

Mission statement of McKinleyville Community Services District:
"Provide McKinleyville with safe and reliable water, wastewater, 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, March 5, 2014
7:00 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

B. PUBLIC HEARINGS

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

- B.1 Public Hearing/Protest report and final reading of Resolution
2014-13 for water rate adjustment **PG. 5**
- Attachment 1- Updated Water Rate and Financial
Analysis **PG. 10**
- Attachment 2-Resolution 2014-13 **PG. 23**

- B.2 A Resolution of the Board of Directors of the McKinleyville Community Services District Ordering the Levy and Collection of Assessments within the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities for Fiscal Year 2014-15 **PG.26**

Attachment 1 – Annual Engineer’s Report Fiscal Year 2014/2015 **PG. 29**

Attachment 2 –Resolution 2014-10 **PG. 27**

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 February 5, 2014 **PG. 59**

Attachment 1-Draft Minutes from February 5, 2014 Regular Meeting **PG. 60**

- D.2 Consider approval of January, 2014 Treasurer’s Report **PG. 65**

- D.3 DCV Violations this month. **PG. 89**

E. CONTINUED AND NEW BUSINESS

- E.1 Regional Housing Need Assessment (RHNA) Presentation

PG. 90

Attachment 1 – Powerpoint Presentation by Michael Richardson **PG. 92**

Attachment 2- 1/28/14 Planning Commission staff report **PG. 99**

Attachment 3- Draft Housing Element **PG. 103**

Attachment 4-Letter dated 2/25/14 to Referral Agency Staff **PG. 121**

- E.2 Authorize travel to the 2014 Special District Legislative Days (SDLD) on May 20 & 21, 2014 in Sacramento, CA **PG.122**
Attachment 1 – SDLD Conference Brochure **PG. 124**
- E.3 Approve Resolution 2014-11 to modify Rules and Regulations related to 14.05 and 14.09 **PG. 130**
Attachment A – Resolution 2014-11 **PG. 132**
- E.4 Discussion of the Draft Capital Improvement Plan for the Water & Sewer Funds, Fiscal Year Ending June 30, 2015 **PG. 134**
Appendix A – Operations Draft CIP budget FY2014-15 **PG. 135**
Appendix B – Operations narrative FY2014-15 **PG. 138**
- E.5 Approve Resolution 2014-08 Authorizing GM to submit applications for State Revolving Fund (SRF) and Resolution 2014-09 Authorizing GM to sign Memorandum of Mutual Understanding (MOMU) Regarding the North Coast Integrated Regional Water Management Plan **PG.141**
Attachment 1- Resolution 2014-08 **PG. 143**
Attachment 2- Resolution 2014-09 **PG. 145**

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 (Wheeler/Couch (alternate))
- b. Area Fund (John Kulstad)
- c. Redwood Region Economic Development Commission (Mayo/Edwards (alternate))
- d. McKinleyville Senior Center Advisory Committee (Edwards)
- e. Audit (Corbett/Edwards)
- f. Employee Negotiations (Couch/ Edwards)
- g. Water Task Force (Wheeler/Corbett (alternate))
- h. AdHoc No Drugs & Toxics Down the Drain (Wheeler/Couch (alternate))
- i. McKinleyville Municipal Advisory Committee (Edwards/Corbett (alternate))

F.2. STAFF REPORTS

- a. Support Services Department (Colleen M.R.Trask) **PG. 146**
- b. Operations Department (James Henry) **PG. 148**
- c. Parks and Recreation Department (Jason Sehon) **PG. 150**
- d. General Manager (Greg Orsini) **PG. 152**
Attachment 1 **PG. 155**

F.3. PRESIDENT'S REPORT

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

G. CLOSED SESSION DISCUSSION

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

NO CLOSED SESSION SCHEDULED

H. ADJOURNMENT

Posted 5:00 pm on February 28, 2014

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: B.1 **Public Hearing/Protest report and final reading of Resolution 2014-13 for water rate adjustment**

PRESENTED BY: **Gregory Orsini, GM/ Willdan Financial**

TYPE OF ACTION: **Role Call Vote**

Recommendation:

Staff recommends that Board review Willdan presentation and pertinent information, Open the public hearing process, discuss and take public comment,

Accept the final tally report on total protest letters received from the Board Secretary

Adopt Resolution 2014-13 to adjust water rates.

Discussion:

In 2012 MCSD secured the services of Willdan Financial (Willdan) to analyze the cost to deliver safe and adequate water and wastewater collection, treatment and reclamation. A schedule to collect the revenues necessary for the day to day short and long-term operational, capital and debt service were components of this process.

In March 2012, Willdan completed its financial analysis and rate study for the MCSD water and sewer utilities, and provided its Final Report of the Water and Sewer Rate Analysis (2012 Analysis). At the March 2012 meeting the MCSD Board of Directors (Board) approved the Proposition 218 announcement notice.

At the June 2012 Board Meeting with a negligible protest the Board approved a five year plan for an incremental annual adjustment in the water and wastewater rates.

In May 2013 MCSD alerted Willdan to an apparent deficiency in water revenue being collected. Eight months of actual water revenues for FY 2012, were compared to water revenues expected during that same time period using the approved July 1, 2012 water rates. After further discussion between MCSD and Willdan, completion of additional analysis of revenue being collected, vs. expected, and an examination of the financial plan and water

rate model that was constructed as part of the 2012 Analysis; it was found that the cost of water purchased from Humboldt Bay Municipal Water District (HBMWD) for resale to MCSD customers, was not included as a cost component of the 2012 water rates, and was therefore not being collected from MCSD customers, resulting in a revenue shortfall, thereby causing a deficit in required revenues.

To address this situation, updated water rates are being proposed for implementation in March 2014. As part of these updated rates, MCSD will pass the entire wholesale cost of water purchased by MCSD from the Humboldt Bay Municipal Water District directly through to customers.

This pass through is necessary to ensure cost recovery of commodity water charges imposed by HBWMD which are beyond the control of MCSD. The HBMWD Pass Through will be included as a separate line item on customer water bills, and will reflect only the direct cost of the water purchased from HBMWD for resale to MCSD customers. The amount of the HBMWD Pass Through charge for each customer will be based upon the amount of water used.

In addition, as part of the 2014 proposed water rates, there will be a wholesale water surcharge added to customer bills for the next four years. The purpose of this surcharge is to recover the cost of water that was purchased from HBMWD over the past 18 months, which was not collected from MCSD customers through the 2012 water rates as originally intended.

This will help restore MCSD's financial reserves, which were depleted as a result of this issue with the 2012 rates, to appropriate levels. A healthy reserve fund is critical to the ability of MCSD to serve its customers, provide for capital replacement of aging infrastructure and respond to unforeseen and unpredictable costs associated with the water system.

The wholesale purchase of water from HBMWD constitutes roughly 37% of the total cost to provide water to MCSD customers.

If the Board approves the announcement of the Proposition 218 Notification protest ballots will be circulated to water customers and/or the owner of record of property that receives water service. This notice describes proposed changes to the water rates and gives information about a public hearing to be held on March 5, 2014 during the Board Meeting regarding these proposed changes. If the protest ballot is less than 50% plus one the rates will be adjusted on March 6th to accurately reflect the expense to provide this service.

Proposition 218 also established a number of substantive requirements that are generally deemed to apply to utility service charges, including:

- Cost of Service – Revenues derived from the fee or charge cannot exceed the funds required to provide the service.

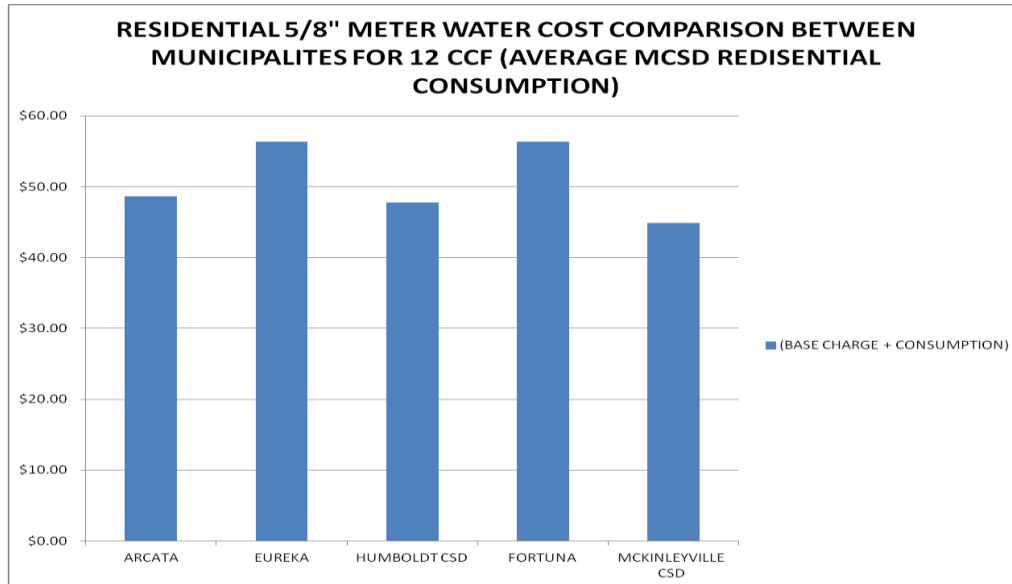
- Intended Purpose – Revenues derived from the fee or charge can only be used for the purpose for which they fee was imposed.
- Proportional Cost Recovery – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer

Proposition 218 requires that the District ensure that its water rates reasonably reflect the cost of providing service to each customer. Consistent with this law, it is appropriate for rates to recover costs for operations, capital needs, debt service, administration, as well as costs related to prudent long-term operational or financial management of the utilities, such as maintaining adequate fund reserves and planning for contingencies.

In addition to the current Base and Volumetric charges, MCSD will pass through to customers the entire wholesale cost of water obtained by MCSD from the HBMWD. This pass through is necessary to to ensure cost recovery of commodity water charges imposed by HBWMD and beyond the control of MCSD. The HBMWD Pass Through will be included as a separate line item on customer water bills, and will reflect only the direct cost of the water purchased from HBMWD for resale to MCSD customers. The amount of the HBMWD Pass Through charge for each customer will be based upon the amount of water used.

Finally, as part of this proposed rate structure, there will be a wholesale water surcharge added to customer fixed rate for the next four years. The purpose of this surcharge is to restore MCSD's financial reserves to preexisting levels. This surcharge is being amortized over four years to lessen the impact on the customers. When the costs are recovered the surcharge will be discontinued.

The following chart compares our proposed rates to the existing rates for the Cities of Arcata, Eureka and Fortuna and Humboldt Community Services District. As demonstrated our rates will still be lower and after four years the surcharge will be discontinued lower our rates by \$3.66 per equivalent residential unit per month.



A Rate Analysis Report was scheduled for inclusion in this Board Packet even though it is not legally required but due to circumstances beyond MCSD control, it was not included. The report will be available the date of the Board Meeting at MCSD Office and distributed at Azalea Hall prior to the meeting. All the information in the report is provided in the staff note, Proposition 218 Notice and Willdan Memorandum which are provided here.

The procedural requirements of Prop 218 include noticing requirements and a public hearing with the rate increase subject to Majority Protest. Staff has followed all procedural requirements for adopting the rate adjustment per Prop 218 with the final hearing date and time of March 5, 2014 7:00PM Azalea Hall. Notices were mailed to property owners and current customers as required.

All notices, information, resolutions and methods and procedures were reviewed by District Legal Council and determined to be in compliance with Prop 218 requirements.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

If the Board approves Resolution 2014-13 approximately \$1million dollars will be collected during the next four years through the surcharge and placed back in reserves to replace funds used to augment revenues since the original rate study. Effective March 1, 2014 fixed and variable water rates collected will represent the actual cost to deliver water to our rate payers.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1-Updated Water Rate and Financial Analysis
- Attachment 2-Resolution 2014-13

McKinleyville Community Services District



February 28, 2014



Updated Water Rate and Financial Analysis *Final Report*



WILLDAN
Financial Services

*extending
your
reach*

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February 28, 2014

Greg Orsini
General Manager
McKinleyville Community Services District
1656 Sutter Road (Post Office Box 2037)
McKinleyville, California 95519-2037

Mr. Orsini,

Willdan Financial Services (Willdan) is pleased to present this report to provide background on the update of the Water Rate Analysis and Financial Plan Study that was originally completed for the McKinleyville Community Services District (MCSD) in 2012.

The purpose of this analysis is to provide updated water rates that correct a deficiency in the rates that were adopted in 2012. Due to a modeling error, the 2012 rates did not include the cost of water purchased for sale to MCSD customers from Humboldt Bay Municipal Water District (HBMWD). As a result, the revenue collected by MCSD was not sufficient to meet MCSD's ongoing costs of operations.

The bulk of this updated report simply describes the approach and methodology from the 2012 study, since the structure of the water rates, and the underlying analysis and cost-of-service rationale has not changed. The original analysis was undertaken in 2012 to provide revenue and water rate recommendations that were based upon recommended best practices from the American Water Works Association and that were in compliance with California Proposition 218. The focus of the 2012 study was to ensure MCSD had sufficient revenues to meet its short and long-term operational, capital and debt service obligations and that recommended rates would be proportionate to the costs of providing service to each customer class. This update follows the same rationale and is focused on the same purposes. The only changes for these updated rates are the addition of a pass through charge to recover costs associated with ongoing purchased water from HBMWD, a Recovery Surcharge, to recover costs associated with past water purchases, and the inclusion of an annual inflationary adjustment. This report summarizes the approach, methodology, findings, and conclusions of the study, and describes the changes in more detail.

The 2012 analysis was prepared using generally accepted rate setting techniques. MCSD's accounting, budgeting, billing records, and capital improvement list were the primary sources for the data contained within the report. The conclusions enclosed within this report provide MCSD with a set of recommendations to provide stable defensible funding for continued high-quality operations. I am confident that the results developed based on the cost of service analysis result in fair and equitable rates to MCSD customers.

Sincerely,
Willdan Financial Services



Chris Fisher
Group Manager

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Introduction and Background

The McKinleyville Community Services District (MCSD) provides water service to approximately 5,500 residential and commercial customers in coastal Humboldt County, just north of Eureka. MCSD purchases its wholesale water supply from the Humboldt Bay Municipal Water District, which diverts water from its million-gallon tank on Essex Hill, under the Mad River, to MCSD's Grant A. Ramey Pump Station at North Bank and Azalea Roads. Water is then pumped to storage tanks at McCluski Hill, Cochran Road and Norton Road; MCSD's six storage tanks have a combined capacity of 5.25 million gallons, approximately a 36-hour supply for its customers. Water rate revenue provides funding for the cost of wholesale water purchased from HBMWD for resale to MCSD customers, costs related to system operations, current and future capital projects, debt service, administration and management, as well as costs related to prudent long-term operational and financial management of the utility, such as establishment and maintenance of adequate reserves and funding of future capital needs.

In June 2012, Willdan Financial Services (Willdan) completed its financial analysis and rate study for the MCSD water and sewer utilities, and provided its Final Report of the Water and Sewer Rate Analysis (2012 Analysis), attached hereto as Appendix A. The purposes of the 2012 Analysis were to provide financial, revenue, and customer rate recommendations relative to MCSD's water and sewer operations so that MCSD would have sufficient revenues to meet its short and long-term operational, capital, and debt service obligations. The initial review of the District's existing rate structure at the time suggested that it did not provide rates that reflected the full cost of providing water and wastewater services to MCSD customers. In addition, the existing rates were failing to generate sufficient revenue to fund existing and projected expenditures (operations, maintenance, and capital) and meet reserve targets. While MCSD maintained moderate reserve levels at that time, the existing rates were not sustainable, as the water utility was not generating sufficient revenue and was subsequently running at a net loss. A five-year financial plan was established for the Water and Sewer utilities which proposed a series of rates, which were enacted, effective July 1 of each year, beginning on July 1, 2012 and ending on July 1, 2016.

In May 2013 an apparent deficiency was discovered between the amount of water revenue being collected, based upon MCSD's monitoring of approximately 8 months of actual water revenues for Fiscal Year 2012, compared to water revenues projected during that same time period using the approved July 1, 2012 water rates. After discussion between MCSD and Willdan, additional analysis of revenue being collected, compared to expected revenues, and an examination of the financial plan and water rate model that was constructed as part of the 2012 Analysis; it was found that the cost of water purchased from Humboldt Bay Municipal Water District (HBMWD) for resale to MCSD customers, was mistakenly not included as a cost component of the 2012 water rates, and was therefore not being collected from MCSD customers, resulting in a revenue shortfall.

The HBMWD purchased water component of the 2012 water rates was intended to represent the cost of water purchased from HBMWD and was intended to be directly recovered from customers. The full cost

of water purchased for resale should have been included as a specific line item of the rates and passed through directly to each customer based on their respective water consumption. After consideration of several scenarios for the treatment of the HBWMD purchased water costs in the 2012 rates, it was decided to recover this cost through two means. The intent was for the base cost of HBWMD purchased water, the cost that existed and was known at the time of adoption of the 2012 water rates, to be recovered directly through the basic adopted water rates. Annual increases in the cost of water purchased from HBWMD would be passed through to customers in the form of a separate annual pass through charge. This Pass Through amount was to be based on the actual additional cost per hundred cubic feet of water (in relation to the base amount) purchased from HBWMD. However, due to the issue with the 2012 water rate model, the base cost of HBWMD purchased water was not included in final 2012 water rates. Therefore, from MCSD's perspective, no revenue was collected from customers to offset the cost of water purchased from HBMWD, and thus MCSD customers were not paying for the cost of water purchased for their use. In subsequent years following adoption of the 2012 rates, the Pass Through amount was added, but it only reflected the incremental annual increase in purchased water costs, not the base amount upon which that increase was based.

Changes to the 2012 Water Rates

The three changes discussed below will be included as new components to the previously adopted 2012 water rates. The water rates being proposed for adoption and effective March 2014 will be based on the existing 2012 water rate structure with the addition of the following three changes. **It is important to note that:** 1.) the underlying rate structure and rationale will not change from that proposed and described in the 2012 Analysis, which is included for reference as an appendix to this report, and 2.) the sewer rates **are not** affected by these changes here.

Inflation Adjustment Mechanism

To account for anticipated increases in the costs of operating the water utility, the Fixed (Base) and Variable (Volume/Commodity) charges will be adjusted annually for inflation based on the GDP Implicit Price Deflator as published annually in the Energy Information Administration's Annual Energy Outlook. This inflationary adjustment will only be applied to the Fixed and Variable charges since the HBMWD Pass Through already factors in the true then-current cost of purchased water, and the Recovery Surcharge is only recovering a cost that was already incurred, and not subject to inflationary increase.

The underlying rate structure that was adopted in 2012 will remain unchanged. However, the proposed Fixed and Variable charges have been adjusted to reflect the inflation adjustment through 2014. The rationale and methodology that was used to develop those rates also remains unchanged. Previous rates were developed using a cost of service approach, as recommended by the American Water Works Association, and as required by California Proposition 218, as is fully described in the attached report, see Appendix A.

Recovery Surcharge

In addition, as part of the 2014 proposed water rates, there will be a Recovery Surcharge added to customer bills for the next four years. The purpose of the Recovery Surcharge is to restore MCSD's reserves, which have reached an undesirably low level as a result of the insufficient rates that have been in effect for the past 18 months. Water was purchased by MCSD from HBMWD, but since the cost of that water was not included as a component in the base water rates, the cost was not recovered from customers and was instead funded from reserves. While the period of time over which this occurred was approximately 18 months, the recovery of this amount will be extended over four years to reduce the impact on MCSD customers.

The total amount to be recouped through the Recovery Surcharge was calculated as the total cost of water purchased with reserve funds between the date the rates proposed in the 2012 Analysis were put into effect and the proposed effective date of the update rates set forth in this Report. Since the system reserves (and the purchase of water) ensure system capacity and ability to serve MCSD customers, the amount of the surcharge for each customer will be determined based upon their equivalent meter capacity. The amount of the Surcharge will be calculated as \$3.66 per Equivalent Residential Unit (ERU), per month. The Equivalent Residential Unit for a customer varies based upon their installed water meter

size, and is based upon gallon per minute flow rates. Residential customers are considered one ERU, and larger meter sizes have correspondingly higher ERU values, based upon their proportionate increase in capacity, utilizing the same AWWA recommended equivalent meter factor approach that is used to develop the meter (or fixed) charge component of the rates. This approach apportions the cost of previously purchased water to customers based upon their capacity requirements, and based upon the demand and cost incurred for serving those customers.

The implementation of this surcharge will help restore MCSD's financial reserves, which were depleted as a result of this issue with the 2012 rates, to appropriate levels. A healthy reserve fund is critical to the ability of MCSD to serve its customers and respond to unforeseen and unpredictable costs associated with the water system. The reserves, like all elements of the water charges, may only be used to fund costs associated with the water system.

Humboldt Bay Municipal Water District Pass Through

To address the fact that the cost of purchased water was not included as a basic cost of service component in the 2012 rates, and the resulting lack of cost recovery and related revenue deficiency, MCSD will include a HBMWD Pass Through charge.

As discussed previously, the original 2012 rates were intended to include the cost of HBMWD water at the time the 2012 rates were adopted as a base component of the rates, and then pass through increases in subsequent years. Since the base rates did not include that component, MCSD will now pass the entire wholesale cost of water purchased by MCSD from the Humboldt Bay Municipal Water District directly through to customers. This more direct and transparent approach will result in the same cost of water being included in the water rates, but it will be included as one component (the annual HMBWD Pass Through), rather than as two components (the base cost in the base rates, and the additional annual pass through of incremental increases to the HMBWD rate). Increases in the cost of water purchased from HBMWD are effectively accounted for when the entire cost of purchased water is passed through. This approach simplifies the process of updating the rates by layering this on as one new component.

This pass through charge is necessary in order to ensure cost recovery of commodity water charges imposed by HBWMD which are beyond the control of MCSD. The HBMWD Pass Through will be included as a separate line item on customer water bills, and will reflect only the direct cost of water purchased from HBMWD for resale to MCSD customers. Since all water purchased by MCSD from HBMWD is sold to MCSD customers, the amount of the HBMWD Pass Through Charge for each customer will be based upon the amount of metered water use by that customer, and is represented as a dollar amount per Hundred Cubic Feet (HCF) of water purchased from HBMWD. In this manner, water purchased from HBMWD will be included as a separate cost component of the 2014 water rates paid by MCSD customers. Including the cost of purchased water in this manner directly ensures that customers are paying an amount that is directly attributable to the cost of water purchased on their behalf for their use and benefit. For 2014, the first year of the proposed updated rates, the charge will be \$1.22 per HCF of water used. This amount will be updated annually on July 1st based upon the Cost of HBMWD water for that year.

Updated Water Rates

The following tables provide the updated water rates. As stated previously, the underlying approach and rationale used in 2012 to develop the Fixed and Variable components of the basic rate structure have not changed; rather the three changes mentioned above are proposed for implementation as new components of the basic rates.

Fixed Charge

The following figure 1-1 outlines the new 2014 recommended Fixed Meter Charge adjusted for the Annual Inflationary Adjustment.

Figure 1-1: 2014 Adjusted Monthly Fixed (Base) Charge (\$/Mtr/Month)

Meter Charge		Existing	March 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018
<u>Meter Size</u>	<u>ERU</u>						
5/8"	1	\$10.73	\$ 10.89	\$ 12.14	\$ 13.30	\$ 14.57	\$ 15.39
3/4"	1.5	14.04	14.24	15.88	17.40	19.06	20.13
1"	2.5	20.65	20.94	23.36	25.59	28.03	29.60
1 1/2"	5	37.18	37.70	42.05	46.07	50.46	53.29
2"	8	57.01	57.82	64.48	70.65	77.38	81.72
3"	15	103.29	104.75	116.83	128.00	140.18	148.05
4"	25	169.40	171.79	191.60	209.93	229.90	242.81
6"	50	334.68	339.39	378.53	414.74	454.21	479.70
8"	80	533.02	540.52	602.86	660.52	723.38	763.98

Variable (Commodity) Charge

Figure 1-2 outlines the new 2014 recommended Variable / Commodity charges including the Volume charge and the Recovery Surcharge. Figure 1-3 outlines the Humboldt Bay Municipal Water District Pass-Through charge.

Figure 1-2: 2014 Adjusted Recommended Water Variable (Commodity) Rates

Commodity Charge		March 1st, 2014	January 1st, 2015	January 1st, 2016	January 1st, 2017	January 1st, 2018
Volume Charge (\$/HCF)						
Tier 1	0 - 8	\$ 1.04	\$ 1.16	\$ 1.27	\$ 1.39	\$ 1.47
Tier 2	8.01 +	2.59	2.89	3.16	3.46	3.66
Recovery Surcharge						
	(\$/ERU/month)	\$ 3.66	\$ 3.66	\$ 3.66	\$ 3.66	\$ -

Figure 1-3: 2014 Adjusted Recommended Humboldt Bay Municipal Water District Pass-Through

Commodity Charge		July 1st, 2014	July 1st, 2015	July 1st, 2016	July 1st, 2017	July 1st, 2018
Humboldt Bay Municipal Water District Pass-Through						
	(\$/HCF)	\$ 1.22	TBD	TBD	TBD	TBD

MCSD is proposing to phase in the new rates as a series of annual water rate adjustments. The Fixed and Volume charges shown above will be adjusted annually for inflation based on the GDP Implicit Price Deflator as published annually in the Energy Information Administration's Annual Energy Outlook. The March 1, 2014 rate incorporates the inflationary adjustments from the original 2012 rates. The first inflationary rate adjustment will take place January 1, 2015, with adjustments occurring January 1 of each year thereafter. The 2018 Fixed and Volume charges will go into effect on January 1, 2018 and remain in effect until superseded by MCSD Board action.

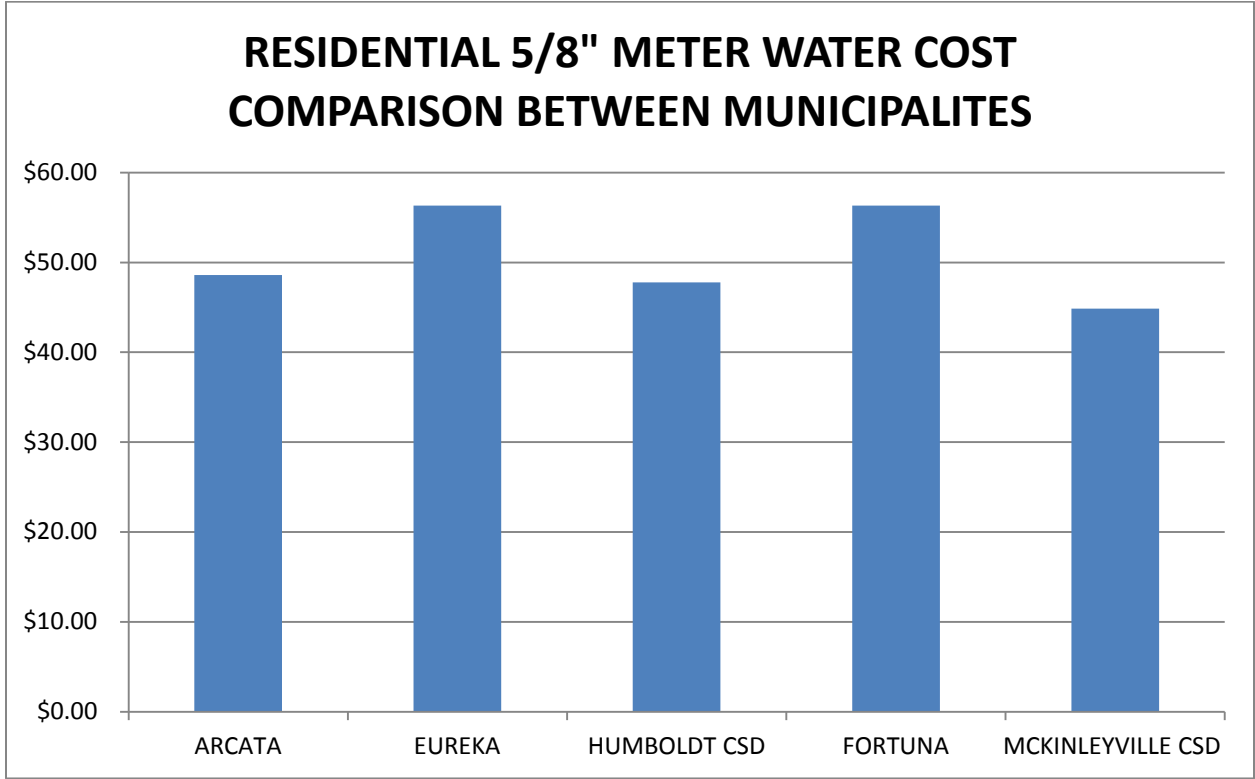
In addition, the Recovery Surcharge will go into effect March 1, 2014 and will continue until Fiscal Year ending June 30, 2017.

Note that, as discussed previously, the HBMWD Pass-Through Charge will also be adjusted on an ongoing basis to reflect wholesale water charges adopted by HBMWD. The first adjustment of the HBMWD Pass-Through Charge will occur July 1, 2014, with adjustments occurring July 1 of each year thereafter, coincident with HBMWD's adjustment of its wholesale rates.

Rate Comparison

While the cost structure and facilities vary greatly between water utilities, rate comparisons provide stakeholders a barometer of its rates in relation to surrounding communities. For increased application, the figure below compares agencies where HBMWD is the wholesaler, except for Fortuna. The figure provides the estimated monthly bill for typical household’s consumption (12 HCF).

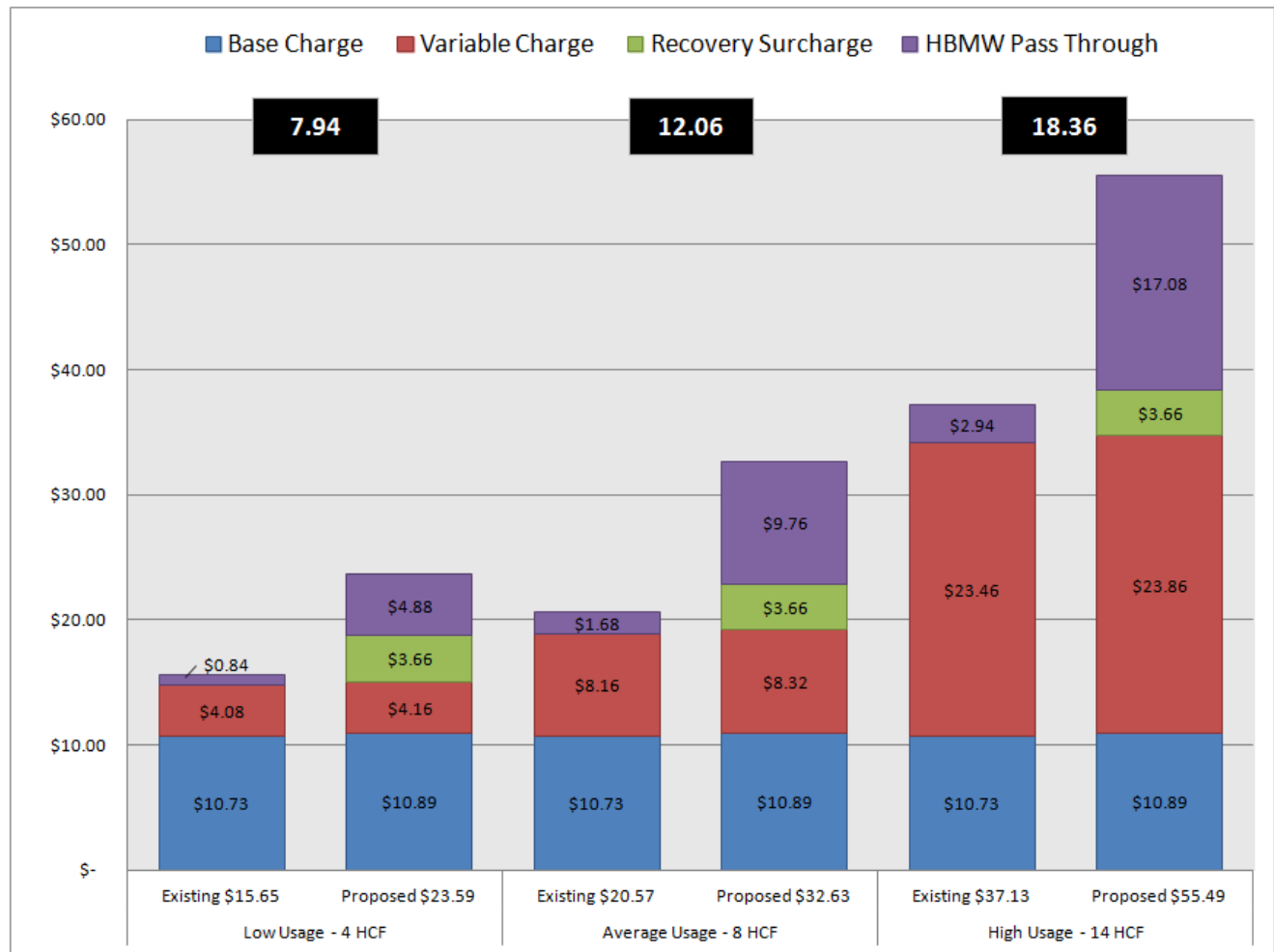
Figure 1-4: Single Family Regional Rate Comparison for 12 HCF of Consumption



Customer Impacts

The recommended rates will provide MCSD with the necessary revenue to provide continue quality service, without a significant impact on the average ratepayer. The figure below provides a combined water sample bill for a variety of single-family consumption levels. The black boxes represent the difference between the existing and proposed March 1, 2014 rates for three different levels of consumption.

