

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

**McKinleyville Business Office
1656 Sutter Rd.
McKinleyville, California**

**Tuesday November 27, 2012
7:00 PM**

AGENDA

A. CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

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

B. APPROVAL OF THE AGENDA

****PUBLIC INPUT WILL BE TAKEN PRIOR TO CLOSED SESSION****

C. 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.

**C.1 PUBLIC EMPLOYEE APPOINTMENT, EMPLOYMENT TERMS
AND PERFORMANCE EVALUATION – Interim/Acting General
Manager, Greg Orsini**

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 Approve minutes from November 13, 2012 Special Meeting
Pg. 4

E. NEW BUSINESS

- E.1 Review and consider authorizing approval and execution of Special Facilities Agreement with Humboldt Bay Municipal Water District and City of Arcata
Pg. 6
- E.2 Approve compensation and terms for Interim General Manager Gregory Orsini
Pg. 17
- E.3 Informational item regarding Public Service Announcements and memorial for Norman Shopay
Pg. 18
- E.4 Informational item regarding list of District Projects
Pg. 24
- E.5 Information regarding transition planning for General Manager Position
Pg. 27
- E.6 Discuss and set schedule for potential subsequent Special Meeting(s) of the MCSD Board of Directors
Pg. 29

F. REPORTS

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

NO REPORTS SCHEDULED

G. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

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

H. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

I. ADJOURNMENT

Posted 5:00PM Monday November 26, 2012

**MINUTES OF THE SPECIAL MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON TUESDAY, NOVEMBER 13, 2012 AT 10:00AM AT THE DISTRICT OFFICE,
1656 SUTTER ROAD, MCKINLEYVILLE**

The special meeting of the Board of Directors of McKinleyville Community Services District convened at 10:00AM with the following Directors and staff in attendance:

Dennis Mayo, Board President
David Couch, Vice President (Arrived at 10:10am)
Helen Edwards, Director
John Corbett, Director
Bill Wennerholm, Director

Greg Orsini, Operations Director
Colleen M.R. Trask, Finance Director
Jason Sehon, Park & Recreation Director
Kathy Wilson, Board Secretary
Russ Gans, District Counsel

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

At 10:00am President Mayo called the meeting to order. Directors Corbett, Edwards, Wennerholm were present and Director Couch was delayed. Director Corbett led the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA

MOTION: It was moved to approve the agenda. Motion by Corbett; second by Edwards

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

MOTION SUMMARY: Motion Passed- 4 AYES; 0 NAYS

AGENDA ITEM C-PUBLIC HEARINGS-NONE SCHEDULED

AGENDA ITEM D-CONSENT CALENDAR ITEMS-NONE SCHEDULED

AGENDA ITEM E-NEW BUSINESS

E.1 Direct staff to draft and publish a formal public announcement regarding: the untimely passing of Norman Shopay and statement of MCSD appreciation.

MOTION: It was moved to approve the announcement; Motion by Mayo, second by Wennerholm. Staff asked for clarification regarding coordination of this announcement with Mr. Shopay's wife. Board redirected staff to coordinate approval of public announcement with Mr. Shopay's family and included it in the motion.

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

MOTION SUMMARY: Motion Passed- 4 AYES; 0 NAYS

E.2 Appoint Greg Orsini (or alternative) Interim General Manager

- a. **Field candidate nominations from Board for Interim General Manager Appointment**
- b. **Appoint Interim General Manager**

President Mayo opened the floor for nominations.

MOTION: It was moved to approve the nomination of Greg Orsini as Interim General Manager. Motion by Wennerholm; second by Edwards; no public comment

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

MOTION SUMMARY: Motion Passed- 4 AYES; 0 NAYS

Director Couch joined the meeting.

E.3 Direct Staff to prepare a list of ongoing District projects for presentation to the Board for prioritization at a subsequently noticed special meeting of the Board

Finance Director Trask recommended staff continue preparation of list of projects for presentation at a later date. Input from Board included a request for a timeline of completion and differentiation of operational projects considered normal in the course of business and what would be classified under special projects for Board approval.

MOTION: It was moved to direct the staff to prepare the list. Motion by Couch; Second by Edwards

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

E.4 Discuss and set schedule for a memorial in honor of Norman Shopay

Board discussed the need to set a schedule for a memorial with the potential of joining with Rotary in presentation of service. Discussion of timeline continued emphasizing need to coordinate with family. Mr. Orsini volunteered to make contact and report back to board. Board concurred, no action taken at this time.

President Mayo requested staff fly flag at half mast for the week of Thanksgiving.

E.5 Discuss and set schedule for subsequent Special Meeting(s) of the MCSD Board of Directors

Operations Director Orsini discussed with Board the notification requirements for special meetings and the ability to call special meetings with a 24 hour notification. Board discussed time and dates for subsequent meetings. Board discussed setting meeting time to November 27 at 7:00 p.m.

MOTION: It was moved to set next meeting for November 27, 2012. Motion by Corbett, Second by Couch

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS-NO REPORTS SCHEDULED

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

Ron Coffman, citizen, expressed condolences and appreciation of Mr. Shopay's approach to business and problem solving; suggested naming new teen center after Mr. Shopay. President Mayo acknowledged the kind words and kind thoughts.

