Corbett (alternate))

Director Corbett attended. He noted the meeting was well attended with good discussion. The committee is planning a general community state of McKinleyville union.

F.2.a SUPPORT SERVICES DEPARTMENT: Colleen Trask reported the budget is now adopted and once the strategic plan is adopted it will be incorporated into the budget. The auditors have scheduled their on-site testing in mid-June and the Board Audit Committee is in the process of scheduling a meeting with the auditors.

F.2.b OPERATIONS DEPARTMENT: James Henry reported that Bill McBroome has retrofitted all of the streetlights down Central Avenue with Light Emitting Diodes (LED). Phase one the Central Avenue portion is now complete. Operations Director Henry will bring the streetlight project back to the Board in July for approval to move forward on phase 2.

F.2.c PARKS & RECREATION DEPARTMENT: Jason Sehon gave thanks to the operations department for their assistance with Pony Express days. Central Avenue looked great for the parade and Pierson Park looked great as well. Everyone had a good time. The irrigation issue has been fixed and the turf area should start greening up in the next couple weeks. Community volunteers are working to retrofit the bocce ball courts from crushed oyster shell to decomposed granite. One court is completed and the other court is close to being finished. We should

see a lot more use from the bocce ball community now that surfaces have been upgraded and an interest in forming a league.

F.2.d GENERAL MANAGER: Greg Orsini gives acknowledgement and praise to James Henry for his recent promotion to Operations Director. He also reported on the California Special District Association (CSDA) legislative days that he attended with Director Mayo in Sacramento. They listened to several of the legislators and lobbyist and gained insight on legislation that has come and gone. Greg was impressed with the State Capital and commented on the access to legislators and their staff. They seemed generally very interested in what he and Dennis had to say. This was Greg's first visit to the State Capital and he noted that he left with a positive opinion of our state elected officials.

AGENDA ITEM F.3 PRESIDENT'S REPORT: Director Mayo also commented on the positive visit to Sacramento for the CSDA legislative days. While it is important to continue the old relationships it is important to build new relationships. He met several of the new committee chair members and their staff. Director Mayo commented on Greg being a positive part of the lobbying effort. He commented on the recent visit with Supervisor Virginia Bass and stated our mission of developing closer relationships with the supervisors has been successful. The meetings have been informational for both sides. Congressman Huffman recently visited Humboldt County and Director Mayo had an opportunity to speak with him.

AGENDA ITEM F.4 BOARD COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:

AGENDA ITEM G ADJOURNMENT

MOTION: It was moved to adjourn the meeting at 8:33pm. Motion by Mayo; second by Corbett

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted,

Kathy Wilson,
Board Secretary

**McKinleyville Community Services District
Treasurer's Report
May 2013**

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**McKinleyville Community Services District
Investments & Cash Flow Report
As of May 31, 2013**

Petty Cash & Change Funds 940.00

Cash

Operating & Money Market - Beginning Balance		270,639.84
Cash Receipts:		
Utility Billings	236,480.11	
Money Market Account Interest	30.34	
Transfers from County Funds #2560, #4240	-	
Other Cash Receipts	84,921.17	
Total Cash Receipts		321,431.62
Cash Disbursements:		
Payroll Related Expenditures	(136,017.29)	
Debt Service	(17,956.57)	
Capital & Other Expenditures	(307,793.84)	
Total Cash Disbursements		(461,767.70)
Operating & Money Market - Ending Balance		130,303.76
Total Cash		131,243.76

Investments (Interest and Market Valuation will be re-calculated as part of the year-end close, if material)

LAIF - Beginning Balance	127,931.46	
Interest Income	89.09	
LAIF - Ending Balance		128,020.55
Humboldt Co. #2560 - Beginning Balance	558,591.42	
Property Taxes	-	
Transfer to Operating Cash	-	
Interest Income	223.44	
Humboldt Co. #2560 - Ending Balance		558,814.86
Humboldt Co. #4240 - Beginning Balance	4,846,771.81	
Property Taxes	-	
Transfer to/from Operating Cash	-	
Interest Income	1,676.07	
Humboldt Co. #4240 - Ending Balance		4,848,447.88
Humboldt Co. #9390 - Beginning Balance	110,584.48	
Interest Income	-	
Humboldt Co. #9390 - Ending Balance		110,584.48
USDA Bond Reserve Fund - Beginning Balance	146,222.53	
Bond Reserve Payment	7,897.53	
Debt Service Payment	-	
Interest Adjustment	3.04	
USDA Bond Reserve Fund - Ending Balance		154,123.10
Market Valuation Account		(180.00)

Total Investments 5,799,810.87

Total Cash & Investments - Current Month 5,931,054.63

Total Cash & Investments - Prior Month 6,061,501.54

Net Change to Cash & Investments This Month (130,446.91)

Cash & Investment Summary

Cash & Cash Equivalents	5,022,052.46
Davis-Grunsky Loan Reserve	596,624.45
Waste Water Capital Reserve	98,254.62
USDA Bond Reserve	154,123.10
I-Bank Loan Reserve	60,000.00
Total Cash & Investments	5,931,054.63

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of May 31, 2013

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Sewer	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 815,039.82	\$ 288,653.29	\$ (76,118.00)	\$ 808,813.63	\$ 3,184,503.01	\$ 5,020,891.75
Accounts receivable	2,131.31	-	4,239.82	139,102.40	214,753.25	360,226.78
Prepaid expenses & other current assets	(2,533.99)	-	220.33	73,831.72	38,410.02	109,928.08
Total Current Assets	814,637.14	288,653.29	(71,657.85)	1,021,747.75	3,437,666.28	5,491,046.61
Noncurrent Assets						
Restricted cash & cash equivalents	333,373.42	-	-	656,624.45	252,377.72	1,242,375.59
Other noncurrent assets	39,325.43	-	-	9,604.13	30,023.78	78,953.34
Capital assets (net)	-	-	-	6,935,712.56	11,627,777.66	18,563,490.22
Total Noncurrent Assets	372,698.85	-	-	7,601,941.14	11,910,179.16	19,884,819.15
TOTAL ASSETS	\$ 1,187,335.99	\$ 288,653.29	\$ (71,657.85)	\$ 8,623,688.89	\$ 15,347,845.44	\$ 25,375,865.76
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 33,763.10	\$ 7,386.48	\$ 1,789.06	\$ 248,599.84	\$ 105,113.86	\$ 396,652.34
Accrued payroll & related liabilities	88,317.37	-	-	36,984.95	36,984.95	162,287.27
Total Current Liabilities	122,080.47	7,386.48	1,789.06	285,584.79	142,098.81	558,939.61
Noncurrent Liabilities						
Long-term debt	-	-	-	3,353,706.19	1,172,024.76	4,525,730.95
Other noncurrent liabilities	39,325.43	-	-	150,802.69	151,646.84	341,774.96
Total Noncurrent Liabilities	39,325.43	-	-	3,504,508.88	1,323,671.60	4,867,505.91
TOTAL LIABILITIES	161,405.90	7,386.48	1,789.06	3,790,093.67	1,465,770.41	5,426,445.52
Fund Balance/Net Assets						
Fund balance	121,877.09	281,266.81	(73,446.91)	-	-	329,696.99
Net assets	904,053.00	-	-	1,251,588.85	3,426,322.13	5,581,963.98
Investment in capital assets, net of related debt	-	-	-	3,582,006.37	10,455,752.90	14,037,759.27
Total Fund Balance/Net Assets	1,025,930.09	281,266.81	(73,446.91)	4,833,595.22	13,882,075.03	19,949,420.24
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,187,335.99	\$ 288,653.29	\$ (71,657.85)	\$ 8,623,688.89	\$ 15,347,845.44	\$ 25,375,865.76
Investment in General Capital Assets	\$ 3,210,130.24					
General Long-term Liabilities						
OPEB Liability	95,777.23					
Accrued Compensated Absences	7,540.27					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 103,317.50					

McKinleyville Community Services District
Activity Summary by Fund, Original Budget
May 2013

Department Summaries	May	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	161,403	1,525,494	1,882,091	(356,597)	-18.95%	Overall usage/income remains below rate study predictions
Other Revenues	31,723	281,520	194,308	87,212	44.88%	Capital contributions (non-cash donations of infrastructure) are above estimates
Total Operating Revenues	193,126	1,807,014	2,076,399	(269,385)	-12.97%	
Salaries & Benefits	71,607	685,260	713,244	(27,984)	-3.92%	
Water Purchased	53,511	603,596	645,798	(42,202)	-6.53%	
Other Expenses	39,955	345,899	419,040	(73,141)	-17.45%	Cost savings and reduction of non-vital purchases
Depreciation	24,100	265,100	229,167	35,933	15.68%	Budget based on prior year's depreciable assets
Total Operating Expenses	189,173	1,899,855	2,007,249	(107,394)	-5.35%	
Net Operating Income	3,954	(92,841)	69,150	(376,780)		
Interest Income	509	9,448	18,333	(8,885)	-48.47%	Rate of return on cash assets held by the County has dropped from 0.73% in 1Q FY2012-13 to 0.48% in 3Q.
Interest Expense	(7,462)	(98,713)	(78,908)	19,805	25.10%	Budget spread evenly across 12 months, but actuals vary w/debt payments
Net Income (Loss)	(2,999)	(182,106)	8,575	(190,681)		
<u>Sewer</u>						
Sewer Service Charges	133,595	1,376,635	1,507,917	(131,282)	-8.71%	Overall usage/income remains somewhat below rate study predictions
Other Revenues	29,670	310,802	182,692	128,110	70.12%	Capital contributions (non-cash donations of infrastructure) are above estimates
Total Operating Revenues	163,264	1,687,436	1,690,609	(3,173)	-0.19%	
Salaries & Benefits	77,229	707,919	733,131	(25,212)	-3.44%	
Other Expenses	56,096	479,093	555,661	(76,568)	-13.78%	Cost savings and reduction of non-vital purchases
Depreciation	38,400	422,400	374,000	48,400	12.94%	Budget based on prior year's depreciable assets
Total Operating Expenses	171,725	1,609,412	1,662,792	(53,380)	-3.21%	
Net Operating Income	(8,461)	78,024	27,817	50,207		
Interest Income	1,213	18,737	27,500	(8,763)	-31.87%	Interest returns remaining lower than expected - see note to Water Fund
Interest Expense	4,090	(38,174)	(50,417)	(12,243)	-24.28%	Budget spread evenly across 12 months, but actuals vary w/debt payments
Net Income (Loss)	(3,158)	58,587	4,900	53,687		
Enterprise Funds Net Income (Loss)	(6,157)	(123,518)	13,475	(136,993)		

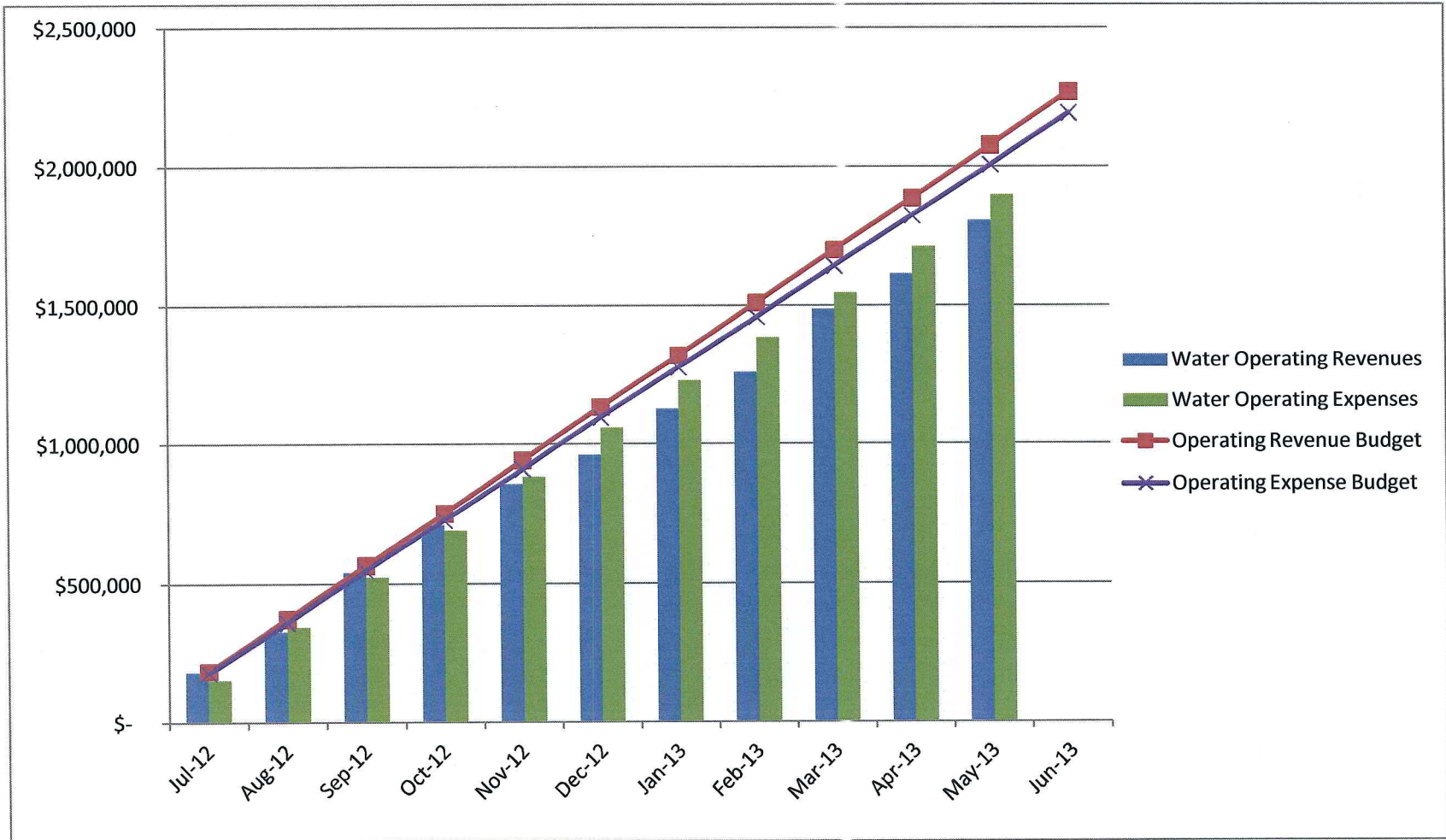
McKinleyville Community Services District
Activity Summary by Fund, Original Budget
May 2013

Department Summaries	May	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Parks & Recreation</u>						
Program Fees	26,811	289,813	316,983	(27,170)	-8.57%	
Rents & Related Fees	5,089	55,804	48,791	7,013	14.37%	More rental activity than anticipated
Property Taxes	-	488,369	485,833	2,536	0.52%	County Tax remittance scheduled in December and April
Other Revenues	15,565	97,353	220,509	(123,156)	-55.85%	Quimby reimbursement received for property purchased from Granite Construction
Interest Income	1,176	3,301	2,750	551	20.02%	Interest income allocated proportionately to fund balances including gains/losses
Total Revenues	48,640	934,640	1,074,866	(140,226)	-13.05%	
Salaries & Benefits	79,974	737,345	727,091	10,254	1.41%	
Other Expenditures	18,344	252,942	201,488	51,454	25.54%	Expense budget spread evenly across 12 months, but actuals vary w/programs
Capital Expenditures	3,245	73,007	144,833	(71,826)	-49.59%	Dec.2012 acquisition of property from Granite Construction
Total Expenditures	101,563	1,063,295	1,073,412	(10,117)	-0.94%	
Excess (Deficit)	(52,923)	(128,654)	1,454	(130,108)		
<u>Measure B Assessment</u>						
Total Revenues	44	202,748	191,583	11,165	5.83%	County Tax remittance scheduled in December and April
Salaries & Benefits	3,884	8,865	35,750	(26,885)	-75.20%	Salaries for maintenance of Measure B properties
Other Expenditures	186	2,274	2,750	(476)	-17.31%	Supplies for maintenance of Measure B properties
Capital Expenditures	7,200	15,460	153,083	(137,623)	-89.90%	Teen Center project started
Total Expenditures	11,270	26,599	191,583	(164,984)	-86.12%	
Excess (Deficit)	(11,226)	176,150	-	176,150		
<u>Street Lights</u>						
Total Revenues	7,322	78,223	218,927	(140,704)	-64.27%	Loan funding from LED project not received FY2012-13
Salaries & Benefits	3,798	33,968	36,691	(2,723)	-7.42%	
Other Expenditures	3,955	44,844	38,996	5,848	15.00%	Cost savings from Streetlights LED project not yet realized
Capital Expenditures	15,604	15,718	142,083	(126,365)	-88.94%	LED project - Central Avenue lights installed
Total Expenditures	23,357	94,529	217,770	(123,241)	-56.59%	
Excess (Deficit)	(16,035)	(16,306)	1,157	17,463		
Governmental Funds Excess (Deficit)	(80,184)	31,189	2,611	28,578		

McKinleyville Community Services District

May 2013

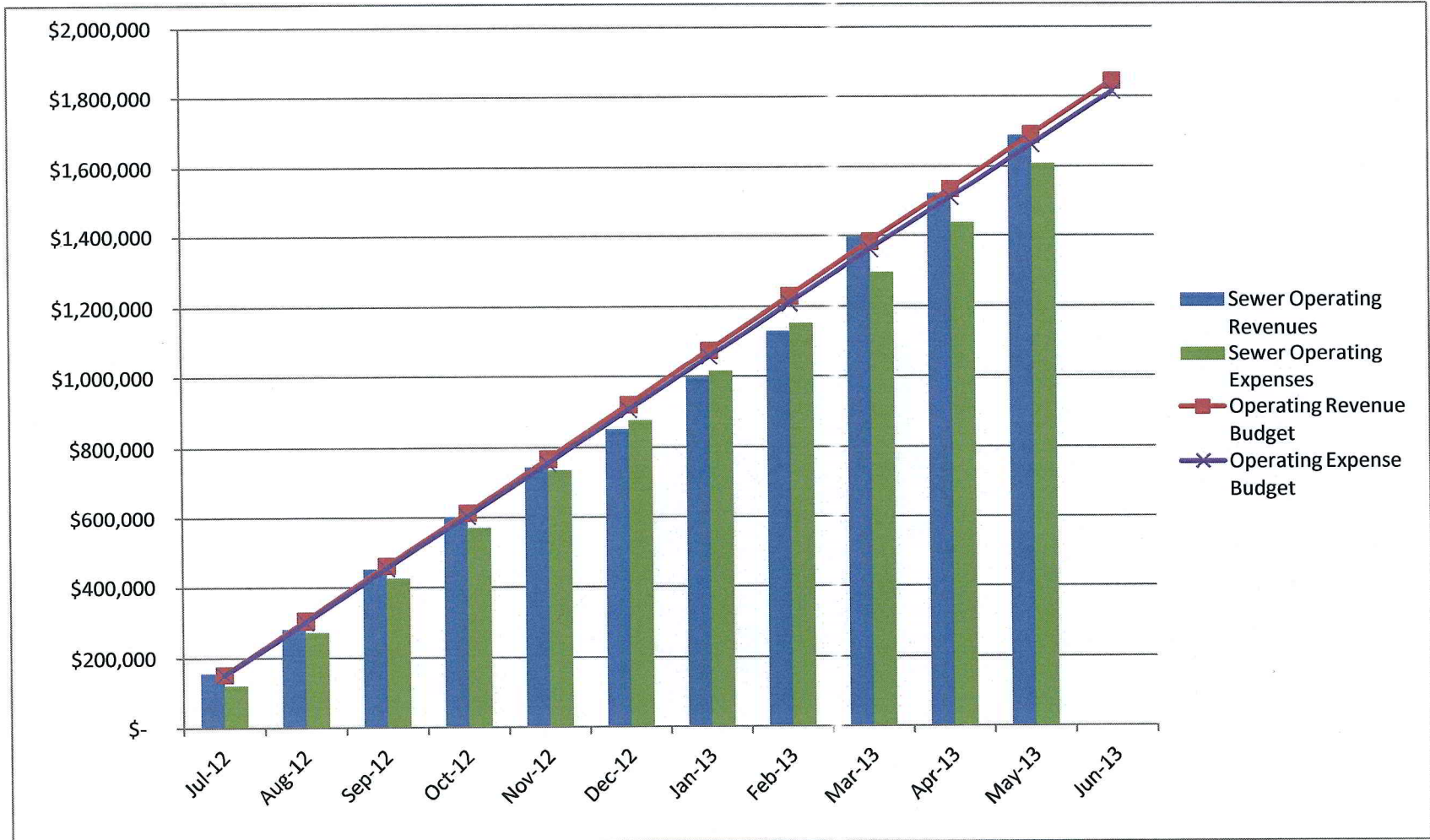
Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

May 2013

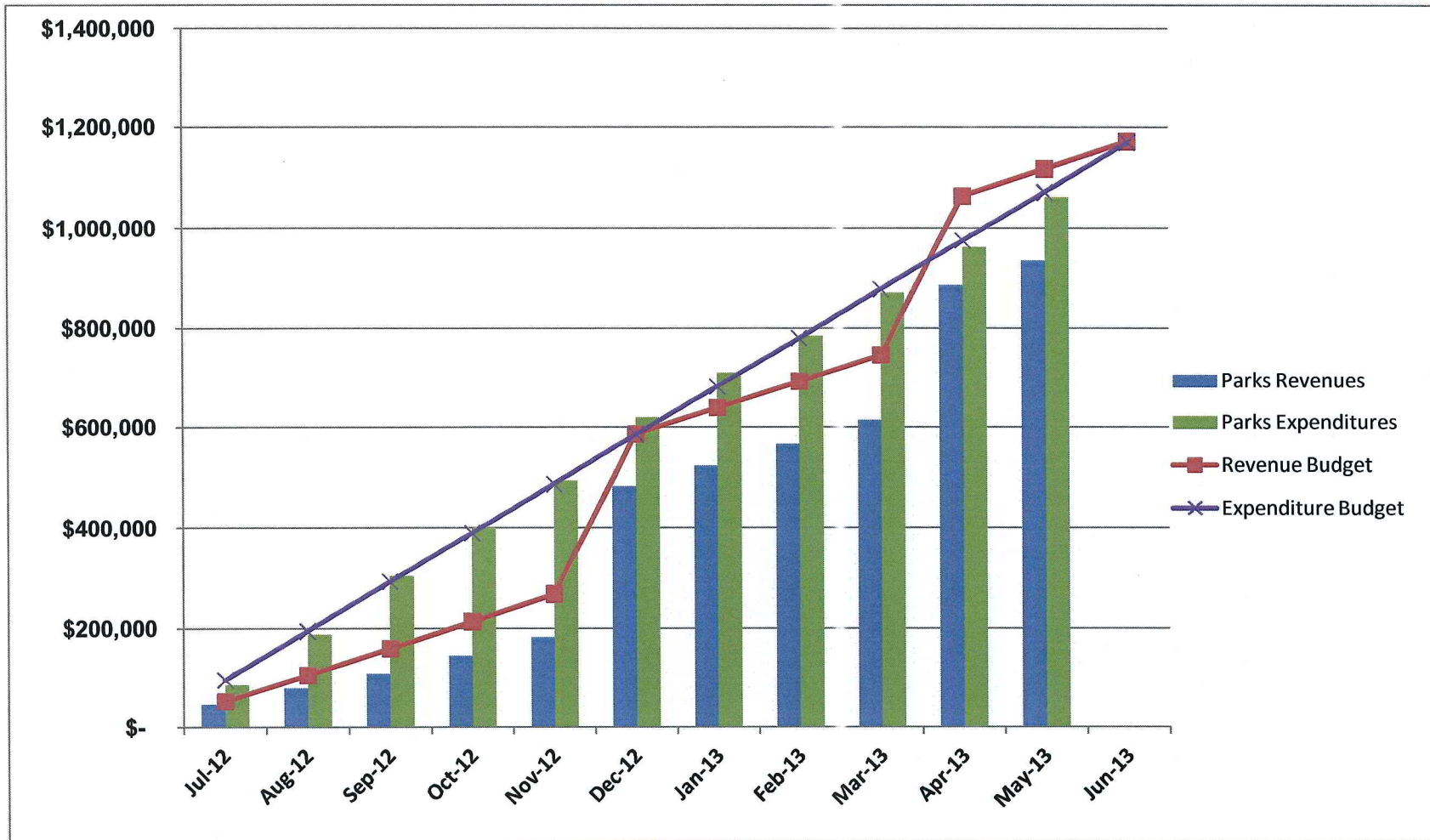
Comparison of Sewer Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

May 2013

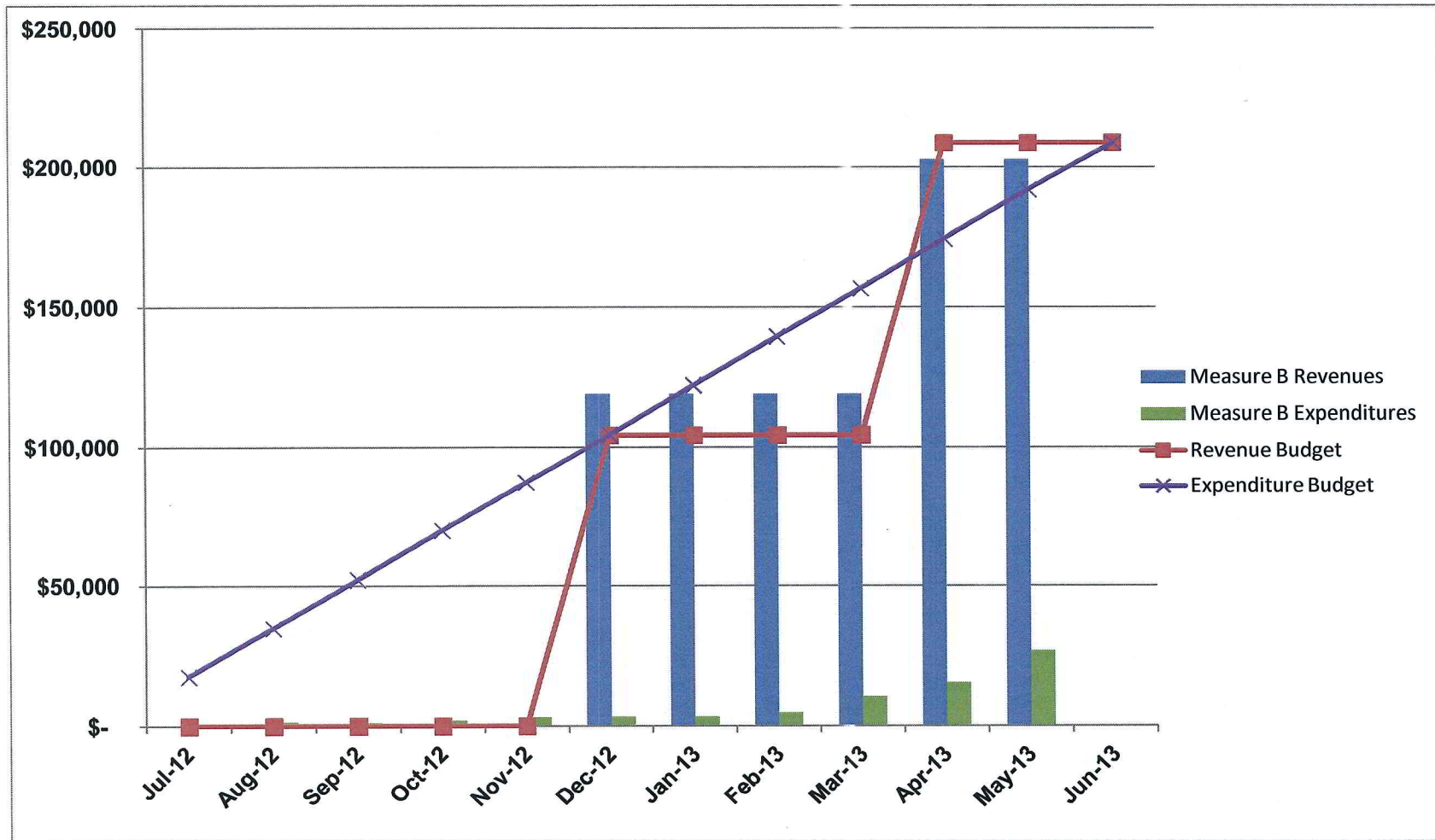
Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



McKinleyville Community Services District

May 2013

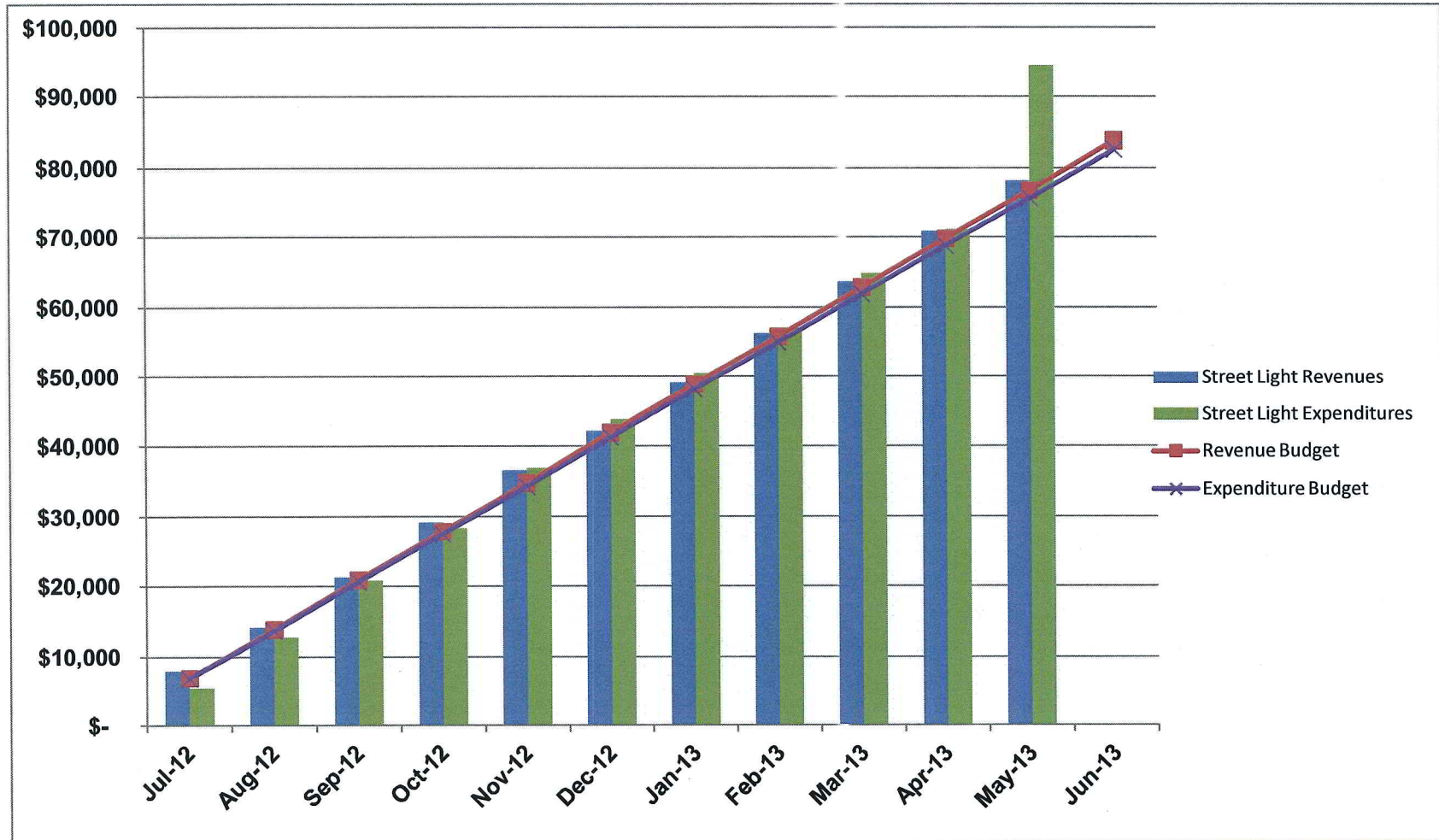
Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District

May 2013

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



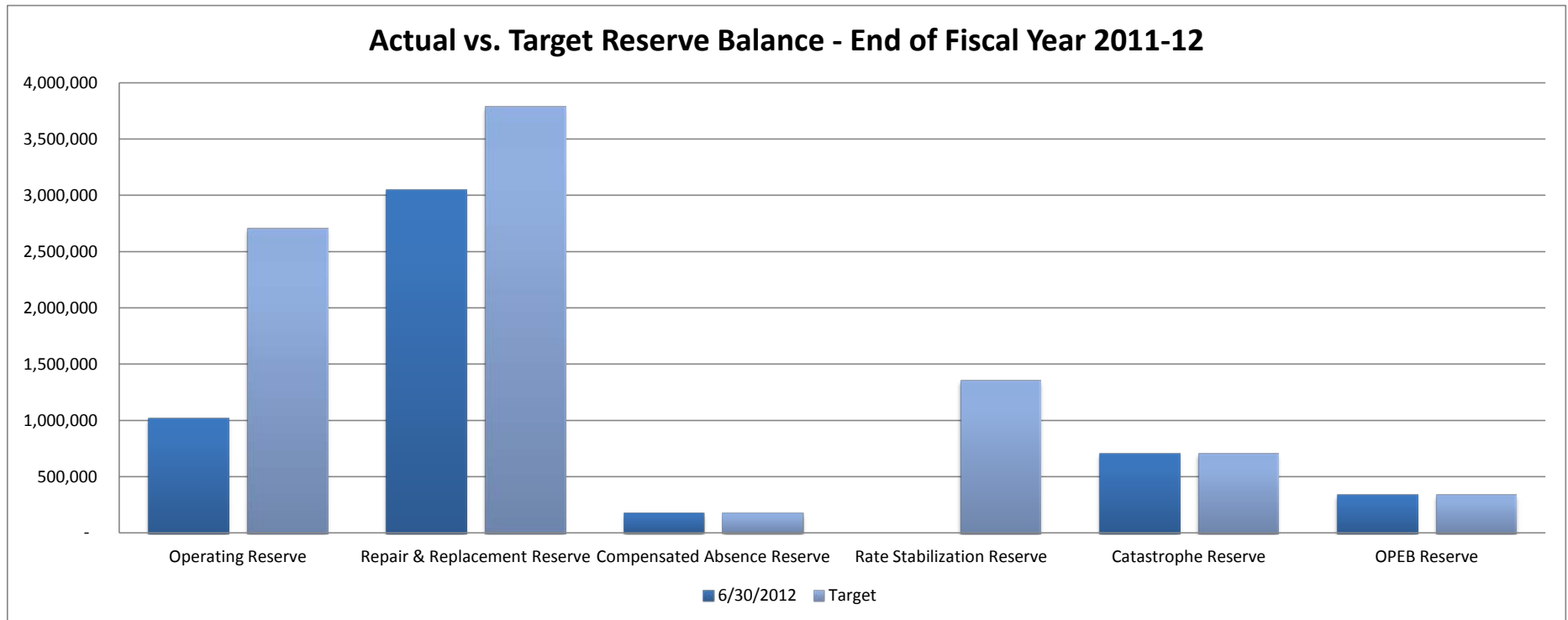
McKinleyville Community Services District
Capital Expenditure Report
As of May 31, 2013

	May	YTD Total	FY 13 Budget	Remaining		
				Budget \$	Budget %	Notes
<u>Water Department</u>						
Ramey Pump Upgrades	4,682	15,309	15,000	(309)	-2%	Pump Station Roof
Emergency Water Line River Crossing	916	76,633	129,300	52,667	41%	OLA Design - Northern Intertie
Water Tank Upgrade	3,389	22,604	8,000	(14,604)	-183%	11 mo. check Norton Tank Painting
4.5m New Water Tank	-	-	3,500,000	3,500,000	100%	
Production Meter Replacements	-	-	-	-	#DIV/0!	
Emergency Water Supply	-	-	-	-	#DIV/0!	
Fire Hydrant System Upgrade	-	-	7,000	7,000	100%	
Customer Meter Replacements	-	1,177	1,300,000	1,298,823	100%	
Radio Telemetry Upgrade	-	2,904	20,000	17,096	85%	Radio Telemetry upgrade
Meter Reading Equipment Replacement	43	43	15,000	14,957	100%	Materials for project
Water Main Replacement	-	-	60,000	60,000	100%	
Subtotal	9,029	118,671	5,054,300	4,935,629	98%	
<u>Sewer Department</u>						
Sewer Main Rehab & Replacement	-	-	50,000	50,000	100%	
WWMF Security Upgrades	-	-	4,000	4,000	100%	
WWMF Fencing & Gate	-	-	2,000	2,000	100%	
Collection System Upgrades	-	-	10,000	10,000	100%	
Irrigation & Pipe Fittings	-	-	3,000	3,000	100%	
Sewer Main Camera Unit	-	-	30,000	30,000	100%	
WWMF Upgrade/CEQA/Permitting	49,859	117,894	750,000	632,106	84%	Project Mgmt - Brown&Caldwell
NPDES Permit/WWMF Engineering Study	-	108	50,000	49,892	100%	
Radio Telemetry Upgrade	-	2,904	30,000	27,096	90%	Radio Telemetry upgrade
WWMF SO2/Chlorine Injector Controllers	-	-	-	-	#DIV/0!	
Lift Station Pump Upgrade	-	-	20,000	20,000	100%	
Property Purchases & Improvements	-	-	10,000	10,000	100%	
Underground Locator Pipe & Camera	-	-	-	-	#DIV/0!	
Subtotal	49,859	120,906	959,000	838,094	87%	
<u>Water & Sewer Operations</u>						
Heavy Equipment	-	-	100,000	100,000	100%	
Utility Vehicles	-	-	60,000	60,000	100%	
Office, Corporate Yard & Shops	-	6,757	227,000	220,243	97%	
Computers & Software	-	7,264	35,000	27,736	79%	
Fischer Ranch	-	-	13,000	13,000	100%	
Small Equipment & Other	-	-	42,000	42,000	100%	
Subtotal	-	14,021	477,000	462,979	97%	
Enterprise Funds Total	58,888	253,598	6,490,300	6,236,702	96%	
<u>Parks & Recreation Department</u>						
Hiller Park & Sports Complex	-	1,434	-	(1,434)	#DIV/0!	
Pierson Park Upgrades	-	6,222	-	(6,222)	#DIV/0!	
Washington Avenue Park Project	3,245	17,962	-	(17,962)	#DIV/0!	Park Project
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	
Law Enforcement Facility Improvements	-	-	-	-	#DIV/0!	
Projects Funded by Quimby/Other Funds	-	37,408	150,000	112,592	75%	
Projects Funded by Measure B Renewal	7,200	13,056	185,000	171,944	93%	Teen Center Project
Other Parks Projects & Equipment	-	1,853	8,000	6,147	77%	
Subtotal	10,445	77,935	343,000	265,065	77%	
<u>Streetlights</u>						
LED	15,604	15,604	140,000	124,396	89%	LED Streetlights on Central Ave
Pole Replacement	-	-	15,000	15,000	100%	
Subtotal	-	-	155,000	139,396	90%	
Governmental Funds Total	26,049	93,539	498,000	404,461	81%	
All Funds Total	84,937	347,137	6,988,300	6,641,163	95%	

McKinleyville Community Services District
Summary of Long-Term Debt Report
As of May 31, 2013

			Principal Maturities and Scheduled Interest						
			Balance -	Balance -	Remaining for				
	Maturity		Apr.30, 2013	May.31, 2013	FY-13	FY-14	FY-15	FY-16	Thereafter
%	Date								
Water Fund:									
I-Bank	8/1/30	P	919,302.71	919,302.71	-	37,969.13	39,248.69	40,571.37	801,513.53
Interest	3.37%	I			15,490.26	30,340.72	29,039.60	27,694.63	219,225.52
State of CA Energy Commission (ARRA)	12/22/26	P	162,276.88	156,860.62	5,416.26	10,909.36	11,018.72	11,125.84	123,806.70
Interest	1.0%	I			1,007.16	1,541.48	1,432.12	1,325.20	6,926.83
State of CA (Davis Grunsky)	1/1/33	P	1,936,845.81	1,936,845.81	-	75,821.96	77,717.50	79,660.44	1,703,645.91
State of CA (Davis Grunsky) Deferred Interest	1/1/33	P	340,697.05	340,697.05	-	17,035.12	17,035.12	17,035.12	289,591.69
Interest	2.5%	I			-	48,421.14	46,525.60	44,582.66	408,486.72
Total Water Fund-Principal			3,359,122.45	3,353,706.19	5,416.26	141,735.57	145,020.03	148,392.77	2,918,557.83
Total Water Fund-Interest					16,497.42	80,303.34	76,997.32	73,602.49	634,639.07
Total Water Fund			3,359,122.45	3,353,706.19	21,913.68	222,038.91	222,017.35	221,995.26	3,553,196.90
Sewer Fund:									
State of CA WRCB (SCEP I)	4/15/16	P	122,760.30	122,760.30	-	40,920.10	40,920.10	40,920.10	-
Interest	0.0%	I			-	-	-	-	
State of CA WRCB (SCEP II)	3/27/18	P	153,178.64	129,254.93	-	24,545.72	25,183.91	25,838.70	53,686.60
Interest	2.6%	I			-	3,360.62	2,722.43	2,067.64	2,102.41
Umpqua Bank	12/4/17	P	228,601.19	225,009.53	24,587.32	44,667.13	47,186.72	49,848.42	79,721.79
Interest	5.5%	I			7,868.73	11,066.63	8,547.04	5,885.34	3,506.57
USDA (Sewer Bond)	8/1/22	P	695,000.00	695,000.00	-	60,000.00	60,000.00	60,000.00	515,000.00
Interest	5.0%	I			17,375.00	33,250.00	30,250.00	27,250.00	90,875.00
Total Sewer Fund-Principal			1,199,540.13	1,172,024.76	24,587.32	170,132.95	173,290.73	176,607.22	648,408.39
Total Sewer Fund-Interest					25,243.73	47,677.25	41,519.47	35,202.98	96,483.98
Total Sewer Fund			1,199,540.13	1,172,024.76	49,831.05	217,810.20	214,810.20	211,810.20	744,892.37
Total Principal			4,558,662.58	4,525,730.95	30,003.58	311,868.52	318,310.76	324,999.99	3,566,966.22
Total Interest					41,741.15	127,980.59	118,516.79	108,805.47	731,123.05
Total			4,558,662.58	4,525,730.95	71,744.73	439,849.11	436,827.55	433,805.46	4,298,089.27

