

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**

**WEDNESDAY, APRIL 5, 2017
Special Meeting: 6:30 p.m.
Regular Meeting: 7:00 p.m.
Azalea Hall, 1620 Pickett Road
McKinleyville, California**

AGENDA
Special Meeting 6:30 p.m.

A. CALL TO ORDER

- A.1 Introduce March 14, 2017, Election Results, Administer Oath of Office to **Pg. 6**
Newly Elected Director and Adopt Resolution 2017-09, Accepting Election
Results and Seating Newly Elected Director
Attachment 1 – Resolution 2017-09 with Exhibit "A" the Certificate **Pg. 7**
of Results of Canvass and Statement of Votes Cast

A.2 Roll Call

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

A.3 Closed Session Discussion

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

a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (California Government
Code § 54954.5 and 54957) Title: General Manager—Gregory Orsini

A.4 Report out of Closed Session

AGENDA

Regular Meeting 7:00 pm

A. CALL TO ORDER

A.1 Roll Call

A.2 Pledge of Allegiance

A.3 Additions to the 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.4 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 Conduct Public Hearing for the Annual Levy of Assessments (Fiscal Year 2017/2018) for the Measure B Maintenance Assessment District – Renewal for Parks, Open Space, and Recreational Facilities. Consider Adopting Resolution 2017-10; Approving the Annual Engineer's Report; Fiscal Year 2017/2018; McKinleyville Community Services District; Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities), Including the Assessment Diagram Connected Therewith **Pg. 10**

Consider Adopting Resolution 2017-11; Ordering the Levy and Collection of Assessments within the Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities) for FY 2017/2018

Attachment 1 – Resolution 2017-10

Pg. 13

Attachment 2 – Resolution 2017-11

Pg. 15

Attachment 3 – Annual Engineer's Report Fiscal Year 2017/18

Pg. 17

Attachment 4 – PSA for Notice of Hearing

Pg. 48

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 the Minutes of the Board of Directors Regular Meeting of March 1, 2017 **Pg. 50**
Attachment 1 – Draft Minutes from March 1, 2017 **Pg. 51**
- D.2 Consider Approval of February 2017 Treasurer's Report **Pg. 56**
- D.3 Compliance with State Double Check Valve (DCV) Law – No Violations

E. CONTINUED AND NEW BUSINESS

- E.1 Consider Approval of Humboldt Bay Municipal Water District's (HBMWD) Contract for Supply of Water **Pg. 79**
Attachment 1 – HBMWD's Ordinance 16 Amended 2017 **Pg. 81**
Attachment 2 – Draft McKinleyville Contract for Supply of Municipal Water **Pg. 97**
- E.2 Presentation from American Red Cross Regarding the Emergency Shelter Drill on April 28-29, 2017 at Azalea Hall **Pg. 105**
- E.3 Consider Approval of Boys & Girls Club of the Redwoods, McKinleyville Teen Club Request to Install a Public Yarn Storm Installation at Pierson Park May 31-June 4, 2017 **Pg. 106**
Attachment 1 – 2017 Pierson Park Yarn Installation Presentation **Pg. 107**
- E.4 Humboldt Skate Park Collective (HSPC) Presentation of Plan Proposal for the Development of a Skate Park in McKinleyville **Pg. 110**
- E.5 Reassessment or Dissolution of Camino Way Open Space Maintenance Zone (OSMZ) #16 **Pg. 112**
Attachment 1 – Camino Way Verification from County **Pg. 116**
Attachment 2 – Camino Landscaping Map Square Footage **Pg. 117**
Attachment 3 – Pictures of Current Landscaping Conditions **Pg. 118**
Attachment 4 – Camino Way OSMZ File 2004 **Pg. 119**
- E.6 Appoint Alternate Members of the Recreation Advisory Committee or Elect to Advertise Vacancies and Accept Applications to Fill the Vacant Regular Member Seats **Pg. 120**
Attachment 1 – Greg Moss Resignation Notice **Pg. 121**
- E.7 Letter to the Board of Directors of the Boys & Girls Club of the Redwoods **Pg. 122**
Attachment 1 – Letter to the BGCR Board of Directors **Pg. 123**

E.8	Consider Attendance at the 2017 Special District Legislative Days in Sacramento, May 16-17, 2017	Pg. 124
	Attachment 1 – 2017 Special District Legislative Days Brochure	Pg. 126
E.9	Review Parks & General Fund Draft Operating Budget, FY2017-18	Pg. 128
	Attachment 1 – FY 2017-18 Draft Operating Budget for the Parks/General Fund and Measure B Fund	Pg. 129
E.10	Consider Approval or Modification of the Senior Center Management Services and Usage Agreement	Pg. 130
	Attachment 1 – Senior Center Management Services and Usage Agreement	Pg. 132
E.11	Initiate Process for General Manager's Performance Evaluation	Pg. 143
	Attachment 1 – Exhibit A of Board Policy Manual	Pg. 145
	Attachment 2 – Board of Director's Evaluation Form GM	Pg. 146
	Attachment 3 – Department Head 360 Performance Evaluation of GM	Pg. 148
E.12	Revisit Committee Assignments and Appointment of Committee Chairs by the Board President for the Remainder of the 2017 Calendar Year	Pg. 151
	Attachment 1 – Current Positions, Staff Member Appointments and Committee Assignments	Pg. 153
E.13	Consider Support for AB 968 and AB 1654 Urban Water Management Planning and Approve Board President and General Manager to Sign Letter of Support	Pg. 154
	Attachment 1 – Proposed Changes to the Urban Water Management Plan Act	Pg. 156
	Attachment 2 – Proposed Long-Term Water Use Efficiency Legislation	Pg. 158
	Attachment 3 – AB 968 and AB 1654 Background	Pg. 159
	Attachment 4 – Letter of Support	Pg. 169

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

F.2 STAFF REPORTS

- | | |
|---|---------|
| a. Support Services Department (Colleen M.R. Trask) | Pg. 186 |
| b. Operations Department (James Henry) | Pg. 188 |
| c. Parks & Recreation Department (Lesley Frisbee) | Pg. 193 |
| Attachment 1 – RAC Meeting Notes 3-23-17 | Pg. 196 |
| d. General Manager (Greg Orsini) | Pg. 197 |
| Attachment 1 – WWMF Monthly Self Monitoring Report | Pg. 200 |

F.3 PRESIDENT'S REPORT

F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEMS REQUESTS

G. ADJOURNMENT

Posted 5:00 pm on March 31, 2017

Pursuant to California Government Code Section 54957.5, this agenda and complete Board packet are available for public inspection on the web at McKinleyvillecsd.com/minutes or upon request at the MCSD office, 1656 Sutter Road, McKinleyville. A complete packet is also available for viewing at the McKinleyville Library at 1606 Pickett Road, McKinleyville. If you would like to receive the complete packet via email, free of charge, contact the Board Secretary at (707)839-3251 to be added to the mailing list.

McKinleyville Community Services District will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the Board Secretary at (707) 839-3251. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements for accommodations.

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: A.1 **Introduce March 14, 2017, Election Results, Administer Oath of Office to Newly Elected Director and Adopt Resolution 2017-09, Accepting Election Results and Seating Newly Elected Director**

PRESENTED BY: **Emily Abfalter, Board Secretary**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board of Directors introduce March 14, 2017 Election Results, Administer Oath of Office to Newly Elected Director, take public comment and Adopt Resolution 2017-09, Accepting Election Results and Seating Newly Elected Director.

Discussion:

On March 29, 2017, McKinleyville Community Services District (MCSD) received a confirmation of the March 14, 2017 Special Election results from the County of Humboldt Elections Office. Find attached as Exhibit "A" the Certificate of Results of Canvass and Statement of Votes Cast for acceptance by Resolution 2017-09, **Attachment 1.**

	Votes	Percentage
Mary Burke	2006	71.69%

Staff would like to congratulate Mary Burke on her successful election to the Board of Directors of MCSD by the McKinleyville voters who represent this community.

Alternatives:

Not applicable

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2017-09 with Exhibit "A" the Certificate of Results of Canvass and Statement of Votes Cast

RESOLUTION 2017 - 09**A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
ACCEPTING THE CERTIFICATION FROM THE HUMBOLDT COUNTY CLERK/REGISTRAR
OF VOTERS OF RESULTS OF VOTES CAST FOR THE MARCH SPECIAL ELECTION**

WHEREAS, on March 14, 2017, a Special Election was held to fill a vacant seat on the McKinleyville Community Services District (MCSD) Board of Directors; and

WHEREAS, notice of the election was given in the time, form, and manner provided by law, and that in all respects the election was held and conducted and the votes cast, received, and canvassed, and the returns made and declared, in the time, form, and manner required by law; and

WHEREAS, pursuant to California Elections Code § 15301, et. seq., the Humboldt County Registrar of Voters did canvass the returns of the votes cast at the March 14, 2017, election; and

WHEREAS, the Humboldt County Registrar of Voters did certify the whole number of votes cast in said election; and

WHEREAS, the Certificate of Results of Canvass and Statement of Votes Cast is attached as Exhibit "A" and incorporated herein; and

WHEREAS, the candidate with the highest number of votes was Mary Burke.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby accept the certified election results. Mary Burke shall serve the remainder of Helen Edwards's term, assuming office on March 28, 2017, and serving until December 2020. The Board Secretary shall sign and deliver to the newly elected Director, a Certificate of Election, as well as, administer the Oath of Office and return both originals of the Certificate of Election and Oath of Office to the Humboldt County Elections Office.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on April 5, 2017 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dennis Mayo, Board President

Attest:

Emily Abfalter, Board Secretary

Certificate of Results of Canvass
March 14, 2017
McKinleyville Community Services District Special Election

[illegible]

I, Kelly E. Sanders, Registrar of Voters of the County of Humboldt, do hereby certify that pursuant to the provisions of Section 15301 et. seq., of the California Elections Code, I did canvass the return of votes cast in the March 14, 2017, McKinleyville Community Services District Special Election, and that the Statement of Votes Cast to which this Certification is attached shows the total number of votes cast and the total number of votes cast for each candidate and/or measure in each respective precinct therein and that the totals for each candidate and/or measure are true and correct.

WITNESS MY HAND AND OFFICIAL SEAL this 28th Day of March, 2017.

KELLY E. SANDERS
REGISTRAR OF VOTERS

Signed: _____ (Deputy)

Canvass Report — Total Voters — Official

HUMBOLDT COUNTY — MCKINLEYVILLE COMMUNITY SERVICES DISTRICT SPECIAL ELECTION — March 1

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03/23/2017 10:41 AM
Precincts Reporting 6 of 6 = 100.00%

Total Number of Voters : 2,800 of 9,840 = 28.46%

MCKINLEYVILLE CSD GOVERNING BOARD MEMBER

Precinct	Mail Ballot Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	DAVID COELHO	JAMES VANCE	MARY BURKE	BONNIE L. OLIVER	Unresolved Write-Ins	Unqualified Write-Ins	Totals
5MK-1	525	0	525	1847	28.42%	53	41	407	21	0	3	525
5MK-2	473	0	473	1542	30.67%	50	47	341	33	0	1	472
5MK-4	389	0	389	1383	28.13%	52	53	259	23	0	2	389
5MK-5	516	0	516	1789	28.84%	81	48	365	21	0	1	516
5MK-6	373	0	373	1664	22.42%	77	55	227	9	0	4	372
5MK-7	524	0	524	1615	32.45%	43	51	407	19	0	4	524
Totals	2800	0	2800	9840		356	295	2006	126	0	15	2798

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: B.1 **Conduct Public Hearing for the Annual Levy of Assessments (Fiscal Year 2017/2018) for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities**

Consider Adopting Resolution 2017-10; Approving the Annual Engineer's Report; Fiscal Year 2017/2018; McKinleyville Community Services District; Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities), Including the Assessment Diagram Connected Therewith

Consider Adopting Resolution 2017-11; Ordering the Levy and Collection of Assessments within the Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities) for FY 2017/2018

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends the Board of Directors participate in the presentation of information and follow the below process related to the proposed Annual Levy of Assessments for Fiscal Year 2017/2018 of the Measure B Assessment District.

1. Public Hearing
 - a. Open the Public Hearing, receive testimony, consider any public input and written protests.
 - b. Close the Public Hearing
2. Adopt Resolution 2017-10 & 2017-11:
 - a. Resolution 2017-10; Approving the Annual Engineer's Report; Fiscal Year 2017/2018; McKinleyville Community Services District; Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities); including the assessment diagram connected therewith.
 - b. Resolution 2017-11; Ordering the levy and Collection of Assessments within the McKinleyville Community Services District; Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities) for Fiscal Year 2017/2018

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 the California Constitution Article XIID for the levy of annual assessments for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities ("District") which replaced and extend for another 20-year duration 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 levied on the Humboldt County tax rolls for Fiscal Year 2011/2012 (first year's assessment)

In accordance with the provisions of the Landscaping and Lighting Act of 1972 of the California Streets and Highway Code (the 1972 Act), in order to levy the assessments each fiscal year an Engineer's Report must be prepared and filed with the Board regarding the proposed assessments and the Board must conduct a noticed Public Hearing regarding these matters prior to approving and adopting the assessments for the upcoming fiscal year.

On March 1, 2017, the Board adopted Resolution 2017-04 which initiated the annual levy and collection of assessments; and Resolution 2017-05 which declared the Board's intention to levy the assessments for Fiscal Year 2017/2018, approved the draft Engineer's Report and set April 5, 2017 as the date for the public hearing.

Since the proposed assessments (assessment rate) to be levied for Fiscal Year 2017/2018 are equal to or less than the maximum assessments originally approved in 2011 through the property owner protest ballot proceeding, in accordance with Chapter 3 Section §22626 of the 1972 Act, notice of the public hearing shall be given by causing such notice to be published one time in a newspaper of general circulation at least 10 days prior to the date of hearing pursuant to Chapter 1, Article 3 Sections 22552 and 22553 of the Act. The tax rolls can be accessed on the MCSD website and are also available to view at the MCSD office, located at 1656 Sutter Road, McKinleyville CA 95519.

Alternatives:

Staff analysis consists of the following potential alternative

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

Fiscal Analysis:

The Fiscal Year 2017/2018 Engineer's Report anticipates that Measure B assessment revenues to be levied and collected on the tax rolls will be approximately \$210,952.34 based on the 5,749 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 34% of the total estimated \$608,650 budgeted for Fiscal Year 2017/2018 to fund the operation and maintenance of MCSD's parks and recreation. In addition to those costs identified as general benefit (\$304,325 not assessed), MCSD will contribute an additional estimated \$96,577 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:

- Attachment 1 - Resolution 2017-10
- Attachment 2 – Resolution 2017-11
- Attachment 3 – Annual Engineer's Report Fiscal Year 2017/18
- Attachment 4 – PSA for Notice of Hearing

RESOLUTION 2017 – 10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, AMENDING AND/OR APPROVING THE FINAL ENGINEER'S ANNUAL LEVY REPORT FOR THE MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES FOR FISCAL YEAR 2017/2018

THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1: The Board of Directors (the “Board”) of the McKinleyville Community Services District (“MCSD”), pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Section 22500 et. seq.) (the “Act”) did by previous resolution, order the preparation and filing of an Engineer’s Report in accordance with Article 4 of Chapter 1 of the Act for the annual levy and collection of assessments for the district known and designated as the “Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities” (the “Assessment District”) for the fiscal year commencing July 1, 2017 and ending June 30, 2018.