AGENDA ITEM H-CLOSED SESSION DISCUSSION – NONE SCHEDULED

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 10:28 am. Motion by Couch; Second by Edwards

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Kathy Wilson,
Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.1. Review and consider authorizing approval and execution of Special Facilities Agreement between McKinleyville Community Services District, Humboldt Bay Municipal Water District and City of Arcata.

PRESENTED BY: Greg Orsini

TYPE OF ACTION: Voice Vote

Recommendation:

Staff recommends that the Board approve the Special Facilities Agreement as outlined in Attachment A.

Discussion:

The California Department of Public Health Proposition 50 Grant Funding to implement priority water systems projects for Arcata and McKinleyville. The Grant was submitted in August by HBMWD and we have received positive feedback regarding the grant application. This project is time sensitive and the parties involved would like to move forward with project development. The Special Facilities Agreement outlines the next steps for both the Grant and project development.

The project in question would develop a turnout from the City of Arcata's water system at Guintoli and Wymore Lane and fund construction of a line extension from Wymore Lane connecting to the newly installed Mad River Bridge Crossing emergency pipeline and from the Mad River Bridge along North Bank Road to the Ramey Booster Station.

The timeline is a significant challenge for the Prop 50 grant.

- Signed letter of commitment within thirty day following receipt from DPH,
- Complete CEQA and plans and specifications within ninety days of signing the letter of commitment and
- Complete construction by June 2014.

District Legal Council has reviewed the Special Facilities Agreement, please find attached a memo marked Attachment B.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The Grant is expected to fund 100% of the project costs. There is no required match at this point. The Special Facilities Agreement outlines funds that will be provided by HBMWD to complete initial design and environmental review of the southern section of the intertie.

The Northern section is being designed through an agreement with Oscar Larson and Associates as previously approved by the Board October 3, 2012 for \$91,300.00 and is also reimbursable through the Prop 50 Grant.

Environmental Requirements:

CEQA mitigated negative declaration is expected to satisfy environmental requirements.

Exhibits/Attachments

- Attachment A - SPECIAL FACILITIES AGREEMENT PURSUANT TO SECTION 7.5 OF ORDINANCE 16
- Attachment B - Memo from legal council

**SPECIAL FACILITIES AGREEMENT
PURSUANT TO SECTION 7.5 OF ORDINANCE 16**

This Special Facilities Agreement (“Agreement”) is made and entered effective as of _____, 2012 (the “Effective Date”), by the Humboldt Bay Municipal Water District (“HBMWD”), the City of Arcata (“City of Arcata”) and McKinleyville Community Services District (“MCSD”) (HBMWD, City of Arcata and MCSD being hereinafter referred to, individually, as a “Party” and, collectively, as the “Parties”).

BACKGROUND

A. HBMWD provides treated drinking water on a wholesale basis to certain municipal customers, with HBMWD and such municipal customers serving a population of approximately 87,600, constituting approximately 65% of Humboldt County’s population;

B. HBMWD’s Ordinance 16 originally approved and adopted May 7, 1999, and amended effective June 22, 2006 (“Ordinance 16”), established rates, charges and conditions of service for water sales to municipal water customers, and provides for the option of HBMWD and Municipal Water Customers (as defined in Ordinance 16) to enter into a contract for the construction of Special Facilities (as defined in Ordinance 16) by HBMWD pursuant to contract with one or more of HBMWD’s customers;

C. As of the Effective Date, such municipal customers consist of the Cities of Arcata, Blue Lake and Eureka, and the Fieldbrook-Glendale, Humboldt, Manila and McKinleyville Community Service Districts (collectively, the “Municipal Customers”);

D. MCSD owns a transmission pipeline (the “MCSD Pipeline”) that extends from HBMWD’s Korblex Property located on Pipeline Road above West End Road in Arcata to the MCSD Ramey Pump Station (the “RPS”) at the corner of North Bank and Azalea Roads in McKinleyville;

E. Consistent with MCSD’s adopted Capital Improvement Program, MCSD has caused the installation of a segment of transmission pipeline (the “Bridge Pipeline”) within the new Highway 101 bridge over the Mad River with the intent to eventually complete a permanent emergency intertie;

F. City of Arcata’s adopted Capital Improvement Plan has identified the need for a second intertie to the regional water system within the West End Road/Valley West Neighborhood to provide increased pressures and a redundant connection prior to the vulnerable transmission line crossing under Hwy 101;

G. HBMWD has submitted an application (the “Application”) to the California Department of Public Health (“DPH”) for funding (the “Funds”) from California Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (“Proposition 50”), for certain infrastructure improvements that would benefit each of the Parties in meeting their obligations to (i) provide water to their respective customers and (ii) assist other Municipal Customers during emergencies, as well as benefitting HBMWD in the fulfillment of its mission to

reliably deliver high quality drinking water at a reasonable cost to the communities and customers HBMWD serves in the greater Humboldt Bay Area;

H. On September 17, 2012, DPH acknowledged receipt of the Application, that the application is complete and ready to be processed, and that DPH is conducting a full technical review.