Figure 2-1: Single-Family Monthly Bill Comparison



Appendix A - 2012 Water and Sewer Rate and Financial Analysis – Final Report

RESOLUTION 2014-13

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AMENDING RULE 16.01 OF THE MCSD RULES AND REGULATIONS TO INCREASE THE RATES OF THE DISTRICT'S WATER SERVICE CHARGE

WHEREAS, Pursuant to Government Code Sections 61115 and 61123, the District imposes a service charge for water service; and

WHEREAS, the District engaged Willdan Financial Services to study the rates necessary to support the water operations of the District and to ensure that each customer is charged no more than the cost of providing service to that customer; and

WHEREAS, Willdan has filed with the District a report proposing a revised rate structure, which report is on file in the District offices and available for public inspection; and

WHEREAS, On March 5, 2014, the Board of Directors held a full and fair public hearing on the water rates recommended by Willdan; and

WHEREAS, Notice of the public hearing was given pursuant to Government Code Section 61123(b) and Article XIII D, Section 6(a)(1) of the Constitution; and

WHEREAS, A majority protest, as defined by Article XIII D, Section 6(a)(2) of the Constitution, does not exist with respect to the proposed rates; and

WHEREAS, The Board desires to increase the water service charge.

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

Section 1. Rule 16.01 of the MCSD Rules and Regulations is amended to read as follows:

Rule 16.01. RATE SCHEDULE. The monthly charge for water service to a customer shall be calculated by adding the following components: (i) a fixed monthly charge based on the size of the customer's water meter, (ii) a consumption charge based on the amount of water consumed by the customer, (iii) a "pass-through" charge based on the amount of water consumed by the customer, and (iii) from March 1, 2014 through June 30, 2017, a "recovery surcharge" based on the number of ERU's allocated to the customer based on the customer's meter size.

(a) The fixed monthly charge shall be calculated as follows, effective on the dates shown:

Meter Charge	Existing	March 1st, 2014	January 1st, 2015	January 1st, 2016	January 1st, 2017	January 1st, 2018
Monthly Base Charge (\$/Mtr/Month)						
Meter Size	ERU					
5/8"	1	\$ 10.73	\$ 10.89	\$ 12.14	\$ 13.30	\$ 14.57
3/4"	1.5	14.04	14.24	15.88	17.40	19.06
1"	2.5	20.65	20.94	23.36	25.59	28.03
1 1/2"	5	37.18	37.70	42.05	46.07	50.46
2"	8	57.01	57.82	64.48	70.65	77.38
3"	15	103.29	104.75	116.83	128.00	140.18
4"	25	169.40	171.79	191.60	209.93	229.90
6"	50	334.68	339.39	378.53	414.74	454.21
8"	80	533.02	540.52	602.86	660.52	723.38

(b) The consumption charge shall be calculated as follows, effective on the dates shown, with the first eight hcf (hundred cubic feet) or portion of an hcf consumed charged at the tier one rate and each hcf (or portion) in excess of eight charged at the tier two rate:

Commodity Charge	Existing	March 1st, 2014	January 1st, 2015	January 1st, 2016	January 1st, 2017	January 1st, 2018
Volume Charge (\$/HCF)						
Up to 8 HCF	\$ 1.02	\$ 1.04	\$ 1.16	\$ 1.27	\$ 1.39	\$ 1.47
Over 8 HCF	2.55	2.59	2.89	3.16	3.46	3.66

(c) The pass-through charge shall be the wholesale rate charged by Humboldt Bay Municipal Water District to the District, expressed on a per Hundred Cubic Feet basis. Effective March 1, 2014, the pass through charge shall be \$1.22 per hcf. The pass-through charge shall automatically adjust each time a change in the wholesale cost becomes effective; however (i) no further adjustments to the pass-through shall occur after February 28, 2019 unless the district conducts additional proceedings pursuant to Article XIII D, Section 6 of the Constitution and (ii) no adjustment to the pass through shall take effect until notice of such adjustment has been given pursuant to Government Code Section 53756(d).

(d) The recovery surcharge shall be \$3.66 per ERU per month. A customer's ERU's are based on the customer's meter size, as shown in the table set forth in Section 16.01(a)

(e) The fixed monthly charge and the consumption charge shall be annually adjusted, for inflation based on the GDP Implicit Price Deflator as published annually in the Energy Information Administration's Annual Energy Outlook. These adjustments shall take place automatically on January 1, 2015, January 1, 2016, January 1, 2017 and January 1, 2018. Notice of these adjustments shall be given pursuant to Government Code Section 53756(d).

(f) Customers residing in a zone of special benefit will pay the fee specified in the then current resolution for their zone in addition to the charges specified above.

(g) Service charge revenues shall be used to fund costs of providing water service and for no other purpose.

Section 2. The rates set forth herein shall be effective on beginning March 1, 2014. The District's existing rates shall remain in effect until that date.

Section 3. The Board finds and determines as follows:

- (a) Revenues derived from the water service charge will not exceed the funds required, respectively, to provide water service.
- (b) Revenues derived from the water service charge will not be used for any purpose other than, providing water service.
- (c) The amount of the charges imposed by this Resolution upon any parcel or person as an incident of property ownership will not exceed the proportional cost of the service attributable to the parcel.
- (d) No charge will be imposed under this Resolution for a service unless that service is actually used by, or immediately available to, the owner of the property in question.

PASSED, APPROVED AND ADOPTED this 5th day of March 2014 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

David R. Couch, Board President

ATTEST:

Kathy Wilson, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: B.2. Conduct Public Hearing for the Annual Levy of Assessments (Fiscal Year 2014/2015) for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities

Consider adopting Resolution 2014-10; Ordering the levy and collection of assessments within the Measure B Maintenance Assessment District — Renewal For Parks, Open Space, And Recreational Facilities For Fiscal Year 2014-15

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff Requests the Board of Directors ("Board") follow the below process related to the proposed Annual Levy of Assessments for Fiscal Year 2014/2015 of the Measure B Assessment District

1. Public Hearing
 - a. Listen to Staff comments and recommendation to Board.
 - b. Open public testimony and consider any public input and written protests.
2. Close the Public Hearing
3. Staff recommends the Board adopt Resolution 2014-10:
 - a. Resolution 2014-10; **Ordering the levy and collection of assessments within the Measure B Maintenance Assessment District — Renewal For Parks, Open Space, And Recreational Facilities For Fiscal Year 2014-15**

Discussion:

In 1992, McKinleyville voters approved the Measure B Assessment District with a 20-year duration for the purpose of funding the development and maintenance of public recreation facilities including the McKinleyville Activity Center, Azalea Hall and Hiller Sports Site. The Board authorized collection of the assessments in each year beginning in Fiscal Year 1992/1993.

In 2011, a property owner protest ballot proceeding was conducted pursuant to the provisions of Proposition 218 for the levy of annual assessments for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities ("District"), extending for another 20 years the assessments previously approved by voters in 1992. The proposed assessments were approved by the property owners (55.9% in favor, 45.1% opposed) and the new assessments were first levied on the Humboldt County tax rolls for Fiscal Year 2011/2012.

In accordance with the provisions of the Landscaping and Lighting Act of 1972 (the 1972 Act), in order to levy the assessments each fiscal year an Engineer's Report must be prepared regarding the proposed assessments and the Board must conduct a noticed Public Hearing.

On February 05, 2014, the Board adopted Resolution 2014-06 which initiated the annual levy process and preparation of the Engineer's Report and Resolution 2014-07 which declared the Board's intention to levy the assessments for Fiscal Year 2014/2015 and set March 5, 2014 as the date for the public hearing.

Since the proposed assessment rate for Fiscal Year 2014/2015 is equal to or less than the maximum rate originally approved in 2011, no property-owner balloting is required, and notice of the hearing was given by publication.

Staff has followed all procedural requirements for ordering the levy and collection of assessments within the Measure B Maintenance Assessment District per Prop 218 with the final hearing date and time of March 6, 2014 7:00PM Azalea Hall and a notice was filed with a local newspaper.

All notices, information, resolutions and methods and procedures were reviewed by District Legal Council and determined to be in compliance with Prop 218 requirements.

Alternatives:

Staff's analysis includes the following potential alternative:

- Open the Public Hearing to accept public testimony
- Continue the public hearing as need
- After accepting all public testimony, close the public hearing, but take no action on the Resolutions

Fiscal Analysis:

The Fiscal Year 2014/2015 Engineer's Report anticipates that Measure B assessment revenues to be levied and collected on the tax rolls will be approximately \$206,171 based on the 5,499 parcels to be assessed on the tax rolls and proposed assessment rate of \$30.00 per equivalent benefit unit (rate unchanged from last year). This assessment revenue represents approximately 37% of the total estimated \$551,500 budgeted for Fiscal Year 2014/2015 to fund the operation and maintenance of MCSD's parks and recreation facilities and begin construction of the new Teen & Community Center. In addition to the those costs identified as general benefit (\$275,750 not assessed), MCSD will contribute an additional estimated \$61,726 from other revenue sources for the proportional assessments calculated for non-taxable parcels and parcels assessed through other similar district assessments, as well as the additional funding that is need but not collected through the assessments.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Annual Engineer's Report Fiscal Year 2014/2015
- Resolution 2014-10



MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

MEASURE B MAINTENANCE ASSESSMENT DISTRICT (RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES)

2014/2015 PRELIMINARY ENGINEER'S ANNUAL LEVY REPORT

Intent Meeting: February 5, 2014

Public Hearing: March 5, 2014

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**McKinleyville Community Services District
Measure B Maintenance Assessment District — Renewal for
Parks, Open Space, and Recreational Facilities**

Fiscal Year 2014/2015

County of Humboldt, State of California

This Report and the enclosed descriptions, budgets and diagram outline the proposed improvements and assessments associated with the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities for Fiscal Year 2014/2015. Said District includes each lot, parcel, and subdivision of land within the boundaries of the McKinleyville Community Services District, as they existed at the time this Report was prepared and the passage of the Resolution of Intention. Reference is hereby made to the Humboldt County Assessor's maps for a detailed description of the lines and dimensions of parcels within the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities. The undersigned respectfully submits the enclosed Report as directed by the McKinleyville Community Services District Board of Directors.

Dated this _____ day of _____, 2014.

Willdan Financial Services

Assessment Engineer

On Behalf of the McKinleyville Community Services District

By: _____

Jose Ometeotl
Project Manager

By: _____

Richard Kopecky
R. C. E. # 16742

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I. Introduction

The McKinleyville Community Services District (hereafter referred to as “CSD”), in the County of Humboldt, was established on April 14, 1970, pursuant to the Community Services District Law (California Government Code Section 61000 et seq.) (“CSD Law”), to provide water and sewer services. The services of the CSD were expanded in 1972 to include street and lighting; again in 1985 to include park and recreation; and then in 1995 to include the construction of the McKinleyville Library. The boundaries of the CSD include approximately 12,140 acres from North Bank Road to Patrick Creek.

In 1991, Measure B was passed by voters, authorizing the CSD to collect annual assessments in order to construct a new community center, to purchase land for sports fields and to provide for the maintenance and operation of park and recreational facilities. The 1991 Measure B Assessment District was formed to levy and collect annual assessments on the County tax rolls pursuant to the Landscape and Lighting Act of 1972 (California Streets and Highways Code §22500 et seq.) (hereafter referred to as “1972 Act”) for a period of twenty (20) years. With the original Measure B Assessment District and assessments set to expire (sunset) in 2012 (the end of Fiscal Year 2011/2012), the continued operation and maintenance of the park and recreational improvements and facilities provided to the community by the CSD including the McKinleyville Activity Center, Hiller Sports Complex and Azalea Hall, would be jeopardized.

Therefore in 2010, the McKinleyville CSD Board of Directors (“Board” or “Board of Directors”) initiated proceedings to reestablish a special benefit assessment district within the CSD designated as the:

McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities

for the purpose of providing and continuing a stable revenue source, coupled with available grants and donations from other sources, to fund the ongoing operation, maintenance, expansion, enhancement, construction, renovation and rehabilitation of the CSD park and recreational improvements including parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities (collectively referred to as “Improvements”) that provide special benefits to properties within the CSD, including incidental expenses and debt services for any bond(s), loans or other repayment plans incurred to finance capital improvements. The Board of Directors proposed to form (reestablish) the Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities (“District”) for another twenty (20) year period, and to levy and collect annual assessments on the County tax rolls to fund in whole or in part the improvements including related debt service on bonds that may be issued or loan agreements to finance the authorized improvements.

Pursuant to the requirements of the California Constitution, Article XIID Section 4 and the provisions of the 1972 Act, the Board of Directors called for an Engineer’s Report to be prepared regarding the proposed formation of the District and conducted a property owner protest ballot proceeding for the proposed levy of the new assessments. In conjunction with this ballot proceeding, a noticed public hearing was held on March 16, 2011 to consider public testimonies, comments and written protests regarding the formation of the District and the levy of assessments. Upon conclusion of the public hearing, protest ballots received were opened and tabulated to determine whether majority protest existed (with ballots weighted based on

proportional assessment amounts), and the Board of Directors confirmed the results of that ballot tabulation, with approximately 54.9% of the weighted ballots being in favor of the assessments and 45.1% being opposed. Finding that majority protest did not exist, the Board approved and adopted the formation of the District and order the levy and collection of assessments for Fiscal Year 2011/2012 (first year's annual assessments).

The assessment rate and method of apportionment established in the Engineer's Report at the time of formation of the District and as described herein, became effective commencing in Fiscal Year 2011/2012 and may be levied annually pursuant to the provisions of the 1972 Act for up to twenty (20) years (through Fiscal Year 2031/2032). The annual assessments each fiscal year are based on the estimated revenues needed to support the ongoing operational and maintenance costs of the Improvements (collectively referred to as "maintenance"); the long term repairs, renovations and rehabilitation costs associated with the improvements as well as possible acquisitions, expansion or construction of new improvements or facilities including a new Teen/Family Center (collectively referred to as "capital improvements"); and estimated incidental expenses associated with the administration of the assessments and of bonds or loans issued to finance improvements and facilities.

The authorized improvements may include, but are not limited to, operation, maintenance, acquisitions, upgrades and construction of existing and/or new facilities to enhance or expand the McKinleyville CSD park and recreational system, facilities and activities that will provide special benefits to properties within the District that would otherwise be reduced, postponed or abandoned due to limited funding sources. The improvements and annual District assessments for Fiscal Year 2014/2015 as outlined herein, have been established in accordance with the 1972 Act which may include the issuance of bonds pursuant to the Improvement Bond Act of 1915 (California Streets and Highways Code §8500 et seq.) ("1915 Act") and in compliance with the substantive and procedural requirements of the California State Constitution Article XIII D ("California Constitution" or "Article XIII D"). This Engineer's Report ("Report") has been prepared in connection with the proposed levy and collection of District assessments for Fiscal Year 2014/2015, pursuant to Chapter 2 Article 1 Sections §22585 and §22586 in accordance with Chapter 1, Article 4 beginning with §22565 of the 1972 Act.

The District includes all lots and parcels of land within the McKinleyville CSD as identified by the Humboldt County Assessor's Office at the time this Report was prepared. The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the Humboldt County Assessor's Office. The Humboldt County Auditor/Controller uses Assessor's Parcel Numbers and a specified Fund Number to identify properties to be assessed on the tax roll for the special benefit assessments described herein.

This Report describes the District; identifies the improvements including any proposed changes to such improvements to be provided; the estimated expenditures; and the resulting special benefit assessments to be levied and collected on the County tax rolls for Fiscal Year 2014/2015. The total annual assessments presented herein is based on an estimated budget (estimated expenses) and the assessment revenues required to fund in whole or in part the park and recreational improvements, facilities and related activities deemed to be of special benefit to properties in the District and have been identified as essential recreational and conservation objectives which property owners and residents of the CSD have supported.

While the revenues generated by the annual assessments are currently being used primarily to fund the annual operation and maintenance of the existing park and recreational improvements within the CSD, a portion of the annual assessments (both now and in the future) may also be

utilized and pledged to pay debt service and related costs associated with the issuance of bonds or other loans to finance capital improvement projects for the upgrade or renovation of existing improvements and facilities, or the acquisition and/or construction of new park and recreational improvements or facilities for the special benefit of properties within the District. The allocation of assessment revenue funds amongst the various improvements, services and activities to be provided will be prioritized by the McKinleyville CSD staff based on available assessment revenues generated by the District, the total funding needed for each authorized improvement and projects, the impact each improvement will have on the overall park and recreational system that benefit properties in the District, and the timing of any outside revenues that may become available to offset the cost of such improvements or projects.

This Report pursuant to Chapter 1, Article 4 of the 1972 Act, consists of five (5) parts:

Part I

Plans and Specifications: A description of the District boundaries and the proposed improvements associated with the District. Generally the District improvements consist of each of the park and recreational improvements and facilities in McKinleyville CSD.

Part II

The Method of Apportionment: A discussion of the general and special benefits associated with the overall park and recreational improvements to be provided within the CSD (Proposition 218 Benefit Analysis). This part also includes a discussion of the proportional costs of the special benefits upon which the assessments are determined and separation of costs considered to be of general benefit (and therefore not assessed). This section of the Report also outlines the method of calculating each property's proportional special benefit and annual assessment utilizing a weighted benefit comparison and proportionality among the different property types within the District.

Part III

Estimate of Improvement Costs: An estimate of the annual cost to fund the improvements for Fiscal Year 2014/2015. The District assessments are intended and will fund only a portion of the costs needed to provide the various improvements, and are not designated to fully fund any specific improvement. This estimate of the improvement costs (budget) includes an estimate of the total annual maintenance and operation costs for the existing park and recreational improvements within the CSD; an estimate of annual funding collected for planned capital improvement expenditures to fund expansion, enhancement, renovation or rehabilitation of the parks, trails and related recreational facilities within the CSD (including acquisitions and new construction); and authorized incidental expenses including, but not limited to county fees, professional services related to administration of the District and/or bonds. The estimated expenditures and assessment rate identified in this Report budget and the resulting parcel assessments for Fiscal Year 2014/2015 are based on the estimated net annual cost to fund the improvements and activities for the year (Balance to be Levied), and the method of apportionment established for the District, and such assessments shall not exceed the maximum assessment (Rate per Equivalent Benefit Unit) established when the District was formed.

Part IV

District Diagram: A Diagram showing the exterior boundaries of the District is provided in this Report and includes all parcels that will receive special benefits from the improvements. These boundaries are coterminous with the boundaries of the McKinleyville CSD. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of all parcels within the CSD as shown on the Humboldt County Assessor's Parcel Maps as they existed at the time this Report was presented to the Board of Directors for the adoption of the Resolution of Intention, and shall include all subsequent subdivisions, lot-line adjustments or parcel changes therein. Reference is hereby made to the Humboldt County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V

Assessment Roll: A listing of the proposed assessment amount to be levied and collected for each parcel within the District for Fiscal Year 2014/2015. The assessment amount for each parcel is based on the parcel's calculated proportional special benefit as outlined in the method of apportionment and the assessment rate established in the budget for Fiscal Year 2014/2015.

Part I — Plans and specifications

The boundaries of the District are coterminous with the McKinleyville CSD boundaries. The purpose of this District is to provide a stable revenue source, coupled with available grants and donations from other sources, to fund the ongoing operation, maintenance, expansion, enhancement, construction, renovation and rehabilitation of the McKinleyville CSD park and recreational improvements including parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities (collectively referred to as “Improvements”) that provide special benefits to properties within the CSD, including incidental expenses and debt services for any bond(s), loans or other repayment plans incurred to finance capital improvements.

Improvements Authorized by the 1972 Act

The 1972 Act permits assessments proceeds to be spent on the following:

- The installation or planting of landscaping.
- The installation or construction of statuary, fountains, and other ornamental structures and facilities.
- The installation or construction of public lighting facilities.
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- The installation of park or recreational improvements, including, but not limited to, all of the following:
 - Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
 - Lights, playground equipment, play courts, and public restrooms.
- The maintenance or servicing, or both, of any of the foregoing.
- The acquisition of land for park, recreational, or open-space purposes.
- The acquisition of any existing improvement otherwise authorized pursuant to this section.
- The acquisition or construction of any community center, municipal auditorium or hall, or similar public facility for the indoor presentation of performances, shows, stage productions, fairs, conventions, exhibitions, pageants, meetings, parties, or other group events, activities, or functions, whether those events, activities, or functions are public or private.
- Incidental expenses associated with the improvements including, but not limited to:
 - The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
 - The costs of printing, advertising, and the publishing, posting and mailing of notices;
 - Compensation payable to the County for collection of assessments;

- Compensation of any engineer or attorney employed to render services;
 - Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
 - Any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5.
 - Costs associated with any elections held for the approval of a new or increased assessment.
- Where the cost of improvements (other than maintenance and operations) is greater than can be conveniently raised from a single annual assessment, the 1972 Act permits an assessment to be levied and collected in annual installments. In that event, the governing body may choose to do any of the following:
- Provide for the accumulation of the moneys in an improvement fund until there are sufficient moneys to pay all or part of the cost of the improvements.
 - Provide for a temporary advance to the improvement fund from any available and unencumbered funds of the local agency to pay all or part of the cost of the improvements and collect those advanced moneys from the annual installments collected through the assessments.
 - Borrow an amount necessary to finance the estimated cost of the proposed improvements. The amount borrowed, including amounts for bonds issued to finance the estimated cost of the proposed improvements.

District Improvements

The District assessments will fully or partially fund various improvements and activities that specially benefit properties within the District. It is the goal and intent for this District to provide a stable revenue source that will allow the McKinleyville CSD to partially fund the on-going maintenance of the various park and recreational facilities for the community and endeavors to improve the overall park and recreational system that directly affect the properties and quality of life for residents, tenants, employees and owners of properties within the CSD. To the full extent permitted by the 1972 Act, the improvements, projects and expenditures to be funded by the assessments may include:

- **Operation and Maintenance:** operation and maintenance of park and recreational improvements throughout the District.
- **Acquisitions:** The acquisition of land or facilities for park or recreational purposes.
- **Resource Development:** The construction, installation and/or expansion of various park sites, trails, open spaces, halls/activity centers ("community centers") and related recreational facilities within the District.
- **Facility Enhancements/Rehabilitation:** Periodic repairs and renovations of recreational sites and facilities (parks, trails, community centers) including but not limited signage, playground and tot-lot equipment; sports field fencing; portable soccer goals; ball fields; tennis courts; basketball courts; sports facility lighting; parking facilities; restrooms, kitchens and related equipment and amenities such electrical, irrigation and drainage systems, tables benches, etc.

- **Capital Improvements:** Major repairs of recreational buildings and facilities that may include repair or replacement roofs, interior building repairs, replacement of permanent fixtures, structural repairs, internal building remodels, as well as the construction and installation of new facilities.

Based on current facility needs and planned capital improvement projects (park and recreational enhancements), an estimated annual budget for Fiscal Year 2014/2015 has been developed for the overall McKinleyville CSD park and recreation improvement program, which has been prioritized based on the overall impact each improvement or facility will have on the overall park and recreational system within the CSD, and the timing and availability of any outside revenues that may be utilized to offset certain costs. Based on this budget, revenues collected through the annual assessments will be apportioned approximately twenty-three percent (23%) for park and sports complex maintenance; sixteen percent (16%) for hall/activity center operation and maintenance; six percent (6%) for trail and open space maintenance; fifty percent (50%) for capital improvement projects; and five percent (5%) for incidental expenses including administration and fees. However, it is likely this apportionment of assessment revenues may be altered over the proposed twenty-year duration of the District and may even be adjusted during the course of Fiscal Year 2014/2015 based on changing needs.

A summary of the improvements that have been identified by the CSD as planned park and recreational maintenance and/or enhancements that will be funded in whole or in part through the District assessments is provided below, as well as in Appendix A. Specific details regarding these improvements and projects are on file in the Office of the McKinleyville CSD District Manager and by reference these documents are made part of this Report.

Improvements to be maintained in whole or in part by District assessments for Fiscal Year 2014/2015 may include, but are not limited to:

- Maintenance, servicing and operation of existing parks and park facilities, including:
 - Landscape Maintenance of approximately 91,571 square feet of irrigated turf in Pierson Park, 75,000 square feet within Hiller Park West, and 498,112 square feet within the Hiller Sports Complex.
 - Landscape Maintenance of approximately thirty-five (35) acres of non-irrigated/natural vegetation within Hiller Park West.
 - Maintenance of eight (8) sports fields within the Hiller Sports Complex.
 - Maintenance of approximately 17,157 square feet of parking lot area within Pierson Park, 9,770 square feet within Hiller Park West, and 35,000 square feet within the Hiller Sports Complex.
 - Maintenance and operation of approximately 2 restroom facilities each, within Pierson Park, Hiller Park West, and the Hiller Sports Complex.
 - Maintenance of 4 playground structures within Pierson Park, and 3 playground structures within Hiller Park West.
- Operation, servicing and maintenance of existing halls/activity centers including:
 - Azalea Hall: including maintenance of approximately 200 square feet of landscaping area; 13,800 square feet of parking lot area maintenance; and operation and

maintenance of an approximately 9,500 square foot hall, including men and women restroom facilities, commercial sized-kitchen, 3,000 square foot hall available as reception area, stage, storage for social events. Azalea Hall is located along Pickett Road, within Pierson Park.

- McKinleyville Activity Center (“MAC”): including maintenance of approximately 19,174 square feet of landscaping and parking lot areas; operation and maintenance of an approximately 10,000 square foot hall, including men and women restroom facilities; and operation and maintenance of a 7,000 square foot gym, office, and storage space. MAC is located along Gwin Road within Pierson Park.
- Maintenance of existing trails:
 - Landscaping and trail maintenance of approximately 7,000 feet of trails, including maintenance/repairs to trails, benches, and asphalt.
- Maintenance of existing open space, including:
 - Hewitt Ranch: Landscaping and maintenance of open space area.
- Acquisition and/or development and construction of a Teen/Family Center.
- Operation and maintenance of future park and recreational facilities, including the Teen/Family Center and other park or recreational facilities that may be acquired or developed over the duration of the District assessments.

The improvements listed above are inclusive of the improvements and facilities identified in the Engineer’s Report prepared in connection with the formation of the District, and no significant changes are proposed or anticipated for Fiscal Year 2014/2015.

Part II — METHOD OF APPORTIONMENT

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, including the acquisition, construction, installation and servicing of park and recreational facilities. The 1972 Act requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and is the same method of apportionment utilized and established when the District was formed. The formulas used for calculating assessments reflect the composition of parcels within the District and the improvements and activities to be provided, and have been designed to fairly apportion costs based on a determination of the proportional special benefits to each parcel, consistent with the requirements of the 1972 Act and the provisions of Article XIII D of the California Constitution.

Proposition 218 Benefit Analysis

The costs of the proposed improvements have been identified and allocated to properties within the District based on special benefit. The improvements to be provided by this District and for which properties will be assessed have been identified as essential recreational objectives for the CSD, which the property owners and residents have expressed a high level of support.

The District was formed to provide an overall park and recreational enhancement program that affects and will directly benefit all parcels to be assessed within the District. The assessments and method of apportionment is based on the premise that the assessments will be used for the annual maintenance, as well as expansion and enhancement of the CSD’s park and recreation system, and the revenues generated over the duration of the District will be used for park and recreational facilities throughout the District.

In conjunction with the provisions of the 1972 Act, the California Constitution Article XIID addresses several key criteria for the levy of assessments, notably:

Article XIID Section 2d defines District as follows:

“District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service”;

Article XIID Section 2i defines Special Benefit as follows:

“Special benefit” means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special benefit.”

Article XIID Section 4a defines proportional special benefit assessments as follows:

“An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

The method of apportionment (method of assessment) set forth in the Report is based on the premise that each assessed property receives special benefits from local park and recreational improvements that are funded by the assessments, and the assessment obligation for each parcel reflects that parcel's proportional special benefits as compared to other properties that receive special benefits.

To identify and determine the proportional special benefit to each parcel within the District, it is necessary to consider the entire scope of the improvements provided as well as the properties that benefit from those improvements. The improvements and the associated costs described in this Report, have been carefully reviewed and have been identified and allocated based on a benefit rationale and calculations that proportionally allocate the net cost of only those improvements determined to be of special benefit to properties within the District. The various public improvements and the associated costs have been identified as either “general benefit” (not assessed) or “special benefit”.

General Benefits

Assessments are established on the basis of calculated proportional special benefit to properties within a district. Because general benefits are not assessable, the general benefit costs are excluded from the assessment calculation. With respect to this District, although the various McKinleyville CSD park and recreational improvements including designated parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities that will be maintained, expanded and/or enhanced through the District's assessment revenues are located throughout the CSD and clearly provide a special benefit to properties within the District, it is also recognized that these are public facilities that will occasionally be utilized by the general public and may even be in proximity to some properties outside the District boundaries that are not assessed. The fact that these improvements and facilities are available to the general public would suggest that at least a portion of the cost to provide the improvements is of general benefit.

When the District was formed in Fiscal Year 2011/2012 a detailed review and analysis of the improvements and surrounding properties revealed that all properties within the District boundaries were located within two and a half miles (2½ miles) of an existing park, wilderness parkland, open space, trail, sports facility, recreation and activity center and other facilities provided by the CSD, which is well within the broader 3-4 mile sphere of influence commonly associated with such improvements. This analysis revealed that properties within the broader 3-4 mile area, but outside the 2½ mile service area associated with District parcels was predominately undeveloped land consisting of agricultural, timber, mining and open space properties. So, based on this information, it was reasonable to conclude that the improvements and facilities serve primarily the 2½ mile service area.

Within the 2½ mile service area, there were approximately 6,715 parcels of which, 5,638 parcels or eighty-four percent (84%) were identified in Fiscal Year 2011/2012 as being within the boundaries of the District, comprising roughly 12,140 acres of land. The remaining parcels (those parcels outside the District) represented approximately forty-two percent (42%) of the total acreage within the identified 2½ mile service area (approximately 8,800 acres of land). However, this area outside the District boundaries, but within the 2½ mile service area is, largely comprised of agricultural, timber production and gravel mining properties (approximately 6,835 acres or 78% of that total area) and these properties clearly have very limited direct utilization or need for the District improvements. In addition, approximately 575 acres, (6.5% of the total acreage outside the District, but within the 2½ mile service area), is identified as open space/public areas which offer similar recreational opportunities to the properties outside the District. The remaining developed properties (residential and non-residential) located outside of the District boundaries (approximately 1,390 acres) represent the equivalent of approximately six percent (6%) of the total developed residential and non-residential properties within the overall 2½ mile service area. While many of these parcels are likely served more directly by park and recreational facilities outside of the CSD, these properties have proximity to the improvements associated with the District and it can be assumed that the owners, residents and employees of these parcels may occasionally utilize or reasonably have access to the improvements within the CSD. These overall statistics have not changed significantly since Fiscal Year 2011/2012 and therefore, it was and still is, reasonable to assume that six percent (6%) of the total cost to provide the improvements is non-assessable and of general benefit.

In quantifying other general benefit considerations, it is more difficult to quantify benefits to people living and working outside of the 2½ mile service area (benefits to the general public). While the parks, trails and open space areas, and, to a lesser extent the community centers, are certainly available and may be utilized by the general public, the overall McKinleyville CSD area is clearly considered a rural area and not typically a destination point for tourism and travel. This observation is supported by the limited amount of non-residential development (commercial enterprises) in the area, comprising less than three percent (3%) of the parcels within the District and represents less than 4% of the acreage, of which less than 10% have been identified as travel related business (i.e. hotels, motels and service stations). As such, it is reasonable to conclude that the District improvements provide very limited general benefit to the public at large, statistically, less than 0.4% of the total acreage (10% of the 4%) and less than 0.3% of the total parcels (10% of the 3%). Based on this analysis, conservatively, the general benefit to the public at large is certainly no greater than four percent (4%) of the cost to provide the improvements. Therefore based on the preceding analysis, collectively, the benefit to properties outside the District and to the public at large represents no more than ten percent (10%) of the total cost to provide the improvements.

As noted above, the District improvements clearly provide some measure of general benefit to properties outside the District and to the public at large, but it is also recognized that park and recreational improvements inherently provide general benefit to properties and people within the District. While much of the benefits to people are more directly tied to Recreational Programs (which are not part of the funding provided by the District or contemplated by this Report), the park and recreational facilities themselves provide general benefits to properties and people within the District such as:

- ❖ Health, social and self-improvement benefits derived from utilizing the facilities;

- ❖ Increased social opportunities and active involvement for children, teens and senior citizens;
- ❖ Group participation, character building, mentoring, and coaching for the youth in the community, that provides a positive atmosphere and reduces idle time that might otherwise result in criminal activities;
- ❖ Family and group activities that help to strengthen family value and reduce ethnic and social tensions.

These indirect benefits may be considered more general than special, but are difficult to measure quantitatively. The need for, and the utility of, park and recreational improvements is created by the development of residential and non-residential land uses. The facilities extend the utility of concentrated land development, such as occurs in the McKinleyville CSD (which is an island of developed land uses largely surrounded by large areas of undeveloped land). Benefits to people are largely secondary benefits created by the primary benefits of increased recreational access of more concentrated developments and conservatively, it is estimated that no more than one-third (33%) of the cost to provide and maintain such improvements is attributable or considered a general benefit to properties and people within the District.

Based on the preceding discussion, collectively, it has been determined that approximately forty-three percent (43%) of the costs to provide the District improvements is attributable to general benefit, but for purposes of establishing proportional special benefit costs, it was established at the time of the District formation in Fiscal Year 2011/2012 and this Report assumes a more conservative approximation of general benefit to be fifty percent (50%) or half of the total annual cost to provide the improvements.

Special Benefit

McKinleyville CSD's recreational system (parks, wilderness parkland, trails, community centers, and recreational facilities and equipment) provide properties within the District the special benefit of nearby access to recreational facilities and spaces which are too specialized and/or large to be maintained within the individual properties and would be cost prohibitive to include within individual property development, including:

- ❖ Exercise facilities/space such as sports complexes, parkland areas and trails not typically found on individual parcels.
- ❖ Substantial outdoor areas increase the available recreational space and outdoor facilities, (picnic areas, playground equipment, open turf areas, sports fields and full size courts, etc.), that are typically limited on individual parcels.
- ❖ Facilities (activity centers, parks) available for large gatherings, meetings and community events that could otherwise not be accommodated by the individual properties.