McKinleyville Community Services District
Board Designated Reserve Balances
As of May 31, 2013



- Utility Accounts Receivable Turnover Days As of May 31, 2013 14.2 Days

Beg. A/R	78259.52	#####	Avg A/R	124554.545	2902128.61	# of Times	23.30008191
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- YTD Breakeven Revenue, Water Fund: 2,144,960.29 - YTD Actual Water Sales: 1,525,494.02

501 Ops Exp	1,296,258.80	#####	501 COG: 501 Wtr Sales	1,525,494.02
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- Days of Cash on Hand - Operations Account 130,303.76 11,065.45 11.8 Days

McKinleyville Community Services District
Cash Disbursement Report
For the Period May 1 through May 31, 2013

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
26420	5/6/2013	*0011	DEVIN BUTOR	30.00	B30430	REIMB: REC PROG FINGERPRINTING
26421	5/6/2013	AJI01	HAIDER AJINA	90.00	B30502	CONTRACTED REFEREE
26422	5/6/2013	BHI01	BHI MANAGEMENT CONSULTING	1,000.00	013-32	PROFESSIONAL SERVICES
26423	5/6/2013	CAY01	JORDAN CAYLOR	90.00	B30502	CONTRACTED REFEREE
26424	5/6/2013	CDW01	CDW GOVERNMENT, INC.	2,321.64	BV90553	COMPUTERS, SOFTWARE & EQUIP
26425	5/6/2013	COR01	CORBIN WILLITS SYSTEMS, I	858.42	B304151	MOMS SOFTWARE PAYMENT
26426	5/6/2013	COR07	JOHN W. CORBETT	250.00	B30502	DIRECTORS FEES
26427	5/6/2013	COU09	DAVID R. COUCH	250.00	B30502	DIRECTORS FEES
26428	5/6/2013	DOW01	DOWNEY BRAND ATTORNEYS LLC	2,791.55	447757	PROFESSIONAL SERVICES
26429	5/6/2013	EDW01	HELEN L. EDWARDS	125.00	B30502	DIRECTORS FEES
26430	5/6/2013	EUR06	EUREKA READY MIX	420.89	A 115758	REPAIRS/SUPPLY
26431	5/6/2013	GOL02	GOLDEN STATE FURNITURE INC	267.68	203114	OFFICE SUPPLIES
26432	5/6/2013	GOR01	GORILLA GRAPHICS	708.00	3796	REC PROGRAM SUPPLIES
26433	5/6/2013	GUA01	GUARDIAN - APPLETON	4,249.95	B30419	GRP. DENTAL INSURANCE
26434	5/6/2013	HAR13	The Hartford - Priority A	690.06	B30429	GRP. LIFE INSURANCE
26435	5/6/2013	HUB02	HUB INTERNATIONAL INSURANCE	107.40	B30503	SPECIAL EVENT INSURANCE

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26436	5/6/2013	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTR	52,940.28	B30503	WTR PURCHASED
26437	5/6/2013	IND02	Industrial Electric Service	406.91	S1117992	STREETLIGHTS SUPPLIES
26438	5/6/2013	KER01	KERNEN CONSTRUCTION	549.02	46390	REPAIRS/ SUPPLIES
26439	5/6/2013	MAY02	DENNIS MAYO	250.00	B30502	DIRECTORS FEES
26440	5/6/2013	MAY02	DENNIS MAYO	183.00	B30506	TRAVEL-CSDA SACRAMENTO
26441	5/6/2013	MCK12	MCKINLEYVILLE UNION SCHOOL DISTR	1,473.75	33013	REC PROGRAM SUPPLIES
26442	5/6/2013	MCK21	MCKINLEYVILLE PRESS	25.00	13-111	LEGAL AD
26443	5/6/2013	NEC01	NEC FINANCIAL SERVICES,LLC	315.25	1612437	PHONE SYSTEM
26444	5/6/2013	NOR13	NOR CAL SAFETY CONSORTIUM	160.00	B30503	MONTHLY SUBSCRIPTION
26445	5/6/2013	NOR35	NOR HUMBOLDT EMPLOYMENT SVCS	585.31	ES13-0155	PROFESSIONAL SERVICES
26446	5/6/2013	NOR36	NORTH COAST PARTS & SUPPLIES	487.92	B30429	REPAIRS/SUPPLIES
26447	5/6/2013	ORS01	GREG ORSINI	183.00	B30506	TRAVEL-CSDA SACRAMENTO
26448	5/6/2013	OSC01	OSCAR LARSON & ASSOCIATES	1,160.25	3714	PROFESSIONAL SERVICES
26449	5/6/2013	PRE08	PRECISION INTERMEDIA	30.00	181134	WEB HOSTING
26450	5/6/2013	SEC03	SECURITY LOCK & ALARM	111.96	80622	KEYS-HILLER
26451	5/6/2013	SIE02	SIERRA CHEMICAL CO.	1,599.88	248483	CHLORINE/ CONTAINER DEPOSIT
26452	5/6/2013	SUD01	SUDDENLINK	159.90	B30429	INTERNET SERVICES
26453	5/6/2013	TAY01	TAYLOR'S LANDSCAPING SUPPLY	1,055.44	B30429	REPAIRS/ SUPPLIES
26454	5/6/2013	THR01	THRIFTY SUPPLY COMPANY	129.87	1340149	REPAIRS/ SUPPLIES
26455	5/6/2013	USB01	U.S. BANK TRUST N.A.	7,895.83	B30419	SEWER BOND PAYMENT

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26456	5/6/2013	USP02	USPS: ARCATA BMEU	1,227.16	B30506	PERMIT 239-NEWSLETTERS
26457	5/6/2013	VER01	VERIZON WIRELESS	147.27	B30506	CELL PHONES FOR APRIL 2013
26458	5/6/2013	WEN01	WILLIAM WENNERHOLM, DC	250.00	B30502	DIRECTORS FEES
26459	5/6/2013	WES09	WEST COAST PLUMBING	48.70	181534	REPAIRS/ SUPPLIES
26460	5/6/2013	ZEP01	ZEP MANUFACTURING CO.	351.02	900021577	REPAIRS/ SUPPLIES
26461	5/6/2013	\A007	MQ CUSTOMER REFUND FOR AB	46.95	000B30501	MQ CUSTOMER REFUND FOR AB
26462	5/6/2013	\B013	MQ CUSTOMER REFUND FOR BA	9.52	000B30501	MQ CUSTOMER REFUND FOR BA
26463	5/6/2013	\B036	MQ CUSTOMER REFUND FOR BU	39.58	000B30501	MQ CUSTOMER REFUND FOR BU
26464	5/6/2013	\C014	MQ CUSTOMER REFUND FOR CO	65.33	000B30501	MQ CUSTOMER REFUND FOR CO
26465	5/6/2013	\F005	MQ CUSTOMER REFUND FOR FR	38.96	000B30501	MQ CUSTOMER REFUND FOR FR
26466	5/6/2013	\G019	MQ CUSTOMER REFUND FOR GE	56.23	000B30501	MQ CUSTOMER REFUND FOR GE
26467	5/6/2013	\H004	MQ CUSTOMER REFUND FOR HO	100.00	000B30501	MQ CUSTOMER REFUND FOR HO
26468	5/6/2013	\L006	MQ CUSTOMER REFUND FOR LE	36.17	000B30501	MQ CUSTOMER REFUND FOR LE
26469	5/6/2013	\M017	MQ CUSTOMER REFUND FOR MA	85.65	000B30501	MQ CUSTOMER REFUND FOR MA
26470	5/6/2013	\N004	MQ CUSTOMER REFUND FOR NI	70.65	000B30501	MQ CUSTOMER REFUND FOR NI
26471	5/6/2013	\S017	MQ CUSTOMER REFUND FOR SC	28.07	000B30501	MQ CUSTOMER REFUND FOR SC
26472	5/6/2013	\S018	MQ CUSTOMER REFUND FOR SI	65.14	000B30501	MQ CUSTOMER REFUND FOR SI
26473	5/6/2013	\V003	MQ CUSTOMER REFUND FOR VA	74.81	000B30501	MQ CUSTOMER REFUND FOR VA
26474	5/6/2013	\W014	MQ CUSTOMER REFUND FOR WA	40.45	000B30501	MQ CUSTOMER REFUND FOR WA
26475	5/6/2013	\W015	MQ CUSTOMER REFUND FOR WI	55.13	000B30501	MQ CUSTOMER REFUND FOR WI

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26476	5/6/2013	\W017	MQ CUSTOMER REFUND FOR WI	85.02	000B30501	MQ CUSTOMER REFUND FOR WI
26477	5/6/2013	\W034	MQ CUSTOMER REFUND FOR WI	24.01	000B30501	MQ CUSTOMER REFUND FOR WI
26478	5/6/2013	\Y005	MQ CUSTOMER REFUND FOR YO	20.03	000B30501	MQ CUSTOMER REFUND FOR YO
26479	5/7/2013	HEL01	KEVIN HELD	350.00	B30507P	DJ FOR JR HIGH DANCE
26480	5/10/2013	\A008	CUSTOMER REFUND PAYABLES PL	45.97	B30510P	CUSTOMER REFUND PAYABLES PL
26481	5/13/2013	*0016	REC PROGRAM REFUND BH	45.00	B30509	REC PROGRAM REFUND BH
26482	5/13/2013	*0017	REC PROGRAM REFUND AH	128.40	B30509	REC PROGRAM REFUND AH
26483	5/13/2013	A&M02	A & M BODY SHOP & TOWING	130.00	14875 &76	VEHICLE REPAIRS
26484	5/13/2013	ACC01	ACCESS HUMBOLDT	100.00	B30506	MEMBERSHIP
26485	5/13/2013	ACW01	ACWA JOINT POWERS INSURANCE	46,854.16	B30513	GRP. HEALTH INS
26486	5/13/2013	ARC02	Arcata Stationers	539.69	B30503	OFFICE SUPPLIES
				146.44	B30508	OFFICE SUPPLIES
			Check Total:	<u>686.13</u>		
26487	5/13/2013	BAS01	BASIC LABORATORY INC.	649.00	1303892	LAB TESTING
26488	5/13/2013	BAY02	BAY WEST SUPPLY, INC.	767.71	B30503	JANITORIAL SUPPLIES FOR APRIL
26489	5/13/2013	CDW01	CDW GOVERNMENT, INC.	258.31	BW35536	PRINTER-FOR OFFICE
26490	5/13/2013	COS03	COSTCO WHOLESALE	61.91	B30503	REC PROGRAM SUPPLIES
26491	5/13/2013	DEP05	DEPARTMENT OF JUSTICE	32.00	968566	REC PROGRAM FINGERPRINTING
26492	5/13/2013	DOW01	DOWNEY BRAND ATTORNEYS LLC	686.90	449858	PROFESSIONAL SERVICES
26493	5/13/2013	EUR05	Eureka Oxygen Co	126.98	398324	REPAIRS/ SUPPLIES
26494	5/13/2013	EUR06	EUREKA READY MIX	365.66	A115845	REPAIRS/SUPPLY

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26495	5/13/2013	EVA01	EVANS MECHANICAL, INC.	91.00	B30508	REPAIRS/ SUPPLIES
26496	5/13/2013	HAR03	HARVEY M. HARPER CO.	756.27	B30503	VEHICLE REPAIRS
26497	5/13/2013	HUM08	HUMBOLDT SANITATION	943.30	B30503	TRASH SERVICE
26498	5/13/2013	HUM22	HUMBOLDT COUNTY SHERIFF	35.00	B30513	CASE# 201302242 LETZ THEFT REPORT
26499	5/13/2013	JON04	ERIK M. JONES	165.95	B30509	REIMB. FOR SAFETY GEAR
26500	5/13/2013	KEY01	KEY EQUIPMENT FINANCE	312.40	1306	EQUIPMENT LEASE
26501	5/13/2013	MCK03	MCKINLEYVILLE OFFICE SUPPLY	32.55	44765	OFFICE SUPPLIES
26502	5/13/2013	MCK04	MCK ACE HARDWARE	667.21	B30507	REPAIRS/SUPPLY
26503	5/13/2013	MIL01	Miller Farms Nursery	912.00	B30507	REPAIRS/SUPPLY
26504	5/13/2013	MIT01	Mitchell, Brisso, Delaney & Vrieze	2,276.69	32523	PROFESSIONAL SERVICES
26505	5/13/2013	NOR01	NORTH COAST LABORATORIES	2,963.00	B30507	LAB TESTING
26506	5/13/2013	NOR03	NO. COAST VETERINARY HOSPITAL	49.00	6236	PROFESSIONAL SERVICES
26507	5/13/2013	NOR35	NORTHERN HUMBOLDT	674.05	B30507	PROFESSIONAL SERVICES
26508	5/13/2013	NYL01	NYLEX.NET	1,680.00	73881	PROFESSIONAL SERVICES
				96.00	73883	PROFESSIONAL SERVICES
			Check Total:	<u>1,776.00</u>		
26509	5/13/2013	PGE01	PG & E (Office & Field)	11,267.91	B30507	GAS & ELECTRIC
26510	5/13/2013	REM01	REMY, MOOSE AND MANLEY,LLC	3,749.08	96051	PROFESSIONAL SERVICES
26511	5/13/2013	S&S02	S & S WORLDWIDE, INC.	49.78	7675359	REC PROGRAM SUPPLIES
26512	5/13/2013	UMP03	UMPQUA BANK--VISA	2,769.54	B30508	SUPPLIES PURCHASED IN APRIL
26513	5/20/2013	*0018	AZALEA HALL DEPOSIT REFUND McK	100.00	B30513	AZALEA HALL DEPOSIT REFUND McK

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26514	5/20/2013	*0019	REC PROGRAM REFUND EM	94.00	B30515	REC PROGRAM REFUND EM
26515	5/20/2013	*0020	AZALEA HALL DEPOSIT REFUND AG	100.00	B30517	AZALEA HALL DEPOSIT REFUND AG
26516	5/20/2013	ACW01	CB&T/ACWA-JPIA	60.00	2075	TRAINING
26517	5/20/2013	AJI01	HAIDER AJINA	135.00	B30517	CONTRACTED REFEREE
26518	5/20/2013	BRU04	REBECCA J. BRUINEKOOL	1,868.75	B30515	CONTRACTED INSTRUCTOR
26519	5/20/2013	CAM01	CAMPTON ELECTRIC SUPPLY	877.20	S1104654	LED STREETLIGHTS
				14,254.50	S1109345	LED STREETLIGHTS
				414.62	S1117992	LED STREETLIGHTS
			Check Total:	<u>15,546.32</u>		
26520	5/20/2013	CAP04	MERIT CAPE	13.00	B30515	CONTRACTED INSTRUCTOR
26521	5/20/2013	DEP03	DEPT OF HEALTH SERVICES	55.00	B30430	CERTIFICATION RENEWAL
26522	5/20/2013	FER04	FERNBRIDGE TRACTOR	252.49	23793	REPAIRS
26523	5/20/2013	KEN02	KENNEDY/JENKS CONSULTANTS	48,049.28	72729	WWMF UPGRADE
26524	5/20/2013	MEL02	MELISSA DATA CORPORATION	1,290.00	1369084	POSTAGE SYSTEM
26525	5/20/2013	NOR04	NORTHCOAST ENVIRONMENTAL	4,600.00	13-023	LETZ LANE CLEAN UP
26526	5/20/2013	OPI01	OPIE'S CHEVROLET & BUICK	361.89	10248	VEHICLE REPAIRS
26527	5/20/2013	ROU01	ROUND TABLE DEVELOPMENT CO.	106.16	720	REC PROGRAM SUPPLIES
26528	5/20/2013	SIE01	SIERRA FOOTHILL LAB, INC.	515.00	120782	LAB TESTING
				165.00	120530	LAB TESTING
			Check Total:	<u>680.00</u>		
26529	5/20/2013	SIE02	SIERRA CHEMICAL CO.	3,351.17	249377	CHLORINE/ CONTAINER DEPOSIT
26530	5/20/2013	SOC01	SOCCER ONE	86.30	295744	REC PROGRAM SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
26531	5/20/2013	THO02	Thomas Home Center	110.86	B30515	REPAIRS/SUPPLY
26532	5/20/2013	THR01	THRIFTY SUPPLY COMPANY	791.61	1340740	SUPPLIES/ REPAIRS
26533	5/20/2013	TRA01	COLLEEN TRASK	355.00	B30513	GFOA CONFERENCE - per diem
26534	5/20/2013	UPS01	UPS	113.89	Y6R493193	LAB SHIPMENT
26535	5/20/2013	GOR01	GORILLA GRAPHICS	708.00	3796P	REC PROGRAM SUPPLIES
26536	5/28/2013	*0021	AZALEA HALL DEPOSIT REFUND SL	100.00	B30520	AZALEA HALL DEPOSIT REFUND SL
26537	5/28/2013	*0022	AZALEA HALL DEPOSIT REFUND MGJ	100.00	B30524	AZALEA HALL DEPOSIT REFUND MGJ
26538	5/28/2013	A&L02	A & L FEED	82.71	B30520	SUPPLIES PURCHASED
26539	5/28/2013	ACW01	CB&T/ACWA-JPIA	46,854.16	B30509	GRP. HEALTH INS
26540	5/28/2013	ADA02	ADAPCO,INC	595.56	92761	REPAIRS/ SUPPLIES
26541	5/28/2013	AND03	JENS M. ANDERSEN	42.99	B30524	SAFETY SUPPLIES
26542	5/28/2013	APP01	APPLIED INDUST. TECH.	20.05	2863	REPAIRS/ SUPPLIES
26543	5/28/2013	ARC02	Arcata Stationers	572.52	B30521	OFFICE SUPPLIES
26544	5/28/2013	ATT01	AT&T	1,014.16	B30520	PHONE SYSTEM
26545	5/28/2013	BRY02	BRYCE CONSULTING, INC.	1,370.50	1355	PROFESSIONAL SERVICES
				1,670.50	1370	PROFESSIONAL SERVICES
			Check Total:	<u>3,041.00</u>		
26546	5/28/2013	CWE01	CA Water Environment Association	87.00	B30524	CERTIFICATE RENEWAL
26547	5/28/2013	EUR07	Eureka Rubber Stamp Co.	35.72	A11917	OFFICE SUPPLIES
26548	5/28/2013	HAC01	HACH COMPANY	298.96	824143	REPAIRS/SUPPLY
26549	5/28/2013	JON04	ERIK M. JONES	100.00	B30524	REIMB FOR CERT. TESTING FEE

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
26550	5/28/2013	MCK03	MCKINLEYVILLE OFFICE SUPPLY	7.29	45724	STREE LIGHT COPIES
26551	5/28/2013	MCK21	MCKINLEYVILLE PRESS	25.00	B30521	SUBSCRIPTIONS
26552	5/28/2013	MEN01	MENDES SUPPLY CO.	249.32	M046716-0	WATER TANK UPGRADE
26553	5/28/2013	MIL03	THE MILL YARD	4,136.81	157875	N. BANK AWNING
26554	5/28/2013	NYL01	NYLEX.NET	1,488.00	73938	PROFESSIONAL SERVICES
26555	5/28/2013	OSC01	OSCAR LARSON & ASSOCIATES	413.48	3722	PROFESSIONAL SERVICES
				63.34	3726	PROFESSIONAL SERVICES
			Check Total:	<u>476.82</u>		
26556	5/28/2013	PGE02	PACIFIC GAS & ELECTRIC	2,559.42	B30524	STREETLIGHTS
26557	5/28/2013	REN01	RENNER PETROLEUM	4,586.27	B30528	GAS/OIL/LUBE
26558	5/28/2013	RES05	USPS RESERVE ACCOUNT	1,500.00	B30521	POSTAGE
26559	5/28/2013	STA09	State Water Resources Control Board	170.00	B30524	CERT RENEWAL
26560	5/28/2013	STE12	STEVE MORRIS LOGGING & CO	1,440.00	92175	OPEN SPACE MAINTENANCE
26561	5/28/2013	TAY01	TAYLOR'S LANDSCAPING SUPPLY	1,899.79	B30524	SUPPLIES/ REPAIRS
				318,010.14		
			Total Disbursements, Accounts Payable:	<u>318,010.14</u>		

Payroll Related Disbursements

11054-11082	5/9/2013		Various Employees	14,797.39		Employee Payroll Checks
11083	5/9/2013	CAL12	CalPERS 457 Plan	3,003.26	B30509	RETIREMENT
11084	5/9/2013	DIR01	DIRECT DEPOSIT VENDOR- US	25,029.95	B30509	Direct Deposit
11085	5/9/2013	EMP01	Employment Development	-	B30430	STATE INCOME TAX
				1,301.56	B30509	STATE INCOME TAX
				(0.59)	1B30430	SDI

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
				523.75	1B30509	SDI
			Check Total:	<u>1,824.72</u>		
11086	5/9/2013	HUM29	UMPQUA BANK--PAYROLL DEP.	-	B30430	FEDERAL INCOME TAX
				4,674.05	B30509	FEDERAL INCOME TAX
				(7.32)	1B30430	FICA
				6,484.58	1B30509	FICA
				(1.70)	2B30430	MEDICARE
				1,516.56	2B30509	MEDICARE
			Check Total:	<u>12,666.17</u>		
11087	5/9/2013	AFL01	AFLAC	43.30	B30430	AFLAC (PRE-TAX)
11088	5/9/2013	PUB01	Public Employees PERS	15,333.70	B30430	PERS PAYROLL REMITTANCE
				56.08	1B30430	PERS CONTRIBUTION
			Check Total:	<u>15,389.78</u>		
11089-11092	5/14/2013		Various Employees	4,479.10		Vacation buyout checks
11093-11123	5/23/2013		Various Employees	14,887.70		Employee Payroll Checks
11124	5/23/2013	CAL12	CalPERS 457 Plan	78.93	B30514	RETIREMENT
				2,928.61	B30523	RETIREMENT
			Check Total:	<u>3,007.54</u>		
11125	5/23/2013	DIR01	DIRECT DEPOSIT VENDOR- US	24,231.20	B30523	Direct Deposit
11126	5/23/2013	EMP01	Employment Development	15.60	B30514	STATE INCOME TAX
				1,345.63	B30523	STATE INCOME TAX
				25.26	1B30514	SDI
				514.87	1B30523	SDI
				256.85	2B30514	STATE INCOME TAX
				38.92	3B30514	SDI
			Check Total:	<u>2,197.13</u>		
11127	5/23/2013	HUM29	UMPQUA BANK--PAYROLL DEP.	152.55	B30514	FEDERAL INCOME TAX
				4,530.41	B30523	FEDERAL INCOME TAX
				313.28	1B30514	FICA
				6,374.70	1B30523	FICA
				73.26	2B30514	MEDICARE

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
				1,490.84	2B30523	MEDICARE
				972.89	3B30514	FEDERAL INCOME TAX
				482.56	4B30514	FICA
				112.86	5B30514	MEDICARE
			Check Total:	14,503.35		
				136,060.59		
			Total Disbursements, Payroll:	136,060.59		
			Total Check Disbursements:	454,070.73		

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1. Presentation from the McKinleyville Land Trust

PRESENTED BY: Jason Sehon, Parks & Recreation Director

TYPE OF ACTION: None

Recommendation:

Listen to presentation by staff and representatives from the McKinleyville Land Trust (MLT).

Discussion:

The MLT has approached staff and asked to do presentation to the Board of Directors regarding the Chah-GAH-Cho (CGC) property located near the Mill Creek Market Place in McKinleyville.

The MLT was incorporated as a non-profit, tax-exempt organization on August 24, 1994. The MLT holds six (6) conservation easements, and owns three (3) properties, which are managed for public benefit. The three (3) properties are the CGC, Mad River Bluffs and the Dow's Prairie Educational Wetland; all of which are located in McKinleyville.

The land now known as CGC is a parcel of 9.5 acres near the Mill Creek Market Place. On April 27, 1996, this parcel was named Chah-GAH-cho, based on a Wiyot phrase, and dedicated to the public benefit forever. The MLT received a grant from the Coastal Conservancy to develop a Habitat Restoration Plan for the site. Landscape Architect Martha Ruhe wrote this plan, which has been partly implemented.

Part of the management plan includes a trail system, which is now being planned. A Coastal Development Permit application for these improvements is in process. Fundraising will officially begin on July 20, 2013, with a celebration at CGC.

Planned improvements to the property include adding a 0.6 mile rocked trail with signage and dogipots. In order to raise funds for these improvements, the MLT will be hosting a variety of fundraisers in the coming months.

The first fundraiser is called "Celebrate Chah-GAH-Cho!" The MLT is inviting the public to attend this party, which will have music, food and exploration of Chah-GAH-Cho. The party will be held on Saturday, July 20, 2013 from 12:00 pm to 3:00 pm. To find the party, take school Road to Betty Court (next

to the Mill Creek Cinema). Then go to the end of Betty Court and follow the signs to the party.

Representatives from the MLT have included a powerpoint presentation they would like to present during the meeting.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

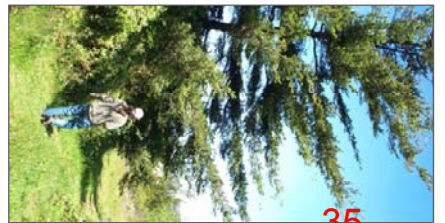
Exhibits/Attachments

- “Celebrate Chah-GAH-Cho!” Party brochure
- Powerpoint presentation



The McKinleyville Land Trust is a nonprofit public benefit organization, created to preserve land in McKinleyville for scientific, historic, educational, recreational, agricultural, scenic and open space purposes. The McKinleyville Land Trust promotes the voluntary conservation of land for nature, timber, agriculture, education, recreation, history, and scenery. The Land Trust is a way for people to donate land or conservation easements in perpetuity as a means of accomplishing their personal conservation goals. Often these donations have a tax-saving advantage as well.

The McKinleyville Land Trust
P.O. Box 2723
McKinleyville, CA 95519
707-839-LAND



Chah – GAH – Cho

For the Community, Forever

Do you know that there is a place next to Central Avenue in McKinleyville where you can walk among woodlands and open fields, and enjoy a spectacular view of the ocean? Chah-GAH-Cho (CGC) is 9.4 acres of forest and prairie south of the Mill Creek Marketplace. It is owned and managed by the McKinleyville Land Trust (MLT), to preserve this land in its natural state, for the benefit of the community. A small forest of red alder, Douglas-fir, and Sitka spruce lies next to open pasture land with a beautiful view of the lower Mad River and the ocean beyond. The land, in its natural state, nurtures plants, insect, birds, amphibians and mammals.

The Chah-GAH-Cho Trails Project

The MLT plans to build trails and set up signs, doggi pots, bike racks, and benches to make CGC more accessible for the community. The cost will be approximately \$30,000, about a third of which has already been raised. The MLT is planning a minimum of development consistent with making the area safe and welcoming for the community while preserving the surrounding natural areas.



Celebrate Chah-GAH-Cho!

Please join us for a party with music, food, and exploration of Chah-GAH-Cho!

Saturday, July 20th from 12:00 to 3:00 pm

There will be tours of the land, guided by biologists and botanists.
Tamales, beer, soft drinks, and cookies will be available for purchase,
proceeds of which will go toward the trails project.

Come and explore the wooded areas of the land, walk the proposed trail corridors, enjoy the sweeping view of the Mad River and the ocean, and learn about the history and the MLT's plan for the future of this land.

To find Chah-GAH-Cho, take School Road to Betty Court (next to the Mill Creek Cinema). Go to the end of Betty Court and follow the signs to the party!

What can you do to help?

You can help get these trails built by donating to the McKinleyville Land Trust. Donations can be in money or materials specifically for the Chah-GAH-Cho Trails Project. Send donations to: McKinleyville Land Trust, P.O. Box 2723, McKinleyville, 95519. You can also participate in work parties to help clean up litter, clear invasive plants, and work on trails. To find out more, call 839-LAND.

Please use Chah-GAH-Cho respectfully. Stay on trails; do not trespass on adjacent private land. Pick up litter.

Let us know about problems by calling the McKinleyville Land Trust at 839-LAND. **36**



Who we are:

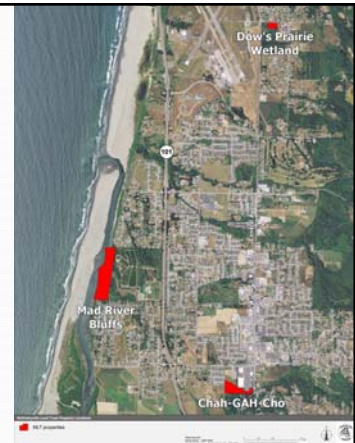
- The McKinleyville Land Trust (MLT) is a nonprofit public benefit organization, created to preserve land in McKinleyville for scientific, historic, educational, recreational, agricultural, scenic and open space purposes.
- MLT promotes the voluntary conservation of land for nature, timber, agriculture, education, recreation, history, and scenery.
- MLT is a way for people to donate land or conservation easements in perpetuity as a means of accomplishing their personal conservation goals.

MLT Organization

- MLT started as a non-profit land trust in 1994.
- MLT is operated by a part-time all-volunteer board.
- MLT relies on donations and fundraising to raise money to cover the cost of keeping its three parcels open to the public.
- MLT owns three properties in McKinleyville and holds several conservation easements throughout the area.

MLT Properties

- Chah-GAH-Cho
- Mad River Bluffs
- Dow's Prairie Educational Wetland



Chah-GAH-Cho

- Chah-GAH-Cho (CGC) is 9.4 acres of forest and prairie south of the Mill Creek Marketplace.
- The Chah-GAH-Cho Trails Project



Mad River Bluffs

- The Mad River Bluffs is a 75-acre property that was purchased by the California Coastal Conservancy and turned over to the MLT in 2001.
- Acquired to preserve public access to the coast, provide recreation opportunities, and protect the scenic and visual qualities of the open space in perpetuity.
- Trail improvement project completed in 2011.
- Current MOU with MCSO.



Dow's Prairie Educational Wetland

- Dow's Prairie Educational Wetland is a 2.5 acre property with a seasonal pond acquired in 2008.
- It is part of the US Fish and Wildlife Service Schoolyard Habitat Program and is used as an outdoor classroom by the adjacent Dow's Prairie Elementary School.



Dow's Prairie Elementary School students' art depicting wetland creatures

MLT Events

- In early spring, we present an annual dinner banquet with a silent auction and special guest speaker who presents on a topic of local interest.
 - This past March we had a record turnout of people and an incredible silent auction and Dutch raffle with donations from dozens of local businesses.
- Every third weekend in September, we have a food booth at the North Country Fair on the Arcata Plaza serving our own scrumptious version of Greek gyros.
- Celebrate Cha-GAH-Cho - **Saturday, July 20th**

Celebrate Cha-GAH-Cho

Saturday, July 20th from 12:00 to 3:00 pm

There will be tours of the land, guided by biologists and botanists. Food, beer, soft drinks, and cookies will be available for purchase, proceeds of which will go toward the trails project.

We are inviting the public to come and explore the wooded areas of the land, walk the proposed trail corridors, enjoy the sweeping view of the Mad River and the ocean, and learn about the history and the MLT's plan for the future of this land.

Questions?

If you are interested in learning more about MLT, including upcoming events, volunteering, conservation easements, or donating land, please contact us. We look forward to hearing from you.

Phone: 707-839-LAND (707-839-5263)

E-mail: info@mlandtrust.org

Web: www.mlandtrust.org

Check us out on Facebook!

www.facebook.com/McKinleyvilleLandTrust



McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.2 **Information related to Humboldt County Association of Governments (HCAOG) Board Membership request for future action by McKinleyville Community Services District (MCSD)**

PRESENTED BY: **Gregory P. Orsini, General Manager**

TYPE OF ACTION: **None**

Recommendation:

Staff requests the Board review the information for membership in HCAOG, take public comment and discuss future action by MCSD Board.

Discussion:

Effective April 18, 2013, the criteria for membership in HCAOG was modified by HCAOG Resolution 13-07. This resolution opened the door for continued discussion by the Board of MCSD's interest in application for membership. MCSD has potential to meet qualifications under the new criteria.

This item was placed on the agenda to allow the MCSD Board to discuss this issue in an open and transparent manner and to explore the Board's options for representation on HCAOG.

One option would be to apply for membership as to the HCAOG Board allowing full participation in the responsibilities and processes. The HCAOG Board is the final authority for all of the decisions generated in the region's transportation planning and programming arena.

Another option would be to request a seat on the Technical Advisory Committee. This second option would allow a management level MCSD staff member the opportunity to participate with other technical staff representatives from Cities County, Caltrans, California Highway Patrol, and five Native American Tribes in the preparation and maintenance of the Regional Transportation Plan and be advisory to the Policy Advisory Committee. To provide advice and recommendations to the Policy Advisory Committee on the effects of the Regional Transportation Plan on the plans of the member governments, and to provide assistance, advice and recommendations to the Policy Advisory Committee to facilitate the comprehensive, coordinated transportation planning process.

Marcella Clem from HCAOG is here to answer questions regarding the new criteria for membership and its application to MCSD.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 – Humboldt County Association of Governments (HCAOG) Staff Report Dated April 12, 2013 Regarding HCAOG Board Membership
- Attachment 2 – HCAOG Resolution 13-07 – RESOLUTION OF THE HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS APPROVING JOINT POWERS AGENCY MEMBERSHIP CRITERIA

Attachment 1



Humboldt County Association of Governments

611 I Street, Suite B

Eureka, CA, 95501

www.hcaog.net

AGENDA ITEM NO. 11

HCAOG Board meeting
of April 18, 2013

DATE: April 12, 2013
TO: HCAOG Board
FROM: Marcella Clem, Executive Director
SUBJECT: **HCAOG Board Membership**

STAFF REPORT

Contents:

- Staff's Recommended HCAOG Board Action
- Staff Summary
- Resolution 13-07

Staff recommended HCAOG Board Action:

1. Introduce the item as an action Item;
2. Allow staff to present the item;
3. Receive public comment;
4. Discuss item and consider making one of the following motions.

"I move to adopt Resolution 13-07, approving final membership criteria and direct staff to forward the final criteria to the Northern California Tribal Chairman's Association and the McKinleyville Community Services District."

"I move to continue this item to the next HCAOG Board meeting on May 16, 2013 for consideration of adoption of a resolution identifying final membership criteria."

Staff Summary:

The following criteria have been developed over the past year in consideration of Board membership requests.

On November 15, 2012 the HCAOG Board developed potential criteria for membership. A final list of criteria is before the Board for consideration of adoption through Resolution 13-07.

Proposed Membership Criteria

Any individual entity listed in California Government Code section 6500, or a joint powers agency comprised entirely of such individual members, which entity or agency is not an incorporated city, is eligible to apply to the Association to become a member, if it conforms to each of the following membership criteria.

1. Any public agency, federally recognized Indian tribe, or joint powers agency comprised entirely of the same, must be located within Humboldt County.
2. The representative of the individual entity, or that of a joint powers agency, identified in condition No. 1 above, designated by that entity or agency to serve on the Association Board of Directors, shall be an elected official.
3. No public agency or federally recognized Indian tribe, including a joint powers agency, will be eligible for membership without its written consent first obtained, agreeing that said agency will adhere to all state laws and regulations in the conduct of its affairs. This agreement shall include, but is not limited to, the Brown Act, Public Records Act, Political Reform Act, and other public interest laws and regulations that ensure political transparency and accountability.
4. Any individual federally recognized Indian tribe or any tribal joint powers agency made up of such tribes, and each of a tribal joint powers agency's constituent member entities, must first consent in writing to refrain from making any campaign contributions to individuals running for the Humboldt County Board of Supervisors or any City Council of a City located in Humboldt County, or to any transportation related ballot measure.
5. Each member of the Association shall ensure that its designated Association representative and alternate have not accepted campaign contributions from a federally recognized tribal government or from any tribal joint powers agency that is a member of the Association.
6. Any member agency that is not a direct recipient of housing allocations distributed by the Association through the Regional Housing Needs Assessment (RHNA) process shall not be permitted to participate or vote as a Board member on RHNA matters.
7. A public agency or federally recognized Indian tribe, including a joint powers agency must own and be responsible to maintain a public roadway system of more than five (5) miles. In the case of a joint powers agency, this threshold shall apply to the joint powers agency members collectively, and not to each of its individual constituent members.
8. Each public agency or federally recognized Indian tribe must have a population of at least three hundred (300) persons residing within the entity's jurisdictional boundaries. In the case of membership of a joint powers agency, this threshold shall apply to the joint powers agency collectively, and not to each of its individual constituent members.
9. A federally recognized Indian Tribe and any joint powers agency formed by such tribes for the purpose of Association membership must first agree in writing to the limited waiver of sovereign immunity specifically defined below, or as may be modified in the future, for their role in participating or enforcing provisions of this agreement.

Nothing in this Cooperative Agreement shall be deemed or construed to be a waiver of the sovereign immunity of any tribal government, or any joint powers agency formed by tribal governments, its officials, its entities, or employees, acting within their official or individual capacities except to the limited extent provided in this section. A member tribal government or any joint powers agency formed by tribal governments waives its sovereign immunity solely for declaratory and injunctive relief, and enforcement thereof, arising in relationship to the interpretation of the Cooperative Agreement as between member, or between members and the Association. A member Tribal Government does not waive its sovereign immunity to any action beyond those arising in relation to the interpretation of the Cooperative Agreement and does not waive sovereign immunity with respect to actions by non-parties to the Cooperative Agreement.

Unresolved issues and questions to be discussed:

1. What affirmative vote will it take to admit a new member? The current Agreement does not clearly address this. Whatever the Board decides should be written into the Cooperative Agreement.
2. Adding membership criteria to the Cooperative Agreement will require an amendment. The current existing Cooperative Agreement contains conflicting sections regarding the vote required for the amendment.

Section 10 states that an amendment of the agreement requires the approval of a majority of Board of Directors of the Association.

Section 14 states that an amendment shall take effect upon its execution by authorized representatives of the legislative bodies of the County of Humboldt and at least four (4) of the Cities, all of whom were signatories of the original agreement.

3. Should there be a mechanism to address a member who fails to conform to the criteria? If so, what should that mechanism be?

HCAOG

Humboldt County Association of Governments

RESOLUTION 13-07

RESOLUTION OF THE HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS APPROVING JOINT POWERS AGENCY MEMBERSHIP CRITERIA

WHEREAS, the Humboldt County Association of Governments (HCAOG) was established on May 7, 1968 through a Joint Powers Agreement (Agreement); and

WHEREAS, the Agreement was made and entered into by and among the County of Humboldt, a political subdivision of the State of California, and the incorporated cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell and Trinidad, all municipal corporations located within the boundaries of Humboldt County, California; and

WHEREAS, the Agreement allows additional membership only to any other city which may hereinafter be incorporated within the boundaries of the County of Humboldt and which may desire to participate in the activities of HCAOG without prior approval or ratification of the named parties to the Agreement; and

WHEREAS, HCAOG has considered amending the Agreement on a case by case basis, consistent with Membership Criteria provided in Attachment A;

NOW, THEREFORE, BE IT RESOLVED that the Humboldt County Association of Governments hereby approves and adopts the Membership Criteria.

PASSED AND ADOPTED by the Humboldt County Association of Governments, in the City of Eureka, County of Humboldt, State of California, this 18th day of April 2013, by the following vote:

AYES: MEMBERS:

NOES: MEMBERS:

ABSENT: MEMBERS:

ABSTAIN: MEMBERS:

ATTEST:

Siana Watts, Executive Assistant

Councilmember Susan Ornelas, Chair

ATTACHMENT A

Proposed Membership Criteria

Any individual entity listed in California Government Code section 6500, or a joint powers agency comprised entirely of such individual members, which entity or agency is not an incorporated city, is eligible to apply to the Association to become a member, if it conforms to each of the following membership criteria.

1. Any public agency, federally recognized Indian tribe, or joint powers agency comprised entirely of the same, must be located within Humboldt County.
2. The representative of the individual entity, or that of a joint powers agency, identified in condition No. 1 above, designated by that entity or agency to serve on the Association Board of Directors, shall be an elected official.
3. No public agency or federally recognized Indian tribe, including a joint powers agency, will be eligible for membership without its written consent first obtained, agreeing that said agency will adhere to all state laws and regulations in the conduct of its affairs. This agreement shall include, but is not limited to, the Brown Act, Public Records Act, Political Reform Act, and other public interest laws and regulations that ensure political transparency and accountability.
4. Any individual federally recognized Indian tribe or any tribal joint powers agency made up of such tribes, and each of a tribal joint powers agency's constituent member entities, must first consent in writing to refrain from making any campaign contributions to individuals running for the Humboldt County Board of Supervisors or any City Council of a City located in Humboldt County.
5. Each member of the Association shall ensure that its designated Association representative and alternate have not accepted campaign contributions from a federally recognized tribal government or from any tribal joint powers agency that is a member of the Association.
6. Any member agency that is not a direct recipient of housing allocations distributed by the Association through the Regional Housing Needs Assessment (RHNA) process shall not be permitted to participate or vote as a Board member on RHNA matters.
7. A public agency or federally recognized Indian tribe, including a joint powers agency must own and be responsible to maintain a public roadway system of more than five (5) miles. In the case of a joint powers agency, this threshold shall apply to the joint powers agency members collectively, and not to each of its individual constituent members.
8. Each public agency or federally recognized Indian tribe must have a population of at least three hundred (300) persons residing within the entity's jurisdictional boundaries. In the case of membership of a joint powers agency, this threshold shall apply to the joint powers agency collectively, and not to each of its individual constituent members.