I. In the event DPH approves the Projects, HBMWD anticipates receiving a letter of commitment (“LOC”) from DPH in or about December, 2012. Receipt of the LOC triggers the following critical deadlines with respect to compliance with anticipated DPH pre-funding requirements: (1) within thirty (30) days after receipt of the LOC from DPH, HBMWD must sign and return the LOC; and (2) within ninety (90) days (the “Plans and Specifications Deadline”) after return of the signed LOC to DPH, HBMWD must submit to DPH complete plans and specifications for the Projects and must satisfactorily demonstrate that it has secured all rights of way necessary to successfully complete the Projects.

J. In order to meet these deadlines, each of the Parties may need to expend locally controlled funds in anticipation of a Proposition 50 Funds disbursement.

K. The Parties desire to document their agreement with respect to the terms and conditions under which HBMWD would expend the Funds on the Projects (as defined below), with the intent of facilitating the advancement of the Parties’ collective service mission to the community.

NOW THEREFORE, the Parties agree as follows:

1. **The Special Facilities Projects.** HBMWD anticipates that it may secure Funds sufficient to complete some or all of the following projects (the “Projects”) as a result of its Application:

(a) Arcata/Eureka Intertie. Construction of a new pipeline interconnection, of a design mutually agreed upon by City of Arcata and City of Eureka (“City of Eureka”), between City of Arcata’s distribution system and City of Eureka’s Mad River transmission pipeline at the Corner of L.K. Wood Boulevard and 14th Street in Arcata (the “Arcata/Eureka Intertie”); the Parties anticipate that City of Arcata will obtain all necessary permissions to connect to City of Eureka’s Mad River transmission pipeline; and

(b) Aldergrove Intertie. Construction of a second Arcata transmission pipeline interconnection, of a design to be mutually agreed upon by HBMWD and City of Arcata, from HBMWD’s 33-inch municipal water transmission line to City of Arcata’s distribution system near Aldergrove Road in Arcata (the “Aldergrove Intertie”) to improve supply reliability to Arcata and pressure in the northern portion of City of Arcata’s distribution system. The Aldergrove Intertie is the necessary first segment for a new emergency intertie for MCSD and the Aldergrove Intertie would also improve supply reliability for other Municipal Customers under certain circumstances; and

(c) Arcata/MCSD Intertie. Construction of a new transmission pipeline interconnection, of a design to be mutually agreed upon by City of Arcata and MCSD, consisting of

an extension from the corner of Giuntoli Lane and Wymore Road, north along Wymore Road to the Bridge Pipeline (the “Arcata/MCSD Intertie”); and

(d) Bridge/MCSD Intertie. Construction of a new transmission pipeline interconnection, of a design to be determined solely by MCSD, consisting of an extension from the north end of the Bridge Pipeline to MCSD’s RPS (the “Bridge/MCSD Intertie”). The Aldergrove Intertie, the Arcata/MCSD Intertie and the Bridge/MCSD Intertie together form a new emergency intertie from HBMWD to MCSD by utilizing a portion of City of Arcata’s distribution system. This new emergency intertie will be used solely to deliver water to MCSD customers in the event of an emergency or other event that materially disrupts normal service through the MCSD Pipeline.

2. Project Priority. In the event HBMWD is successful in securing the Funds necessary to complete all of the Projects, the Projects will be designed and constructed in accordance with the terms and conditions of this Agreement. In the event HBMWD is unsuccessful in securing sufficient Funds to complete all Projects, HBMWD will consult with all Parties and City of Eureka to determine with which Projects to proceed; provided, however, that the final decision as to which Projects will proceed shall be HBMWD’s in its sole discretion.

3. Responsibility for Project Activities. Primary responsibility for Project activities and other Party responsibilities shall be as follows:

(a) With respect to all activities prior to HBMWD receipt of a binding funding agreement from DPH, (i) HBMWD will consider in good faith input from all Parties, but shall have sole responsibility for preparation of CEQA documents for all Projects and sole responsibility for surveys, rights-of-way acquisition and design and preparation of plans and specifications for the Eureka/Arcata Intertie, Aldergrove Intertie and the Arcata/MCSD Intertie; and (ii) MCSD shall have sole responsibility for surveys, rights-of-way acquisition and design and preparation of plans and specifications for the Bridge/MCSD Intertie.

(b) With respect to all activities associated with the Eureka/Arcata Intertie and Aldergrove Intertie, after HBMWD receives a binding funding agreement from DPH, HBMWD will consider in good faith input from all Parties, but shall have sole responsibility for preparation of bid documents and construction management. With respect to all activities associated with the Arcata/MCSD Intertie and the Bridge/MCSD Intertie after HBMWD receives a binding finding agreement from DPH, MCSD shall have the sole discretion to either (i) elect to have sole responsibility for preparation of bid documents and construction management for such Projects as a single project or (ii) elect to have HBMWD include such Projects in its responsibilities as provided in the first sentence of this Section 3(b).