These facilities expand the use of each property within the CSD by providing these properties with access to desirable recreational facilities beyond those that can conveniently be included on a home or businesses lot. The common-use development of these facilities by the CSD, frees property-owners from the burden of having to provide extensive privately owned recreation facilities or having a property that lacks access to such facilities. The

availability and proximity of the facilities is a distinct special benefit to the assessed parcels because the assessed parcels, unlike most parcels outside the District are within the immediate service area of the facilities and can easily use the facilities as a substitute for (and enhancement of) recreational facilities that would otherwise need to be provided on the parcel (or simply foregone). Because each assessed parcel is within the service area of the improvements and facilities offered by the McKinleyville CSD, these park and recreation improvements are like an extension of the front and back lawns of the parcels. They are not remote, but available for frequent and everyday use with minimal travel. We estimate this special benefit to represent at least half (1/2) of the total benefits created by the facilities.

Assessment Methodology

The method of apportionment (method of assessment) developed for this District is based on the premise that each of the property to be assessed receives a direct and special benefit from the improvements and recreational facilities to be financed by the District assessments.

To assess benefits equitably it is necessary to calculate each property's relative share of the special benefits conferred by the funded service. The method of apportionment for this District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels within the District. The special benefit received by each lot or parcel is equated to the overall land use of parcels within the District based on the parcel's actual land use or proposed development. All costs associated with the improvements are distributed among the parcels based upon a calculation of the proportional special benefit received by each parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the use and relative characteristics of each property as compared to other parcels that benefit from those specific improvements.

The Equivalent Benefit Unit (EBU) method of assessment apportionment establishes a basic unit (base value) of benefit and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of the basic unit.

For the purposes of this Engineer's Report, an EBU is the quantum of benefit derived from the funded programs and facilities by a single family residential parcel or unit. Thus, the "benchmark" property (the single family residential parcel/unit) derives one (1.0) EBU of benefit. All other land uses are proportionately weighted (assigned an EBU) based on an assessment formula that equates the property's specific development to that of the benchmark property (single-family residential unit). This proportional weighting may be based on several factors that may include, but are not limited to: the type and status of development (land use), size of the property, development plans or restrictions, typical development densities, population densities or other property related factors. Generally for most districts the calculation of each parcel's proportional special benefit can be reasonably determined by applying one or more of these factors.

Based on an overall evaluation of the properties within the District and the proposed annual cost of providing the improvements, it has been determined that several key property related factors should be considered in the determination of the proportional special benefit of each parcel. These factors include: the various land uses within the District and the relative size (units or acreage) of each parcel. The following discussion provides a summary of these factors and basis upon which each property's proportional special benefit and EBU has been determined.

Residential Property (Developed) — This land use is defined as fully developed residential property which includes single-family residential properties, mobile/manufactured residential properties, apartments, duplexes, and triplexes or other multi-family residential developments. For purposes of establishing equivalent benefit units for all other land uses in this District, the residential land use is designated as the basic unit of assessment and is assigned a land use benefit of 1.0 EBU per residential unit. Convalescent and long term-care facilities (of which there is currently one in the District), will be classified as residential land use, however, this unique residential property will be assigned 0.5 EBU per bed to reflect the quasi-residential nature/use of the property and the fact that a bed represents a smaller increment of measure (both in size and population) than a residential unit.

Non-Residential/Commercial Property (Developed) — This land use is defined as a developed property with structures that are used or may be used for non-residential purposes, whether those structures are occupied or not. This land use does not include parcels for which the primary use of the property is considered residential. This land use classification includes all types of non-residential uses and commercial enterprises including but not limited to, commercial retail; food services; shopping centers; office buildings, and professional buildings, churches, as well as industrial properties including warehousing and manufacturing. This land use classification also includes any parcel that may incorporate a single residential unit, but is also used in whole or in part for commercial purposes.

Based on the average development densities for residential properties in the District, (the average single-family residential property being approximately 1.06 units per Acre), it is reasonable to assume that non-residential properties if developed as residential, would have resulted in approximately 1.00 benefit unit per Acre. Therefore, it has been determined that assigning this land use classification 1.0 EBU per gross acre provides a proportional representation of benefit for this land use type with some limitations:

- ❖ Because each non-residential parcel typically represents a separate and independent commercial enterprise or business, parcels less than one acre shall be assigned 1.0 EBU (minimum EBU).
- ❖ It is also recognized that larger non-residential properties typically have portions of the property that have less intense use/development (such as parking areas, private landscaped areas, outdoor storage, areas with development restrictions etc.) and it is reasonable to assume that the benefit derived from the Improvements does not necessarily increase by the same proportion as the size of property.

As such, parcels identified as Non-Residential Property shall be assigned 1.00 EBU for the first two (2) acres with a minimum of 1.00 EBU assignment; 0.5 EBU per Acre for the next two (2) acres (acreage between 2 and 4 Acres); 0.25 EBU per Acre for the following two (2) acres (acreage between 4 and 6 acres), 0.125 EBU per Acre for the next two (2) acres (acreage between 6 and 8 acres), and 0.00 EBU per Acre for acreage above eight (8) acres. Further, for commercial properties providing private recreation, such as golf properties, the acreage of outdoor recreation space (such as the golf course itself) will be excluded from the calculation of assessable acreage.

Vacant Property — This land use is defined as undeveloped property. Such parcels benefit from the existence of the funded facilities because park and recreational

improvements improve the potential development of such parcels. Recognizing this benefit to property, but also its immediate need for such improvements, each Vacant Property is assigned 1/3 of an EBU per parcel (\$10.00 per parcel).

Exempt Property — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- ❖ Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- ❖ Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide similar or other public services or benefits to private properties within the District; and
- ❖ Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

Because these properties either provide a public service that is comparable to public recreation or are dependent on another property or development, these types of parcels have no direct need for public recreational facilities and are considered to receive little or no special benefit from the improvements. Therefore these properties are exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels current development status.

Government owned properties, quasi-government entity owned properties, or public properties (collectively referred to as “Public Property”) are not necessarily exempt properties and will be allocated special benefit unless the parcel otherwise qualifies for exempt status. The proportional special benefit and resulting assessment obligation for such parcels will be calculated as if the parcel were not Public Property. However, because Public Property, often is identified by the County as non-taxable (tax bills are not generated on the regular tax rolls), the McKinleyville CSD will provide a contribution from other available revenue sources to pay those assessments.

The following table provides a summary of each land use described above and related EBU's. The determination of each parcel's land use and property characteristics shall be based on the data available from the most recent Humboldt County Assessor's Secured Roll, or as identified by the McKinleyville CSD, if the information is different than that provided by the Humboldt County Assessor's Office.

Land Use Description	Assessment Formula	No. of Parcels	EBU Units
Residential	1.000 EBU per Unit	4,922	6,662.33
	0.500 EBU per Bed ⁽¹⁾	1	36.00
	Residential Total	4,923	6,698.33
Non-Residential/Commercial	1.000 EBU per Acre for first 2 Acres (minimum 1 EBU per parcel); 0.500 EBU per Acre for next 2 acres (between 2 and 4 acres); 0.250 EBU per Acre for next 2 acres (acreage between 4 and 6 Acres); 0.125 EBU per Acre for next 2 acres (acreage between 6 and 8 Acres); 0.000 EBU per Acre for Remaining Acres (acreage exceeding 8 acres)	149	206.48
Vacant	(1/3) EBU per Parcel (0.333 EBU)	503	185.06
Exempt	0.000 EBU per Parcel	59	42.50
Totals ⁽²⁾		5,634	7,132.37

(1) For Fiscal Year 2014/2015 there is one parcel in the District identified as a Convalescent/long term-care facility, and this residential property although classified as a Residential Property, is assigned 0.5 EBU per bed for a total of 36.00 EBU (refer to method of apportionment).

(2) Of the total 5,634 parcels in the District representing a total of 7,132.37 EBU, in addition to the 59 parcels identified above as exempt representing 42.50 EBU, there are 76 parcels representing a total of 219.02 EBU (grand total 261.52 EBU) that are currently identified as properties that will not be assessed on the County tax rolls (Including Non-taxable parcels generally owned by government agencies and/or parcels that are subject to annual assessments for the maintenance of District park and recreational improvements which are greater than their proportional assessment for this District). Because the proportional special benefit obligation for these parcels will not be collected on the tax rolls, the CSD will annually pay from its general fund an amount equal to the assessment obligation that would otherwise accrue to these parcels. Therefore, there are currently a total of 5,499 parcels representing 6,870.85 EBUS that are proposed to be applied to the tax rolls for Fiscal Year 2014/2015.

The total assessment amount for each parcel in the District will be collected on the County tax rolls pursuant to the 1972 Act. The amount that may be collected annually cannot exceed the amount that may be levied at the Maximum Assessment Rate, which was presented to property owners of record in a balloting process.

Part III — BUDGET

Description of Budget Items

The following provides a brief description of the line items on the District Budget that follows:

Expenditures:

Operation and Maintenance: The estimated annual costs associated with the operation and maintenance of the improvements, including, maintenance wages and supplies.

Capital Improvements: An estimate of funds required annually for costs associated with the design, construction of the Teen/Family Center, as well as costs of major rehabilitation projects of existing facilities. These funds may be used for debt service or to build a reserve for projects to occur over the life of the assessment.

Incidental Expenses: The estimated annual costs related to administration of the assessment, such as contracting with professionals to provide legal, or engineering services for preparation of the annual report and resolutions; conducting noticing or balloting; creation and submission of the annual levy; County Fees for the collection of assessments; and similar administrative costs.

Revenues:

General Benefit Funding: These are funds to be contributed by the McKinleyville CSD for the portion of the District Budget determined to be General Benefit. These funds are from revenue sources available to the CSD other than the Measure B Maintenance Assessment District assessments.

Additional Funding From Sources Other Than Assessment: Additional funds contributed by the McKinleyville CSD from other available revenue sources that are necessary to meet the difference between the annual expenditures and revenues supported by the General Benefit Obligation and the Measure B assessments.

Measure B Special Benefit Assessments: The proportional special benefit obligation and proposed annual assessment revenue calculated for the Measure B Maintenance Assessment District. This amount divided by the Total Equivalent Benefit Units calculated for all benefiting parcels (7,132.37 EBU) establishes the proposed maximum annual assessment rate ("Assessment Rate per EBU") of \$30.00.

Non-Taxable Property Adjustment: Funds to be contributed by the McKinleyville CSD from other revenue sources to pay the calculated assessment obligation for benefiting non-taxable parcels. As noted previously, 59 parcels representing 42.50 EBU are currently identified as non-taxable parcels and the assessments for these parcels (\$1,280.00) cannot be collected on the tax rolls. Therefore, in addition to other contributions, the CSD will annually pay the assessment obligation for the identified non-taxable parcels that receive special benefits.

Fund Balance (Capital/Rehabilitation Improvements):

Provides a summary of District funds being collected and/or spent for capital improvement projects, major rehabilitation projects or to build a reserve for such projects over the life of the assessments. These fund balances incorporate and include the

amount of any surplus or deficit in the improvement fund to be carried over from a previous fiscal year.

District Budget

The following Budget shows the full estimated annual cost of the improvements and facilities for Fiscal Year 2014/2015 that will be partially funded with the assessment. The total special benefit assessment amount to be collected for the improvements is based on the following budget information and results in a total annual assessment obligation of approximately \$214,024.15 at an assessment rate of \$30.00 per Equivalent Benefit Unit based on 7,132.37 EBU, of which approximately \$206,171 (6,870.85 EBU) is proposed to be collected on the County tax rolls based on current property information:

Mckinleyville CSD FY1415 District Budget

Expenditures:

Operation and Maintenance:

Pierson Park	\$ 50,000
Hiller Park West	36,500
Hiller Sports Complex	83,000
Larissa Park	11,500
Azalea Hall	73,000
McKinleyville Activity Center	76,400
Trails	57,000
Open Space	9,500
Future Parks & Facilities (including Teen/Family Center) ⁽¹⁾	11,000

Operation and Maintenance Sub-total: **\$ 407,900**

Capital Improvements ⁽²⁾ **126,750**

Total Program Budget **\$ 534,650**

Incidental Expenses **16,850**

Total Annual Expenditures: **\$ 551,500**

Revenues:

General Benefit Obligation **\$275,750**

Additional Non-Assessed Funding ⁽³⁾ **61,726**

Non-Assessment Revenue Sub-total: **\$ 337,476**

Non-Taxable Special Benefit Assessment Revenue ⁽⁴⁾ **\$ 7,846**

Taxable Special Benefit Assessment Revenue(Collected on Tax Rolls) **\$ 206,126**

Total Measure B Special Benefit Assessments **\$ 214,024**

Total Annual Revenues: **\$ 551,500**

Fund Balance (Capital/Rehabilitation Improvements):

Estimated Beginning Fund Balance (As of 07/01/2013) **\$105,120**

Estimated Fund Collection ⁽²⁾ **\$126,750**

Estimated Expenditures **(\$100,000)**

Estimated Ending Fund Balance **\$131,870**

(1) The annual maintenance & operation of the Teen/Family Center is estimated to be approximately \$33,000 per year. However, since construction of the facility is anticipated to be completed in the fall of 2014, the amount budgeted for maintenance & operation reflects an estimate of the expenses for only a portion of the fiscal year. Any maintenance funding surplus or deficit will be applied to the funds collected for Capital Improvements.

(2) The amount budgeted and collected for Capital Improvements includes funds collected for future Renovations/Rehabilitation Projects as well as funding for the design, acquisition, construction of the Teen/Family Center or other future District facilities, including, but not limited to the repayment of any future debt service issued and/or loan(s).

(3) Additional Funding from sources other than assessments, necessary to fund the annual expenses above those identified as General Benefit funding.

(4) Contribution from MCSD general fund to cover amount that would otherwise be assessed against 59 non-taxable parcels and 16 parcels already being assessed for park and recreational improvements through another revenue source, which that collectively represent approximately 112.50 EBU's.

Assessment Calculations

Applying the method of apportionment outlined in Part II of this Report and the budget estimates for Fiscal Year 2014/2015 results in the following calculation of assessments:

$$\text{\$214,024.15} \div 7,132.37 \text{ EBU's} = \text{\$30.00 per EBU}$$

Therefore, a single benefit unit or the Annual Assessment Rate for Fiscal Year 2014/2015 (Applicable to a typical Residential Dwelling Unit) will be \$30.00.

Assessment Summary

Total Measure B Special Benefit Assessments	\$ 214,024.15
Total Equivalent Benefit Units	÷ \$ 7,132.37
Assessment Rate per EBU	\$ 30.00

Assessment Breakdown of Non-Taxable Properties

EBU of Non-Taxable Properties	261.52
Assessment Rate per EBU	x \$ 30.00
Non-Taxable Property Adjustment ⁽¹⁾	\$ 7,845.60

⁽¹⁾ This amount represents the calculated special benefit assessment for the parcels identified as non-taxable. This amount shall be paid by a contribution from MCSD general fund.

Assessment Breakdown of Taxable Properties

Total Equivalent Benefit Units	7,132.37
EBU of Non-Taxable Properties	- 261.52
Equivalent Benefit Units Levied on Tax Rolls	6,870.85
Balance to be collected on Tax Rolls ⁽¹⁾	206,170.55
Equivalent Benefit Units Levied on Tax Rolls	÷ 6,870.85
Assessment Rate per EBU	30.00

⁽¹⁾ Difference due to rounding.

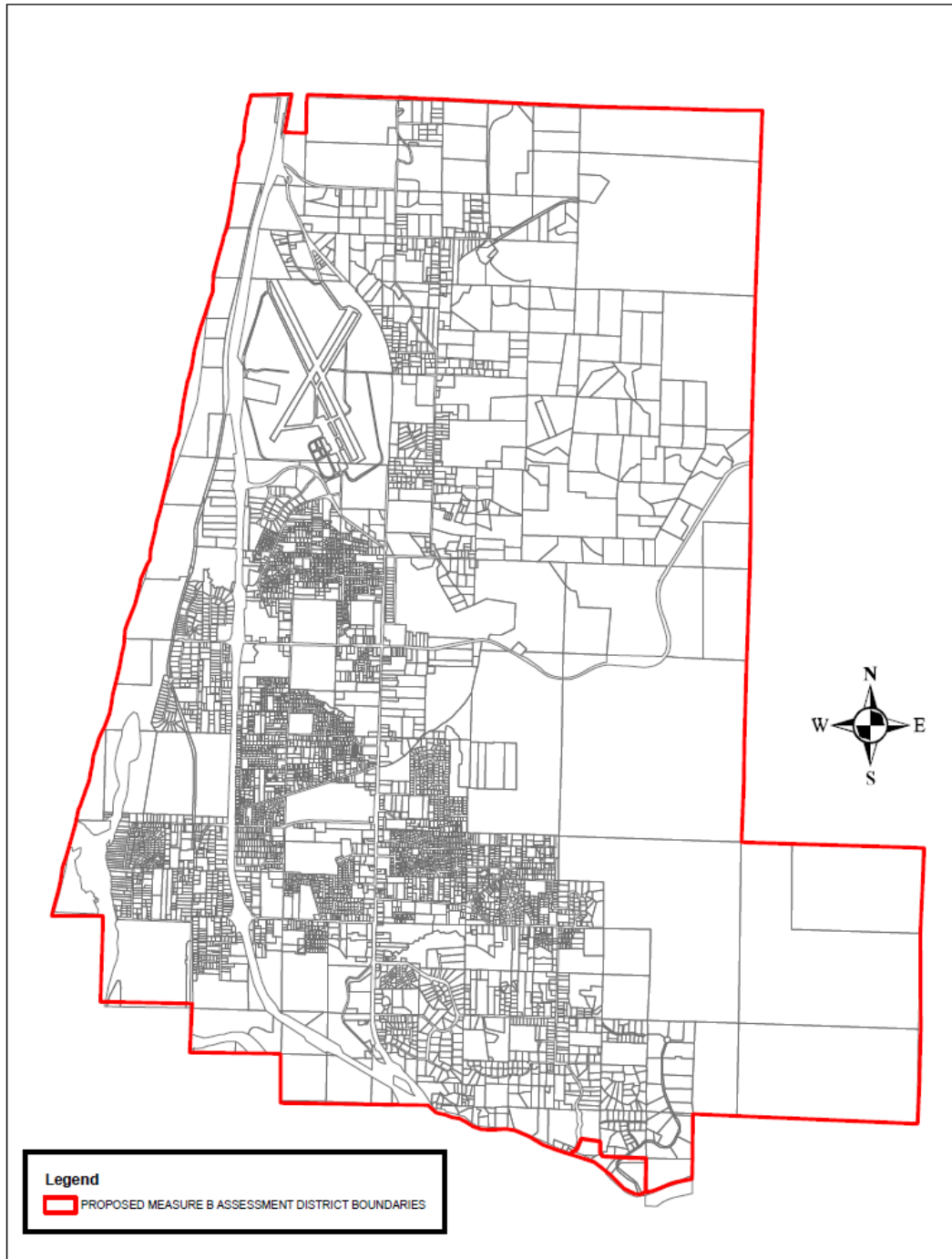
Therefore, the anticipated annual assessment revenue to be collected on the tax rolls is approximately \$206,170.55.

Part IV — DISTRICT DIAGRAM

The following is a Diagram showing the boundaries of the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities, which is coterminous with the McKinleyville CSD boundaries. The dimensions of all lots, parcels and subdivisions of land within the District are the same as the lines and dimensions of the parcels shown on the Humboldt County Assessor's Parcel Maps (APN Maps) and by reference these Maps are made part of this Report and Assessment Diagram as they existed at the time of the passage of the Resolution of Intention. Each of the subdivisions of land, parcels, or lots on the Assessment Diagram subject to the annual assessment are identified by an Assessor's parcel Number (APN) by the Humboldt County Assessor's and these APN's corresponds with the assessment number shown on the Assessment Roll (Part V of this Report).

The Boundary Map and Assessment Diagram in a reduced-scale format follows.

McKinleyville CSD Proposed Boundaries of Measure B Assessment District



Part V — ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District, shall be the parcel as shown on the Humboldt County Secured Roll for the year in which the Report is prepared and reflective of the Assessor's Parcel Maps. A complete listing of the parcels within this District, along with each parcel's assessment amount to be levied for Fiscal Year 2014/2015 is provided under Appendix B ("Proposed Annual Assessments").

These assessments will be submitted to the County Auditor/Controller to be included on the property tax roll for Fiscal Year 2014/2015. If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be recalculated based on the method of apportionment and assessment rates as approved herein by the McKinleyville CSD Board of Directors.

APPENDIX A: TOTAL PROGRAM BUDGET DETAIL

Below is the Total Program Budget, a portion of which will be funded by the Measure B Assessment District assessments, with the remainder being funded by other revenue sources.

	Maintenance Wages	Maintenance Supplies	Planned Capital Improvement Funding	Totals
PARK ENHANCEMENTS				
Pierson Park	\$ 45,000	\$ 5,000	\$ -	\$ 50,000
Hiller Park West	35,000	1,500	-	36,500
Hiller Sports Complex	75,000	8,000	-	83,000
Larissa Park	10,000	1,500	-	11,500
<i>subtotal:</i>	\$ 165,000	\$ 16,000	\$ -	\$ 181,000
HALLS/ACTIVITY CENTERS				
Azalea Hall	\$ 65,000	\$ 8,000	\$ -	\$ 73,000
McKinleyville Activity Center	72,000	4,400	-	76,400
<i>subtotal:</i>	\$ 137,000	\$ 12,400	\$ -	\$ 149,400
TRAILS				
School Road Trail	\$ 10,000	\$ 1,000	\$ -	\$ 11,000
Hiller Loop Trail	40,000	1,000	-	41,000
Other Trails	5,000	-	-	5,000
<i>subtotal:</i>	\$ 55,000	\$ 2,000	\$ -	\$ 57,000
OPEN SPACE				
Hewitt Ranch	\$ 8,000	\$ 1,500	\$ -	\$ 9,500
<i>subtotal:</i>	\$ 8,000	\$ 1,500	\$ -	\$ 9,500
FUTURE PARKS & FACILITIES ⁽¹⁾				
Renovations/Rehabilitation Projects	\$ -	\$ -	\$ 26,750	\$ 26,750
Teen/Family Center ⁽²⁾	10,000	1,000	100,000	111,000
<i>subtotal:</i>	\$ 10,000	\$ 1,000	\$ 126,750	\$ 137,750
Grand Totals:	\$ 375,000	\$ 32,900	\$ 126,750	\$ 534,650

(1) Future Parks & Facilities includes funds being collected for future Renovations/Rehabilitation Projects as well as funding for the design, acquisition, construction, operation and maintenance (wages and/or supplies) of future District facilities, including, but not limited to the Teen/Family Center. These expenses may include repayment of any future debt service issued and/or loan(s) utilized to finance such improvements.

(2) It is anticipated that the annual maintenance & operation of the Teen/Family Center will be approximately \$33,000 per year. However, construction of the facility is anticipated to be completed in the fall of 2014 and the amount budgeted for maintenance & operation reflects expenses for only a portion of a full fiscal year. Any maintenance funding surplus or deficit will be applied to the funds collected for Capital Improvements.

APPENDIX B: Proposed Annual Assessments

The following proposed assessments for each parcel within the District will be submitted to the County Auditor/Controller to be included on the property tax roll for Fiscal Year 2014/2015. If any parcel listed herein for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be recalculated based on the method of apportionment and assessment rates as approved herein by the McKinleyville CSD Board of Directors.

(1) These assessments amounts represent the calculated special benefit assessment for the parcels identified as non-taxable or otherwise assessed. These assessment amounts shall be paid by a contribution from McKinleyville CSD general fund and collectively represent \$7,854.00

RESOLUTION 2014-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS WITHIN THE MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES FOR FISCAL YEAR 2014-15

THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1: Pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Section 22500 *et. seq.*) (the “Act”), the Board of Directors (the “Board”) of the McKinleyville Community Services District (“MCSD”), by its Resolution No. 2013-04 (the “Resolution of Intention”), declared its intention to levy and collect assessments in connection with its “**Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities**” (the “Assessment District”) for the fiscal year commencing July 1, 2014 and ending June 30, 2015.

Section 2: The Resolution of Intention called a public hearing regarding the proposed levy for March 5, 2014. Such hearing was noticed as required by law. At the hearing, all interested persons were afforded the opportunity to hear and be heard and the Board considered all oral statements and all written protests made or filed by any interested person. The Board determines that a majority protest against the assessment does not exist.

Section 3: Reference is made to the Resolution of Intention and the report entitled “Annual Engineer’s Report; Fiscal Year 2014/2015; McKinleyville Community Services District; Measure B Maintenance Assessment District, Renewal for Parks, Open Space, and Recreational Facilities” (the “Report”), which is on file in the offices of the District and available for public inspection, for a complete description of the Assessment District and the proposed Fiscal Year 2014-15 levy.

Section 4: The Report, including the diagram and assessment contained therein, is hereby confirmed and finally approved. Such confirmation and approval constitutes the levy of the assessment in connection with the Assessment District for Fiscal Year 2014-15.

Section 5: The County Auditor of Humboldt County shall enter on the County Assessment Roll opposite each eligible parcel of land the amount of levy, and such levies shall be collected at the same time and in the same manner as the County taxes are collected, pursuant to Section 22646 of the Act. After collection by the County, the net amount of the levy shall be paid to the MCSD Treasurer.

Section 6: The MCSD Treasurer shall deposit all money representing assessments collected by the County for the Assessment District to the credit of a fund for the Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities, and such money shall be expended only for the improvements, services and activities outlined in the Report.

Section 7: The Board Secretary, or his or her designee, is hereby authorized and directed upon adoption of this Resolution, to file the levy of assessments for Fiscal Year 2014-15 with the County Auditor at the time and in the manner required by the County Auditor for the levy of such assessments.

Section 8: The Board Secretary shall certify to the passage and adoption of this Resolution and the minutes of this meeting shall so reflect the presentation and final approval of the Report.

PASSED, APPROVED AND ADOPTED this 5th day of March, 2014 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

David R. Couch, Board President

ATTEST:

Kathy Wilson, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: D.1 **Consider Approval of Minutes from the Board of Directors' February 5, 2014 Regular 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 February 5, 2014 Regular Board Meeting, recommend edits 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

- Attachment 1-Draft Minutes from February 5, 2014 Regular Meeting

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, FEBRUARY 5, 2014 AT 7:00 PM
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA.**

AGENDA ITEM A.1 thru A.3 – CALL TO ORDER, ROLL CALL, And PLEDGE OF ALLEGIANCE: The regular meeting of the Board of Directors of McKinleyville Community Services District reconvened at 7:05 pm with the following Directors and staff in attendance:

David Couch, President
Helen Edwards, Director
Dennis Mayo, Director
George Wheeler, Director

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

President Couch led the pledge of allegiance.

Director John Corbett, Vice-President arrived at 7:07 pm

AGENDA ITEM A.4 ADDITIONS TO THE AGENDA: There were no additions to the agenda. President Couch asked for public input and no public input was offered.

AGENDA ITEM A.5 – APPROVAL OF THE AGENDA:

MOTION: It was moved to adopt the agenda. Motion by Edwards; second by Wheeler

MOTION VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

AGENDA ITEM B – PUBLIC HEARINGS: No public hearings scheduled.

AGENDA ITEM C - PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Couch opened public input and no public input was offered.

AGENDA ITEM D – CONSENT CALENDAR:

- D.1 Consider approval of the minutes of the Board of Directors' Regular Meeting of January 8, 2014
- D.2 Consider approval of December, 2013 Treasurer's Report
- D.3 DCV Violations this month
- D.4 Approve conveyance for developments related to water and sewer facilities in referenced projects

MOTION: It was moved to adopt the consent calendar item D.1 through D.4 subject to the objection by Board members, staff or public. No objections were made. Motion by Corbett; second by Edwards

MOTION VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

AGENDA ITEM E – CONTINUED AND NEW BUSINESS:

E.1 Consider adopting Resolution 2014-02 honoring Bill Wennerholm for twelve (12) years of service:

General Manager Greg Orsini presented Dr. Bill Wennerholm with Resolution 2014-02 honoring him for his twelve (12) years of service in absentia. President Couch opened public input and no public input was offered.

MOTION: It was moved to adopt Resolution 2014-02 honoring Bill Wennerholm for twelve (12) years of service.

Motion by Mayo; second by Corbett

ROLL CALL VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler

Nays; None

Absent; None

Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

E.2 MCSD Employee of the year presentation to William McBroome: General Manager Greg Orsini announced Bill McBroome as McKinleyville Community Services District (MCSD) Employee of the Year for 2013. Bill will hold this distinction for the 2014 calendar year with a new employee crowned at the end of 2014. The Board of Directors and staff thanked Bill for his loyalty and dedication to MCSD. Bill's exceptional skills make him a valuable asset to MCSD. President Couch opened public input and no public input was offered.

INFORMATIONAL ITEM: No action required or taken by the Board

E.3 Letz sewer lift station pump upgrade: Operations Director James Henry introduced Bill McBroome, Utility Worker II who presented the power point presentation on the Letz sewer lift station pump upgrade. Humboldt Community Services District contacted the District and asked if we were interested in their left over inventory from a recent upgrade of their pumps. The District accepted and retrieved the donated parts. MCSD staff began the restoration of the used parts for the upgrade of the Letz sewer lift station pump. The donated parts, material and savings from using in house labor saved the District approximately \$25,000.00. The Board thanked Operations Director Henry and Bill McBroome for the cost savings with the pump rehabilitation. President Couch opened public input and no public input was offered.

INFORMATIONAL ITEM: No action required or taken by the Board

E.4 Access Humboldt creates programming for Sunshine Week: General Manager Greg Orsini introduced Sean McLaughlin, Executive Director of Access Humboldt. Mr. McLaughlin provided an overview of Access Humboldt and Sunshine Week activities. He commended MCSD on achieving their recent award for government transparency and invited an MCSD representative to make a recording speaking about the initiative, reasons and steps it took to receive the Special District Leadership Foundation's, Transparency Certificate of Excellence Award. The Board and staff showed interest in the services provided by Access Humboldt. Staff will be contacting Mr. McLaughlin for further discussion. President Couch opened public input and no public input was offered.

INFORMATIONAL ITEM: No action required or taken by the Board

General Manager Greg Orsini asked President Couch if item E.9 could be addressed at this point to accommodate members of the public in attendance to hear the Ruth Lake Briefing.

E.9 Ruth Lake Briefing: General Manager Greg Orsini offered information and presented a powerpoint presentation to the Board and public in response to inquiries related to rationing and the drought decree by Governor Brown. He shared information from Humboldt Bay Municipal Water District's historical and recent data for Ruth Lake as well as rain fall data and water shortage plan. Information included a press release from Ruth Lake CSD and Humboldt Bay MWD addressing the drought situation. McKinleyville residents Ryan Aylward, Jeff Dunk, Joyce King, Ken Miller and Meighan O'Brian addressed the Board and staff with questions and concerns regarding water shortage and conservation issues. Discussions continued between Board members and staff regarding drought conditions in California continuing into the foreseeable future. President Couch opened for additional public input no additional public input was offered.

INFORMATIONAL ITEM: No action required or taken by the Board

E.5 Consider Travel to the Association of California Water Agencies 2014 Spring Conference (May 6, 2014 – May 9, 2014) in Monterey, CA: Brief discussion took place regarding interested Board members attending the Association of California Water Agencies 2014 Spring Conference May 6 through May 9, 2014 in Monterey, CA. Director Mayo and Corbett expressed an interest. President Couch opened public in put and no public in put was offered.

MOTION: It was moved to allow travel expenses for interested Board members Mayo and Corbett to attend the ACWA Spring Conference (May 6 – May 9, 2014). Motion by Edwards; second by Mayo.

MOTION VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

E.6 Consider adopting Resolution 2014-06 initiating proceedings for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities annual levy and collection of assessments for Fiscal Year 2014/2015 and Resolution 2014-07 declaring Intention to Levy and Collect the Fiscal Year 2014/2015 Annual Assessments for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities, Accepting and approving the Engineer’s Report and setting the Public Hearing: Parks and Recreation Director Jason Sehon provided information regarding initiating proceedings for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities annual levy and collection of assessments for Fiscal Year 2014/2015 and declaring Intention to Levy and Collect the Fiscal Year 2014/2015 Annual Assessments for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities, Accepting and approving the Engineer’s Report and setting the Public Hearing. He asked the Board to consider adopting Resolution 2014-06 and Resolution 2014-07. President Couch opened public input and no public input was offered.

MOTION: It was moved to adopt Resolution 2014-06 initiating proceedings for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities annual levy and collection of assessments for Fiscal Year 2014/2015; and

Resolution 2014-07 declaring Intention to Levy and Collect the Fiscal Year 2014/2015 Annual Assessments for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities, Accepting and approving the Engineer’s Report and setting the Public Hearing. Motion by Edwards; second by Corbett

ROLL CALL VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

E.7 Discussion of the Draft Capital Improvement Plan for the Parks & General Fund, Fiscal Year Ending June 30, 2015: Finance Director Colleen Trask reviewed the draft Fiscal Year 2014/2015 Capital Improvement Program (CIP) covering the next ten fiscal years. The majority of budgeted expenditures for Parks and General fund are anticipated to be covered by assessments and user fees. The smaller projects are anticipated to be paid from operating funds allowing a more structured approach to future rate setting as these projects are undertaken. Discussion of community forest took place between the Board members and staff. Director Couch opened public input. Jeff Dunk McKinleyville resident addressed the Board and staff. The final CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2014/2015 budget document in May/June 2014.

INFORMATIONAL ITEM: No action required or taken by the Board

E.8 Consider Committee Appointments for 2014 Calendar Year: After brief discussion by the Board, President Couch made the following 2014 Committee Appointments:

1. Recreation Advisory Committee
George Wheeler; alternate David Couch
2. McKinleyville Area Fund
John Kulstad
3. Redwood Region Economic Development Commission
Dennis Mayo; alternate Helen Edwards
4. McKinleyville Senior Center Advisory Committee
Helen Edwards
5. Audit
John Corbett and Helen Edwards
6. Employee Negotiations
David Couch and Helen Edwards
7. Water Task Force
George Wheeler; alternate John Corbett
8. AdHoc No Drugs & Toxics Down the Drain
George Wheeler; alternate David Couch
9. McKinleyville Municipal Advisory Committee
Helen Edwards; alternate John Corbett

President Couch opened public input and no public input was offered.

E.9 Item E.9 was addressed earlier following item E.4.