Section 2: Whereas, the Board proposes to levy and collect assessments against lots and parcels of land within the Assessment District for Fiscal Year 2017/2018 to pay the annual costs and expenses of the Assessment District improvements that may include all improvements, services and activities authorized by the Act for the ongoing operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses, including any debt service issued to finance capital improvements, related to the parks, trails, open space and recreational facilities associated with the Assessment District that provide special benefits to such lots and parcels of land.

Section 3: Whereas, the Assessment Engineer of Work (the “Engineer”), has prepared and filed with the Secretary of the Board of Directors and the Secretary has presented to the Board of Directors such report entitled “Annual Engineer’s Report; Fiscal Year 2017/2018; McKinleyville Community Services District; Measure B Maintenance Assessment District, Renewal for Parks, Open Space, and Recreational Facilities” (the “Report”) in connection with the proposed levy of the Assessment District assessments for Fiscal Year 2017/2018.

Section 4: The Report as presented, in accordance with Chapter 1, Article 4 of the Act, consists of the following:

- a) Plans and specifications for the improvements
(A description of the Assessment District and Improvements).
- b) An estimate of the costs of the improvements
(The budget identifying the estimated costs and expenses for Fiscal Year 2017/2018).
- c) A diagram for the Assessment District
(Assessment District Diagram showing the exterior boundaries of the Assessment District).
- d) An assessment of the estimated costs of the improvements
(A description of the method of apportionment and resulting assessment rate for the fiscal year).

e) If bonds or notes will be issued, an estimate of their principal amount.

Section 5: The Board of Directors has carefully examined and reviewed the Report as presented, and is satisfied with the plans and specifications, each of the budget items and documents as set forth therein, and is satisfied that the proposed annual assessments have been spread in accordance with the special benefits received from the improvements, operation, maintenance and services to be performed within the Assessment District, and the Assessment District consists of all parcels that receive such special benefits as set forth in said Report and such assessments are made in accordance with the Act and the California State Constitution, Article XIIID.

Section 6: The Report as presented, is hereby approved (as submitted or amended herein by Board action), and is ordered to be filed in the offices of the MCSD as a permanent record and to remain open to public inspection.

Section 7: 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.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby approve amending and/or approving the final Engineer's Annual Levy Report for the Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities for Fiscal Year 2017/2018.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on April 5, 2017 by the following polled vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Dennis Mayo, Board President

Attest:

Emily Abfalter, Board Secretary

RESOLUTION 2017 – 11

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 2017/2018

THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1: Whereas, The Board of Directors (the “Board”) of the McKinleyville Community Services District (“MCSD”), has by previous Resolutions initiated proceedings and declared its intention to levy special benefit assessments against parcels of land within the **“Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities”** (the “Assessment District”) for the fiscal year commencing July 1, 2017 and ending June 30, 2018; pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (the “Act”) to pay the annual costs and expenses for the ongoing operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses, including any debt service issued to finance capital improvements, related to the parks, trails, open space and recreational facilities associated with the Assessment District.

Section 2: The Assessment Engineer of Work (the “Engineer”) selected by the Board of Directors has prepared and filed with the Board Secretary, and the Secretary has presented to the Board of Directors the Annual Engineer’s Report for fiscal year 2017/2018 (the “Report”) in connection with the proposed levy and collection of special benefit assessments upon eligible parcels of land within the Assessment District, and the Board of Directors did by previous Resolution approve said Report.

Section 3: Following notice duly given, the Board of Directors has held a full and fair Public Hearing regarding the Assessment District, the levy and collection of assessments, the Annual Engineer’s Report prepared in connection therewith, and considered any oral and written statements, protests and communications made or filed by interested persons regarding these matters.

Section 4: Based upon its review (and amendments, as applicable) of the Report, a copy of which has been presented to the Board of Directors and which has been filed with the Board Secretary, the Board of Directors hereby finds and determines that:

- a) The land within the Assessment District will receive special benefit by the operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses, including any debt service issued to finance capital improvements, related to the parks, trails, open space and recreational facilities associated with and within the boundaries of the Assessment District.
- b) The Assessment District includes all of the lands receiving such special benefit.
- c) The net amount to be assessed upon the lands within the Assessment District is in accordance and apportioned by a formula and method which fairly distributes the net amount among eligible parcels in proportion to the special benefit to be received by each parcel from the improvements and services for the fiscal year commencing July 1, 2017 and ending June 30, 2018.

d) The Report and assessment as presented to the Board of Directors and on file in the office of the Board Secretary comply with the applicable provisions of the Act and the California State Constitution Article XIID and are hereby confirmed as filed.

Section 5: The annual operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses, including any debt service issued to finance capital improvements, related to the parks, trails, open space and recreational facilities shall be performed pursuant to the Act including. The Board of Directors hereby orders the proposed improvements to be made, which improvements are more fully described in the Report which by reference is made part of this resolution.

Section 6: 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 Chapter 4, Article 2, Section 22646 of the Act. After collection by the County, the net amount of the levy shall be paid to the MCSD Treasurer.

Section 7: 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 and briefly described in Section 5.

Section 8: The adoption of this Resolution constitutes the Assessment District levy for the fiscal year commencing July 1, 2017 and ending June 30, 2018.

Section 9: The Board Secretary, or their designate, is hereby authorized and directed upon adoption of this Resolution, to file the levy of assessments for fiscal year 2017/2018 with the County Auditor at the time and in the manner required by the County Auditor for the levy of such assessments.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby order the levy and collection of assessments within the Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities for Fiscal Year 2017/2018.

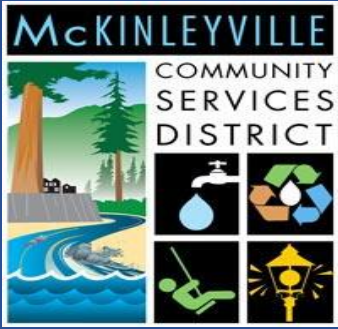
ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on April 5, 2017 by the following polled vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Dennis Mayo, Board President

Attest:

Emily Abfalter, Board Secretary



MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

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

2017/2018 PRELIMINARY ENGINEER'S ANNUAL LEVY REPORT

Intent Meeting: March 1, 2017

Public Hearing: April 5, 2017

27368 Via Industria
Suite 200
Temecula, CA 92590
T 951.587.3500 | 800.755.6864
F 951.587.3510



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

Fiscal Year 2017/2018

County of Humboldt, State of California

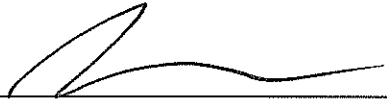
This Report and the enclosed descriptions, budgets and diagram outline the proposed improvements and assessments associated with the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities for Fiscal Year 2017/2018. 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 29th day of March, 2017.

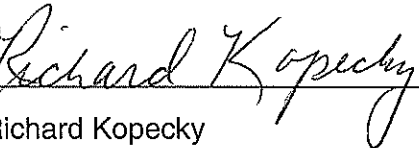
Willdan Financial Services

Assessment Engineer

On Behalf of the McKinleyville Community Services District

By: 

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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 2017/2018 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 XIID ("California Constitution" or "Article XIID"). This Engineer's Report ("Report") has been prepared in connection with the proposed levy and collection of District assessments for Fiscal Year 2017/2018, 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 2017/2018. 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 2017/2018. 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 2017/2018 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 2017/2018. 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 2017/2018.

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 2017/2018 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 nineteen percent (19%) for park and sports complex maintenance; thirteen percent (13%) for hall/activity center operation and maintenance; four percent (4%) for trail and open space maintenance; sixty percent (60%) for capital improvement projects; and four percent (4%) 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 2017/2018 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 2017/2018 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.
- McKinleyville Teen Center: is an approximate 6,600 square foot addition to an existing community center. The 6,600 square-foot center is used for teen and community activities that include a quiet study room, covered outdoor performance area and a community commercial kitchen where cooking classes are held. The center is designed so that up to seven distinct and separate activities can take place at the same time without overlap.

➤ 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.

➤ Operation and maintenance of future park and 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 2017/2018.

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	4,997	6,708.00
	0.500 EBU per Bed ⁽¹⁾	1	36.00
	Residential Total	4,998	6,744.00
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)	140	192.41
Vacant	(1/3) EBU per Parcel (0.33 EBU)	496	163.68
Exempt	0.000 EBU per Parcel	115	53.64
Totals ⁽²⁾		5,749	7,153.73

(1) For Fiscal Year 2017/2018 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 5,749 parcels in the District representing a total of 7,153.73 EBU, in addition to the 115 parcels identified above as exempt representing 53.64 EBU (which are non-taxable parcels generally owned by government agencies) there are 16 parcels representing 70 EBU's (being assessed for park and recreational improvements through another revenue source) that are currently identified as properties that will not be assessed on the County tax rolls. 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 5,618 parcels representing 7,030.09 EBUS that are proposed to be applied to the tax rolls for Fiscal Year 2017/2018.

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 (7,030.09 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, 115 parcels representing 53.64 EBU are currently identified as non-taxable parcels and the assessments for these parcels (\$3,709.20) 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 2017/2018 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 \$214,662.00 at an assessment rate of \$30.00 per Equivalent Benefit Unit based on 7,153.73 EBU, of which approximately \$210,952.34 (7,030.09 EBU) is proposed to be collected on the County tax rolls based on current property information:

Mckinleyville CSD FY1718 District Budget			
Expenditures:			
Operation and Maintenance:			
Pierson Park	\$	51,925	
Hiller Park West		34,100	
Hiller Sports Complex		98,800	
Azalea Hall		86,775	
McKinleyville Activity Center		64,100	
Trails		42,000	
Undeveloped Property		15,600	
Future Parks & Facilities		25,000	
Operation and Maintenance Sub-total:	\$	418,300	
Capital Improvements ⁽¹⁾		173,500	
Total Program Budget	\$	591,800	
Incidental Expenses		16,850	
Total Annual Expenditures:	\$	608,650	
Revenues:			
General Benefit Funding		\$304,325	
Additional Funding Non-Assessment ⁽²⁾		96,577	
Non-Assessment Revenue Sub-total:		\$400,902	
Non-Taxable Special Benefit Assessment Revenue ⁽³⁾	\$	3,709	
Taxable Special Benefit Assessment Revenue(Collected on Tax Rolls)		210,952	
Total Measure B Special Benefit Assessments		214,662	
Total Annual Revenues:		\$615,564	
Fund Balance (Capital/Rehabilitation Improvements):			
Estimated Beginning Fund Balance (As of 07/01/2017)		\$431,870	
Estimated Fund Collection ⁽¹⁾		173,500	
Estimated Expenditures		181,000	
Estimated Ending Fund Balance		\$424,370	

(1) 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).

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

(3) Contribution from MCSD general fund to cover amount that would otherwise be assessed against 115 non-taxable parcels and 16 parcels already being assessed for park and recreational improvements through another revenue source, which that collectively represent approximately 123.64 EBU's.

Assessment Calculations

Applying the method of apportionment outlined in Part II of this Report and the budget estimates for Fiscal Year 2017/2018 results in the following calculation of assessments:

$$\text{\$214,661.54} \div 7,153.73 \text{ EBU's} = \text{\$30.00 per EBU}$$

Therefore, a single benefit unit or the Annual Assessment Rate for Fiscal Year 2017/2018 (Applicable to a typical Residential Dwelling Unit) will be \$30.00.

Assessment Summary

Total Measure B Special Benefit Assessments	\$ 214,661.54
Total Equivalent Benefit Units	÷ \$ 7,153.73
Assessment Rate per EBU	\$ 30.00

Assessment Breakdown of Non-Taxable Properties

EBU of Non-Taxable Properties	123.64
Assessment Rate per EBU	x \$ 30.00
Non-Taxable Property Adjustment⁽¹⁾	\$ 3,709.20

⁽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	7,153.73
EBU of Non-Taxable Properties ⁽¹⁾	- 70.00
Equivalent Benefit Units Levied on Tax Rolls	7,083.73
Balance to be collected on Tax Rolls ⁽²⁾	210,952.34
Equivalent Benefit Units Levied on Tax Rolls	÷ 7,030.09
Assessment Rate per EBU	30.00

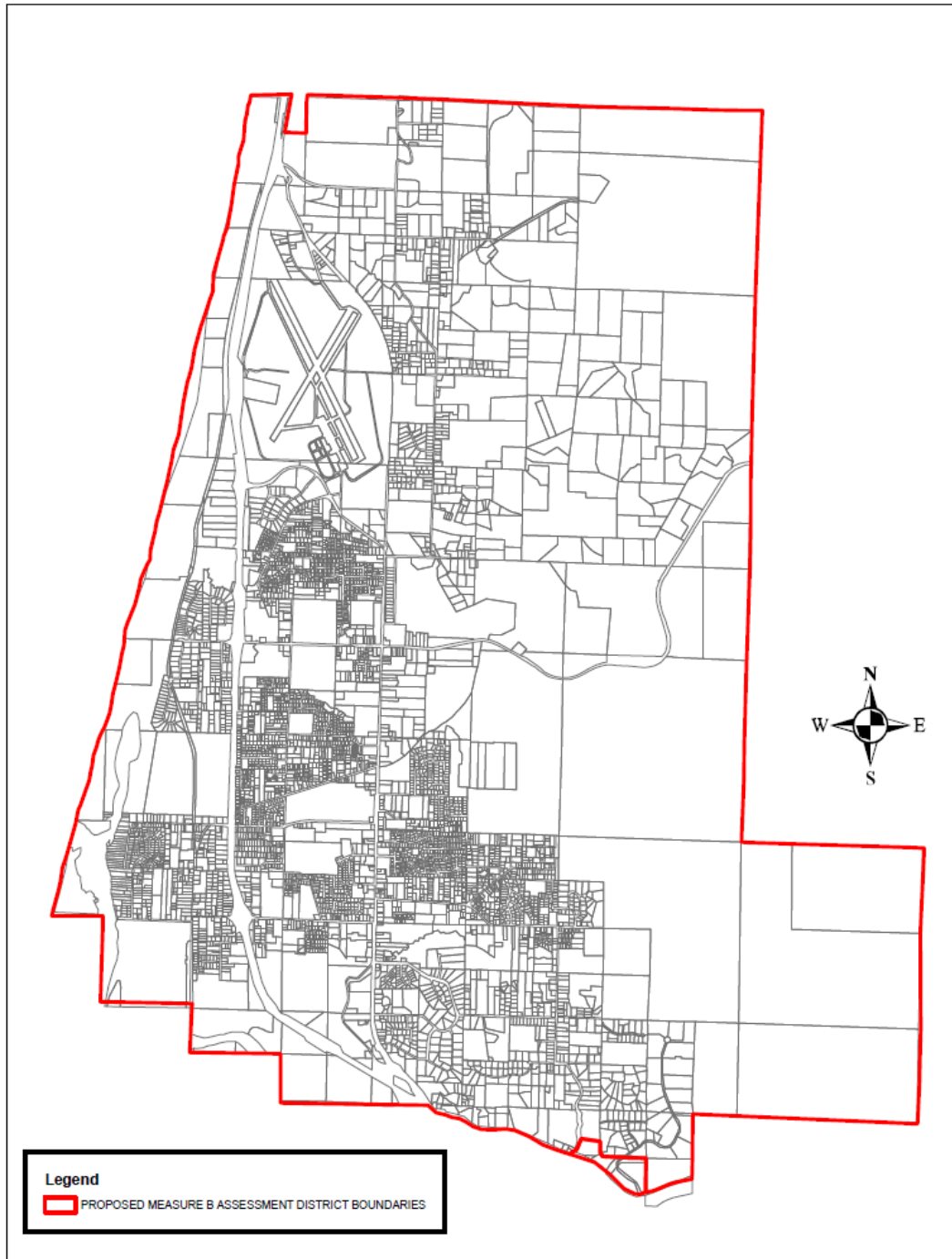
Therefore, the anticipated annual assessment revenue to be collected on the tax rolls is approximately \$210,952.34.