(c) The Parties understand and agree that due to the critical deadlines described above in Recital I, it is necessary that the Parties use reasonable good faith efforts to provide input and support to HBMWD with respect to its Project responsibilities as described above in a timely manner. The Parties shall provide input to HBMWD within no more than five (5) business days (each, a “Response Deadline”) after receipt of any request by HBMWD for such input. HBMWD will provide copies to the Parties of, and the Response Deadline shall apply to: (i) CEQA documents, including categorical exemption and/or mitigated negative declaration; (ii) engineering

designs at thirty percent (30%) completion; (iii) engineering designs at ninety percent (90%) completion; and (iv) final plans and specifications. In the event a response is not provided to HBMWD prior to 5:00 p.m. on the last day of any Response Deadline, the non-responding Party shall be deemed to have waived its right to comment or object to the subject matter of such Response Deadline. HBMWD shall not be penalized or otherwise liable for any reasonable action taken by HBMWD after failure of a Party to provide requested input by the Response Deadline.

(d) MCSD shall complete and submit its final plans and specifications for, and evidence of successful acquisition of all rights of way necessary to successful completion of, the Bridge/MCSD Intertie no later than ten (10) business days prior to the Plans and Specifications Deadline.

4. Cost Recovery/Cost Responsibility Risk for Project Activities. In the event HBMWD receives no Funds or receives Funds in an amount insufficient to complete all Projects, cost recovery risk for Project activities shall be as follows:

(a) With respect to all activities prior to HBMWD receipt of a binding funding agreement from DPH, (i) HBMWD will bear cost recovery risk for preparation of CEQA documents for all Projects and for surveys, rights-of-way acquisition and design and preparation of plans and specifications for the Eureka/Arcata Intertie, the Aldergrove Intertie and the Arcata/MCSD Intertie; and (ii) MCSD will bear cost recovery risk for surveys, rights-of-way acquisition and design and preparation of plans and specifications for the Bridge/MCSD Intertie. Notwithstanding the foregoing, HBMWD's cost recovery risk as provided in this Section 4(a) shall be limited to One Hundred Twenty-Five Thousand Dollars (\$125,000) (the "HBMWD Cost Recovery Risk Limit"), which amount has been included in HBMWD's budget and factored into HBMWD's wholesale charges for the current fiscal year.

(b) Based upon the scope and cost estimate prepared by GHD, Inc., dated October 24, 2012 (the "GHD Estimate"), estimating the allocation of the HBMWD Cost Recovery Risk Limit, the Parties anticipate that after completion of the CEQA and surveying services, the following amounts will be available for allocation toward the Projects as follows:

- (i) Eureka-Arcata Intertie engineering - \$12,350;
- (ii) Aldergrove Intertie engineering - \$13,683;
- (iii) Arcata/MCSD Intertie engineering - \$21,051; and
- (iv) Bridge/MCSD Intertie modeling - \$2,762.

(c) In the event the CEQA and surveying services exceed the estimated costs as provided in the GHD Estimate in an amount, as deemed by HBMWD in its reasonable discretion, that is not material, the engineering/modeling allocations contemplated by Section 4(b) above shall be reduced in proportion to their pro rata share of such allocations.

(d) In the event that, prior to completion of such activities, (i) HBMWD's expenditures for activities contemplated by Section 4(a) reach the HBMWD Cost Recovery Risk Limit or (ii) the CEQA and surveying services exceed the estimated costs as provided in the GHD

Estimate in an amount, as deemed by HBMWD in its reasonable discretion, that is material, HBMWD will notify the Parties of the current status of such activities, the extent of the activities remaining to be completed and the estimated cost of completing the activities remaining to be completed. HBMWD will not proceed with such remaining activities until it receives written authorization from City of Arcata to proceed with the Eureka/Arcata Intertie, the Aldergrove Intertie and/or the Arcata/MCSD Intertie and/or MCSD to proceed with the Arcata/MCSD Intertie. Upon authorization to proceed on any such Project, the Party authorizing such activities shall thereafter bear the cost recovery risk with respect to the Project so authorized. By way of example, and not by way of limitation, in the event City of Arcata were to authorize HBMWD to proceed with activities on one or more of the Projects, the cost of which are in excess of HBMWD Cost Recovery Risk Limit, City of Arcata shall thereafter bear all cost recovery risk for amounts expended in excess of the HBMWD Cost Recovery Risk Limit on the Projects so authorized by City of Arcata.

(e) With respect to cost recovery risk for all activities for preparation of bid documents, construction cost exceedances and construction management after HBMWD receives a binding funding agreement from DPH, (i) for the Eureka/Arcata Intertie, Aldergrove Intertie and Arcata/MCSD Intertie, HBMWD will consider in good faith input from all Parties with respect to whether and how to modify such Projects, but shall have sole responsibility for the final decision with respect to how to proceed; and (ii) MCSD will bear cost recovery risk for preparation of bid documents, construction cost exceedances and construction management for the Bridge/MCSD Intertie.

(f) In the event HBMWD receives sufficient Funds for completion of the Bridge/MCSD Intertie, MCSD may submit to HBMWD a statement of MCSD's actual costs incurred, in accordance with the requirements of the DPH funding agreement, for activities of MCSD with respect to the Bridge/MCSD Intertie. HBMWD shall reimburse MCSD for such costs within a reasonable time following receipt of Funds available for such costs.

(g) In the event HBMWD receives sufficient Funds in excess of the amounts required to complete all of the Projects, and subject to DPH finding such costs to be eligible for application of the Funds, MCSD may submit to HBMWD an itemized statement of MCSD's Soft Costs incurred in connection with its completion of the Bridge Pipeline. HBMWD shall reimburse MCSD for such costs within a reasonable time following receipt of Funds available for such costs. "Soft Costs" shall mean costs associated with the planning, engineering and permitting activities for the Bridge Pipeline project.