E.10 Accept contract and budget amendment for WWMF Improvement Project: General Manager Greg Orsini presented the Board with the Draft Contract Amendment No. 3 WWMF Improvement Project approving a total expenditure and budget modification not to exceed \$41,410 plus a 10% contingency of \$4,141 for a total of \$45,550 and authorizing the General Manager to execute the Contract Amendment with Kennedy/Jenks Consultants. President Couch opened public input and no public input was offered.

MOTION: It was moved to accept contract and budget amendment for WWMF Improvement Project. Motion by Edwards; second by Corbett.

MOTION VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

AGENDA ITEM F-REPORTS:

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

Director Couch reported on the Hiller Park Botanical Garden is coming along nicely.

F.1.b Area Fund (John Kulstad)

Helen Edwards reported that John Kulstad will be running a Public Service Announcement asking for people to submit their grant requests for various community activities. The awards will be made in March.

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

Director Edwards reported on the efforts by the airport to promote interest from additional airlines to provide service out of the Eureka/Arcata airport. The meeting was well attended and reported that Trinidad has recently opened their library and will be adding a museum.

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

No report.

F.1.e Audit (Corbett/Edwards)

Director Corbett reported the Audit Committee recently met discussing selection of a local auditing firm and will meet again in May.

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

Didn't meet.

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

No report.

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

No report.

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

Director Edwards reported that the Public Works Department and the McKinleyville Organizing Committee have coordinated a walk along Central Ave. in March to address and identify safety issues. The next meeting is set for February 26, 2014. The McKinleyville Family Resource Center presented information about the various centers and services provided throughout out the community.

F.2.a - SUPPORT SERVICES DEPARTMENT: Nothing to report.

F.2.b - OPERATIONS DEPARTMENT: Nothing to report.

F.2.c - PARKS & RECREATION DEPARTMENT: Parks & Recreation Director Jason Sehon reported that Humboldt Waste Management Authority donated five recycling bins for our parks and facilities.

F.2.d - GENERAL MANAGER: General Manager Orsini presented additional information regarding the Community Forest.

AGENDA ITEM F.3 PRESIDENT'S REPORT: Director Couch reported that he and Director Wheeler attended the "How to be an effective Board Member" in Sacramento last week and said that it was very informative and worth attending. He thanked General Manager Orsini and Board Secretary Wilson for the script to assist with directing tonight's meeting.

AGENDA ITEM F.4 BOARD COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS: Director Corbett reported that he will chair the Regional Board this year and he hopes to get a restoration policy through.

AGENDA ITEM G – CLOSED SESSION DISCUSSION – NO CLOSED SESSION SCHEDULED

AGENDA ITEM H – ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 10:05 pm. Motion by Edwards; second by Mayo

MOTION VOTE: Ayes; Corbett, Couch, Edwards, Mayo and Wheeler
Nays; None
Absent; None
Abstain; None

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Kathy Wilson,
Board Secretary

**McKinleyville Community Services District
Treasurer's Report
January 2014**

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**McKinleyville Community Services District
Investments & Cash Flow Report
As of January 31, 2014**

Petty Cash & Change Funds 940.00

Cash

Operating & Money Market - Beginning Balance		258,108.57
Cash Receipts:		
Utility Billings	291,796.63	
Money Market Account Interest	22.91	
Transfers from County Funds #2560, #4240	-	
Other Cash Receipts	226,893.77	
Total Cash Receipts		518,713.31
Cash Disbursements:		
Payroll Related Expenditures	(180,797.89)	
Debt Service	(27,140.80)	
Capital & Other Expenditures	(203,693.07)	
Total Cash Disbursements		(411,631.76)
Operating & Money Market - Ending Balance		365,190.12
Total Cash		366,130.12

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

LAIF - Beginning Balance	128,181.14	
Interest Income	82.59	
LAIF - Ending Balance		128,263.73
Humboldt Co. #2560 - Beginning Balance	637,215.94	
Property Taxes	-	
Transfer to Operating Cash	-	
Interest Income	355.78	
Humboldt Co. #2560 - Ending Balance		637,571.72
Humboldt Co. #4240 - Beginning Balance	4,679,082.02	
Property Taxes	-	
Transfer to/from Operating Cash	-	
Interest Income	2,317.90	
Humboldt Co. #4240 - Ending Balance		4,681,399.92
Humboldt Co. #9390 - Beginning Balance	110,584.48	
Interest Income	0.92	
Humboldt Co. #9390 - Ending Balance		110,585.40
USDA Bond Reserve Fund - Beginning Balance	130,796.72	
Bond Reserve Payment	7,645.83	
Debt Service Payment	-	
Interest Adjustment	2.36	
USDA Bond Reserve Fund - Ending Balance		138,444.91
Market Valuation Account		(180.00)

Total Investments 5,696,085.68

Total Cash & Investments - Current Month 6,062,215.80

Total Cash & Investments - Prior Month 5,944,728.87

Net Change to Cash & Investments This Month 117,486.93

Cash & Investment Summary

Cash & Cash Equivalents	5,167,739.95
Davis-Grunsky Loan Reserve	597,305.39
Waste Water Capital Reserve	98,725.55
USDA Bond Reserve	138,444.91
I-Bank Loan Reserve	60,000.00
Total Cash & Investments	6,062,215.80

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of January 31, 2014

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Sewer	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 857,827.66	\$ 326,364.79	\$ (160,461.44)	\$ 781,329.74	\$ 3,362,492.54	\$ 5,167,553.29
Accounts receivable	3,107.16	-	4,240.82	248,908.34	179,848.73	436,105.05
Prepaid expenses & other current assets	13,053.76	-	1,090.34	78,205.76	40,913.56	133,263.42
Total Current Assets	873,988.58	326,364.79	(155,130.28)	1,108,443.84	3,583,254.83	5,736,921.76
Noncurrent Assets						
Restricted cash & cash equivalents	171,213.67	-	-	657,305.39	237,170.46	1,065,689.52
Other noncurrent assets	4,454.00	-	-	-	-	4,454.00
Capital assets (net)	-	-	-	6,952,822.14	11,785,320.36	18,738,142.50
Total Noncurrent Assets	175,667.67	-	-	7,610,127.53	12,022,490.82	19,808,286.02
TOTAL ASSETS	\$ 1,049,656.25	\$ 326,364.79	\$ (155,130.28)	\$ 8,718,571.37	\$ 15,605,745.65	\$ 25,545,207.78
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 67,135.54	\$ 2,730.00	\$ 1,191.77	\$ 189,557.44	\$ 40,932.24	\$ 301,546.99
Accrued payroll & related liabilities	93,230.21	-	-	36,451.18	36,451.18	166,132.57
Total Current Liabilities	160,365.75	2,730.00	1,191.77	226,008.62	77,383.42	467,679.56
Noncurrent Liabilities						
Long-term debt	-	-	-	3,217,441.00	1,082,784.14	4,300,225.14
Other noncurrent liabilities	4,454.00	-	-	204,042.01	205,498.16	413,994.17
Total Noncurrent Liabilities	4,454.00	-	-	3,421,483.01	1,288,282.30	4,714,219.31
TOTAL LIABILITIES	164,819.75	2,730.00	1,191.77	3,647,491.63	1,365,665.72	5,181,898.87
Fund Balance/Net Assets						
Fund balance	92,940.91	323,634.79	(156,322.05)	-	-	260,253.65
Net assets	791,895.59	-	-	1,335,698.60	3,537,543.71	5,665,137.90
Investment in capital assets, net of related debt	-	-	-	3,735,381.14	10,702,536.22	14,437,917.36
Total Fund Balance/Net Assets	884,836.50	323,634.79	(156,322.05)	5,071,079.74	14,240,079.93	20,363,308.91
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,049,656.25	\$ 326,364.79	\$ (155,130.28)	\$ 8,718,571.37	\$ 15,605,745.65	\$ 25,545,207.78
Difference in Reclass from Cap Assets to Net Assets:						
Investment in General Capital Assets	<u>\$ 3,505,751.44</u>					
General Long-term Liabilities						
OPEB Liability	147,783.23					
Accrued Compensated Absences	29,647.36					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 177,430.59					

McKinleyville Community Services District
Activity Summary by Fund, Original Budget
January 2014

Department Summaries	January	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	152,261	1,201,954	1,230,302	(28,348)	-2.30%	
Other Revenues	32,629	377,840	151,113	226,727	150.04%	Includes Contributed Capital \$133,980.00 and Capacity Fees \$79,128.00
Total Operating Revenues	184,890	1,579,794	1,381,415	198,379	14.36%	
Salaries & Benefits	60,007	413,305	440,320	(27,015)	-6.14%	
Water Purchased	65,361	474,954	481,833	(6,879)	-1.43%	
Other Expenses	31,241	201,806	215,130	(13,324)	-6.19%	
Depreciation	25,250	175,600	169,167	6,433	3.80%	
Total Operating Expenses	181,859	1,265,665	1,306,450	(40,785)	-3.12%	
Net Operating Income	3,031	314,129	74,965	157,594		
Interest Income	784	6,752	7,000	(248)	-3.54%	
Interest Expense	(6,451)	(49,359)	(46,843)	2,516	5.37%	
Net Income (Loss)	(2,637)	271,522	35,122	236,400		
<u>Sewer</u>						
Sewer Service Charges	148,213	1,044,384	991,667	52,717	5.32%	
Other Revenues	36,553	375,187	173,921	201,266	115.72%	Includes Contributed Capital \$202,580.00 and Capacity Fees
Total Operating Revenues	184,766	1,419,571	1,165,588	253,983	21.79%	
Salaries & Benefits	67,257	464,407	442,547	21,860	4.94%	
Other Expenses	33,174	246,430	347,073	(100,643)	-29.00%	Budget is spread evenly across 12 months, but actuals vary with payments
Depreciation	38,550	269,700	270,083	(383)	-0.14%	
Total Operating Expenses	138,981	980,537	1,059,703	(79,166)	-7.47%	
Net Operating Income	45,785	439,034	105,885	333,149		
Interest Income	1,617	11,830	11,667	163	1.40%	
Interest Expense	(3,894)	(27,800)	(34,267)	(6,467)	-18.87%	Budget spread evenly across 12 months, but actuals vary w/debt payments
Net Income (Loss)	43,509	423,064	83,285	339,779		
Enterprise Funds Net Income (Loss)	40,872	694,586	118,407	576,179		

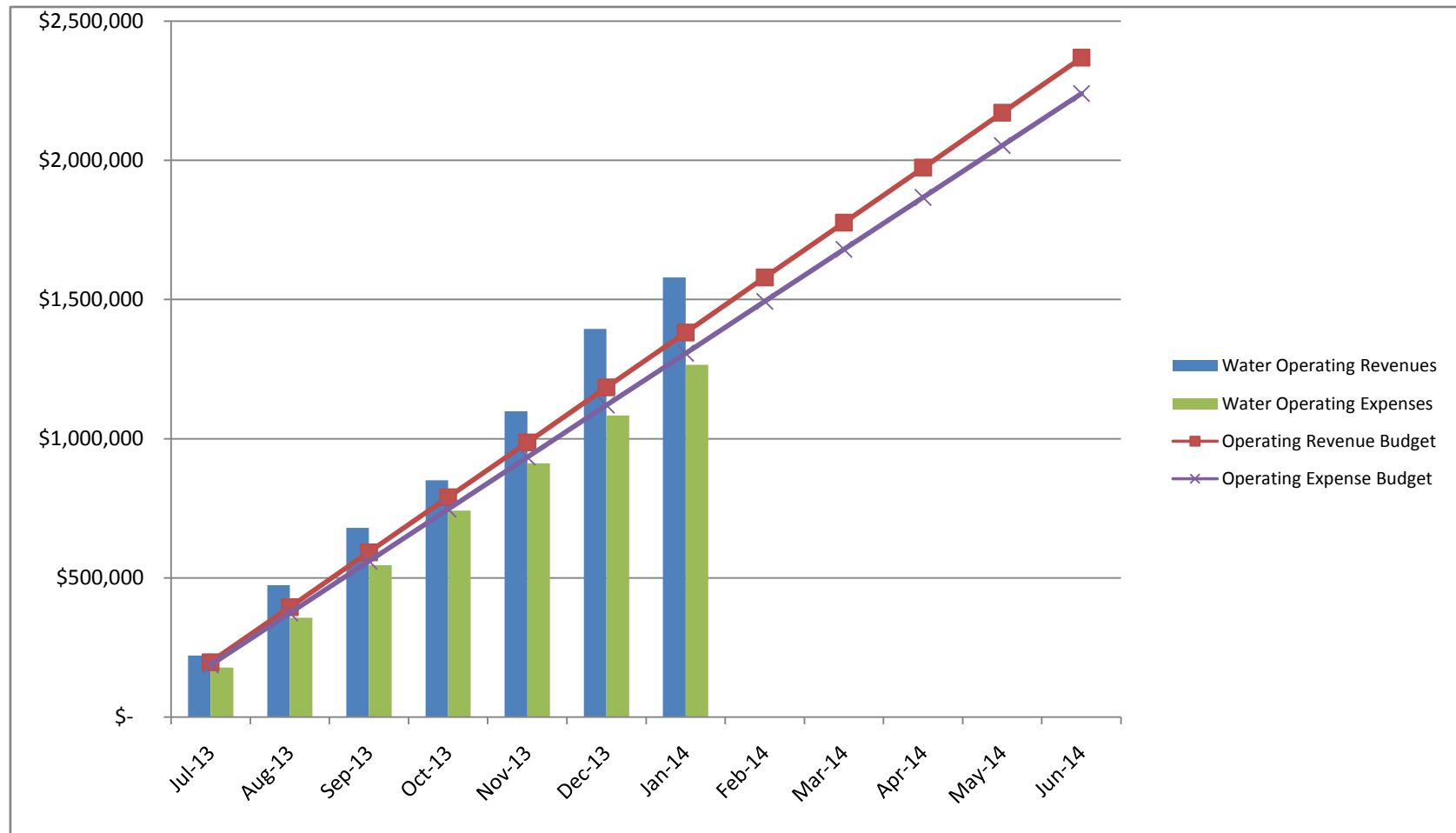
McKinleyville Community Services District
Activity Summary by Fund, Original Budget
January 2014

Department Summaries	January	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Parks & Recreation</u>						
Program Fees	25,940	181,875	195,008	(13,133)	-6.73%	County Tax remittance scheduled in December and April Revenue budget spread evenly across 12 months, but actuals vary w/receipts
Rents & Related Fees	7,883	40,970	44,584	(3,614)	-8.11%	
Property Taxes	-	260,677	297,500	(36,823)	-12.38%	
Other Revenues	6,685	58,065	106,925	(48,860)	-45.70%	
Interest Income	369	1,886	1,838	48	2.63%	
Total Revenues	40,877	543,472	645,855	(102,383)	-15.85%	
Salaries & Benefits	62,208	447,866	453,324	(5,458)	-1.20%	Expense budget spread evenly across 12 months, but actuals vary w/payments Purchase of Washington Avenue parcel, playground equipment for Pierson Park
Other Expenditures	24,613	153,117	132,440	20,677	15.61%	
Capital Expenditures	3,184	166,086	60,083	106,003	176.43%	
Total Expenditures	90,005	767,069	645,847	121,222	18.77%	
Excess (Deficit)	(49,128)	(223,597)	8	(223,605)		
<u>Measure B Assessment</u>						
Total Revenues	24	118,722	121,990	(3,268)	-2.68%	County Tax remittance scheduled in December and April
Salaries & Benefits	9,838	48,776	55,977	(7,202)	-12.87%	Maintenance salary & supplies expended before Measure B revenue received
Other Expenditures	11	2,260	4,958	(2,698)	-54.42%	Expense budget spread evenly across 12 months, but actuals vary w/payments
Capital Expenditures	6,131	17,061	60,563	(43,502)	-71.83%	Vendor invoices not yet received for Teen Center design work
Total Expenditures	15,981	68,096	121,498	(53,402)	-43.95%	
Excess (Deficit)	(15,956)	50,626	492	50,134		
<u>Street Lights</u>						
Total Revenues	7,276	66,205	109,900	(43,695)	-39.76%	
Salaries & Benefits	4,887	29,486	23,216	6,270	27.01%	LED project - fixtures received and installation proceeding
Other Expenditures	3,879	25,354	25,673	(319)	-1.24%	
Capital Expenditures	-	96,575	58,333	38,242	65.56%	LED project - fixtures received and installation proceeding
Total Expenditures	8,766	151,415	107,222	44,193	41.22%	
Excess (Deficit)	(1,490)	(85,210)	2,678	87,888		
Governmental Funds Excess (Deficit)	(66,575)	(258,182)	3,178	(261,360)		

McKinleyville Community Services District

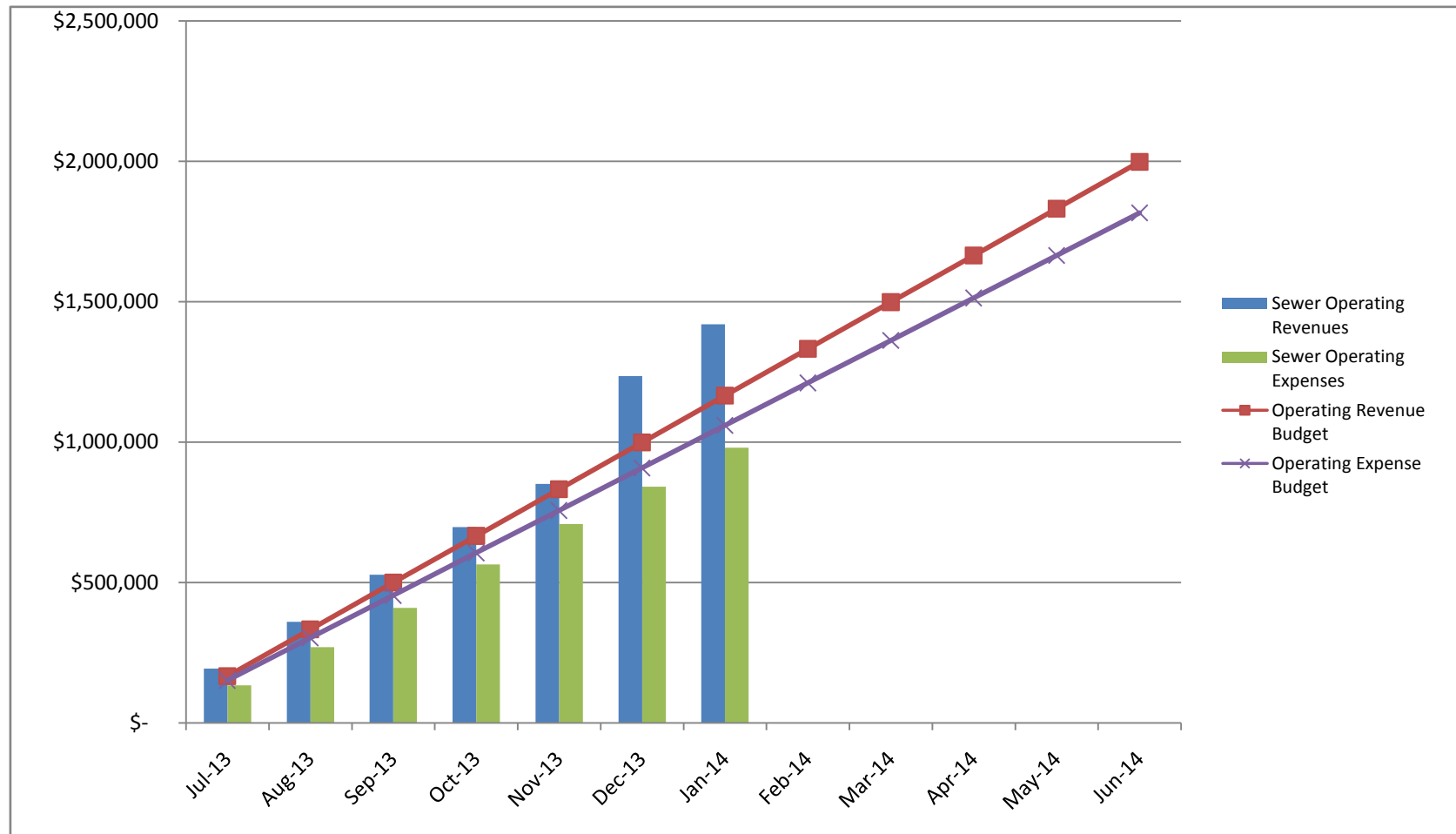
January 2014

Comparison of Water Fund Operating Revenues & Expenses to Budget



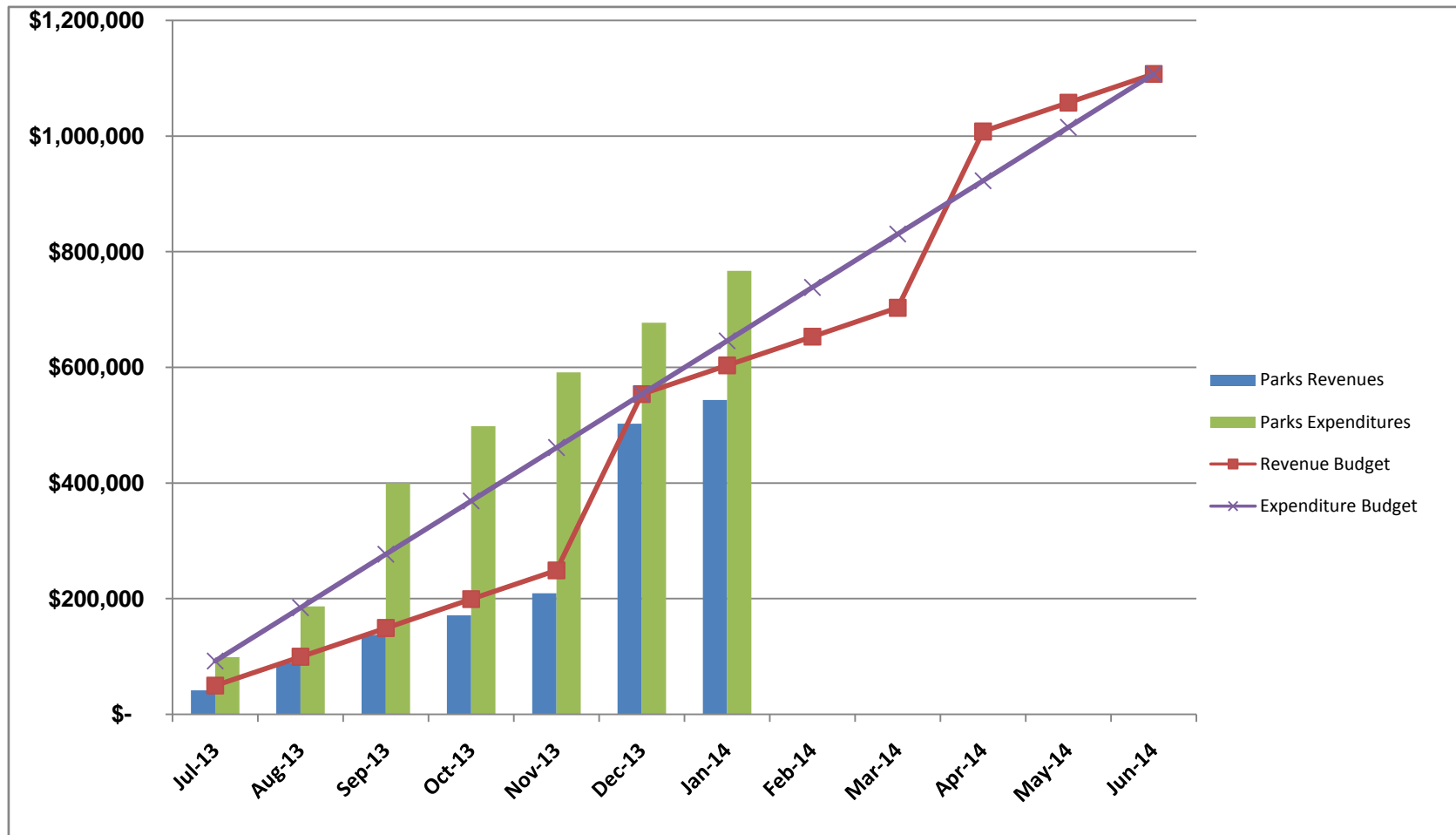
McKinleyville Community Services District January 2014

Comparison of Sewer Fund Operating Revenues & Expenses to Budget



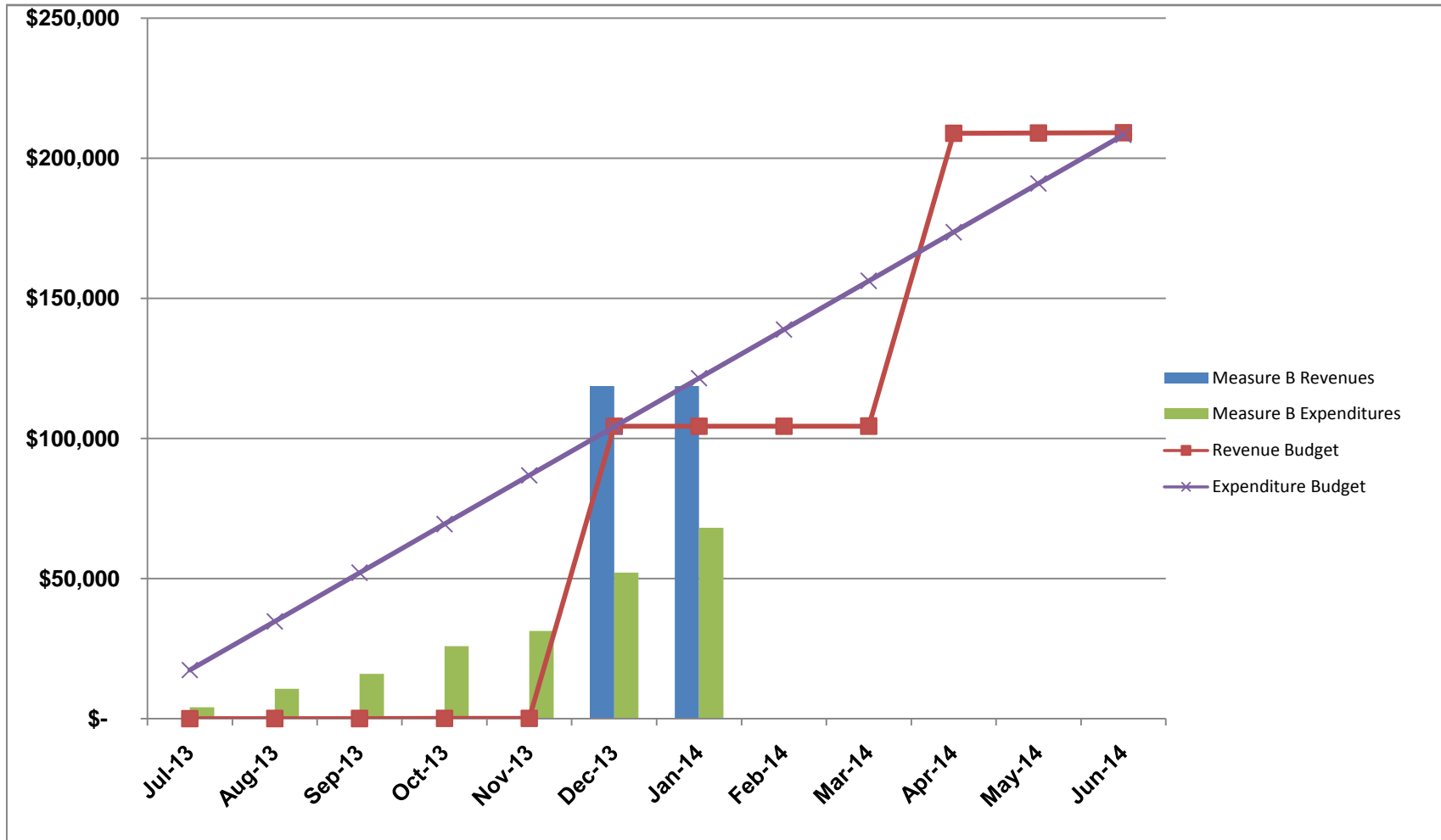
McKinleyville Community Services District January 2014

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



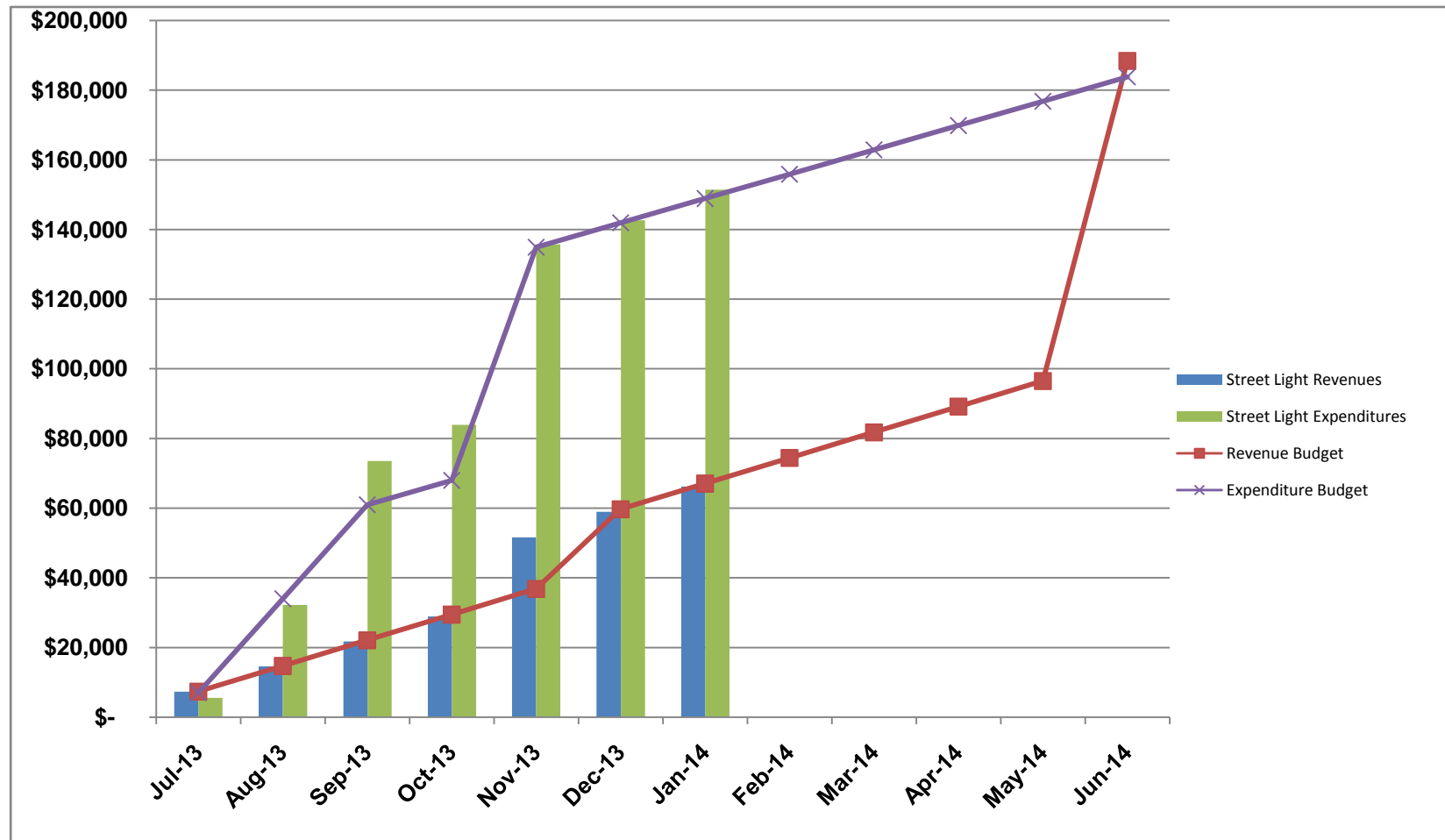
McKinleyville Community Services District January 2014

Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District January 2014

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



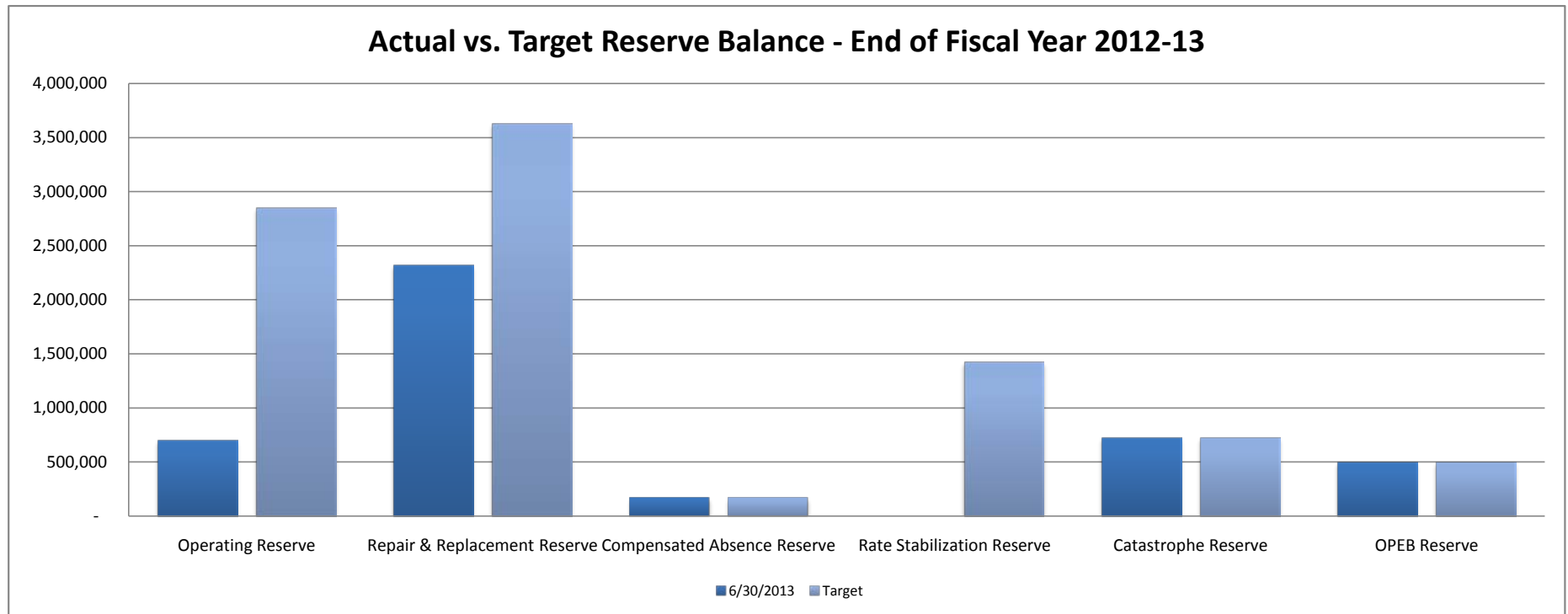
McKinleyville Community Services District
Capital Expenditure Report
As of January 31, 2014