9. A federally recognized Indian Tribe and any joint powers agency formed by such tribes for the purpose of Association membership must first agree in writing to the limited waiver of sovereign immunity specifically defined below, or as may be modified in the future, for their role in participating or enforcing provisions of this agreement.

Nothing in this Cooperative Agreement shall be deemed or construed to be a waiver of the sovereign immunity of any tribal government, or any joint powers agency formed by tribal governments, its officials, its entities, or employees, acting within their official or individual capacities except to the limited extent provided in this section. A member tribal government or any joint powers agency formed by tribal governments waives its sovereign immunity solely for declaratory and injunctive relief, and enforcement thereof, arising in relationship to the interpretation of the Cooperative Agreement as between member, or between members and the Association. A member Tribal Government does not waive its sovereign immunity to any action beyond those arising in relation to the interpretation of the Cooperative Agreement and does not waive sovereign immunity with respect to actions by non-parties to the Cooperative Agreement.

HCAOG

Humboldt County Association of Governments

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WHEREAS, the Agreement allows additional membership only to any other city which may hereinafter be incorporated within the boundaries of the County of Humboldt and which may desire to participate in the activities of HCAOG without prior approval or ratification of the named parties to the Agreement; and

WHEREAS, HCAOG has considered amending the Agreement on a case by case basis, consistent with Membership Criteria provided in Attachment A;

NOW, THEREFORE, BE IT RESOLVED that the Humboldt County Association of Governments hereby approves and adopts the Membership Criteria.

PASSED AND ADOPTED by the Humboldt County Association of Governments, in the City of Eureka, County of Humboldt, State of California, this 18th day of April 2013, by the following vote:

AYES: MEMBERS: Bass, Fulkerson, Titus, Jäger, Ornelas, manzanita

NOES: MEMBERS: Strenl, Thompson

ABSENT: MEMBERS: None

ABSTAIN: MEMBERS: None

ATTEST:


Siana Watts, Executive Assistant


Councilmember Susan Ornelas, Chair

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Consider Approval of Agreement with Willdan Consulting Services to perform Revised Rate Study to Correct 2012 Water Rate Structure Defects.**

PRESENTED BY: **Greg Orsini, General Manager**

TYPE OF ACTION: **Voice Vote**

Recommendation:

Staff recommends the Board review the attached information, take public comment, and consider approving the general manger to enter into a contract with Willdan Financial Services consistent with the attached professional services agreement.

Discussion:

The existing water and sewer rates are not fully recovering costs associated with operation, maintenance and capital projects. For each of the two enterprises staff recommended and the Board approved an agreement with Willdan Financial Services in May of 2011 to conduct a rate analysis, and assist MCSD in the process of adjusting the rates to capture those costs.

In March of 2012 a Proposition 218 notification was presented to all rate payers in McKinleyville pursuant to California Constitution Article XIID. The notice proposed phased adjustments to the water and sewer rates and offered the ratepayers the opportunity to protest the adjustments.

During the May 2012 Board Meeting Resolution 2012-17 was passed giving MCSD the authority to adjust rates annually for five consecutive years with little protest from the community.

The new rates were instituted in July of 2012 and immediate revenue shortfalls were noted, but attributed to lower than anticipated water consumption. Water revenues were tracked month by month and the information was made public.

It was apparent to staff that a potential issue with the rate analysis could be causing the shortfall. Starting in November of 2012 a more concerted effort to find the cause began, an investigation and review of the Rate Analysis began shortly after the passing of Mr. Shopay, because of the crisis the rates study review was given a high priority but not full attention.

By April of 2013 after several months of review staff discovered the defect in the rate analysis by applying the July of 2011 water consumption to the July 2012 rate structure and noted a lower than predicted increase in revenues as demonstrated in Attachment 3. The increase in revenues should have been approximately 20% but were less than 2%. We then had solid numbers and were able to trace the cause of the short fall back to an inconsistency between the rate analysis and the Proposition 218 announcement.

At the May 1, 2013 meeting management informed the board via the General Manager's report of the findings. On May 2, 2013 a letter was drafted to Chris Fisher of Willdan Financial as noted in Attachment 2. Willdan responded immediately. They requested time to review our assumption, and came to the same conclusion as noted in a technical memorandum dated May 15, 2013 noted as Attachment 4.

Since then MCSD and Willdan Financial have been negotiating a method to right the discrepancy in a manner that is acceptable to MCSD. A Professional Services Agreement is included as Attachment 1.

In summary, the wholesale cost of water, the Humboldt Bay "pass through" allocation is not showing up in the fixed or commodity charges. Based on the Proposition 218 notice and our implementation the "pass through" was to start at \$0 and be adjusted annually to reflect wholesale increases. To confirm, we took the wholesale cost allocation, divided by 12, and the effective increase would be 23% (up from 1.68%) as noted in Attachment 3. Much closer to the 20% expected from the rate study and verified by Willdan Financial.

The agreement included as Attachment 1 will not only address the deficiency in the original analysis, but also propose a method to recoup the lost revenue from the previous year. Staff has recommended the lost revenues be recouped over a four year period of time to lessen the impact on the ratepayers.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The entire cost to redo the Rate Analysis will be covered by Willdan Financial per their agreement.

The loss in revenue is approximately \$400,000 for last year, and will be recaptured as part of the rate adjustment to fully cover the cost of providing service to our rate payers.

If the recovery of the lost revenue is amortized over four years it will be an increase of \$1.50 per month per ratepayer.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 Professional Service Agreement
- Attachment 2 Email to Willdan Dated May 2, 2013
- Attachment 3 MCSD Rate Analysis using previous year water consumption
- Attachment 4 Willdan Technical Memo Dated May 15

Attachment 1

McKinleyville Community Services District
PO Box 2037, McKinleyville California 95519
Telephone (707) 839-3251 - FAX (707) 839-8456

Professional Services Agreement

This Professional Services Agreement (this "Agreement") is made and entered between the parties listed below as of the date(s) set forth below. For your protection, make sure that you read and understand all provisions before signing. The terms recited as sections a through u on Pages 2-6 are incorporated in this document and, along with this page and attached Exhibits A and B, constitute material terms and conditions of the Agreement between the parties.

TO: Willdan Financial Services DATE: July 10, 2013

27368 Via Industria, Agreement No. 2013-06
Suite 110

Temecula, CA 92590

The undersigned Consultant offers to furnish the following services (the "Services"):

As described in the proposal submitted by Consultant dated June 26, 2013, which is attached hereto as **Exhibit A** and incorporated herein by reference. The terms and conditions of **Exhibit B**, attached hereto, are also incorporated herein by reference.

Contract price \$ 0.00 (see attached **Exhibit B**)

Completion date Until Complete

Payment Intervals:

Monthly

Instructions: Sign and return original. Upon acceptance by McKinleyville Community Services District, a copy will be signed by its authorized representative and promptly returned to you. Insert below, the names of your authorized representative(s).

Accepted: McKinleyville CSD Consultant:
 Willdan Financial Services
 (Business Name)

By Gregory Orsini By _____

Title General Manager Title _____

Other authorized representative(s): Other authorized representative(s):

Consultant agrees with McKinleyville Community Services District that:

- a. **Indemnification.** To the fullest extent permitted by law and consistent with California Civil Code § 2782.8(a), Consultant will defend, indemnify and hold harmless McKinleyville Community Services District, its directors, officers, employees, and authorized volunteers (collectively "District") from and against all claims, demands and damages of all persons and entities that arise out of, pertain to, or relate to the Consultant's negligent acts or omissions, recklessness, or willful misconduct in the performance (or non-performance) of the Services under this Agreement. Consultant shall not be obligated to defend or indemnify the District from and against all claims, demands and damages that arise out of, pertain to, or relate to the District's own negligent acts or omissions, recklessness, or willful misconduct or the negligent acts or omissions, recklessness, or willful misconduct or others.
- b. **Standard of Care.** In providing the Services under this Agreement, Consultant shall exercise that degree of skill and care ordinarily used by other reputable members of Consultant's profession, practicing in the same or similar locality and under similar circumstances.
- c. **Workers Compensation Insurance.** By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and that Consultant will comply with such provisions before commencing the performance of the professional services and work under this Agreement. Consultant and sub-consultants will keep workers' compensation insurance for their employees in effect during all Services covered by this Agreement.
- d. **Professional Liability Insurance.** Consultant will file with McKinleyville Community Services District, before beginning professional services, a certificate of insurance satisfactory to the McKinleyville Community Services District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to McKinleyville Community Services District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-:VII, or equivalent, or as otherwise approved by McKinleyville Community Services District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the contract Services. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. In the event that the Consultant employs other consultants (sub-consultants) as part of the Services covered by this Agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above prior to the commencement of any Services by the sub-consultant.

- e. **Insurance Certificates.** Consultant will file with McKinleyville Community Services District, before beginning professional services, certificates of insurance satisfactory to McKinleyville Community Services District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to McKinleyville Community Services District. The general liability coverage is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by McKinleyville Community Services District, its directors, officers, employees, or authorized volunteers shall not contribute to it". The general liability coverage shall give McKinleyville Community Services District, its directors, officers, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII, or equivalent, or as otherwise approved by McKinleyville Community Services District. In the event that the Consultant employs other consultants (sub-consultants) as part of the Services covered by this Agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.
- f. **Renewal Certificates.** If any of the required coverages expire during the term of this Agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to McKinleyville Community Services District at least ten (10) days prior to the expiration date.
- g. **General Manager Authority.** Consultant shall not accept direction or orders from any person other than the General Manager or the person(s) whose name(s) is (are) inserted on Page 1 as "other authorized representative(s)" on behalf of McKinleyville Community Services District. General Manager will issue specific task order approval, consultant will not proceed on any individual task order without prior approval.
- h. **Payment Intervals.** Payment, unless otherwise specified on Page 1, is to be 30 days after acceptance of a written invoice by McKinleyville Community Services District.
- i. **Permits and Licenses.** Permits and licenses required by governmental authorities in connection with Consultant's services will be obtained at Consultant's sole cost and expense, and Consultant will comply with applicable local, state, and federal regulations and statutes including Cal/OSHA requirements.
- j. **Amendments and Modifications.** Any change in the scope of the professional Services to be done, method of performance, nature of materials, work provided or price thereof, or to any other matter materially affecting the performance or nature of the Services will not be paid for or accepted unless such change, addition or deletion is approved in advance, in writing by a supplemental Agreement executed by McKinleyville Community Services District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.
- k. **Warranties.** Consultant represents and warrants that it is now, and will remain for the duration of its Services, properly licensed, qualified, experienced, and equipped to

perform the Services. Consultant also represents and warrants that the Services shall be completed in strict accordance with this Agreement. Consultant further represents and warrants that the Services and the sale or use of the Services shall not infringe, directly or indirectly, on any valid patent, copyright or trademark, and Consultant shall, at Consultant's sole cost and expense, indemnify, defend and hold harmless McKinleyville Community Services District from and against any and all claims and causes of action based on alleged or actual infringements thereof. These warranties shall survive the expiration or termination of this Agreement, and are in addition to any warranties provided by law. No payment to Consultant for any Services performed hereunder (including, without limitation, final payment) shall constitute a waiver of any Claims by McKinleyville Community Services District against Consultant relating to the Services.

- l. **Ownership of Drawings and Samples.** Consultant shall submit promptly for all drawings, details, samples and other data required or specifically requested by McKinleyville Community Services District in connection with provision of the Services, and such drawings, details, samples and other data created in connection with performance of the Services and provision of the work shall constitute the property of the McKinleyville Community Services District. District's reuse of such materials on any project other than the project for which they were originally intended shall be at McKinleyville Community Services District's sole risk.
- m. **Compliance with Law/Safety.** In performance of the Services, Consultant shall, at its expense, exercise due professional care, comply strictly with, and cause all sub-consultants to comply strictly with, all laws, orders, rules and regulations of governmental authorities, including those relating to the storage, use or disposal of hazardous wastes, substances or materials, and including the procurement and payment for all necessary permits, certificates and licenses required in connection with the Services. If either Consultant or McKinleyville Community Services District receives notice of any violation by Consultant of any laws relating to Consultant or McKinleyville Community Services District receives notice of any violation by Consultant of any laws relating to Consultant's (or sub-consultants) services or work provided hereunder, such party shall promptly inform the other party in writing of the existence thereof. Consultant shall comply with all applicable laws relating to safety, including without limitation the Occupational Safety and Health Act of 1970 as it may be amended from time to time, and all regulations and standards issued pursuant thereto. Consultant shall conform to the current prevailing standards of safety practice and shall observe and comply with all policies, procedures, rules and regulations of McKinleyville Community Services District.
- n. **Equal Opportunity.** In the performance of the Services there shall be no discrimination on account of race, religion, sex, sexual orientation, age or national origin and Consultant shall comply with applicable federal, state and local laws and regulations pertaining to fair employment practices, including without limitation the provisions of Executive Order 11246 as amended by the President of the United States and the rules and regulations issued pursuant thereto, unless exempted.
- o. **Termination.** McKinleyville Community Services District may, at its option, terminate this Agreement without cause at any time. If at the time of any such termination, any Services have already been provided by Consultant but are unpaid for, McKinleyville Community Services District's only obligation, if Consultant is not in default, shall be to pay for such Services actually provided by Consultant prior to the date of termination. Upon receipt of notice of termination, Consultant shall immediately stop all performance hereunder except as otherwise directed by McKinleyville Community Services District, and if Consultant is not in default, McKinleyville Community Services District shall pay to

Consultant (a) the prorata portion of the agreed price based on the percentage completion of the Services which was satisfactorily completed at the time of termination, and (b) the actual net costs incurred by Consultant directly connected with the Services that was not completed prior to the date of termination; provided, however, that under no circumstances shall the total under (a) and (b) exceed the contract price stated on page one (1) of this Agreement, above. Upon such payment, title to any such items or uncompleted Services shall, at McKinleyville Community Services District's option, pass to McKinleyville Community Services District.

- p. **Default.** Upon any default by Consultant hereunder, or in the event of proceedings by or against Consultant in bankruptcy or for the appointment of a receiver or trustee or an assignment for the benefit of creditors, McKinleyville Community Services District may, at its option, terminate this Agreement without penalty or liability (except for payment for any Services completed and accepted by McKinleyville Community Services District). Consultant shall be liable to McKinleyville Community Services District for all expenses incurred by McKinleyville Community Services District in finishing the Services and any damage incurred through any default, which at the option of McKinleyville Community Services District, may be charged against any amounts due from McKinleyville Community Services District to Consultant hereunder, but Consultant's liability hereunder shall not be limited thereby and such liability shall survive the expiration or termination of this Agreement. Any remedies provided for in this Agreement are cumulative and shall be in addition to, and not in limitation of, any other rights and remedies that may be available at law or in equity. Neither party shall be in default of this Agreement until such party has received three (3) days written notification (except in the instance of a health or safety concern, in which case failure to immediately remediate the health or safety violation shall be grounds to declare a default of this Agreement), and an opportunity to cure, or in the case of an alleged default which requires more than three (3) days to cure, a reasonable time so long as the alleged defaulting party commences the remediation of the default immediately, and thereafter diligently prosecutes the same to completion.
- q. **Notices.** Notices, requests, demands, and other communications hereunder shall be in writing and delivered personally, sent by reputable overnight courier or mailed by first class, United States mail, with postage prepaid, to McKinleyville Community Services District, **PO Box 2037, McKinleyville California 95519, Attention: Greg Orsini**, and to Consultant at the address set forth below its signature, or at any other address that may be given by either party to the other in the manner provided above. Notices delivered personally or sent by overnight courier shall be deemed delivered upon receipt. Notices delivered by mail shall be deemed delivered upon the earlier of (i) receipt or (ii) the date three (3) U.S. mail delivery days after the notice was placed in the United States mail as provided above.
- r. **Headings.** All section headings are provided for convenience only, and shall not be deemed to constitute material terms and conditions of this Agreement.
- s. **Interpretation.** Both Consultant and McKinleyville Community Services District are deemed to have jointly participated in the negotiation and preparation of this Agreement. Consequently, both Consultant and McKinleyville Community Services District are considered to have drafted this Agreement in equal parts and, if any ambiguity is found to exist, all rules of law and evidence requiring ambiguities to be interpreted to the detriment of the drafting party shall not apply.

- t. **Attorneys Fees and Venue for Disputes.** If litigation becomes necessary to enforce the terms and provisions of this Agreement or as a result of any breach by Consultant or District of this Agreement, the prevailing party in any such litigation shall be entitled to recover reasonable attorneys fees and costs. The Humboldt County Superior Court for the State of California shall have exclusive jurisdiction over any dispute arising out of this Agreement or Consultant's provision of Services hereunder, and shall serve as the venue for any such dispute. All parties expressly consent to this designation of jurisdiction and venue.
- u. **Additional Terms and Conditions.** Additional material terms and conditions of this Agreement are attached hereto as **Exhibit B**.

June 26, 2013

Mr. Gregory P. Orsini
General Manager
McKinleyville Community Services District
1656 Sutter Road
McKinleyville, California 95519

Re: *Proposed Scope of Services to Review and Update the McKinleyville Community Services District's Water Rate Study*

Dear Mr. Orsini:

As a follow-up to our memo dated May 23rd, which outlined our findings related to the water revenue shortfall experienced by the McKinleyville Community Services District ("CSD") following the rate study completed by Willdan Financial Services ("Willdan") in June 2012; and based upon our telephone conversations and your letter dated May 23, 2013, this document outlines Willdan's proposed work plan to review and update the Water Rate and Financial Analysis prepared for the CSD. As detailed in the scope, water rates will be renewed for a four-year period so that future rate increases are synchronized with sewer rates, which were set last year and are not anticipated to be changed as part of this update. Also, our scope includes a verification of sewer rate revenue sufficiency, but no further analysis or modification of existing sewer rates.

As we have discussed, and as was outlined in our memo; the shortfall in water rate revenue that the CSD is currently experiencing appears to be the result of a problem with our model, whereby the revenue requirements and cost analysis related to the Humboldt Bay Municipal Water District (HBMWD) pass-through charge (the "pass-through") was not carried through the model and incorporated into the development of the updated water rates, so that the rates do not include allowance for the pass-through. As such, this update will focus on addressing that circumstance, updating the analysis and rates accordingly to address that shortfall, while updating key inputs to the analysis as necessary during the process. We expect that the inclusion of the pass-through will address the shortfall.

Work Plan

We have structured our work plan in the same fashion as the original scope of work, to re-trace the steps taken in the original project. In most cases the tasks will involve review and update of key assumptions, data inputs, etc., rather than starting from scratch with a ground-up analysis.

Phase 1: Data Collection and Project Initiation

The goal of this phase of the work plan is to review and update the previously identified key issues associated with the analysis, and collect updated data as required. This discussion and data gathering will center on the analysis completed for the original study, and will specifically focus on the inclusion of the pass-through surcharge for HBMWD, and the impact of that on the updated rates.

Willdan will attend one (1) meeting with staff and the Board to explain the reason for the revenue shortfall, and present the plan for completing the updated analysis.

Phase 2: Revenue Requirements Analysis

Since the CSD's revenue requirements (financial plan) and rate structure are directly dependent on one another, our goal during the update of the revenue requirements is to identify each variable and describe the result of adjustments to the overall revenue requirements and rates. We will examine and review the inputs to the Revenue Requirements analysis, and make updates or adjustments as dictated by the reality that currently exists, compared to that when the study was originally completed. Since the pass-through was included in the revenue requirements portion of the original analysis, we don't anticipate significant change to this component of the study.

Willdan will use our graphical scenario manager, to create and test new scenarios, and model the impacts of changes from the baseline (original) analysis. The Revenue Requirements completed during the original analysis will serve as the baseline. In addition, we will complete a revenue sufficiency check as part of the initial analysis, to verify the revenue currently being realized, given the applicable billing determinants. This will serve as the basis for creating the updated rates.

Task 1: Update Revenue Requirements

We will conduct a baseline revenue analysis, beginning with the analysis completed in the initial rate study, and incorporate this updated analysis into the rate model. The objective of this analysis is to ensure that utility revenues will be sufficient to recover total cash needs for the desired four (4) year projection period. Accordingly, allowing water rates to be reviewed and updated in conjunction with sewer rates, as part of the typical five-year cycle. Willdan will utilize a “cash-needs” approach, where cash needs refer to the total revenue required by the utility to meet its cash expenditures. Basic revenue requirement components of the cash-needs approach include O&M expenses, debt-service payments, contributions to specified reserves, and the cost of capital expenditures that are not debt-financed or contributed from other sources. In projecting future revenues, we will verify adequate historical data as a basis. Willdan will update the original revenue requirements analysis, based on the utility’s existing financial statements, again beginning with the original revenue requirements as a starting point, to test for base year revenue sufficiency.

Task 2: Historical Projections and Customer Attributes

Willdan will verify the amount of revenue that is currently being derived from the CSD’s current rates (implemented as a result of the original study), based on data regarding customer billing and the prior analysis, and specifically, data from the period following the implementation of the current rates. This review will also serve as a verification procedure, comparing projected against recorded revenues.

Willdan will review, and update as necessary, historical water consumption to confirm the consumption makeup of the CSD and assess water demands. Updated billing and consumption data may be incorporated into our forecasted projections, future water demands, annual consumption trends, and seasonal trends. Specifically, we will also analyze how consumption and revenue have reacted based upon the recently adopted tiered water rates, and focus on resolving the shortfall in revenue that the CSD is experiencing.

Task 3: Maintenance, Operations and Capital Improvement Plan

As necessary, given changes since the original study was completed, we will review operating and maintenance costs included in the original analysis, and incorporate required changes into the model and revenue requirements analysis, ensuring that a four-year minimum projection of revenue and rate requirements is included. We will also review the CIP to update relevant data points that feed into the revenue requirements, including updated debt service figures, depreciation, or updates to reserves for repair and replacement.

Task 4: Financing Options

We will review current assumptions related to the financing of capital projects. We will review and discuss with the CSD the assumptions that were included originally, make changes where appropriate, and use the model to demonstrate updated revenue requirements. Changes may relate to the use of PAYGO, loans or other debt, or use of reserves.

Phase 3: Updated Cost of Service Analysis

Since the critical principal in establishing adequate rate schedules that are fair and equitable to different customers is that rates should reflect the costs of providing service, we will review the allocation of costs to the utilities’ functional components, which was completed in the original study. We will focus on the cost related to purchased water from HBMWD, and verify that it flows through the model and into the updated rates.



Task 1: Allocating Costs of Service to Cost Components

We will verify that the revenue requirements developed in Phase 2 are correctly reflected as O&M expenses and capital costs. We will verify that the functional cost allocation is properly distributed to supply, pumping, treatment, transmission and distribution, customer meter reading, billing collection costs and administrative costs. We will also verify that capital and debt costs are appropriately allocated.

Task 2: Review of Cost Distribution to Customer Classes

In this task we will verify that component costs are appropriately allocated to customer classes. We will review the service characteristics and demand patterns associated with CSD customers to ensure appropriate cost allocations. Where appropriate, adjustments will be highlighted and discussed with CSD staff. We will also verify the proper treatment of the HBMWD pass-through charge.

Since new rates were implemented last year, we will review demand patterns of customers, to analyze their peak-day demand relative to average demand. If necessary, we will update the analysis. We will obtain updated consumption and billing data, and update our database of customer data to generate customer characteristics, usage patterns, and overall demand of the system.

Phase 4: Rate Design Update

Willdan will develop updated water rates based upon the results of this review. The primary driver for updated rates will be the inclusion of the HBMWD pass-through charge in the base rates. The rate structure will also include allowance for an annual adjustment to the pass-through charge, based upon future increases imposed by HBMWD.

We will incorporate necessary updates to the rates based upon our review of current data. However it is anticipated that these changes will be minimal, and that the focus will be on the inclusion of the pass-through charge.

As part of this process, we will work with CSD staff and key stakeholders to develop the message that will ultimately be delivered to the public to provide explanation of the need for this adjustment to the rates.

We will test revenue sufficiency of the newly recommended rates to ensure that they will ultimately yield the level of revenue necessary for sound financial operation of the utility.

Phase 5: Sewer Rate Check

Willdan will perform a simple revenue sufficiency check and review of current sewer rates. The objective of this sufficiency analysis is to ensure these rates are also generating sufficient revenue, as was intended through the implementation of the updated rates last year.

Phase 6: Study Recommendations and Presentations

Willdan will prepare an updated final report that reflects the changes incorporated into the new analysis to fully document the methodologies, bases, findings, and recommendations of the revised study. Willdan will deliver and present the final report to the CSD and Board. We will also provide detail for processes and next steps for the implementation of any of the findings, including Proposition 218 processes for adopting new water rates.

Willdan will meet with staff and Board members at **one (1) public workshop** to present the study findings and recommendations, and the reasons and rationale behind the need for this revision in the water rates, prior to the Prop 218 Public Hearing.



Prop. 218 Procedural Requirements

We will create a new notice that will explain: the purpose of the rates, the reason for the update; how the rates are structured; identify the time and place of the public hearing; and provide details on what constitutes the existence of a majority protest, as it relates to the implementation of a new/increased utility rate structure. We will execute the mailing of the notices to affected property owners at our cost.

We will guide the CSD through the noticing process, and assist staff with the consumer education effort for the implementation of the water rate structure.

We will attend the **two (2) Board meetings** for the adoption of the updated rates.

In closing, Willdan appreciates this opportunity to assist the McKinleyville Community Services District in addressing the issues created with the first study, developing updated rates, and providing assistance with the implementation of updated rates. To discuss any aspect of this proposed scope of services, please contact me directly at (951) 587-3528 or e-mail to cfisher@willdan.com.

Sincerely,

Willdan Financial Services



Chris Fisher
Group Manager and Vice President



Exhibit B

The following additional terms and conditions shall be applicable to this Consultant Retention Agreement, and are material terms of the Agreement:

1. Willdan will perform all requisite rate revision analysis outlined in the Scope of Services attached to this Agreement as “Exhibit A”, and associated work and studies, at its sole cost and expense at no charge to MCSD.
2. Willdan will, during the course of the rate revision process, publicly acknowledge that the failure to capture the HBMWD pass through costs during the 2012 Proposition 218 Process and rate increase process occurred as a result of the inconsistent rate calculation methodology performed by Willdan, and inadvertent failure to include the pass through costs in the rate structure.
3. Willdan will be required to attend, at its own cost and expense and at no charge to MCSD, multiple public hearings (as reasonably necessary) to implement any rate revisions as well as a public workshop explaining the reasons that rate revisions are necessary.
4. Willdan must bear all costs and expenses incurred in connection with a redundant Prop. 218 process, including, but not limited to, Prop. 218 ballot preparation costs and Prop. 218 legal counsel review costs, and will reimburse MCSD for all reasonable costs related to the process.
5. Willdan will assist MCSD in updating the rate analysis so that the resulting rate structure when completed will cover a four (4) year period, assuming this can be completed in compliance with Prop 218.
6. In the event MCSD is not able to capture lost revenues as a result of last year’s defective rate analysis, MCSD reserves all rights and claims against Willdan for lost revenues, and entry of this Consultant Retention Agreement shall not constitute a waiver, express or implied, of any right(s), claims, causes of action, damages or fees MCSD has incurred or will incur in the future as a result of the defective rate analysis previously performed by Willdan.

Consultant’s Signature: _____

Date: July __, 2013

MCSD Signature: _____

Date: July __, 2013

Attachment 2

From: Greg Orsini
To: ["cfisher@willdan.com"](mailto:cfisher@willdan.com)
Bcc: [MITCHELL, BRISSO, DELANEY & VRIEZE Attorneys at Law \(rgans@mitchelllawfirm.com\)](mailto:rgans@mitchelllawfirm.com)
Subject: Water Rate Study McKinleyville CSD
Date: Thursday, May 02, 2013 11:24:00 AM
Attachments: [04-08-13 JULY 2011 COMPARISON.xlsx](#)
[image001.png](#)
[06-06-12 Water-Sewer Rate Analysis - Public Hearing - FINAL.pdf](#)
[Final Proposition 218 Notification 022412.docx](#)
[MCSD Water Rate Study - Noticed.xlsm](#)

Chris,

Based on roughly 8 months of billing MCSD's water revenues are significantly underperforming the projections in the water rate study. We have been actively monitoring water consumption although lower than forecasted appear to not be the cause. As a result, we have cut back our operating budget and are quickly depleting reserves.

Last week, we put together the attached spreadsheet to truth the increases. As you see, given the actual data (July 2011), the new rates only increase revenues 1.68%. Understanding there might be some minor fluctuations throughout the year, 1.68% is far from the proposed 20% revenue increase.

Given the results, we reviewed the Willdan Rate Study Report and water analysis to spot check and look for a possible cause. If we understand the analysis correctly, it appears that the "HB Passthrough" allocation is not showing up in the fixed or commodity charges – it simply isn't captured in the rates. Based on the Proposition 218 notice and our implementation of the "HB Passthrough," it was to start at \$0 and be adjusted semi-annually to reflect wholesale increases. To confirm, we took the HB Passthrough allocation, divided by 12, and the effective increase would be 23% (up from 1.68%). Much closer to the 20% expected from the rate study.

I have had many sleepless nights over this issue and we need to get this resolved. I understand you will need to review these documents to validate or refute our findings, but please do so quickly as \$400,000 in revenue are at stake. I will expect a timely response

Thank you,
Greg

Gregory P. Orsini
General Manager
mcsdgm@mckinleyvillecsd.com
p 707.839.3251 c 707.616.3176



Attachment 3

Route #	2011 Base Rates	2011 Revenue	Total	Base Rate @ 2012 Rates	Revenue @ 2012 Rates	Total	Change	% of 2011 Total
1	\$4,303.02	\$11,888.12	\$16,191.14	\$5,112.43	\$10,766.45	\$15,878.88	-\$312.26	-1.93%
2	\$2,519.20	\$5,195.87	\$7,715.07	\$3,107.73	\$4,974.18	\$8,081.91	\$366.84	4.75%
3	\$1,752.66	\$2,831.75	\$4,584.41	\$2,070.20	\$2,509.26	\$4,579.46	-\$4.95	-0.11%
4	\$3,243.17	\$3,994.86	\$7,238.03	\$2,840.34	\$4,750.58	\$7,590.92	\$352.89	4.88%
Cycle 1 Totals	\$11,818.05	\$23,910.60	\$35,728.65	\$13,130.70	\$23,000.47	\$36,131.17	\$402.52	1.13%
5	\$3,808.50	\$7,872.47	\$11,680.97	\$4,002.57	\$7,846.20	\$11,848.77	\$167.80	1.44%
6	\$3,346.79	\$7,182.62	\$10,529.41	\$3,987.53	\$6,849.57	\$10,837.10	\$307.69	2.92%
7	\$1,288.28	\$2,206.97	\$3,495.25	\$1,433.22	\$1,984.56	\$3,417.78	-\$77.47	-2.22%
8	\$1,288.28	\$2,454.35	\$3,742.63	\$1,382.74	\$2,462.64	\$3,845.38	\$102.75	2.75%
9	\$1,827.56	\$3,724.88	\$5,552.44	\$2,140.45	\$3,319.54	\$5,459.99	-\$92.45	-1.67%
Cycle 2 Totals	\$11,559.41	\$23,441.29	\$35,000.70	\$12,946.51	\$22,462.51	\$35,409.02	\$408.32	1.17%
11	\$2,823.73	\$4,466.86	\$7,290.59	\$2,991.19	\$4,246.44	\$7,237.63	-\$52.96	-0.73%
12	\$2,471.70	\$5,609.13	\$8,080.83	\$2,162.35	\$5,744.30	\$7,906.65	-\$174.18	-2.16%
13	\$5,687.17	\$9,391.10	\$15,078.27	\$3,663.49	\$12,256.98	\$15,920.47	\$842.20	5.59%
14	\$4,405.40	\$7,957.77	\$12,363.17	\$4,560.66	\$7,569.00	\$12,129.66	-\$233.51	-1.89%
15	\$1,602.86	\$6,839.53	\$8,442.39	\$1,867.62	\$6,376.36	\$8,243.98	-\$198.41	-2.35%
Cycle 3 Totals	\$16,990.86	\$34,264.39	\$51,255.25	\$15,245.31	\$36,193.08	\$51,438.39	\$183.14	0.36%
16	\$3,053.25	\$8,902.12	\$11,955.37	\$3,647.80	\$9,358.51	\$13,006.31	\$1,050.94	8.79%
17	\$4,119.35	\$10,466.07	\$14,585.42	\$5,091.04	\$9,432.39	\$14,523.43	-\$61.99	-0.43%
18	\$1,123.50	\$2,312.28	\$3,435.78	\$1,357.28	\$2,114.77	\$3,472.05	\$36.27	1.06%
19	\$1,677.07	\$8,026.12	\$9,703.19	\$2,237.54	\$8,166.69	\$10,404.23	\$701.04	7.22%
Cycle 4 Totals	\$9,973.17	\$29,706.59	\$39,679.76	\$12,333.66	\$29,072.36	\$41,406.02	\$1,726.26	4.35%
Cumulative Totals	\$50,341.49	\$111,322.87	\$161,664.36	\$53,656.18	\$110,728.42	\$164,384.60	\$2,720.24	1.68%

HB Passthrough Allocation	\$414,157	Willdan Report Figure 2-6
Months	12	
Monthly Allocation	\$34,513.08	
Realized Change (J29)	\$2,720.24	
Total (including HB)	\$37,233.32	
Increase Including HB	23.0%	
Increase % (K29)	1.68%	



TECHNICAL MEMORANDUM

To:	Greg Orsini, General Manager
From:	Chris Fisher
Date:	May 15, 2013
Client:	McKinleyville Community Services District
Project:	2012 Water and Sewer Rate Analysis
Subject:	Discussion of Realized Water Revenue vs. 2012 Water Rate Analysis Projected Revenue

A. Brief Background

In 2011 Willdan Financial Services (Willdan) was engaged by the McKinleyville Community Services District (MCSD) to perform a financial analysis of the District's water and wastewater utilities, to develop updated customer rates for both, and guide MCSD through the implementation process for resulting new rates. As part of this study, in May of 2012 Willdan provided a Report of the Water and Sewer Rate Financial Analysis (Report) to MCSD for the required Proposition 218 hearing. In June 2012 Willdan delivered a final report with minor modifications. The purposes of the Report were: to present the rationale and methodology for the financial analysis and design of updated water and wastewater rates; to review and analyze the financial operations and condition of the utilities; to present the results of the financial projections that were developed in conjunction with MCSD staff during the course of the study; and to update and provide revenue and rate recommendations. The purpose of the study was to establish updated water and wastewater rates which would provide sufficient revenues to meet MCSD's short and long-term operational, capital and debt service obligations. The new rates were to be proportionate to the costs of providing service to various customer classes, as is required by Proposition 218. The analysis provided for the recovery of the costs incurred in providing utility service to different classes of MCSD customers, in a fair and equitable manner, proportionate to the demands that these classes place on the utility systems. A five-year financial plan was established for the utilities which proposed a series of rates effective July 1 of each year, beginning on July 1, 2012 and ending on July 1, 2016. The MCSD Board

approved the rate increases to take effect on July 1, 2012, and directed that a public hearing be conducted on May 2, 2012. Notices of the hearing were mailed to affected property owners and utility customers forty-five (45) days prior to the hearing, as required by Proposition 218. Following the close of the public hearing, it was determined that there was no majority written protest, so the new rates were formally adopted and went into effect on July 1, 2012.

Following MCSD's monitoring of actual water sales and realized rate revenue over the approximately eight (8) month period since the implementation of the new water rates; you contacted Willdan via telephone to express your concern regarding the shortfall in revenue that MCSD was encountering. MCSD followed up with an email which Willdan received on May 2, 2013. The email included an analysis developed by MCSD staff, which utilized actual data for July 2011 to test revenue realization based upon the 2012 rates. The analysis concluded that the revenue for that period would have increased by 1.68% versus an expected increase in revenue of approximately 20% for the same period. MCSD reviewed the Report and accompanying Proposition 218 notice in order to determine the cause for the discrepancy. As a result of this review, MCSD suspects that the Humboldt Bay Municipal Water District (HBMWD) pass through amount are not reflected in the fixed or commodity charges. Willdan has been asked to perform an independent investigation into the possible cause of the apparent under recovery of revenues.

B. Willdan's Review of the Analysis

Willdan reviewed the water rate model used as the basis for providing MCSD with the water utility financial plan. We also reviewed the Report, the Proposition 218 notice, and the project working notes and papers. The intent of the financial plan was to develop updated water rates that were fair and equitable while providing revenues sufficient to cover water utility costs. Utility costs typically consist of personnel, operations and maintenance costs, depreciation, capital costs (both long-term and repair and replacement) and debt service. These combined costs are typically referred to as the utility's revenue requirements. In a cost of service rate analysis, these revenue requirements are allocated to a fixed rate component and/or a commodity rate component for recovery through customer water rates. The fixed rate component is typically recovered on a per account/meter basis while the commodity rate component is recovered on a metered flow basis. The fixed water rate is calculated by dividing the fixed rate revenue requirement associated with the fixed rate component

by the appropriate account basis (referred to as billing determinants). The commodity, or volumetric, water rate is calculated by dividing the rate revenue requirement associated with the commodity component by the appropriate commodity billing determinants, in this case metered water flow.

The water rate model and associated analysis appears to appropriately reflect the water system's revenue requirements and costs of providing water service to MCSD's customers, including the cost of purchasing wholesale water from the Humboldt Bay Municipal Water District (HBMWD) for retail sale to MCSD customers. The fixed and commodity based billing determinants appear to reflect the appropriate information such that the fixed and variable rate component revenue requirements can be allocated to appropriate functional cost components, and be used to calculate customer rates. The analysis of water rates utilized the following rate components:

- Fixed Rate Components – Customer Account and Meters and Services
- Commodity Rate Components – Base and Max usage

The HBMWD pass through represents the cost of purchased water from HBMWD. During the course of the water rate analysis, several alternative scenarios were discussed among MCSD and Willdan staff, and considered for the treatment of the HBMWD pass through, both from a cost recovery and rate standpoint. One option was to completely isolate purchased water costs from other operating costs, and have a separate and coinciding rate component that would essentially act as a surcharge ("Option 1"). This would have taken the total forecasted cost of purchased water and spread it evenly over total water sales. A second option would have taken the then-current cost of purchased water and integrated it into the new commodity rates (the tier one and tier two rates) ("Option 2"). Under Option 2, future increases (or decreases) in the cost of water purchased from HBMWD would be added to the MCSD rates through the inclusion of a pass through rate. In this scenario, the pass through amount would initially start at zero, and then be adjusted semi-annually to reflect and account for changes in the cost of purchased water, which are outside of the control of MCSD. Option 1 was discussed as a means to provide transparency of the District's costs, but was ultimately abandoned in favor of the incremental pass-through, with the base cost of water purchased from HBMWD included in the basic commodity rates.

It is difficult to trace the exact series of events because both MCSD's General Manager at the time and Willdan's personnel who developed the water rate analysis are no longer employed by MCSD AND Willdan, respectively. However, our review indicates that the final intent was to recover the HBMWD purchased water costs through the new water rates, with the annual changes in these costs collected separately based on the additional cost per hundred cubic feet. It appears that the rate model inconsistently applied both approaches. Option 1 was utilized through the revenue requirements and cost causation analysis portions of the model – i.e. having a separate HB cost component, independent of the basic commodity rates. However, the ultimately approved rate design never allocated this component as a separate rate or as part of the implemented tiers. If allocated as intended under Option 2, the entire HB pass through component (as opposed to just the increases) would have either been added to the base commodity charge in the rate design; or purchased water costs would have been allocated to base/peak components in the cost causation analysis portion of the model. This inconsistency was included in the implementation of the final rates.

It appears that the costs associated with the HBMWD pass through were omitted from either a stand-alone rate or the fixed or commodity portion of the calculated final rates. The HBMWD pass through allocated amount, shown on **Figure 2-6** of the Report, and provided again here, shows approximately \$414,000 for fiscal year ending (FYE) 2012 and approximately \$506,000 for FYE 2013, which includes the first year of the financial plan. When this amount is divided out monthly to expected water sales, as the analysis prepared by MCSD staff did, the revenue tracks more closely with expected revenue as projected in the original analysis and study.