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 2017/2018 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 2017/2018. 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.

Improvement Expenditure Detail					
	Maintenance Wages	Maintenance Supplies	Planned Capital Improvement Funding	Totals	
PARK ENHANCEMENTS					
Pierson Park	\$ 44,425	\$ 7,500	\$ -	\$ 51,925	
Hiller Park West	29,500	4,600	-	34,100	
Hiller Sports Complex	76,000	17,800	5,000	98,800	
<i>subtotal:</i>	\$ 149,925	\$ 29,900	\$ 5,000	\$ 184,825	
HALLS/ACTIVITY CENTERS					
Azalea Hall	\$ 62,275	\$ 8,500	\$ 16,000	\$ 86,775	
McKinleyville Activity Center	55,600	8,500	-	64,100	
Teen/Family Center	45,000	8,500	127,500	181,000	
<i>subtotal:</i>	\$ 117,875	\$ 17,000	\$ 143,500	\$ 278,375	
TRAILS					
School Road Trail	\$ 12,000	\$ -	\$ -	\$ 12,000	
Hiller Loop Trail	18,500	1,000	-	21,000	
Other Trails	10,500	-	-	10,500	
<i>subtotal:</i>	\$ 41,000	\$ 1,000	\$ -	\$ 42,000	
UNDEVELOPED PROPERTY					
River Property	\$ 5,200	\$ -	\$ -	5,200	
Washington Property	5,200	-	-	5,200	
Hewitt Ranch	5,200	-	-	5,200	
<i>subtotal:</i>	\$ 15,600	\$ -	\$ -	\$ 15,600	
FUTURE PARKS & FACILITIES ⁽¹⁾					
Renovations/Rehabilitation Projects	\$ -	\$ -	\$ 25,000	25,000	
<i>subtotal:</i>	\$ -	\$ -	\$ 25,000	\$ 25,000	
Grand Totals:	\$ 324,400	\$ 47,900	\$ 173,500	\$ 545,800	

(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.

APPENDIX B: Teen Center Lease Financing

Bond Debt Service
 McKinleyville Community Services District
 2014 Lease Financing

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
5/1/2015	36,228	3.550%	29,549.96	65,777.96	
11/1/2015	36,229	3.550%	25,430.44	61,659.44	127,437.40
5/1/2016	39,279	3.550%	24,787.38	64,066.38	
11/1/2016	39,281	3.550%	24,090.18	63,371.18	127,437.56
5/1/2017	40,687	3.550%	23,392.94	64,079.94	
11/1/2017	40,687	3.550%	22,670.74	63,357.74	127,437.68
5/1/2018	42,144	3.550%	21,948.55	64,092.55	
11/1/2018	42,144	3.550%	21,200.49	63,344.49	127,437.04
5/1/2019	43,654	3.550%	20,452.44	64,106.44	
11/1/2019	43,654	3.550%	19,677.58	63,331.58	127,438.02
5/1/2020	45,218	3.550%	18,902.72	64,120.72	
11/1/2020	45,217	3.550%	18,100.10	63,317.10	127,437.82
5/1/2021	46,837	3.550%	17,297.50	64,134.50	
11/1/2021	46,837	3.550%	16,466.14	63,303.14	127,437.64
5/1/2022	48,514	3.550%	15,634.79	64,148.79	
11/1/2022	48,515	3.550%	14,773.66	63,288.66	127,437.45
5/1/2023	50,252	3.550%	13,912.52	64,164.52	
11/1/2023	50,252	3.550%	13,020.55	63,272.55	127,437.07
5/1/2024	52,052	3.550%	12,128.58	64,180.58	
11/1/2024	52,052	3.550%	11,204.65	63,256.65	127,437.23
5/1/2025	53,916	3.550%	10,280.73	64,196.73	
11/1/2025	53,917	3.550%	9,323.72	63,240.72	127,437.45
5/1/2026	55,847	3.550%	8,366.69	64,213.69	
11/1/2026	55,848	3.550%	7,375.41	63,223.41	127,437.10
5/1/2027	57,848	3.550%	6,384.11	64,232.11	
11/1/2027	57,848	3.550%	5,357.31	63,205.31	127,437.42
5/1/2028	59,920	3.550%	4,330.50	64,250.50	
11/1/2028	59,920	3.550%	3,266.92	63,186.92	127,437.42
5/1/2029	62,066	3.550%	2,203.34	64,269.34	
11/1/2029	62,066	3.550%	1,101.67	63,167.67	127,437.01
	1,468,929		442,632.31	1,911,561.31	1,911,561.31

APPENDIX C: 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 2017/2018. 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.

Assessor's Parcel Number	EBU	Land Use	Special Benefit Assessment ⁽¹⁾	Applied Charge
507-061-007-000	0.33	8000	\$10.00	\$0.00
507-141-001-000	0.33	8000	10.00	0.00
507-141-033-000	0.33	8000	10.00	0.00
507-141-034-000	0.33	8000	10.00	0.00
508-021-006-000	0.33	8000	10.00	0.00
508-021-007-000	0.33	8000	10.00	0.00
508-041-006-000	0.33	8000	10.00	0.00
508-051-010-000	0.33	8000	10.00	0.00
508-091-038-000	0.33	8000	10.00	0.00
508-211-051-000	0.33	8000	10.00	0.00
508-211-055-000	0.33	8000	10.00	0.00
508-211-057-000	0.33	8000	10.00	0.00
508-224-036-000	0.33	8000	10.00	0.00
508-224-038-000	0.33	8000	10.00	0.00
508-224-039-000	0.33	8000	10.00	0.00
508-224-048-000	0.33	8000	10.00	0.00
508-242-008-000	0.33	8000	10.00	0.00
508-242-043-000	0.33	8000	10.00	0.00
508-242-044-000	0.33	8000	10.00	0.00
508-371-009-000	0.33	8000	10.00	0.00
508-371-027-000	0.33	8000	10.00	0.00
509-021-046-000	0.33	8000	10.00	0.00
509-021-047-000	0.33	8000	10.00	0.00
509-021-054-000	0.33	8000	10.00	0.00
509-171-061-000	0.33	8000	10.00	0.00
509-191-031-000	0.33	8000	10.00	0.00
509-191-047-000	0.33	8000	10.00	0.00
510-091-039-000	4.00	9921	120.00	0.00
510-091-040-000	4.00	9921	120.00	0.00
510-091-041-000	4.00	9921	120.00	0.00
510-091-042-000	4.00	9921	120.00	0.00

Assessor's Parcel Number	EBU	Land Use	Special Benefit Assessment ⁽¹⁾	Applied Charge
510-091-043-000	4.00	9921	120.00	0.00
510-091-044-000	4.00	9921	120.00	0.00
510-091-045-000	6.00	2120	180.00	0.00
510-091-046-000	4.00	9921	120.00	0.00
510-091-047-000	4.00	9921	120.00	0.00
510-091-048-000	0.33	8000	10.00	0.00
510-091-049-000	4.00	9921	120.00	0.00
510-091-050-000	4.00	9921	120.00	0.00
510-091-051-000	4.00	2120	120.00	0.00
510-091-052-000	4.00	9921	120.00	0.00
510-091-053-000	4.00	2120	120.00	0.00
510-091-054-000	6.00	9922	180.00	0.00
510-091-055-000	6.00	9922	180.00	0.00
510-101-079-000	0.33	8000	10.00	0.00
510-101-080-000	0.33	8000	10.00	0.00
510-161-002-000	0.33	8000	10.00	0.00
510-161-003-000	0.33	8000	10.00	0.00
510-211-079-000	0.33	8000	10.00	0.00
510-211-081-000	0.33	8000	10.00	0.00
510-221-002-000	0.33	8000	10.00	0.00
510-271-015-000	0.33	8000	10.00	0.00
510-271-077-000	0.33	8000	10.00	0.00
510-271-079-000	0.33	8000	10.00	0.00
510-281-023-000	0.33	8000	10.00	0.00
510-341-031-000	0.33	8000	10.00	0.00
510-341-032-000	0.33	8000	10.00	0.00
510-341-034-000	0.33	8000	10.00	0.00
510-372-005-000	0.33	8000	10.00	0.00
510-401-004-000	0.33	8000	10.00	0.00
510-401-012-000	0.33	8000	10.00	0.00
510-401-013-000	0.33	8000	10.00	0.00
510-401-015-000	0.33	8000	10.00	0.00
510-401-017-000	0.33	8000	10.00	0.00
510-401-019-000	0.33	8000	10.00	0.00
510-401-020-000	0.33	8000	10.00	0.00
510-401-021-000	0.33	8000	10.00	0.00
510-401-025-000	0.33	8000	10.00	0.00
510-451-043-000	0.33	8000	10.00	0.00
510-461-052-000	0.33	8000	10.00	0.00
510-461-053-000	0.33	8000	10.00	0.00
510-461-054-000	0.33	8000	10.00	0.00
511-011-001-000	0.33	8000	10.00	0.00

Assessor's Parcel Number	EBU	Land Use	Special Benefit Assessment ⁽¹⁾	Applied Charge
511-011-003-000	0.33	8000	10.00	0.00
511-011-005-000	0.33	8000	10.00	0.00
511-011-008-000	0.33	8000	10.00	0.00
511-011-015-000	0.33	8000	10.00	0.00
511-011-016-000	0.33	8000	10.00	0.00
511-061-001-000	0.33	8000	10.00	0.00
511-061-005-000	0.33	8000	10.00	0.00
511-071-005-000	3.75	8000	112.50	0.00
511-082-003-000	0.33	8000	10.00	0.00
511-082-004-000	1.00	8000	30.00	0.00
511-082-007-000	0.33	8000	10.00	0.00
511-082-008-000	0.33	8000	10.00	0.00
511-082-009-000	0.33	8000	10.00	0.00
511-082-010-000	0.33	8000	10.00	0.00
511-084-002-000	0.33	8000	10.00	0.00
511-084-003-000	0.33	8000	10.00	0.00
511-111-023-000	0.33	8000	10.00	0.00
511-111-025-000	0.33	8000	10.00	0.00
511-111-060-000	0.33	8000	10.00	0.00
511-121-001-000	0.33	8000	10.00	0.00
511-121-002-000	3.75	8000	112.50	0.00
511-202-001-000	0.33	8000	10.00	0.00
511-241-008-000	0.33	8000	10.00	0.00
511-241-022-000	1.00	8000	30.00	0.00
511-251-017-000	1.00	8000	30.00	0.00
511-261-003-000	0.33	8000	10.00	0.00
511-291-015-000	0.33	8000	10.00	0.00
511-291-016-000	0.33	8000	10.00	0.00
511-291-017-000	0.33	8000	10.00	0.00
511-291-024-000	0.33	8000	10.00	0.00
511-291-025-000	0.33	8000	10.00	0.00
511-291-026-000	0.33	8000	10.00	0.00
511-291-036-000	0.33	8000	10.00	0.00
511-291-038-000	0.33	8000	10.00	0.00
511-301-001-000	0.33	8000	10.00	0.00
511-301-018-000	0.33	8000	10.00	0.00
511-301-019-000	0.33	8000	10.00	0.00
511-301-020-000	0.33	8000	10.00	0.00
511-331-001-000	0.33	8000	10.00	0.00
511-331-002-000	0.33	8000	10.00	0.00
511-331-004-000	0.33	8000	10.00	0.00
511-331-005-000	0.33	8000	10.00	0.00

Assessor's Parcel Number	EBU	Land Use	Special Benefit Assessment ⁽¹⁾	Applied Charge
511-341-001-000	0.33	8000	10.00	0.00
511-341-002-000	0.33	8000	10.00	0.00
511-341-004-000	0.33	8000	10.00	0.00
511-341-007-000	0.33	8000	10.00	0.00
511-341-040-000	0.33	8000	10.00	0.00
511-341-041-000	0.33	8000	10.00	0.00
511-351-001-000	0.33	8000	10.00	0.00
511-351-002-000	0.33	8000	10.00	0.00
511-351-005-000	0.33	8000	10.00	0.00
511-351-007-000	0.33	8000	10.00	0.00
511-351-009-000	3.75	8000	112.50	0.00
511-351-010-000	3.75	8000	112.50	0.00
511-381-025-000	0.33	8000	10.00	0.00
511-441-041-000	0.33	8000	10.00	0.00
511-443-008-000	0.33	8000	10.00	0.00
511-450-030-000	0.33	8000	10.00	0.00
Total	123.64		\$3,720.00	\$0.00
Parcel Count				131

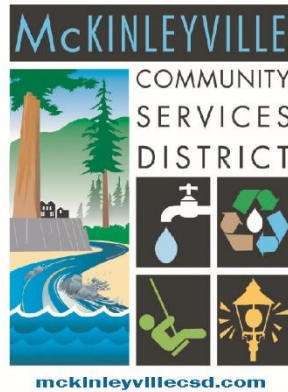
(1) These assessment amounts represent the calculated special benefit assessment for the parcels identified as non-taxable or otherwise assessed. These assessment amounts shall be paid by a contribution from McKinleyville CSD general fund and collectively represent \$3,720.00. Difference is due to rounding.

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

RELEASE DATE: FRIDAY, MARCH 17, 2017

RUN THROUGH DATE: WEDNESDAY, APRIL 5, 2017

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

SUBJECT: NOTICE OF PUBLIC HEARING FOR MEASURE B
MAINTENANCE ASSESSMENT DISTRICT –
RENEWAL FOR PARKS, OPEN SPACE, AND
RECREATION FACILITIES

McKinleyville, CA –

RESOLUTION 2017-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DECLARING ITS INTENTION TO LEVY AND COLLECT THE ANNUAL ASSESSMENTS FOR THE MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES FOR FISCAL YEAR 2017/2018; ACCEPTING AND APPROVING THE ENGINEER’S REPORT PREPARED IN CONNECTION THERETO; AND SETTING A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS

The Board of Directors of the McKinleyville Community Services District (MCSD) determined and resolved in part by Resolution 2017-05 as follows:

The Assessment Engineer of Work (the “Engineer”) has prepared and filed with the Board Secretary an Engineer’s Report (the “Report”) in connection with the Assessment District and the levy of assessments for Fiscal Year 2017/2018 pursuant to Section 22623 of the Act and in accordance with Chapter 1, Article 4 of the Act and the provisions of the California State Constitution, Article XIID.