	January	YTD Total	FY 13-14 Budget	Remaining		
				Budget \$	Budget %	Notes
<u>Water Department</u>						
Ramey Pump Upgrades		-	-	-	#DIV/0!	
Emergency Water Line River Crossing	63	3,620	2,000,000	1,996,380	100%	OLA Assoc - design work
4.5m New Water Tank	10,280	10,371	-	(10,371)	#DIV/0!	Drilling, LACO Assoc.
Fire Hydrant System Upgrade	-	-	8,000	8,000	100%	
Customer Meter Replacements		-	90,000	90,000	100%	
Radio Telemetry Upgrade		11,755	25,000	13,245	53%	Equipment purchased
Meter Reading Equipment Replacement		-	6,000	6,000	100%	
Property Purchase & Improvements		-	6,000	6,000	100%	
Subtotal	10,344	25,746	2,135,000	2,109,254	99%	
<u>Sewer Department</u>						
Sewer Main Rehab & Replacement	-	-	50,000	50,000	100%	
WWMF Roof Replacement	-	-	10,000	10,000	100%	
WWMF Sludge Disposal & Handling	-	-	250,000	250,000	100%	
WWMF & Fischer Lift Stn Grinder Upgrade	-	-	15,000	15,000	100%	
Sewer Main Camera Unit	-	-	30,000	30,000	100%	
WWMF Upgrade/CEQA/Permitting	9,546	240,883	853,000	612,117	72%	WWMF design - Kennedy Jenks
Radio Telemetry Upgrade	-	-	10,000	10,000	100%	
Sewer Lift Station Other Upgrades	845	3,333	5,000	1,667	33%	
Sewer Lift Station Pump/Gen Upgrades	-	-	20,000	20,000	100%	
Customer Radio Meter Replacements	-	-	90,000	90,000	100%	
Subtotal	10,391	244,216	1,333,000	1,088,784	82%	
<u>Water & Sewer Operations</u>						
Heavy Equipment	-	-	90,000	90,000	100%	Dump Truck
Utility Vehicles	-	-	60,000	60,000	100%	Car, 3/4 or 1-ton Pickup Truck
Computers & Software	-	21,243	20,000	(1,243)	-6%	Document Mgmt system impl
GIS/SEMS/CADD Equipment/Software	-	-	4,000	4,000	100%	
Fischer Ranch - Undergr.Valving/Piping	-	-	8,000	8,000	100%	
Fischer Ranch -Disposal Site Upgrade	-	-	1,000,000	1,000,000	100%	
Small Equipment & Other	-	-	15,000	15,000	100%	
Subtotal	-	21,243	1,197,000	1,175,757	98%	
Enterprise Funds Total	20,735	291,205	4,665,000	4,373,795	94%	
<u>Parks & Recreation Department</u>						
Pierson Park Upgrades	3,390	27,683	25,000	(2,683)	-11%	Playground Equipment
Azalea Hall Projects	-	-	5,000	5,000	100%	Furnace Replacement
McKinleyville Activity Center Upgrades	-	-	5,000	5,000	100%	Saber Floor Scrubber
Projects Funded by Quimby/Other Funds	-	133,558	68,000	(65,558)	-96%	Washington Ave Parcel, Picnic Area
Projects Funded by Measure B Renewal	3,198	17,061	104,000	86,939	84%	Teen Center Project
Other Parks Projects & Equipment	3,195	4,595	-	(4,595)	#DIV/0!	Washington Parcel, Hiller Proj
Subtotal	9,783	182,897	207,000	24,103	12%	
<u>Streetlights</u>						
LED	-	96,575	125,000	28,425	23%	LED Streetlights
Subtotal	-	96,575	125,000	28,425	23%	
Governmental Funds Total	9,783	279,471	332,000	52,529	16%	
All Funds Total	30,518	570,677	4,997,000	4,426,323	89%	

McKinleyville Community Services District
Summary of Long-Term Debt Report
As of January 31, 2014

				Principal Maturities and Scheduled Interest				
				Balance - Dec.	Balance - Jan.	Remaining		
	%	Maturity Date		31, 2013	31, 2014	for FY-14	FY-15	FY-16
								Thereafter
Water Fund:								
I-Bank		8/1/30	P	881,333.57	881,333.57	-	39,248.69	40,571.37
Interest	3.37%		I			14,850.47	29,039.60	27,694.63
State of CA Energy Commission (ARRA)		12/22/26	P	151,421.65	151,421.65	10,856.01	11,018.72	11,125.84
Interest	1.0%		I			1,533.95	1,432.12	1,325.20
State of CA (Davis Grunsky)		1/1/33	P	1,861,023.85	1,861,023.85	75,821.96	77,717.50	79,660.44
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P	323,661.93	323,661.93	17,035.12	17,035.12	17,035.12
Interest	2.5%		I			47,481.16	46,525.60	44,582.66
Total Water Fund-Principal				3,217,441.00	3,217,441.00	103,713.09	145,020.03	148,392.77
Total Water Fund-Interest						63,865.58	76,997.32	73,602.49
Total Water Fund				3,217,441.00	3,217,441.00	167,578.67	222,017.35	221,995.26
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	129,241.57	129,241.57	24,546.06	25,183.91	25,838.70
Interest	2.6%		I			3,360.28	2,722.43	2,067.64
Umpqua Bank		12/4/17	P	199,510.83	195,782.27	41,041.12	47,186.72	49,848.42
Interest	5.5%		I			10,048.63	8,547.04	5,885.34
USDA (Sewer Bond)		8/1/22	P	635,000.00	635,000.00	60,000.00	60,000.00	60,000.00
Interest	5.0%		I			33,250.00	30,250.00	27,250.00
Total Sewer Fund-Principal				1,086,512.70	1,082,784.14	166,507.28	173,290.73	176,607.22
Total Sewer Fund-Interest						46,658.91	41,519.47	35,202.98
Total Sewer Fund				1,086,512.70	1,082,784.14	213,166.19	214,810.20	211,810.20
Total Principal				4,303,953.70	4,300,225.14	270,220.37	318,310.76	324,999.99
Total Interest						110,524.49	118,516.79	108,805.47
Total				4,303,953.70	4,300,225.14	380,744.86	436,827.55	433,805.46
								4,298,089.27

McKinleyville Community Services District
Board Designated Reserve Balances
As of January 31, 2014



- Utility Accounts Receivable Turnover Days	As of January 31, 2014	14.8 Days										
<table border="0" style="font-size: small;"> <tr> <td>Beg. A/R</td> <td>End A/R</td> <td>Avg A/R</td> <td>Net Util Sales</td> <td># of Times</td> </tr> <tr> <td>143,654.36</td> <td>172,317.59</td> <td>157,985.975</td> <td>2246338.44</td> <td>14.21850402</td> </tr> </table>			Beg. A/R	End A/R	Avg A/R	Net Util Sales	# of Times	143,654.36	172,317.59	157,985.975	2246338.44	14.21850402
Beg. A/R	End A/R	Avg A/R	Net Util Sales	# of Times								
143,654.36	172,317.59	157,985.975	2246338.44	14.21850402								
- YTD Breakeven Revenue, Water Fund:	1,307,288.13	- YTD Actual Water Sales: 1,201,954.37										
<table border="0" style="font-size: small;"> <tr> <td>501 Ops Exp</td> <td>501 COGS</td> <td>501 Wtr Sales</td> </tr> <tr> <td>790,711.03</td> <td>474,954</td> <td>1,201,954.37</td> </tr> </table>			501 Ops Exp	501 COGS	501 Wtr Sales	790,711.03	474,954	1,201,954.37				
501 Ops Exp	501 COGS	501 Wtr Sales										
790,711.03	474,954	1,201,954.37										
- Days of Cash on Hand - Operations Checking Account		51.6 Days										

McKinleyville Community Services District
Cash Disbursement Report
For the Period January 1 through January 31, 2014

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
Accounts Payable Disbursements						
1111	1/28/2014	OCC01	OCCUPATIONAL HEALTH	-	1111P	Sample Ck# 001111 Reversed
27452	1/24/2014	IBS01	IBS OF THE REDWOODS	(737.24)	B31206u	Ck# 027452 Reversed
27483	1/6/2014	*0021	PAVING DEPOSIT REFUND JK	269.17	B31226	PAVING DEPOSIT REFUND JK
27484	1/6/2014	*0022	AZALEA HALL DEPOSIT REFUND DT	100.00	B40102	AZALEA HALL DEPOSIT REFUND DT
27485	1/6/2014	*0023	AZALEA HALL DEPOSIT REFUND HS	100.00	B40103	AZALEA HALL DEPOSIT REFUND HS
27486	1/6/2014	COA02	COASTAL BUSINESS SYSTEMS	500.00	90117A	PROFESSIONAL SERVICES
27487	1/6/2014	COR01	CORBIN WILLITS SYSTEMS, INC	858.42	B312151	MOMS MONTHLY MAINTENANCE
27488	1/6/2014	COR07	JOHN W. CORBETT	125.00	B40102	DIRECTORS FEES
27489	1/6/2014	COU09	DAVID R. COUCH	125.00	B40102	DIRECTORS FEES
27490	1/6/2014	EDW01	HELEN L. EDWARDS	125.00	B40102	DIRECTORS FEES
27491	1/6/2014	HAR13	The Hartford - Priority A	1,230.98	B31230	GROUP LIFE INSURANCE
27492	1/6/2014	HUC01	DELILAH HUCK	195.00	B40102	CONTRACTED INSTRUCTOR
27493	1/6/2014	HUM01	HUMB BAY MUNICIPAL WATER DISTRICT	67,513.52	B40103	WTR PURCHASED
27494	1/6/2014	IND01	INDEPENDENT BUS. FORMS	145.54	27044	OFFICE SUPPLIES
27495	1/6/2014	MCB02	BILL MCBROOME	269.04	B31226	WASTEWATER GRADE III TEST
27496	1/6/2014	MCK01	MCK CHAMBER OF COMMERCE	60.00	3169	MEMBERSHIP RENEWAL

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27497	1/6/2014	MCK03	MCKINLEYVILLE OFFICE SUPPLY	11.70	46043	OFFICE SUPPLIES
27498	1/6/2014	MIL03	THE MILL YARD	3.78	B40103	REPAIRS/ SUPPLIES
27499	1/6/2014	MIT01	Mitchell, Brisso, Delaney	850.00	33726	LEGAL SERVICES
27500	1/6/2014	NEC01	NEC FINANCIAL SERVICES,LLC	286.59	1674597	PHONE SYSTEMS
27501	1/6/2014	NOR13	NOR CALIFORNIA SAFETY CONSORTIUM	200.00	20012	SAFETY TRAINING
				200.00	20020	SAFETY TRAINING
				300.00	20029	SAFETY TRAINING
				400.00	20035	SAFETY TRAINING
				200.00	20040	SAFETY TRAINING
			Check Total:	<u>1,300.00</u>		
27502	1/6/2014	NYL01	NYLEX.NET	1,539.00	74778	SUBSCRIPTION
				480.00	74859	PROFESSIONAL SERVICES
				144.00	74899	SERVICES RENDERED
			Check Total:	<u>2,163.00</u>		
27503	1/6/2014	OSC01	OSCAR LARSON & ASSOCIATES	63.34	3846	PROFESSIONAL SERVICES
27504	1/6/2014	PGE02	PACIFIC GAS & ELECTRIC	1,982.62	B40102	STREETLIGHTS
27505	1/6/2014	STA09	S.W.R.C.B.	300.00	B40102	CERT RENEWAL-BM
27506	1/6/2014	WEN01	WILLIAM WENNERHOLM, DC	125.00	B40102	DIRECTORS FEES
27507	1/6/2014	\A004	MQ CUSTOMER REFUND FOR AL	79.20	000B40101	MQ CUSTOMER REFUND FOR AL
27508	1/6/2014	\A012	MQ CUSTOMER REFUND FOR AV	42.88	000B40101	MQ CUSTOMER REFUND FOR AV
27509	1/6/2014	\B006	MQ CUSTOMER REFUND FOR BL	51.79	000B40101	MQ CUSTOMER REFUND FOR BL
27510	1/6/2014	\B048	MQ CUSTOMER REFUND FOR BL	36.33	000B40101	MQ CUSTOMER REFUND FOR BL
27511	1/6/2014	\D020	MQ CUSTOMER REFUND FOR DA	58.60	000B40101	MQ CUSTOMER REFUND FOR DA
27512	1/6/2014	\D021	MQ CUSTOMER REFUND FOR DI	8.88	000B40101	MQ CUSTOMER REFUND FOR DI

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27513	1/6/2014	\H017	MQ CUSTOMER REFUND FOR HO	38.33	000B40101	MQ CUSTOMER REFUND FOR HO
27514	1/6/2014	\L013	MQ CUSTOMER REFUND FOR LA	71.98	000B40101	MQ CUSTOMER REFUND FOR LA
27515	1/6/2014	\L014	MQ CUSTOMER REFUND FOR LI	8.70	000B40101	MQ CUSTOMER REFUND FOR LI
27516	1/6/2014	\M001	MQ CUSTOMER REFUND FOR MA	28.33	000B40101	MQ CUSTOMER REFUND FOR MA
27517	1/6/2014	\M025	MQ CUSTOMER REFUND FOR MO	44.47	000B40101	MQ CUSTOMER REFUND FOR MO
27518	1/6/2014	\O002	MQ CUSTOMER REFUND FOR OL	71.25	000B40101	MQ CUSTOMER REFUND FOR OL
27519	1/6/2014	\R012	MQ CUSTOMER REFUND FOR RA	14.89	000B40101	MQ CUSTOMER REFUND FOR RA
27520	1/6/2014	\R013	MQ CUSTOMER REFUND FOR RO	51.46	000B40101	MQ CUSTOMER REFUND FOR RO
27521	1/6/2014	\S001	MQ CUSTOMER REFUND FOR SA	57.23	000B40101	MQ CUSTOMER REFUND FOR SA
27522	1/6/2014	\S032	MQ CUSTOMER REFUND FOR SA	79.71	000B40101	MQ CUSTOMER REFUND FOR SA
27523	1/6/2014	\S033	MQ CUSTOMER REFUND FOR SC	68.48	000B40101	MQ CUSTOMER REFUND FOR SC
27524	1/6/2014	\S064	MQ CUSTOMER REFUND FOR SM	68.68	000B40101	MQ CUSTOMER REFUND FOR SM
27525	1/6/2014	\T016	MQ CUSTOMER REFUND FOR TR	80.34	000B40101	MQ CUSTOMER REFUND FOR TR
27526	1/6/2014	\V005	MQ CUSTOMER REFUND FOR VA	6.24	000B40101	MQ CUSTOMER REFUND FOR VA
27553	1/6/2014	COS03	COSTCO WHOLESALE	177.21	B40106	OFFICE SUPPLIES/ REC PROG
27554	1/6/2014	HUB02	HUB INTERNATIONAL INSURANCE	100.18	B40106	SPECIAL EVENT INSURANCE
27555	1/6/2014	PGE01	PG & E (Office & Field)	12,300.84	B40106	GAS & ELECTRIC
27556	1/6/2014	USP02	USPS: ARCATA BMEU	1,237.37	B40106	PERMIT 239-NEWSLETTERS
27557	1/9/2014	USB01	U.S. BANK TRUST N.A.	7,645.83	B40109P	SEWER BOND PAYMENT
27558	1/13/2014	*0001	REC PROGRAM REFUND DH	45.00	B40108	REC PROGRAM REFUND DH

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27559	1/13/2014	*0002	JASON WOODS	30.00	B40109	FINGERPRINTING REIMBURSEMENT
27560	1/13/2014	ARC02	Arcata Stationers	692.53	B40109	OFFICE SUPPLIES
27561	1/13/2014	BAY02	BAY WEST SUPPLY, INC.	1,268.33	B40109	REPAIRS/SUPPLY
27562	1/13/2014	BLA01	JOSEPH M. BLAINE	150.00	B40113	PAY ADVANCE
27563	1/13/2014	BRA01	BRANT ELECTRIC	5,963.68	18944	REPAIRS AT PIERSON PARK
27564	1/13/2014	COA02	COASTAL BUSINESS SYSTEMS	213.93	90172A	OFFICE SUPPLIES
27565	1/13/2014	COU02	HUMBOLDT COUNTY ASSESSOR	11.00	B31230	MEASURE B MAPS
27566	1/13/2014	EUR01	EUREKA BOILER WORKS	109.83	60883	LETZ PUMP UPGRADE
27567	1/13/2014	EUR05	Eureka Oxygen Co	207.06	A484281	REPAIRS/ SUPPLIES
27568	1/13/2014	EUR06	EUREKA READY MIX	2,173.65	9221	REPAIRS/SUPPLY
27569	1/13/2014	HAR03	HARVEY M. HARPER CO.	72.27	740521	VEHICLE REPAIRS
				72.27	740548	VEHICLE REPAIRS
				72.22	740632	VEHICLE REPAIRS
				70.65	740656	VEHICLE REPAIRS
				43.71	5149693	VEHICLE REPAIRS
			Check Total:	<u>331.12</u>		
27570	1/13/2014	HUM08	HUMBOLDT SANITATION	966.50	B40103	TRASH SERVICE
27571	1/13/2014	MAN02	MANTOVA'S TWO STREET MUSIC	96.73	2217	SUPPLIES FOR AZALEA HALL
27572	1/13/2014	MCK04	MCK ACE HARDWARE	1,753.89	B40109	REPAIRS/SUPPLY
27573	1/13/2014	MIL01	Miller Farms Nursery	27.35	B40103	REPAIRS/SUPPLY
27574	1/13/2014	MOR03	JACOB J. MORRIS	1,440.00	142	OPEN SPACE MAINTENANCE
27575	1/13/2014	NOR01	NORTH COAST LABORATORIES	4,265.00	B40103	LAB TESTS

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27576	1/13/2014	NOR13	NOR CALIFORNIA SAFETY CONSORTIUM	80.00	20082	MONTHLY SUBSCRIPTION
27577	1/13/2014	NOR40	N. C. EMPLOYER ADVISORY COUNCIL	40.00	14117	SUBSCRIPTIONS
27578	1/13/2014	PIT01	PITNEY BOWES	374.07	2887297DC	POSTAGE METER
27579	1/13/2014	PRE08	PRECISION INTERMEDIA	23.75	19380	WEBSITE SERVICES RENDERED
				30.00	114013	WEB HOSTING
			Check Total:	<u>53.75</u>		
27580	1/13/2014	REM01	REMY, MOOSE AND MANLEY,LLC	457.50	97438	LEGAL SERVICES
27581	1/13/2014	REN01	RENNER PETROLEUM	3,123.43	B40102	FUEL FOR DEC 2013
27582	1/13/2014	SAF04	SAFEWAY INC. FILE # 72905	50.65	B40106	OFFICE SUPPLIES
27583	1/13/2014	SEC03	SECURITY LOCK & ALARM	93.04	84036	REPAIRS SUPPLIES
27584	1/13/2014	SHN01	SHN ENGINEERING	2,021.25	81387	PROFESSIONAL SERVICES/ LE
27585	1/13/2014	SIE02	SIERRA CHEMICAL CO.	1,599.88	B40109	CHLORINE/DEPOSIT
27586	1/13/2014	THO01	THOMAS & ASSOCIATES	2,140.96	27306	WWMF BUILDING MAINTENANCE
27587	1/13/2014	THO02	Thomas Home Center	1,520.11	B40109	REPAIRS/SUPPLY
27588	1/13/2014	THR01	THRIFTY SUPPLY COMPANY	1,084.57	B40109	REPAIRS/ SUPPLIES/ SAFETY
27589	1/13/2014	UMP03	UMPQUA BANK--VISA	158.32	2	OFFICE SUPPLIES
				15.38	3	WWMF BUILDING MAINTENANCE
				65.00	4	TRAINING
				2,041.77	5	office supplies/ travel
				100.97	B40109	REC PROGRAM SUPPLIES/ OFF
			Check Total:	<u>2,381.44</u>		
27590	1/13/2014	VER01	VERIZON WIRELESS	180.69	B40109	CELL PHONES FOR DEC 2013
27591	1/13/2014	YP001	YP - YELLOW PAGES	48.32	B40109	AD IN YELLOW PAGES
27592	1/20/2014	*0003	AZALEA HALL DEPOSIT REFUND WB	100.00	B40117	AZALEA HALL DEPOSIT REFUND WB

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27593	1/20/2014	*0004	AZALEA HALL DEPOSIT REFUND FG	100.00	B40117	AZALEA HALL DEPOSIT REFUND FG
27594	1/20/2014	10102	101 NETLINK	80.00	20140101	INTERNET SERVICES
27595	1/20/2014	ACW01	CB&T/ACWA-JPIA	11,998.46	B40117	GROUP HEALTH INS
27596	1/20/2014	ADV01	ADVANCED SECURITY SYSTEM	432.00	250019	SECURITY SYSTEM
27597	1/20/2014	AIR01	AIRGAS USA, LLC.	104.40	902299521	SUPPLIES/ REPAIRS
27598	1/20/2014	ATT01	AT&T	407.16	B40117	PHONE SYSTEMS FOR JAN 2014
27599	1/20/2014	BAS01	BASIC LABORATORY INC.	1,051.00	1312045	LAB TESTING
27600	1/20/2014	BOR01	BORGES & MAHONEY CO.	139.84	134901	REPAIRS/ SUPPLIES
27601	1/20/2014	CAL10	CALIFORNIA HEATING	46.39	589577	REPAIRS/ SUPPLIES
27602	1/20/2014	COA02	COASTAL BUSINESS SYSTEMS	946.60	14695497	EQUIPMENT LEASE
27603	1/20/2014	COU07	DAVID COUCH	122.00	B40117	TRAVEL/MEALS-CSDA SACRAMENTO
27604	1/20/2014	CPS01	CPS HUMAN RESOURCE SERVICES	11,357.26	341357	PROFESSIONAL SERVICES
27605	1/20/2014	CRO03	CROWN TROPHY PETALUMA	194.85	19007	OFFICE SUPPLIES
27606	1/20/2014	DON01	DON'S RENT-ALL	24.90	107455	REPAIRS/SUPPLY
27607	1/20/2014	EUR07	Eureka Rubber Stamp Co.	6.35	A13421	OFFICE SUPPLIES
27608	1/20/2014	HEL01	KEVIN HELD	375.00	B40117	DJ FOR JR HIGH DANCE
27609	1/20/2014	IBA01	I-BANK WELLS FARGO BANK,	14,850.49	B40103	LOAN PAYMENT-AC#15979100
27610	1/20/2014	IND01	INDEPENDENT BUS. FORMS	30.10	26887	OFFICE SUPPLIES
27611	1/20/2014	IND02	Industrial Electric Service	48.68	10854	LETZ PUMP UPGRADE
27612	1/20/2014	KER01	KERNEN CONSTRUCTION	775.33	49514	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27613	1/20/2014	LDA01	LDA PARTNERS	2,761.12	635-1-13	MCK TEEN/COMMUNITY CENTER
27614	1/20/2014	LES01	LES SCHWAB TIRE CENTER	281.85	B40117	VEHICLE REPAIRS
27615	1/20/2014	MAY03	DENNIS MAYO	183.00	B40117	TRAVEL/MEALS-ACWA SACRAMENTO
27616	1/20/2014	MEN01	MENDES SUPPLY CO.	42.49	B40106	REPAIRS/SUPPLY
				574.13	M054244	JANITORIAL SUPPLIES
			Check Total:	<u>616.62</u>		
27617	1/20/2014	NOR02	NORTH COAST JOURNAL, INC.	215.00	WG14-9	ADVERTISING
27618	1/20/2014	NOR03	NO. COAST VETERINARY HOSPITAL	262.25	7022	GOAT CARE/ TREATMENT
27619	1/20/2014	NOR35	NORTHERN HUMBOLDT	280.07	ES14-096	OPEN SPACE MAINTENANCE
				218.99	ES14-0102	OPEN SPACE MAINTENANCE
			Check Total:	<u>499.06</u>		
27620	1/20/2014	NOR36	NORTH COAST PARTS & SUPPLY	71.92	B31230	REPAIRS/ SUPPLIES
27621	1/20/2014	SEC03	SECURITY LOCK & ALARM	80.79	84328	REPAIRS/ SUPPLIES
27622	1/20/2014	UPS01	UPS	59.53	B40117	LAB SHIPMENT/ SUPPLIES SHIPMENT
27623	1/20/2014	WEI01	WEIRUP LANE ASSOCIATION	90.00	B40117	ANNUAL ROAD MAINTENANCE-D
27624	1/20/2014	WES13	WESTERN WEB	1,151.15	13519	NEWSLETTERS PRINTING
27625	1/20/2014	WHE03	GEORGE WHEELER	122.00	B40117	TRAVEL/MEALS- CSDA SACRAMENTO
27626	1/27/2014	*0005	REC PROGRAM REFUND KD	50.00	B40124	REC PROGRAM REFUND KD
27627	1/27/2014	*0006	REC PROGRAM REFUND AH	75.00	B40124	REC PROGRAM REFUND AH
27628	1/27/2014	*0007	REC PROGRAM REFUND HH	50.00	B40124	REC PROGRAM REFUND HH
27629	1/27/2014	*0008	AZALEA HALL DEPOSIT REFUND DC	100.00	B40124	AZALEA HALL DEPOSIT REFUND DC
27630	1/27/2014	ALL01	ALLEN'S COMMERCIAL APPLIANCES	115.00	9919	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27631	1/27/2014	BAS01	BASIC LABORATORY INC.	188.50	1400454	LAB TESTING
27632	1/27/2014	CLE01	CLEAR HEART DRILLING INC.	6,735.30	13202-G	WATER TANK UPGRADES
27633	1/27/2014	COU02	HUMBOLDT COUNTY ASSESSOR	11.00	B40124	MEASURE B MAPS
27634	1/27/2014	CUM01	CUMMINS PACIFIC, LLC.	286.25	025-6431	REPAIRS/SUPPLY
27635	1/27/2014	DOW01	DOWNEY BRAND ATTORNEYS LLC	134.00	463593	LEGAL SERVICES
27636	1/27/2014	IBS01	IBS OF THE REDWOODS	642.64	5036342	REPAIRS/ SUPPLIES
27637	1/27/2014	KEN02	KENNEDY/JENKS CONSULTANTS	9,546.25	78743	WWMF UPGRADE
27638	1/27/2014	MAD01	MAD RIVER ROTARY	175.00	B40127	ANNUAL DUES
27639	1/27/2014	MAN03	MANDELL MUNICIPAL COUNSELLING	211.50	B40127	LEGAL SERVICES
27640	1/27/2014	MAR01	ERIC MARTIN	43.27	B40124	EMPLOYEE REIMBURSEMENT
27641	1/27/2014	MIT01	Mitchell, Brisso, Delaney	1,307.00	33901	LEGAL SERVICES
27642	1/27/2014	NSP01	NSP3	3,389.50	14519	PP/ HILLER PARK UPGRADE
				3,195.40	14520	PP/HILLER PARK UPGRADES
			Check Total:	<u>6,584.90</u>		
27643	1/27/2014	NYL01	NYLEX.NET	144.00	74945	PROFESSIONAL SERVICES
				96.00	75011	PROFESSIONAL SERVICES
			Check Total:	<u>240.00</u>		
27644	1/27/2014	O&M01	O & M INDUSTRIES	844.78	50609	SEWER SYSTEM UPGRADES
27645	1/27/2014	OSC01	OSCAR LARSON & ASSOCIATES	63.34	3876	NORTHERN INTERTIE PROJECT
27646	1/27/2014	SIE02	SIERRA CHEMICAL CO.	1,599.88	10002163	CHLORINE/ CONTAINER DEPOSIT
27647	1/27/2014	UNI06	UNITED GROCERS	111.70	B40124	SUPPLIES FOR AZALEA HALL
27648	1/28/2014	OCC01	OCCUPATIONAL HEALTH	-	523*12-13u	Ck# 027648 Reversed

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
27649	1/28/2014	*0010	JIM MCLAUGHLIN	30.00	B40128P	FINGERPRINT REIMBURSEMENT
27650	1/28/2014	*0009	AZALEA HALL DEPOSIT REFUND JS	100.00	B40128	AZALEA HALL DEPOSIT REFUND JS
27651	1/28/2014	*0011	AZALEA HALL DEPOSIT REFUND KT	100.00	B40128	AZALEA HALL DEPOSIT REFUND KT
27652	1/28/2014	*0012	PAUL ROBERTS	30.00	B40128	FINGERPRINT REIMBURSEMENT
27653	1/28/2014	HUM42	HUMBOLDT OUTFITTERS	2,303.56	7621	PROGRAM SUPPLIES
27654	1/28/2014	OCC01	OCCUPATIONAL HEALTH	125.00	B40128	PROFESSIONAL SERVICES
27655	1/28/2014	PGE02	PACIFIC GAS & ELECTRIC	1,995.90	B40128	GAS & ELECTRIC
27656	1/28/2014	PRE08	PRECISION INTERMEDIA	1,787.00	14-140	MONTHLY SUBSCRIPTION
27657	1/28/2014	REM01	REMY, MOOSE AND MANLEY,LLC	2,968.75	97566	LEGAL SERVICES
27658	1/28/2014	S&S02	S & S WORLDWIDE, INC.	220.75	7969341	ACTIVITY SUPPLY
27659	1/28/2014	SAF04	SAFEWAY INC. FILE # 72905	22.29	B40128	OFFICE SUPPLIES
27660	1/28/2014	SIN01	SINGING TREE GARDENS	1,139.29	8706A	REPAIR/MAINTENANCE SUPPLIES
27661	1/28/2014	SUD01	SUDDENLINK	162.07	B40128	INTERNET SERVICES
27662	1/28/2014	USP02	USPS: ARCATA BMEU	-	B40128u	Ck# 027662 Reversed
				225,074.94		
Total Disbursements, Accounts Payable:				225,074.94		

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
Payroll Related Disbursements						
11572-1159	1/9/2014		Various Employees	12,948.91		Payroll Checks
11592	1/9/2014	CAL12	CalPERS 457 Plan	3,784.92	B40109	RETIREMENT
11593	1/9/2014	DIR01	DIRECT DEPOSIT VENDOR- US	28,010.50	B40109	Direct Deposit
11594	1/9/2014	EMP01	Employment Development	1,566.82	B40109	STATE INCOME TAX
				557.48	1B40109	SDI
			Check Total:	<u>2,124.30</u>		
11595	1/9/2014	EMP02	Employment Dev Department	1,324.54	B31231	SUI
11596	1/9/2014	HUM29	UMPQUA BANK--PAYROLL DEP.	5,443.91	B40109	FEDERAL INCOME TAX
				6,905.76	1B40109	FICA
				1,615.04	2B40109	MEDICARE
			Check Total:	<u>13,964.71</u>		
11597	1/9/2014	ACW01	CB&T/ACWA-JPIA	40,763.27	B31231	MED & DENTAL INSUR
11598	1/9/2014	AFL01	AFLAC	43.30	B31231	AFLAC (PRE-TAX)
11599	1/9/2014	PUB01	Public Employees PERS	16,275.06	B31231	PERS PAYROLL REMITTANCE
				56.08	1B31231	PERS CONTRIBUTION
			Check Total:	<u>16,331.14</u>		
11601-1160	1/15/2014		Various Employees	1,833.70		Vacation Buyout checks
11603-1162	1/23/2014		Various Employees	14,207.70		Payroll Checks
11628	1/23/2014	CAL12	CalPERS 457 Plan	(189.15)	B40113	RETIREMENT
				3,812.43	B40123	RETIREMENT
				189.15	1B40113	RETIREMENT
			Check Total:	<u>3,812.43</u>		
11629	1/23/2014	DIR01	DIRECT DEPOSIT VENDOR- US	26,433.14	B40123	Direct Deposit

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
11630	1/23/2014	EMP01	Employment Development	(80.33)	B40113	STATE INCOME TAX
				6.70	B40115	STATE INCOME TAX
				1,454.00	B40123	STATE INCOME TAX
				(32.08)	1B40113	SDI
				20.41	1B40115	SDI
				544.79	1B40123	SDI
				80.33	2B40113	STATE INCOME TAX
				32.08	3B40113	SDI
			Check Total:	<u>2,025.90</u>		
11631	1/23/2014	HUM29	UMPQUA BANK--PAYROLL DEP.	(322.38)	B40113	FEDERAL INCOME TAX
				41.98	B40115	FEDERAL INCOME TAX
				4,508.91	B40123	FEDERAL INCOME TAX
				(397.74)	1B40113	FICA
				253.02	1B40115	FICA
				6,748.20	1B40123	FICA
				(93.02)	2B40113	MEDICARE
				59.18	2B40115	MEDICARE
				1,578.14	2B40123	MEDICARE
				322.38	3B40113	FEDERAL INCOME TAX
				397.74	4B40113	FICA
				93.02	5B40113	MEDICARE
			Check Total:	<u>13,189.43</u>		
				<u>180,797.89</u>		
			Total Disbursements, Payroll:	<u>180,797.89</u>		
				<u>405,872.83</u>		
			Total Check Disbursements:	405,872.83		

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **Consent Calendar Item**

ITEM: D.3. Compliance with State Double Check Valve Law

PRESENTED BY: James Henry, Operations Director

TYPE OF ACTION: Consent Calendar

Recommendation:

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

Discussion:

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

1st Notice	January 9, 2014
10 Day Notice	February 19, 2014
Board Meeting	March 5, 2014
Lock	April 7, 2014
ROUTE 19 (2013)	

Account #	Address	Model of DCV	Date s/o out
3-800-000	1894 A Ave	Febco	
19-465-000	1837 Baird Rd	Febco	
19-600-054	5161 Dows Prairie	Wilkins	
19-660-000	5096 Dows Prairie	Wilkins	

Updated: 2/19/2014

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1. Regional Housing Need Assessment (RHNA) Presentation

PRESENTED BY: Greg Orsini GM/ Michael Richardson, Senior Planner, County of Humboldt

TYPE OF ACTION: None

Recommendation:

Staff recommends that the Board participate in the presentation and take public comment. Staff will note any comments made by MCSD Board of Directors and include them in a comment letter to the County Planning Department.