Figure 2-6: Distribution of Expenditure by Function

	Rate Revenue Required	Base	Max Day	Customer Account	Meters & Services	HB Passthrough
Percent Allocation	100%	21.6%	21.6%	10.9%	21.6%	24.3%
Fiscal Year Ending						
FYE 2012	\$ 1,707,779	\$ 368,952	\$ 368,952	\$ 186,765	\$ 368,952	\$ 414,157
FYE 2013	\$ 2,086,219	450,711	450,711	228,151	450,711	505,934
FYE 2014	\$ 2,378,712	513,902	513,902	260,139	513,902	576,867
FYE 2015	\$ 2,663,469	575,422	575,422	291,280	575,422	645,924
FYE 2016	\$ 2,928,399	632,658	632,658	320,253	632,658	710,173
FYE 2017	\$ 3,219,613	695,572	695,572	352,100	695,572	780,795
FYE 2018	\$ 3,408,721	736,428	736,428	372,781	736,428	826,656
FYE 2019	\$ 3,504,934	757,214	757,214	383,303	757,214	849,989
FYE 2020	\$ 3,603,663	778,543	778,543	394,100	778,543	873,932
FYE 2021	\$ 3,705,018	800,440	800,440	405,185	800,440	898,512
FYE 2022	\$ 3,742,118	808,456	808,456	409,242	808,456	907,509

C. Solutions

Willdan proposes, at no cost to MCSD, to update the water rate model and analysis based upon the most current data available, such that water rates reflecting the appropriate revenue requirements, as previously determined, become effective as soon as possible given potential Prop 218 noticing requirements, and based upon the inclusion and availability of any updated proposed data to be incorporated into the analysis. This may be necessary due to potential changes in water sales that have occurred as the result of the implementation of the new two-tiered water rates. It is possible that consumption patterns may have changed as the result of the new rates in July of 2012. We can incorporate new billing/consumption data as necessary to ensure that the analysis is current and reflects current patterns. Furthermore, it may be possible that if the full amount of the HBMWD pass through amount was included in the newly proposed rates, the resulting increase would have been too great to be practically or politically acceptable. We propose to work with MCSD to evaluate this as well during the process of implementing updated rates. Finally, we would work with MCSD to explore options for recovering the revenue shortfall from ratepayers through future rates. Willdan would anticipate having updated water rates available within 30 days of receipt of any necessary revised data. Because the July 1, 2012 rates were established based upon the guidelines and procedural requirements imposed by Proposition 218, we will explore with MCSD legal counsel

whether it might be possible to avoid having to conduct a new Proposition 218 hearing in order to implement the rate increase(s) resulting from a revised and updated water rate analysis.

Since the development of the water and wastewater analysis, and delivery of the models and Report, Willdan has retained four (4) nationally recognized and senior level rate/financial experts in order to expand and enhance the level of service that we are able to provide to our clients, and to broaden our expertise and experience. These professionals have combined experience of more than 80 years in providing expert rate and financial planning to municipal clients across the country, and we are confident we can work effectively and efficiently with MCSD staff and the Board to address and resolve this issue. Based upon the discussion herein and in our opinion, Willdan recommends the analysis and financial plan be updated and revised to include MCSD's current water data for two reasons:

- (1) As previously mentioned, the customer's reaction to the July 1, 2012 rate structure change needs to be considered, specifically their usage characteristics and impact on revenues; and
- (2) The potential magnitude of a rate adjustment based on the existing water rate analysis and the full inclusion of the HBMWD pass through should be carefully considered.

As shown in **Figure 2-6**, the HBMWD pass through accounts for approximately 24% of the revenue requirement. This is a significant portion of the overall water revenue requirement and should be accounted for properly as part of a review of MCSD's current financial position and customer usage characteristics. A review of the current expense, capital, debt, fund balance and usage characteristics might result in a required increase that could vary significantly (up or down), from that originally identified in the previous analysis and Report.

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.4 **Information for upcoming LAFCo meeting concerning MCSD request for Out of District Services**

PRESENTED BY: **Greg Orsini, General Manager**

TYPE OF ACTION: **None**

Recommendation:

Staff requests the Board take note of the information provided by staff and our consultant, discuss and perhaps Chairman Mayo appoint two members to attend the LAFCo meeting on July 17th, 2013 at 9:00 am in the County Supervisor's Chamber.

Discussion:

MCSD is requesting the Humboldt LAFCo consider approving pre-existing services in areas provided water service outside existing agency boundaries. As stated in the "Policies and Procedures for Cities and Districts to Provide Services Outside Agency Boundaries.

Due to a schedule conflict, I will not be available for the July 17, 2013 Humboldt LAFCo meeting. In my absence I would recommend two MCSD Board members attend. During the Humboldt LAFCo meeting a formal presentation by MCSD is not necessary, but rather being available to answer any questions. This may be subject to change once the Humboldt LAFCo staff report is released.

In preparation for addressing the LAFCo Board, the following talking points are suggested:

- MCSD staff is continuing work with the Humboldt Local Agency Formation Commission (LAFCo) regarding water services outside of the existing boundaries.
- On behalf of the McKinleyville Community Services District (MCSD), SHN Consulting Engineers & Geologists, Inc. requested the Humboldt LAFCo consider approving pre-existing services in areas provided water service outside existing agency boundaries. As stated in the "Policies and Procedures for Cities and Districts to Provide Services Outside Agency Boundaries," adopted November 14, 2012, Section 7.0 List of Pre-Existing Services, the Commission shall document pre-existing services.

- During the May 15, 2013 Humboldt LAFCo meeting, the Humboldt LAFCo Board directed staff to document the existing services for discussion at the next regularly scheduled Humboldt LAFCo meeting on July 17, 2013. The City of Arcata attended the meeting to voice concern regarding the outside agency services and the ongoing City annexation project. Helen Edwards, Bill Wennerholm, and Rosalind Litzky (SHN) attended the LAFCo meeting.
 - MCSD is currently working on the relationship with the Humboldt County Planning and Building Department to ensure that development is not approved outside agency boundaries that identifies water service by MCSD.
 - Working on an annexation application for compliance in areas we currently serve or intend to serve outside our existing sphere. This Does Not include The Boyd Rd area.

We have attached the cover letter for your review that will accompany the list of out of district services as Attachment 1.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 Rough Draft Request to LAFCo

July 3, 2013

George Williamson, Executive Officer
Humboldt Local Agency Formation Commission
1125 16th Street, Suite 202
Arcata, CA 95521

**Subject: McKinleyville Community Services District Outside Agency Boundaries,
McKinleyville, Humboldt County, California**

Dear George:

McKinleyville Community Services District (MCSD) is requesting that the Humboldt Local Agency Formation Commission (LAFCo) document the areas where MCSD is currently providing water service outside our existing agency boundaries. As stated in the "Policies and Procedures for Cities and Districts to Provide Services Outside Agency Boundaries," adopted November 14, 2012, Section 7.0 List of Pre-Existing Services, LAFCo shall document these pre-existing services.

No additional water connections or services are proposed beyond the existing services currently provided. MCSD is working on an application for an adjustment to our existing boundary to include these areas currently served with water, with the exception of the Boyd Road area. As you are aware, MCSD is currently in negotiations with the City of Arcata for the provision of water services in this area and is not pursuing annexation.

As requested by LAFCo staff, the attached figures (Attachment 1) show the locations of existing services and distribution mains (Attachment 1). Detailed information by Assessor's Parcel Number (APN) is included as Attachment 2. It should be noted that all information as shown on the figures and the detailed information by APN was obtained through the County website. In some cases, the size of the APN was different than was reported in Parcel Quest and these discrepancies are noted in Attachment 2.

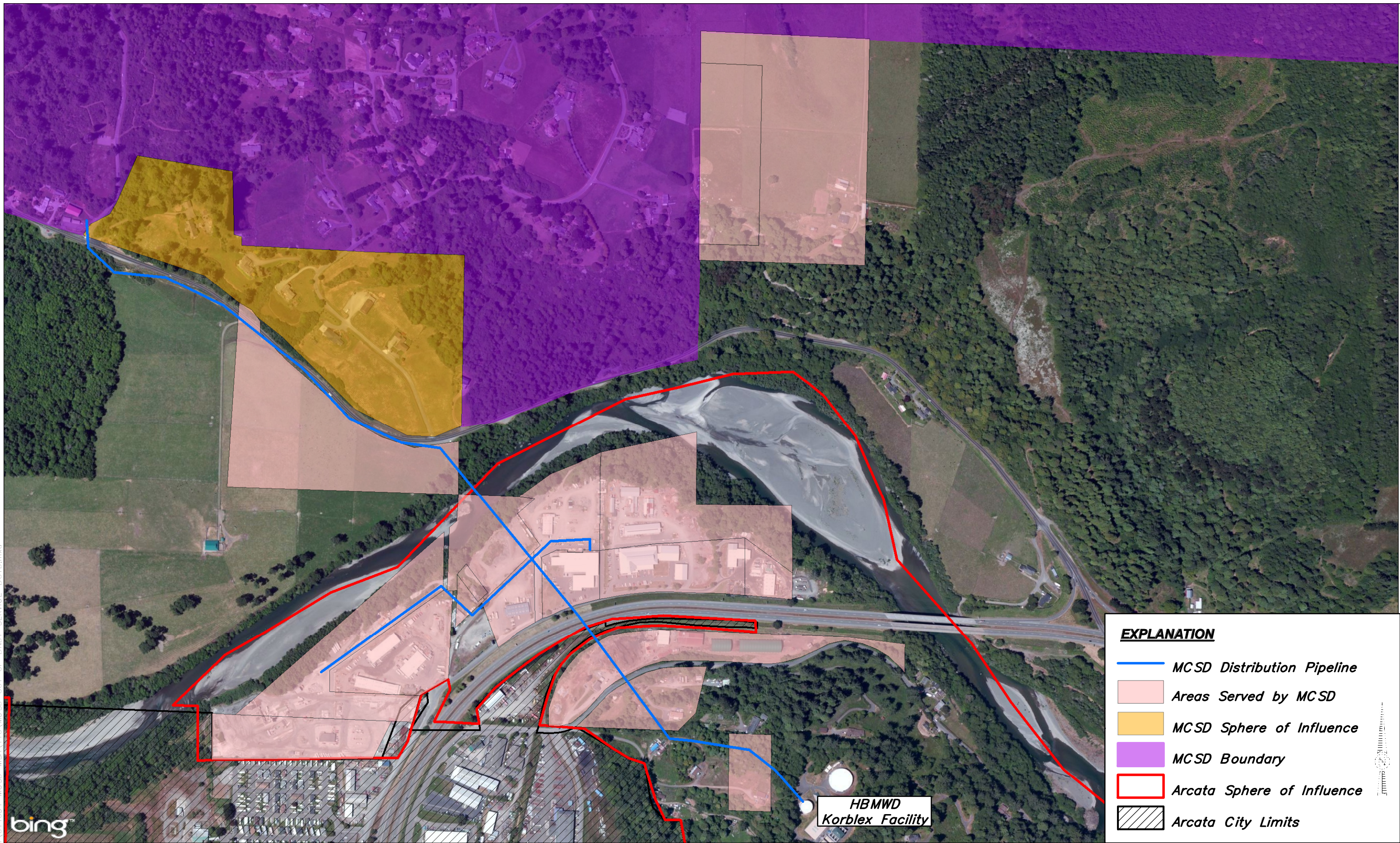
Humboldt LAFCo should also be aware that the Humboldt Bay Municipal Water District is proposing an Emergency Intertie Project to create a secondary Emergency transmission pipeline to MCSD. This project is proposed to begin construction in August 2013 and will be completed in May 2014. The project is located on Sheet 3 of 37 from the construction plans in Attachment 1. No new water connections from secondary Emergency transmission pipeline are proposed at this time.

It is MCSD's understanding documentation of outside agency services will be discussed during the next regularly scheduled meeting on July 17, 2013. I am available to answer any questions during your review of this submittal. Thank you in advance for your effort in working with MCSD.

Sincerely,

Gregory Orsini
General Manager

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This figure was prepared based upon data from Humboldt County and McKinleyville Community Services District and is for planning purposes only. While every effort has been made by Humboldt County and McKinleyville Community Services District to assure the accuracy of this information, it should be understood that it does not have the force and effect of law, rule, or regulation. Should any difference or error occur, the law will take precedence.

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SH
Consulting Engineers
& Geologists, Inc.

McKinleyville Community
Services District
McKinleyville, California

Boyd Road Area

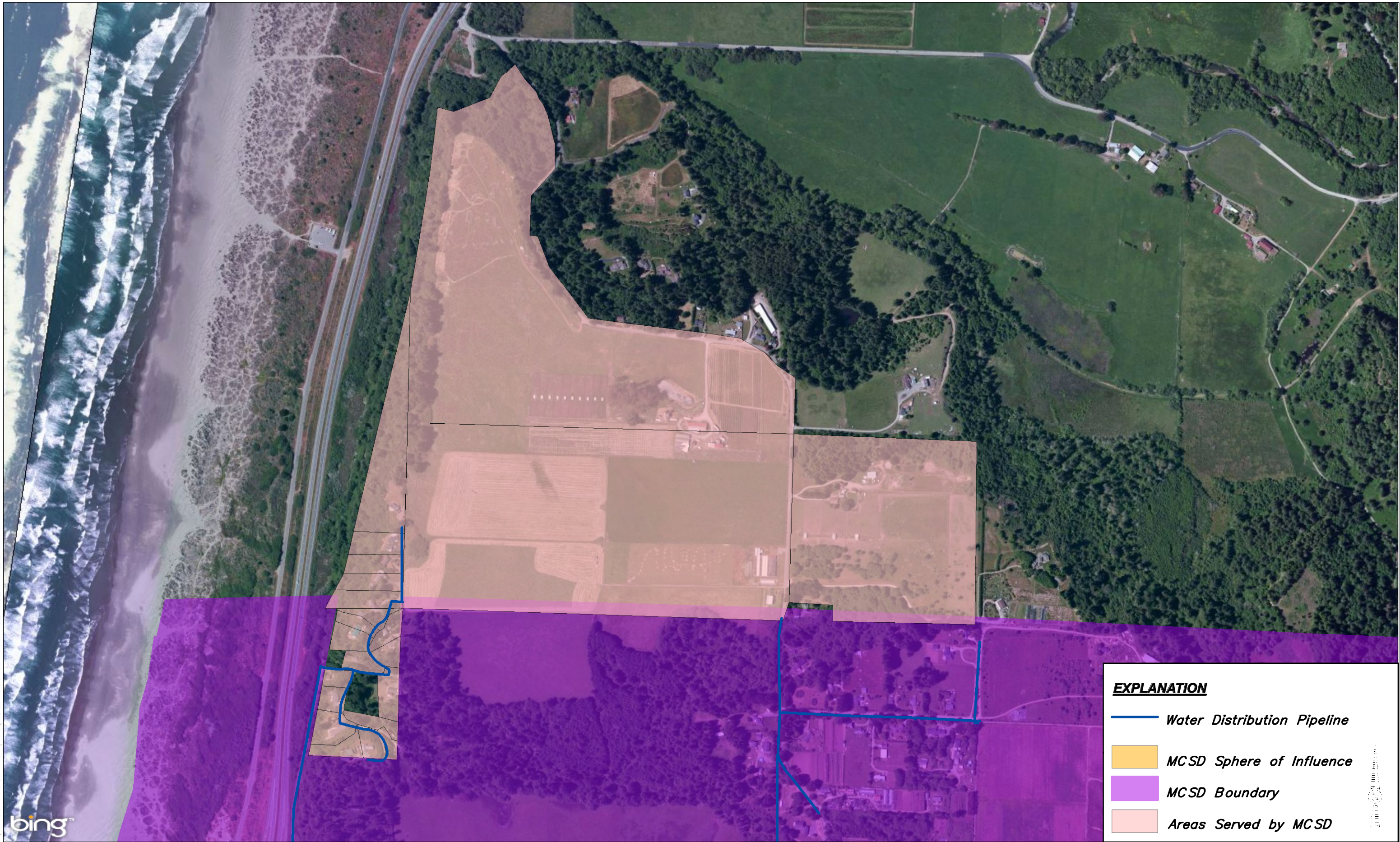
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June 2013




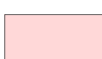
MCSD-OUT-OF-BNDY-SERVICE-BOYD

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Figure 1


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EXPLANATION

-  *Water Distribution Pipeline*
-  *MCSD Sphere of Influence*
-  *MCSD Boundary*
-  *Areas Served by MCSD*

This figure was prepared based upon data from Humboldt County and McKinleyville Community Services District and is for planning purposes only. While every effort has been made by Humboldt County and McKinleyville Community Services District to assure the accuracy of this information, it should be understood that it does not have the force and effect of law, rule, or regulation. Should any difference or error occur, the law will take precedence.

0 600 ± FT


SHN
Consulting Engineers
& Geologists, Inc.

McKinleyville Community
Services District
McKinleyville, California

Areas Served by MCSD

SHN 011034.110

June 2013

MCSD-OUT-OF-BNDY-SERVICE-PATRICKCREEK

75
Figure 1

**Out of Service Information by Assessor's Parcel
Number**

Assessor's Parcel Number	Size (acres) ¹²	Customer Name	Starting Date	Meter ID	Service Address	Water Meter Installation Date	Existing Applicable General Plan ¹³	Existing General Plan Land Use Designation ¹⁴	Existing Zoning ¹⁵⁶
507-061-041	20.79 (24.50)	MOXON, JACK	7/24/2001	98418874	3185 NORTH BANK RD	7/18/2001	MCCP	T	AE; TPZ
507-061-042	8.39	MOXON, SARAH	2/02/2004	19993784	3145 NORTH BANK RD	7/18/2001	MCCP	AR	RS-B-5(5)
507-131-089	15.94	HUNT, RICHARD V.	11/24/1992	03188922	NORTH BANK RD	11/24/1992	MCCP	AE	AE-WR
507-261-002	0.49	VACANT	INACTIVE ACCOUNT	NO METER SET	5073 BOYD ROAD	3/28/1973	ARC66	EXCL AGRI	ML
507-261-002	0.49	ARCATA HOUSE PARTNERSHIP,	5/18/2010	06357779	5073 BOYD ROAD	5/17/2010	ARC66	EXCL AGRI	ML
507-261-002	0.49	ARCATA HOUSE PARTNERSHIP	6/04/2010	36404065	5073 BOYD ROAD	6/1/2010	ARC66	EXCL AGRI	ML
507-261-003	0.36	VACANT	INACTIVE ACCOUNT	NO METER SET	5095 BOYD ROAD	11/24/1986	ARC66	EXCL AGRI	ML
507-261-004	4.85	VACANT	INACTIVE ACCOUNT	NO METER SET	NOT AVAILABLE	2/21/2007	ARC66	EXCL AGRI	ML
507-261-012	5.57	ALMQUIST, ERIC	7/01/2006	05246819	5303 BOYD ROAD	7/11/2006	ARC66	EXCL AGRI	ML
507-261-012	5.57	ALMQUIST LUMBER	7/01/2006	05219997	5301 BOYD ROAD	7/11/2006	ARC66	EXCL AGRI	ML
507-261-012	5.57	ALMQUIST LUMBER	7/01/2006	08110662	5301 BOYD ROAD	7/11/2006	ARC66	EXCL AGRI	ML
507-261-013	1.51	THREE G'S	1/03/1995	05258832	5307 BOYD ROAD	2/19/1992	ARC66	EXCL AGRI	ML
507-261-017	2.21	VACANT	INACTIVE ACCOUNT	03001918	5065 BOYD ROAD	7/18/1995	ARC66	EXCL AGRI	ML
507-261-017	2.21	VACANT	INACTIVE ACCOUNT	NO METER SET	5005 BOYD ROAD	7/18/1995	ARC66	EXCL AGRI	ML
507-261-017	2.21	CUMMINS, WEST	7/05/2006	03001919	5150 BOYD ROAD	5/26/1994	ARC66	EXCL AGRI	ML
507-261-017	2.21	VACANT	INACTIVE ACCOUNT	03001917	NOT AVAILABLE	11/1/2007	ARC66	EXCL AGRI	ML
507-261-019	4.93 (6.00)	G.R. SUNDBERG INC.	7/21/2008	054833	5211 BOYD ROAD	5/1/1992	ARC66	EXCL AGRI	ML
507-261-020	2.46	J R STEPHENS CO.	6/24/2004	29168305	5208 BOYD ROAD	6/14/2004	ARC66	EXCL AGRI	ML
507-261-020	2.46	J R STEPHENS CO.	11/24/2004	03001923	5208 BOYD ROAD	6/24/2004	ARC66	EXCL AGRI	ML
507-261-021	10.71	VACANT	INACTIVE ACCOUNT	NO METER SET	5303 BOYD ROAD	3/28/1973	ARC66	EXCL AGRI	ML
507-381-004	5.46	VACANT	INACTIVE ACCOUNT	NO METER SET	NOT AVAILABLE	2/21/2007	ARC66	EXCL AGRI	ML
507-381-004	5.46	ARCATA HOUSE PARTNERSHIP,	6/16/2009	98527184	5095 BOYD ROAD	2/21/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	VACANT	INACTIVE ACCOUNT	NO METER SET	5065 B BOYD ROAD	7/18/1995	ARC66	EXCL AGRI	ML
507-381-006	5.90	TRINITY DIESEL INC.,	8/7/2008	03001920	5065 A BOYD ROAD	11/1/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	HEMENWAY, BRANDON	10/09/2009	05062858	5065 J BOYD RD.	11/1/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	SCHWAN'S 10-418125-530906	10/15/2009	05062857	5065 I BOYD ROAD	11/1/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	DUTRA FAMILY TRUST	09/11/2008	05062860	5065 H BOYD RD.	11/1/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	STATE OF CALIFORNIA	08/07/2008	05062862	5065 G BOYD ROAD	11/1/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	SCOTT'S HEAVY EQUIP REP	12/06/2007	04223406	5065 F BOYD ROAD	11/27/2007	ARC66	EXCL AGRI	ML

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507-381-006	5.90	ALSCO	12/21/2007	04223410	5065 E BOYD ROAD	11/27/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	PICCIRILLI, JOHN	11/29/2010	06357784	5065 D BOYD ROAD	11/27/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	PETERSON, SHEILA	08/23/2010	06357786	5065 BOYD ROAD STE C	11/27/2007	ARC66	EXCL AGRI	ML
507-381-006	5.90	STATE OF CALIFORNIA	12/14/2007	06357787	5065 B BOYD ROAD	11/27/2007	ARC66	EXCL AGRI	ML
507-381-007	9.06	VACANT	INACTIVE ACCOUNT	NO METER SET	4945 BOYD ROAD	2/21/2007	ARC66	EXCL AGRI	ML
507-381-007	9.06	EUREKA READY MIX	4/5/2007	05250175	4945 BOYD ROAD	2/21/2007	ARC66	EXCL AGRI	ML
507-381-007	9.06	VACANT	INACTIVE ACCOUNT	33758897	4945 BOYD ROAD	3/1/2007	ARC66	EXCL AGRI	ML
507-381-007	9.06	EUREKA READY MIX	4/5/2007	03029624	4945 BOYD ROAD	2/1/2007	ARC66	EXCL AGRI	ML
507-382-015	4.34	DELLABALMA, RUSSELL	5/12/2008	02298445	6101 WEST END ROAD	12/3/1981	ARC66	OPEN	AG
507-382-012	8.14	GREEN JR, WES	8/8/2005	98526903	5990 WEST END ROAD	3/14/1977	ARC66	VLDENSITY	ML
507-382-012	8.14	GREEN JR, WES	3/7/2005	98527191	6360 WEST END ROAD	4/27/1999	ARC66	VLDENSITY	ML
507-383-002	2.50	RICHARD, MARY	6/11/2007	02298508	5963 WEST END ROAD	5/17/1984	ARC66	VLDENSITY & OPEN	AG
511-371-003	0.65	LEGG, LESLI	8/22/2007	01125923	5200 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
511-371-005	1.30	MOBBS, BONNIE	9/26/2000	04187838	5078 PATRICK CREEK	11/20/1987	MCAP	RX	RA-X/D,N
511-371-013	1.20	SZMANIA, JEFFREY	10/07/2011	01125887	5230 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
511-371-014	1.30	LOBUE, ANGE	8/30/2002	12120269	5244 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-015	0.75	KULSTAD, GUY C.	7/1/1973	01123525	5050 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-016	0.89	CHERNEY, DAVID L.	10/31/1979	94092085	5040 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-017	0.75	ST. PETERS, ROBERT	2/19/1992	03142428	5185 PATRICK CREEK	8/01/1984	MCAP	RX	RA-X/D,N
511-371-018	0.66	WEBB, EDWARD M.	8/11/1975	01125888	5175 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
511-371-020	0.56	STORM, DEBORAH	6/2/2000	01125939	5166 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
511-371-025	1.01	PELHAM, NELSIE	11/09/2007	01125938	5148 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-026	0.38	MEDINA, SHARON A.	5/29/1981	03142431	5045 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-027	0.75	MELFA, REBA	6/23/2010	05258770	5065 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-028	0.51	SCOTT, BRIAN	7/14/1986	01125744	5121 PATRICK CREEK	2/01/1980	MCAP	RX	RA-X/D,N
511-371-030	0.80	GIVINS, JIM	1/31/2007	07225468	5138 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-032	1.15	ALDOROTY, JERRY	8/1/1991	01125886	5135 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-034	1.44	WEBB, EDWARD M.	5/26/1905	01125923	5157 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
511-371-036	1.21 (1.24)	GRAHAM, DANIELLE	1/30/2013	01125884	5222 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
511-371-037	0.70/0.65	HUMPHRY, KENNETH	7/1/1973	01125780	5104 PATRICK CREEK	6/01/1973	MCAP	RX	RA-X/D,N
513-141-005	36.59 (38.50)	INACTIVE (CYPRESS GROVE)	INACTIVE ACCOUNT	11544757	5305 DOWS PRAIRIE ROAD	11/04/2011	MCCP	AE	AE-WR
513-151-017	6.83	FOWLER, JERRY	4/8/1974	19983847	5300 PATRICK CREEK	5/01/1973	MCAP	RX	RA-X/D,N
513-151-032	74.08	CRANNEL BLUEBERRY FARM	6/2/1997	02262017	5466-A DOWS PRAIRIE	7/13/1993	MCCP	AE & AEP	AE;AE-

Assessor's Parcel Number	Size (acres) ¹²	Customer Name	Starting Date	Meter ID	Service Address	Water Meter Installation Date	Existing Applicable General Plan ¹³	Existing General Plan Land Use Designation ¹⁴	Existing Zoning ¹⁵⁶
									60/N
513-151-033	78.87	WEIGLE, WILLIAM	10/1/1990	19988185	5096 DOWS PRAIRIE ROAD	7/13/1993	MCCP	AE & AEP	AE;AE-60/N
<div><div><div>1. Information provided by the County Information available at: http://gis.co.humboldt.ca.us/.</div><div>2. Information in parenthesis is from Parcel Quest (http://www.parcelquest.com/)</div><div>3. MCCP=McKinleyville Community Plan MCAP=McKinleyville Area Plan ARC66=Arcata Area General Plan, 1966</div><div>4. General Plan Land Use Design: AE: Agriculture Exclusive AR: Agricultural Rural AEP: Agriculture Exclusive Prime T: Timber Production OPEN: Open Space VLDENSITY: Very Low Density EXCL AGRI: Exclusive Agriculture RX: Rural Exurban</div></div><div><div>5. Zoning Designations In Coastal Zone AE-60/N: Agriculture Exclusive, 60-acre minimum, Noise Impact Combining Zone RA-X/D,N: Rural Residential Agriculture</div><div>6. Zoning Designations Outside Coastal Zone AE: Agriculture Exclusive AE-WR: Agriculture Exclusive, Streamside Management Areas and Wetlands Combining Zone AG: Agriculture General ML: Limited Industrial RS-B-5(5): Residential Suburban RA-X/D,N: Rural Residential Agricultural TPZ: Timberland Production</div></div></div>									

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: E.5. Select Candidates for Special District Risk Management Authority (SDRMA) Board of Directors

PRESENTED BY: Kathy Wilson

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends the Board review information provided, select up to four candidates for the SDRMA Board of Directors and approve Resolution 2013-15 the official ballot for submission to SDRMA, take public comment and arrive at a consensus.

Discussion:

SDRMA provides risk management and risk financing for Special Districts and local governmental agencies. McKinleyville Community Services District (MCSD) has been a member for many years. SDRMA is holding elections to fill four (4) sets on their Board of Directors. Attached is an official election ballot listing the seven (7) qualified candidates and a Resolution, both which need to be returned prior to August 27, 2013.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Exhibit 1 – Candidate information and election ballot
- Exhibit 2 – Resolution 2013-15

SDRMA'S BOARD OF DIRECTORS ELECTION BALLOT INSTRUCTIONS

Notification of nominations for four (4) seats on the Special District Risk Management Authority's (SDRMA's) Board of Directors was mailed to the membership in January 2013.

On May 7, 2013, SDRMA's Election Committee reviewed the nomination documents submitted by the candidates in accordance with SDRMA's Policy No. 2012-05 Establishing Guidelines for Director Elections. The Election Committee confirmed that seven (7) candidates met the qualification requirements and those names are included on the Official Election Resolution and Ballot.

Enclosed is the Official Election Resolution and Ballot along with a Statement of Qualifications as submitted by each candidate. Election instructions are as follows:

1. The enclosed combined Official Election Resolution and Ballot must be used to ensure the integrity of the balloting process.
2. After selecting up to four (4) candidates, your agency's governing body must approve the enclosed Official Election Resolution and Ballot. **Ballots containing more than four (4) candidate selections will be considered invalid and not counted.**
3. The signed Official Election Resolution and Ballot MUST be sealed and received **by mail or hand delivery at SDRMA's office on or before 5:00 p.m. on Tuesday, August 27, 2013 to the address below.** Faxes or electronic transmissions are NOT acceptable. A self-addressed, stamped envelope is enclosed.

Special District Risk Management Authority
Election Committee
1112 "I" Street, Suite 300
Sacramento, California 95814

5. The four-year terms for newly elected Directors will begin on January 1, 2014 and terminate on December 31, 2017.
6. Important balloting and election dates are:

August 27, 2013 - Deadline for members to return the signed Official Election Resolution and Ballot

August 29, 2013 - Ballots are opened and counted

August 30, 2013 - Election results are announced and candidates notified

September 18, 2013 - Newly elected Directors are introduced at the SDRMA Annual Breakfast to be held in Monterey at the CSDA Annual Conference

October 29-30, 2013 - Newly elected Directors are invited to attend SDRMA Board meeting (Sacramento)

January 2014 - Newly elected Directors are seated and Board officer elections are held

Please do not hesitate to call SDRMA's Chief Financial Officer Paul Frydendal at 800.537.7790 if you have any questions regarding the election and balloting process.



**OFFICIAL 2013 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS**

VOTE FOR ONLY FOUR (4) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than four (4) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than four (4) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 5:00 p.m., Tuesday, August 27, 2013. Faxes or electronic transmissions are NOT acceptable.

- ☐ **MURIL CLIFT** (INCUMBENT)
Director, Cambria Community Services District
- ☐ **MIKE SCHEAFER**
Director/Vice President, Costa Mesa Sanitary District
- ☐ **JOHN WOOLLEY**
Director/Finance Officer, Manila Community Services District
- ☐ **TIM UNRUH**
District Manager, Kern County Cemetery District No. 1
- ☐ **JEAN BRACY** (INCUMBENT)
Director of Administrative Services, Mojave Desert Air Quality Management District
- ☐ **DENNIS MAYO**
Director/President, McKinleyville Community Services District
- ☐ **DAVID ARANDA** (INCUMBENT)
General Manager, North of the River Municipal Water District

ADOPTED this ____ day of _____, 2013 by the McKinleyville Community Services District by the following roll call votes listed by name:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST:

APPROVED:

Special District Risk Management Authority

Board of Directors

Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate	Muril N. Clift
District/Agency	Cambria Community Services District
Work Address	PO Box 65 – 1316 Tamsen St., Cambria 93428
Work Phone	805- 927-6223
Home Phone	805- 927-7124

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

It has been an honor and privilege to serve on SDRMA's Board of Directors for the past four years. During that time the Board, through prudent financial management has:

- Held rates stable in a serve recession.
- Instituted longevity bonuses for member loyalty
- Established programs to assist handling and preventing workers compensation claims through the Company Nurse Program and Safety Equipment Reimbursement Program
- Expanded training and professional development opportunities through financing the Targeted Solutions Program and Special Districts Leadership Foundation

I want to continue on the Board to support these programs and seek additional service opportunities to members while providing exceptional value in insurance access.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

My background includes a combination of a strong commitment to the concept of the Special District form of government and a 41 year career in the private personal and commercial insurance industry.

In addition to serving the past four years on the SDRMA Board, I currently serve as:

- Director, Cambria Community Services District
- Director, Special Districts Leadership Foundation
- Commissioner, San Luis Obispo County LAFCO
- Member, Special Districts Legislative Committee

I am totally committed to the Special District as the most direct form of local government.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Having served on the Boards of several different types of Special Districts – School District, Airport District, Multi Services District and Single Service Agency – gives me an understanding of the different problems faced by districts and the opportunities for SDRMA to provide assistance.

My 41 year career, now retired, in the private personal and commercial insurance industry provides an understanding of the liabilities Districts face and how SDRMA can meet our member's risk management and insurance needs.

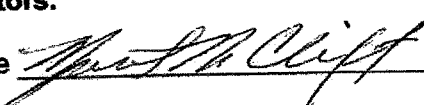
What is your overall vision for SDRMA? (Response Required)

My vision for SDRMA is incorporated in SDRMA's Mission Statement of "providing renewable, efficiently priced risk management services through a financially sound pool to CSDA member districts".

First, I see SDRMA's primary responsibility is to provide as much stability to risk financing as possible maintaining financial security of the risk pool.

Second, I see SDRMA expanding the risk management services through expanded training and professional development provided to its members.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature  Date 4/15/2013

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Mike Scheafer

District/Agency Costa Mesa Sanitary District

Work Address 1551-B Baker St., Costa Mesa, CA 92626

Work Phone 714 435-0300

Home Phone 714 549-4961

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

As an insurance professional for over 40 years I have become acutely aware of the need for strong risk management practices and procedures. I work hard to not only manage my own risk, but those of my customers and my Special District. I have a desire to share my skill and expertise with the various Districts in California.

I believe the increasing stress and challenges in risk management for Special Districts need a knowledgeable, committed professional like myself.

My professional life has given me an opportunity to serve various "communities" in a number of ways. Serving on the SDRMA Board is another opportunity to serve, one in which I would be honored to do.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have served as a Board Member for a number of non-profit and civic groups and agencies. In almost every experience I have been chosen as Chair or President for those groups. I believe this is a demonstration of my leadership skills. I have received a number of awards for that service.

I founded 2 non-profit organizations dedicated to serving my community. I currently serve on 2 CSDA committees. I am a former City Councilmember for the City of Costa Mesa, former Parks and Recreation Commissioner, and previously served as a CMSD Director.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

I am a recognized leader and educator in the insurance industry with several awards for my experience in insurance awareness and risk avoidance. I hold a Community College teaching credential in Insurance Education.

State Farm Insurance appointed me at the Legislative Advisor to Assemblywoman Marilyn Brewer. I continue to work as an insurance advisor for State and Federal organizations in legislative affairs and issues.

As a past international officer for Lions Clubs International, I am often consulted on insurance or risk management issues for local Lions Clubs.

I continue to be the "go to guy" for risk management advice for various local and state groups.

What is your overall vision for SDRMA? (Response Required)

Special Districts are faced with many challenges in today's environment, risk management being one of them. There is a definite need for comprehensive plans for reducing risks, which ultimately provided cost benefits to the Districts. My vision for SDRMA is to advise and help implement the types of plans that allow Districts success. At the same time SDRMA needs to provide comprehensive, low cost coverages to protect Districts from the unforeseen circumstances that will happen. SDRMA continues to provide those benefits. I would look forward to being a part of the process of protection for Special Districts.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____



Date _____

4/15/13

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate John Woolley

District/Agency Manila Community Services District

Work Address 147 Melvin Lane Arcata, CA 95521

Work Phone 707.498.1371

Home Phone 707.443.6889

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I was fortunate to be part of the beginnings of SDRMA when it was created in the latter part of the 1980's, then under the name Special District Insurance Agency. From there the focus changed, from not just providing basic insurance, but recognized risk management is the essential service and purpose for the existence of the entity, and therefore, so did the name change to SDRMA. From these experiences on the Board of Directors, I personally grew and became an advocate for its abilities and services. Now retired, but still engaged in community volunteer service, I remain attracted to the work of SDRMA and find the possibility to serve on the Board to be an exciting opportunity, and a position I am sure will be personally fulfilling. The SDRMA Management and Board Team have been providing excellent leadership, maintaining the stability and member services necessary for SDRMA to be successful, and it would be an honor to serve with them.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have had over 30 years experience in various public service positions. Besides serving my community service district for 16 years, I was elected to the Humboldt County Board of Supervisors in 1996, serving 3 terms before stepping down to take a position as Field Representative for Assemblymember Wesley Chesbro, retiring in 2012. During my time on the Board of Supervisors, I was active in creating joint powers authorities, providing vital services in waste management, energy conservation, and other fields, where I was able to bring their risk management needs to SDRMA. I am familiar with the communities of our northwest counties, i.e. Humboldt, Del Norte, and Trinity from my experiences with both the Board of Supervisors and the State Assembly. Currently, besides serving on the Manila CSD, I am Board member of our local county wide economic development organization, Redwood Region Economic Development Commission, also a SDRMA member; a member of the Humboldt State University President's Advisory Board, and Board President of the North Coast Cooperative.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

From my previous experiences with SDRMA, I have a good understanding of the organization's policies and procedures that provide a systematic ability to offer excellent coverages and risk management services. From my overall experience in public board service, I am knowledgeable of the understanding required to set policy, review and understand budgets, develop and follow appropriate personnel policies, and other legal Board requirements. I have had a good deal experience in making presentations. I have good knowledge of the legislative process and can assist in guiding efforts to achieve legislative goals beneficial to SDRMA and its members.

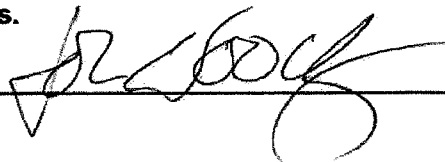
What is your overall vision for SDRMA? (Response Required)

Clearly SDRMA has been successful over the years in providing risk management services, attracting and retaining members, providing stable rates, while practicing in a collaborative ability among the Board and Management Team members. It is important to all of SDRMA that these same successes be part of its future endeavors.

At the same time, SDRMA must be mindful of the changes in the risk management world and create responsive business plans that will continue and enhance upon the existing level of services. To do so, SDRMA Board members must remain in good communication with its members; reflecting their concerns and interests, and representing SDRMA wherever possible in their communities. When the Board is considering changes or new level of services, it must remain diligent to protecting its members assets.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/23/13

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Timothy W. Unruh
District/Agency Kern County Cemetery District No. 1
Work Address 18662 Santa Fe Way/ P O Box 354, Shafter, CA 93263
Work Phone (661) 746-3921 Home Phone (661) 332-3252

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

This is an opportunity to give back to the members of SDRMA; I am especially
interested in keeping a small district influence on the board. It is important to
maintain a balanced perspective for the decisions that impact all the members of
SDRMA.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have been the District Manager for the Kern County Cemetery District for 26 years.
I have had various and extensive Board experience as follows:

Locally:

Kern County Special District Association - worked for LAFCo representation for
special districts; Kern County Association of Public Cemeteries; 10 years on local
school board and various community boards.

State:

California Special Districts Association-currently on Legislation Committee and 3
years as a Director, one year as Legislation Committee Chair. While on CSDA I met
with SDRMA in various joint meetings in an effort to help both organizations in
their work together. California Association of Public Cemeteries-on board 10 years,
past president and currently as legislation committee chair.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

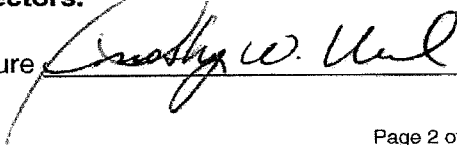
Those that know me, know that I am a people person and will work to make my involvement the best that I can. I have an interest in legislation and currently am on on CSDA Legislation Committee and have been a past chairman of the CSDA Legislation Committee. I have been working on various committees for 30 years and understand that it is important to listen to the needs of the committee and the members.

What is your overall vision for SDRMA? (Response Required)

SDRMA has shown a great concern for the special districts in California in their commitment to meeting their insurance needs. This is done by being involved and listening to members. I wish to expand that basic concept by continuing to create education opportunities and create a tool box that districts can use to reduce claims and keep employees safe.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-22-2013

Special District Risk Management Authority

Board of Directors

Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Jean Bracy, SDA
District/Agency Mojave Desert Air Quality Management District
Work Address 14306 Park Ave., Victorville, CA 92392
Work Phone 760-245-1661

Why do you want to serve on the SDRMA Board of Directors?

I have served on the SDRMA Board of Directors for nearly four years. During this term, the Board has adopted many important programs and policies aimed to provide members cost effective coverage and to support every member's effort to develop safe working environments. During my tenure, the Board voted each year to hold rates flat for the property/liability program; established a multiple-policy discount (5%) for each member who belongs to both the property/liability and the workers compensation programs; created the longevity distribution which shares investment earnings with members who continue with SDRMA programs; established the loss prevention allowance funds which reimburses members for safety-related costs up to \$1,000; launched and enhanced the SDRMA interactive website; strengthened support to California Special Districts Association (CSDA) and the Special District Leadership Foundation (SDLF); provided FREE online training through Target Solutions; and contracted with Company Nurse to provide FREE screening services for work-related injury cases.

I have worked closely with SDRMA for 13 years. I am attracted to its member-focused, pro-active, and positive mission. I would like to see – and be a part of – SDRMA continue this member-centric approach.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)

I am currently serving my second term on the Board of Directors for the Special District Leadership Foundation (SDLF), representing the SDRMA. As a member of this Board I have been part of the renewal and expansion of the SDLF programs, including the premier program, District of Distinction, also the Special District Administrator Certificate, the Recognition of Special District Governance, and the newly created District Transparency Certificate of Excellence.

My career experience with special districts has helped me to understand the issues specific to smaller organizations. I have learned what it really means for an organization to do more with less. I have also learned that political realities for special districts are distinct from other forms of governments. As the Director of Administrative Services for the Mojave Desert Air Quality Management District, I am the staff representative to the Governing Board Committees for Budget and Personnel. I am a member of and have chaired the California Air Pollution Control Officers Association (CAPCOA) statewide committees for Fiscal and Human Resource officers. I organized and have chaired the Alternate Fuel Task Force for the Mojave Desert air basin; I have represented the District in the Antelope Valley Clean Cities Coalition.