The Report was accepted and approved as submitted and ordered to be filed in the offices of MCSD as a permanent record and to remain open to public inspection. The Board of Directors declared its intention to levy and collect an assessment against the lots and parcels of land within the Assessment District for Fiscal Years 2017/2018 at the same

assessment rate applied in the previous fiscal year as more fully described in the Report. Notice is hereby given that a public hearing on these matters will be held by the Board on Wednesday, April 5, 2017, beginning at 7:00 P.M., or as soon thereafter as feasible, at Azalea Hall, located at 1620 Pickett Road, McKinleyville, California.

At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard.

(End)

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: D.1 **Consider Approval of the Minutes of the Board of Directors Regular Meeting on March 1, 2017**

PRESENTED BY: **Emily Abfalter, Board Secretary**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board review the draft minutes from March 1, 2017 Regular Board Meeting; recommend edits and adopt.

Discussion:

The Draft Minutes are attached for the above listed meeting.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Draft Minutes from March 1, 2017

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES
DISTRICT HELD ON WEDNESDAY, MARCH 1, 2017 AT 7:00 PM
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA**

AGENDA ITEM A. CALL TO ORDER

A.1 Roll Call: The regular session of the Board of Directors of McKinleyville Community Services District convened at 7:00 pm with Vice President Couch, Director Corbett and Director Wheeler present. President Mayo was absent to attend ACWA's D.C. Conference.

David Couch, Vice President
John Corbett, Director
George Wheeler, Director

Gregory Orsini, General Manager
Colleen M.R. Trask, Finance Director
James Henry, Operations Director
Lesley Frisbee, Recreation Director
Emily Abfalter, Board Secretary

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by Vice President Couch.

A.3 Additions to the Agenda: There were no additions to the agenda.

A.4 Approval of the Agenda:

Motion: It was moved to adopt the agenda.

Motion By: Director Corbett; Second: Director Wheeler

There were no comments from the Board or Public.

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

A.5 Closed Session Discussion: No closed session.

AGENDA ITEM B. PUBLIC HEARINGS: There were no public hearings scheduled.

AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: Vice President Couch opened the public comment portion of the meeting and the following members of the public spoke:

Mary Burke of McKinleyville announced that a Candidate's Forum will be held at Azalea Hall on March 8th from 6:00p.m. to 7:30p.m. hosted by the McKinleyville Family Resource Center for the candidates running for the McKinleyville Community Services District Board of Directors vacant seat. Mary noted that she is running for the vacant seat and will attend the event.

AGENDA ITEM D. CONSENT CALENDAR:

D.1 Consider Approval of the Minutes of the Board of Directors' Regular Meeting on February 1, 2017

D.2 Consider Approval of January 2017 Treasurer's Report

D.3 Compliance with State Double Check Valve (DCV) Law – No Violations

D.4 Consider Approval of Hiller Sports Complex Facility Use Agreement Contract with McKinleyville Little League

D.5 Consider Approval of Hiller Sports Complex Facility Use Agreement Contract with Humboldt Amateur Softball Association (ASA)

D.6 Consider Approval of Hiller Sports Complex Facility Use Agreement Contract with Mad River Youth Soccer League (MRYSL)

Prior to the motion, Board Secretary, Emily Abfalter, requested a modification to item D.1 of the consent calendar. Director Corbett removed item D.1 from the consent calendar for further clarification and a separate motion.

Motion: Approve consent calendar items D.2 through D.6.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

D.1 Consider Approval of the Minutes of the Board of Directors' Regular Meeting on February 1, 2017. Board Secretary, Emily Abfalter, requested to modify page 9 of the Board packet, within the meeting minutes on February 1, 2017, Agenda Item F.1.d, committee report of the McKinleyville Senior Center Advisory Committee, to read:

Did not meet. Recreation Director Lesley Frisbee reported that she attended the last Senior Center Board meeting, seven were in attendance, the Chair has stepped down and the Treasurer would like to retire. The board is thinking about hiring a part-time Executive Director.

No comments from the Board or public.

Motion: Approve the February 1, 2017 meeting minutes with requested modification.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

AGENDA ITEM E. CONTINUED AND NEW BUSINESS:

E.1 Pettlon/Professional Property Management Variance Request Regarding Leak Adjustment Policy. Presented by Finance Director, Colleen Trask. Henry Hammacher of Professional Property Manager spoke to the Board and explained the leak timeline. Director Corbett asked for clarification as to the main cause for the leak on the property. Mr. Hammacher responded that the main issue was an underground leak. Additional comments from Board and staff.

Motion: Grant a \$2,262.40 leak adjustment calculated per MCSD policy as a credit to account PET0070.

Motion By: Director Wheeler; Second: Director Corbett

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.2 J. Bradley/Thunderbird Mobile Estates Variance Request Regarding Leak Adjustment Policy. Presented by Finance Director, Colleen Trask. John Bradley, manager of Thunderbird Mobile Estates, spoke to the Board and noted that from the time the leak was found to the time it was repaired, only two days had passed. Board discussion of leak adjustment policy.

Motion: Grant a \$1,584.83 leak adjustment calculated per MCSD policy as a credit to account THU0002.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.3 Adopt Resolutions 2017-04 & 2017-05 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 2017/2018; Declaring Intention to Levy and Collect the Fiscal Year 2017/2018 Annual Assessments for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities, Accepting and Approving the Draft Engineer's Report and Setting the Public Hearing. General Manager Orsini reviewed the item. No Board questions or comments. Public comment opened, none received, public comment closed.

Motion: Adopt Resolution 2017-04 and Resolution 2017-05 per staff recommendation.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.4 Review Information for the Draft Capital Improvement Plan for the Operational Funds: Water, Wastewater, and Streetlights, FY2017-18. Presented by Finance Director, Colleen Trask. Director Wheeler noted his happiness to see money set aside for alternative energy. Director Corbett asked what project range and scope the sum of money is set aside for, since a project has not been defined. Finance Director Trask responded that while the money is planned for use, projects take careful planning to not negatively affect working capital and cash flow. Director Corbett then clarified that money for solar is in the plan and adjustments can be made to it, if the price goes up for example, but the timing, either for solar or other projects, may have to be adjusted accordingly. Public comment opened, none received, public comment closed. Informational item only, no action taken.

E.5 Review Information Provided Regarding Intent of the Humboldt Skate Park Collective to Request a Right of Entry Agreement for the Development of a Skate Park in McKinleyville.

Presented by Recreation Director, Lesley Frisbee. Board and staff discussion regarding the draft Right of Entry Agreement. Charlie Caldwell was invited up to the podium to join the discussion. Mr. Caldwell proposed to bring the item back to the Board for the April meeting and would ideally like to begin construction in Spring of 2018. Director Corbett asked if a Right of Entry Agreement is the correct legal structure or if a Lease to Operate would be better suited. Mr. Caldwell wasn't sure of the answer and General Manager Orsini responded that he will find out the proper legal structure for the next meeting. Public comment opened. Mary Burke of McKinleyville and member of the Recreation Advisory Committee commented support for a McKinleyville skate park along with the proposed site location. Director Corbett stated that the Board unanimously refers to the Recreation Advisory Committee that a skate park site(s) should be selected by the committee in a timely fashion and brought back for board consideration. Informational item only, no action taken.

E.6 Consider Approval of Professional Services Agreement for GHD to Perform Services Related to Phase 1 of the Water and Sewer Mainline Rehabilitation Master Plan and Authorize General Manager to Execute Contract. General Manager Orsini reviewed the item. Director Wheeler asked if the plan will incorporate future development in McKinleyville. General Manager Orsini responded that it will include future plans indicated by the Humboldt County Planning department. Director Corbett commented that due to a difference in maintenance versus upgrade, the plans should be separate reports. Public comment opened. Members of the public, Mary Burke and Steven Madrone, gave comment to the Board.

Motion: Per staff recommendation, authorize the General Manager to execute Professional Services Agreement for GHD, not to exceed \$125,602 with a 10% (\$12,560) contingency totaling \$138,162.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.7 Review Information Provided Related to CalPERS Discount Rate Change in Effect Fiscal Year 2018/19. Finance Director, Colleen Trask, reviewed the item. Director Wheeler asked for additional information about UAL (Unfunded Accrual Liability), at which point Finance Director Trask explained in further detail. Additional comments from Board and staff. Public comment opened, none received, public comment closed. Informational item only, no action taken.

E.8 Consider Attendance at the Association of California Water Agencies (ACWA) 2017 Spring Conference and Exhibition in Monterey, May 9-12, 2017. Presented by Board Secretary, Emily

Abfalter. Director Corbett noted his intention to attend the conference. Public comment opened, none received, public comment closed.

Motion: Approve interested Board members to attend the Association of California Water Agencies (ACWA) 2017 Spring Conference and Exhibition in Monterey, CA.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.9 Consider Approval of Resolution 2017-06 Concurring in Nomination of Kathleen J. Tiegs of Cucamonga Valley Water District and/or Resolution 2017-07 Concurring in Nomination of Melody A. McDonald of San Bernardino Valley Water Conservation District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). Board Secretary, Emily Abfalter, reviewed item. Director Corbett asked if anyone knew of either candidate. General Manager Orsini responded that he knows Kathleen Tiegs and that President Mayo spoke in support of Kathleen Tiegs. Additional comments from Board and staff. Public comment opened, none received, public comment closed.

Motion: Approve Resolution 2017-06 and Resolution 2017-07.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.10 Review Information Provided by the Special District Risk Management Authority (SDRMA) Pertaining to Nominations for the SDRMA Board of Directors. Presented by Board Secretary, Emily Abfalter. No questions or comments from the Board. Public comment opened, none received, public comment closed. Informational item only, no action taken.

E.11 Consider Approval of Resolution 2017-08 to Reschedule Election of Governing Board Members in Compliance with Senate Bill 415 to Consolidate with Statewide Election Dates.

Presented by General Manager Orsini. Requested a modification to Resolution 2017-08, page 289 of the Board packet, within the ninth 'Whereas,' to strike 'school board' and in its place, add 'the District's' to read as follows:

WHEREAS, as a result of these facts, the Board desires to change the date of future board member elections to be consolidated with the California statewide general election in order to save public funds and provide greater voter input into ~~school board~~ the District's elections; and

Public comment opened, none received, public comment closed.

Motion: Approve Resolution 2017-08, as modified, per staff recommendation.

Motion By: Director Corbett; Second: Director Wheeler

Roll Call: Ayes: Corbett, Couch and Wheeler Nays: None Absent: Mayo

Motion Summary: Motion Passed

AGENDA ITEM F. REPORTS

F.1 ACTIVE COMMITTEE REPORTS

- a. **Recreation Advisory Committee (Wheeler/Couch):** Director Wheeler reported that they did meet and discussed McKinleyville skate park.
- b. **Area Fund (John Kulstad):** Not present.
- c. **Redwood Region Economic Development Commission (Mayo/Wheeler):** Not present.
- d. **McKinleyville Senior Center Advisory Committee (Wheeler, Mayo):** Did not meet.

- e. **Audit (Corbett/Couch):** Nothing to report.
- f. **Employee Negotiations (Couch/Corbett):** Nothing to report.
- g. **Water Task Force (Wheeler/Corbett):** Did not meet.
- h. **AdHoc No Drugs & Toxics Down the Drain (Wheeler/Couch):** Did not meet.
- i. **McKinleyville Municipal Advisory Committee (Corbett /Wheeler):** Director Corbett reported that there are underlining issues as to the scope of the committee's deliberations. The mission of the committee is ill-defined, especially in its relation to MCSD, as are the current intergovernmental relationships. General Manager Orsini added that the committee sent a letter to the County related to a smoking ordinance in the unincorporated areas of the County. Additional discussion by Board and staff.
- j. **Cornerstone Committee (Couch):** Did not meet.
- k. **Groundwater Sustainability Committee (Corbett, Mayo):** Director Corbett reported that their application for exception is with the Department of Water Resources, who are struggling for the criteria for evaluation.

F.2 STAFF REPORTS

- a. **Support Services Department (Colleen M.R. Trask):** Finance Director, Colleen Trask, noted that the seventh disbursement from the State Revolving Fund was received, disbursement request 8 has been submitted and number 9 is in progress. General Manager Orsini asked for clarification on the Treasurers Report, page 13 of the Board packet, relating to interest expenses for wastewater.
- b. **Operations Department (James Henry):** Operations Director, James Henry, had nothing further to add to his written report.
- c. **Parks & Recreation Department (Lesley Frisbee):** Recreation Director Lesley Frisbee commented about attending the last Senior Center Board meeting and that Rosemary is still chair but would like to step down when her term ends in June.
- d. **General Manager (Greg Orsini):** General Manager Orsini discussed the damage to the field at Pierson Park caused by a large group of young adults playing in the rain. He noted that the field is temporarily closed until it can be repaired.

F.3 PRESIDENT'S REPORT: Vice President Couch commented on an article about the Oroville dam spillway in the most recent ACWA newsletter. Director Corbett commented.

F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS: No agenda items were requested. No additional Board comments.

G. ADJOURNMENT: 10:08pm

Motion to adjourn made by Director Corbett; Second: Director Wheeler.