Discussion:

MCSD has been asked to review the Humboldt County Housing Element update. Staff proposed the County provide us with a presentation of the information. Michael Richardson was gracious enough to commit to coming for a briefing.

The 2014 Housing Element draft is an update of the Humboldt County Housing Element, a required Element of the General Plan. The update is necessary to comply with State Law regarding Housing Elements, and to adopt local policy options to meet the documented housing needs. The project also includes inserting a reference to the Housing Element Appendix discussion of service and infrastructure needs of “legacy communities” into the Land Use Element of the Framework Plan to implement recent state law (SB 244 - Wolk, 2011).

This fifth revision of the Housing Element is required to be completed and approved by the Department of Housing and Community Development by July 1, 2014.

The Housing Element proposes to include:

1. An assessment of housing needs including a detailed discussion of population and household characteristics, existing and projected housing needs, existing housing stock characteristics, and inventory of land suitable for residential uses;
2. A statement of the County’s goals, policies and standards developed to address the County’s housing needs; and

3. A housing program that describe actions the County will implement to meet the documented housing needs. The 2014 Housing Element continues in the tradition of previous Housing Elements by proposing reforms to the County's development codes to encourage more affordable housing production. The project will also consider an addendum to the certified Environmental Impact Report (EIR). This project qualifies for this low level environmental review because the proposed implementation measures are consistent with the actions already reviewed and considered in the previous EIR. The draft addendum and draft resolution for Planning Commission consideration will be provided for review at a future meeting to be determined by the Commission.

Alternatives:

No Action necessary

Fiscal Analysis:

Not known at this time

Environmental Requirements:

Not applicable

Exhibits/Attachments

Attachment 1 – Powerpoint Presentation by Michael Richardson

Attachment 2- 1/28/14 Planning Commission staff report

Attachment 3- Draft Housing Element

Attachment 4-Letter dated 2/25/14 to Referral Agency Staff

Humboldt County General Plan

BACKGROUND REPORT – HOUSING ELEMENT

MARCH 5, 2014

Housing Element

- Purpose:
 - Identify existing and projected housing needs
 - Establish goals, policies, standards and implementation measures for
 - Development,
 - Improvement, and
 - Preservation of housing

Housing Element

- Legal basis or requirement
 - California Government Code §65583 requires general plans to include Housing Elements.
 - The state requirements are more prescriptive for the Housing Element than for any other Element of the General Plan.

Housing Element

■ Format

- "Housing Element" is similar to the other Elements of the GPU (18 pages)
- Appendix G - the "Housing Element Appendix"
 - Part of the Housing Element
 - Contains the bulk of what is required by the state

Housing Element

■ Three Key Issues for the Housing Element –

- **How to Encourage Housing Production?**
- **Is the Residential Land Inventory Sufficient?**
- **What combination of policies and programs will provide for the housing needs of extremely low, very low income categories and the homeless?**

Housing Element – Key Issue #1 **Encourage Housing Production**

- Focuses on creating housing that can be served with water and sewer to keep total housing costs low:
 - **H-P1. Promote Infill, Reuse and Redevelopment,**
 - **H-P11. Residential Subdivision Approvals within Housing Opportunity Zones.**
 - **H-S2. Achieving the Target Densities of the Residential Land Inventory.**
 - **H-IM15. Monitoring Affordable Housing Development on Properties Rezoned to Multifamily.**

Housing Element – Key Issue #1
Encourage Housing Production

- Adopts incentives and modified construction standards to stimulate home construction
 - H-P4, H-IM17. Encourage Second Units.
 - H-P5. Retain Legal Non-Conforming Housing.
 - H-P24. Support Innovative Construction and Design Methods.
 - H-P26. Support Alternative Owner Builder Program.

Housing Element – Key Issue #1
Encourage Housing Production

- Adopts incentives and modified construction standards to stimulate home construction
 - H-IM5. Encourage Efficiency Unit Construction.
 - H-IM32. “Safe Homes” Program to Increase Building Code Compliance.
 - H-IM33. Standards for Alternative Wastewater Disposal Systems.

Housing Element – Key Issue #2
Is the Residential Land Inventory Sufficient?

- The inventory includes capacity for 5,785 units.
- The County’s fair share housing allocation is 859 units through the year 2019.
- H-S1. Housing Program Implementation.
 - 814 single family units; 151 of which are under the Alternative Owner Builder (AOB) program.
 - 206 multifamily units
 - 113 second units

Housing Element – Key Issue #2
Is the Residential Land Inventory Sufficient?

- **H-S11. Standards for Extremely Low, Very Low and Low Income Sites in the Residential Land Inventory.**
- Includes only those sites that are:
 - larger than one (1) acre in size,
 - planned and zoned for a density of 15 units per acre or more,
 - have public water and sewer services available.

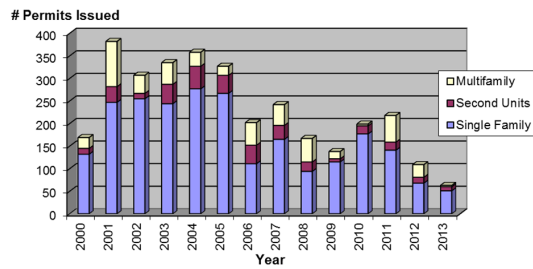
Housing Element – Key Issue #2
Is the Residential Land Inventory Sufficient?

- Land inventory contains sites that meet H-S11 requirements with a development potential of 899 units.
- Compares to a projected need of 347 units for the lower income category.

Housing Element – Key Issue #3
How to meet the housing needs of lower income households and homeless persons?

- **H-P14. Fee Deferrals and Subsidies.**
- **H-P16. Deferral of Minor Subdivision Improvements**
- **H-P17. Preservation of Mobile Home Parks and Long-Term Occupancy Recreational Vehicle Parks.**
- **H-P18. Single Room Occupancy Units.**
- **H-P19. Emergency Shelters.**
- **H-P29. Conservation of Affordable Housing Damaged or Displaced by Indoor Marijuana Grows.**

HOUSING ELEMENT APPENDIX FIGURE - 14. Building Permits Issued 2001 – 2012

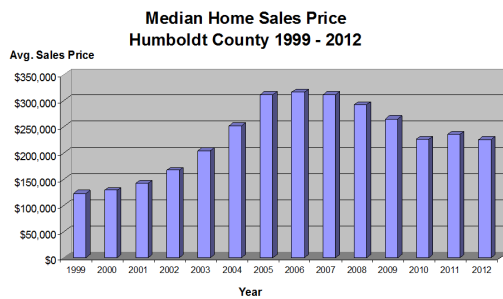


Source: Humboldt County Planning Division, 2013

HOUSING ELEMENT APPENDIX TABLE – H. Household Projections, Humboldt County, 2000 – 2025

Year	Number of Households	Annual Percent Increase
2000	51,238 – actual	n/a
2005	54,815 – actual	1.40%
2010	56,031 – actual	0.44%
2015	57,880	0.66%
2020	59,038	0.40%
2025	59,874	0.28%

HOUSING ELEMENT APPENDIX FIGURE - 7. Humboldt County Median Home Sales Price 1999 - 2012



Source: Humboldt Association of Realtors, 2013



Housing Element

Table 8-5. Projected Fair Share Housing Needs, Humboldt County Unincorporated Areas, 2014 – 2019

Income Category	Projected Housing Needs	Percent of Total RHNA
Very Low	212	25%
Other Low	135	16%
Moderate	146	17%
Above Moderate	366	42%
Total	859	100%

Source: HCOAG, December 2013

Housing Element

Table 8-6. Residential Land Inventory Summary

Zoning Group	Dev. Acres	Potential Units (Gross)	Parcel Count	Potential Units for the Current RHNA Planning Period (Net)
Rural Residential (RR)	19,019	1,431	1,147	866
Rural Residential properties added by the GPU (RR)	5,238	1,270	393	393
Residential Estates (RE)	1,470	645	399	500
Residential Low Density (RL)	1,554	4,120	1,584	2,810
Residential Multifamily (RM)	273	1,627	351	1,216
Total	27,574	9,093	3,884	5,785

Source: Humboldt County Planning and Building Department, 2013

Zoning Group	Potential Units for the Current RHNA Planning Period (Net)	Potential Units McKinleyville CSD Area
Rural Residential (RR)	866	15
Rural Residential properties added by the GPU (RR)	393	0
Residential Estates (RE)	500	243
Residential Low Density (RL)	2,810	506
Residential Multifamily (RM)	1,216	582
Total	5,785	1,346

Source: Humboldt County Planning and Building Department, 2013

HOUSING ELEMENT APPENDIX FIGURE - 37. Parcels in the Affordable Housing Land Inventory, APN: 510-132-031



Housing Element

- New Requirement:
 - SB 244 (Wolk, 2011) requires cities and counties to identify the infrastructure and service needs of unincorporated legacy communities



COUNTY OF HUMBOLDT
PLANNING AND BUILDING DEPARTMENT
CURRENT PLANNING DIVISION

3015 H Street Eureka CA 95501
 Phone: (707) 445-7541 Fax: (707) 268-3792
<http://www.co.humboldt.ca.us/planning/>

Date: January 28, 2014

To: Humboldt County Planning Commission

From: Kevin Hamblin, Director of Planning and Building Department

Subject: **2014 Humboldt County Housing Element Update**

The attached staff report has been prepared for your consideration of the 2014 Humboldt County Housing Element Update at a public hearing on February 6, 2014.

Table of Contents	Page
Agenda Item Transmittal	2
Recommended Action and Executive Summary	3
Chapter 8: Housing Element Planning Commission Hearing Draft	8-1
Appendix G: Housing Element Appendix	G-1

Please contact Michael Richardson, Senior Planner, at 268-3723, or via email at mrichardson@co.humboldt.ca.us if you have any questions about the scheduled public hearing item.

AGENDA ITEM TRANSMITTAL

To: Humboldt County Planning Commission

From: Kevin Hamblin, Director, Planning and Building Department

Hearing Date	Subject	Contact
February 6, 2014	General Plan Amendment to Update the Housing Element	Michael Richardson

Project Description: The 2014 Housing Element draft is an update of the Humboldt County Housing Element, a required Element of the General Plan. The update is necessary to comply with State Law regarding Housing Elements, and to adopt local policy options to meet the documented housing needs. The project also includes inserting a reference to the Housing Element Appendix discussion of service and infrastructure needs of "legacy communities" into the Land Use Element of the Framework Plan to implement recent state law (SB 244 - Wolk, 2011).

Project Location: This project will apply to all unincorporated areas of the County.

Environmental Review: An addendum to the certified Environmental Impact Report (SCH #2009022077) will be prepared.

State Appeal Process: Any ordinance or general plan changes that affect land use within the coastal zone must be certified by the Coastal Commission prior to taking effect.

Major Issues: Proposed implementation measures to increase affordable housing opportunities.

2014 HUMBOLDT COUNTY HOUSING ELEMENT UPDATE

Recommended Commission Action

1. Open the public hearing.
2. Request that staff present the staff report.
3. Discuss the process and schedule for Planning Commission review.
4. Take public comments.
5. Begin review of the Draft Housing Element and Housing Element Appendix.
6. Continue review of the Housing Element to a date and time certain.

Executive Summary: Attached is the Draft 2014 Housing Element Update and the Housing Element Technical Background Study.

Ultimately, the action before you is to consider and make recommendations on these documents to the Board of Supervisors by approving the attached resolution. For this meeting however, staff is recommending your Commission open the public hearing, receive public testimony, deliberate on the draft Element, identify additional items to be included or other information needed from staff, and continue the item to a future date for additional deliberations and/or action.

This fifth revision of the Housing Element is required to be completed and approved by the Department of Housing and Community Development by July 1, 2014. The Board will need at least one to two meetings to consider, so ideally the Planning Commission would complete its review and send to the Board of Supervisors sometime in March.

The Housing Element includes:

1. An assessment of housing needs including a detailed discussion of population and household characteristics, existing and projected housing needs, existing housing stock characteristics, and inventory of land suitable for residential uses;
2. A statement of the County's goals, policies and standards developed to address the County's housing needs; and
3. A housing program that describe actions the County will implement to meet the documented housing needs.

The 2014 Housing Element continues in the tradition of previous Housing Elements by proposing reforms to the County's development codes to encourage more affordable housing production.

The project will also consider an addendum to the certified Environmental Impact Report (EIR). This project qualifies for this low level environmental review because the proposed implementation measures are consistent with the actions already reviewed and considered in the previous EIR. The draft addendum and draft resolution for Planning Commission consideration will be provided for review at a future meeting to be determined by the Commission.

Alternatives: The Planning Commission could elect to postpone deliberations on the Element to the next meeting. This alternative should be implemented if the Commission has further research needs prior to beginning deliberations.

Chapter 8. Housing Element

8.1 Purpose

This Element identifies existing and projected housing needs and establishes goals, policies, standards and implementation measures for the preservation, improvement, and development of housing. It meets detailed requirements of state housing element law, including requirements for a residential land inventory sufficient to meet the County's share of the state prescribed regional housing need.

8.2 Relationship to Other Elements

Sections 8.1 through 8.5 of this Element contain goals, policies, standards and implementation measures. These sections are part of the main body of the General Plan. The remainder of the Housing Element, due to its size, is included in the General Plan as Appendix G. Appendix G is a part of the Housing Element. It contains technical background information to support the policies, standards and implementation measures in the Housing Element chapter. It also provides a more detailed analysis on many other issues related to housing, such as governmental constraints on housing and the effectiveness of the previous Housing Element. Appendix G also contains the detailed 2014 residential land inventory.

The Housing Element is central to the entire General Plan but is most closely linked with the Land Use Element, the Community Infrastructure and Services Element, the Open Space and Conservation Element and the Circulation Element. General Plan and zoning designations implement Land Use Element policies that guide overall patterns of development and specific locations for subdivisions and housing developments. Policies within the Community Infrastructure and Services Element are intended to develop public infrastructure and services necessary to support continued housing production. The Circulation Element plans transportation connections between housing and the balance of the community. These and other components of the General Plan, provide an integrated framework to guide and promote housing development.

The Housing Element is typically updated on a 5-year cycle according to a state-mandated schedule. The last comprehensive update for Humboldt County was completed in 2010. The planning horizon for this Housing Element extends to 2019. This is shorter than the planning horizon for the balance of the General Plan, which extends through 2025.

8.3 Background

An adequate supply of housing affordable to county residents is fundamental to community well-being and economic prosperity. Recent economic conditions have increased the availability of housing and reduced prices but home ownership is still out of reach for many. The housing needs of the very low income and the shelter needs of the homeless are not being adequately met and the supply of land available for multi-family housing is constrained by infrastructure limitations and zoning.

Table H1 below provides the income levels for the various income categories referenced in the Housing Element.

Table 8-1. Income Categories, 2013

Income Category	Annual Household Income	Percent of Median Income
Extremely Low Income	\$0 - \$17,200	<30%
Very Low Income	\$17,201 - \$28,650	31 - 50%
Other Low Income	\$28,651 - \$45,850	51 - 80%
Median Income	\$53,300	100%
Moderate Income	\$45,851 - \$68,760	81 - 120%
Above Moderate Income	\$68,760+	>120%

Source: US Department Housing and Urban Development, 2013.

Note: The limits for the various income categories for Humboldt County in 2013 are based on a four person household."

Home ownership in the County in 2010 was 67%; 10% higher than in 2000 and 10% higher than the homeownership rate in California. The County's housing affordability index, a measure of wage earners' ability to afford a median priced home, was 37% in 2012, which is 15% lower than the state average, but an improvement over the 17% figure in the County several years ago. It remains a priority of this Plan to stimulate the production of low cost housing by the private sector in order to increase homeownership rates.

It also remains a priority of this plan to stimulate the production of workforce rental housing, particularly for those earning less than the median income. In 2010, 78% of low income renters in the County spent more than 30% of their income on housing. An adequate supply of workforce housing in proximity to work will help businesses retain and recruit employees. Expansion of workforce housing will also provide opportunities for seniors with limited incomes looking for appropriately sized and priced housing near commercial and public services.

This Plan also seeks to provide housing and shelter opportunities for the homeless and extremely low income populations. In 2011 there were an estimated 1,064 homeless individuals in the County on any one day.

Providing an adequate supply of land for housing is one of the most significant goals of this Plan. The inventory of land available for large lot rural housing is more than adequate to meet foreseeable demands. The inventory of land for single family residential development served by public water and sewer is more limited, although it too is adequate to meet housing demands through 2019. With the multifamily rezoning program implementation in 2012, the inventory of land available for multi-family residential development is also able to meet housing demands through 2019. A selection of additional potential multifamily sites has been identified, and a Phase 2 Multifamily Rezoning Program is proposed to be implemented in 2014.

The Housing Element is reviewed by the State Department of Housing and Community Development (HCD) for conformance with state housing element law. State approval makes the County eligible to receive funding from numerous state grant programs. State incentives, combined with legal liability associated with non-compliance, have led to more than 70% of local jurisdictions in California having state approved Housing Elements.

There is a wide variety of topics covered in the Housing Element; some are state-mandated, others are optional. This background section focuses on the following key topics;

- The effectiveness of the previous Housing Element in meeting the County's housing needs.
- The projected future housing needs for the 2014 - 2019 time period.
- The residential land inventory.
- New measures to make housing more affordable with federal and state program funding, and by reducing governmental constraints to the development, repair and maintenance of housing.

8.3.1 Effectiveness of the Previous Housing Element

The information presented in this section is supplemented by a more detailed analysis in §8.12.20 – Detailed Analysis of the Effectiveness of the Previous Housing Element in Appendix G (Housing Element Appendix).

Progress Toward Meeting Projected Housing Needs and Quantified Objectives: The following table shows the projected regional housing needs assigned to the County and a comparison between the number of units permitted during the timeframe of the 2010 Element and the projected housing needs during that time period.

Table 8-2. Comparison of Housing Constructed and Projected Housing Needs; Humboldt County Unincorporated Areas, 2007 – 2013

Household Income Category	HOUSING UNITS Unincorporated Areas		
	Projected Housing Needs	Permitted Housing Construction	Surplus (Deficit)
Extremely Low & Very Low	567	114	(453)
Other Low	364	205	(159)
Moderate	390	70	(320)
Above Moderate	928	777	(151)
Total	2,249	1,166	(1,083)

Source: Humboldt County Planning and Building Department, 2013

The table shows the County permitted construction of 1,116 fewer units than the total projected housing need during the 2007-2013 time period, about half of the projected need. There were fewer units built than the projected needs in each category, even for the higher income categories where there is an abundance of property in the land inventory to accommodate those needs. This suggests the projected housing needs in the previous planning period may have been excessive. The slower pace of actual residential development compared to earlier projections is understandable; with the downturn of the economy in the middle of the planning period, the market forces that normally encourage housing production became much weaker during the planning period than first expected, resulting in fewer homes constructed.

The previous Housing Element also included quantified objectives in standard H-S1 which are shown in the table below; they were based on the development patterns in the 2002 – 2007 time period, which was characterized by a strong housing market. The table shows the County

exceeded its quantified objective for multifamily units, but did not meet its objectives for second units or other single family residential construction.

Table 8-3. Comparison of Housing Constructed and Quantified Objectives, 2007 – 2013

Housing Type	HOUSING UNITS Unincorporated Areas		
	Quantified Objective	Permitted Housing Construction	Surplus (Deficit)
Single Family	1,372	814	(558)
Multifamily	128	206	78
Second Units	169	113	(56)
Total	2,249	1,166	(536)

Source: Humboldt County Planning and Building Department, 2013

As with the projected housing needs described above, the quantified objectives in the previous Housing Element may also have been excessive. As noted in the above paragraphs, a weaker than expected housing market is viewed as the primary factor in explaining the difference between the objectives in the beginning of the previous planning period and the actual construction that took place during that period. The quantified objectives in the current Housing Element scale back expectations to reflect current housing market conditions.

Progress Toward Making Housing More Affordable with Federal and State programs, and Reducing Governmental Constraints: During the time period of the previous Housing Element, the County was successful in securing state and federal funding for projects shown in the following table.

Table 8-4. Grant Funded Programs between July 2008 –January 2013

Name	Type of Project	County's involvement	Number of Units
First Time Homebuyer	First Time Homebuyer	Low-Interest deferred loans	22 low income
Owner Occupied Rehab	Rehab for low-income owners	Low-Interest deferred loans	35 low income
Aster Place Apartments	Rental New Construction	Construction and Offsite Improvements/ 2 Low-Interest deferred loans	39 very-low income
Multiple Assistance Center	Transitional Center for Homeless	Operational Expenses (CalWorks funding for 18 homeless families)	200 persons per year (extremely low income)
All-Faith Homeless Shelter	Grant	Acquisition and expansion	28 bed homeless shelter

Source: Humboldt County Planning and Building Department, 2013

In addition to the federal and state programs administered by the County, the County also implemented the following measures to make housing more affordable by reducing governmental constraints:

- Amended the General Plan and Zoning Ordinance to:
 - Allow apartments above commercial establishments as principally permitted uses in commercial areas.
 - Reduce parking requirements for homes of 1,000 square feet in size or less.
 - Increase the allowed densities and rewards offered for producing affordable housing through the Residential Density Bonus Program.
 - Provide exceptions to lot coverage and yard setbacks for second units that are 800 square feet in size or less.
 - Allow emergency shelters and transitional housing facilities as principally permitted uses in commercial zones.
- Maintained the County GIS system to the internet, making parcel specific development information available to applicants.
- Maintained the County's parcel-specific residential land inventory on the internet, with updated development potential estimates.

A more comprehensive analysis of the effectiveness of the previous Housing Element is presented in Appendix G.

8.3.2 Projected Future Housing Needs for the 2007 – 2014 Time Period

Based on population projections, the California Department of Housing and Community Development determines the housing need for Humboldt County in the following income categories: extremely low, very low, low, moderate and above moderate income households. The Humboldt County Association of Governments (HCAOG) then distributes the need to individual jurisdictions through a Regional Housing Needs Allocation Plan (RHNA Plan). The most current RHNA Plan quantifies the future need for housing by income level for the County for January 2014 to June 2019 as shown in Table 8-5. The figures for this planning period are substantially less than for the previous planning period more accurately reflecting the current soft housing market.

The table shows 859 new residential units built in the unincorporated areas will meet the projected housing need for the 2014 – 2019 time period. State law requires local governments to provide adequate sites for the construction of housing to meet the County's fair share housing needs.

Table 8-5. Projected Fair Share Housing Needs, Humboldt County Unincorporated Areas, 2014 – 2019

Income Category	Projected Housing Needs	Percent of Total RHNA
Very Low	212	25%
Other Low	135	16%
Moderate	146	17%
Above Moderate	366	42%
Total	859	100%

Source: HCOAG, December 2013

8.3.3 Updated Residential Land Inventory

The residential land inventory identifies sites suitable for residential development with the capacity to meet the County's projected housing needs for all income levels. If there are not sufficient sites to meet the projected future housing needs, state law requires jurisdictions to bring additional sites into the inventory.

Table 8-6 below summarizes the residential land inventory in the Housing Element Appendix. Parcel specific information and maps are contained in the Housing Element Appendix, and on the County's website (gis.co.humboldt.ca.us). The inventory has been updated to reflect new residential development, information from services districts regarding the capacity of public water and sewer, new mapping information, and other site specific information.

Except in rare cases, the residential land inventory excludes development potential on Agricultural Exclusive and Timberland designated area. Similarly properties designated Agriculture Grazing, Agriculture Lands and Agriculture Rural are generally excluded from the inventory because the land is primarily used for agriculture, timber production or other conservation and open space uses. Excluded for the current planning period are properties with existing improvements of \$25,000 or more, and properties with extensive mapped physical constraints.

Included in the residential land inventory for the current planning period is a development potential for second units (113 units), multifamily units principally allowed in commercial areas (33 units), planned construction by Native American tribes (39 units), and properties proposed to be changed from agriculture land use designations to "Residential Agricultural" with the General Plan Update (393 units). See §8.12.21 of the Housing Element Appendix for more detail.

Table 8-6. Residential Land Inventory Summary

Zoning Group	Dev. Acres	Potential Units (Gross)	Parcel Count	Potential Units for the Current RHNA Planning Period (Net)
Rural Residential (RR)	19,019	1,431	1,147	866
Rural Residential properties added by the GPU (RR)	5,238	1,270	393	393
Residential Estates (RE)	1,470	645	399	500
Residential Low Density (RL)	1,554	4,120	1,584	2,810
Residential Multifamily (RM)	273	1,627	351	1,216
Total	27,574	9,093	3,884	5,785

Source: Humboldt County Planning and Building Department, 2013

The above table shows the County has sites in the residential land inventory to accommodate its projected future housing needs of 859 units.

Inventory of Affordable Multifamily Housing Sites: The inventory of suitable sites to meet the County's housing needs for lower income households includes only those sites larger than one

(1) acre in size that are planned and zoned for a density of 15 units per acre or more with public water and sewer services available. No more than 100 potential units are assigned to any parcel.

Based on these criteria, the land inventory contains sites with a development potential of 899 units affordable to lower income households. Second units will provide an additional 113 units affordable to lower income households¹, and planned construction of 39 units affordable to very low-income households in the next five (5) years by Native American tribes for their members will also contribute toward meeting the affordable housing needs. These figures demonstrate the County has sites in the Affordable Housing Inventory to meet the projected need of 347 units for the lower income category.

8.3.4 New State Law Addressing Disadvantaged Communities

SB 244 (Wolk, 2011) requires cities and counties to identify the infrastructure and service needs of unincorporated legacy communities in their general plans at the time of the next Housing Element update. SB 244 defines an unincorporated legacy community as a place that meets the following criteria:

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city Sphere of Influence (SOI), is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has a median household income that is 80 percent or less than the statewide median household income.

Accordingly, this Element includes the required analysis of legacy communities in the Housing Element Appendix (§8.20.22), and includes the following implementation measure to reference this analysis in the Land Use Element of the Framework Plan in §2611 – Community Plan Areas: Background.

“H-IM29. Revise the Land Use Element to Facilitate Development in Legacy Communities. The County shall amend Section 2611 of the Framework Plan (Community Plan Areas: Background) to include a reference to the discussion of Legacy Communities in the Housing Element Appendix (§8.20.22). Responsible Agency: Planning and Building Department; Timeframe: concurrent with adoption of the Housing Element.”

8.3.5 Funding for Housing Programs

Implementation of Housing Element policies and programs is contingent upon the availability of funding. The Housing Element proposes a Trust Fund mechanism (H-IM1) that would receive revenue from multiple sources such as state and federal grants and revolving loan program revenue. Revenue would be generated through a fund raising program managed by the Planning Division (H-IM2). Allowable expenditures from the Trust will be determined and governed periodically by the Board of Supervisors based on program standards.

¹ The quantified objective of this Housing Element for second units is 113, which is the number of second units constructed from 2007 – 2013. Based on a 2006 survey of recently constructed second unit owners, 1/3 of second units are affordable to low income households and the remainder are affordable to very low income households.

If funds are not available for an adopted Housing Element implementation measure, then the measure would not be implemented. For example, low income housing projects will get fee waivers or deferrals only if there are sufficient funds earmarked for this purpose in the Housing Trust Fund. Alternatively, if earmarked Trust Funds are available, the Planning, Building, Public Works and Environmental Health Departments and Community Services Districts could recoup waived permit fees by billing the Trust Fund. In the case of fee deferrals, the Trust Fund would pay the fees on behalf of the applicant at the time they are due to the Departments and delay the ultimate billing to the applicant for the length of the approved deferral period.

A major concern expressed in the Housing Element workshops is the damage to the housing stock and the displacement of affordable housing caused by indoor marijuana grows. The City of Arcata recently adopted an excessive energy tax whereby households using more than 600% of the normal electrical energy use are required to pay a higher rate for their electricity. The County Board of Supervisors recently initiated steps toward adopting a similar program within the County. This Housing Element includes a program to apply 20% of the net revenue from any excessive energy tax program toward housing programs to address impacts from indoor marijuana grows.

8.4 Goals and Policies

Goals

- H-G1. Housing Production.** Regulatory policies, practices and costs that promote the creation of affordable housing, protect the public health, safety and welfare, encourage compliance with permit requirements, minimize the environmental impacts of housing development and reflect the goals and priorities of this Plan.
- H-G2. Workforce Housing.** An adequate supply of rental and homeownership opportunities affordable to wage earners within close proximity to local businesses, recreational facilities, community services, transit corridors and schools.
- H-G3. Residential Land Inventory.** An inventory of land, suitable for development within a five-year period, which provides adequate capacity to meet projected regional housing needs for all income levels.
- H-G4. Housing Needs of Special Populations.** Sufficient and affordable housing opportunities for seniors, disabled persons, homeless, nomadic, single-parent households, farm workers, and large families.
- H-G5. Emergency Shelters and Transitional Housing.** Sufficient emergency shelter capacity and transitional housing opportunities to meet local demands.

Policies

- H-P1. Promote Infill, Reuse and Redevelopment.** The County shall prioritize infill, re-use and redevelopment of vacant and under-developed land within Urban Development Areas as a strategy to create affordable housing, provide an economic stimulus and re-vitalize community investment.

- H-P2. Housing Opportunity Zones.** The County shall continue to stimulate residential and infrastructure development within Housing Opportunity Zones.
- H-P3. Development of Properties in the Residential Land Inventory.** The County shall encourage development of parcels in the residential land inventory for the current planning period at the targeted residential density.
- H-P4. Encourage Second Units.** The County shall stimulate the construction of second units by relaxing second-unit development standards through modifications to the land use codes in order to provide low-cost housing and to make more efficient use of existing infrastructure.
- H-P5. Retain Legal Non-Conforming Housing.** The County shall support retention of legal non-conforming housing which exceeds the general plan density standards through modifications to the land use codes for new subdivisions.
- H-P6. Flexibly Apply Development Standards to Low Income Housing.** The County shall support the flexible application of development standards through a streamlined permit process for housing for lower income affordability categories and special needs populations.
- H-P7. Use of Surplus County-owned Property.** The County shall consider using surplus County-owned property for development or financing of housing for low income and special need populations. County-owned parcels developed with affordable housing shall be in close proximity to commercial areas and connected to them by pedestrian facilities and public transit.
- H-P8. Siting of Multifamily Housing Developments.** The County shall plan and support development proposals that locate multi-family uses along major transportation corridors, near transit stops, public services, recreation areas, neighborhood commercial centers and work opportunities.
- H-P9. Maintenance of an Adequate Supply of Residential Land.** The County shall maintain an adequate supply of residentially zoned land to accommodate projected housing needs for all income categories and special needs populations throughout the Housing Element planning period.
- H-P10. Contributions to Infrastructure and Service Development.** Market-rate housing shall pay its fair share of infrastructure and public service costs. Housing that has long-term affordability covenants and restrictions that require units to be available to, and occupied by, persons or families of low, very low or extremely low income at affordable housing costs for at least 20 years may be eligible for subsidies to pay for applicable infrastructure and public service costs.
- H-P11. Residential Subdivision Approvals within Housing Opportunity Zones.** The density of residential subdivisions within Housing Opportunity Zones shall not be reduced below the calculated minimum number of units per Standard H-S3 unless the County makes specified findings.
- H-P12. Residential Subdivision Permit Process within Housing Opportunity Zones.** The County shall maintain an efficient, streamlined and predictable permitting process designed for residential subdivisions located within Housing Opportunity Zones that fully meet the goals and policies of this Element.

- H-P13. Allowances for a Mixture of Housing Sizes and Types.** The County shall allow a variety of housing types and sizes in all residential subdivisions in areas served by public sewer to encourage a mix of housing opportunities for all income categories.
- H-P14. Fee Deferrals and Subsidies.** If requested, the County shall defer until occupancy fees for building permits, discretionary land use permits, parkland dedication fees, and review fees charged by the Department of Environmental Health and Public Works for housing that has long-term affordability covenants and restrictions that require units to be available to, affordable to, and occupied by, persons or families of low-, very-low or extremely low income for at least 20 years.
- H-P15. Fast Track Application Review.** Projects which construct or rehabilitate at least 25% low income, 10% very low income, or 5% extremely low income residential units shall be fast-tracked through the Planning and Building Division Department, Environmental Health Division of Public Health, and the Land Use Division of the Department of Public Works. When calculating the number of lower income units, any fractions of units shall be rounded to the next larger integer.
- H-P16. Deferral of Minor Subdivision Improvements.** The County shall allow applicants to defer improvements for minor subdivisions until the time of building permit issuance for housing that has long-term affordability covenants and restrictions that require units to be available to, and occupied by, persons or families of low income at affordable housing costs for at least 20 years. Public Works shall specify allowable deferments on a project by project basis.
- H-P17. Preservation of Mobile Home Parks and Long-Term Occupancy Recreational Vehicle Parks.** The County shall support continuation of existing mobile home and long term occupancy recreational vehicle parks as an important source of affordable housing through actions such as legislative changes, zoning consistency determinations, analysis of legal-non-conforming status Plan amendments or zone reclassifications.
- H-P18. Single Room Occupancy Units.** The County shall support the conversion and use of motels, and hotels for single room occupancy units (SRO) units consistent with public health, safety and welfare.
- H-P19. Emergency Shelters.** Emergency shelters, shall be allowed as principally permitted uses on sites mapped for emergency shelters in the Housing Element Appendix.
- H-P20. Housing Rehabilitation in Economically Distressed Communities.** The County shall work to improve housing conditions in communities with high proportions of substandard housing as indicated through housing condition surveys.
- H-P21. Enforcement of Tenant's Rights.** The County shall support the enforcement of state and federal tenant rights.
- H-P22. Prevention of Housing Discrimination.** The County shall support the enforcement of state and federal fair housing and anti-discrimination laws.
- H-P23. Housing and Support Services for Elders and Disabled Persons.** The County shall promote and encourage a range of housing and support services for elders and disabled persons that allow a wide spectrum of choices from fully independent to fully assisted living.