My working opportunities have crossed several public service types. I served as the Victorville city representative to the Technical Advisory Committee for the Victor Valley Transit Authority and as the City representative and officer on the Executive Committee of the Regional Economic Development Authority. I volunteered four years on the Board of Directors of the Victor Valley Federal Credit Union. For six years, I worked as an adjunct professor at Victor Valley Community College teaching Public Works Administration.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

As professional and as a volunteer, I have a wide range of experiences with organizational structures, long term and vision planning, development of staff and volunteers, and resource and program management. My experience of leading organizational activities and implementing change for growth includes bringing together intergenerational and multicultural groups to achieve common goals.

I am an effective manager with expertise in efficient and productive management implementing process improvements in finance, human resources, risk management, and a wide variety of related administrative and organizational functions. I have led highly skilled teams to support the achievement of overall agency goals and objectives.

I earned a Master's Degree in Public Administration from California State University, San Bernardino

I earned the Special District Administrator Certification from the Special Districts Leadership Foundation

I earned the Recognition of Special District Governance from the Special Districts Leadership Foundation

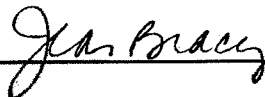
I earned the Masters Certification in Labor Relations from the California Public Employers Labor Relations Association (CALPELRA)

What is your overall vision for SDRMA?

I want to continue contributing my experience and expertise to SDRMA's overall function to further strengthen and enhance the lines of services provided by SDRMA. I want to be part of the mission to enhance the member's experience through claims management and education that leads to loss prevention.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date February 12, 2013

Special District Risk Management Authority

Board of Directors

Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted.** No statements are endorsed by SDRMA.

Nominee/Candidate Dennis Mayo

District/Agency	McKinleyville Community Services District		
Work Address	1656 Sutter Road, McKinleyville, CA 95519		
Work Phone	(707) 839-3251	Home Phone	(707) 832-9334

Why do you want to serve on the SDRMA Board of Directors? **(Response Required)**

SDRMA; on a nuts and bolts level, is the single most important Board for Special Districts. Serving ones District is a special trust given by the local electorate. Being elected by one's peers to serve in the betterment of all Special Districts honors those constituents and allows me to be the voice of my District. I am dedicated to public service and feel my work ethics and experience will be a valuable asset to SDRMA, my District and all our Special Districts.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) **(Response Required)**

Currently I am the Board President of McKinleyville Community Services District; Director of Open Beach and Trails; ACWA Region 1 Board Member; JPIA/ACWA Employee Benefit Committee member; Director of membership Moose Lodge No. 208; Legislative analyst for California Commercial Beach Fisherman Association; North Coast Representative for the Blue Ribbon Coalition. Formerly a Humboldt County Planning Commissioner; Vice President McKinleyville Rodeo Association; Lake Earl Grange member; Member of the California State Grange Consumer Committee; Humboldt Bay Harbor District Strategic Plan; Humboldt Bay Municipal Water District Strategic Plan. Member of the Arcata Fire Protection District Fund Coordinator and other Boards and Commissions over the past (40) forty years.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

(Response Required)

I have Life and Casualty Insurance experience and worked in the field in my earlier years. I have extensive experience with group dynamics and the interplay of Workman's Compensation. I have worked on Legislative issues and developed specific language for successful State and Federal Legislation and have negotiated many successful employee contracts. From groups as small as a Rodeo Committee to a twenty million dollar Water District, dotting the "I's" and crossing the "T's" on insurance issues means the difference between success and failure. I have a unique talent working with diverse groups and getting to the heart of an issue.

What is your overall vision for SDRMA? (Response Required)

California is in a financial crisis. There are local, regional and national pressures that make stewarding the public trust seem almost a nightmare. SDRMA is planted deeply and perhaps unfairly in the middle of that crucible. It is often said that we must think outside the box for creating solutions. The truth is we must think both outside and inside the box to provide the best service for Special Districts in our Districts and our State. It is my hope to bring a powerful and creative energy to this Board and leave no stone unturned to make SDRMA the best it can be.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

5.2.13

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate	David Aranda
District/Agency	North of the River Municipal Water District
Work Address	4000 Rio Del Norte Street, Bakersfield, CA 93308
Work Phone	661-393-5411
Home Phone	661-300-1231

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I would like to be part of a team that continues to make SDRMA the best risk services provider in the State. It is my desire to see SDRMA continue to be responsive to its members and all Special Districts in regard to coverage, education and pricing.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

My Board and Committee experience include the following:

- **1998- Present: SDRMA Board**
 - **2000-2006: SDRMA Board President**
 - **2010-Present: SDRMA Board President**
- **1999-Present: Special District Leadership Foundation**
 - **1999-Present: Served as SDLF Chair**
- **Other Board of Director Experiences:**
 - **California Special Districts Association Board of Directors**
 - **California Rural Water Board of Directors**

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

Experience and "thinking outside the box".

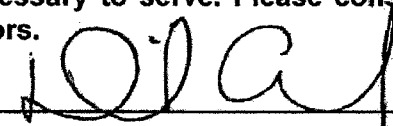
What is your overall vision for SDRMA? (Response Required)

To see the Following:

- 1. Claims reduced to an unbelievable low number due to education, safety practices, and an overall safety culture promoted by SDRMA and practiced by all Districts.**
- 2. Premium payments reduced by 50% by 2020 due to sound investment and low claims.**

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-22-13

RESOLUTION NO. 2013-15

**A RESOLUTION OF THE GOVERNING BODY OF THE
McKinleyville Community Services District
FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT
RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS**

WHEREAS, Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code Section 6500 et seq., for the purpose of providing risk management and risk financing for California special districts and other local government agencies; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement specifies SDRMA shall be governed by a seven member Board of Directors nominated and elected from the members who have executed the current operative agreement and are participating in a joint protection program; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement Article 7 - Board of Directors specifies that the procedures for director elections shall be established by SDRMA's Board of Directors; and

WHEREAS, SDRMA's Board of Directors approved Policy No. 2012-05 Establishing Guidelines for Director Elections specifies director qualifications, terms of office and election requirements; and

WHEREAS, Policy No. 2012-05 specifies that member agencies desiring to participate in the balloting and election of candidates to serve on SDRMA's Board of Directors must be made by resolution adopted by the member agency's governing body.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the McKinleyville Community Services District selects the following candidates to serve as Directors on the SDRMA Board of Directors:

(continued)



**OFFICIAL 2013 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS**

VOTE FOR ONLY FOUR (4) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than four (4) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than four (4) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 5:00 p.m., Tuesday, August 27, 2013. Faxes or electronic transmissions are NOT acceptable.

- ☐ **MURIL CLIFT (INCUMBENT)**
Director, Cambria Community Services District

- ☐ **MIKE SCHEAFER**
Director/Vice President, Costa Mesa Sanitary District

- ☐ **JOHN WOOLLEY**
Director/Finance Officer, Manila Community Services District

- ☐ **TIM UNRUH**
District Manager, Kern County Cemetery District No. 1

- ☐ **JEAN BRACY (INCUMBENT)**
Director of Administrative Services, Mojave Desert Air Quality Management District

- ☐ **DENNIS MAYO**
Director/President, McKinleyville Community Services District

- ☐ **DAVID ARANDA (INCUMBENT)**
General Manager, North of the River Municipal Water District

ADOPTED this ____ day of _____, 2013 by the McKinleyville Community Services District by the following roll call votes listed by name:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST:

APPROVED:

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.6. **Information related to McKinleyville Community Services Districts (MCSD) Water Leak Adjustment Policy for future action by MCSD Board**

PRESENTED BY: **Gregory P. Orsini, General Manager**

TYPE OF ACTION: **None**

Recommendation:

Staff recommends the Board review the information gathered from surrounding agencies that have a Water Leak Adjustment Policy, take public comment and come to a consensus for future action by MCSD Board.

Discussion:

On May 1, 2013 we discussed our written policy as it applied to a customer's request for a water leak adjustment. This discussion led to the Board's request for staff to research additional agency water leak adjustment procedures.

Staff discovered not all agencies have their policies in writing. Four were available and compared in table form to identify similarities for discussion.

The MCSD's policy was adopted on May 18, 2011 and is attached in its entirety for review as Resolution 2011-10. This resolution addresses water leak adjustments and limits the exposure of the District to a General Manager decision up to a maximum of \$500.00 with the right of appeal.

Provided are findings from several different agencies for the Boards review and discussion.

AGENCY FINDINGS:

Agencies	Notification required	Proof of Repair	Period Limitations	Average Billing Cycle	Limits	Calculated adjustment	Variances	Decision maker
McKinleyville CSD	Written application	Yes	24 months	12 Months or period of customer's use	\$ 500	Up to 50% of actual versus 12 month average.	Appeal to Board	General Manager
City of Arcata	Written Request	Yes	Retroactive for five years	Overage based on historical bill for the same period.	None noted	Service charge adjustment	Appeal to City Council within 10 days of Director's notification	Finance Director
City of Morgan Hill	Written application	Yes	24 months	Prior use history for comparable time period	None noted	Adjusted to first tier billing rate for overage		Utility Billing Dept.
City of Santa Rosa	Written notification within 60 days of bill due date.	Yes	36 months	Overage based on historical bill for the same period.	Up to two billing periods	Adjusted to first tier billing rate for overage	Variance allowed by Director of Utilities, Appeal to Board of Utilities, then to City Council	Director of Utilities
Scotts Valley Water District	Written notification within 30 days of billing.	Yes, documented	unknown	Overage based on last year's bill for the same period.	Up to two billing periods	75% of cost of the overage (over normal bill). Ten percent perchlorate adjustment allowed.	Exception allowed at discretion of General Manager	General Manager

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

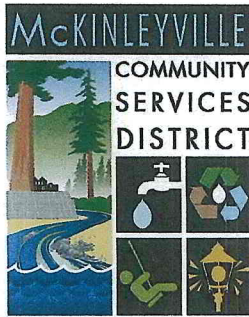
- Attachment 1 – McKinleyville Community Services District Water Leak Adjustment Policy, Water Leak Adjustment Form, and Resolution 2011-10
- Attachment 2 – City of Arcata Article 14, Section 7921- Service Charge Adjustments
- Attachment 3 – City of Morgan Hill's Water Leak Adjustment Policy & Water Leak Adjustment Form
- Attachment 4 – City of Santa Rosa's Water Leak Adjustment Policy
- Attachment 5 – Scotts Valley Water District's Leak Adjustment Policy

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



mckinleyvillecsd.com

MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

WATER LEAK ADJUSTMENT POLICY

In order to promote water conservation, The General Manager or designee is authorized to consider a potential adjustment to a customer's water and sewer bill one month out of any 24-month period where the customer proves that excess usage occurred as a result of a water leak and that the leak has been repaired. Listed below are the conditions required to be eligible for an adjustment:

1. Customers may apply for a water leak adjustment by completing a Water Leak Adjustment Request Form available at the MCSD office, 1656 Sutter Road, McKinleyville.
2. Customers will provide receipts for parts or a copy of the plumber's bill if available. If no receipts are provided, the District may wait until the next scheduled meter read date to verify that the leak has been repaired.
3. The adjustment may be calculated as up to 50% of the difference between the actual water charge for the month of the leak and the average monthly charge based on the previous 12 month use or the longest period of the customer's use, if less than 12 months.
4. The maximum amount of any single adjustment by the General Manager shall not exceed \$500.00.
5. The decision of the General Manager shall be final unless the Board Chairman finds there would be good cause for a Board hearing or appeal.

Attachment: Water Leak Adjustment Form

Revised May 18, 2011 by Board action

McKinleyville Community Services District
1656 Sutter Road
McKinleyville, Ca 95519
(707) 839-3251

Water Leak Adjustment Request

Date: _____

Name: _____ Phone Number: _____

Service Address: _____

Explanation of leak and/or repair: _____

Date repaired: _____

If available, please provide receipts for parts or a copy of the plumber's bill. If no receipts are provided, the district may wait until the next scheduled meter read date to verify that the leak has been repaired.

If this adjustment is accepted, you would not be eligible for another adjustment for 2 years.

Signature: _____

FOR OFFICE USE ONLY

Customer #

Rte/Svc

Supervisor Approval _____

General Manager Approval _____

Customer Notified _____

Water Credit \$

Listed In File _____

Sewer Credit \$

Line 11 Noted _____

Total Credit \$

Adjustment Done _____

Include Print Out OF MQ-CM Screen And Water Use Screen

RESOLUTION 2011-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT ESTABLISHING A POLICY FOR BILLING ADJUSTMENTS DUE TO WATER LEAKS

WHEREAS, The Board of Directors of the McKinleyville Community Services District wishes to establish an equitable policy for billing adjustments following water leaks occurring beyond a customer's control;

BE IT RESOLVED, The Board of Directors of the McKinleyville Community Services District hereby establishes the following conditions governing billing adjustments as a result of a water leak.

CONDITIONS:

1. The General Manager or designee is authorized to adjust a customer's water bill one month out of any 24-month period where the customer proves that excess usage occurred as a result of a water leak and that the leak has been repaired.
2. Customers may apply for the Water Leak Adjustment by completing a Water Leak Adjustment Request form at the MCSD office.
3. Customers will provide receipts for parts or a copy of the plumber's bill if available. If no receipts are provided, the District may wait until the next scheduled meter read date to verify that the leak has been repaired.
4. The adjustment may be calculated as up to 50% of the difference between the actual water charge for the month of the leak and the average monthly charge based on the previous 12 month use or the longest period of the customer's use, if less than 12 months.
5. The maximum amount of any single adjustment by the General Manager shall not exceed \$500.00.
6. The decision of the General Manager shall be final unless the Board Chairman finds there would be good cause for a Board hearing or appeal.


PASSED, APPROVED AND ADOPTED this 18th day of May, 2011 by the following roll call vote:

AYES: CORBETT, COUCH, MAYO, WENNERHOLM, EDWARDS


NOES: NONE

ABSTAIN: NONE

ABSENT: NONE


Helen Edwards, Board President

ATTEST:


Sharon L. Denison, Board Secretary

Attachment 2

City of Arcata

ARTICLE 14—RATES

Sec. 7920 Water service charges.

All water service charges shall be as established from time to time by resolution of the City Council.

Sec. 7921 Service charge adjustments. (Amd. Ord. 1194, eff. 9/4/1992)

In the event of a leak in a utility customer's private water system, a service charge adjustment may be made, provided the leak has been repaired in a timely manner. The adjustment will be based on the water consumption for the same billing period in the prior year.

Sec. 7922 General adjustments. (Ord. 913, 1/19/1979)

If for any reason a customer feels that an adjustment of their water billing is warranted, the customer shall set forth his contention in writing to the Finance Director, who shall approve or reject the claim. The customer may appeal that decision to the City Council in writing, within 10 days of the Finance Director's determination. Any such adjustment granted will be retroactive for a period not to exceed 5 years or for such period of time as customers water records are available.



City of Morgan Hill
Utility Billing Department
17575 Peak Ave., Ste#100
Morgan Hill, CA 95037
Phone: (408) 779-7221
Fax: (408) 778-1564

Leak Adjustment Policy/Guidelines

The utility billing office offers courtesy assistance in the event a customer experiences a substantial increase in water use due to a leak.

General Guidelines

To ensure that your application gets processed in a timely manner, please carefully review the following Leak Adjustment Guidelines:

- The customer **must** submit a completed Leak Adjustment form provided by the City of Morgan Hill. Leaks must be repaired prior to review of the account.
- Applicant must have been a customer of City of Morgan Hill for at least a twelve-month period at the address being considered.
- No more than one leak adjustment credit per a ***two-year period*** will be provided.
- Your City of Morgan Hill water account must be paid in full and kept current until the leak adjustment request is reviewed and a decision has been made.
- Receipts of repair and/or supporting photos must be submitted.
- Non-eligible request would include; unattended nozzles, faulty irrigation valves/system, damaged irrigation sprinkler heads, dripping faucets, leaking toilets and other home/landscape maintenance type items.

Calculating - Leak Adjustments

- When a request has been approved for an adjustment, your average 'normal' monthly use is calculated based on your prior use history for the comparable time periods.
- A credit is then given for those units used above this average 'normal' use. The excess units are billed at the lower first tier rate rather than the higher second/third tier rates.
- An additional adjustment is given for the perchlorate surcharge.
- For example: The billed usage for the month of July was 112 units, higher than expected due to a leak under the driveway.
 1. It is determined that your average July use is 64 units. 48 units are attributed to the leak. These 48 units originally were billed at the higher third tier rate, but will now be adjusted to the lower first tier rate.
 2. The difference between the first tier and the third tier is the amount of the credit due.
 3. An additional adjustment, currently 10%, for perchlorate charges is also applied.



City of Morgan Hill
Utility Billing Department
17575 Peak Ave., Ste#100
Morgan Hill, CA 95037
utilitybilling@morganhill.ca.gov
Phone: (408) 779-7221
Fax: (408) 778-1564

REQUEST FOR WATER LEAK ADJUSTMENT

Customer Information

Name on Account: _____

Account Number: _____ Contact Phone No#: _____

Service Address: _____ Email Address: _____

Leak Repair Information

Date Leak Discovered: _____ Date Leak Repaired: _____

Description of Leak: _____

PLEASE NOTE: Completion of this form does not guarantee an adjustment will be made to your water bill. All adjustments are issued based on your average usage for previous account history and are credited at a *reduced rate* for **water loss only**. Once the review is complete, you will receive notification of results from the Utility Billing Office. This may take up to five weeks.

Please return the completed application to the Utility Billing Department. Receipts of repair / photos must be included.

I have read, understand and agree with the leak adjustment guidelines.

Date Submitted

Signature

For Office Use Only:

Date Received: _____	Receipt and/or Photos: Yes ____ or No ____	
Water amount of Original Bill: _____	Month Of Leak: _____	Billed Water Use: _____
Leak Credit Amount: _____	Perchlorate Credit Amount: _____	Adj. Average Use: _____
Approval Date: _____	Denial Date: _____	Approval Signature: _____

RESOLUTION NO 1012

RESOLUTION OF THE BOARD OF PUBLIC UTILITIES REPEALING RESOLUTION NO.194 ESTABLISHING UTILITY BILLING POLICIES AND PRACTICES AND ADOPTING UTILITY BILLING POLICY UB-1 BILLING ADJUSTMENTS

WHEREAS, the Board of Public Utilities adopted Resolution No. 194 on January 13, 1982, establishing Utility Billing Policies and Procedures regarding Property-Side Leak Adjustments and Malfunctioning Meters; and

WHEREAS, these adopted policies are now obsolete due to a multitude of changes to the City Code and Utility Billing practices and procedures that have occurred since January 1982; and

WHEREAS, the Malfunctioning Meters policy has since been superseded by the City Code and Miscellaneous Fees and Charges Resolutions and is no longer needed; and

WHEREAS, the Property-Side Leak Adjustment policy needs to be updated to reflect the City Code and current Utility Billing operations; and

WHEREAS, Utility Billing Policy UB-1 Billing Adjustments will supersede the Property-Side Leak Adjustment policy and should result in reduced expenses to the Utility, lessen confusion and provide equitable treatment to customers.

NOW, THEREFORE, BE IT RESOLVED that the Board of Public Utilities hereby repeals Resolution No. 194 adopted on January 13, 1982.

BE IT FURTHER RESOLVED that the Board adopts the attached Utility Billing Policy UB-1 Billing Adjustments effective this date.

DULY AND REGULARLY ADOPTED by the City of Santa Rosa Board of Public Utilities this 3rd day of November, 2011.

AYES: (7) DOWD, GALE, CARNEY, GALVIN, LOWRY, MEECHAN AND SWINTH

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

APPROVED: _____

Chairman Richard Dowd

ATTEST: _____

Gina Perez

Recording Secretary

APPROVED AS TO FORM: _____

City Attorney

Attachment: Utility Billing Policy UB-1 Billing Adjustments

UTILITY BILLING POLICY			
Subject:	Policy Number	Effective Date	Number of Pages
BILLING ADJUSTMENTS	UB-1		Page 1 of 5

I. PURPOSE

The purpose of this policy is to provide City of Santa Rosa's written policy on providing billing adjustments for property-side leaks, sewer cap re-evaluations, and dedicated irrigation account landscape measurement inaccuracies.

II. POLICY

A. Property Side Leaks

A property-side leak is any loss of water due to deterioration of pipes, fittings or equipment, the existence of which is known or unknown to the customer, and said loss emanates from the coupling on the customer's side of the water or recycled water meter, serving the customer's property.

Customers are responsible for the service and fittings attached to the Water Utility System beginning at the coupling on the customer's side of the meter. Any leaks in the line which are the responsibility of the customer must be repaired by the customer solely at his/her expense.

No adjustment or credit will be applied to the utility bill for property-side leaks, damage, deterioration or other factors beyond the control of the City, except as defined under Section A.1 – Property Side Leaks – Billing Adjustment.

The customer's service line, including the fittings on the customer's side of the meter, is to be maintained in a state of repair sufficient to allow the removal and replacement of the meter for maintenance. No adjustment or credits will be given for leaks which develop as a result of changing or maintaining the water or recycled water meter, unless it can be shown that the Utility was negligent in performing the meter change or maintenance.

The customer is responsible for monitoring higher than expected usage as reflected on the customer's bill. Customers must investigate higher than expected usage to determine if the usage was caused by a property-side leak. A customer who has observed or has actual knowledge of a property-side leak is in violation of the City's Water Waste Regulations as defined in City Code Chapter 14-21 and is required to promptly repair the leak.

UTILITY BILLING POLICY			
Subject:	Policy Number	Effective Date	Number of Pages
BILLING ADJUSTMENTS	UB-1		Page 2 of 5

1. Property Side Leaks - Billing Adjustment Criteria

The Revenue Operations Supervisor, or another person delegated the responsibility for adjusting utility billings, may adjust the water or recycled water usage portion (excluding service charge) and any resulting sewer usage portion (excluding service charge), on a customer's bill when all of the following requirements are met:

1. Customer shall notify City, in writing, of water or recycled water loss and repair of a property-side leak within 60 days from the bill due date for the period in which the loss occurred.
2. The written request shall be accompanied by either a plumber's invoice for services rendered or a letter from the customer certifying:
 - a. The name, address, and telephone number of the person discovering the leak.
 - b. The date the leak was discovered.
 - c. The nature and location of the leak.
 - d. The date the leak was repaired.
 - e. The name, address, and telephone number of the person repairing the leak.
 - f. A description of the repair work performed.
3. The customer has not received a property-side leak billing adjustment in the past thirty-six months. The thirty-six month period begins the first month of the billing period following the last billing period for which a property-side leak billing adjustment was received.
4. The City shall not extend the due date of a water, recycled water or wastewater bill as a result of the customer submitting a request for an adjustment of a bill for a property-side leak. Payment in full is due each month by the billing due date.
5. There must be evidence that excessive use of water or recycled water was **not** due to the customer, his/her agents, or tenant's willful or neglectful acts.
6. The City shall require repair bills or other appropriate documentation substantiating the repair of the property side leak prior to approving a claim for adjustment.
7. If the excess usage is due to a property-side leak, the City must be satisfied that the problem that resulted in a request for a billing adjustment has been properly repaired or resolved.

2. Property Side Leaks – Billing Adjustment

1. The property-side leak billing adjustment shall be limited to one adjustment per thirty-six month period. The thirty-six month period begins the first month of the billing period following the last billing period for which a property-side leak billing adjustment was received.
2. The property-side leak billing adjustment shall be limited to two consecutive billing periods.

UTILITY BILLING POLICY			
Subject:	Policy Number	Effective Date	Number of Pages
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3. The property-side leak billing adjustment will be calculated on the following criteria:

a. **Single Family Residential Accounts**

Single-Family Residential customer's water or recycled water usage as a result of a property-side leak must exceed Tier 2 and be at least 50% higher than usage compared to the same billing period in previous years to qualify for a property-side leak billing adjustment. If the Revenue Operations Supervisor grants a property-side leak billing adjustment, the amount of excess usage due to the property-side leak will be billed at the Tier 2 rate for Single-Family Residential customers.

If the excess usage is due to an inside leak (not irrigation), no sewer usage adjustment will be given. If the excess usage is due to an outside leak, a sewer usage adjustment may be considered. The sewer usage adjustment (based on the excess usage) shall be limited to two billing periods and to one adjustment every thirty-six months.

b. **Dedicated Irrigation Accounts**

Dedicated Irrigation customer's water or recycled water usage, as a result of a property-side leak, must exceed Tier 1 and be at least 50% higher than usage compared to the same billing period in previous years to qualify for a property-side leak billing adjustment. If the Revenue Operations Supervisor grants a property-side leak billing adjustment, the amount of excess usage due to the property-side leak will be billed at the Tier 1 rate for Dedicated Irrigation customers.

c. **Multi-Unit Residential and Commercial and Industrial Accounts**

Multi-Unit Residential and Commercial and Industrial customer's water or recycled water usage as a result of a property-side leak must be at least 50% higher than usage compared to same billing period in previous years to qualify for a property-side leak billing adjustment. The property-side leak billing adjustment will be calculated equivalent to the discount between Tier 3 and Tier 2 for Single-Family Residential customers. If the Revenue Operations Supervisor grants a property-side leak billing adjustment, the amount of excess usage due to the property-side leak will be billed at the calculated discount.

If the excess usage is due to an inside leak (not irrigation), no sewer usage adjustment will be given. If the excess usage is due to an outside leak, a sewer usage adjustment may be considered. The sewer usage adjustment (based on the excess usage) shall be limited to two billing periods and to one adjustment every thirty-six months.

UTILITY BILLING POLICY			
Subject:	Policy Number	Effective Date	Number of Pages
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d. All Accounts – Unexplained Usage Billing Adjustment:

Customers can apply for one “unexplained” usage billing adjustment per the life of the account. For Single-Family Residential customers, “unexplained” usage must reach Tier 3 (or higher) and be at least 50% higher than normal usage compared to same billing period in previous years to qualify for a billing adjustment. For Multi-Unit Residential, Commercial and Industrial, and Dedicated Irrigation customers, the “unexplained” usage must be at least 50% higher than normal usage compared to same billing period in previous years to qualify for an adjustment. Only one “unexplained” usage billing adjustment will be processed for the life of the account. The billing adjustment will be calculated per customer class as described under Section A.2.3 above.

B. Sewer Cap Re-evaluations

Sewer Cap re-evaluations will only be processed for customers that had excess water usage due to a property-side leak that occurred during the most current winter cap setting period. The sewer cap re-evaluation for excess water usage due to a property-side leak resulting in a sewer cap adjustment will only be done one time within a thirty-six month period. The thirty-six month period begins the first month of the billing period following the last billing period for which the sewer cap adjustment was given. Requests for sewer cap re-evaluations due to any reason other than a property-side leak will not be considered.

C. Adjustments for Inaccurate Landscape Measurements

Landscape area measurements are printed on monthly utility bills for Dedicated Irrigation customers. As described in City Code Chapter 14-08.010, landscape area measurements are used to calculate water user charges. It is the responsibility of the customer to maintain accurate landscape area measurements of their property.

If a Dedicated Irrigation customer determines that the landscape area measurements are inaccurate, the customer must request verification of the landscape measurements as defined in City Code Chapter 14-08.010.

If a landscape area measurement verification leads to a landscape area measurement adjustment, the Revenue Operations Supervisor, or another person delegated the responsibility for adjusting water billings, will recalculate the billing period water budget for the two most recent billing periods and determine the applicable billing adjustment. The two most recent billing periods are the two previous billing periods prior to the customer request for verification of the landscape measurements.

The billing adjustment shall be limited to the two most recent consecutive billing periods and shall be limited to one adjustment every thirty-six months. The thirty-six month

UTILITY BILLING POLICY			
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period begins the first month of the billing period following the last billing period for which the billing adjustment was given.

If a customer makes a change to the landscape which results in a change to the landscape area measurements, it is the customer's responsibility to submit new landscape measurements to Utility Billing. The landscape measurements will be verified by the Water Use Efficiency Team, or designee. A billing adjustment will not be made due to a change in landscape which results in a change to the landscape area measurements.

III. VARIANCE PROCEDURES

Variances will be granted, on a case-by-case basis, at the discretion of the Director of Utilities. The following conditions are among those that may be given consideration in the variance process:

- Granting a leak adjustment more often than once every thirty-six months
- Granting a sewer cap re-evaluation for a circumstance other than a property-side leak
- Granting a credit for more than two billing periods for Dedicated Irrigation customers with incorrect landscape measurements

IV. PROVISIONS FOR APPEAL

Any customer may appeal the final decision of staff regarding property-side leak billing adjustments, sewer cap re-evaluations or landscape measurement billing adjustments to the Director of Utilities, or a final decision of the Director of Utilities to the Board of Public Utilities by submitting a written notice of appeal to the City within ten City working days of the date of the decision. A decision of the Board of Public Utilities can be appealed to the City Council.

SCOTTS VALLEY WATER DISTRICT**Resolution No. 05-09**

**RESCINDING “LEAK ADJUSTMENT POLICY GUIDELINES”
DATED MAY 16, 2006, AND
ADOPTING “ONE-TIME LEAK ADJUSTMENT POLICY GUIDELINES”
TO TAKE EFFECT IMMEDIATELY**

WHEREAS, Section 4.18 of Ordinance No. 119-96, as amended, of Scotts Valley Water District (the “District”) establishes a leak adjustment policy providing for a customer water bill adjustment in the event of a documented undetected leak and specifies that such adjustment is to be administered pursuant to written guidelines approved by the District Board of Directors (the “Board”); and,

WHEREAS, the Board on May 16, 2006, approved written guidelines entitled “Leak Adjustment Policy Guidelines,” which guidelines have been in effect continuously since that date; and,

WHEREAS, the Board’s Water Resources Committee (the “Committee”) has evaluated District leak adjustment records and reviewed the leak adjustment policies of other districts in the area, and based on this analysis recommends revising the written guidelines to limit future leak adjustment awards to major, one-time leak events, thereby reducing the number of small value and repeat claims eligible for water bill adjustment; and,

WHEREAS, the Committee recommends adoption of “One-Time Leak Adjustment Policy Guidelines,” attached hereto as Exhibit A, to take effect immediately.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Scotts Valley Water District, Santa Cruz County, California, that “Leak Adjustment Policy Guidelines” dated May 16, 2006, is hereby rescinded and that “One-Time Leak Adjustment Policy Guidelines,” attached hereto as Exhibit A, is hereby adopted and effective immediately.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Scotts Valley Water District, Santa Cruz County, California, this 12th day of February 2009 by the following vote:

AYES:	Directors:
NOES:	Directors:
ABSTAIN:	Directors:
ABSENT:	Directors:

Chris Perri
President, Board of Directors

ATTEST:

Deborah L. Hazen
Secretary to the Board

Attachment to this Resolution:
Exhibit A – One-Time Leak Adjustment Policy Guidelines

EXHIBIT A

One-Time Leak Adjustment Policy Guidelines

February 12, 2009

1. The customer must present a written request for a one-time leak adjustment credit to the District no later 30 days after the end of the billing period during which the customer repairs the leak. The request must state the time period, extent, and circumstances of the leak and include receipts showing that the leak has been repaired.
2. A leak adjustment credit will be approved only for a leak that is outside the customer's direct control and will not be approved for private plumbing corrective measures that should be employed as a routine matter of sound water conservation practice. A burst underground pipeline would be an example of a situation that would typically be eligible for a leak adjustment credit. Examples of situations not eligible would include leaky toilets, dripping faucets, burst hoses, unattended nozzles, faulty irrigation valves, damaged irrigation sprinkler heads, or repetitive leaks within the customer's water system indicative of a need for comprehensive plumbing repair.
3. When qualifying, the customer will receive a leak adjustment credit for up to two billing periods to be calculated as follows: the amount of water used during the leak period will be compared to the amount of water used at the same time the previous year, and the cost for 75% of the difference in water used will be credited to the customer's account. An alternate method for calculating the credit may be used if necessary to achieve a result that more accurately reflects the nature, extent, and responsible repair of the leak.
4. Personal, family or financial difficulties, loss of prospective profits, discretionary standards of property maintenance, and other subjective factors are not conditions that justify approval of a leak adjustment credit.
5. In any situation in which the justification for a leak adjustment credit is based upon the malfunction, breakage or failure of a component of the customer's water service system, no credit shall be approved unless the repairs or replacements have been performed in compliance with all District regulations and standards.
6. Each leak adjustment credit request will be considered on its individual merits, and no prior decision will be considered to have set a precedent for denial or approval of subsequent credit requests.
7. The General Manager has final authority to approve or disapprove the one-time leak adjustment credit by adhering strictly to the provisions set forth above. The General Manager will approve an exception to these provisions only in extraordinary circumstances and only upon a written finding that the exception would not result in a special privilege of the recipient not enjoyed by another District customer facing similar circumstances and would not otherwise materially impair the purpose or intent of District rules and regulations.

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: E.7. Streetlights Light Emitting Diode (LED) Conversion Project

PRESENTED BY: James Henry

TYPE OF ACTION: Voice Vote

Recommendation:

Take public comment, approve converting the remaining lights in the District to LED and authorize expenditure to \$124,191.

Discussion:

MCSD staff, as directed by the Board, converted the 35 High Pressure Sodium (HPS) streetlights on Central Avenue to LED as a phased approach. Staff would like to move forward and convert the remaining 348 HPS lights in the District to LED.

“Rule 51.03 EFFICIENCY. All new streetlight facilities will be equipped with the most energy efficient fixtures available from the electric public utility at that time.

The annual energy cost savings would amount to approximately \$22,400 which would result in a 7.5 year payback on a 10 year zero interest loan. The savings will come from substantially lower maintenance costs and energy costs, due to the fact that LED only uses 65% of energy compared to HPS.

The remaining conversions should take approximately 4 months to complete.

Alternatives:

Staff’s analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

HPS (Current, per fixture, per month)

Energy costs	\$6.40
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Operation costs	\$5.27
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LED (Proposed, per fixture, per month)

Energy costs	\$2.59
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Operation costs	\$4.07
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Savings: \$4.87 per fixture per month total

Current expenditure for the remaining lights

348- watt LED streetlights	\$103,000
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348 Photo Cells	\$ 2,690
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7.50% tax	\$ 7,932
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10% contingency	\$ 10,569
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Total	\$124,191
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Environmental Requirements:

Exempt

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: E.8. Consider approval of the STRATEGIC PLAN

PRESENTED BY: Gregory P. Orsini, General Manager

TYPE OF ACTION: Voice Vote

Recommendation:

Staff recommends the Board of Directors review, take public comment and approve the proposed five (5) year Strategic Plan for publication with suggested modifications.

Discussion:

This process began in August of 2012, with Board approval. In the initial discussion, three phases were outlined:

1. Information Gathering
2. Board Strategic Planning Workshop
3. Document and Development of a Five Year Plan

The process is now complete and the Strategic Plan is ready for Board approval and publishing. This plan is foundational to the District's long term financial health and stability yet provides annual reviews to stay grounded in the current and mid-term needs of the community we serve.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Exhibits/Attachments

- Attachment 1 McKinleyville Community Services District Strategic Plan for Fiscal Years 2014-2019

Strategic Plan

For Fiscal Years 2014 – 2019

McKinleyville

Community Services District

Mission Statement:

Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner.



Board of Directors

Dennis Mayo, President

David Couch, Vice President

John Corbett, Director

Helen Edwards, Director

Bill Wennerholm, Director

District Management Team

Greg Orsini, General Manager

Colleen Trask, Finance Director

James Henry, Operations Director

Jason Sehon, Parks and Recreation Director

Kathy Wilson, Board Secretary

Strategic Plan Consultant – BHI Management Consulting

Brent H. Ives, Principal



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Introduction

A Strategic Plan is a top level planning document for an organization to set clear direction over all operational aspects of its mission. It serves as a framework for decision making over a five-year period. It is a disciplined effort to produce fundamental decisions that shape what a District plans to accomplish by selecting a rational course of action. This planning process began with an environmental scan of the District's business environment including an objective assessment of the District's strengths, weaknesses, opportunities and threats. Input from various stakeholders was gathered and analyzed. Starting with that information the District's Mission, Core Values, Vision and the overall structure of this Strategic Plan were developed by the Board in workshop settings. Within the framework of that structure and the business environment, strategies and goals were developed to sustain and where appropriate improve the District over the next five years. At its highest level, this Strategic Plan seeks to strengthen and build upon opportunities while addressing areas of concern.

This plan also identifies actions, activities, and planning efforts that are currently underway and which are needed for continued success in operations and management of the District, and provides for periodic reviews and updates.

The strategic planning effort has focused on all of the following important areas:

- Ensuring the District's long term financial health and stability;
- Carefully managing the infrastructure needed to fulfill the District's Mission;
- Providing responsible stewardship of the water, wastewater parks & recreation, streetlights and other services with which we are entrusted;
- Sustaining a high performing, motivated and adaptable workforce;
- Sustaining sound management practices and good governance;
- Fostering partnerships when needed to better achieve our Mission; and
- Assuring clear, concise and consistent communications with the community we serve.

Strategic Planning Definitions

Mission Statement: A declaration of the District's purpose, which succinctly describes why the District exists. All activities of the District should be in support of the Mission Statement. The Mission Statement is adopted by the Board of Directors. The Mission Statement is reviewed annually but is intended to be constant over the long term.

Vision Statement: A statement that articulates where the District wants to be over the life of the Strategic Plan. It outlines at the highest level the key changes that must be achieved by the Strategic Plan. The Vision creates and drives strategy and tactics identified elsewhere in the Strategic Plan. The Vision Statement is adopted by the Board of Directors. The Vision Statement will be reviewed annually and will typically change more frequently than the Mission Statement to reflect the direction the Board wants to take the District over the five-year time horizon of the Strategic Plan.

Strategic Elements: The broad and primary areas of District operations, planning, and management that are addressed and supported by the Strategic Plan goals. These essentially serve as the outline and organization of the Strategic Plan. The Strategic Elements are adopted by the Board of Directors. The Strategic Elements are reviewed annually but are intended, absent major new issues to be faced, to be relatively constant over the life of the five year Strategic Plan.

Objective And Strategy Statement: A concise statement associated with each Strategic Element that describes the objective of that element. It explains why that element is important to the District's overall strategy and finishes with a statement that describes how the Objective for that Element will be achieved through a strategy.

Strategic Goals: A short statement of desired success. The goal statement is supported by a narrative that more fully explains the nature of the goal and the issues that the goal intends to address. The Strategic Goals are prepared by management

and accepted by the Board. The Strategic Goals will change from year-to-year when the annual assessment is made of the progress on each Strategic Element. The Strategic goals straddle the line between policy (Board responsibility) and implementation (management responsibility) and as such are a collaborative effort of both the Board and management.

Strategic Plan Development

In FYE 2012 the District retained the services of BHI Management Consulting (BHI) to facilitate and coordinate the development of the District's five-year Strategic Plan. BHI first gathered input from the District employees in a number of meetings so as to allow direct and "ground level" input to the Board during their deliberations on the Strategic Plan. A public meeting was then held to further gain a broad perspective on the future of the District. To prepare for Board workshops the Consultant interviewed the District Board members individually on matters they thought were most relevant to future strategy for the District. The following topics were discussed at all of the input gathering meetings:

- Mission;
- Vision;
- Strengths;
- Weaknesses;
- Opportunities; and
- Threats.

The Board supported this process as a way to allow all to participate in the foundation of the Strategic Plan. Two Board workshops were conducted. At these workshops the Board reviewed all input, revisited and refined the existing Mission Statement of the District, created a new Vision Statement for the District and discussed Core Values.

A steering committee, consisting of Senior Management and staff, worked with BHI to develop the Strategic Goals that support each Strategic Element. Using this process, along with both external and internal input, the Strategic Plan was assembled in a way that best articulates the Board's Vision and Strategy for the District over the next five years.

Continuation Process of the Plan

A key part of the Strategic Planning process is to conduct an annual review to update the Plan. These reviews allow for regular maintenance of the Plan so that it reflects the actual progress and conditional needs of the District. The reviews will be documented and followed up with by either a Plan supplement or an updated Plan. A five-year planning horizon will be maintained with each review effort developing a new fifth year of actions, projects and initiatives.

Mission and Vision Statements

DISTRICT MISSION

Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner.

DISTRICT VISION

In five years, MCSD will:

- *have continued our commitment to infrastructure maintenance*
- *have explored options for additional emergency water supplies*
- *have assured water reliability (distribution system)*
- *have converted customers to all radio read meters*
- *have secured funding and completed construction of the WWMF improvement project*
- *be proactive with regulatory compliance*
- *have converted to all LED streetlights*
- *have continued our commitment to maintenance of parks, facilities and trails*
- *have opened and are operating our Teen Center*
- *have identified funding sources for community forest development and maintenance*
- *be operating Mad River Park*
- *have secured funding for park and trails development*
- *have formalized relationships and collaborations with other governmental agencies*
- *have maintained a high quality and efficient workforce*
- *have continued our commitment to ensuring efficient and ethical governance*
- *have improved communications with the ratepayers and the entire McKinleyville Community.*
- *will have ensure continued planning and training for emergency operations*
- *have achieved a “best practices” distinction*
- *have long-term, financial sustainability in all District programs (debt, reserves, program costs, etc.)*

Strategic Elements

Strategic Elements represent the vital areas of the District's operation and management wherein strategy is placed. They assure that the implementation of strategy work to be performed in support of the Mission and Vision are comprehensive in nature and properly cover all areas of the District. Strategic elements are derived from the foundational Mission and Vision statements of the District. They are linked to action and results through the Strategic Goals written in each area and the Strategic Work Plan. The Strategic Work Plan contains the supportive actions and initiatives organized and prioritized by year within the planning period. It presents each Strategic Goal and consolidates actions in tabular form in **Table 1 - Strategic Plan "At-a-Glance" (pg. 31).**

The Strategic Elements are:

- 1.0 Water
- 2.0 Wastewater
- 3.0 Streetlights
- 4.0 Parks and Recreation
- 5.0 Partnerships
- 6.0 Personnel/Organization
- 7.0 Administrative Management
- 8.0 Financial Sustainability

1.0 WATER

Objective: *The objective is to continue our commitment to supply safe and reliable drinking water to our present and future customers.*

Strategy: *We will do this by keeping replacement, repair and upgrading of our pipes, and pumps at a high level by ensuring adequate funding.*

1.1 MAINTENANCE PROGRAMS

Maintaining reliable water distribution and storage is the number one priority of MCSD. Through the use of our Preventative Maintenance work order software (SEMS) we will continue planned maintenance of all facilities. Annual and monthly inspections will be conducted on all aspects of the system. Results of these inspections will be used to prioritize and schedule repairs. These facilities include:

- All Booster Pumps and Motors
- Pressure Reducing Valves
- Fire Hydrants and Distribution Valves
- Emergency Chlorination Systems
- Emergency Generators
- Storage Tanks

During this planning period tank maintenance will include the recoating of Tank 1 B at Cochran Road and the replacement of the shingled roof on redwood tank 3 B at McCluski. Monitoring unaccounted for water will indicate potential leaks and initiate the search. At this time our unaccounted for water is within the industry standard, verifying the integrity of our distribution system.