Emily Abfalter, Board Secretary

**McKinleyville Community Services District
Treasurer's Report
February 2017**

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Page 14	Cash Disbursement Report

McKinleyville Community Services District
Investments & Cash Flow Report
As of February 28, 2017

Petty Cash & Change Funds 8,892.60

Cash

Operating & Money Market - Beginning Balance 2,546,274.24

Cash Receipts:

Utility Billings & Other Receipts	556,500.35
Money Market Account Interest	522.18
Transfers from County Funds #2560, #4240, CalTRUST, Meas. B	-
Other Cash Receipts (incl. WWMF SRF Loan disbursements)	532,343.00

Total Cash Receipts 1,089,365.53

Cash Disbursements:

Transfers to County Funds #2560, #4240, CalTRUST	-
Payroll Related Expenditures	(214,603.07)
Debt Service	(13,987.38)
Capital & Other Expenditures	(1,438,228.96)

Total Cash Disbursements (1,666,819.41)

Operating & Money Market - Ending Balance 1,968,820.36

Total Cash 1,977,712.96

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

LAIF - Beginning Balance 129,705.83

Interest Income	-
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LAIF - Ending Balance 129,705.83

Humboldt Co. #2560 - Beginning Balance 1,232,965.18

Property Taxes and Assessments	-
Transfer to/from Operating Cash	-
Interest Income (net of adjustments)	1,161.04

Humboldt Co. #2560 - Ending Balance 1,234,126.22

Humboldt Co. #4240 - Beginning Balance 2,898,781.74

Transfer to/from Operating Cash	-
Transfer to/from Biosolids Reserve	-
Interest Income	2,114.61

Humboldt Co. #4240 - Ending Balance 2,900,896.35

Humboldt Co. #9390 - Beginning Balance 838,824.60

Reserves Recovery Deposits/Other Bal Withdrawals	-
Interest Income	-

Humboldt Co. #9390 - Ending Balance 838,824.60

USDA Bond Reserve Fund - Beginning Balance 146,760.99

Bond Reserve Payment	7,687.50
Debt Service Payment, Principal/Interest	(11,125.00)
Interest Adjustment	(28.27)

USDA Bond Reserve Fund - Ending Balance 143,295.22

CalTRUST - Beginning Balance 1,240,188.59

Net Transfer to/from Meas. B Teen Ctr Funds	-
Net Transfer to/from Water Fund Capacity Fees Acct	-
Net: Interest Income/Unrealized Gain/Loss	2,399.08

CalTRUST - Ending Balance 1,242,587.67

Total Investments 6,495,453.37

Total Cash & Investments - Current Month 8,473,166.33

Total Cash & Investments - Prior Month 9,048,411.25

Net Change to Cash & Investments This Month (575,244.92)

Cash & Investment Summary

Cash & Cash Equivalents	7,563,742.34
Davis-Grunsky Loan Reserve	604,102.16
Waste Water Capital Reserve	102,026.61
USDA Bond Reserve	143,295.22
I-Bank Loan Reserve	60,000.00

Total Cash & Investments 8,473,166.33

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of February 28, 2017

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Wastewater	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 992,028.73	\$ (497,560.36)	\$ (25,448.10)	\$ 3,523,916.91	\$ 3,640,919.08	\$ 7,633,856.26
Accounts receivable	2,626.38	-	4,001.85	268,971.23	253,263.51	528,862.97
Prepaid expenses & other current assets	22,925.72	-	856.30	91,406.15	37,931.10	153,119.27
Total Current Assets	1,017,580.83	(497,560.36)	(20,589.95)	3,884,294.29	3,932,113.69	8,315,838.50
Noncurrent Assets						
Restricted cash & cash equivalents	194,578.92	-	-	664,102.16	245,321.83	1,104,002.91
Other noncurrent assets	-	-	-	38,216.52	41,750.04	79,966.56
Capital assets (net)	-	-	-	8,073,400.36	21,857,662.49	29,931,062.85
Total Noncurrent Assets	194,578.92	-	-	8,775,719.04	22,144,734.36	31,115,032.32
TOTAL ASSETS	\$ 1,212,159.75	\$ (497,560.36)	\$ (20,589.95)	\$ 12,660,013.33	\$ 26,076,848.05	\$ 39,430,870.82
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 70,014.56	\$ 1,122.23	\$ 118.36	\$ 228,181.16	\$ 324,403.13	\$ 623,839.44
Accrued payroll & related liabilities	87,338.50	-	-	42,244.94	42,331.93	171,915.37
Total Current Liabilities	157,353.06	1,122.23	118.36	270,426.10	366,735.06	795,754.81
Noncurrent Liabilities						
Long-term debt	-	-	-	2,772,327.59	7,891,148.67	10,663,476.26
Other noncurrent liabilities	-	-	-	898,973.99	948,294.66	1,847,268.65
Total Noncurrent Liabilities	-	-	-	3,671,301.58	8,839,443.33	12,510,744.91
TOTAL LIABILITIES	157,353.06	1,122.23	118.36	3,941,727.68	9,206,178.39	13,306,499.72
Fund Balance/Net Assets						
Fund balance	23,282.89	(498,682.59)	(20,708.31)	-	-	(496,108.01)
Net assets	1,031,523.80	-	-	3,417,212.88	2,904,155.84	7,352,892.52
Investment in capital assets, net of related debt	-	-	-	5,301,072.77	13,966,513.82	19,267,586.59
Total Fund Balance/Net Assets	1,054,806.69	(498,682.59)	(20,708.31)	8,718,285.65	16,870,669.66	26,124,371.10
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,212,159.75	\$ (497,560.36)	\$ (20,589.95)	\$ 12,660,013.33	\$ 26,076,848.05	\$ 39,430,870.82
Difference in Reclass from Cap Assets to Net Assets:						
				-	-	
Investment in General Capital Assets	\$ 3,262,420.34					
General Long-term Liabilities						
PG&E Streetlights Loan	56,213.73					
Meas. B Loan: Teen/Community Center	1,312,046.00					
OPEB Liability	384,500.56					
CalPERS Pension Liability/Deferred Inflows-Outflows	525,363.06					
Accrued Compensated Absences	74,391.78					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 2,352,515.13					

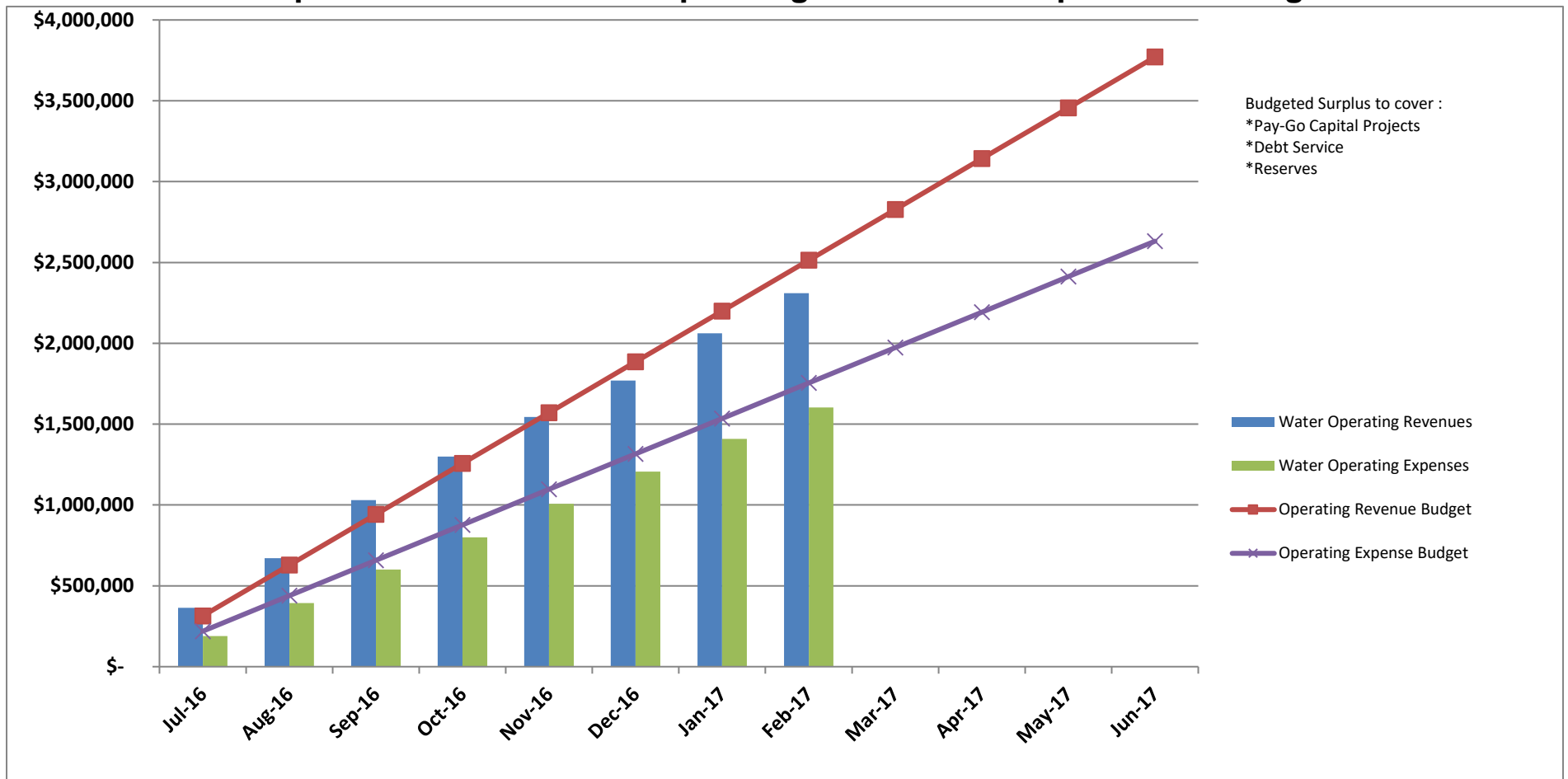
McKinleyville Community Services District
Activity Summary by Fund, Original Budget
February 2017

Department Summaries	February	% of Year 66.67% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	238,352	2,224,432	2,294,753	(70,321)	-3.06%	
Other Revenues	15,347	182,926	219,026	(36,100)	-16.48%	Includes YTD Capacity Fees of \$96,916.00. No Contrib.Construction at this time
Total Operating Revenues	253,699	2,407,358	2,513,779	(106,421)	-4.23%	
Salaries & Benefits	61,698	533,854	580,404	(46,550)	-8.02%	
Water Purchased	76,333	628,541	644,824	(16,283)	-2.53%	
Other Expenses	27,200	211,120	295,926	(84,807)	-28.66%	Budget is spread evenly across 12 months, but actuals vary by scheduling
Depreciation	29,000	230,200	233,333	(3,133)	-1.34%	
Total Operating Expenses	194,230	1,603,715	1,754,487	(150,772)	-8.59%	
Net Operating Income	59,469	803,643	759,292	(257,194)		
Interest Income	1,845	18,478	9,000	9,478	105.31%	Higher-than-predicted interest rates on the County Trust Account
Interest Expense	(5,587)	(46,853)	(46,737)	116	0.25%	
Net Income (Loss)	55,726	775,268	721,555	53,713		
<u>Wastewater</u>						
Wastewater Service Charges	237,580	2,023,257	2,035,498	(12,241)	-0.60%	
Other Revenues	16,437	239,867	299,246	(59,379)	-19.84%	Includes YTD Capacity Fees of \$176,352.00. No Contrib.Construction at this time
Total Operating Revenues	254,017	2,263,124	2,334,744	(71,620)	-3.07%	
Salaries & Benefits	76,651	569,312	623,765	(54,453)	-8.73%	Not all seasonal positions filled, GIS position turnover
Other Expenses	56,375	346,681	474,326	(127,645)	-26.91%	Budget is spread evenly across 12 months, but actuals vary by month
Depreciation	40,000	319,150	320,000	(850)	-0.27%	
Total Operating Expenses	173,027	1,235,142	1,418,091	(182,949)	-12.90%	
Net Operating Income	80,990	1,027,982	916,653	111,329		
Interest Income	-	15,510	13,333	2,177	16.33%	Higher-than-predicted interest rates on the County Trust Account
Interest Expense	-	(54,767)	(18,980)	35,787	188.55%	interest charges on the SRF WWMF constr.draw not known at time of budget
Net Income (Loss)	80,990	988,726	911,006	77,720		
Enterprise Funds Net Income (Loss)	136,716	1,763,994	1,632,561	131,433		
Treasurer's Report Page 4						

McKinleyville Community Services District

February 2017

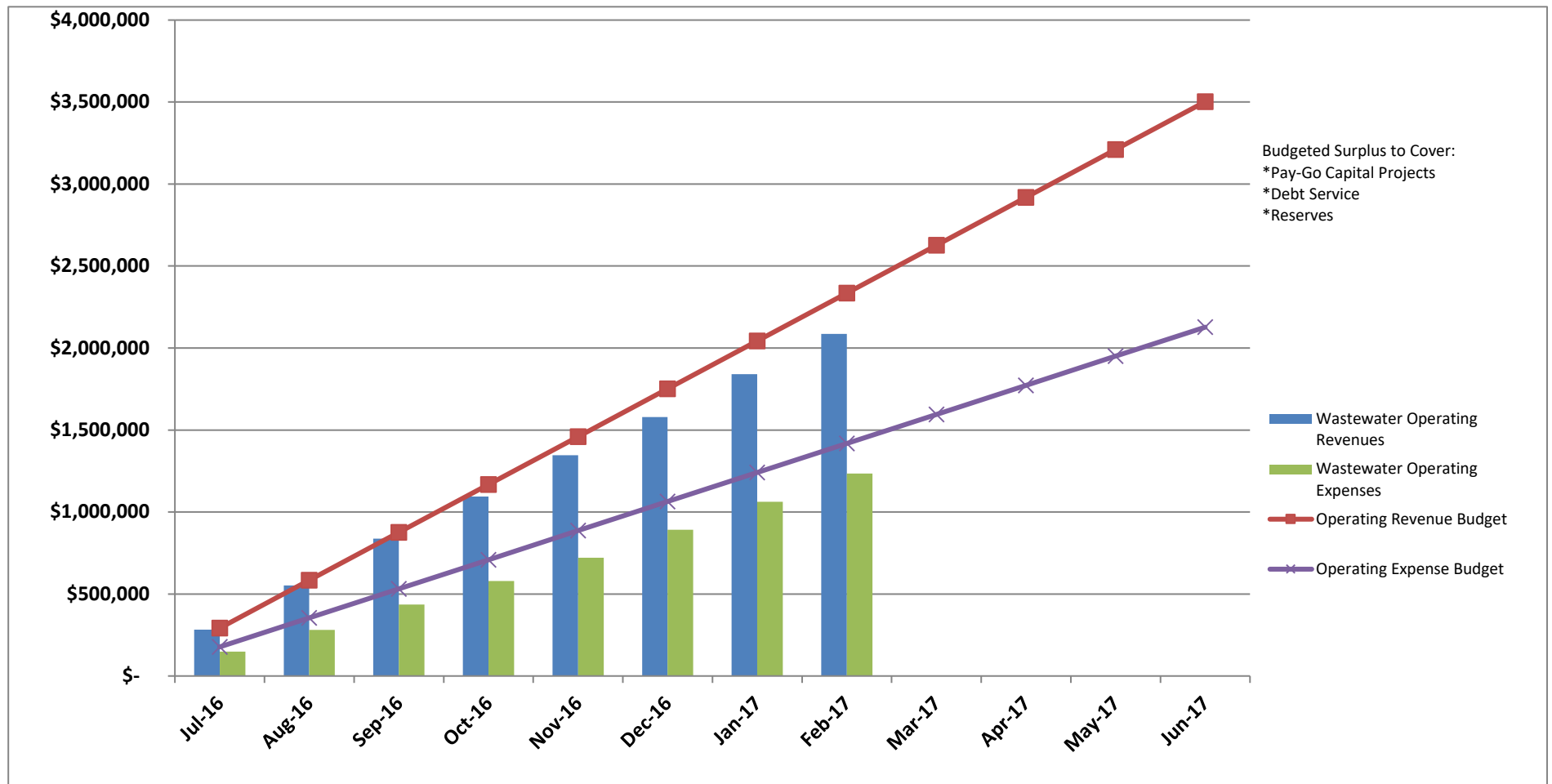
Comparison of Water Fund Operating Revenues & Expenses to Budget