5. Subsequent Ownership. Assuming sufficient Funds being awarded for completion of all Projects, upon completion of the Aldergrove Intertie, Arcata/MCSD Intertie and Bridge/MCSD Intertie and satisfaction of any post-completion requirements of DPH, ownership and responsibility for operation and maintenance of such interties will be as follows:

(a) Eureka/Arcata Intertie - All components: City of Arcata.

(b) Aldergrove Intertie - Pipeline and appurtenances prior to new mainline meter:
HBMWD.

(c) Aldergrove Intertie - Pipeline and appurtenances after mainline meter, building and building contents: City of Arcata.

(d) Arcata/MCSD Intertie -Meter and valves prior to the meter: City of Arcata.

(e) Arcata/MCSD Intertie - All components after the meter: MCSD.

(e) Bridge/MCSD Intertie - All components: MCSD.

6. Structure of City of Arcata's Cost/Pricing Upon Addition of Aldergrove Intertie. Upon completion of the Aldergrove Intertie, City of Arcata's cost/pricing structure, with respect to those components of such cost/pricing structure set forth in Ordinance 16 that will be impacted by the addition of the Aldergrove Intertie, will be calculated as follows:

(a) Moving Five-Year Average. City of Arcata's Moving Five-Year Average (as defined in Ordinance 16) calculation shall be made using the sum of the Moving Five-Year Average for City of Arcata's existing mainline meter ("Existing Meter") and the Moving Five-Year Average for the new Aldergrove Intertie meter ("Aldergrove Meter"); and

(b) Peak Rate Allocation. City of Arcata's Peak Rate Allocation (as defined in Ordinance 16) shall be determined by summing the daily deliveries through the Existing Meter and the Aldergrove Meter and then determining the Peak Delivery Rate (as defined in Ordinance 16).

7. Operational Agreement. City of Arcata and MCSD shall use reasonable good faith efforts to enter into an operational agreement (the "Operational Agreement") with respect to the terms and conditions of operation and maintenance of the Arcata/MCSD Intertie no later than June 30, 2013. The Operational Agreement shall include, but not be limited to, provisions for establishing the necessary safeguards to protect the integrity of City of Arcata's and MCSD's systems while delivering emergency water to the other Party, the maximum delivery commitment and rate of delivery during an emergency, developing standard operating procedures to operate the Arcata/MCSD Intertie, including provisions to periodically test the lines and backflow prevention associated with the Arcata/MCSD Intertie, establishing rates and charges for water supplied via the Arcata/MCSD Intertie, and defining the process to remedy any unintended consequences to MCSD's or City of Arcata's water systems.

8. Indemnification; Notice; Tort Claims.

(a) Indemnification. Each Party (in such capacity, "Indemnitor") shall indemnify and hold harmless each other Party (in such capacity, and including such Party's successors, assigns, officers, directors, employees, agents, representatives, subsidiaries and affiliates, "Indemnitees") from and against all claims, liabilities, losses, damages or expenses arising out of or relating to all acts, failures to act or other conduct of Indemnitor and/or parties for whose acts, failures to act or other conduct Indemnitor is legally responsible (collectively, the "Indemnitor Parties"). This indemnity provision is not intended to and shall not in any way limit the extent of any insurance coverage available to any of the Indemnitees under any insurance policy purchased and maintained by any Indemnitor Party (even coverage for any one or any combination of the Indemnitees' sole active negligence).

(b) Notice. Each Party shall provide written notice of any claim or potential claim of which such Party becomes aware to each other Party who has or may have an indemnity obligation under this Agreement with respect to such claim or potential claim.

(c) Tort Claims. Each Party intends that this Agreement shall in no way abrogate or constitute a waiver of any immunity or defense available to it under California law.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to the choice of law principles thereof.

(b) Entire Agreement; Modification; Waiver. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof, and there are no agreements, understandings, representations and warranties regarding the subject matter hereof between any Parties other than those set forth or referred to herein. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the Parties hereto. Any Party hereto may, only by an instrument in writing, waive compliance by any other Party hereto with any term or provision of this Agreement. The waiver by any Party hereto of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

(c) Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Photocopies, facsimiles and PDF files of any signed counterpart of this Agreement are effective and valid for any and all purposes as if they were the original signed copy.

(d) No Third Party Beneficiaries. Nothing in this Agreement or any ancillary documents, whether expressed or implied, is intended or shall be construed to confer upon or give to any person, firm, corporation or legal entity other than the Parties any rights, remedies or other benefits under or by reason of this Agreement.

(e) Severability. If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid, the validity of the remaining terms and provisions shall not be affected.

10. Ratification by Legislative Bodies. Until such time as this Agreement is formally ratified by the legislative bodies of each Party, this Agreement constitutes a non-binding statement of intent and creates no obligations or liability on behalf of such Party. Any Party who takes any actions in reliance on this Agreement before it is ratified by all legislative bodies of the Parties does so at its own cost and risk.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the Parties have executed this Special Facilities Agreement effective as of the date(s) provided herein.