1.2 WATER STORAGE TANK PROJECT

MCSD Board has determined the necessity to maintain a 5-day reserve of water due to our single source. We are in the process of negotiating the purchase of property adjacent to Cochran Tank Site. Upon completion of the procurement process a cost

benefit analysis on tank type will be conducted to determine whether the tanks design will be steel or concrete and design completed. Search for grant funding to offset costs.

1.3 EMERGENCY WATER CROSSING

Due to the vulnerability of the MCSD sole water source and the construction of the Highway 101 Bridge, a 12" pipe was installed during that construction. An intertie was then needed to link MCSD to another water source. The intertie design and agreement have been completed. Proposition 50 Grants funds are available due to a regional effort lead by MBMWD.

1.4 EMERGENCY WATER SUPPLY

MCSD is pursuing grant funding to develop a Ground Water Management Plan (GWMP). Due to the vulnerability of one source of water MCSD had determined an emergency ground water source is necessary. Through development of the GWMP, reliable sources of ground water will be developed in the event of an emergency.

1.5 RADIO TELEMETRY UPGRADES

Due to age of existing digital control at tank sites and booster stations MCSD is in the process of updating this equipment. These system upgrades ensures public safety and have supervisory control of remote infrastructure, these systems must perform in a reliable manner.

1.6 WATER MAIN REHABILITATION AND REPLACEMENT

The original MCSD water distribution system is 40 years old. The integrity of the system is still sound but since the rehabilitation of in-the-ground pipe is costly, funds will start being set aside for this particular project. Replacing AC pipe with C900 as upgrades or repairs occur is also part of the District's improvement strategy.

1.7 RADIO READ METERS

Radio read meter technology has matured to a point where it is now feasible and cost effective to utilize them. MCSD specification requires all new meters be radio read. As meters age to roughly 15 to 18 years they have been replaced in the past. MCSD is in the process of consolidating that process to either retrofit new meters with radio heads or replace older meters with radio meters. That process will be ongoing for the next two to three years.

2.0 WASTEWATER

Objective: *The objective is to continue our commitment to provide safe and reliable collection, treatment, recycling and disposal of wastewater to meet current and future regulatory requirements and community needs.*

Strategy: *We will do this by meeting current community wastewater needs and continuing to monitor proposed future regulatory and capacity requirements and ensuring adequate funding.*

2.1 20-YEAR FACILITY PLAN

A facility plan was completed and accepted by the MCSD Board of Directors in December of 2011. The three year long process evaluated the collection and treatment systems and the reclamation and discharge facilities. These evaluations were used to determine the adequacy of existing facilities so phasing of upgrade or replacement could be documented.

- WWMF
- Wastewater reclamation sites
- Collection system
- Lift stations

2.2 WWMF IMPROVEMENT PROJECT

MCSD's existing treatment facility is unable to meet current limitations as set forth in the NPDES permit and upcoming limitations will only become more stringent. An upgrade is necessary to be in compliance with upcoming State nutrient removal requirements and avoid future fines so MCSD is in the process of design with construction of new WWMF to meet current and future discharge limitations scheduled for completion in during this planning period. Utilization of grant options to help offset costs is a priority for this project.

2.3 COLLECTION SYSTEM UPGRADES

A sewer model was designed to locate undersized mains in the collection system. Scenarios were run using proposed growth and major rain events. Several locations were identified as being inefficient to handle the flow increase without causing sewer back-ups and possible spills. Upgrades will be necessary in these areas as development and population increases.

2.4 SEWER MAIN IMPROVEMENT AND REHABILITATION

The Board has prioritized maintaining the sewer mains tight and free of infiltration. Preventing the groundwater from mixing with the sewer saves on pumping and treatment costs. An internal pipe patch repair kit was purchased to make these trenchless repairs. It will not only repair the broken section of the main but also save excavation costs. Replacing AC pipe with SDR 35 as upgrades or repairs occur is also part of the District's improvement strategy.

2.5 RADIO TELEMETRY UPGRADES

Due to age of existing digital control, MCSD is in the process of updating this equipment. In order to ensure public safety and maintain proper supervisory control of remote infrastructure, these systems must perform in a reliable manner. The WWMF controls will be addressed along with the improvement project as well as the sewer lift stations (generators?) are scheduled for this planning period.

2.6 SEWER LIFT STATION GENERATOR UPGRADES

The sewer lift station generators are nearing the end of their service life. There are also emission restrictions on these generators, which prevent the needed cycling these generators. The District plans to upgrade the generators to meet emission regulations and to allow for future pump upgrades during this planning period.

2.7 PRE-TREATMENT PROGRAM

A pretreatment program is very important to regulate unwanted discharging into the sewer collection system, which can disrupt the treatment process; grease from cooking facilities also plays a major factor in sewer spills. By direction of the Board, discharge permits will be issued to non-domestic discharges and customers with grease traps to meet the Food Oil Grease program requirements. This State mandated program will be fully implemented in this planning period.

2.8 I&I PREVENTION

Inflow and Infiltration cost a lot of money to pump and treat. It can also overwhelm a sewer lift station and possibly cause sewer spills. Annual inspections of manholes, smoke testing and flow testing are ways MCSD identify these issues. Keeping the public educated on not pulling cleanouts or connecting drains and downspouts into their sewer laterals is a method of eliminating inflow problems. Gel grouting rehabilitation of manholes and pipe patching will continue to be a priority to eliminate infiltration. MCSD will continue to utilize the camera van and push camera to inspect discrepancies found during inspections. Through the use of multiple media channels new methods of community education will be implemented during this planning period.

3.0 STREETLIGHTS

Objective: *The objective is to continue our commitment to provide public safety through well-lit streets, intersections and neighborhoods.*

Strategy: *We will do this by implementing the most cost effective and reliable streetlight technology and through adequately funded continuing maintenance programs.*

3.1 CONVERTING TO LED LIGHTING

Due to improvements in technology that reduce carbon impact and costs, the Board has directed staff to proceed with the implementation of the LED streetlight retrofit. Funding and replacement of all streetlights with LED lighting is expected to be completed in this planning period. Through update of District Standards, all new developments will be required to meet the LED fixture specifications.

3.2 MAINTENANCE PROGRAMS

Through use of a new pole inspection program, poles will be replaced prior to becoming a safety hazard and as needed due to condition or collision. GIS locate new poles as new development occurs.

4.0 PARKS AND RECREATION

Objective: *The objective is to provide safe and high quality parks, facilities, trails and recreation programs for the McKinleyville community.*

Strategy: *We will do this by encouraging community participation to assess recreational needs; deliberately seeking broad funding for the support of parks, facilities, and trails.*

4.1 TEEN AND COMMUNITY CENTER

Over the course of the last several years, staff gained community feedback and conducted a community survey to consider future needs for the Parks & Recreation Department. The results of this input and the survey showed support of building a Teen Center in McKinleyville. In 2012, the MCSD Board approved Measure B and authorized staff to begin the process to design and construct a Teen and Community Center at Pierson Park. A majority of funding for the construction and a portion of the maintenance for this project has been secured through the successful passing of Measure B. Staff will continue working on fund raising efforts to help furnish the facility.

4.2 HEWITT PARK

This park has been identified as a necessary enhancement to the McKinleyville community through a series of Public Meetings held in 2007. Ultimately, the MCSD Board encumbered \$25,000 in Quimby Inland Park Dedication Funds for the project and directed staff to pursue matching grant funding for the park expansion. Based on staff recommendations and public input, the Board approved enhancements to include an interpretive trail system, a disc golf course and small gravel parking lot. Funding options will be developed and brought to the Board for consideration in 2016.

4.3 WASHINGTON AVE PROPERTY

This 3.10 acre property was purchased in 2013. While there are no immediate plans for park development, the Board has expressed interest in creating access so that it will be available for the community to use as open space.

4.4 COMMUNITY FOREST

Staff will explore funding avenues for the operation and maintenance of a community forest at two potential locations in McKinleyville.

The McKinleyville Area Plan has identified the importance of a community forest in McKinleyville. Locations and funding will be researched and identified throughout this planning period.

4.5 MAD RIVER PARK

This property has been identified as having recreational potential and staff **will seek funding in the form of grants and donations** for future development of this property in line with strategic directives. During this planning period, access and trail systems will be developed.

4.6 MAINTENANCE STANDARDS

The Board and members of the community have placed a priority on continuing a high standard of maintenance for our parks and facilities. Management will implement this priority by evaluating staffing levels and continuing employee training opportunities.

5.0 PARTNERSHIPS

Objective: *Our objective is to foster beneficial relationships to accomplish the broad, long-term strategies of the District.*

Strategy: *We will do this by embracing strategic ties with other organizations and agencies, working closely with regulators, supporting a deliberate legislative agenda and participating in professional associations.*

5.1 FOSTER REGIONAL COOPERATION

The infrastructure of the District is dependent on the interties of other agencies, i.e.; the County, surrounding city governments and special districts. It is through a combined effort that the services needed by our community are effectively and economically delivered. These relationships are built on our dependency upon inter-agency cooperation. As MCSD moves forward, the District must maintain and seek out additional areas of cooperation. This is critical to our continued growth and commitment of service. We will continue participating in Humboldt Bay Municipal Water District (HBMWD) Municipal water customer group meetings as well as in the Humboldt County Emergency Operations Plan (EOP) through interoperability and mutual aid agreements. District management will continue to meet with Humboldt County Board of Supervisors and with Humboldt County Sheriff Department and Arcata Fire Protection District. We will work to improve coordination with the Humboldt County Planning and Public Works Departments and foster an environment where elected officials from Arcata and McKinleyville can meet to discuss shared responsibilities. Additionally, we will continue partnerships that benefit MCSD by providing labor and project support, such as with SWAP, California Conservation Corps, Service Clubs, McKinleyville Family Resource Center, Eagle Scouts, etc.

5.2 IMPROVE POLITICAL TIES – COUNTY SUPERVISORS, STATE LEGISLATURE, FEDERAL LEGISLATURE –

The political ties present and available to MCSD are intertwined in the financial resources and support necessary to maintain existing infrastructure and services to the community. As demands are being met, these ties are daily nodes of information about additional resources available on a larger scale. As our political partners become aware of grants, financial resources and other projects beneficial to the District; our relationship gains importance.

It is critical to continue to contact and educate each organization in order to make them aware or enable them to provide valuable information and conduits for access to these resources. We will continue to seek inclusion in Humboldt County Association of Governments (HCAOG) either directly, or through Joint Powers Association (JPA) or through committee membership. Additionally, we will continue to participate with State level organizations, including Special Districts Risk Management Authority (SDRMA), California Special Districts Association (CSDA), California Water Environmental Association (CWEA), Association of California Water Agencies (ACWA) and the California Parks & Recreation Society (CPRS). We will also monitor opportunities for inclusion in other organizations that will increase the Districts political influence.

5.3 PARTICIPATE WITH COMMUNITY GROUPS – CHAMBER OF COMMERCE, VOLUNTEER GROUPS, PROFESSIONAL ASSOCIATIONS

It is important to participate with local groups representing various constituents in order to achieve and deliver services needed or seen as needed by the local community. Our relationships today foster cooperation and maintain links to our community. It is important to embrace these in the future as the community changes and demands different services or approaches to serving its needs. Local leaders provide access to the heartbeat of the community and the District will collaborate and

lead where necessary in leveraging those relationships. They include, but not limited to:

- Humboldt Area Foundation
- McKinleyville Area Fund
- Humboldt Sponsors
- California Conservation Corps
- Moose Lodge
- American Red Cross
- Soroptimist Club
- Other Service Clubs
- Kiwanis Club of McKinleyville
- Mad River Rotary Club
- Boy Scouts/Girl Scouts of America
- Headwaters Fund
- McKinleyville Chamber of Commerce
- Humboldt County Probation Department
- Humboldt Regional Occupation Program (HROP)

6.0 PERSONNEL/ORGANIZATION

Objective: *The objective is to sustain a motivated, high quality and efficient workforce for an adaptable organization.*

Strategy: *We will do this by utilizing sound policies and personnel practices, offering competitive compensation and benefits, providing opportunities for training, development and professional growth and ensuring a safe and secure workplace.*

6.1 EMPLOYEE RETENTION

To ensure the District remains a desirable place to work and is thereby able to recruit and retain a high-performing workforce is a high priority. We will have periodic studies done to determine appropriate staffing levels, compensation and benefit competitiveness relative to local and regional labor markets. We will structure the salary schedule and professional growth opportunities to allow employees to see a clear and attainable career path at MCSD.

In order to attract and retain the best talent, we will provide opportunities for employees to enhance their job skills and knowledge in their career field. It is essential to offer opportunities for employees to be evaluated and recognized for superior job performance and rewarded for submitting valuable suggestions for improving business practices.

6.2 TRAINING AND DEVELOPMENT

Given the size of our District workforce, it is important that our staff be well trained in multiple job duties. Individual Development Plan reviews will continue to be done annually in order to ensure that the District can meet the regulatory requirements and provide excellent customer service. Employees will be encouraged to train in related disciplines that will meet District needs.

Cross training plans will continue to be provided to increase knowledge and skills within each job function, and development of a succession plan will ensure continuity of operation in the event of a staffing crisis.

6.3 EMPLOYEE COMMUNICATION

Effective communication is essential to the functioning of the District and to productive management/employee relations. Maintaining and following a current Organizational Chart; holding regularly scheduled staff and management meetings; maintaining and updating current Personnel Policy Manuals and Employee Handbooks through regular legal and management review; and providing multiple avenues and informal channels of communication in addition to official channels will facilitate improvements in employee communication.

6.4 EMPLOYEE SAFETY PROGRAM

A safe working environment is a number one priority for the District. This will be accomplished by holding regularly scheduled tailgate safety meetings and administrative safety meetings. Participation in SDRMA's annual safety audits; conducting regularly scheduled safety training; monthly safety inspections of all facilities, playgrounds and parks; weekly safety inspections of all equipment and vehicles are all essential elements in providing a safe working environment.

6.5 EVALUATION AND PERFORMANCE MANAGEMENT PROGRAM

High quality and ongoing staff evaluations are key to providing feedback and fostering excellent employee performance. This will be accomplished by requiring Annual Performance Evaluations for all staff and conducting 360 evaluations for the General Manager, Department Heads, and all other supervisory positions.

7.0 ADMINISTRATIVE MANAGEMENT

Objective: *The objective is to ensure efficient and ethical governance and sound management of the District.*

Strategy: *We will accomplish this by proactively managing organizational knowledge, being responsive, consistent and accountable to our public, following an effective self-assessment policy while adapting the management best practices necessary to support the evolving needs of the organization.*

7.1 DISTRICT POLICIES AND PROCEDURES

The current rules and regulations of the District provide a solid basis of operation. Additional demands of the community we serve, emerging regulations, and/or Board procedural or policy desires will require continued strategic development and maintenance of operating guidelines. These inform, educate and moderate the activities of the staff, community and partners of the District. We will continue the practice of regular review and update of the Rules and Regulations. Additionally, the Board Secretary, who is currently designated to document changes and insure timely and accurate reporting of the changes, will make sure that we comply and are up to date with all required policies and procedures.

7.2 RECORDS RETENTION

Legal requirements for record retention policies are established on a statewide basis. Adherence to these pre-established minimum standards and accepted guidelines is mandatory for record retention.

Implement a document management program to upgrade the retention and storage of those documents identified as critical to operations and infrastructure maintenance.

This program under assessment will add a level of technology to our present

retention and filing system. Of primary importance is the ability to identify and retrieve data.

New policies are being developed daily as MCSD grows in service to its citizens and as it coordinates these services with sister districts and agencies. As additional policies are necessary, management will update the rules and regulations manual in place. This responsibility for development lies within each department: yet will be coordinated through administration with proper Board approval. At present, all departments access these rules and regulations through the “P” drive; changes are presented by staff to the Board, approved and updated as required.

7.3 CUSTOMER SERVICE

The District recognizes the importance of customer service and strives to serve all elements to the best of its ability through ongoing training and adaptation to the evolving needs of the community.

As such, MCSD is constantly training staff in updated methods of customer service. This includes identification of service improvements and increased use of technology to deliver service to customers at the highest level. Staff is monitored through HR in their development and training in support of these customer service objectives. Additional activities on to customer feedback, community surveys and opportunities for public comment are part of this focused effort.

7.4 BUILD PUBLIC INFORMATION PROGRAM

The continued use and further development of the Public Information Program is designed to communicate activities to the general populace. These programs bring the community into the business of the District allowing a conduit of information between the District and the public. The District believes strongly in informing citizens of current activities, seeking support for those activities and maintaining the public's

access to information. The following resources and points of communication are being developed to further these efforts.

- **Website:** Provides an avenue for updating and distributing topical information in an economical and accessible manner.
- **Public Service Announcements (PSA):** Emphasizes important topics and events affecting each individual served in the community.
- **Newsletter:** Highlights events affecting the community and provides input from the community on the heartbeat of the District.
- **Recreational Activity Guide:** Allows for participation of the community in local and MCSD sponsored events throughout the year.
- **Flyers:** Brings awareness to special events affecting and promoting the District.
- **Posting Notices:** Keeps the populace aware of important meetings, events and public meetings, which are avenues for communication.
- **Development of social networking resources:** Communicates vital information in a timely manner to a new generation of District customers.

7.5 BOARD DEVELOPMENT

As new members are added to the Board, it is important to familiarize them with the laws governing Board management and policies including new Board member training procedures.

Additionally, experienced Board members are encouraged to seek additional training throughout the year to promote ethical and transparent government at the local level. This begins with the mandatory AB1234 training in ethics. Board members will also be encouraged to participate in professional development conferences or other trainings at least bi-annually.

Depending on participation in other agencies Boards and committees, each Board member is active in conference attendance and District representation. New ideas

are constantly being brought back from these events increasing and promoting awareness of new and better methods of providing service to the District. Regular attendance at Board meetings and appointment to other agency's committees is emphasized.

As new members are added to the Board, it is important to familiarize them with the laws governing Board management and policies. These are provided in the Board manual, in training on the Brown Act and Public Records Act. Legal representatives are present to guide and instruct the Board as needed.

7.6 ANNUAL REVIEW AND UPDATE OF THE DISTRICT'S STRATEGIC PLAN

It is important that each year the Board and Sr. Staff work together to review and update this strategic plan. Updating annually assures that the plan remains current, that specific strategies and tactics remain viable, that our prioritization is still on-track and that we together have clarity for our strategy year after year. We will review and update the strategic plan each year in January or February in a workshop format, in conjunction with the annual budgeting process and will do a comprehensive update in five years.

Participation in local Operational Area cooperative group, Humboldt County Hazard Mitigation plan participation Emergency Operations Planning and regularly scheduled training including set-up and "tabletop exercises", NIMS training included in IDPs

7.7 EMERGENCY PREPAREDNESS AND RESPONSE

This goal needs an introduction that outlines why it is important, the advantages of such activities and the list below in paragraph form. Participation in local Operational Area cooperative group, Humboldt County Hazard Mitigation plan participation Emergency Operations Planning and regularly scheduled training including set-up and "tabletop exercises", NIMS training included in IDPs

7.8 ACHIEVE BEST PRACTICES DISTINCTION AWARDS

During the strategic planning process, the Board recognized the achievement of a best practices award as a goal. There are many types of Excellence Awards available to Special Districts from various regional, state, or national professional groups including financial, management, operational, and others. Over the range of this strategic plan, we will review available awards and position the District to achieve a public acknowledgement of excellence for McKinleyville.

7.9 EXPLORE OPTIONS FOR INCREASES IN ENERGY EFFICIENCY AND ALTERNATIVE ENERGY SOURCES

The Board and staff recognize the necessity of exploring alternative energy sources and reducing District energy consumption. This is important to minimize rates and reduce our carbon footprint.

This can be accomplished through energy efficiency audits and updating equipment with new efficient technologies.

8.0 FINANCES

Objective: *Our objective is to manage public funds to assure financial stability, prudent fiscal management and demonstrate responsible stewardship.*

Strategy: *The District will ensure that adequate financial resources are available to fund current and future demands, utilizing funds to maximize value to the customer.*

8.1 RESERVE POLICY IMPLEMENTATION

The Board has set a goal to maintain reserve funding according to the 2012 Reserve Policy. To achieve that goal, management will analyze and monitor capital inflows and outflows and will control costs as much as possible in order to run operating surpluses in all Funds sufficient to offset losses accumulated from prior years. The end goal is to have fully funded reserves in all Board designated categories. We will also continue to monitor State policies that might endanger the District's critical strategic reserves and bring Reserve Policy adjustments to the Board for action to mitigate the risk of future State seizures of funding.

8.2 BUDGET DEVELOPMENT AND COMMUNICATION

The budgeting process is one of the most important financial planning tools available to the District. It is the foundation on which our strategy rests. Without adequate budget information and financial feedback, the Board and District management cannot make sound, fiscally responsible decisions about the starting, sequencing, or completion of projects and programs.

8.2.1 Our budget process will continue to be collaborative, with input from the Board for overall strategy, and from the General Manager and all Department Heads for operational accuracy. It will reflect projects, plans, and actions referenced to this strategic plan.

8.2.2 Our budget process will continue to incorporate past historical trends, current economic and demographic trends in the community, local and State governmental and regulatory environments, and annual operational forecasts.

8.2.3 The District budget will be presented to the board in Draft form each year in the months prior to official adoption so the Board can ensure adequate review and alignment with strategic objectives.

8.3 CAPITAL BUDGET MANAGEMENT

To facilitate long range strategic planning, the rolling 20-year Capital Improvement Plan Budget will be presented annually to the Board with a 10-year horizon for each Fund as part of the annual budgeting process. Each element in the Capital Budget shall have a funding notation – an estimate or assumption about where the funding for that budget item will be found. Some types of items have a generous grant environment, while others will need to be funded with long-term debt, or directly from Reserves or operating funds. This will allow adequate review of operational cash flow impacts and ensure that capital acquisitions are in alignment with strategic objectives.

8.4 DEVELOPMENT OF FINANCIAL MANAGEMENT SYSTEM

While the current financial management system used by the District is robust in some areas like utility billing, it is weak in others such as data collection, trend tracking and reporting. Over the next five years, all components of the system, both manual and computerized, will be reviewed for efficiency and functionality and upgraded, supplemented, or replaced as necessary. Planned replacements of large software components will be included in the Capital Budget for review and approval by the Board.

8.5 FINANCIAL AUDIT

A financial audit will be performed annually after the close of the fiscal year to ensure that District finances are compliant with Generally Accepted Accounting Principles (GAAP), the Government Accounting Standards Board (GASB) and other regulatory requirements, and to provide additional perspective on internal controls and financial processes.

Table 1 –The Strategic Plan “At a Glance”

STRATEGIC ELEMENTS	STRATEGIC GOALS	Estimated Completion Date
		Fiscal Year
1.0 WATER	1.1 Maintenance Programs	2013-2018
	1.2 Water Tank Storage Project	2018
	1.3 Emergency Water Crossing	2014
	1.4 Emergency Water supply	2018
	1.5 Radio Telemetry Upgrades	2014
	1.6 Water Main Rehabilitation and Replacement	2016-2018
	1.7 Radio Read Meters	2013-2016
2.0 WASTEWATER	2.1 20-Year Facility Plan	2013-2018
	2.2 WWMF Improvement Project	2016
	2.3 Collection System Upgrades	2013-2018
	2.4 Sewer Main Improvement and Rehabilitation	2014-2018
	2.5 Radio Telemetry Upgrades	2016
	2.6 Sewer Lift Station Generator Upgrades	2015
	2.7 Pre-treatment Program	2014
	2.8 I&I Prevention	2013-2018
3.0 STREETLIGHTS	3.1 Converting to LED Lighting	2013-2014
	3.2 Maintenance Program	2013-2018
4.0 PARKS AND RECREATION	4.1 Teen and Community Center	2013-2014
	4.2 Hewitt Park	2013-2018
	4.3 Washington Ave Park	2013-2018
	4.4 Community Forest	2013-2018
	4.5 Mad River Park	2013-2018
	4.6 Maintenance Standards	2013-2018

5.0 PARTNERSHIPS	<i>5.1 Foster Regional Cooperation</i>	<i>2013-2018</i>
	<i>5.2 Improve Political Ties</i>	<i>2013-2018</i>
	<i>5.3 Participate in Community Groups</i>	<i>2013-2018</i>
6.0 PERSONNEL/ ORGANIZATION	<i>6.1 Employee Retention</i>	<i>2013-2018</i>
	<i>6.2 Training and Development</i>	<i>2013-2018</i>
	<i>6.3 Employee Communication</i>	<i>2013-2018</i>
	<i>6.4 Employee Safety Program</i>	<i>2013-2018</i>
	<i>6.5 Evaluation and Performance Management Program</i>	<i>2013-2018</i>
7.0 ADMINISTRATIVE MANAGEMENT	<i>7.1 District Policies and Procedures</i>	<i>2013-2018</i>
	<i>7.2 Records Retention</i>	<i>2013-2018</i>
	<i>7.3 Customer Service</i>	<i>2013-2018</i>
	<i>7.4 Build Public Information Program</i>	<i>2013-2016</i>
	<i>7.5 Board Development</i>	<i>2013-2018</i>
	<i>7.6 Review/Update Strategic Plan</i>	<i>Annual</i>
	<i>7.7 Emergency Preparedness and Response</i>	<i>2013-2018</i>
	<i>7.8 Achieve Best Practices Awards</i>	<i>2018</i>
	<i>7.9 Explore Options for Increases in Energy Efficiency and Alternative Energy Sources</i>	<i>2016</i>
8.0 FINANCES	<i>8.1 Reserve Policy Implementation</i>	<i>2013</i>
	<i>8.2 Budget Development and Communication</i>	<i>Annual</i>
	<i>8.3 Capital Budget Management</i>	<i>2013</i>
	<i>8.4 Development of Financial Management System</i>	<i>2018</i>
	<i>8.5 Financial Audit</i>	<i>Annual</i>

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATIONAL**

**ITEM: E.9. Review California Special Districts Association
(CSDA) 2013 Official Board Elections Mail Ballot
Information**

PRESENTED BY: Kathy Wilson

TYPE OF ACTION: None

Recommendation:

Staff recommends the Board review the CSDA Official Board Elections Mail Ballot information provided. The Board supported nominating Greg Orsini and now his name appears on the Official Ballot for the 2014-2016 terms.

Discussion:

The leadership of CSDA is elected from its six geographical regions. Each of the six regions has three seats on the Board with staggered 3-year terms. Serving on the Board requires interest in leading the direction of the CSDA in the issues confronting special districts statewide.

The Board has shown support for General Manager, Greg Orsini who is interested in running for re-election. Greg's experience base is easily transferred and beneficial to the appointment as a director of the CSDA. The completed ballot has been mailed to CSDA for acceptance. Candidates will be called with election results and new board members will be recognized at the CSDA Annual Conference in September, 2013.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 – California Special Districts Association 2013 Board Elections Mail Ballot Information



**California Special
Districts Association**
Districts Stronger Together

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

2013 BOARD ELECTIONS

MAIL BALLOT INFORMATION

Dear Member:

A mail ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Region for Seat B. Each of CSDA's six (6) regional divisions has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your geographic region. Each Regular Member (district) in good standing shall be entitled to vote for one (1) director to represent its region.

We have enclosed the candidate statements for each candidate who submitted one. Please vote for **only one** candidate to represent your region in Seat B and be sure to sign, date and fill in your member district information (*in some regions, there may only be one candidate*). If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 2, 2013.**

If you do not use the enclosed envelope, please mail in your ballot to:

**California Special Districts Association
Attn: 2012 Board Elections
1112 I Street, Suite 200
Sacramento, CA 95814**

Please contact Charlotte Lowe toll-free at 877.924.CSDA or charlottel@csda.net with any questions.



CSDA BOARD OF DIRECTORS ELECTION 2013

*All Fields Must Be Completed for ballot to be counted.
(Please vote for only one.)*

REGION ONE

●
*Seat B - term
ends 2017*

- ☒ **Gregory Orsini***
McKinleyville Community Services District
- ☐ **Catherine Young**
McCloud Community Services District

* incumbent

Signature: _____

Date: 11 JUNE 2013

Member District: McKINLEYVILLE COMMUNITY SERVICES DISTRICT

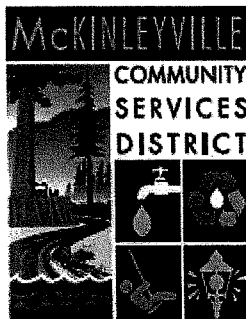
Must be received by 5pm, August 2, 2013. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



mckinleyvillecsd.com

MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

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

June 5, 2013

Greg Orsini
General Manager
McKinleyville Community Services District

I have worked with the McKinleyville Community Service District (MCSD) for 23 years. MCSD maintains the water, sewer, streetlights, parks and recreation and library facilities for the community. McKinleyville's economic base is primarily that of a residential community with local and some regional commercial services.

In 1990, I was hired as a Utility Worker 1, promoted to Director of Operations in 2002 and recently appointment as General Manager. I possess a unique perspective of the purposes, benefits and hands-on operation of a special services district. This includes many capital projects where I functioned as Project Manager, including water tank provisioning and maintenance, waste water treatment plant improvements and a water booster station project. As General Manager, I am directly responsible for multi-million dollar operating and capital budgets with a track record for fiscally sound management.

During my employment I have obtained various technical certifications including a Wastewater Operator and Utility Management Certification. My report and technical writing skills allow me to manage regularly required written information in a coherent and fluent manner. My main areas of expertise are related to environmental regulations for water and wastewater requirements. As a Chief Plant Operator for ten years, I have the necessary skills to comply with and negotiate National Pollutant Discharge Elimination permits, reducing unnecessary monitoring requirements while maintaining the necessary oversight of water quality issues. I value the importance of remaining current on pending state and federal legislation as it pertains to special services districts.

This experience base is easily transferred and beneficial to the appointment as a director of the California Special District Association (CSDA). I want to continue contributing my experience and expertise to CSDA's overall function to further strengthen and enhance the lines of services provided by CSDA.

Catherine Young – CSDA Board of Directors, Region 1

I wish to declare my candidacy for the Board of Directors of the California Special Districts Association, Region 1 for the 2014-2016 term. I am currently in my first year of my first term of two years on the Board of Directors of the McCloud Community Services District (MCSD). I was previously a MCSD Board member for 8 years (2000-2008). During that time I served as MCSD Board President for 3 of those years. I was previously a Board of Director for the California Special Districts Association, Region 1 from 2005-2007. I previously served as a designated representative for the Local League of Agencies from 2005-2008, and have been recently appointed as the representative again. While on the MCSD Board in the past I was a graduate of the CSDA Governance Academy, hold a certificate of completion of Strategic Planning for Special Districts.

For the past 19 years, I have managed our family trucking business. I believe strongly in local control of local services and have been a local advocate for effective open governance, infrastructure development and job creation.

If selected, I will effectively represent the interest of the numerous Special Districts located in rural Region 1, as well as those of special districts throughout the state.

Catherine Young

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **ACTION**

ITEM: E.10. Resolution 2013-16 Authorizing Purchase of Water Main Easement for Northern Intertie Project

PRESENTED BY: Greg Orsini, General Manager

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends the Board discuss, take public comment and approve Resolution 2013-16 allowing the execution of the easement agreement with Shirley Cramer.

Discussion:

At this time MCSD has one source of water. It is the undercrossing at the Mad River where our transmission main from Humboldt Bay is situated.

In 2005 MCSD was approached by Caltrans as to whether we would be interested in installing a pipeline in the proposed HWY101 Mad River Bridge crossing. After staff analysis and MCSD Board action the project to install a 12" mainline in the bridge began.

Design; all environmental and permitting requirements were completed and these components were submitted to Caltrans for inclusion in the bridge project. Bridge construction is now completed and MCSD maintains and is the owner of a 12" ducal iron transmission main in the northbound span of the Mad River Bridge.

The intent was to phase construction of an intertie between the bridge and Arcata and then the bridge and Ramey Booster Station due to the expense of installing almost a mile of pipe and appurtenances at one time.

An opportunity for Proposition 50 grant funds was made available and Humboldt Bay Municipal Water District took the lead and organized a region wide project that incorporated the north and south intertie for consideration in the grant application.

The intertie is designed to allow City of Arcata and MCSD to both benefit by allowing flow in either direction, thereby increasing the flexibility and value of the intertie.

Included with this item is the Resolution with a complete easement package consisting of agreement between MCSD and Ms. Cramer, a description of the

easement, map of the proposed alignment and a copy of the existing deed as Attachment 1.

The approximate easement is 30' wide by 900' long and extends straight across APN 507-282-001 from west to east. This alignment was chosen mainly due to restrictions associated with running parallel to Caltrans paved areas and to avoid having to cross gas mains, electrical lines and phone cables.

The reason for this agenda item is for the MSCD Board of Directors to approve the Resolution allowing staff to execute the easement agreement and have it recorded before the project starts. This action is a requirement for funding of the project by California Department of Public Health as noted in Attachment 2 Funding Agreement No. 50130303.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The total cost of the project is approximately \$2 million dollars for our portion of the project. The appraised cost of the easement is \$9,900 and the negotiated cost is a one inch water service and \$9,900. All costs for the project are tentatively covered by the Proposition 50 grant except for the water service expense which will be approximately \$8,000 a portion of which will be installed by our staff reducing the actual capital outlay.

Environmental Requirements:

Mitigated negative declaration and a phase one environmental assessment have been completed and are available upon request.

Exhibits/Attachments

- Attachment 1 Resolution 2013-16
- Attachment 2 Funding Agreement No. 50130303

RESOLUTION 2013-16

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AUTHORIZING THE BOARD PRESIDENT TO SIGN AGREEMENT OF PURCHASE AND SALE OF EASEMENT AND JOINT ESCROW INSTRUCTIONS, BY AND BETWEEN SHIRLEY CRAMER AND MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, FOR THE ACQUISITION OF A PERPETUAL EASEMENT OVER AND ACROSS A PORTION OF REAL PROPERTY LOCATED IN MCKINLEYVILLE, CA (APN 507-282-001).

A. WHEREAS, Shirley Cramer owns certain real property generally known as the Cramer Parcel, in McKinleyville, California (APN 507-282-001) ("Property");

B. WHEREAS, Shirley Cramer and McKinleyville Community Services District (MCSD) have prepared and negotiated an "Agreement of Purchase and Sale of Easement and Joint Escrow Instructions" (the "Agreement"), a copy of which is attached hereto as "**Exhibit 1**";

C. WHEREAS, Shirley Cramer agrees to sell and convey a perpetual easement over and across a portion of the Property ("Easement") to McKinleyville Community Services District ("MCSD"), and MCSD agrees to purchase the Easement from Shirley Cramer, subject to the rights of inspection and conditions stated in the terms and conditions set forth in the Agreement; and

D. WHEREAS, The total purchase price for the Easement shall be Nine Thousand Nine Hundred Dollars and 00/100 (\$9,900.00) (Purchase Price), payable by MCSD to Shirley Cramer as follows: A deposit in the amount of One Hundred Dollars (\$100.00) shall be deposited into escrow within five (5) business days following execution of the Agreement by Seller. The remaining portion of the Purchase Price (i.e., Nine Thousand Eight Hundred Dollars (\$9,800.00) shall be deposited into escrow by MCSD prior to the Close of Escrow for delivery to Shirley Cramer by way of wire transfer of immediately available funds prior at Close of Escrow.

E. WHEREAS, The Easement is a component of the project generally known as the Humboldt Bay Municipal Water District ("HBMWD")-MCSD Intertie project (the "Project"), pursuant to which new waterlines will be constructed and installed, including on and within the Easement area.

F. WHEREAS, The Humboldt Bay Municipal Water District has served, at all times relevant, as the "lead agency" on the Project under the California Environmental Quality Act ("CEQA"), California Public Resources Code Section 21000, et seq.

G. WHEREAS, The environmental impacts of the Easement and associated waterline installation work have been fully evaluated in that certain document prepared by the Humboldt Bay Municipal Water District pursuant to CEQA entitled: "Humboldt Bay Municipal Water District, HBMWD-MCSD Intertie, SCH#2013012076, Initial Study & Mitigated Negative Declaration" (the "CEQA MND").

H. WHEREAS, The CEQA MND was submitted to the California State Clearinghouse (SCH# 2013012076) and other applicable agencies for review, and the 30-day review period was from February 4, 2013 to March 6, 2013.

I. WHEREAS, A public hearing was held at the HBWMD office located at 828 Seventh Street in Eureka at their normally scheduled Board meeting on February 14, 2013 at 9:00 am.

J. WHEREAS, Via Resolution 2013-02, on March 14, 2013, the HBMWD Board adopted the CEQA MND, and a Notice of Determination was filed by HBMWD at the Office of Planning and Research and the Humboldt County Clerk on March 15, 2013.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY ADOPT THE PREVIOUS FINDINGS INCLUDED IN THE CEQA MND PREPARED FOR THE PROJECT BY HBMWD, AND AUTHORIZES THE BOARD PRESIDENT TO ENTER THE AGREEMENT OF PURCHASE AND SALE OF EASEMENT AND JOINT ESCROW INSTRUCTIONS, BY AND BETWEEN SHIRLEY CRAMER AND MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, FOR THE ACQUISITION OF A PERPETUAL EASEMENT OVER AND ACROSS A PORTION OF REAL PROPERTY LOCATED IN MCKINLEYVILLE, CA (APN 507-282-001).

PASSED, APPROVED AND ADOPTED this ____ day of _____ 2013 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dennis Mayo, Board President

ATTEST:

Kathy Wilson, Board Secretary

AGREEMENT OF PURCHASE AND SALE OF EASEMENT AND JOINT ESCROW INSTRUCTIONS

This **AGREEMENT OF PURCHASE AND SALE OF EASEMENT AND JOINT ESCROW INSTRUCTIONS** (this "Agreement") is made as of the 13th day of May, 2013 (the "Effective Date"), by and between **Shirley Cramer** ("Seller"), and **McKinleyville Community Services District** ("Buyer").

RECITALS

A. WHEREAS, Seller is the owner of certain land located in the unincorporated area of the County of Humboldt, State of California, generally known as Cramer Parcel McKinleyville, California (APN 507-282-001) and more particularly described in **Exhibit A** attached hereto and made a part hereof (the "Property").

B. WHEREAS, Seller desires to sell the Property to Buyer, and Buyer desires to purchase a perpetual easement over and across a portion of the Property from Seller as more particularly described in **Exhibit B** attached hereto and made a part hereof (the "Easement"), all on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and incorporating the foregoing Recitals as material terms of this Agreement, the parties hereto agree as follows:

AGREEMENT

1. PURCHASE AND SALE. Seller agrees to sell and convey the Easement to Buyer, and Buyer agrees to purchase and acquire the Easement from Seller, on the terms and conditions hereinafter set forth in this Agreement.

2. EASEMENT PURCHASE PRICE. The total purchase price and additional items of consideration for the Easement shall include the following:

2.1 Cash Purchase Price. Subject to prior satisfaction of all Contingencies (as defined in Section 4.1 of this Agreement, below), Buyer shall pay Seller the sum of Nine Thousand Eight Hundred Dollars and 00/100 (\$9,900.00) (the "Cash Purchase Price"). The Cash Purchase Price shall be deposited in Escrow (as defined in Section 9, below) by Buyer as follows: (i) One Hundred Dollars (\$100.00) shall be deposited (the "Deposit") within five (5) business days following Seller's execution of this Agreement; and (ii) the remaining portion of the Cash Purchase Price (i.e. Nine Thousand- Eight Hundred Dollars and 00/100(\$9,800.00)) shall be deposited prior to Close of Escrow for delivery to Seller by way of wire transfer of immediately available funds at the Close of Escrow. The Deposit shall be deemed irrevocable, and the sole property of Seller, following its deposit into escrow by Buyer and shall serve as consideration for right(s) and option(s) created by this Agreement for Buyer to proceed with the purchase of the Easement upon satisfaction of the Contingencies.

2.2 Infrastructure Improvements. In addition to the Cash Purchase Price, and also subject to prior satisfaction of all Contingencies (as defined in Section 4.1 of this Agreement, below) and completion of the Close of Escrow, Buyer shall construct and install certain infrastructure improvements on the Property for the benefit of Seller, as specifically described in **Exhibit C** attached hereto and made a part hereof (the "Infrastructure Improvements"). The Infrastructure Improvements may be constructed by Buyer's agents and employees, or any contractor retained by Buyer that possesses any required licenses and qualifications. If the parties proceed to consummate the transaction contemplated by this Agreement, all Contingencies are satisfied

and the Easement is conveyed to Buyer, the Infrastructure Improvements shall be constructed and installed on the Property within two (2) years following the Close of Escrow.