Treasurer's Report Page 5, Selected Graphic Comparisons

McKinleyville Community Services District February 2017

Comparison of Wastewater Fund Operating Revenues & Expenses to Budget



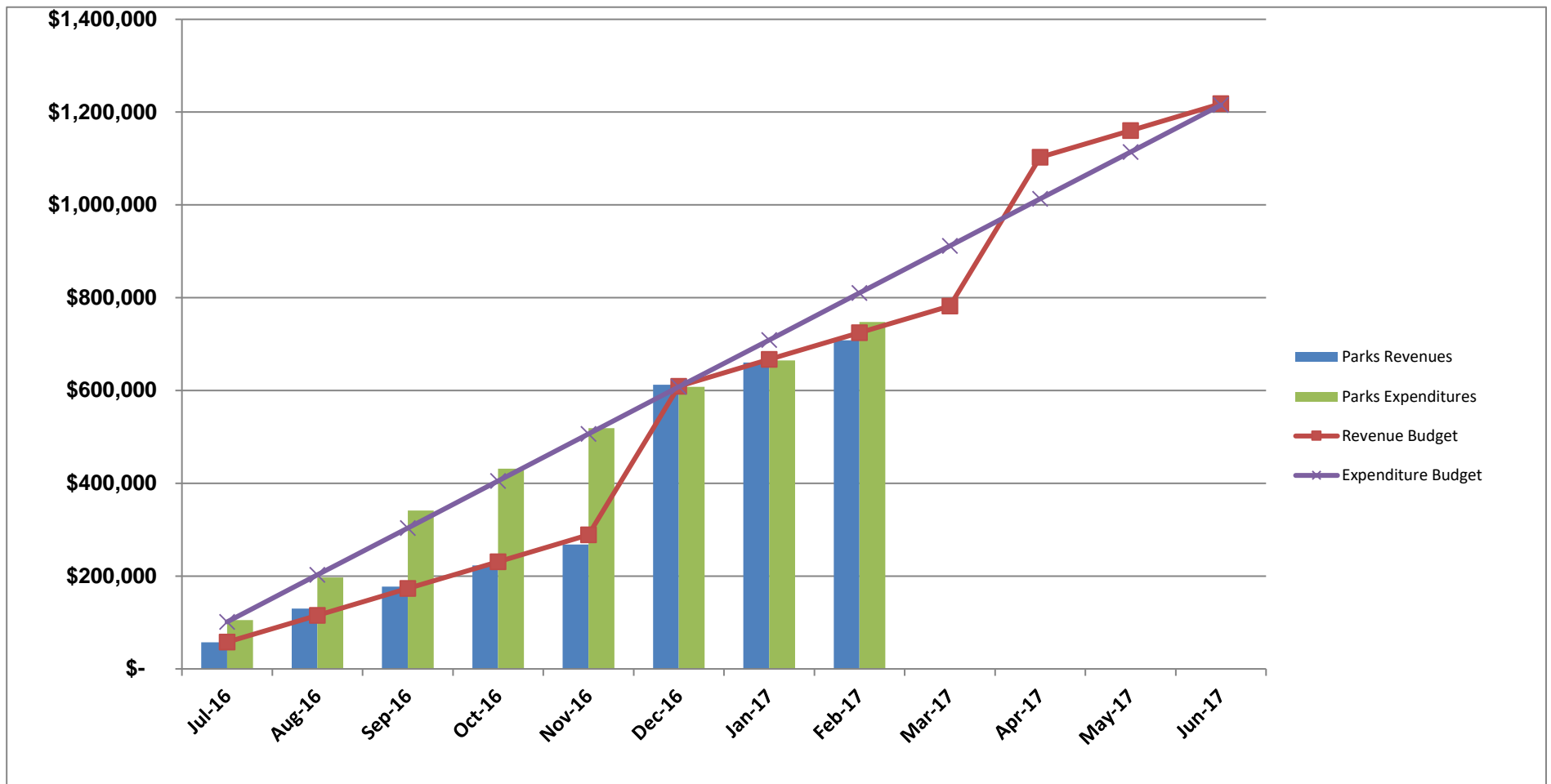
Treasurer's Report Page 6, Selected Graphic Comparisons

McKinleyville Community Services District
Activity Summary by Fund, Original Budget
February 2017

	February	% of Year 66.67% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
Department Summaries						
<u>Parks & Recreation</u>						
Program Fees	32,641	275,449	248,926	26,523	10.66%	Collection of fees for Kid's Club After School program
Rents & Related Fees	5,721	63,700	73,815	(10,115)	-13.70%	Budget is spread evenly across 12 months, but actuals vary by month
Property Taxes	-	289,115	350,000	(60,885)	-17.40%	County Tax remittance April/December
Other Revenues	8,310	69,690	132,673	(62,983)	-47.47%	Budget is spread evenly across 12 months, but actuals vary by month
Interest Income	1,174	10,200	6,667	3,533	52.99%	Interest on County Trust Account higher than anticipated.
Total Revenues	47,846	708,155	812,081	(103,926)	-12.80%	
Salaries & Benefits	69,931	594,388	608,087	(13,699)	-2.25%	
Other Expenditures	13,252	153,497	172,657	(19,160)	-11.10%	Budget is spread evenly across 12 months, but actuals vary by month
Capital Expenditures	-	-	29,547	(29,547)	-100.00%	moved Comm'l kitchen fixtures/appliances/installation for Teen Center to Meas.B
Total Expenditures	83,183	747,885	810,291	(62,406)	-7.70%	
Excess (Deficit)	(35,337)	(39,731)	1,790	(41,521)		
<u>Measure B Assessment</u>						
Total Revenues	(110)	119,698	142,333	(22,635)	-15.90%	Interest & unrealized gains/losses; County Tax remittance April/December
Salaries & Benefits	2,914	28,267	37,173	(8,906)	-23.96%	Budget is spread evenly across 12 months, but actuals vary by month
Other Expenditures	897	28,512	20,167	8,345	41.38%	Teen Center interior furnishings (non-capital) greater cost than estimated
Capital Expenditures	(48)	95,922	84,967	10,955	12.89%	Teen Center kitchen/interior furnishings/landscaping
Total Expenditures	3,763	152,702	142,307	10,395	7.30%	
Excess (Deficit)	(3,874)	(33,004)	26	(33,030)		
<u>Street Lights</u>						
Total Revenues	8,532	67,284	63,906	3,378	5.29%	
Salaries & Benefits	2,676	22,971	27,365	(4,394)	-16.06%	Budget is spread evenly across 12 months, but actuals vary by month
Other Expenditures	2,234	20,527	21,759	(1,232)	-5.66%	
Capital Expenditures/Loan Repayment	1,655	13,243	14,577	(1,334)	-9.15%	LED Project Debt repayment
Total Expenditures	6,565	56,742	63,701	(6,959)	-10.92%	
Excess (Deficit)	1,967	10,542	205	(10,337)		
Governmental Funds Excess (Deficit)	(37,243)	(62,192)	2,021	(64,213)		

McKinleyville Community Services District February 2017

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget

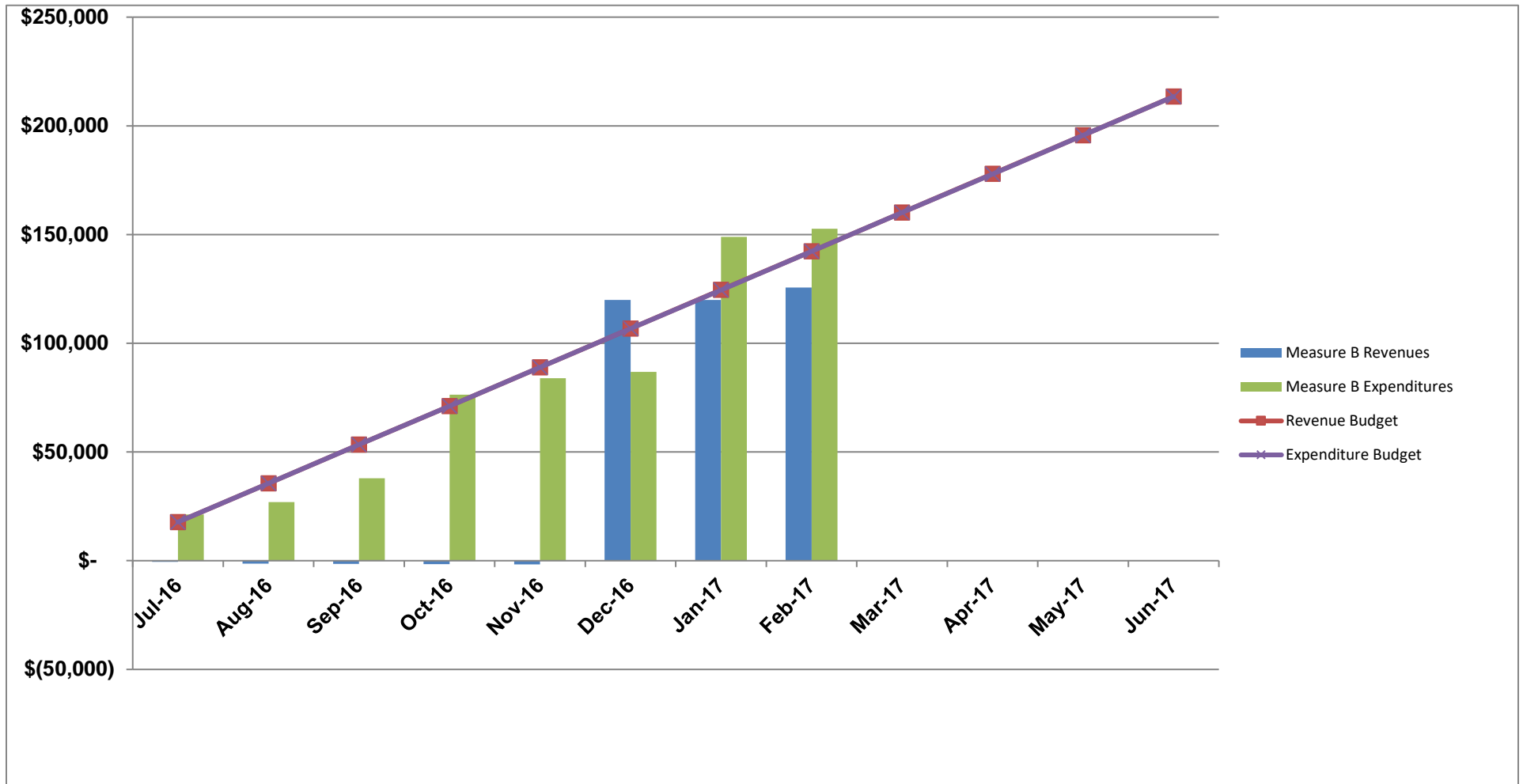


Treasurer's Report Page 8, Selected Graphic Comparisons

McKinleyville Community Services District

February 2017

Comparison of Measure B Fund Total Revenues & Expenditures to Budget

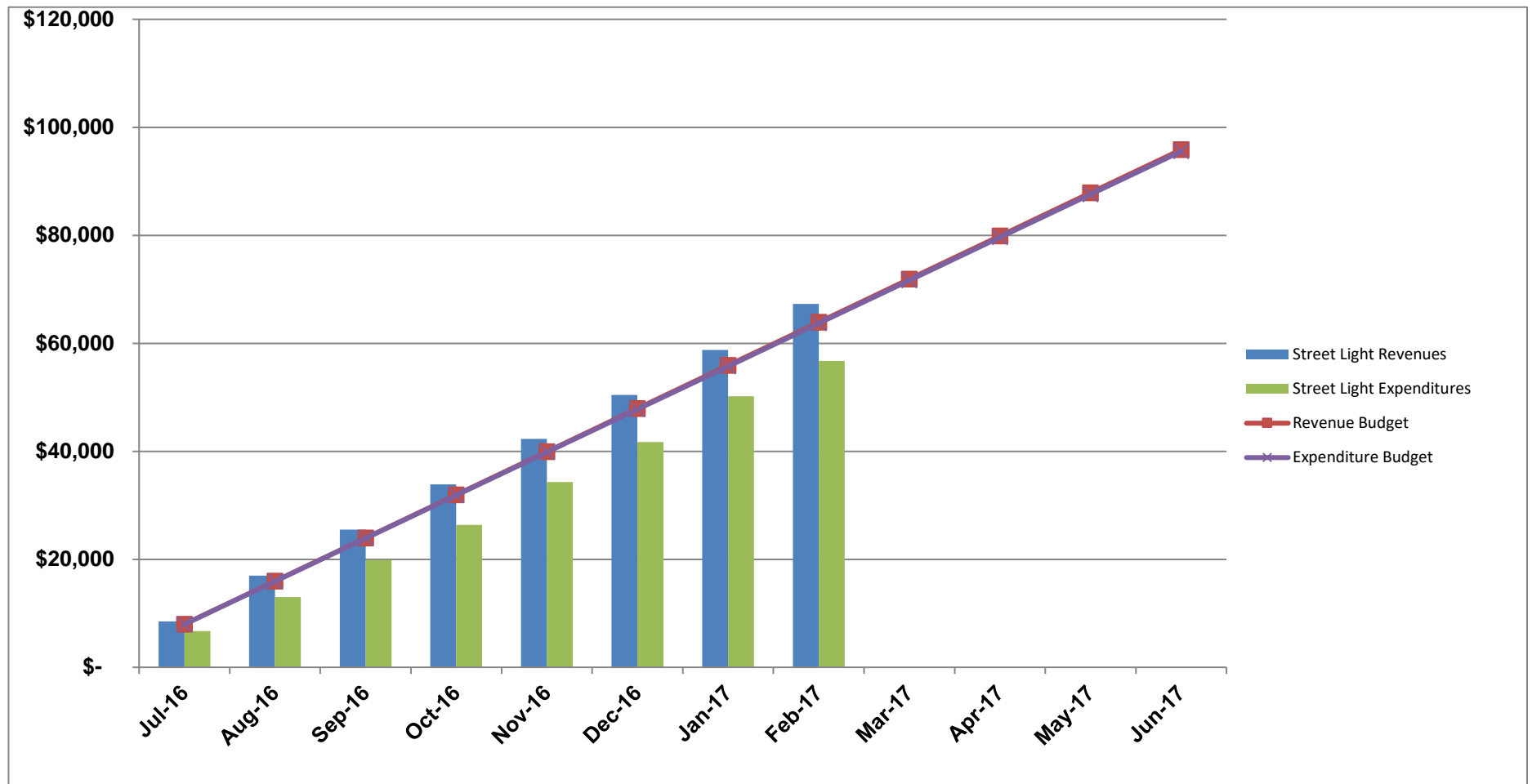


Treasurer's Report Page 9, Selected Graphic Comparisons

McKinleyville Community Services District

February 2017

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



Treasurer's Report Page 10, Selected Graphic Comparisons

McKinleyville Community Services District
Capital Expenditure Report
As of February 28, 2017