HUMBOLDT BAY MUNICIPAL WATER DISTRICT

By: _____
Its: _____

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

By: _____
Its: _____

CITY OF ARCATA

By: _____
Its: _____

Colantuono & Levin, PC

300 South Grand Avenue, Suite 2700

Los Angeles, CA 90071-3137

Main: (213) 542-5700


FAX: (213) 542-5710

WWW.CLLAW.US

Mark E. Mandell
MMandell@CLLAW.US
(213) 542-5720

MEMORANDUM

TO: Greg Orsini, Acting General Manager FILE NO: 43021-0002
McKinleyville CSD
Post Office Box 2037
McKinleyville, California 95519-2037

FROM: Mark E. Mandell, Esq.  DATE: November 15, 2012

RE: Special Facilities Agreement

I understand that the Humboldt Bay Municipal Utility District has requested that the MCSD Board approve a "Special Facility Agreement" between MCSD, HBMWD and the City of Arcata.

This Agreement was negotiated by Norman Shopay with my assistance. I confirm that the document presented by HBMWD is the final version negotiated and that it was reviewed by me for legal issues.

McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **Action**

ITEM: E.2. Approve compensation and terms for Interim General Manager Gregory Orsini

PRESENTED BY: Gregory Orsini

TYPE OF ACTION: Voice Vote

Recommendation:

Staff recommends Board consider a fair compensation as discussed during closed session.

Discussion:

Shortly after the unexpected passing of General Manager, Norman Shopay the Board scheduled a special meeting on November 13, 2012 to discuss the vacant position. During that meeting Greg Orsini was selected by vote to fulfill the duties of Interim General Manager.

Another special meeting was scheduled for November 27, 2012 at that time. Staff was directed to come back to the Board to negotiate terms and compensation for the Interim General Manager positions in a closed session.

Alternatives:

Take Action

Fiscal Analysis:

There are adequate funds budgeted for the compensation package requested.

Environmental Requirements:

Not applicable

Exhibits/Attachments

-

McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.3. **Informational item regarding Public Service Announcements and memorial for Norman Shopay**

PRESENTED BY: **Jason Sehon, Parks & Recreation Director**

TYPE OF ACTION: **None**

Recommendation:

Staff Requests the Board listen to a presentation regarding a formal Public Service Announcement (PSA) and Memorial Service for Norman Shopay.

Discussion:

At its November 13, 2012 Special Board meeting, the Board directed staff to draft and publish a formal PSA regarding the untimely passing of Norman Shopay. In addition, the Board directed staff to schedule a memorial in his honor.

Attached, please find a copy of the formal PSA that was submitted to local media outlets on Wednesday, November 21, 2012.

Staff has also coordinated with Mad River Rotary Club to schedule a memorial in honor of Norman Shopay on Wednesday, November 28, 2012 at Azalea Hall from 1:00 pm to 3:00 pm. Refreshments will be served.

Attached, please find a PSA regarding Norman's memorial that was submitted to local media outlets on Friday, November 16, 2012.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment A - Public Service Announcement dated 11.16.12
- Attachment B – Public Service Announcement dated 11.21.12

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

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

PARKS & RECREATION OFFICE:

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

FOR IMMEDIATE RELEASE

RELEASE DATE: FRIDAY, NOVEMBER 16, 2012

RUN THROUGH DATE: WEDNESDAY, NOVEMBER 28, 2012

**FROM: MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
GREGORY ORSINI, INTERIM GENERAL MANAGER
(707) 839-3251**

SUBJECT: MEMORIAL SERVICE FOR NORMAN SHOPAY

McKinleyville, CA – McKinleyville Community Services District (MCSD) and the McKinleyville community are saddened by the loss of Norman Shopay. Norman was the General Manager for MCSD for 3 years and was also the current President of the Mad River Rotary Club. He was well-liked by staff and community members.

MCSD and the Mad River Rotary Club invite you to attend a memorial service to be held on Wednesday, November 28, 2012 from 1:00 pm to 3:00 pm at Azalea Hall (1620 Picket Road, McKinleyville). Refreshments will be served.

Family, friends and co-workers are all invited to attend this memorial service in honor of all Norman has done for McKinleyville.

If you have questions, please contact Greg Orsini at 839-9003.

#####

(End)

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

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

FOR IMMEDIATE RELEASE

RELEASE DATE: WEDNESDAY, NOVEMBER 21, 2012

RUN THROUGH DATE: WEDNESDAY, NOVEMBER 28, 2012

**FROM: MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
GREGORY ORSINI, INTERIM GENERAL MANAGER
(707) 839-3251**

**SUBJECT: MCKINLEYVILLE COMMUNITY SUFFERS THE LOSS OF NORMAN
SHOPAY, GENERAL MANAGER OF MCKINLEYVILLE COMMUNITY
SERVICES DISTRICT**

McKinleyville, CA – MCSD and the Mad River Rotary Club invite you to attend a memorial service to be held on Wednesday, November 28, 2012 from 1:00 pm to 3:00 pm at Azalea Hall (1620 Picket Road, McKinleyville). Refreshments will be served.

Family, friends and co-workers are all invited to attend this memorial service in honor of all Norman has done for McKinleyville.