3. TITLE / SURVEY.

3.1 Title. Prior to the expiration of the Inspection Period, Buyer shall obtain an ALTA title insurance commitment ("Title Commitment") from a national title insurance company of Buyer's choice ("Title Company") insuring conveyance of the Easement to Buyer. Buyer shall deliver to Seller a written statement (the "Title Objection Notice") of any title exceptions to which Buyer objects ("Title Objections") within thirty (30) business days of receipt of the Title Commitment. Within five (5) business days of receipt of the Title Objection Notice ("Seller's Title Response Date"), Seller shall notify Buyer as to which Title Objections, if any, Seller will cure prior to Close of Escrow. If Seller does not timely respond to the Title Objection Notice, then Seller shall be deemed to have elected to cure no Title Objections. If Seller does not elect to cure all Title Objections prior to Close of Escrow, then, at the option of Buyer, Buyer may (i) terminate this Agreement by providing written notice of such termination to Seller at any time prior to the Close of Escrow (as defined in Section 9.2 of this Agreement, below), or (ii) proceed to close and take title subject to such Title Objections. In the event of termination as provided herein, Seller shall retain the Deposit, Buyer shall pay all of the escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. Any exceptions to title to which Buyer does not object or which Seller does not agree to cure shall be deemed "Permitted Exceptions".

3.2 Survey. Prior to the expiration of the Inspection Period (as defined in Section 4.1(a), below), Buyer shall obtain a current survey of the Property or, at Buyer's discretion, only those portion(s) of the Property across which the Easement shall be located (the "Survey"), at Buyer's sole cost and expense, and deliver to Seller a written statement (the "Survey Objection Notice") of any matters disclosed by the Survey to which Buyer objects (the "Survey Objections"). Within five (5) business days following Seller's receipt of the Survey Objection Notice ("Seller's Survey Response Date"), Seller shall notify Buyer as to which Survey Objections Seller elects to cure prior to Close of Escrow. If Seller does not timely respond to the Survey Objection Notice, then Seller shall be deemed to have elected to cure no Survey Objections. If Seller does not elect to cure all Survey Objections prior to Close of Escrow, then, at the option of Buyer, Buyer may (i) terminate this Agreement by providing written notice of such termination to Seller at any time prior to the Close of Escrow (as defined in Section 9.2 of this Agreement, below), or, (ii) proceed to close and take title subject to such Survey Objections. In the event of termination as provided herein, the Deposit shall be returned to Buyer, Seller shall retain the Deposit, Buyer shall pay all of the escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement. All survey matters to which Buyer does not object or which Seller does not agree to cure shall be deemed Permitted Exceptions.

4. CONTINGENCIES.

4.1 Buyer's obligation to purchase the Easement, close Escrow and pay the Cash Purchase Price and construct the Infrastructure Improvements is subject to the following contingencies described in subparagraphs (a) through (c) in this Paragraph 4.1 (collectively the "Contingencies" and each separately a "Contingency"). Each and all of the following Contingencies are for the sole benefit of Buyer and may be waived or deemed satisfied by Buyer in Buyer's sole and absolute discretion.

(a) Buyer's inspection and examination of the condition of the Property. Buyer shall have access to the Property at reasonable times and shall have the right to conduct, at Buyer's expense, environmental investigations and such other studies with respect to the condition of the Property as Buyer may desire. Buyer

shall have until 5:00 p.m. Pacific Time on the date which is sixty (60) days following the Effective Date (the "Inspection Period"), to conduct such tests and studies, and to give written notice to Seller of any conditions unacceptable to Buyer. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, liability, injury or expense, arising out of or in any way related to damage to property, injury to or death of persons, or the assertion of lien claims caused by such entry, inspection and implementation of environmental investigations and other studies with respect to the condition of the Property. If Buyer elects to terminate this Agreement by reason of failure of the Contingency set forth in this subparagraph 4.1(a), Buyer shall promptly upon such election deliver to Seller all written reports, studies and information prepared by third parties for Buyer which pertain to the Condition of the Property.

(b) Buyer's determination that zoning and other governmental regulations affecting the use of the Property are satisfactory for Buyer's intended use of the Easement. Prior to expiration of the Inspection Period, Buyer shall make such determination and give written notice to Seller of any zoning or governmental regulations which are unacceptable to Buyer. Buyer shall have up and to the Close of Escrow (as defined in Section 9.2 of this Agreement) to satisfy this Contingency or waive it in writing.

(c) The completion of all requisite environmental review, analysis and approval(s) of the construction project contemplated by the Easement (i.e., the waterline construction project) under the California Environmental Quality Act (California Public Resources Code § 21000, et seq.) ("CEQA"), as well as expiration of any and all applicable statutes of limitation to challenge any CEQA determination(s)/approval(s) issued in connection with the project contemplated by the Easement. Buyer shall have up and to the Close of Escrow (as defined in Section 9.2 of this Agreement) to satisfy this Contingency or waive it in writing.

If Buyer disapproves of the satisfaction of any Contingency within the applicable time period provided above, Buyer's sole remedy shall be to terminate this Agreement and Seller shall have no obligation to remedy any Contingency which Buyer disapproves. If this Agreement terminates as a result of the failure of the satisfaction of any of the Contingencies, all sums and documents deposited in Escrow shall be returned to the parties who respectively deposited the same (except for the Deposit which shall be retained by Seller), and Buyer shall pay all Escrow costs, and the parties shall have no further rights, duties, liabilities or obligations hereunder, except for those matters that specifically survive termination of this Agreement.

4.2 If Buyer fails to give written notice to Seller of its approval of any Contingency within the respective applicable time limit set forth above in Paragraph 4.1, it shall conclusively be deemed that Buyer has disapproved such Contingency and such Contingency shall be deemed unsatisfied.

5. REPRESENTATIONS AND WARRANTIES BY SELLER.

5.1 Seller makes the representations and warranties in this Paragraph 5, each and all of which shall survive any and all inquiries and investigations made by Buyer and shall survive the Close of Escrow and recordation of the Easement.

5.1.1 Seller, and the specific individual parties signing this Agreement on behalf of Seller, represent and warrant that the parties signing this Agreement on behalf of the Seller have the full legal power, authority and right to execute and deliver this Agreement.

5.1.2 To the best of Seller's knowledge, neither the entering into this Agreement nor the performance of any of Seller's obligations under this Agreement will violate the terms of any contract, agreement or instrument to which Seller is a party.

5.1.3 Seller has not been served (by means of formal, legal service of process as required by law) or formally notified in writing by any governmental or quasi-governmental authority (i) that the Property or any adjoining property, contains or may contain any “Hazardous Materials” in violation of any “Environmental Regulations” (as those terms are defined in this Paragraph 5.1.3, below); or (ii) that the Seller has stored, used or maintained Hazardous Materials or suffered, permitted, allowed or acquiesced in any storage, use or maintenance of Hazardous Materials on, in or under the Property in violation of any Environmental Regulations. As used in this Agreement, the terms “Environmental Regulations” and “Hazardous Materials” shall have the following meanings:

(a) “Environmental Regulations” shall mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, including, without limitation: (i) all requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, whether solid, liquid or gaseous in nature; and (ii) all requirements pertaining to the protection of the health and safety of employees or the public.

(b) “Hazardous Materials” shall mean (i) any flammables, explosive or radioactive materials, hazardous wastes, toxic substances or related materials including, without limitation, substances defined as “hazardous substances,” “hazardous materials,” “toxic substances” or “solid waste” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, [42 U.S.C. Sec. 9601, et seq.](#); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substances Control Act, [15 U.S.C., Section 2601 et seq.](#); the Resource Conservation and Recovery Act of 1976, [42 U.S.C. Section 6901 et seq.](#); and in the regulations adopted and publications promulgated pursuant to said laws; (ii) those substances listed in the United States Department of Transportation Table ([49 C.F.R. 172.101](#) and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) those substances defined as “hazardous wastes,” “hazardous substances” or “toxic substances” in any similar federal, state or local laws or in the regulations adopted and publications promulgated pursuant to any of the foregoing laws or which otherwise are regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States of America, the State of California or any political subdivision thereof, (iv) any pollutant or contaminant or hazardous, dangerous or toxic chemicals, materials, or substances within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended; (v) petroleum or any by-products thereof; (vi) any radioactive material, including any source, special nuclear or by-product material as defined at [42 U.S.C. Sections 2011 et seq.](#), as amended, and in the regulations adopted and publications promulgated pursuant to said law; (vii) asbestos in any form or condition; and (viii) polychlorinated biphenyls.

5.1.4 Seller has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement. Seller shall hold Buyer harmless from and against any commission or finder's fee payable to any agent or broker who represents or claims to represent Seller.

5.1.5 Seller will not alter the physical condition of the Property from and after the date of this Agreement, reasonable wear and tear excepted. If, through no fault of Seller, the physical condition of the Property is different on the date scheduled for the Close of Escrow as of the date of this Agreement, the terms and conditions of Paragraph 5.2, below shall apply.

5.2 If, prior to the Close of Escrow, new events have occurred which were beyond the control of Seller and which render any previously true representation or warranty untrue, Seller shall, within three (3) days thereafter, disclose those matters by written notice to Buyer. Buyer shall have ten (10) days after the earlier of (i) such disclosure; or (ii) Buyer's independent discovery that such representation or warranty has become untrue, to elect, in its sole and absolute discretion, and as its sole remedy, by written notice to Seller within said ten (10) day period, whether (1) to purchase the Property or (2) terminate this Agreement. If Buyer elects to terminate this Agreement pursuant to this Paragraph 5.2, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and all sums and documents deposited in Escrow shall be returned to the parties who deposited the same (except for the Deposit which shall be retained by Seller) and Buyer shall pay all Escrow costs. If Buyer fails to notify Seller and Escrow Holder of its election to terminate this Agreement within said ten (10) day time period provided above, Buyer shall be deemed to have accepted the modified representations and warranties and elected to purchase the Property.

5.3 Other than those express representations and warranties contained in Paragraphs 5.1 through 5.2 of this Agreement, above, Seller makes no warranty or representation, express or implied, including but not limited to, implied warranties of merchantability and fitness for a particular purpose, and all such other warranties are expressly disclaimed.

5.4 Except to the extent Seller has made a specific representation and warranty with respect thereto, no document or information provided by Seller to Buyer shall constitute a representation as to the completeness or accuracy of such documents or information.

6. REPRESENTATIONS AND WARRANTIES BY BUYER.

6.1 Buyer makes the following representations and warranties in this Paragraph 6, each and all of which shall survive any and all inquiries and investigations made by Seller and shall survive the Close of Escrow and recordation of the Easement.

6.1.1 Each and all of the information delivered by Buyer to Seller is true and correct.

6.1.2 Buyer has neither engaged nor dealt with any broker or finder in connection with the sale contemplated by this Agreement. Buyer shall hold Seller harmless from and against any commission or finder's fee payable to any agent or broker who represents or claims to represent Buyer.

6.1.3 Buyer is a community services district duly organized, validly existing and in good standing under the laws of the State of California, and has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The Buyer, and the specific, individual parties signing this Agreement on behalf of Buyer represent and warrant that the parties

signing this Agreement on behalf of the Buyer have the full legal power, authority and right to execute and deliver this Agreement.

6.1.4 Buyer has made or will make its own investigation concerning the condition of the Property, the condition of title or any other matter pertaining to the Property, and, other than the specific representations and warranties made by Seller pursuant to Paragraphs 5.1 through 5.2 of this Agreement, above, Buyer is not relying on any representations, warranties or inducements of Seller or Seller's broker with respect to the condition of the Property.

7. INDEMNIFICATION.

7.1 Subject to any other provisions of this Agreement to the contrary, each party ("Indemnitor") agrees to indemnify and hold the other party ("Indemnitee") harmless from and against any claim, loss, damage or expense, including any reasonable attorneys fees (including attorneys fees on appeal), asserted against or suffered by the Indemnitee resulting from: (a) Any breach by the Indemnitor of this Agreement; (b) Any liability of the Indemnitor with respect to the Property, as further provided in Paragraphs 7.1 through 7.3, below; or (c) The inaccuracy or breach of any of the representations, warranties or covenants made by the Indemnitor.

7.2 Indemnitee shall submit any claim for indemnification under this Agreement to the Indemnitor in writing within a reasonable time after Indemnitee determines that an event has occurred which has given rise to a right of indemnification under this Paragraph 7 and shall give Indemnitor a reasonable opportunity to investigate and cure any default of Indemnitor under this Agreement and eliminate or remove any claim by a third party. Notwithstanding the foregoing, if the nature of Indemnitor's default or the third party claim is such that it would be impractical or unreasonable to give Indemnitor an opportunity to investigate and cure such default and remove such claim, Indemnitee need not give Indemnitor such opportunity.

7.3 If such claim for indemnification relates to a claim or demand presented in writing by a third party against Indemnitee, Indemnitor shall have the right to employ counsel reasonably acceptable to Indemnitee to defend any such claim or demand, and Indemnitee shall make available to Indemnitor, or its representatives, all records and other materials in its possession or under its control reasonably required by Indemnitor for its use in contesting such liability. If Indemnitor does not elect to defend any such claim or demand, Indemnitee may do so at its option, but shall not have any obligation to do so.

Initials: _____
BUYER SELLER

8. LIQUIDATED DAMAGES. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE EASEMENT AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER THE AMOUNT OF THE DEPOSIT (\$500.00) SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND (TOGETHER WITH THE RIGHT TO RECEIVE ATTORNEYS' FEES AS PROVIDED IN THIS AGREEMENT) SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO [CALIFORNIA CIVIL CODE SECTION 1671](#) ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE EASEMENT. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR

WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

Initials: _____
BUYER

SELLER

9. ESCROW AND CLOSING.

9.1 As soon as possible after the Effective Date, Buyer and Seller shall open an escrow for the purpose of consummating the purchase and sale contemplated by this Agreement ("Escrow") by depositing an executed copy of this Agreement with Sue Bosch at Humboldt Land Title, 1034 Sixth Street, Eureka, CA, 95501 ("Escrow Holder"). This Agreement shall constitute escrow instructions to Escrow Holder. Seller and Buyer shall, promptly upon request by Escrow Holder, execute such additional escrow instructions as may be reasonably required by Escrow Holder, including Escrow Holder's standard printed conditions and stipulations with respect to escrows concerning the purchase and sale of real property; provided, however, that if there is any conflict between the provisions of this Agreement and the provisions of any such additional instructions, the provisions of this Agreement shall prevail. Upon delivery to Escrow of a fully executed copy of this Agreement by both parties, Escrow shall be deemed opened on the terms and conditions set forth in this Agreement.

9.2 Escrow shall close, and the Easement shall be recorded in the Office of the County Recorder of Humboldt County, California, on a date which is no less than forty-five (45) days following Seller's receipt of written notice from Buyer indicating that all of the Contingencies are deemed satisfied (or waived) by Buyer, in Buyer's discretion ("Close of Escrow"). In no event shall the Close of Escrow occur on a date which is later than November 10, 2013.

9.3 Within the time set forth below, or if none is specified, prior to the Close of Escrow, Seller shall deliver to Escrow Holder, or if so indicated, to Buyer, the following documents and items: (a) at least one (1) day prior to the Close of Escrow, a duly executed and acknowledged copy of the Easement ready for recording; and (b) at least one (1) day prior to the Close of Escrow, any and all other documents reasonably required from Seller in order to complete the Close of Escrow.

9.4 Buyer shall deliver to Escrow Holder prior to the Close of Escrow the Cash Purchase Price set forth in Paragraph 2, together with an additional sum sufficient to cover Buyer's closing costs as set forth in Paragraph 9.7.1, below.

9.5 On the Close of Escrow, the Escrow Holder shall record the Easement and shall deliver the monies and instruments to which each party is entitled pursuant to this Agreement, only when the Title Company is in a position to issue its ALTA policy of title insurance subject only (i) to the Permitted Exceptions; and (ii) Title Company's standard pre-printed exceptions, with liability in the amount of the Purchase Price, showing title to the Easement vested in Buyer (or as designated by Buyer) ("Title Policy").

9.6 Upon Close of Escrow, documents and monies shall be delivered to the parties by Escrow Holder as set forth below:

(a) To Seller: the Deposit (if not previously delivered to Seller) and the remainder of the Cash Purchase Price, as set forth in Paragraph 2.

(b) To Buyer: the Title Policy.

9.7 Upon Close of Escrow, Escrow and title charges shall be paid in the manner provided below.

9.7.1 Buyer shall pay:

(a) The cost of the Title Policy;

(b) All Escrow fees; and

(c) All recording fees.

9.8 If Escrow fails to close as a result of the default of this Agreement by a party, the defaulting party shall pay all title and escrow charges; provided, however, that nothing in this Paragraph 9.8 shall be deemed to limit, and the provisions of this Paragraph 9.8 shall be in addition to, all other rights and remedies of the non-defaulting party pursuant to this Agreement.

10. DAMAGE OR DESTRUCTION PRIOR TO CLOSE OF ESCROW.

If the Property, or any portion thereof, is damaged or destroyed prior to the Close of Escrow from any cause whatsoever, whether an insured risk or not, including but not limited to, fire, flood, accident or other casualty which, based on Buyer's discretionary determination, would interfere with the Easement, Buyer shall have the option, upon written notice to Seller, to either (i) terminate this Agreement, or (ii) purchase the Easement. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have deposited same with Escrow Holder (except for the Deposit which shall be retained by Seller). In the event of such termination, Buyer shall pay all Escrow fees. Should any damage or destruction occur prior to the Close of Escrow, the date scheduled for the Close of Escrow (if then currently scheduled) shall be extended for a period of time not to exceed thirty (30) days, for the purpose of allowing Buyer sufficient time to determine if the damage will interfere with the Easement.

11. EMINENT DOMAIN.

11.1 The words "condemnation" or "condemned" as used in this Paragraph 11 shall mean the exercise of, or intent to exercise, the power of eminent domain expressed in writing, as well as the filing of any action or proceeding for such purpose, by any person, entity, body, agency or authority having the right or power of eminent domain (the "condemning authority").

11.2 If Seller receives written notice from a condemning authority advising of a condemnation of all or any portion of the Property ("Condemnation Notice"), Seller shall immediately advise Buyer of same in writing and deliver therewith a copy of the Condemnation Notice. Within ten (10) days after Buyer's receipt of the Condemnation Notice, Buyer shall notify Seller of its election to either (i) terminate this Agreement and the Escrow or (ii) purchase the Easement. If Buyer elects to terminate this Agreement, Escrow shall immediately terminate upon Seller's receipt of Buyer's notice of election to terminate this Agreement and Escrow Holder shall thereupon promptly return all documents, items and monies in its possession to the party who shall have

deposited same with Escrow Holder (except for the Deposit which shall be retained by Seller). In the event of such termination, Buyer shall pay all Escrow fees.

12. SURVIVAL OF CLOSE OF ESCROW. All representations, warranties, covenants, conditions, agreements and obligations contained in or relating to this Agreement shall survive the Close of Escrow and the recordation of the Easement and shall not merge therein unless specifically stated otherwise in this Agreement.

13. NOTICES. All notices to be given pursuant to this Agreement shall be either (i) personally delivered; (ii) sent via certified or registered mail, postage prepaid; (iii) overnight courier (such as Federal Express, DHL, etc.); (iv) by electronic scan and transfer by e-mail; or (v) by telecopy transmittal. If sent via certified or registered mail, receipt shall be deemed effective forty-eight (48) hours after being deposited in the United States mail. If sent via telecopy transmission, a confirming copy shall be sent to the sender, and receipt of the telecopy transmittal shall be deemed effective at the time the telecopy is transmitted from the location where the transmission originates. If sent via overnight courier, receipt shall be deemed effective twenty-four (24) hours after the sending thereof. If sent via electronic scan and transfer by e-mail, receipt shall be deemed effective at the time the e-mail correspondence is transmitted from the location where the transmission originates; if the electronic scan and transfer by e-mail occurs on a Saturday, Sunday or Holiday (recognized by the California State Legislature), the transmission will not be deemed delivered until the next following business day. All notices to be given pursuant to this Agreement shall be given to the parties at the following respective address.

To Seller: _____

With copy to: _____

To Buyer: Greg Orsini
Acting General Manager
McKinleyville Community Services District
P.O. Box 2037
McKinleyville, CA 95519
Email: nshopay@mckinleyvillecsd.com

With copy to: Russell S. Gans
Mitchell, Brisso, Delaney & Vrieze, LLP
814 Seventh St.
Eureka, CA 95501
Email: rgans@mitchelllawfirm.com

14. ENTIRE AGREEMENT. This Agreement, and the Exhibits attached hereto, represent the entire Agreement between the parties in connection with the transactions contemplated hereby and the subject matter hereof and this Agreement supersedes and replaces any and all prior and contemporaneous agreements, understandings and communications between the parties, whether oral or written, with regard to the subject matter hereof. There are no oral or written agreements, representations or inducements of any kind existing between the parties relating to this transaction which are not expressly set forth herein. This Agreement may not be modified except by a written agreement signed by both Buyer and Seller. Without limiting the foregoing, Buyer and Seller expressly acknowledge and agree that they have not relied on any written or oral statements made by the other party's real estate broker in entering into this Agreement.

15. BINDING EFFECT AND ASSIGNMENT.

15.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, administrators, successors in interest and assigns.

15.2 Buyer shall have the right to freely assign its rights and interest in this Agreement, provided that any such assignee first executes a counterpart of this Agreement agreeing to abide by, observe and perform all obligations of Buyer stated in this Agreement. Furthermore, any such assignment shall not exonerate Buyer from its obligations under this Agreement, and Buyer, jointly along with Buyer's assignee, shall remain obligated to Seller to abide by, observe and perform all obligations of Buyer stated in this Agreement.

16. WAIVER. No waiver by any party at any time of any breach of any provision of this Agreement shall be deemed a waiver or a breach of any other provision herein or a consent to any subsequent breach of the same or another provision. If any action by any party shall require the consent or approval of another party, such consent or approval of such action on any one occasion shall not be deemed a consent to or approval of such action on any subsequent occasion or a consent to or approval of any other action.

17. CAPTIONS AND HEADINGS. The captions and paragraphs numbers appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of this Agreement.

18. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute one and the same instrument.

19. GOVERNING LAW. This Agreement has been prepared, negotiated and executed in, and shall be construed in accordance with, the laws of the State of California. Any action or proceeding relating to or arising out of this Agreement shall be filed in the Superior Court of the State of California for the County of Humboldt.

20. ATTORNEYS FEES. If either party named herein brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action (or proceeding), on trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the Court.

21. TIME OF ESSENCE. Time is of the essence with respect to all matters contained in this Agreement.

22. DATE OF AGREEMENT. All references in this Agreement to the "Effective Date", "the date of this Agreement" or "the date hereof" shall be deemed to refer to the date set forth in the first paragraph of this Agreement.

23. INVALIDITY OF ANY PROVISION. If any provision (or any portion of any provision) of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction under present or future laws effective during the term of this Agreement, the legality, validity, and enforceability of the remaining provisions (or the balance of such provision) shall not be affected thereby.

24. RECORDATION. Buyer, at its option, may cause to be recorded a memorandum of this Agreement.

25. DRAFTING OF AGREEMENT. Buyer and Seller acknowledge that this Agreement has been negotiated at arm's length, that each party has been represented by independent counsel or had the opportunity to review the Agreement with counsel, and that this Agreement has been drafted by both parties and no one party shall be construed as the draftsman.

26. NO THIRD PARTY BENEFICIARY RIGHTS. This Agreement is entered into for the sole benefit of Buyer and Seller and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

27. INCORPORATION OF EXHIBITS. Each and all of the exhibits attached to this Agreement are incorporated herein as if set forth in full in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph of this Agreement.

SIGNATURES

SELLER: **SHIRLEY CRAMER**

BY: _____

BUYER: **MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**

BY: _____

EXHIBIT "A"

(Cramer Real Property Legal Description)

That real property situated in the County of Humboldt, State of California, described as follows:

Those portions of the northeast quarter of the southwest quarter and of the northwest quarter of the southeast quarter of Section 8, Township 6 North, Range 1 East, Humboldt Meridian, described as follows:

PARCEL ONE

BEGINNING at a point 7.5 feet east of the southwest corner of said northeast quarter of southwest quarter;

thence north 0 degrees 19 minutes west, parallel with the west line of said northeast quarter of southwest quarter, 92.6 feet to the north bank of Mad River and the true point of beginning of the parcel of land to be described herein, said true point of beginning, also being the northwesterly corner of the land described in the deed from Meta Moore to William J. Pedro, recorded April 29, 1968 in Book 959 of Official Records at page 3, under Recorder's File No. 5991;

thence along said north bank of Mad River, which is also the northerly line of the last mentioned land, north 67 degrees 51 minutes east 268.1 feet, north 74 degrees 10 minutes east 180.0 feet and north 62 degrees 40 minutes east 306.0 feet to the west line of highway 101, as described in the deed from Meta M. Moore to the State of California, recorded August 26, 1958 in Book 501 of Official Records at page 273, under Recorder's File No. 12092;

thence north 22 degrees 36 minutes 22 seconds West, along said west line of highway 101, to the southerly terminus of the course described in said deed to the State as "north 28 degrees 25 minutes 29 seconds west 318.10 feet";

thence continuing along the west line of said highway 101, north 28 degrees 25 minutes 29 seconds west 318.10 feet and north 48 degrees 40 minutes 19 seconds west 375.38 feet to the east line of the parcel of land described in Parcel Two of the deed from William A. Reeves and wife, to David J. Henry and wife, recorded February 8, 1944 in Book 265 of Deeds at page 71;

thence south, along the east line of the last mentioned land, to the southeast corner thereof;

thence west, along the south line of said last mentioned land, 7.79 feet, more or less, to the northeasterly corner of the parcel of land described in Parcel 3 of the deed to said David J. Henry and wife, last above mentioned;

thence south, along the east line of said last mentioned land, 676.50 feet to the southeasterly corner thereof;

thence west, along the south line of said last mentioned land, 203.71 feet, more or less, to the east line of a 7.5 foot strip of land described in the deed from Ira B. Hannah and wife, to Omar C. Spaulding, recorded November 3, 1909 in Book 111 of Deeds at page 44;

thence south, along the last mentioned line, to the true point of beginning.

EXHIBIT "A"

(Cramer Real Property Legal Description)

PARCEL TWO

BEGINNING at a point 7.5 feet east of the southwest corner of said northeast quarter of southwest quarter;

thence north 0 degrees 19 minutes west, parallel with the west line of said northeast quarter of southwest quarter, 92.6 feet to a point on the north bank of Mad River, said point also being the northwesterly corner of the land described in the deed from Meta Moore to William J. Pedro, recorded April 29, 1968 in Book 959 of Official Records, page 3, under Recorder's File No. 5991;

thence along said north bank of Mad River, which is also the north line of the last mentioned land, north 67 degrees 51 minutes east 268.1 feet, north 74 degrees 10 minutes east 180.0 feet, north 62 degrees 40 minutes east 306.0 feet and north 55 degrees 25 minutes east 200 feet to the east line of highway 101, as described in the deed from Meta M. Moore to the State of California, recorded August 26, 1958 in Book 501 of Official Records at page 273, under Recorder's File No. 12092, and being the true point of beginning of the parcel of land to be described herein;

thence from said true point of beginning North 19 degrees 00 minutes 54 seconds West, along the last mentioned line, to the southerly terminus of the course described in said deed to the State as "south 23 degrees 37 minutes 26 seconds east 523.47 feet";

thence continuing along the easterly and southeasterly lines, respectively, of said highway 101, north 23 degrees 37 minutes 26 seconds west 523.47 feet and north 52 degrees 42 minutes 09 seconds east 153.84 feet to the southerly line of the State Highway, as described in the deed from Julius D. Moore and wife, to the State of California, recorded July 31, 1945 in Book 275 of Official Records at page 179, under Recorder's File No. 4668;

thence in a general easterly direction along the southerly line of said State Highway, as described in the last mentioned deed, to the east line of said northwest quarter of southeast quarter;

thence south, along the last mentioned line, to the northeasterly corner of the land described in the deed first hereinabove mentioned, recorded April 29, 1968, under Recorder's File No. 5991;

thence along the north line of said last mentioned land, north 83 degrees 23 minutes west 361.9 feet, north 86 degrees 30 minutes west 732.0 feet and south 77 degrees 15 minutes west 245 feet to a one-inch iron pipe on the quarter section line, said pipe being north 0 degrees 18 minutes west 630.7 feet from the southwest corner of said northwest quarter of southeast quarter;

thence continuing along the north line of said last above mentioned land, south 76 degrees 00 minutes west 385 feet and south 63 degrees 43 minutes west 108.4 feet to the true point of beginning.

EXHIBIT B

30' WIDE WATER LINE EASEMENT & 20' WIDE TEMPORARY CONSTRUCTION EASEMENT OVER LANDS OF CRAMER PER 1146 O.R. 525

All that real property situated in Section 8, Township 6 North, Range 1 East, Humboldt Meridian, in the County of Humboldt, State of California more particularly described as follows:

PARCEL ONE:

An easement, 30.00 feet in width, over that real property granted to Shirley Cramer, a single woman, by Book 1146 of Official Records, Page 525, Humboldt County Records, recorded July 20, 1972; said easement lying on, over, above, and across Parcel 2 per said document, the centerline of said easement more particularly described as follows:

COMMENCING at a point on the West line of said Parcel 2, said point being on the east line of Highway 101 as described in the deed from Meta M. Moore to the State of California per Book 501 of Official Records, Page 273, recorded August 26, 1958; and said point being North 54 degrees 25 minutes 27 seconds East 150.00 feet from Engineers Station "I-1" 163+50.00 P.O.C. of the Department of Public Works survey between 1.0 mile south and 0.3 mile north of Mad River (State Highway I-Hum-1-I);

thence along said east line of Highway 101 South 22 degrees 15 minutes 49 seconds East 420.85 feet to the True Point of Beginning;

thence North 84 degrees 01 minutes 47 seconds East a distance of 862.75 feet, more or less, to the southwesterly line of Highway 200 (commonly known as North Bank Road) as described in the deed from Julius D. Moore and Meta M. Moore to the State of California per Book 275 of Deeds, Page 179, Humboldt County Records, recorded July 31, 1945, said point being the end of this centerline description.

The easement is to be 30 feet wide, lying 15 feet on each side of the centerline described. The side lines of said easement are to be lengthened or shortened to terminate at the West and East lines of the Cramer parcel.

PARCEL TWO:

A temporary construction easement, 20.00 feet in width, the north line of said easement being parallel with and 20 feet northerly, measured perpendicularly, from the north line of the 30 foot wide easement described above. The side lines of said easement are to be lengthened or shortened to terminate at the West and East lines of the Cramer parcel.

Bearings for this description are based on Book 69 of Surveys, Pages 62-65, Humboldt County Records.

END OF DESCRIPTION

Prepared by:
Michael D. Pulley, PLS 7793
Description Dated: 4/1/2013
Description Signed: 4/1/2013

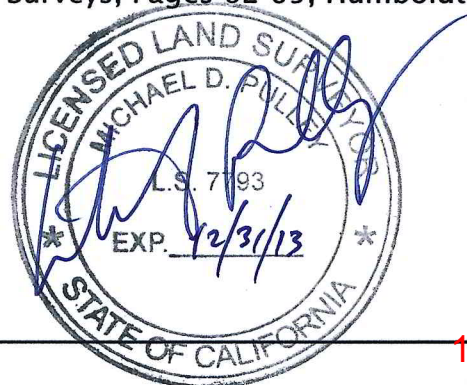


EXHIBIT B

1/4 SECTION LINE

SCALE: 1" = 150'



NORTH BANK ROAD (HIGHWAY 200)

STA. 163+50.00 POC
OFFSET 150.00 RT

LANDS OF CRAMER
1146 O.R. 525
PARCEL TWO

20' WIDE TEMPORARY
CONSTRUCTION EASEMENT

30' WIDE WATER LINE EASEMENT

S 22°15'49" E 420.85'
U.S. HIGHWAY 101

N 84°01'47" E 862.75'
CENTERLINE DESCRIBED IN EXHIBIT A

MAD RIVER

EASEMENT EXHIBIT

for

**McKinleyville Community
Services District**

SECTION 8 T6N R1E
HUMBOLDT MERIDIAN

EXHIBIT NOTE:

This purpose of this exhibit is to illustrate the location of 2 easements to be granted by Shirley Cramer for the benefit of McKinleyville Community Services District for waterline construction. Bearings shown hereon are based on the Record of Survey recorded in Book 69 of Surveys, Pages 62-65, Humboldt County Records.

IN THE UNINCORPORATED AREA OF
HUMBOLDT COUNTY, STATE OF CALIFORNIA

SCALE: 1" = 150'

MARCH 2013

SHEET 2 OF 2

POINTS WEST SURVEYING Co.

5201 Carlson Park Dr., Suite 3 - Arcata, CA 95521
707-840-9510 · Phone 707-840-9542 · Fax

EXHIBIT “C”
(Infrastructure Improvements)

For the benefit of Seller/Easement Grantor, Buyer shall install the following infrastructure improvements:

1. One standard stock gate for access to the water mainline in accord with McKinleyville Community Services District construction standards applicable at the time of construction, with separate locks on the gate such that each can open the gate without need for a key or combination to the lock maintained by the other, to be located approximately in the northeast corner of the fence line;
2. A one inch (1”) water service access set on the northeast corner of the Property;
3. A paved approach per CalTrans specification adjacent tot the access gate; and
4. Repair of approximately fourteen feet (14’) of fence impacted by construction of water main.

STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
THE STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROJECT NUMBER P50-1210013-209

FOR A GRANT UNDER CHAPTER 3 OF THE WATER SECURITY, CLEAN DRINKING
WATER, COASTAL AND BEACH PROTECTION ACT OF 2002

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EXHIBIT A
STANDARD CONDITIONS

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ATTACHMENTS

1. Budget and Expenditure Summary (Article A-3(c))
2. Claim form (Article A-6(a))
3. Final Release (Article A-6 (f)(4))

STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROJECT NUMBER P50-1210013-209

UNDER CHAPTER 3 OF THE WATER SECURITY, CLEAN DRINKING WATER,
COASTAL AND BEACH PROTECTION ACT OF 2002

THIS AGREEMENT, is entered into between the State of California Department of Public Health, herein referred to as "State", and **Humboldt Bay Municipal Water District**, a Municipality, in the County of Humboldt, State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as "Supplier", which parties do hereby agree as follows:

SECTION 1. PURPOSE OF FUNDING

This Agreement provides funding in the form of a grant made by State to the Supplier under the provisions of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, Division 26.5 of the Water Code, commencing with Section 79500, herein referred to as the "Act". The purpose of the funding is to assist in financing a project which will enable **Supplier** to enhance the protection and security of drinking water supplies, herein referred to as the "Project". Funds may be used only for such eligible project costs as are approved by State.

Supplier is solely responsible for the design, construction, operation, and maintenance of the Project; and for all persons or entities engaged in such work, including but not limited to contractors, subcontractors, suppliers, and providers of services. Review or approval of plans, specifications, bid documents or other

construction documents by State is solely for the purpose of proper administration of the funds by State and shall not be deemed to relieve or restrict Supplier's responsibility.

SECTION 2. INCORPORATION OF OTHER DOCUMENTS

This Agreement incorporates by this reference Exhibit A, "Standard Conditions"; Exhibit B, "Special Terms and Conditions"; Supplier's Application to State for Proposition 50 Funding; project plans and specifications as submitted to and approved by State; and any attachments to said documents.

Supplier accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents and exhibits thereto, and to fulfill all assurances, declarations, representations, and statements made by Supplier in its application, documents, amendments, and communications filed in support of its request for funding, including but not limited to any and all plans and specifications submitted to and approved by State.

SECTION 3. PROJECT COST

Supplier represents that the total cost of the Project is estimated to be \$3,648,550 of which State agrees that \$3,648,550 is the total Eligible Project Costs.

SECTION 4. GRANT AMOUNT

Subject to the availability of funds and in accordance with the terms of this Agreement, State will provide grant funding to Supplier in an amount not to exceed \$3,648,550, herein referred to as "Grant Amount".

SECTION 5. SUPPLIER'S COST AND MATCHING FUNDS

Supplier agrees to fund any Project costs which are in excess of the Grant Amount set forth in Section 4 of this Agreement. Matching funds are incurred Eligible Project Costs paid, or to be paid, with non-State funds, herein referred to as "Matching Funds". Unless otherwise noted in Exhibit B, Matching Funds are required. Supplier must provide Matching Funds in an amount not less than the Grant Amount. Supplier's Cost for this Project, including Matching Funds, is estimated to be \$0, herein referred to as "Supplier's Cost". Each disbursement of grant funds is expressly conditioned upon Supplier's demonstration that it has incurred an equal amount of costs approved by State as Matching Funds.

SECTION 6. COMPETITIVE BIDDING

All construction contracts related in any way to the Project shall be let by competitive bid procedures which assure award of such contracts to the lowest

responsible bidders. Supplier shall comply with all applicable state or local ordinances for competitive bidding and all applicable labor laws.

Supplier shall not award a contract until a summary of bids and identification of the lowest responsible bidder are submitted to State. A full explanation must be provided if Supplier is proposing to award a contract to anyone other than the lowest responsible bidder.

SECTION 7. REQUIREMENTS FOR DISBURSEMENT

Not later than ninety (90) days following Date of Execution of this Agreement, Supplier shall satisfy all conditions precedent to the disbursement of funds under this Agreement, including Basic Conditions Precedent as set forth in Article A-3 of the Standard Conditions. Failure by Supplier to satisfy said conditions and requirements by this date may, at the option of State, result in cancellation of this Agreement under Article A-7 of the Standard Conditions and/or declaration that Supplier is in default pursuant to Article A-24 of the Standard Conditions.

SECTION 8. SPECIAL TERMS AND CONDITIONS

Supplier shall satisfy the special terms and conditions set forth in Exhibit B. Failure by Supplier to timely satisfy the special terms and conditions may, at the option of State, result in cancellation of this Agreement under Article A-7 of the Standard Conditions, and/or declaration that Supplier is in default pursuant to Article A-24 of the Standard Conditions.

SECTION 9. OPERATION AND MAINTENANCE OF PROJECT

Upon Project completion, and for a period of 20 years, which is the reasonably expected useful life of the Project, Supplier shall, as further consideration for this funding, commence and continue operation of the Project; cause the Project to be operated in an efficient and economical manner; provide for the making of all repairs, renewals, and replacements necessary for the effective operation of the Project; and cause the Project to be maintained in as good of condition as upon its construction, ordinary and reasonable wear and depreciation excepted. Failure by Supplier to operate and maintain the Project in accordance with this provision may, at the option of State, be considered a material breach of Agreement and may be treated as a default under Article A-24 of the Standard Conditions.

SECTION 10. PROJECT OFFICIALS AND NOTICES

State's Grant Administrator shall be the Chief, Safe Drinking Water State Revolving Fund and Small Water Systems Section, Division of Drinking Water and Environmental Management, California Department of Public Health. All communications given to State's Grant Administrator shall be deemed given to State.

State's Grant Administrator shall be State's representative for administration of this Agreement, and shall have authority to make recommendations and findings with respect to each controversy arising under or in connection with this Agreement. All such recommendations and findings shall be communicated to the Chief, Division of Drinking Water and Environmental Management of the California Department of Public Health, and disputes shall be resolved in accordance with Article A-22 of the Standard Conditions.

Supplier's Grant Administrator shall be Carol Rische, General Manager. Supplier's Grant Administrator shall be Supplier's representative for administration of this Agreement. All communications given to Supplier's Grant Administrator shall be deemed given to Supplier.

Either party may change its Grant Administrator upon written notice to the other party.

Notices required to be given in writing by Supplier under this Agreement shall be sent to:

State of California
California Department of Public Health
Division of Drinking Water and
Environmental Management
Attention: Proposition 50 Program
1616 Capitol Avenue, MS7408
Post Office Box 997377
Sacramento, Ca 95899-7377

Notices required to be given in writing by State under this Agreement shall be sent to:

Carol Rische
General Manager
Humboldt Bay Municipal Water District
828 7th Street
Eureka, Ca 95501-1114

A change of address for delivery of notice may be given by written notice to the other party.

All written notices that are required either expressly or by implication to be given by one party to the other under this Agreement shall be signed for State by its Grant Administrator and for Supplier by its Grant Administrator. Except as otherwise expressly required by this Agreement, all such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed postage prepaid envelope and deposited in a United States Post Office for delivery by registered or certified mail.

SECTION 11. ENFORCEMENT

Any enforcement action, arising out of or relating to this Agreement, may be brought by State or any agent thereof.

SECTION 12. MISCELLANEOUS PROVISIONS

ATTORNEY FEES

In the event either party commences an action or proceeding concerning the subject matter of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorney fees incurred therein.

SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

GOVERNING LAW

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

CHILD SUPPORT COMPLIANCE ACT

Supplier acknowledges that it is the policy of this state that anyone who enters into a contract with a state agency shall recognize the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code. Supplier further acknowledges that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department.

LEGAL CAPACITY

Supplier hereby warrants and represents that it is a legal entity in good standing, and that it has the authority to enter into this Agreement.

Supplier shall notify State as promptly as feasible of any proposed change in Supplier's ownership, organization, legal form or service area.

VENUE

The parties agree that venue of any action between the parties arising out of this Agreement, including disputes that may arise following termination of the Agreement, shall be County of Sacramento, State of California.

DATE OF EXECUTION

Date of Execution of this Agreement is the date of the latest in time execution by a party hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement:

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH

By: _____
Signature

By: _____
Signature

Print Name

Print Name

Title

Title

Date

Date

SUPPLIER
HUMBOLDT BAY MUNICIPAL WATER
DISTRICT

By: _____
Signature

Print Name

Title

Address

City State Zip

Date

EXHIBIT A

STANDARD CONDITIONS

ARTICLE A-1. DEFINITIONS

Whenever in this Agreement the following terms are used, their meaning shall be as follows unless the context clearly requires otherwise:

Agreement: The Funding Agreement to which this Exhibit A “Standard Conditions” is appended.