- H-P24. Support Innovative Construction and Design Methods.** The County shall support the use of innovative construction and design methods and building materials that make more efficient use of land and materials, including water conserving waste disposal systems, energy systems, dwelling designs, and uses of recycled materials for building.
- H-P25. Encourage New and Experimental Techniques.** The County shall encourage and be receptive to new and experimental construction techniques to facilitate optimum utilization of residential sites identified in the residential land inventory.
- H-P26. Support Alternative Owner Builder Program.** The County shall support alternative owner-built/ owner-occupied housing to promote low cost housing and improved permit compliance in rural areas not served by public water or sewer.
- H-P27. Supportive and Transitional Housing.** Transitional housing and supportive housing shall be considered a residential use of property, and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.
- H-P28. Reduce and Avoid Impacts to Biological Resources.** Consistent with the mitigation measures in the Supplemental Environmental Impact Report (SCH#2009022077) the County shall refer all building permit applications that would result in the withdrawal of water from perennial streams or rivers, or from wells within 100' of a perennial stream or river, or from springs within 100' of a perennial stream or river to the Department of Fish and Wildlife (DF&W) for comments and recommendations.
- H-P29. Conservation of Affordable Housing Damaged or Displaced by Indoor Marijuana Grows.** The County shall earmark a minimum twenty percent (20%) of the net revenue from any future excessive energy tax toward programs for conservation of affordable housing.

8.5 Standards

Housing Production

- H-S1. Housing Program Implementation.** The County shall implement a Housing Program consistent with this Plan to facilitate the permitting and construction by the year 2019 of:
- 1) 814 single family units; 151 of which are under the Alternative Owner Builder (AOB) program.
 - 2) 206 multifamily units
 - 3) 113 second units
- H-S2. Achieving the Target Densities of the Residential Land Inventory.** Parcels in the residential land inventory for the current planning period shall be developed to meet or exceed the target residential density (the "mid-point" density). A lower density may be approved only if specific findings are made supported by substantial evidence that the proposed development will not preclude future development at the target density, or the target density is not feasible.
- H-S3. Calculation of the Target Density on a Parcel.** The target residential density on each parcel in the residential land inventory for the current planning period shall be

calculated by multiplying the applicable mid-point Plan density by the net developable area determined during application processing. The net developable area shall be the total parcel area minus areas that cannot be physically developed due to mapped hazards or environmental constraints.

- H-S4. Calculation of the Maximum Number of Residential Units on a Parcel.** The maximum number of residential units on an individual parcel shall be calculated by multiplying the highest density allowed in the applicable Plan designation by the total parcel area. Additional units may be allowed based on applicable density waivers or density bonuses. Allowable residential units may be clustered in developable areas of the parcel to avoid physical, environmental or infrastructure constraints.
- H-S5. Infrastructure Development.** Infrastructure projects which reduce physical capacity constraints to residential land located within Housing Opportunity Zones shall be given priority for funding and development.
- H-S6. Retain Legal Non-Conforming Housing.** General Plan density standards shall be waived for existing legal non-conforming housing in new subdivisions.
- H-S7. Ten-Year Plan to END Homelessness.** The Board adopted Ten-Year Plan to End Homelessness will guide the County's efforts to address the housing and service needs of the homeless, and at risk of homelessness populations.
- H-S8. Single Room Occupancy Units.** The County shall allow conversion of hotels and motels to single room occupancy units (SRO) under specified conditions in selected zones in areas with public water. Plan and zone density standards may be waived for SRO units consistent with public health and safety. Permit fees may be subsidized for hotel and motel conversions to SRO units and for reviews of the legal non-conforming status or Plan amendments or zone reclassifications for motel and hotel conversions that have already occurred.
- H-S9. Calculation of Development Potential for the Residential Land Inventory.** The County shall identify land suitable for residential development consistent with Government Code 65583.2. Projections of residential development potential on individual parcels shall be based on applicable Plan densities, zoning standards and net developable parcel area. Net developable area may be based on best-available mapping of hazards and environmental resources known to have the potential to restrict development. Residential development potential on individual parcels may also be limited by infrastructure constraints identified within the Residential Land Inventory by Urban Development Area. Actual development potential on individual parcels is determined at the time of project application. Deviations between actual development potential identified at the time of project application and projected development potential identified in the residential land inventory shall be tracked and reported to the Board of Supervisors in comprehensive Housing Element updates.
- H-S10. Publication and Maintenance of the Residential Land Inventory.** The County's residential land inventory, found consistent with state law according to Government Code Section 65583 (a) (3), shall be published to the internet to aid the identification of vacant and underdeveloped residential sites. Thereafter, during the Housing Element planning period, the County shall periodically update the GIS inventory for public information purposes to reflect development approvals, changes in estimated development potential of individual parcels or infrastructure constraints.

- H-S11. Standards for Extremely Low, Very Low and Low Income Sites in the Residential Land Inventory.** The RHNA Plan allocations for extremely low, very low and low income housing units shall be accommodated on sites suitable and zoned for multifamily residential development by right (no discretionary review is required). Multi-family sites shall be considered suitable if they contain one or more developable acres planned and zoned for at least 15 dwelling units per acre and can be provided with public water and sewer services within the planning period. No more than 100 units can be counted on any single parcel.
- H-S12. Standards for Fast Tracking Projects.** Residential permit applications eligible for fast track processing shall be processed through the Planning and Building, Environmental Health and Public Works Land Use Divisions by dedicated staff on a priority basis ahead of non-fast track permit applications.

8.6 Implementation Measures

- H-IM1. Housing Trust Fund.** The County shall establish a Housing Trust Fund to support the conservation and development of housing affordable to low- and very low-income households. The County shall seek funding to provide an initial funding level of \$500,000. Sources of initial and long-term funding may include:

- State and Federal Grants
- Local Financial Institutions
- Local Jurisdictions
- Sale of Surplus County Property
- County General Fund
- Private Foundations and Individuals
- 20% of the revenue from any future Excessive Energy Use Tax

Responsible Agencies: Planning and Building Department and County Counsel.
Timeframe: By August 31, 2017.

- H-IM2. Pursue Funding for Housing Programs.** The County shall pursue funding for housing programs, and prioritize funding for development of housing affordable to very low-income households when competing for resources with other projects including:

- First-time Homebuyer Program
- Home Investment Partnership Program (HOME)
- State Community Development Block Grant (CDBG)
- Multifamily Housing Program (MHP)
- Building Equity and Growth in Neighborhoods Program (BEGIN)
- United States Department of Agriculture Housing Programs
- California Housing Finance Authority Loans (CHFA)
- Federal and State Low Income Housing Tax Credit (LIHTC)

Responsible Agency: Planning and Building Department and Health and Human Services. Timeframe: annually or more often if funding becomes available.

- H-IM3. Provide Second Unit House Plans.** The County shall maintain online second dwelling unit plans for public use. Responsible Agency: Planning and Building Department. Timeframe: ongoing.
- H-IM4. Internet Accessible Residential Land Inventory and Development Constraint Maps.** The County shall continue to provide internet access to a searchable GIS based inventory documenting residential development potential and hazard and environmental building constraints on a parcel-specific level. Responsible Agency: Planning and Building Department. Timeframe: on-going.
- H-IM5. Encourage Efficiency Unit Construction.** The County shall consider adopting changes to the Uniform Building Code to allow construction of efficiency units as small as 150 square feet in size consistent with the requirements of state and local law. Responsible Agency: Planning and Building Department. Timeframe: By April 30, 2018.
- H-IM6. Internet-Based Permitting Software to increase Transparency of Permit Review Process.** The County shall maintain and improve the internet based permitting software open to the public to make permit review more transparent, and to publish reports identifying the specific factors contributing to processing times of ministerial permits, such as the length of review times for projects. Responsible Agencies: Planning and Building Department, Health and Human Services Department, and Public Works. Timeframe: on-going.
- H-IM7. Use of Surplus County-owned Property.** The County shall evaluate the use of surplus County-owned property for development or financing of housing for low income, very low income, extremely low income, and special need populations. Responsible Agency: Planning and Building Department. Timeframe: By April 30, 2018.
- H-IM8. Retain Legal Non-Conforming Housing.** The County shall waive General Plan density standards for legal non-conforming housing involved in new subdivisions by ordinance. Responsible Agencies: Planning and Building Department and County Counsel. Timeframe: By August 31, 2018.
- H-IM9. Facilitate Development of Sites in the Affordable Housing Land Inventory,** The County shall allow the multifamily zoned portion of sites in the Affordable Housing Residential Land Inventory to be developed with multifamily housing as a principally permitted use independent of existing uses or other allowed uses that may occur on the site. The County shall encourage flexible application of the multifamily zoned areas on the properties to ensure the minimum housing density is achieved. Further, the County shall encourage lot line adjustments, land divisions and specific plans resulting in parcels sizes that facilitate multifamily developments affordable to lower income households on all sites in the Affordable Housing Residential Land Inventory in light of state, federal and local financing programs. The County shall offer the following incentives for the development of affordable housing, including, but not limited to, priority to processing subdivision maps that include affordable housing units, expedited review for the subdivision of larger sites into buildable lots where the development application can be found consistent with the General Plan, applicable Specific Plans and master environmental impact reports, financial assistance (based on availability of federal, state, local foundations, and private housing funds), and modification of development requirements, such as reduced parking standards for elders, assisted care, and special needs housing on a case-by-case basis. Responsible Agency: Planning and Building Department, Health and Human Services Department, Public Works Timeframe: on-going.

- H-IM10. Tiered Environmental Review,** The General Plan Update EIR analysis of the cumulative impacts of residential development in Housing Opportunity Zones shall be completed and presented in a manner that facilitates the use of the analysis for individual project environmental review. The County shall make use of tiered environmental analysis to reduce the burden of cumulative impacts analysis on individual residential projects in Housing Opportunity Zones. Responsible Agency: Planning and Building Department. Timeframe: January 1, 2018.
- H-IM11. Distribution and Sharing of Publicly Available Fault Evaluation Reports,** The County shall maintain records of the location of Fault Evaluation Reports that have been prepared within Humboldt County and submitted to the California Geologic Survey pursuant to the Alquist-Priolo Earthquake Fault Zoning Act and make available copies of Fault Evaluation Reports upon request to residential developers within Housing Opportunity Zones. Responsible Agency: Planning and Building Department, Building Division. Timeframe: January 2018.
- H-IM12. Tsunami Hazard Areas,** The County shall publish guidelines for housing development in identified tsunami hazard areas. The guidelines shall include development standards and mitigations for principally permitted and discretionary housing projects. The County shall work with Coastal Commission staff in the development of standards and mitigations to ensure consistency with Coastal Act requirements. Responsible Agency: Planning and Building Department. Timeframe: January 2018.
- H-IM13. Initiate Annexation of Multifamily Housing Sites.** The County shall work with the City of Arcata and the Local Agency Formation Commission to initiate annexation of the multifamily parcel APN 505-161-11 to provide sewer services to the property. Responsible Agency: Planning and Building Department. Timeframe: By January 2018.
- H-IM14. Accounting for Unpermitted Development in the Land Inventory.** The County shall work with HCD to develop an appropriate method of assigning development potential for lower income units based on the unpermitted construction of homes. Responsible Agency: Planning and Building Department. Timeframe: By January 2018.
- H-IM15. Monitoring Affordable Housing Development on Properties Rezoned to Multifamily.** The County shall include in its Annual General Plan Progress Report prepared pursuant to §65400 of the Government Code a description of the development that has occurred on the properties rezoned to multifamily under H-IM17 and H-IM18. The County shall also include in the next Housing Element Update an assessment of the effectiveness of the Affordable Multifamily Housing Land Inventory in meeting the County's housing needs for lower income households, and propose changes to that program as necessary to increase its effectiveness. Responsible Agency: Planning and Building Department. Timeframe: Annually.
- H-IM16. Facilitate and Monitor The Martin Slough Interceptor (MSI) Project, and Implement Alternatives if the Project is Delayed or Canceled.** The County shall facilitate and monitor the MSI project, and implement the traffic mitigation measures required in the Environmental Impact Report for that project. The County shall formally request an update to the official project schedule on an annual basis beginning in December, 2014. If new sewer hookups provided by the Phase II MSI project are unavailable by December 31, 2016 to accommodate the residential inventory in the area, the County shall replace the loss of inventory on a one-for-one basis by rezoning qualified properties in other areas as needed to meet the proportional share of the RHNA for the MSI project area. Replacement of lots in the Affordable Housing Land Inventory shall meet all the criteria of the Affordable Housing Land Inventory. Rezoning shall be completed within one year of the date the County learns

of the delay or cancellation. Responsible Agencies: Planning and Building Department, City of Eureka, Humboldt Community Services District. Timeframe: Facilitating and monitoring the MSI project – ongoing; Re-zoning shall be completed within one year of receipt of notification of project delay or cancellation.

- H-IM17. Reduce Permit Requirements for Second Units.** The County shall amend the second unit ordinance to reduce the permit requirements for second units on privately maintained roads to be the same as for second units on publicly maintained roads. Responsible Agency: Planning and Building Department. Timeframe: By April 30, 2018.
- H-IM18. Encourage Energy and Water Conservation.** The County shall support changes to the County's tax code to encourage new alternative energy systems, such as solar, wind and hydroelectric energy systems, and new water conservation measures which limit surface water withdrawals from streams and creeks during summer low flow periods. Responsible Agency: Planning and Building Department. Timeframe: By April 30, 2018.
- H-IM19. Continued Implementation of Effective Policies from the Previous Housing Element.** The County shall continue to implement the policies from the previous Housing Element labeled as "✓" in §8.12.20 of the Housing Element Appendix. Responsible Agency: Planning and Building Department. Timeframe: on-going.
- H-IM20. Consideration of Policies from the "Idea Bank".** The County shall consider implementing the policies and implementation measures labeled with a "→" in §8.12.20 of the Housing Element Appendix as stand-alone projects with separate environmental review. Responsible Agency: Planning and Building Department. Timeframe: to be determined.
- H-IM21. Ten-Year Plan to End Homelessness.** The County shall staff and support the implementation measures outlined in the Ten-Year Plan to End Homelessness. Responsible Agency: Health and Human Services, Humboldt Housing and Homeless Coalition & Planning and Building Department. Timeframe: on-going.
- H-IM22. Homeless Humboldt Housing and Homeless Coalition.** The County shall support continuation of the Humboldt Housing and Homeless Coalition, or its equivalent, in order to guide policy development and implementation of programs that address the needs of the homeless population. The County shall work cooperatively with cities to address the housing needs of the homeless population for the county as a whole. Responsible Agency: Health and Human Services & Planning and Building Department. Timeframe: on-going.
- H-IM23. Funding for the Multiple Assistance Center.** Within available resources of the Department of Health and Human Services and consistent with the mandates of the Department and the needs of its core service populations, the Department will consider entering into annual contract service arrangements with the Multiple Assistance Center. Continuation of service contracts will be based on fund availability, and program or cost efficiency outcomes. Responsible Agency: Health and Human Services. Timeframe: on-going via annual review.
- H-IM24. Housing Accessibility for the Disabled.** The County shall support housing access for persons with disabilities by fast-tracking reasonable accommodation requests consistent with the Americans With Disabilities Act, and prioritizing housing rehabilitation

funds to assist qualifying residents in removal of architectural barriers. Responsible Agency: Planning and Building Department. Timeframe: on-going.

- H-IM25. Housing Rehabilitation in Distressed Communities.** The County shall periodically conduct housing condition surveys and prioritize housing rehabilitation funding and assistance to communities with high proportions of sub-standard housing. Responsible Agency: Planning and Building Department. Timeframe: on-going.
- H-IM26. Post Information Regarding Fair Employment and Housing.** The County shall continue to support the enforcement program of the State Fair Employment and Housing Commission. The Planning Division shall disseminate information about fair housing rights and procedures for filing fair housing complaints to public libraries and the Humboldt County Housing Authority. Timeframe: Post and maintain posters annually. Responsible Agency: Planning and Building Department.
- H-IM27. Revised Length of Stay Limits for Recreational Vehicles.** The County shall revise local regulations that limit the period of time a tenant may reside in a recreational vehicle within a Recreational Vehicle park as necessary to achieve consistency with State law and the visitor serving provisions of the Coastal Act. The County will maintain regulations that limit the period of time a person may stay in a County park or camping area pursuant to Health and Safety Code section 18865.4. Responsible Agency: Planning and Building Department. Timeframe: By January 1, 2018.
- H-IM28. Identify Potential Special Occupancy Park Sites.** The County shall maintain an online inventory of suitable sites for use for managed low income, very low income, extremely low income, special occupancy parks. Responsible Agency: Planning and Building Department. Timeframe: on-going.
- H-IM29. Procedures for Conversion of Recreational Vehicle Parks.** The County shall amend County Code to require the same procedures for conversion of Recreational Vehicle Parks to other uses as conversion of mobilehome parks to other uses.
- H-IM30. Elder Housing Needs Assessment.** The County shall facilitate an assessment of the housing needs of elders. Responsible Agency: Planning and Building Department, Health and Human Services Department, Senior Resource Center. Timeframe: By January 1, 2018.
- H-IM31. Alternative Owner Builder Program.** The County shall update standards for alternative owner-built/ owner-occupied housing to ensure consistency with environmental and resource protection policies of this Plan, health and safety requirements and to promote permit compliance in rural lands. Responsible Agency: Planning and Building Department. Timeframe: By January 1, 2018.
- H-IM32. "Safe Homes" Program to Increase Building Code Compliance.** The County shall allow qualified unpermitted homes to become permitted through a "safe homes" program. Reduced or eliminated penalty fees for owners wishing to obtain permits for unpermitted homes shall be included as an incentive to bring the unpermitted units into compliance. Responsible Agency: Planning and Building Department. Timeframe: By January 1, 2018.
- H-IM33. Standards for Alternative Wastewater Disposal Systems.** Consistent with Regional Water Quality Control Board requirements, the Division of Environmental Health shall consider approval of gray water and other acceptable sewage disposal systems, including composting toilets, in areas where Alternative Owner Builder structures are allowed. Responsible Agency: Health and Human Services Department. Timeframe: By January 1, 2018.

- H-IM34. Revise the Land Use Element to Facilitate Development in Legacy Communities.** The County shall amend §2611 of the Framework Plan to include a reference to the discussion of Legacy Communities in the Housing Element Appendix (§8.20.22). Responsible Agency: Planning and Building Department. Timeframe: By January 1, 2018.



COUNTY OF HUMBOLDT
PLANNING AND BUILDING DEPARTMENT
ADVANCE PLANNING DIVISION

3015 H Street Eureka CA 95501 Fax: (707) 268-3792 Phone: (707) 445-7541
<http://www.co.humboldt.ca.us/planning/>

February 28, 2014

Referral Agencies

Re: 2014 Update of the Humboldt County Housing Element

Dear Referral Agency staff and Board of Directors,

For your review and comment, below is a hyperlink to the draft 2014 Humboldt County Housing Element:

http://www.co.humboldt.ca.us/gpu/docs/2014%20Housing%20Element/Part2Chapter8HousingPCDraft_1-25-14.pdf

The Housing Element will be reviewed by the Planning Commission at a public hearing on Tuesday, March 11, 2014 beginning at 6 pm. The meeting will be held in the Board of Supervisors Chamber in the County Courthouse at 925 Fifth Street, Eureka, California 95501.

More information about the Housing Element, and the Housing Element Appendix and related documents is available at the Housing Element Web Page:

<http://www.co.humboldt.ca.us/gpu/documentshousingelement.aspx>

If you have any questions or comments, please do not hesitate to contact me at (707) 268-3723

Thanks for your help!

Michael Richardson
Senior Planner
mrichardson@co.humboldt.ca.us

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.2. Authorize travel to the 2014 Special District Legislative Days (SDLD) on May 20 & 21, 2014 in Sacramento, CA

PRESENTED BY: Kathy Wilson, Board Secretary

TYPE OF ACTION: Voice Vote

Recommendation:

Staff recommends that the Board review the information provided; take public comment and consider authorization for interested Board Member(s) to attend the Special District Legislative Days in Sacramento CA, on May 20 & May 21, 2014.

Discussion:

California Special District Association (CSDA) is sponsoring a two day conference titled Special District Legislative Days. The conference will be held at the Sacramento Convention Center on May 20 & May 21, 2014.

Attendees will gain insights on policy changes impacting our agencies and will have the opportunity to meet with legislators, key issue speakers and California's policy leaders. The conference is designed to allow participants to:

- Exchange ideas with legislators and discuss priority legislation at pre-arranged visits
- Hear directly from state leadership on hot topics affecting local services and infrastructure
- Explore how decisions are really made in the Capitol and how you can influence outcomes
- Get answers to questions at issue-focused industry specific roundtable sessions

General Manager Orsini will be attending the SDLD conference as a requirement of being on the Legislative Committee. Staff has brought this information to the Board in advance of the conference allowing time to review and notify staff this evening if they are interested in attending.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Registration: Early registration for CSDA members is \$175.00 before April 18, 2014. After April 18, 2014 Registration is \$225.00.

General Manager Orsini's registration fee \$150.00 (discounted as a CSDA Region 1 Board Member).

Lodging: The CSDA Conference rate for one nights lodging is \$149.00.

Travel: Round trip McKinleyville, CA to Sacramento, CA is approximately 602 miles. Car pooling and the use of MCSD's company car and gas card would be suggested.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 – Special Districts Legislative Days (SDLD) Conference Brochure

May 20-21, 2014

SACRAMENTO CONVENTION CENTER

Attachment 1



**California Special
Districts Association**

Districts Stronger Together

SPECIAL DISTRICTS LEGISLATIVE DAYS

**LAYING THE FOUNDATION
FOR A STRONGER ECONOMY**





**California Special
Districts Association**
Districts Stronger Together

SPECIAL DISTRICTS LEGISLATIVE DAYS

LAYING THE FOUNDATION FOR
A STRONGER ECONOMY

Top 5 Reasons Why You Should Attend:

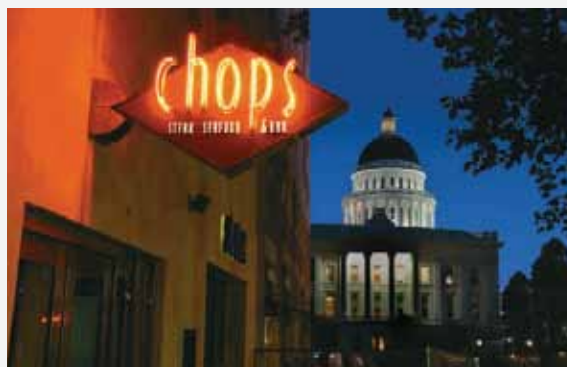
1. Efforts underway in Sacramento could significantly impact special district revenue sources, including **property tax allocations**, voter thresholds for **special taxes** and **new funding opportunities** for local projects and programs.
2. Governor Brown has expressed interest in reforming California's infrastructure financing districts, potentially leading to **major changes in how local agencies build infrastructure**.
3. Hear directly from California Legislative Analyst Mac Taylor on the latest **State Budget proposals** and **forecasts of state revenues and expenditures**.
4. Interactive roundtable discussions with our partners and experts will allow you to hear about industry-specific issues—such as implementation of the Affordable Care Act and changes to **public employee pensions**.
5. **Pre-arranged legislative visits** and a hosted reception enable you to build relationships with your state legislators and their Capitol staff.



Legislative visits in the Capitol arranged by CSDA!

Let your senator and assembly member know about the core services your district provides in their legislative district and how each dollar invested in your district benefits your shared constituents and adds significant value at the local level!

In order to reserve enough time for scheduling, please register at csda.net/conferences by April 25 to guarantee your spot in these visits.



Hosted legislative reception sponsored by SDRMA

Network with legislators and Capitol staff at SDLD's legislative reception held at Chops. This award winning restaurant and bar across the street from the Capitol is a favorite amongst the Capitol community.



Sponsor opportunity

CSDA Business Affiliates have the opportunity to showcase their products and services as sponsors at SDLD! Space is limited. Questions? Contact Megan Hemming at meganh@csda.net.

For all the latest information, go to our website

Visit the SDLD website for the latest updates at csda.net/conferences. You will find the most current schedule, speaker bios, a list of our partners, how to find a hotel and more. Most importantly, you can register for SDLD directly on the website!

SPECIAL DISTRICTS LEGISLATIVE DAYS

LAYING THE FOUNDATION FOR
A STRONGER ECONOMY

Gain insights on policy changes impacting your agency and take advantage of this opportunity to meet with legislators, key issue experts, and California's policy leaders:

- Exchange ideas with your legislators & discuss priority legislation at pre-arranged visits.
- Hear directly from state leadership on hot topics affecting local services and infrastructure.
- Explore how decisions are really made in the Capitol and how you can influence outcomes.
- Get answers to your questions at issue-focused, industry-specific roundtable sessions.

A dynamic two-day conference, Special Districts Legislative Days (SDLD) provides attendees the opportunity to hear from and interact with statewide policymakers and legislators, as well as network and discuss district challenges. SDLD includes keynotes from California's highest office-holders, moderated panel discussions with the state's leading experts and issue-specific roundtable conversations covering the most pertinent issues facing each type of special district.

Your engagement is an essential component of CSDA's advocacy efforts in Sacramento to defend special district finances and educate policymakers on the effective service delivery provided by special districts.

What you can do:

- Visit CSDA's Grassroots Action Center at www.csda.net/grassroots to read about the most significant proposals impacting special districts, and find out how you can take action now.
- Register for SDLD today to hear first-hand about the latest revenue proposals directly affecting special districts. You will also have the chance to communicate how new revenue opportunities can strengthen the core services your district provides and share examples of how they would add value to your local communities.
- Spread the word! Let other special districts know about this exciting conference.

Thank you to our Partners and Roundtable Hosts



@specialdistrict



facebook.com/specialdistrict

Tuesday, May 20

8:00 a.m.

Registration Starts

Continental Breakfast and Networking Opportunities

8:30 – 10:00 a.m.

Welcome Remarks: CSDA Executive Director Neil McCormick

Opening Remarks: CSDA President Noelle Mattock

CSDA Legislative Overview by Advocacy & Public Affairs Staff

10:00 – 10:45 a.m.

Tax Reform and Infrastructure Panel

Panelists will address proposed policy and ballot measures aiming to bring tax reform and their impact on local and state infrastructure.

- **Kelly Salt** (*Moderator*), Best Best & Krieger LLP
- **Lenny Goldberg**, California Tax Reform Association
- **Jim Earp**, California Alliance for Jobs
- **John Fairbank**, Fairbank, Maslin, Maullin, Metz Associates, Inc.
- **Fred Silva**, California Forward

10:45 – 11:45 a.m.

Local Government Panel



Katcho Achadjian



Mark Levine



Stephen Knight

A moderated discussion will focus on how to bridge local and state policy. Panelist will discuss current proposals that impact the delivery of core local services and how special districts can engage in current policy proposals.

- **John Myer** (*Moderator*), News 10's Political Editor
- **The Honorable Katcho Achadjian (R-San Luis Obispo)** – Chair of the Assembly Local Government Committee, Assembly Member Achadjian represents Assembly District 35. Prior to his election to the Legislature, Katcho served for three terms as an elected member of the San Luis Obispo County Board of Supervisors.
- **The Honorable Mark Levine (D- San Rafael)** – Vice-Chair of the Assembly Local Government Committee, Assembly Member Levine represents Assembly District 10. A former San Rafael City Councilmember, Levine has held leadership posts throughout his career helping to develop innovative solutions at the local, state, national and international levels.
- **The Honorable Stephen Knight (R- Palmdale)** – Vice-Chair of the Senate Governance & Finance Committee, Senator Knight represents Senate District 21. Prior to his election to the Assembly, Knight was elected to the Palmdale City Council in 2005. Upon assuming office in the state Legislature, Knight left his 18-year career as a sworn police officer in the Los Angeles Police Department.

11:45 a.m. – 12:15 p.m.

Networking Break and Meet and Greet with Local Government Panel



12:15 – 1:30 p.m. - *Lunch*

Keynote Speaker: California State Legislative Analyst Mac Taylor

The Legislative Analyst serves as “eyes and ears” for the Legislature to ensure that the executive branch is implementing legislative policy in a cost efficient and effective manner. The Legislative Analyst carries out this legislative oversight function by reviewing and analyzing the operations and finances of state government.

1:30 – 2:00 p.m.

Legislative Visits Briefing with CSDA Advocacy & Public Affairs Staff

2:00 – 5:00 p.m.

Legislative Visits

Pre-arranged meetings with Legislators and staff in their Capitol Offices. Please register by April 25 to guarantee your spot in these visits.

5:00 – 6:30 p.m.

Chops Legislative Reception

1117 11th Street, Sacramento, CA 95814

Sponsored by Special District Risk Management Authority (SDRMA)

Wednesday, May 21

8:00 a.m. – *Continental Breakfast and Networking*

8:30 – 9:00 a.m.

Keynote Speaker: To Be Announced

9:00 – 9:45 a.m.

Workforce Roadmap Panel

Panelists will discuss policies affecting the recruitment, retention and training of a 21st century workforce and how special districts can help prepare the next generation.

- **Bobbi Palmer** (*Moderator*), Los Medanos Community Healthcare District CEO
- **Amy Brown**, Public Retirement Journal
- **Nancy Pryor**, Foundation for California Community Colleges
- Other panelist to be announced

9:45 – 11:45 a.m.

Roundtable Discussions

Choose two roundtable topics for an informative 45-minute session

- Association of California Healthcare Districts
- Association of California Water Agencies
- California Association of Local Agency Formation Commissions
- California Association of Public Cemeteries
- California Association of Recreation and Park Districts
- California Association of Resource Conservation Districts
- California Board of Forestry and Fire Protection
- California Public Employees' Retirement System
- Covered California
- Workers' Compensation Action Network

11:45 a.m. – *Closing Remarks:* CSDA President Noelle Mattock



SPECIAL DISTRICTS LEGISLATIVE DAYS

LAYING THE FOUNDATION FOR
A STRONGER ECONOMY

NEW PRICING FOR 2014 OFFERS MORE SAVINGS FOR EARLY REGISTRANTS - ON OR BEFORE APRIL 18, 2014

CSDA Member - \$175 Early Registration / \$225 Regular Registration

Non-Member - \$275 Early Registration / \$325 Regular Registration

Three Ways to Register

- *For fast service*, register online by visiting the Special Districts Legislative Days website at csda.net/conferences. Find the "register" button at the top of the page.
- *Fax number*: 916.520.2465. All faxed forms must include credit card payment.
- *Mail*: CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814. Please include registration form and payment. Checks should be made payable to: California Special Districts Association.

Who qualifies for "member" rates?

All California Special Districts Association and Special District Risk Management Authority members. Not sure if you are a member? Contact the CSDA offices to find out if you are already a member. It's not too late to become a CSDA member. Simply contact Cathrine Lemaire at cathrine@csda.net or call toll-free at 877-924-2732.

Registration fees include the evening reception on May 20, legislative visits arranged by CSDA, as well as all written materials and meals as indicated in the agenda. *Payment must accompany registration in order to process.*

☐ CSDA Member: \$175/EARLY BIRD

☐ Non-Member: \$275/EARLY BIRD

☐ CSDA Member: \$225/AFTER APRIL 18

☐ Non-Member: \$325/AFTER APRIL 18

Total \$:

Name/Title:

District:

Address:

City:

State:

ZIP:

Phone:

Fax:

Email:

LEGISLATIVE VISITS

CSDA will make every attempt to schedule meetings with your region's legislative representatives or staff.

☐ Yes, I want to participate in prearranged meetings in the Capitol

☐ No, I do not want to participate in prearranged meetings in the Capitol

PAYMENT

☐ Check ☐ Visa ☐ MasterCard ☐ Discover ☐ American Express

Acct. name:

Acct. Number:

Expiration date:

Authorized Signature:

SPECIAL NEEDS

☐ Vegetarian ☐ Other:

CANCELLATION POLICY: Cancellations must be made IN WRITING and received via fax or mail three days prior to event. All cancellations made within the specified time will be refunded less a \$75 processing fee. NO EXCEPTIONS.



California Special Districts Association
1112 I Street, Suite 200
Sacramento, CA 95814

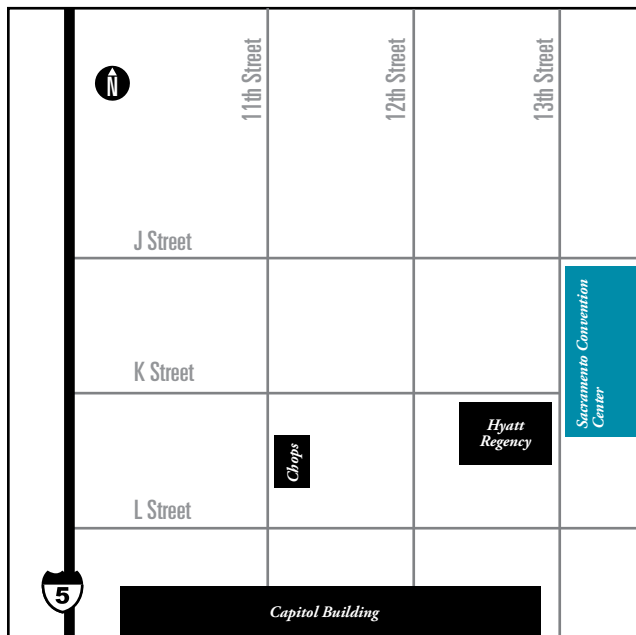
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SPECIAL DISTRICTS LEGISLATIVE DAYS

LAYING THE FOUNDATION FOR
A STRONGER ECONOMY

May 20-21, 2014
SACRAMENTO CONVENTION CENTER



Rooms available May 19 & 20, 2014 at the Hyatt Regency

Sacramento, 1209 L Street, Sacramento, CA 95814
CSDA room rate of \$149 single/double plus tax. Room rate includes complimentary standard wi-fi in guest rooms. Call 1-888-421-1442 and ask for the California Special Districts Association rate. The room reservation cut-off is April 28, 2014, however space is limited and rooms may sell out before this date.