Norman Thomas Shopay, 61, of Benicia, CA passed away suddenly on Saturday, November 10th. He was born in New Britain, CT, grew up in Bristol, CT and graduated from Bristol Eastern High School in 1968. He joined the United States Marine Corps and served during the Vietnam War from 1968-1972. Following his discharge, he graduated from Southampton College of Long Island University with a B.S. degree in Marine Science and Geology. He later attended graduate school at Texas A&M studying Geology and Environmental Studies.

Norman worked for the State of California, Department of Toxic Substances Control as a hydrogeologist and grant writer, where he reviewed permits and conducted facility inspections and wrote notices of violations. He also worked for the Department of Water Resources as a Senior Engineering Geologist for Proposition 50 and Proposition 84.

In 1992, Norman and his wife Nancy formed their own environmental consulting firm, Envirometrix Corporation. In 2010, Norman became the General Manager for the McKinleyville Community Services District (MCSD).

Under the direction of Norman as GM, staff the District had many successes and accomplishments over the course of the last three (3) years.

Right off the bat, Norman realized the importance of updating the District's website and also implemented a new District logo to go along with it.

His vision for developing partnerships helped MCSD build relationships with organizations such as the Sheriff Department, Service Clubs, California Conservation Corps, CalWORKS Welfare to Work, local businesses and many other organizations.

In addition, Norman updated many of MCSD's policies and procedures and implemented goals and objectives to assist staff with direction given by the Board. Norman also completed a water/sewer rate study and a 20-year Facilities Plan.

Norman had a team approach to his leadership and also encouraged employees to seek training opportunities for individual development.

In an interview with the McKinleyville Press in 2009, Norman was asked what attracted him to MCSD and he answered, "I like the diversity, the idea that you have water, sewer, parks, and rec. I can bring in my experience being a manager and building consensus. And I like the area up here, the small town atmosphere. Plus the staff here are all so highly dedicated to the welfare of the community."

Norman was well-liked by staff and community members. Just three days before he passed, Norman was highly praised by the MCSD Board of Directors, which lauded him for his contributions at the Nov. 7 meeting. "Norman has done an outstanding job," Board President Dennis Mayo said

"Not only will he be missed as the leader of MCSD and as a good friend but also in the community with his efforts in Rotary and on the McKinleyville Municipal Advisory Committee", said Helen Edwards MCSD Board member.

"I have worked for MCSD for 23 years, for 3 different General Managers but Norman brought a perspective to the position I had never experienced and he taught me many things that will forever influence me. On a personal note, Norman was a very unique, caring and gentle man and I will miss our conversations and his sense of humor", said Greg Orsini, Operations Director for MCSD.

"Norman helped to built many partnerships and brought a lot of people together for a common good. I will miss his positive outlook on the importance of developing relationships for the betterment of our community," said Jason Sehon, MCSD Parks & Recreation Director

James Henry, Leadperson for MCSD smiled a little as he said Norman approached him every morning saying, "Good morning sunshine, can I get you anything?"

Ron Coffman, resident of McKinleyville said, "The last three years have been incredibly productive for the MCSD. The "to-do" list at times was daunting, but the cooperation between Norman, the Board, Staff, and stake holders has constantly been for the benefit of McKinleyville's future."

John Corbett, MCSD Board member said, "He came up here and integrated himself in the community without hesitation. He provided a lot of leadership for the District in improving the level and quality of our relationship with Humboldt County."

Joyce King, resident of McKinleyville said, "In my experience, Norman made a great effort to stay in touch with diverse points of view. He welcomed partnership opportunities with groups like the McKinleyville Land Trust, which enhanced the recreational and educational benefits to McKinleyville. He had a calm professionalism that seemed to have a wide-ranging effect. I will miss him greatly."

Norman was President of the Mad River Rotary Club, and served as a Board member for the California Special Districts Association and was very active in the Association of California Water Agencies.

Neil McCormick, California Special District Association Executive Director said "While Norman was fairly new to the CSDA Board, he had an extensive background in public agency work and had already contributed significantly to CSDA in many ways. I truly enjoyed working with him and always respected his willingness to participate and volunteer, as well as provide his perspective on issues. Norm will be missed."

Norman was an avid fisherman and golfer, a good cook and a collector of fine wine. He was a certified boat captain and had a private pilot's license. Norman enjoyed travelling and spending time with good friends.

Norman is survived by Nancy, his wife of 40 years and his two dogs Jake & Linzi.

Donations can be sent to the American Cancer Society's Vallejo Relay for Life. Arrangements are under the direction of Passalacqua Funeral Chapel, Benicia. Please visit the online tribute at www.passalacquafuneralchapel.com.

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(End)

McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.4. Information regarding list of District Projects

PRESENTED BY: Colleen M. R. Trask

TYPE OF ACTION: None

Recommendation:

Staff requests the Board review and consider the information presented.

Discussion:

At the November 13, 2012 Special Meeting, the Board requested that staff prepare a list of ongoing District Projects.

Some of these involve ongoing participation in state-level bodies like JPIA, ACWA, and CSDA that affect all Special Districts in the State, where Mr. Shopay was serving either as primary or alternate to one of the MCSD Board Members. These projects may require Board review for appropriate transition.