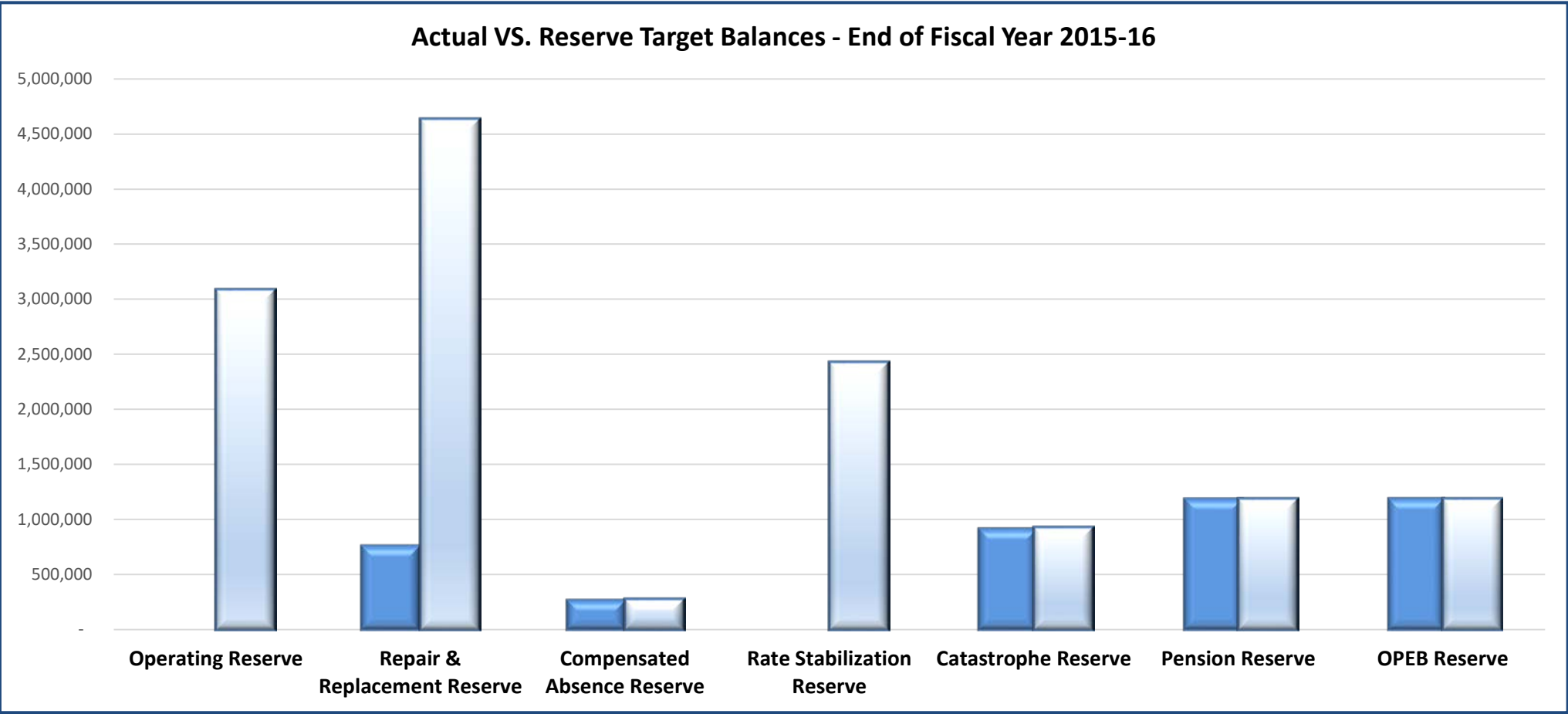
	February	YTD Total	FY 16-17 Budget	Remaining		
				Budget \$	Budget %	Notes
Water Department						
Ramey Pump Upgrades	-	-	-	-	#DIV/0!	
Water Tank Upgrade	8,501	305,344	491,600	186,256	38%	Tank Painting
4.5m New Water Tank	-	-	700,000	700,000	100%	Drilling, LACO Assoc.
Production Meter Replacements	-	-	8,000	8,000	100%	Production Meter Replacement
Emergency Water Supply	-	6,235	40,000	33,765	84%	Emergency Water Supply
Emergency Response Equipment	-	-	50,000	50,000	100%	Emergency Generator
Fire Hydrant System Upgrade	-	-	14,000	14,000	100%	Fire Hydrant System Upgrade
Customer Radio Meter Replacements	-	101,665	260,000	158,335	61%	Radio meters purch/install
Radio Telemetry Upgrade	-	-	-	-	#DIV/0!	Equipment purchased
Meter Reading Equipment Replacement	-	-	-	-	#DIV/0!	Equipment purchased
Water Main Rehab & Replacement	-	1,920	100,000	98,080	98%	Water Main Rehab
Property Purchase & Improvements	-	-	200,000	200,000	100%	Property Purch/Improvements
Subtotal	8,501	415,164	1,863,600	1,448,436	78%	
Wastewater Department						
Sewer Main Rehab & Replacement	-	-	100,000	100,000	100%	Sewer Main Rehab
WWMF Biosolids Project	-	-	240,000	240,000	100%	to County Trust Acct#9390
Collection System Upgrades	-	-	-	-	#DIV/0!	
Fischer Lift Station Generator	-	2,309	80,000	77,692	97%	Fischer Lift Stn Generator
Sewer Main Camera Unit	-	-	30,000	30,000	100%	
WWMF Upgrade/CEQA/Permitting	1,153,205	5,340,708	13,000,000	7,659,292	59%	WWMF construction
WWMF Engineering Study	-	-	-	-	#DIV/0!	
Radio Telemetry Upgrade	96	3,123	30,000	26,877	90%	Radio Telemetry upgrade
WWMF Engr Study (next NPDES Permit)	-	-	50,000	50,000	100%	
Customer Radio Meter Replacements	-	98,463	260,000	161,537	62%	Radio meters purch/install
Underground Locator Pipe & Camera	-	-	5,000	5,000	100%	
Biofiltration (Tree Farm) proj	-	1,156	5,000	3,844	77%	Biofiltration (Tree Farm) proj
SCBA Apparatus and Bottles	-	-	6,000	6,000	100%	
Subtotal	1,153,300	5,444,603	13,806,000	8,361,397	61%	
Water & Wastewater Operations						
Heavy Equipment	-	-	410,000	410,000	100%	Hydrocleaner; Tractor attachmt
Utility Vehicles	10,849	12,491	63,000	50,509	80%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	-	-	10,000	10,000	100%	Facilities upgrade/sealcoat
Computers & Software	204	5,033	65,000	59,967	92%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tr	-	11,416	5,000	(6,416)	-128%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Und	-	1,850	17,000	15,150	89%	Underground valving/piping
Fischer Ranch -Disposal Site Upgrade	-	3,276	1,500,000	1,496,724	100%	Disposal Site Upgrade
Small Equipment & Other	-	-	20,000	20,000	100%	Ops Office Eq./Emergency Eqp
Subtotal	11,053	34,066	2,090,000	2,055,934	98%	
Enterprise Funds Total	1,172,854	5,894,989	17,759,600	11,865,767	67%	
Parks & Recreation Department						
Hiller Park & Sports Complex	-	-	5,000	5,000	100%	Other Equipment & Signage
Azalea Hall Projects	-	-	11,000	11,000	100%	PA sys, Parking Lot resurfacing
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	
Law Enforcement Facility Improvements	-	-	5,000	5,000	100%	Paving/Sealing
Projects Funded by Quimby/Other Funds	-	-	-	-	#DIV/0!	Covered Picnic Area
Projects Funded by Measure B Renewal	-	115,063	237,000	121,937	51%	Teen Center Constr&Loan svc
Other Parks Projects & Equipment	-	-	23,000	23,000	100%	Vehicles and Equipment
Subtotal	-	115,063	281,000	165,937	59%	
Streetlights						
Pole Replacement	-	-	2,000	2,000	100%	Pole Replacement
Subtotal	-	-	2,000	2,000	100%	
Governmental Funds Total	-	115,063	283,000	167,937	59%	
All Funds Total	1,172,854	6,010,052	18,042,600	12,033,704	67%	

McKinleyville Community Services District
Summary of Long-Term Debt Report
As of February 28, 2017

**Principal Maturities and
Scheduled Interest**

	%	Maturity Date		Balance - January 31, 2017	Balance - February 28, 2017	FY-17	Thereafter
Water Fund:							
I-Bank		8/1/30	P	759,574.85	759,574.85	-	759,574.90
Interest	3.37%		I			-	192,921.18
State of CA Energy Commission (ARRA)		12/22/26	P	118,202.22	118,202.22	5,636.03	112,565.98
Interest	1.0%		I			589.39	5,716.71
State of CA (Davis Grunsky)		1/1/33	P	1,621,993.95	1,621,993.95	-	1,621,993.95
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P	272,556.57	272,556.57	-	272,556.57
Interest	2.5%		I			21,179.20	365,895.58
Total Water Fund-Principal				2,772,327.59	2,772,327.59	5,636.03	2,766,691.40
Total Water Fund-Interest						21,768.59	564,533.47
Total Water Fund				2,772,327.59	2,772,327.59	27,404.62	3,331,224.87
Wastewater Fund:							
WWMF SRF Loan		7/31/47	P	6,814,979.00	7,347,322.00	-	24,724,009.73
Interest	1.6%		I			-	
State of CA WRCB (SCEP II)		3/27/18	P	53,686.10	53,686.10	26,510.50	27,176.10
Interest	2.6%		I			1,395.84	706.57
Umpqua Bank		12/4/17	P	49,553.58	45,140.57	17,898.81	27,061.53
Interest	5.5%		I			679.11	433.07
USDA (Sewer Bond)		8/1/22	P	445,000.00	445,000.00	-	445,000.00
Interest	5.0%		I			11,125.00	66,875.00
Total Wastewater Fund-Principal				7,363,218.68	7,891,148.67	44,409.31	25,223,247.36
Total Wastewater Fund-Interest						13,199.95	68,014.64
Total Sewer Fund				7,363,218.68	7,891,148.67	57,609.26	25,291,262.00
Meas. B Fund: Teen/Comm Center Loan		11/1/29	P	1,312,046.00	1,312,046.00	39,281.00	1,277,225.00
	3.55%		I			23,468.10	315,381.41
Streetlights Fund: LED Proj Loan, PG&E			P	57,869.13	56,213.73	7,887.00	49,961.75
	0.0%		I				-
Total Principal				11,505,461.40	12,031,735.99	97,213.34	29,317,125.51
Total Interest						58,436.64	947,929.52
Total				11,505,461.40	12,031,735.99	155,649.98	30,265,055.03

McKinleyville Community Services District
Board Designated Reserve Balances
As of February 28, 2017



- Utility Accounts Receivable Turnover Days As of February 28, 2017 13.5 Days
- YTD Breakeven Revenue, Water Fund: 1,359,245.17 - YTD Actual Water Sales: 2,224,431.56
- Days of Cash on Hand - Operations Checking Account 145.9 Days

McKinleyville Community Services District
Cash Disbursement Report
For the Period February 1 through February 28, 2017

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
32174	2/6/2017	*0057	AZALEA HALL DEPOSIT REFUND CC	100.00	B70202	AZALEA HALL DEPOSIT REFUND CC
32175	2/6/2017	*0058	AZALEA HALL DEPOSIT REFUND FM	100.00	B70202	AZALEA HALL DEPOSIT REFUND FM
32176	2/6/2017	*0059	FINGERPRINTING GS	30.00	B70206	FINGERPRINTING GS
32177	2/6/2017	*0060	FINGERPRINTING MM	24.00	B70206	FINGERPRINTING MM
32178	2/6/2017	*0061	FINGERPRINTING EB	30.00	B70206	FINGERPRINTING EB
32179	2/6/2017	*0062	FINGERPRINTING TS	20.00	B70206	FINGERPRINTING TS
32180	2/6/2017	*0063	AZALEA HALL REFUND-CANCELLATION SM	50.00	B70206	AZALEA HALL REFUND-CANCELLATION SM
32181	2/6/2017	ADV01	ADVANCED SECURITY SYSTEM	1,128.94	364682	FIRE ALARM/ INSTALLATION
32182	2/6/2017	BAN01	BANKCARD CENTER	1,491.49	B70206	TRAINING/TRAVEL/SUPPLIES
32183	2/6/2017	COA01	COASTAL BUSINESS SYSTEMS	353.37	20040396	COPIER MAINTENANCE AGREEM
32184	2/6/2017	COR01	CORBIN WILLITS SYSTEMS, INC	888.42	B70202	MOMS MONTHLY MAINTENANCE
32185	2/6/2017	EUR05	Eureka Oxygen Co	953.93	435482	PROFESSIONAL SERVICES
32186	2/6/2017	HAR03	HARPER MOTORS CO.	564.34	B70206	VEHICLE REPAIRS
32187	2/6/2017	HAR13	The Hartford - Priority A	426.02	B70202	GRP LIFE INSURANCE
32188	2/6/2017	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTRICT	76,803.74	B70202	WTR PURCHASED

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32189	2/6/2017	HUM08	HUMBOLDT SANITATION	1,429.80	B70202	TRASH SERVICE
32190	2/6/2017	IND03	INDIAN SPRINGS	1,104.01	17200014	SAFETY SUPPLIES
32191	2/6/2017	KEN02	KENNEDY/JENKS CONSULTANTS	1,940.00	107854	WWMF UPGRADE
32192	2/6/2017	LES01	LES SCHWAB TIRE CENTER	564.35	233587	VEHICLE REPAIRS
32193	2/6/2017	MAD02	MAD RIVER UNION	100.00	40009	LEGAL AD-UNCLAIMED CHECKS
32194	2/6/2017	MAY03	DENNIS MAYO	144.84	B70202	ACWA FEDERAL AFFAIRS COMM
32195	2/6/2017	MCK03	MCKINLEYVILLE OFFICE SUPPLY	103.23	B70202	POSTAGE WWMF UPGRADE
32196	2/6/2017	MCK04	MCK ACE HARDWARE	525.87	B70202	REPAIRS/SUPPLY
32197	2/6/2017	MEN01	MENDES SUPPLY CO.	1,098.98	B70206	REPAIRS/SUPPLY
32198	2/6/2017	MES01	KIRSTEN MESSMER	14.32	B70206	REC PROGRAM SUPPLIES REIMB
32199	2/6/2017	NOR40	NORTHCOAST EMPLOYER ADVISORY COUNCIL	40.00	B70206	TRAINING
32200	2/6/2017	NYL01	NYLEX.NET	157.50	2950	PROFESSIONAL SERVICES
				531.27	2963	PROFESSIONAL SERVICES
			Check Total:	688.77		
32201	2/6/2017	OSC01	OSCAR LARSON & ASSOCIATES	1,000.00	8768	PROFESSIONAL SERVICES
32202	2/6/2017	PER01	ASHLEY PEREZ	19.22	B70206	REC PROGRAM SUPPLIES REIMB
32203	2/6/2017	PGE01	PG & E (Office & Field)	18,625.19	B70206	GAS & ELECTRIC
32204	2/6/2017	REN01	RENNER PETROLEUM	2,290.58	B70206	GAS/OIL/LUBE
32205	2/6/2017	SAF04	SAFEWAY INC. FILE # 72905	41.67	B70206	SUPPLIES PURCHASED
32206	2/6/2017	SIE02	SIERRA CHEMICAL CO.	2,916.22	B70206	CHLORINE/ CONTAINER DEPOSIT