Days: Calendar days unless otherwise expressly indicated.

Month: Calendar month unless otherwise expressly indicated.

Year: Calendar year unless otherwise expressly indicated.

Eligible Project Costs: Those project costs which are eligible for funding under the Act and applicable State law and implementing criteria.

Force Account: The use of Supplier’s own employees or equipment on the Project.

Grant Amount: The total amount disbursed to Supplier under this Agreement.

Public Water System or Public Water Supply System: A system for the provision to the public of water for human consumption, as defined in Part 12, Chapter 4 (commencing with Section 116270), of Division 104 of the Health and Safety Code, as it may be amended.

ARTICLE A-2. TERM OF AGREEMENT

Subject to the provisions of Article A-7, this Agreement shall become effective on the date of its execution and shall remain in effect until the expiration of the period of time required for operation and maintenance of the Project, as set forth in Section 9 of this Agreement.

ARTICLE A-3. BASIC CONDITIONS PRECEDENT

State shall have no obligation to disburse funds under this Agreement unless and until:

(a) Supplier has provided satisfactory documentation of the action taken by its governing body authorizing it to enter into this Agreement, and designating a

representative to execute this Agreement and to sign a claim for disbursement of funds.

(b) Supplier has provided detailed information concerning the account established for deposit of funds received from State.

(c) Supplier has submitted an initial budget approved by State in the form of **Attachment 1** to this Agreement.

ARTICLE A-4. COMPLIANCE WITH LAWS, REGULATIONS, AND PERMIT REQUIREMENTS

Supplier shall at all times comply with, and require its contractors and subcontractors to comply with, all applicable federal and state laws, rules and regulations, permits, and all applicable local ordinances, including, but not limited to, environmental, labor, procurement and safety laws, rules, regulations, permits, and ordinances.

ARTICLE A-5. PROJECT CHANGES

The Project shall be constructed in accordance with the plans and specifications approved by State on April 22, 2013. Supplier shall not make any change in the Project, or issue any change order to a contractor, without receiving prior written approval from State.

Supplier may request a one-time increase in the total funding provided in this Agreement. Such request shall be based upon the final accepted construction bids. Such request may be granted or denied at the sole discretion of State. Supplier shall submit evidence to State that Matching Funds are available in an amount equal to the amount of additional grant funding requested.

Supplier shall submit to State in writing any proposed changes to the Project budget including but not limited to transferring of funds between line item allotments. Supplier shall obtain written approval of such proposed changes from State before the proposed changes are adopted.

Supplier shall not use any funds from any contingency allotment without receiving prior written approval from State.

ARTICLE A-6. DISBURSEMENTS BY STATE

(a) Claims

Supplier shall request disbursement by submitting to State a claim(s) for incurred Eligible Project Costs. A claim for disbursement of funds shall be provided in the form

of **Attachment 2** to this Agreement and shall be submitted no later than ninety (90) days following execution of this Agreement, and thereafter at least once per quarter and shall not be submitted more than once a month and shall include:

(1) a statement with supporting documentation of Eligible Project Costs that have been incurred during the period identified in the particular claim, including, but not limited to construction, legal, engineering, and administrative fees associated with the Project;

(2) a statement, with supporting documentation, demonstrating that Matching Funds equal to the amount of the claim have been incurred.

(b) Disbursements

Following the review and approval of a claim by State, it will disburse to Supplier an approved amount, subject to any retention requirements specified in Exhibit B, Special Terms and Conditions, and subject to the availability of funds. Any and all funds disbursed to Supplier under this Agreement, and any and all interest earned by Supplier on such funds, shall be used solely to pay Eligible Project Costs.

(c) Rejection of Claims

A claim may be rejected by State if:

(1) it is submitted without signature;

(2) it is submitted under signature of a person other than Supplier's duly authorized representative;

(3) Supplier fails to timely submit a final claim within the time period specified in Article A-6(f);

(4) Supplier fails to adequately demonstrate required Matching Funds.

State will notify Supplier of any claim so rejected, and the reasons therefore.

(d) Correction of Claims

A claim containing a mathematical error will be corrected by State, after telephone notification to Supplier, and will thereafter be treated as if submitted in the corrected amount. State will confirm correction of the error, to Supplier, in writing.

(e) Adjustments to Claims

If upon review of a claim State determines that any portion or portions of the costs claimed are ineligible to be funded under the Act, State law, implementing criteria, or the terms of this Agreement, State will notify Supplier, by certified or registered mail, of its determination concerning Supplier's failure to adequately document costs as Eligible Project Costs. Supplier may, within thirty (30) days of the date of receipt of such notice, submit additional documentation or evidence to cure such deficiency(ies). If Supplier does not submit additional information, or if State determines such additional information to be inadequate, State will adjust the pending claim by the amount of the ineligible cost(s).

Supplier may submit additional documentation or evidence, and resubmit any such rejected costs on a subsequent claim.

(f) Final Claim and Disbursement

Not later than six (6) months from the Project Completion Date, as set forth in Article A-8, Supplier shall submit a final claim. With the final claim, Supplier shall provide:

(1) A statement of full written disclosure of all sources and amounts of funds contributed to the Project;

(2) A certification by Supplier's Grant Administrator that the data disclosed is true and correct;

(3) Proof of a Recorded Notice of Completion;

(4) A fully executed "Final Release" in the form of **Attachment 3** to this Agreement.

Should Supplier fail to make the full disclosure and certification required by parts 1 and 2 of this paragraph (f), or should State become aware through any means that Supplier did not disclose all funding sources for the project; the project may be referred to the California Department of Finance for a full project audit.

(g) Force Account

Costs of construction or construction related activities performed by Force Account, if determined by State, in its sole discretion, to be Eligible Project Costs, may be used as Matching Funds, but are not eligible for grant funding under the terms of this Agreement.

Costs of engineering, legal, and administrative activities performed by Force Account, if determined by State, in its sole discretion, to be Eligible Project Costs, may

be used as Matching Funds or may be eligible for grant funding pursuant to the terms of this Agreement.

When Supplier uses the services of its own employees, Supplier shall establish accounts and maintain records which reasonably document all employee hours and costs charged to the Project and the associated tasks performed by each employee.

ARTICLE A-7. WITHHOLDING OF GRANT DISBURSEMENTS BY STATE AND CANCELLATION OF AGREEMENT

(a) Conditions for Withholding

If State determines that the Project is not being carried out substantially in accordance with the provisions of this Agreement or that Supplier has failed in any other respect to comply with the terms and conditions of this Agreement, State may give written notice of such failure to comply. If Supplier does not cure any such failure to State's satisfaction within ten (10) calendar days of receipt of such notice, State may withhold from the Supplier all or any portion of the grant funding and take any other action that it deems necessary to protect its interests, including but not limited to declaring Supplier in default as set forth in Article A-24, or canceling this Agreement pursuant to Subpart (b) of this Article A-7.

(b) Withholding Entire Grant Amount

If State determines to withhold the entire Grant Amount from Supplier pursuant to Subpart (a) of this Article A-7, notice of such a determination shall constitute a notice of cancellation of this Agreement, and this Agreement shall no longer be binding on any party hereto. Said Notice of Cancellation shall be sent to Supplier by certified or registered mail, and shall be effective upon receipt.

(c) Withholding Balance of Grant Amount

When a portion of the grant amount has been disbursed to Supplier and State determines to withhold funding, State will notify Supplier in writing, via certified or registered mail, that State is withholding the balance of the funding from Supplier, pursuant to Subpart (a) of this Article A-7. In such event, Supplier will be deemed to be in default and subject to the provisions of Article A-24.

ARTICLE A-8. TIMING OF PROJECT

Supplier agrees to proceed expeditiously, and shall meet a Project Completion Date of no later than three (3) years following the Date of Execution of this Agreement. Supplier shall commence project construction no later than 120 days following Date of Execution of this Agreement. Supplier's failure to meet said Project Completion Date may, at the option of State, be considered a material breach of agreement and may be

treated as a default under Article A-24. The facility shall not be placed into operation until State has conducted a final inspection and notifies Supplier in writing that the Project is complete.

When the Project is complete, Supplier shall certify to State that the Project is complete in accordance with the approved plans and specifications and ready for final inspection by State. The date of such certification by Supplier shall be the Project Completion Date for purposes of this Agreement.

ARTICLE A-9. SUPPLIER'S CONTRACTS

Supplier shall be solely responsible for resolution of any and all disputes arising out of or related to Supplier's construction and contracts for construction of the Project, including but not limited to bid disputes and payment disputes with Supplier's contractors and subcontractors and shall provide appropriate releases (as set forth in California Civil Code Title 15) as may be requested by State.

ARTICLE A-10. AUDIT AND INSPECTION OF BOOKS AND RECORDS

(a) Upon execution of this Agreement and until three (3) years following final disbursement under this Agreement, pursuant to Government Code Section 8546.7, the parties shall be subject to the examination and audit by State or any agent thereof, and the State Auditor, with respect to all matters connected with the performance of this Agreement, including, but not limited to, the cost of administering this Agreement. If any litigation, claim, negotiation, audit or other action is commenced before the expiration of said three (3) year period, all records must be retained until such action is resolved, or until the end of said three (3) year period whichever shall later occur. All records of Supplier relating in any way to funding received pursuant to this Agreement shall be preserved for this purpose.

(b) During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Agreement. Failure or refusal by Supplier to comply with this provision shall be considered a substantial failure to comply with this Agreement, State may declare Supplier in default as set forth in Article A-24, withhold disbursements to Supplier, or take any other action it deems necessary to protect its interests. The provisions of this Subpart (b) shall be effective until expiration of the time period provided in Subpart (a) of this Article A-10.

ARTICLE A-11. REMITTANCE OF FUNDS BY SUPPLIER

Within thirty (30) days following the date of final disbursement of funds, Supplier shall remit to State any funds that were disbursed under this Agreement and were not utilized to pay Eligible Project Costs. Such funds will not be included in the Grant Amount.

ARTICLE A-12. ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENTS

(a) Separate Accounting of Grant Disbursements

Supplier shall account for the funds disbursed pursuant to this Agreement separately from all other Supplier's funds. Supplier shall maintain accounting procedures that are in accordance with Generally Accepted Accounting Principles. Supplier shall keep complete and accurate records of all receipts, disbursements, and interest earned on such funds.

Supplier shall require its agents, contractors and subcontractors to maintain books, records, and other documents pertinent to their work in accordance with Generally Accepted Accounting Principles. Such records shall be subject to inspection by State at any and all reasonable times.

(b) Disposition of Funds Disbursed

In addition to specific requirements set forth in this Agreement, all funds disbursed pursuant to this Agreement shall be deposited, administered, and accounted for pursuant to all provisions of law applicable to Supplier.

(c) Interim and Final Audits

In addition to the provisions of Article A-10, at any time following execution of this Agreement and until completion of the Project, or final disbursement whichever shall occur last, State reserves the right to conduct an audit of Supplier's disposition of all funds disbursed under this Agreement. After completion of the Project, State may require Supplier to conduct a final audit, at Supplier's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant.

Failure or refusal by Supplier to comply with these provisions shall be considered a substantial breach of this Agreement.

ARTICLE A-13. INSPECTIONS OF PROJECT BY STATE

State shall have the right but not the duty to inspect the work being performed on the Project at any and all reasonable times during the term of this Agreement. This right

shall extend to any subcontracts, and Supplier shall include provisions ensuring such access in all its contracts or subcontracts related to the Project.

ARTICLE A-14. PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION

During the term of this Agreement Supplier shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, without prior written consent of State.

ARTICLE A-15. NONDISCRIMINATION CLAUSE

During the performance of this Agreement, Supplier, its contractors and subcontractors, shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Supplier, its contractors and subcontractors shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Supplier, its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated there under (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State Agency to implement such article.

By signing this Agreement, Supplier assures State that it shall comply with the requirements of the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA; the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d (1988) et seq.; Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794 (1989); Federal Water Pollution Control Act Amendments of 1972, Pub.L. No. 92-500, 86 Stat 816; and the Age Discrimination Act of 1975, as amended, 42 U.S.C. 6102 (1994); together with all applicable regulations and guidelines adopted to implement same. Said group of laws and requirements are collectively referred to in this Agreement as the "anti-discrimination laws".

Supplier agrees to collect and maintain information to show compliance with the "anti-discrimination laws" including a list of discrimination complaints, reports of any compliance reviews conducted by other agencies descriptions of any pending discrimination-based lawsuits and data on the racial, ethnic, national origin, sex and handicap characteristics of the population it serves.

Supplier, its contractors and subcontractors shall give written notice of their obligations under this Article to labor organizations with which they have a collective bargaining or other agreement.

Supplier's signature on this Agreement shall constitute a certification under penalty of perjury under the laws of the State of California that Supplier has, unless exempted, complied with the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103.

Supplier shall include the nondiscrimination and compliance provisions of this Article A-15 in all contracts and subcontracts to perform work on the Project.

ARTICLE A-16. WORKERS' COMPENSATION CLAUSE

Supplier affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Supplier affirms that it will comply with such provisions before commencing performance of work under this Agreement and will make its contractors and subcontractors aware of this provision.

ARTICLE A-17. SUCCESSORS AND ASSIGNS

This Agreement and all of its provisions shall inure to the benefit of, apply to, and bind the heirs, successors and assigns of the parties hereto. No assignment or transfer of this Agreement or any part hereof by Supplier shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.

ARTICLE A-18. STATE TO BE HELD HARMLESS

Supplier shall indemnify, hold harmless, protect and defend State and its officers, employees, agents and representatives from any loss, suit, action or claim brought for, or on account of any violation of law, ordinance, rule, or regulation, or any injury, damage, or loss, including death, caused by acts or omissions of Supplier, its employees, contractors, or agents; or in any way arising from, or related to the Project.

ARTICLE A-19. REMEDIES NOT EXCLUSIVE

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive, and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

ARTICLE A-20. AMENDMENTS

This Agreement may be amended only by mutual written agreement signed by the parties hereto. Requests by Supplier for amendments must be in writing stating the amendment request and the reason for the request.

ARTICLE A-21. WAIVER OF RIGHTS

It is the intention of the parties hereto that from time to time either party may waive any of its rights under this Agreement unless contrary to law. Any waiver by either party hereto of rights arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other rights or matters.

ARTICLE A-22. DISPUTE CLAUSE

Any dispute that Supplier may have regarding the performance of this Agreement including, but not limited to, claims for additional disbursements of funds or extension of time, shall be submitted to State's Grant Administrator identified in Section 10 of this Agreement. State's Grant Administrator may make findings and recommendations and transmit a copy of the claim and any such findings and recommendations to the California Department of Public Health, Chief, Division of Drinking Water and Environmental Management, who shall make a decision on such dispute which decision shall be in writing and transmitted to Supplier by certified or registered mail. Said decision shall be final and conclusive.

ARTICLE A-23. PERFORMANCE AND ASSURANCES

Supplier agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the final plans and specifications as submitted to and approved by State, and to apply funds received only to Eligible Project Costs and to operate and maintain the Project in accordance with applicable provisions of the law.

ARTICLE A-24. DEFAULT PROVISIONS

(a) Supplier will be in default under this Agreement if any of the following occur:

- (1) Supplier's failure to make any remittances required by this Agreement;
- (2) Supplier's substantial breach of this Agreement, or any supplement or amendment to it;
- (3) Supplier's making of any false warranty, representation, or statement with respect to this Agreement or the Project;

(4) Dissolution or cessation of operations by Supplier, termination of Supplier's existence, insolvency of Supplier, or filing of a voluntary or involuntary bankruptcy petition by or on behalf of Supplier; and/or

(5) Supplier's failure to provide required Matching Funds.

(b) When an event of default occurs, State may give Supplier notice of default. Supplier shall have ten (10) calendar days from the date of such notice to cure the default. If Supplier fails to timely cure the default to the satisfaction of State, then State may do any or all of the following:

(1) Declare that any and all amounts disbursed to Supplier under the terms of this Agreement shall be deemed an obligation of Supplier and due and payable to State;

(2) Declare Supplier's obligations immediately due and payable, with or without demand or notice to Supplier, which Supplier expressly waives;

(3) Terminate any obligation of State to make further disbursements to Supplier under this Agreement;

(4) Perform any of Supplier's obligations under this Agreement for Supplier's account; and/or

(5) Take any other action it deems necessary to protect its interests.

(c) Supplier agrees that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to State as a result of a breach of agreement by Supplier, whether such breach occurs before or after completion of the Project.

(d) No waiver by State of any breach or default will be a waiver of any other breach or default.

ARTICLE A-25. DRUG-FREE WORKPLACE CERTIFICATION

By signing this Agreement, Supplier hereby certifies under penalty of perjury under the laws of the State of California that Supplier will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

(a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

(b) Establish a Drug-Free Awareness program to inform employees about all of the following:

- (1) The dangers of drug abuse in the workplace;
- (2) The person's or organization's policy of maintaining a drug-free workplace;
- (3) Any available counseling, rehabilitation and employee assistance programs;
- (4) Penalties that may be imposed upon employees for drug abuse violations.

(c) Every employee who works on the Project:

- (1) Shall be issued a copy of Supplier's drug-free policy statement;
- (2) Shall agree to abide by terms of Supplier's statement as a condition of employment on the Project.

This Agreement may be subject to suspension of payments or termination, or both, and Supplier may be subject to debarment if State determines that: (1) Supplier has made a false certification, or (2) Supplier has violated the certification by failing to carry out the requirements of this Article A-25.

ARTICLE A-26. CONFLICT OF INTEREST – CURRENT AND FORMER STATE EMPLOYEES

(a) Current State Officers and Employees:

(1) Supplier shall not utilize in the performance of this Agreement any state officer or employee in the state civil service or other appointed state official unless the employment, activity, or enterprise is required as a condition of the officer or employee's regular state employment. Employee in the state civil service is defined to be any person legally holding a permanent or intermittent position in the state civil service.

(2) If any state officer or employee is utilized or employed in the performance of this Agreement, Supplier shall first obtain written verification from State that the employment, activity, or enterprise is required as a condition of the officer's, employee's, or official's regular state employment and shall keep said verification on file for three (3) years after the termination of this Agreement.

(3) Supplier may not accept occasional work from any currently employed state officer, employee, or official.

(4) If Supplier accepts volunteer work from any currently employed state officer, employee, or official, Supplier may not reimburse, or otherwise pay or compensate, such person for expenses incurred, including, without limitation, travel expenses, per diem, or the like, in connection with volunteer work on behalf of Supplier.

(5) Supplier shall not employ any state officers, employees, or officials who are on paid or unpaid leave of absence from their regular state employment.

(6) Supplier or anyone having a financial interest in the Agreement may not become a state officer, employee, or official during the term of this Agreement. Supplier shall notify each of its employees, and any other person having a financial interest in this Agreement that it is unlawful under the Public Contract Code for such person to become a state officer, employee, or official during the term of this Agreement unless any relationship with the Supplier giving rise to a financial interest, as an employee or otherwise, is first terminated.

(7) Occasional or one-time reimbursement of a state employee's travel expenses is not acceptable.

(b) Former State Officers and Employees:

(1) Supplier shall not utilize in the performance of this Agreement any formerly employed person of any state agency or department that was employed under the state civil service, or otherwise appointed to serve in the State Government, if that person was engaged in any negotiations, transactions, planning, arrangement, or any part of the decision making process relevant to the Agreement while employed in any capacity by any state agency or department. This prohibition shall apply for a two (2) year period beginning on the date the person left state employment.

(2) Supplier shall not utilize within twelve (12) months from the date of separation from services, a former employee of the contracting state agency or department if that former employee was employed in a policy making position in the same general subject area as the proposed Agreement within the twelve (12) month period prior to the employee leaving state service.

ARTICLE A-27. ADDITIONAL INSURED

Supplier agrees that for any policy of general liability insurance concerning the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing State, its officers, agents, employees, and servants as additional insured's; and shall provide State with a copy of all such certificates prior to the commencement of construction of the Project.

ARTICLE A-28. PROHIBITED USE OF STATE FUNDS FOR SOFTWARE

Supplier certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

ARTICLE A-29. LABOR COMPLIANCE

Supplier shall comply with all applicable provisions of Labor Code, Division 2, Part 7, Chapter 1, Article 2, commencing with Section 1770 and implementing regulations regarding labor compliance monitoring and prevailing wage requirements. Supplier's failure or refusal to comply with this requirement shall be considered a substantial breach of this Agreement.

EXHIBIT B

SPECIAL TERMS AND CONDITIONS

ARTICLE B-1.

1. **Supplier** may be reimbursed only for such eligible project costs consisting of eligible construction expenses incurred on or after the date of the Letter of Commitment, and eligible preliminary expenses incurred after March 5, 2005.
2. Notwithstanding any other term or condition of this Agreement, **Supplier** is not required to provide Matching Funds.
3. **Supplier** shall notify State's **Klamath District Office** within ten (10) days following commencement of Project construction.
4. **Supplier** shall notify State's **Klamath District Office** at the completion of the Project.
5. **Supplier** shall notify State's **Klamath District Office** within ten (10) days following commencement of construction of each of the following interties:
 - a. The Aldergrove Intertie
 - b. The 14th Street Intertie
 - c. The Northern McKinleyville Intertie
 - d. The Southern McKinleyville Intertie
6. **Supplier** shall provide State's **Klamath District Office** with a signed and recorded copy of the easement necessary for the Northern McKinleyville Intertie before commencement of construction of the Northern McKinleyville Intertie and Southern McKinleyville Intertie.
7. Not later than 120 days following the completion of the Project, **Supplier** shall submit As-Built Drawings for the Project to the State's **Klamath District Office**.
8. **Supplier** shall implement the mitigation measures identified in the Mitigated Negative Declaration prepared for the project.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Support Services Department Report
10 July, 2013

AGENDA ITEM: F.2.A.
PRESENTED TO: MCSD Board of Directors
FROM: Colleen Trask, Finance Director
SUBJECT: Support Services Department Report

LEGAL UPDATES

GASB Statements 63 & 65 regarding deferred inflows and outflows will be implemented over the current and following fiscal years. The District has only one deferral that will be affected by these statements.

DISTRICT FINANCIAL & BUDGET INFORMATION

The budget for FY2013-14 has been approved and will be finalized when the Board adopts the final Strategic Plan for FY2013-14.

A Days of Cash On-Hand ratio has been added to the Monthly Treasurer's Report. This shows how many days of expenses the District could pay for out of the operating checking and money market accounts if no further funds were received.

The FY2012-13 audit on-site work is complete, and the Board Audit Committee has met with staff, auditors, and supporting CPAs to review process, content and timelines. The expected due date for final audited statements is November 2013.

SUPPORT STAFF PROCEDURES & PROJECTS

Annual Clean-up Days projects will happen on July 11th & 12th. This involves moving records to long-term storage, reviewing and clearing out files according to District Records Retention Policy, and making sure that we are set up for efficient processes for the next fiscal year.

STAFF DEVELOPMENT & TRAINING

Jason Patton facilitated a second Emergency Operations table-top exercise in June 2013. The EOPS team developed clear lines of communication and information flow that will be required to cope with a major natural disaster emergency.

OTHER CURRENT PROJECTS

Staff is working to develop a Request for Proposal for banking services. Our banking services have not been reviewed or re-priced in many years. The District may remain with our current banker, but a regular competitive process will ensure that we receive the best services at the lowest cost.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Board Agenda Background: Department Report

July 1, 2013

To: MCSD Board

From: James Henry, Operations Director

Subject: Agenda Item: F.2.B. –July 10, 2013 Board Meeting
Operations Department – May 2013 Report

Water Department:

◇ **Water Statistics:**

The district pumped 49 million gallons of water in May.

Two water quality complaints were investigated and rectified.

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

◇ **Double Check Valve Testing:**

Annual routine testing of Routes 9 and 11 were completed in May and a minimal number of retests were conducted. Customers with failed DCV's were notified to make repairs and call the office to schedule a retest.

◇ **Average and Maximum Water Usage:**

The maximum water usage day was 2.3 million gallons and the average usage per day was 1.6 million gallons.

◇ **On Peak Pumping:**

Starting May 1 and extending through October the District does not run the North Bank booster pumps between 12:00 p.m. and 7:00 p.m. Monday through Friday. The cost savings for not pumping during this period is substantial due to the cost per kilowatt hour is double. HBMWD also receives those benefits since MCSD is not drawing water during that time.

Water Distribution Maintenance:

Touch up painting was performed on Tank 2A around vents and bolts.

Station trimming was completed at the North Bank Station.

Replacing cracked fire hydrant pads were completed in May.

Constructing a new pump canopy at the North Bank Station started in May and will continue into June. The canopy will protect the pumps from weather and help muffle the pump noises heard from the adjacent customer.

Two angle-stops were replaced due to not being operable.

◇ **New Construction Inspections:**

Santos Subdivision, All of the facilities are completed and paving is completed. Main and services were flushed. The main is active and the services are locked. Work has not continued yet this season; Mad River Bridge Crossing, Mainline was chlorinated and flushed. Samples were taken and passed. This job is completed; Airport 17 Hanger Unit, All hot taps were completed. All water mains have been installed. At this time they are trying to get compaction on their trenches.

Sewer Department:

◇ **Waste Water Statistics:**

27 million gallons of wastewater was collected and pumped to the W.W.M.F. 26.6 million gallons of wastewater was treated and discharged to land disposal or reclamation in May. Daily, weekly and monthly inspections of all sewer facilities were conducted.

◇ **Sewer Station Maintenance:**

Wet wells were washed at the B Street and Fischer lift stations along with pumping out the grit pits. This is done quarterly to prevent wear and tear on pumps, eliminate grease that collects in the wet wells and prevents build-up of hydrogen sulfide gasses.

Fischer Station pump 4 check valve was replaced.

The update regarding the Letz Station diesel theft and vandalism: The Sheriff's Department had a couple of leads that didn't go anywhere. They are still waiting on the fingerprint results from evidence they collected. The department of Health signed off on the clean-up and we had a security system installed that will page the after-hours duty cell and set off a siren.

◇ **Sewer Collection System:**

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule.

Mowing and string trimming was completed at the Fischer Ranch East fence line and B Street Station.

Semi-annual hydro-cleaning of 8200 feet of sewer main was conducted in May using the Vac-Con. Customers were notified in advance. This maintenance is critical to prevent possible sewer plugs which could cause overflows.

◇ **Wastewater Management Facility:**

The Chlorine Contact Chamber was drained and washed with fire hoses.

Laco drilled and installed monitoring wells as part of the WWMF upgrade project.

Repairs were made to the CL2 loading door due to the chlorine delivery driver clipping the door with his truck. The company was invoiced for the repairs.

◇ **Daily Irrigation and Observation of Reclamation Sites:**

Weekly well monitoring was conducted at the Fischer Ranch tree farm as part of the tree farm pilot study.

◇ **Street Light Department:**

The Central Avenue street light zone was converted to LED. This zone was phase 1 which covered 32 lights with 360 lights remaining as phase 2.

Five street lights were reported and repairs were conducted in May.

Promote Staff Training and Advancement: Weekly tailgate meetings and training associated with job requirements.

Special Notes:

Operations assisted the Parks and Rec. Department with pressure washing and minor building repair at Pierson Park to be ready for Pony Express.

Oil changes were completed on all heavy equipment. Equipment is serviced with new fluid and filters. This is done in house to save costs and allow staff to familiarize themselves with the equipment.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Board Agenda Background - Department Report
July 10, 2013

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

JULY IS PARK AND RECREATION MONTH:

Since 1985, America has celebrated July as the nation's official Park and Recreation Month. This July, the National Recreation and Park Association wants everyone talking about what they **love about parks and recreation** and why parks and recreation are so vital in our lives. You will notice in the newsletter there is a cutout asking people what they love about parks and recreation. Our staff is gathering these cutouts and will post them at various events hosted by our parks & recreation department. On Wednesday, July 20, 2011, the MCSD Board of Directors adopted Resolution 2011-18, proclaiming that Parks make life better and recognizing July as Park and Recreation Month.



HILLER SPORTS COMPLEX:

Baseball and softball seasons have been going very well. McKinleyville Little League (MLL) is considering a fall league at Hiller Sports Complex. If they were to do so, it would extend the period of time that MLL mows the fields.

HILLER PARK WEST:

A tree has fallen over the fence between the Hammond Trail and Hiller Sports Complex. Due to the complexity of the project, we will contract out for the tree to be fallen.

CALIFORNIA CONSERVATION CORPS (CCC):

MCSD has a contractual agreement with the CCC where in exchange for us providing space for the use of the Pierson Park Trailer and the parking lot at Pierson Park, the CCC provides MCSD with 5 ½ weeks of crews. The estimated value of this agreement is \$25,000.

SHERIFF WORK ALTERNATIVE PROGRAM (SWAP):

MCSD and County staff worked out an agreement to keep a SWAP crew working twelve (12) days per year. In addition, the County has agreed to provide between two (2) and five (5) individual SWAP members to report to work for MCSD each Saturday. This partnership is still working very well.

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, and the McKinleyville Activity Center.

WORK EXPERIENCE (CalWORKS PROGRAM)

We currently have two CalWORKS staff member working within the Parks Department. We are still seeking individuals interested in working for the Park Maintenance. 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 County's umbrella.

GRAFFITI & VANDALISM UPDATE:

No major vandalism to report.

McKinleyville Community Services District

BOARD OF DIRECTORS

July 10, 2013

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.D. General Manager's Report for July 2013

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: None

A summary of activity for the month of June, 2013

Cost Savings Related to District Activities – The following is a summary of some of the recent cost savings opportunities District staff has identified:

- Switched Credit Card Processing to Eureka Payments \$ 350 (avg. monthly)
- FiServe electronic Payments \$ 590 (avg. monthly)
- Office Supplies \$ 208
- Review and correction of our Street-light inventory \$ 3,380
- In-house plumbing repairs to restrooms at Pierson Park \$ 300
- Bocce Ball Court renovations (volunteer labor) \$ 800
- California Conservation Corps \$5,000
- SWAP crews \$6,000
- CalWORKS \$5,000
- In-house repairs to Toro Mower \$ 200
- PLC Panel for Cochran \$ 1500
- PLC Panel for Norton \$ 1500
- Replaced seals in Vac-Con \$ 200
- Finished oil changes \$ 800

Total cost savings for June is \$25,828

The cumulative cost saving to the District to date from July 1, 2012 is \$188,695

District staff are acknowledged and commended for their continued efforts in looking for cost savings, the use of internal labor and grant opportunities that result in real savings for the District, rate payers, and the community.

Rate Analysis- Negotiations continued throughout June and the results will be presented at the July Board meeting.

Emergency Operations Plan (EOP)- Department Heads, General Manager and select staff met for a table top exercise. The motivation for this exercise was to work out the flow of information and determine the adequacy of the reporting forms. The information garnered from this exercise will be used to augment our plan. Management's commitment the MCSD EOP is of the highest priority and bimonthly exercises will continue.

Meeting with Supervisor Bass- Staff and Director Mayo met with the Supervisor to discuss issues pertinent to the County of Humboldt and MCSD. Major projects on the horizon for MCSD were the main subject. The importance of two way communication was agreed to be a mutual concern. Management will continue to place the highest priority on maintaining communications with local state and federal government officials.

Prop 50 Grant and MCSD/ City of Arcata Intertie- The funding agreement was received and we are authorized to move forward with the Project. Humboldt Bay is in the process of finalizing the bid package. MCSD staff has returned comments to GHD related to the Plans and Specifications. MCSD will be approving a resolution for execution of an easement for the north side. The total grant is for \$3,648,550. Of that approximately \$2,000,000 is of direct benefit to MCSD. This regional project would not have been possible without the dedication of Humboldt Bay, City of Arcata, City of Eureka and MCSD Staff. I would like to commend Carol Rische for her ability to coordinate this complex project and GHD and Oscar Larson for their work in design.

Waste Water Management Facility (WWMF) Improvement Project Design – The Draft Basis of Design report is completed. It represents 20 to 30% of the project design. The next step will be to review the progress so far. Review of the Draft Sludge Sampling Plan comments were provided back to the design team. Management spent a considerable amount of time evaluating the possibility of conducting a Value Engineering (VE) review. VE is intended to provide a process to improve the value of the final product. In this case the design for the WWMF Improvement Project. An engineering team not associated with the design evaluates and considers alternatives that would be more cost effective and makes recommendations on their findings.

State Revolving Fund Grant (SRF) Application- In preparation for the expenses to be incurred to construct the WWMF improvements, staff with the help of their consultant is preparing an application for SRF funds. The application is complicated and time consuming, but the benefits if MCSD is eligible for the funds are worth the effort.

Outside District Boundaries Services- Staff with the help of our consultant is in the process of preparing an application to LAFCo to legitimize our service out our sphere of influence. This includes listing every customer we provide service to including the date the service was started, parcel numbers and the type of service. The application is scheduled to be heard by LAFCo on July 17, 2013.

Washington Property- We are awaiting the indemnity agreement from our attorney.

Landscape and Lighting Act- Management is exploring the requirement to modernize MCSD process for accepting landscape and streetlight zone. The Prop. 218 process has evolving requirements and we are committed to ensuring our process is up to date and defensible.

Meetings – The General Manager attended various meetings in May dealing to MCSD business. A meeting with Nancy Correll of the McKinleyville Land Trust, with Brent Ives to prepare for another scope of work related to General Manager/ Board of Directors communication Plan and met with the prospective Parks and Recreation Maintenance Supervisor.

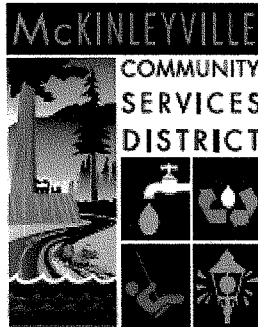
Attachment 1 WWMF Report for April 2013

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

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

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

June 26, 2013

RE: MONTHLY MONITORING REPORT

Dear Lisa:

Enclosed is the Monthly Monitoring Report for May 2013 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number WQ 2011-0008-DWQ.

The normal discharge of effluent was 30 days discharge to reclamation M-004, 5, 6, & 7 and land disposal M-003. The required monitoring and water quality constituents that were tested and reported were in compliance in May.

The requirement for BOD is 45 mg/L monthly average and 65 % removal for the weekly average with five weekly tests in May that represent eleven criteria. The BOD results for May are in compliance.

The requirement for TSS is 83 mg/L monthly average with five weekly tests in May which represent one criteria. The TSS results for May 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 May 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 May are as follows. Median was <1.8 and a Maximum of 2.0. Four samples were collected in the month of May and were in compliance.

Monthly River Monitoring was conducted in May.

Annual priority pollutants were conducted in May.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL

May 2013

Discharge Monitoring	M-INF	M-001		002 M-003	002 M-003	004 M-005	003 M-004	006 M-007	005 M-006		001 M-002
DATE	INFLUENT MGD	EFFLUENT MGD	MAXIMUM GPM	N.POND MGD	S.POND MGD	FISCHER MGD UPPER	FISCHER MGD LOWER	PIALORSI MGD	HILLER MGD	IRRGATE TOTAL MGD	RIVER MGD
1	0.884	0.895	881			0.895				0.895	0.0
2	0.875	0.900	902			0.900				0.900	0.0
3	0.865	0.900	819		0.421	0.479				0.479	0.0
4	0.880	0.766	540		0.766					0.000	0.0
5	0.946	0.763	541		0.763					0.000	0.0
6	0.897	0.369	777		0.276	0.093				0.093	0.0
7	0.880	0.000	0							0.000	0.0
8	0.881	0.640	1121			0.495		0.145		0.640	0.0
9	0.891	1.076	936			0.812		0.264		1.076	0.0
10	0.848	1.027	891		0.448	0.427		0.152		0.579	0.0
11	0.879	0.811	574		0.811					0.000	0.0
12	0.924	0.797	566		0.797					0.000	0.0
13	0.901	0.868	900		0.272	0.452		0.144		0.596	0.0
14	0.882	1.058	900			0.792		0.266		1.058	0.0
15	0.872	1.046	903			0.768		0.278		1.046	0.0
16	0.871	1.036	897			0.700		0.274	0.062	1.036	0.0
17	0.857	1.007	894		0.416	0.333		0.166	0.092	0.591	0.0
18	0.888	0.770	544		0.770					0.000	0.0
19	0.938	0.771	545		0.771					0.000	0.0
20	0.882	0.833	1110		0.294	0.310		0.148	0.081	0.539	0.0
21	0.884	1.038	981			0.611		0.273	0.154	1.038	0.0
22	0.872	1.171	995			0.740		0.276	0.155	1.171	0.0
23	0.876	1.165	989			0.726		0.281	0.158	1.165	0.0
24	0.834	1.002	977		0.312	0.440		0.162	0.088	0.690	0.0
25	0.822	0.576	408		0.576					0.000	0.0
26	0.856	0.569	401		0.569					0.000	0.0
27	0.969	0.570	399		0.570					0.000	0.0
28	0.885	0.857	1016		0.209	0.405		0.157	0.086	0.648	0.0
29	0.889	1.212	1023			0.771		0.284	0.157	1.212	0.0
30	0.863	1.211	1025			0.775		0.280	0.156	1.211	0.0
31	0.841	0.960	1023		0.330	0.383		0.160	0.087	0.630	0.0
TOTAL	27.332	26.664		0.000	9.371	12.307	0.000	3.710	1.276	17.293	0.0
AVERAGE	0.882	0.860	790	#DIV/0!	0.521	0.586	#DIV/0!	0.218	0.116	0.558	0.0
MAXIMUM	0.969	1.212	1121	0.000	0.811	0.900	0.000	0.284	0.158	1.212	0.0
MINIMUM	0.822	0.000	0	0.000	0.209	0.093	0.000	0.144	0.062	0.000	0.0
DAYS	31	31		0	18	21	0	17	11	31	

DAYS WITH NO DISCHARGE = 1

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

YEAR: 2013

MONTH: May

DATE	INFLUENT FLOW M.G.D.		EFFLUENT FLOW M.G.D.		EFFLUENT MAXIMUM GPM		RIVER CFS		INFLUENT MONITORING			EFFLUENT MONITORING							3X5 TOTAL COLIFORM					
									B.O.D. mg/L	N.F.R. mg/L		pH	(C°) TEMP	B.O.D. mg/L	NFR mg/L	AMMONIA	CL ₂ RES.	RIVER CL ₂ RES	SETTLABLE SOLIDS					
1	0.884		0.895		881		195					6.8	14.6			34	1.9							
2	0.875		0.900		902		168					6.7	15.3			34	1.7							
3	0.865		0.900		819		149		300	170		6.6	15.1	21	14	30	1.2		<0.1					
4	0.880		0.766		540		141																	
5	0.946		0.763		541		130																	
6	0.897		0.369		777		121					6.7	15.6			30	2.2			2				
7	0.880		0.000		0		139	Shut down to clean Chlorine Contact Basin																
8	0.881		0.840		1121		134					6.5	15.8			30	6.9							
9	0.891		1.076		936		106					6.7	16.0			32	0.2							
10	0.848		1.027		891		91		300	270		6.6	15.0	22	17	36	1.2		<0.1					
11	0.879		0.811		574		94																	
12	0.924		0.797		566		181																	
13	0.901		0.868		900		132					6.6	16.9			30	3.6			<1.8				
14	0.882		1.058		900		91					6.7	16.3			34	3.9							
15	0.872		1.046		903		87					6.6	16.4			34	4.7							
16	0.871		1.036		897		83					6.6	17.0			30	2.3							
17	0.857		1.007		894		87		300	220		6.6	17.2	17	19	24	3.2		<0.1					
18	0.898		0.770		544		84																	
19	0.938		0.771		545		82																	
20	0.882		0.833		1110		73					6.6	16.5			28	8			<1.8				
21	0.884		1.038		981		72					6.9	16.6			32	2.3							
22	0.872		1.171		995		86					6.8	16.0			22	2.1							
23	0.876		1.165		989		80					6.7	16.1			28	2.2							
24	0.834		1.002		977		74		230	190		6.8	16.2	29	26	28	3.0		<0.1					
25	0.822		0.576		408		70																	
26	0.856		0.569		401		75																	
27	0.869		0.570		399		94																	
28	0.895		0.857		1016		193					6.9	16.7			30	6.8			<1.8				
29	0.889		1.212		1023		218					6.7	17.0			30	0.8							
30	0.863		1.211		1025		226					6.6	17.3			28	2.0							
31	0.841		0.960		1023		163		240	200		6.8	16.9	31	18	32	3.2		<0.1					

DATE	MONTHLY TESTS			BORON
	TDS	AMMONIA	NITRATE	
5/6/2013	260	32.0	ND	230

Semi-Annual Tests	Value in ug/l
Bis phthalate	N/A
alpha-BHC	N/A
4,4'-DDT	N/A
carbon tetrachloride	N/A

Quarterly Tests	Value in ug/l
Dichlorobromomethane	N/A
Bromofom	N/A
Chlorodibromomethane	N/A
Chloroform	N/A

SPILLS:
None to report

30 DAY AVERAGE	BOD		BOD		BOD		BOD		NFR		NFR	
	mg/L	LBS/DAY	% Removal	mg/L	LBS/DAY	% Removal	mg/L	LBS/DAY	% Removal	mg/L	LBS/DAY	% Removal
	24	196	91	19	154	91						

ACUTE TOXICITY

DATE	% Survival
	N/A
	N/A
	N/A

Rainbow Trout
C. dubia

CHRONIC TOXICITY

TESTED	SURVIVAL
Minnow	N/A
C. Dubia	N/A
Algae	N/A
	TUc

Total Coliform	Monthly
MEDIAN	<1.8
Daily	
Maximum	2

SIGNATURE: James Henry REMARKS: Indicates Permit Exceedance