Major strategic projects already in progress and approved by the Board are moving forward. They are at the top of the attached Project Schedule. However, the scheduling for some of these has been adjusted due to the rate increase being implemented in FY2012-13, rather than FY2011-12 as originally expected. The schedule changes had been previously discussed by General Manager Shopay with the Finance Director, and have been reviewed by Interim General Manager Orsini. These are listed in the next section of the Project Schedule.

The last section of the Project Schedule lists a few projects that might be postponed until the General Manager transition is complete and the cash flow from the rate increase is more fully realized.

Operational or management level projects are not listed here for the Board but have been reviewed by the Interim General Manager and will be completed in the course of normal operational processes.

Alternatives:

Take Action

Fiscal Analysis:

Delay of some additional debt burden and operational expenditures until rate increase takes full effect.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment A- MCSD Projects List

MCSD Project Schedule - 2012

Project Schedule - GO	Original Timeline	Adjusted Timeline	Approved Budget	Expected Funding Source
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JPIA Board	ongoing			
ACWA Board	ongoing			
CSDA Board	ongoing			
Strategic Planning for District	FY2012-13		\$23,730	Operations
Waste Water Mgmt Facility - Design Phase	FY2012-13		\$750,000	Loan, Grants
Prop. 50 Emergency Intertie - HBMWD	FY2012-13		\$77,500	Prop. 50/84
w/Kramer Property Easement Acq.				to Reimburse
Teen Center	FY2012-13		\$185,000	Measure B
Boyd Rd Sphere of Influence -Water Svc	FY2012-13		n/a	Operations
Gen'l Plan Housing Element - Lawsuit	FY2012-13		n/a	Reserves
LAFCO - Adj. District Boundaries	FY2012-13		n/a	Operations
LED Streetlights Project	FY2012-13		\$150,000	Loan/Prop.84
Urban Water Management Plan	FY2012-13		n/a	Operations
County Hazard Mitigation Plan	FY2012-13		n/a	Operations
Pierson Park Covered Picnic Area	FY2012-13		\$100,000	Grant/Quimby
Washington Avenue Park Project	FY2012-13		\$45,000	Reserves/Grant

Project Schedule - SLOW

Employee Contract Negotiations	FY2012-13	FY2012-13	n/a	hold-Sal. Survey
Cust. Radio Read Meter Replacement	FY2011-12	FY2012-13	\$1.3m	Loan/Prop.84
Granite Property Development	FY2012-13	FY2013-14	n/a	Grant/Reserves
4.5m New Tank	FY2012-13	FY2014-15	\$3.5m	Loan
Mather Tract	FY2013-14	TBD	n/a	Loan/Grant
Cochran Tank Site Acquisition	FY2013-14	TBD	n/a	Loan

Project Schedule - Temporary Suspend

District Engineer Hiring	FY2012-13	TBD	\$127,000	Operations
Construction of new MCSD offices	FY13 to FY15	TBD	\$325,000	Loan
Entry Sign for McKinleyville	FY2012-13	TBD	no estimate/budget	
Gwin Road Property Acquisition	FY2013-14	TBD	n/a	Loan

McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.5. Information regarding transition planning for General Manager Position

PRESENTED BY: Greg Orsini

TYPE OF ACTION: None

Recommendation:

Staff requests the Board review and consider the information presented.

Discussion:

Staff sought advice on how to best advise the Board regarding the transition after Norman's passing. Brent Ives was contacted due to his experience with Special Districts. It seemed reasonable to utilize Mr. Ives considering his existing contract for Strategic Planning.

First he said he was happy that the Board had a go-to person in the immediate term. He also explained that, because we have the interim issue in-hand, the Board need not take any immediate action for replacement but instead think about a facilitated meeting after the first of the year to discuss all options available to the District given our specific situation and conditions. This is preparatory for and important for any GM related option that the Board may choose. The act of strategic planning also helps advise and inform the Board in the direction they take for filling the GM position and should be discussed.

Mr. Ives has provided us a quote for assisting us during this transition and acting as a facilitator in the discussion of the options and how to best move forward at this time. We believe this to be important to making the best choice for this critical position, especially in light of the District workload and initiatives and given our particular situation with Norman's passing.

We intend to provide the Board with several alternatives for facilitating the transition to allow the Board the greatest latitude in navigating this untimely happening.

Staff also plans on integrating a Succession Plan into the Strategic Plan so we are prepared if MCSD finds itself in this position again.

Alternatives:

Take Action

Fiscal Analysis:

A professional services agreement with BHI Consulting will be entered into for a price not to exceed \$4600.00 including travel costs.

Environmental Requirements:

Not applicable

Exhibits/Attachments

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 27, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.6. Discuss and set schedule for subsequent Special Meeting(s) of the MCSD Board of Directors

PRESENTED BY: District Staff

TYPE OF ACTION: None

Recommendation:

Staff recommends that the Board consider scheduling subsequent special meetings as needed to deal with issues during this period of transition

Discussion:

At the Boards pleasure staff would appreciate suggestions for special meetings. As there is no regular scheduled meeting the first Wednesday in January it would be easier to schedule a special meeting for the second week. Any suggestions for agenda items would be appreciated.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

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