Event Location - Sacramento Convention Center

1400 J Street, Sacramento, CA 95814

City Parking Information

For parking information, visit the City of Sacramento website at www.cityofsacramento.org.

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.3. **Resolution 2014-11 to amend Regulation 14, Rules 14.02 and 14.09 changing language to accommodate changes in costs for bulk water service and temporary service**

PRESENTED BY: **Colleen M. R. Trask, Finance Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Approve Resolution 2014-11 amending Regulation 14, Rules 14.02 and 14.09 changing language to accommodate changes in costs for bulk water service and temporary service.

Discussion:

Regulation 14, Rule 14.02 currently reads "Rates - \$90.60 per month plus usage rate of \$0.89 per CCF up to 800 CCF and \$2.24 per CCF over 800 CCF per month, the regular commercial rate for water use."

Regulation 14, Rule 14.09 currently reads "Each truckload to be used inside the District will pay a \$6.00 processing fee in addition to a water charge equal to the rated volume of the transport vehicle times the rate of \$1.55 per one hundred cubic feet. Each truckload to be used outside the District will pay a \$6.00 processing fee in addition to a water charge equal to the rated volume of the transport vehicle times the rate of \$2.32 per one hundred cubic feet."

Both the current and revised water rate adjustments are designed to phase in changes over multiple fiscal years. This means that the rates in these Rules will have to be updated by the Board via Resolution for every single year in the rate adjustment schedule. This is inefficient and duplicative, since this and any future rate adjustment schedule must already be publicly discussed and approved by a vote of the Board. To reduce this inefficiency, the following language is suggested:

Regulation 14, Rule 14.02 "Rates - the monthly base rate is equivalent to that for a 3" meter and water use is billed at current rates."

Regulation 14, Rule 14.09 "Each truckload will be charged a \$6.00 processing fee per load of water. Truckloads to be used inside the District boundaries will pay for the cost of water at current rates based on the capacity of the water transport vehicle. Truckloads to be used outside of District boundaries will pay for the cost of water at one and one-half (1.5) times the cost of water at current rates.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Potential for full cost recovery as rates change according to the Board approved schedule where Rule 14.02 and 14.09 do not have to be re-written and re-approved for every single year in the rate change schedule.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment A - Resolution 2014-11

RESOLUTON 2014-11

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITYSERVICES DISTRICT AMENDING REGULATION 14, RULEs 14.02 AND 14.09 TO ACCOMMODATE CHANGES IN COSTS FOR BULK WATER SERVICE AND TEMPORARY SERVICE

WHEREAS: In regards to Regulation 14, Rules 14.02 and 14.09, the District has found that the current language would have to re-written and re-approved by the Board every year to accommodate any rate adjustment schedule that has already been publicly discussed and voted on by the Board; and

WHEREAS: The Board wishes to allow amending Regulation 14, Rules 14.02 and 14.09 by changing language to ensure that the cost of water is recovered according to the approved rate adjustment schedule;

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

Section 1 - Regulation 14, Rule 14.02 will be changed to read in part:

Rule 14.02. DEPOSIT. ...Rates - the monthly base rate is equivalent to that for a 3" meter and water use is billed at current rates.

Section 2 - Regulation 14, Rule 14.09 will be changed to read in part:

Rule 14.09. BULK WATER SALES. ...Each truckload will be charged a \$6.00 processing fee per load of water. Truckloads to be used inside the District boundaries will pay for the cost of water at current rates based on the capacity of the water transport vehicle. Truckloads to be used outside of District boundaries will pay for the cost of water at one and one-half (1.5) times the cost of water at current rates.

Section 3 - This resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED this 5th day of March 2014 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David R. Couch, Board President

Attest:

Kathy Wilson, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

March 05, 2014

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.4 **Discussion of the Draft Capital Improvement Plan for the Water & Sewer Funds, Fiscal Year Ending June 30, 2015**

PRESENTED BY: **Colleen Trask**

TYPE OF ACTION: **None**

Recommendation:

Review information provided and contact MCSD staff with any questions you may have or any clarification you may require.

Discussion:

Attached is the draft of the Fiscal Year 2014-2015 Capital Improvement Program (CIP). The majority of the budgeted expenditures for the Sewer Fund is related to the WWMF upgrade. Staff is researching loans and grants for this project. The majority of budgeted expenditures for the Water Funds are related to recoating Tank 1B and purchasing property for the future 4.5 million gallon tank. The smaller projects are anticipated to be paid from operating funds. This will allow a more structured approach to future rate setting as these projects are undertaken.

The attached narrative further explains the underlying details. The Final CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2014-2015 budget document in June 2014.

Alternatives:

Take Action

Fiscal Analysis:

See attached schedules.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Appendix A: Draft Capital Improvement Projects for the fiscal years ending June 30, 2015-2023 for Water & Sewer Funds
- Appendix B: Draft Budget Fiscal Year 2014-2015 CIP Narrative

Appendix A

McKinleyville Community Services District
Enterprise Fund Capital Improvement Projects
For the Fiscal Years Ending June 30, 2014 - 2024

	1	2	3	4	5	6	7	8	9	10
(All numbers in \$000s)										
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
1. Heavy Equipment										
Hydrocleaner (Sewer Fund) and appurtenances			300							
Backhoe				60						
Dump Truck								80		
Tractor and Attachments	10						50			
Air Compressor and appurtenances						20				
Totals:	10	0	300	60	0	20	50	80	0	0
2. Utility Vehicles										
3/4 or 1-Ton Pickup	30	31	31	31	32		32	32	33	33
CCTV Truck		30								
Car	30									30
Light Duty Utility Truck				22	22	22				
Totals:	60	61	31	53	54	22	32	32	33	63
3. Water System										
4.5m New Tank	30		700	3,500				50	3,200	
Property Purchase/Improvements	200									
Emergency Water Line River Crossing	150									
Water Tank Upgrades	350		400				400		400	
Ramey Pump Upgrades										
Emergency Water Supply	100			50						
Radio Telemetry Upgrade	5		15		20					
Meter Reader Upgrade				15						
McCluski Tank 3 Roof Upgrades										
Tank Seismic Actuators						10				
Fire Hydrant System Upgrade	9	13	14	7	7					
Water Main Rehabilitation and Replace	100			600		1,000				
Customer Radio Meter Replacements	131	260								
Totals:	1,075	273	1,129	4,172	27	1,010	400	50	3,600	0

4. Sewer System										
WWMF Engr Study			80	80						
WWMF Upgrade/CEQA/Permitting	6,000	6,000	200							
WWMF Fencing and Gate				10			40			
WWMF SO2/Chlorine Injector Controllers				10	10					
WWMF SO2/Chlorine Shut Off			25							
WWMF Sludge Disposal & handling	750	1,500	100	50	50	50	50	50	50	50
Customer Radio Meter Replacements	131	260								
Collection System Upgrades						250	250	250	250	
Sewer Main Rehabilitation and Replace	50	50						1,000		
Sewer Lift Stn. Pump & Generator Repl	20	320	175	20		20				
Sewer Lift Station Upgrades-Other	10									
Radio Telemetry Upgrade	35			10	10					
Meter Replacement: WWMF, FIS			7							
WWMF & Fischer Lift Station Grinder Upgrade		15			16		16			17
Sewer Main Camera Unit		30			30					
Underground Pipe Locator & Camera	5					5				
WWMF Roof Replacement										
SCBA Apparatus and Bottles		6				6				
Totals:	7,001	8,181	587	180	116	331	356	1,300	300	67

5. Office, Corporation Yard & Shops										
Facility Upgrades and Sealcoat	20		10		10					
Office Building	150	150	150							
Property Purchase								400		
Building Roofs						10				
Totals:	170	150	160	0	10	10	0	400	0	0

6. Computers, Software & Equipment										
PCs, Software, & Printers		5		5		5				
File Server Upgrade	4	4	4	4	4	5				
MOM Upgrade and Replacement		125								
Office Equipment	5		5		5					
GIS/SEMS/CADD Equipment and Software		4		4		5				
Totals:	9	138	9	13	9	15	0	0	0	0

7. Fischer Ranch										
Barn and Fence Upgrades		3								
Irrigation Pipe and Fittings										136

Property purchase		1,500								
Disposal Site Upgrade										
Underground Valving and Piping	8									
Totals:	8	1,503	0	0	0	0	0	0	0	0

8. **Small Equipment & Other**

Misc./ Emergency Equipment Replacem	15	15	15	15	15	15				
GPS Surveying Equipment				20						
Mobile Radio Replacement										
Office Emergency Generator						22				
Emergency Response Equipment										
Totals:	15	15	15	35	15	37	0	0	0	0

Total Planned Expenditures

8,348	10,321	2,231	4,513	231	1,445	838	1,862	3,933	130
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Departmental Allocations:

Water Fund	1,207	455	1,237	4,253	71	1,062	441	306	3,617	32
Sewer Fund	7,141	9,866	995	261	160	383	397	1,556	317	99
Total	8,348	10,321	2,231	4,513	231	1,445	838	1,862	3,933	130

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Appendix B

The Capital Improvement Program Water and Sewer Funds Fiscal Year 2014-2015

Water and Sewer Fund capital asset purchases and projects depend largely on grants, loans, and the strategic use of District Reserves. The Board has made a commitment to not defer scheduled maintenance, repair, and replacement of current service delivery systems. This must be balanced against the Board's equal commitment to fiscal responsibility. Under the leadership of the General Manager and Finance Director, staff has taken steps to honor both of these commitments in the budget process by ensuring that the potential financing sources of each project are discussed at the time of project proposal and included with each project's detail notes.

CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION

Heavy Equipment and Utility Vehicles

In 1998, the Board adopted a Fleet Replacement Plan to insure that MCSD's fleet of heavy equipment and utility vehicles would be replaced in an approximately ten-year cycle. At present, the Operations Funds are planning to replace one utility truck and the unit 13 car this next fiscal year, with others being replaced later in sequence. The District will consider leasing these assets rather than purchasing outright but will maintain the pay-go policy when reserves are sufficient. The District has started to exchange some of the heavier utility vehicles with light compact trucks for savings in both capital and operating costs.

Water System

The largest proposed Water project for FY2014-15 is recoating the Cochran Tank 1B, which will cost approximately \$350,000. This project will mirror the Norton Tank 2B that was completed in 2012. Each tank recoating will cycle around every 10 years as preventative maintenance to avoid corrosion and retain structural integrity.

Other projects currently proposed for the Water Fund include purchasing the property for the new water tank (\$200,000). The overall project cost of the new 5 million gallon storage tank is estimated to be a little over \$4 million, with a timeline extending through 2018. Continuation of work on the changeover to Radio-read meters for our customers is scheduled (up to \$131,000 this fiscal year). The fire hydrant system is also scheduled to be upgraded at a cost of \$18,000; however, the Arcata Fire Protection District is covering half of this cost, so the cost to the District will total only \$9,000. Funding for these projects will come from the Reserves created by the Board for maintenance and replacement of capital infrastructure.

An alternative water source study for the Dow's Prairie area (\$100,000), along with engineering for water main replacement (\$100,000) are scheduled for this year. The SCADA computer and software will need to be updated this year (\$5,000).

Sewer System

The Waste Water Management Facility (WWMF) Improvement Project design and construction takes the greatest share of the Sewer Fund CIP budget for FY2014-15 through FY16-17. Design scope of work was approved by the Board in January 2013 with design ending and construction beginning in calendar 2015. Various methods of financing the \$13 million total project cost are being pursued, with the main focus on grants or possibly low-interest loans through the State Revolving Fund.

An ongoing issue that will require consideration will be the removal of accumulated sludge from the WWMF lagoons and plans for a solids handling program, both of which will be capital intensive projects, with \$750, 000 being budgeted for this year. The funding for this project is being included with the funding for the WWMF Improvement Project.

The sewer main camera unit is scheduled for replacement. Other projects totaling about \$251,000 include regularly scheduled repair and replacement of sewer mains, pumps, radio telemetry and generator engineering. Funding for these projects will come from the Reserves created by the Board for maintenance and replacement of capital infrastructure.

Office, Corporation Yard, Computers and Software

One item is currently budgeted for the Main Office in FY2014-15 which includes seal-coating the parking lot and facility upgrades. There are also funds budgeted for regularly scheduled upgrades of computers and printers.

Fischer Ranch

A disposal site upgrade at Fischer Ranch is proposed as part of the Waste Water Management Facility project, along with some expansion of underground valving and piping.

An alternative to the upgrade might include procurement of more property as a reclamation site. As regulations change, methods for land application will undoubtedly become more stringent and land procurement will be considered if it is feasible and an economically sound alternative.

Small Equipment and Other

The main capital expense in this category is the planned acquisition of a collapsible discharge hose for the sewer lift station pump around as part of the Overflow Emergency Response Plan.

Note on Exhibit 10 – Water & Sewer Funds Capital Improvement Program

Exhibit 10 contains the summaries of the Water and Sewer Funds Capital Improvement Program's planned capital expenditures (in thousands: 10 = \$10,000). The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars, since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

McKinleyville Community Services District

BOARD OF DIRECTORS

March 5, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.5. Approve Resolution 2014-08 Authorizing GM to submit applications for State Revolving Fund (SRF) and Resolution 2014-09 Authorizing GM to sign Memorandum of Mutual Understanding (MOMU) Regarding the North Coast Integrated Regional Water Management Plan (NCIRWMP)

PRESENTED BY: Greg Orsini

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends that review all pertinent information, allow public comment and adopt Resolution 2014-08 authorizing the General Manager to complete and sign applications for SRF grants and loans. Adopt Resolution 2014-09 authorizing the General Manager complete and sign a Memorandum of Mutual Understanding Regarding the North Coast Integrated Regional Water Management Plan

Discussion:

These Resolutions are formalities to authorize the General Manager to complete and sign grant application for both SRF and NCIRWMP. Both of these programs offer grant and low interest funding potential.

The adoption of these resolutions will not authorize the General Manager enter into or execute any type of long term agreement for debt, just the authority to complete preliminary application process.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Potential for lower than market loans and grant funding for various pending projects such as the WWMF Improvement Project and emergency water supply.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1- Resolution 2014-08
- Attachment 2- Resolution 2014-09
-

AUTHORIZING RESOLUTION

RESOLUTION NO: 2014-08

APPLICATION/AUTHORIZED REPRESENTATIVE RESOLUTION (Required for all Programs)

BE IT RESOLVED by the *Governing Board of McKinleyville Community Services District (District)* that the *General Manger* is hereby authorized and directed to sign and file, for and on behalf of the *District*, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the *McKinleyville Wastewater Management Facility Improvement Project*; and

BE IT RESOLVED that the *District* hereby agrees and further does authorize the aforementioned representative or his/her designee to certify that the *District* has and will comply with all applicable state and federal statutory and regulatory requirements related to any financing or financial assistance received from the State Water Resources Control Board; and

BE IT FURTHER RESOLVED that the *District General Manager* or his/her designee of the *District* is hereby authorized to negotiate and execute a financial assistance agreement from the State Water Resources Control Board and any amendments or change orders thereto and certify financing agreement disbursements on behalf of the *McKinleyville Community Services District*

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the McKinleyville Community Services District

PASSED, APPROVED, AND ADOPTED this 5th day of March 2014 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David R. Couch, Board President

Attest:

Kathy Wilson, Board Secretary

RESOLUTION 2014-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AUTHORIZING THE GENERAL MANAGER TO EXECUTE A MEMORANDUM OF MUTUAL UNDERSTANDINGS REGARDING THE NORTH COAST INTEGRATED REGIONAL WATER MANAGEMENT PLAN

WHEREAS, McKinleyville Community Services District desires to participate with the ongoing goals of the North Coast Integrated Regional Water Management Plan; and

WHEREAS, the District supports the goals of the North Coast Integrated Regional Water Management Plan which are:

- To develop a comprehensive plan to facilitate regional cooperation in providing water supply reliability, water recycling, water conservation, water quality improvement, storm water capture and management, flood management, watershed protection and enhancement, wetlands enhancement and creation, and environmental and habitat protection and improvement.
- To foster coordination, collaboration and communication between North Coast agencies, tribes, and stakeholders responsible for water-related and climate/energy issues and interested stakeholders, to achieve greater efficiencies, enhance public services, and build public support for vital projects.
- To improve regional competitiveness for State and Federal grant funding.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby authorize the General Manager to file and execute the Memorandum of Mutual Understandings regarding the North Coast Integrated Regional Water Management Plan dated November 11, 2010.

PASSED, APPROVED AND ADOPTED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on this 5th day of March, 2014 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David R. Couch, Board President

ATTEST:

Kathy Wilson, Board Secretary

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Support Services Department Report
05 March, 2014

AGENDA ITEM: F.2.A.
PRESENTED TO: MCSD Board of Directors
FROM: Colleen M. R. Trask, Finance Director
SUBJECT: Support Services Department Report

DISTRICT FINANCIAL, AUDIT & BUDGET INFORMATION

The Request For Proposal from local accounting firms for a three-year audit cycle of the District has generated requests for more information. The deadline for proposals is May 16, 2014.

The new budget cycle is continuing with the Water/Wastewater Capital Improvement Plan draft this month, followed by the Draft Parks Operating Budget next month. The final budget will be presented to the Board in June.

Employee negotiations are underway. Information and calculations based on current actuals and the FY2014-15 proposed budget have been provided to both Board and staff negotiators.

Treasurer's Report Highlights: The Water and Wastewater Funds are both showing revenue greater than expected in the budget due to capacity fees and contributed capital assets from completed subdivisions.

A brief overview of the Cash Flow Report starts with the District's Operating Accounts (a business-type checking account and a Money Market account). This shows cash receipts from utility billings and other sources, and cash disbursement totals by category. The LAIF investment account and County Trust Accounts are shown next, though the Quimby Funds are not shown, being restricted and not available for operational use. The Bond Sinking Fund is shown last, before a brief summary of cash balances at the bottom of the page.

SUPPORT STAFF PROJECTS & OTHER CURRENT PROJECTS

The Rules & Regulations for temporary water service and bulk water service have been reviewed and proposed changes are included in the agenda for the March 5, 2014 Board Meeting.

Training for Operations and Parks in DocStar document management has begun. The system experienced a technical glitch in the date-stamping function, but this has been corrected and is now working properly.

The Emergency Operations table-top exercise in February was able to focus on working through some emergency scenarios and prioritizing incoming emergency reports. Previous exercises were primarily focused on laying out the lines of communication that

needed to be followed in an emergency. The next exercise will contain more scenarios, prioritizing, and more resource allocation components.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Board Agenda Background: Department Report

February 28, 2014

To: MCSD Board

From: James Henry, Operations Director

Subject: Agenda Item: F.2.B. –March 5, 2014 Board Meeting
Operations Department – January 2014 Report

Water Department:

◇ Water Statistics:

The district pumped 34 million gallons of water in January.

Eight 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 was completed in Route 1 and a minimal number of retests were conducted. Customers with failed DCV's were notified to make repairs and call the office for a retest.

◇

◇ Average and Maximum Water Usage:

The maximum water usage day was 1.6 million gallons and the average usage per day was 1.1 million gallons.

Water Distribution Maintenance:

Two water leaks were reported. There was one on Taylor Road and the other on McKinleyville Avenue. After investigation and excavation, the leaks were found to be in the service line. The leaks were repaired, backfilled and paved. The annual Valve Exercising Program continued in January. Valves will be exercised and documented in the log book. Any discrepancies will be flagged to generate work orders for repairs.

Several valve cans were raised on School Road and Anderson due to the County project.

Permanent paving took place on Ocean, Tantara and Norton Road which were locations from previous leak repairs.

Several areas were touched up on top of the Tank roofs with primer and paint. This work order was generated from the monthly inspections.

A blow-off can was replaced on North Bank Road, along with motors being greased at the North Bank Station.

◇ New Construction Inspections:

Airport 17 Hanger Unit, we received asbuilts and have signed off on this project.

Betty Court Health Club, we received asbuilts and have signed off on this project.

Sewer Department:

◇ Waste Water Statistics:

25.5 million gallons of wastewater was collected and pumped to the W.W.M.F. 27.8 million gallons of wastewater was treated and discharged to land disposal or reclamation in January.

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

◇

◇

◇

◇

◇ **Sewer Station Maintenance:**

The Fischer Sewer Lift Station dry well was washed. The wet well at the Hiller Lift Station was washed. This is done quarterly to prevent grease and rags from plugging up the pumps. The grit removal prevents the build-up of hydrogen sulfide which is very destructive to concrete and steel.

A security light was installed at the Letz Sewer Lift Station due to the vandalism in the past. The light is triggered to go off when the alarm sounds.

The wharf hydrant at B Street Station was repaired due to a leak.

◇ **Sewer Collection System:**

Manholes were raised to grade on School Road and Anderson due to being paved over during the County project. Grease traps were inspected for grease and solids. Customers that needed traps cleaned were notified to have them pumped and possibly shorten their pumping schedule.

◇ **Wastewater Management Facility:**

The Chlorine Contact Chamber was drained and washed with fire hoses. Several other items were completed at the WWMF in January; the annual vacuum regulator rebuild on one CL2 and SO2 regulator, SO2 and CL2 detector calibration, the wharf hydrant located at the CCB needed repaired due to developing a leak.

The outfall pipe from the headworks to Pond A was replaced. A leak was noticed which involved digging up the pipeline to find out the issue. When the pipe was exposed, it was found that the top of the pipe was failing due to hydrogen sulfide. The pond was lowered to allow access to replace the pipe and fittings.

◇ **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. Egg mixture was sprayed on Black Cottonwoods to keep deer from nibbling on them.

◇

◇ **Street Light Department:**

This project is 98% complete. The final 27 fixtures were ordered and are taking longer than expected to arrive. The new arrival date is the end of February. Kristen Way street lights were inspected and repairs were made where necessary. A new fixture will arrive with the order to test at Kristen Way.

Promote Staff Training and Advancement: Weekly tailgate meetings and training associated with job requirements. Staff attended a CWEA lab safety training.

Special Notes:

Tractors, Dump Truck and Vac-con were greased and lubed to prevent unnecessary wear.

Lights were fixed on the CCTV van.

Central Avenue banners were hung.

Quarterly well samples were collected and sent to the lab.

Intellimac ram back up batteries were replaced at all stations.

The R.O.W. to the percolation ponds was graded due to years of wear and tear causing deep ruts.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Board Agenda Background - Department Report
March 5, 2014

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

CALIFORNIA PARKS & RECREATION SOCIETY:

Two Parks & Recreation staff members will be attending the annual California Parks & Recreation Society (CPRS) conference next week in Ontario, CA. We received grant funding in the amount of \$1,000 for one of our staff to attend.

Also, I was recently elected to the CPRS Region 1 Board of Directors. There will be an installation banquet during the conference.

HILLER PARK IMPROVEMENTS:

Improvements to Hiller Park continue. Our parks staff have received numerous compliments about the brush clearing conducted by the California Conservation Corps (CCC) crews. There was no cost to MCSD due to our agreement with the CCC.

HILLER SPORTS COMPLEX:

Staff is meeting with representatives of McKinleyville Little League in order to help kick off this spring's baseball season. We will discuss schedules, field mowing and maintenance, and each other's responsibilities.

WASHINGTON AVE PROPERTY:

We recently had the property at/near Washington Ave and School Road cleared. It was covered with the invasive and non-native Scotch broom. We will continue to mow and keep the Scotch broom off the property.

TEEN & COMMUNITY CENTER:

We had a phone conference with LDA Partners to discuss the design of the facility. We are more than 30% finished with the design and LDA partners estimates to be 100% completed with the design and ready to submit to the building department during the week of April 7, 2014. Staff will be working with the County on permitting and planning through the end of March.

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 annually.

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 one (1) 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

March 5, 2014

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.D. General Manager's Report for February 2014

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: None

A summary of activity for the month of February, 2013

Cost Savings Related to District Activities – The following is a summary of some of the recent cost savings opportunities District staff identified:

• Vender Discounts	\$ 604
• S.H. Cowell Foundation grant for Teen & Community Center	\$64,000
• Grant to attend California Parks & Recreation Society conference	\$1,000
• SWAP Crews	\$10,000
• California Conservation Corps	\$5,000
• CalWORKS	\$3,500
• Community Service Workers	\$750
• Headworks outfall repair at WWMF	\$3,000
• Install Security Lights at Letz Sewer Lift Station	\$600
• School Rd PRV Repair	\$300
• Clearing drain @ MAC	\$800
• Cut in New Window	\$1950

Total cost savings for February is \$91,504

The cumulative cost saving to the District to date from July 1, 2013 is \$415,201

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.

Independent Development Plans – Management places a high priority on staff development. These review and assessments are conducted annually and reviewed periodically during the year. Cross training for other positions, required and optional trainings are discussed with supervisors and actions plans are devised with timelines for completion.

Percolation Pond Decommissioning - Management met with members of California trout to discuss the potential reutilization of the perk ponds after they are decommissioned, for Coho Salmon rearing ponds. This potential reuse would replace the planned bulldozing and replanting of the site at a cost to MCSD of \$200,000+.with a grant funded project to provide Coho habitat. RWQCB will require the discontinuation of the perk ponds in the 2020 NPDES permit.

Rate Analysis- As of the finalization of this report we have received 8 protests. During the month thorough review of the Engineer's report, resolution authoring the collection and supporting documents was completed by management and our legal counsel. The Protest Hearing will be held during the March Meeting and the new rate will be enacted the next day, retroactive to March 1, 2014.

Prop 50 Grant and MCSD/ City of Arcata Intertie- The contractor has been staging 18" pipe on Wymore Road indicating the commencement of construction on our portion of the project will begin soon. Ground breaking was scheduled to start by February 27th.

Teen and Community Center- We are making headway and are nearing 60% completion of the construction drawings. Staff continues to review the design as it progresses. We are in possession of documents sufficient to proceed with applying for a planning permit and will proceed with that process in early March.

Waste Water Management Facility (WWMF) Improvement Project Design – The Value Engineering Study has been finalized and was planned as an informational item for this meeting but was bumped to next Month. Staff continues to work on the application for State Revolving Fund (SRF). The SRF is shaping up to be a creditable grant and lending source of funds for this project. A resolution to authorize the GM to complete the preliminary application is included in this agenda.

Measure B – Review and comment of the Engineer's Report, Resolutions and supporting documents were completed in preparation for the Protest Hearing during the March meeting. District legal counsel has reviewed the final documents as well.

Talk Shop on KINS 106 FM – The General Manager had the opportunity to fill a time slot on Talk Shop with Brian Papstein. We discussed McKinleyville and the improvement in quality of life MCSD has provided to our community, the basic authorities of a CSD and how CSDs are evolving.

Water, Parks, and Wildlife Committee Meeting – The State Assembly Committee for Water, Parks and Wildlife met in the Humboldt County Board of Supervisors Chambers on February 7. Primary jurisdictions are water resources, flood management, fish and game, parks and recreation, and wildlife. Members of various local water agencies and tribal leaders were in attendance. The main focus was water rights and the drought. Director Mayo and GM Orsini were in attendance.

Emergency Operations Plan – Staff conducted another limited table top exercise for implementation of new status reports and information flow. We have been concentrating on this aspect to familiarize staff with the process.

Meetings – The General Manager attended various meetings in February dealing to MCSD business including the first 2014 CSDA Legislative Committee meeting in Sacramento.

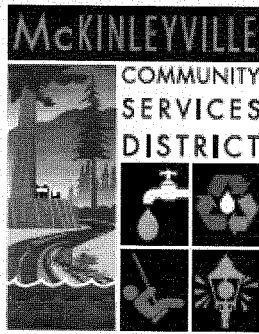
Attachment 1 WWMF Report for January 2014

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



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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

February 27, 2014

RE: MONTHLY MONITORING REPORT

Dear Lisa:

Enclosed is the Monthly Monitoring Report for January 2014 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 and land disposal M-003. The required monitoring and water quality constituents that were tested and reported were in compliance in January 2014.

The requirement for BOD is 45 mg/L monthly average and 65 % removal for the weekly average with five weekly tests in January that represent six criteria. The BOD results for January are in compliance.

The requirement for TSS is 83 mg/L monthly average with five weekly tests in January which represent one criteria. The TSS results for January 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 January 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 January are as follows. Median was <1.8 and a Maximum of <1.8. Four samples were collected in the month of January and were in compliance.

Monthly River Monitoring was conducted in January.

Quarterly Disinfection By-Products testing was conducted in January.

Quarterly Monitoring Well testing was conducted in January.

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL**

JANUARY 2014

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	0.820	0.609	431		0.609					0.000	0.000
2	0.803	1.221	1375		0.220	0.785	0.090		0.126	1.001	0.000
3	0.789	0.976	1125		0.364	0.484	0.033		0.095	0.612	0.000
4	0.832	0.671	476		0.671					0.000	0.000
5	0.884	0.680	482		0.680					0.000	0.000
6	0.806	1.160	1137		0.260	0.774			0.126	0.900	0.000
7	0.793	1.385	1129			1.183			0.202	1.385	0.000
8	0.823	1.268	939			1.069			0.199	1.268	0.000
9	0.798	1.262	883			1.059			0.203	1.262	0.000
10	0.792	0.931	884		0.378	0.462			0.091	0.553	0.000
11	0.881	0.688	485		0.688					0.000	0.000
12	0.909	0.689	487		0.689					0.000	0.000
13	0.831	0.518	826		0.256	0.262				0.262	0.000
14	0.800	0.000	0							0.000	0.000
15	0.809	0.778	1335			0.648			0.130	0.778	0.000
16	0.806	1.145	904			1.047			0.098	1.145	0.000
17	0.787	0.821	736		0.348	0.473				0.473	0.000
18	0.838	0.671	474		0.671					0.000	0.000
19	0.865	0.666	466		0.666					0.000	0.000
20	0.862	0.944	796		0.259	0.561			0.124	0.685	0.000
21	0.812	1.138	797			0.938			0.200	1.138	0.000
22	0.792	1.138	796			0.941			0.197	1.138	0.000
23	0.793	1.039	801			0.969			0.070	1.039	0.000
24	0.776	0.820	807		0.370	0.429			0.021	0.450	0.000
25	0.821	0.579	474		0.579					0.000	0.000
26	0.897	0.624	446		0.624					0.000	0.000
27	0.822	0.962	831		0.241	0.594			0.127	0.721	0.000
28	0.797	1.176	837			0.972			0.204	1.176	0.000
29	0.848	1.168	821			0.973			0.195	1.168	0.000
30	0.818	1.171	830			0.979			0.192	1.171	0.000
31	0.795	0.898	833		0.351	0.457			0.090	0.547	0.000
TOTAL	25.499	27.796		0.000	8.924	16.059	0.123	0.000	2.690	18.872	0.000
AVERAGE	0.823	0.897	763	0.000	0.470	0.765	0.062	0.000	0.142	0.609	0.000
MAXIMUM	0.909	1.385	1375	0.000	0.689	1.183	0.090	0.000	0.204	1.385	0.000
MINIMUM	0.776	0.000	0	0.000	0.220	0.262	0.033	0.000	0.021	0.000	0.000
DAYS	31	30		0	19	21	2	0	19	21	0
DAYS WITH NO DISCHARGE = 01											

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

MONTH: JANUARY

YEAR: 2014

DATE	INFLUENT FLOW		EFFLUENT FLOW		RIVER CFS	INFLUENT MONITORING		EFFLUENT MONITORING						3X5 TOTAL COLIFORM		
	M.G.D.		M.G.D.			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	0.820		0.609	431					7.1	9.3			32	3.4		
2	0.803		1.221	1375					7.1	8.8	34	34	30	1.0		<0.1
3	0.789		0.976	1125		250	350									
4	0.832		0.671	476												
5	0.884		0.680	482												
6	0.806		1.160	1137					7	8.2			34	2.1		<1.8
7	0.793		1.385	1129					7.1	9.1			36	0.8		
8	0.823		1.268	939					7.0	10.7			34	0.2		
9	0.798		1.262	883					7.0	9.7			36	1.6		
10	0.792		0.931	884		370	1100		6.9	9.5	35	36	36	2.0		<0.1
11	0.881		0.688	485												
12	0.909		0.689	487												
13	0.831		0.518	826												
14	0.800		0.000	0				6.8	9.9			32	2.6			<1.8
15	0.809		0.778	1335				Washed CCB								
16	0.806		1.145	904				7.0	10.9			32	0.4			
17	0.787		0.821	736		260	250	7.1	10.4			32	2.5			
18	0.838		0.671	474				6.8	9.2	40	30	32	3.7			<0.1
19	0.865		0.666	466												
20	0.862		0.944	796												
21	0.812		1.138	797					6.9	9.6			36	6.3		<1.8
22	0.792		1.138	796					6.8	9.2			36	4.2		
23	0.793		1.039	801					6.5	10.0			32	4.1		
24	0.776		0.820	807					6.9	9.5			32	5.3		
25	0.821		0.579	474		320	270		6.8	10.6	38	30	34	5.1		<0.1
26	0.897		0.624	446												
27	0.822		0.962	831												
28	0.797		1.176	837					7.4	11.2			36	11		<1.8
29	0.848		1.168	821					7.1	10.6			38	3.8		
30	0.818		1.171	830					7.2	12.0			32	2.9		
31	0.795		0.898	833		270	210		7.4	11.5			34	4.1		
									6.8	9.7	45	44	40	0.1		<0.1

SPILLS:

None to report

DATE	MONTHLY TESTS			
	TDS	AMMONIA	NITRATE	BORON
1/31/2014	320	34.0	ND	310

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		ND
Bromofom		ND
Chlorodibromomethane		ND
Chloroform		DNQ

30 DAY AVERAGE				30 DAY AVERAGE			
BOD	mg/L	BOD	LBS/DAY	% Removal	BOD	mg/L	% Removal
38	38	284	87	35	259	89	89

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	<1.8

SIGNATURE: _____

REMARKS:

Indicates Permit Exceedance