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32207	2/6/2017	STA01	STATEWIDE TRAFFIC	85.41	9002022	REPAIRS/ SUPPLIES
32208	2/6/2017	SUD01	SUDDENLINK	315.29	B70206	INTERNET SERVICES
32209	2/6/2017	UPS01	UPS	163.13	B70206	LAB SHIPMENT
32210	2/6/2017	USB01	U.S. BANK TRUST N.A.	7,687.50	B70206	SEWER BOND PMT
32211	2/6/2017	VER01	VERIZON WIRELESS	59.48	B70206	CELL PHONES JAN 2017
32212	2/6/2017	\B032	MQ CUSTOMER REFUND FOR BE	100.00	000B70201	MQ CUSTOMER REFUND FOR BE
32213	2/6/2017	\C003	MQ CUSTOMER REFUND FOR CA	44.96	000B70201	MQ CUSTOMER REFUND FOR CA
32214	2/6/2017	\C007	MQ CUSTOMER REFUND FOR CO	77.30	000B70201	MQ CUSTOMER REFUND FOR CO
32215	2/6/2017	\J002	MQ CUSTOMER REFUND FOR JO	111.98	000B70201	MQ CUSTOMER REFUND FOR JO
32216	2/6/2017	\L003	MQ CUSTOMER REFUND FOR LA	120.00	000B70201	MQ CUSTOMER REFUND FOR LA
32217	2/6/2017	\P007	MQ CUSTOMER REFUND FOR PE	24.67	000B70201	MQ CUSTOMER REFUND FOR PE
32218	2/6/2017	\R020	MQ CUSTOMER REFUND FOR RA	26.60	000B70201	MQ CUSTOMER REFUND FOR RA
32219	2/6/2017	\R021	MQ CUSTOMER REFUND FOR RO	80.00	000B70201	MQ CUSTOMER REFUND FOR RO
32220	2/6/2017	\S013	MQ CUSTOMER REFUND FOR SC	35.15	000B70201	MQ CUSTOMER REFUND FOR SC
32221	2/6/2017	\S015	MQ CUSTOMER REFUND FOR SH	24.75	000B70201	MQ CUSTOMER REFUND FOR SH
32222	2/6/2017	\S020	MQ CUSTOMER REFUND FOR SL	105.22	000B70201	MQ CUSTOMER REFUND FOR SL
32223	2/6/2017	\U001	MQ CUSTOMER REFUND FOR UP	88.30	000B70201	MQ CUSTOMER REFUND FOR UP
32224	2/6/2017	\Z002	MQ CUSTOMER REFUND FOR ZA	72.73	000B70201	MQ CUSTOMER REFUND FOR ZA
32225	2/13/2017	ACW01	CB&T/ACWA-JPIA	9,361.89	B70207	GRP. HEALTH INS

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32226	2/13/2017	ARC02	Arcata Stationers	153.13	B70203	OFFICE SUPPLIES
32227	2/13/2017	BAY01	BAY AREA COATING CONSULTA	12,512.85	E05841	TANK RECOATING PROJECT
				11,364.55	E05880	TANK RECOATING PROJECT
			Check Total:	<u>23,877.40</u>		
32228	2/13/2017	COA02	COASTAL BUSINESS SYSTEMS	155.00	154317	PROFESSIONAL SERVICES
32229	2/13/2017	COA04	COASTAL TREE SERVICE	6,600.00	1017	CENTRAL AVE/ OPEN SPACE MAINT
32230	2/13/2017	COS03	CAPITAL ONE COMMERCIAL (COSTCO)	221.06	B70206	SUPPLIES PURCHASED
32231	2/13/2017	DEP05	DEPARTMENT OF JUSTICE	96.00	213888	FINGERPRINTING
32232	2/13/2017	EUR06	EUREKA READY MIX	785.50	31243	REPAIRS/SUPPLY
32233	2/13/2017	FRE07	FRESHWATER ENVIRONMENTAL	360.00	1131	PROFESSIONAL SERVICES
32234	2/13/2017	GRA02	GRAINGER	256.91	932156357	SAFETY SUPPLIES
32235	2/13/2017	HEA01	HEALTHEQUITY, ATTN: CLINT	64.90	B70210	HSA MONTHLY ADMIN FEES
32236	2/13/2017	HIG01	HIGH YIELD IND. PRODUCTS	369.76	197295	REPAIRS/ SUPPLIES
32237	2/13/2017	HUM17	HUMBOLDT COUNTY DEPT.	339.77	B70206	HAZ MATERIALS FEES
32238	2/13/2017	MAY03	DENNIS MAYO	120.65	B70208	ACWA BOARD OF DIRECTORS MTG
32239	2/13/2017	MCK11	MCKINLEYVILLE SENIOR CENTER	32.89	B70208	P&R SHARE OF INTERNET
32240	2/13/2017	MCM01	McMaster-Carr Supply Co.	297.44	97180741	REPAIRS/ SUPPLIES
32241	2/13/2017	MCS01	MCSD C/O HUMBOLDT COUNTY	24,373.77	B70208	REVENUE RECOVERY SURCHARGE
32242	2/13/2017	MIL01	Miller Farms Nursery	85.50	B70202	REPAIRS/SUPPLY
32243	2/13/2017	MIL03	THE MILL YARD	81.46	B70202	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32244	2/13/2017	MUN02	MUNICIPAL MAINTENANCE	59.21	0115756-I	VEHICLE REPAIRS
32245	2/13/2017	NAP02	NAPA AUTO PARTS	10.07	B70206	REPAIRS/ SUPPLIES
32246	2/13/2017	NOR01	NORTH COAST LABORATORIES	4,263.00	B70210	LAB TESTS
32247	2/13/2017	NOR09	NORTH COAST MAPPING SOLUTIONS	360.00	17001	PROFESSIONAL SERVICES
32248	2/13/2017	NOR35	NORTHERN HUMBOLDT EMPLOYMENT SERVICES	708.23	B70206	CENTRAL/ OPEN SPACE MAINT
32249	2/13/2017	ORE01	O'REILLY AUTOMOTIVE, INC.	72.72	B70206	REPAIRS/SUPPLY
32250	2/13/2017	PAC05	PACIFIC ECORISK	5,477.92	12781	LAB TESTING
32251	2/13/2017	PGE10	PGE STREETLIGHTS	3.03	B70213	STREETLIGHTS FEB 2017
32252	2/13/2017	RYA01	RYAN PROCESS INC.	781.75	R1612008	REPAIRS/ SUPPLIES
32253	2/13/2017	STA09	S.W.R.C.B.	55.00	B70207	CERT RENEWAL
32254	2/13/2017	STA11	STAPLES CREDIT PLAN	357.98	B70213	OFFICE SUPPLIES
32255	2/13/2017	THO02	Thomas Home Center	1,672.37	B70207	REPAIRS/SUPPLY
32256	2/13/2017	THR01	THRIFTY SUPPLY COMPANY	962.43	1414472	REPAIRS/ SUPPLIES
32257	2/13/2017	UPS01	UPS	11.24	B70210	LAB SHIPMENT
32258	2/13/2017	WAH02	WAHLUND CONSTRUCTION INC.	1,512.50	51701	PROFESSIONAL SERVICES
32259	2/13/2017	WES13	WESTERN WEB	1,127.82	18552	NEWSLETTER PRINTING
32260	2/21/2017	ATT01	AT&T	3,410.46	B70221	PHONE SERVICES
32261	2/21/2017	CAL06	CA RURAL WATER ASSOC	525.00	B70221	TRAINING
32262	2/21/2017	CAM01	CAMPTON ELECTRIC SUPPLY	100.40	2280-4514	REPAIRS/SUPPLY

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32263	2/21/2017	COA01	COASTAL BUSINESS SYSTEMS	978.13	B70208	COPIER MAINTENANCE AGREEM
32264	2/21/2017	GHD01	GHD	3,027.75	76048	PROFESSIONAL SERVICES
32265	2/21/2017	IND02	INDUSTRIAL ELECTRIC SERVICE	-	22187u 22330u	Ck# 032265 Reversed Ck# 032265 Reversed
32266	2/21/2017	JON05	CHRISTOPHER G. JONES	202.84	B70221	SAFETY SUPPLIES REIMB
32267	2/21/2017	KEN02	KENNEDY/JENKS CONSULTANTS	75,240.35	108315	WWMF UPGRADE
				1,572.50	108711	WWMF UPGRADE
			Check Total:	<u>76,812.85</u>		
32268	2/21/2017	MAY03	DENNIS MAYO	216.50	B70105	ACWA 2017 WASHINGTON DC MTG
32269	2/21/2017	MIT01	Mitchell, Brisso, Delaney	374.00	38923	LEGAL SERVICES
32270	2/21/2017	NAT06	NATIONAL METER & AUTOMATION	39,867.50	S1079441	RADIO READ METER UPGRADES
32271	2/21/2017	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	80.00	23038	SAFETY TRAINING
32272	2/21/2017	NYL01	NYLEX.NET	105.00	3016	PROFESSIONAL SERVICES
				2,362.50	3067	PROFESSIONAL SERVICES
			Check Total:	<u>2,467.50</u>		
32273	2/21/2017	PGE05	PGE	1,973.75	B70221	STLT LOAN-AGMT 4190997497
32274	2/21/2017	PGE06	PG&E-STREETLIGHTS	14.59	B70221	STREETLIGHTS FOR FEB 2017
32275	2/21/2017	PGE07	PG&E STREETLIGHTS	906.18	B70221	STREETLIGHTS FEB 2017
32276	2/21/2017	PGE08	PGE STREETLIGHTS	13.92	B70221	STREETLIGHTS FEB 2017
32277	2/21/2017	PGE09	PGE-STREETLIGHTS	70.74	B70221	STREETLIGHTS FEB 2016
32278	2/21/2017	RES05	RESERVE ACCOUNT	1,500.00	B70208	POSTAGE METER

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32279	2/21/2017	SOU01	SOUND ADVICE	165.23	B70206	REPAIRS/ SUPPLIES
32280	2/21/2017	USP02	USPS: ARCATA BMEU	1,500.00	B70208	REFILL PERMIT 202 BULK MAIL
32281	2/21/2017	VIR01	VIRIDIAN WASTEWATER CONSULTING	1,400.00	B70221	TRAINING
32282	2/22/2017	AUB01	AUBURN CONSTRUCTORS, INC.	1,097,292.66	011P	WWMF UPGRADE
32283	2/28/2017	*0064	REC PROGRAM DEPOSIT REFUND AB	100.00	B70227	REC PROGRAM DEPOSIT REFUND AB
32284	2/28/2017	*0065	AZALEA HALL DEPOSIT REFUND MG	100.00	B70227	AZALEA HALL DEPOSIT REFUND MG
32285	2/28/2017	BAL01	DAVID BALDOSSER	249.57	B70227	FLEX SPENDING REIMBURSEMENT
32286	2/28/2017	CHA03	CHASE INC.	56.96	1-17-3	REC PROGRAM SUPPLIES
32287	2/28/2017	CON03	CONTRACTOR COMPLIANCE AND MONITORING	400.00	8125	LEGAL SERVICES
32288	2/28/2017	COU02	HUMBOLDT COUNTY ASSESSOR	7.40	B70227	MEASURE B MAPS
32289	2/28/2017	CRO03	CROWN TROPHY PETALUMA	108.35	25664	REC PROGRAM SUPPLIES
32290	2/28/2017	CWE01	CWEA	172.00	B70227	MEMBERSHIP RENEWAL
32291	2/28/2017	EUR07	Eureka Rubber Stamp Co.	32.54	A22454	REPAIRS/ SUPPLIES
32292	2/28/2017	HUC01	DELILAH HUCK	341.25	B70227	CONTRACT INSTRUCTOR PMT
32293	2/28/2017	IND01	INDEPENDENT BUS. FORMS	629.05	33708	OFFICE SUPPLIES
32294	2/28/2017	IND02	INDUSTRIAL ELECTRIC SERVICE	354.65	B70227	REPAIRS/SUPPLY
32295	2/28/2017	MAY03	DENNIS MAYO	160.00	B70227	ACWA 2017 LEGISLATIVE SYMPOSIUM
32296	2/28/2017	PGE11	PGE STREETLIGHTS	26.52	B70228	STREETLIGHTS
32297	2/28/2017	PGE12	PGE	17.92	B70228	GAS & ELECTRIC HILLER SPORTS SITE

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
32298	2/28/2017	PGE13	PGE	9.53	B70228	STREETLIGHTS
32299	2/28/2017	ROU01	ROUND TABLE DEVELOPMENT CORP	107.21	653	REC PROGRAM SUPPLIES
32300	2/28/2017	TRA01	COLLEEN TRASK	50.00	B70227	CSMFO CONFERENCE REIMB
32301	2/28/2017	UPS01	UPS	274.44	B70228	LAB TESTING SHIPMENT
32302	2/28/2017	WHE03	GEORGE WHEELER	160.00	B70228	ACWA 2017 LEGISLATIVE SYMPOSIUM
				1,446,159.46		
Total Disbursements, Accounts Payable:				1,446,159.46		

Payroll Related Disbursements

14302-14330		Various Employees	15,117.21		Payroll Checks
14331-14336		Voided Checks	-		Printing Error
14337	2/6/2017	CAL12	CalPERS 457 Plan	6,665.61	B70206 RETIREMENT
				508.70	1B70206 PERS 457 LOAN PMT
		Check Total:	7,174.31		
14338	2/6/2017	DIR01	DIRECT DEPOSIT VENDOR- US	33,427.07	B70206 Direct Deposit
14339	2/6/2017	EMP01	Employment Development	-	B70125 STATE INCOME TAX
				-	B70127 STATE INCOME TAX
14339	2/6/2017	EMP01	Employment Development	1,772.27	B70206 STATE INCOME TAX
				0.22	1B70125 SDI
				4.04	1B70127 SDI
				613.69	1B70206 SDI
		Check Total:	2,390.22		
14340	2/6/2017	HEA01	HEALTH EQUITY, ATTN: CLINT	92.00	B70206 HSA
14341	2/6/2017	HUM29	UMPQUA BANK--PAYROLL DEP.	-	B70125 FEDERAL INCOME TAX
				35.30	B70127 FEDERAL INCOME TAX
				6,061.36	B70206 FEDERAL INCOME TAX

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
				3.08	1B70125	FICA
				55.66	1B70127	FICA
				8,445.46	1B70206	FICA
				0.72	2B70125	MEDICARE
				13.02	2B70127	MEDICARE
				1,975.12	2B70206	MEDICARE
			Check Total:	<u>16,589.72</u>		
14342	2/6/2017	ACW01	CB&T/ACWA-JPIA	53,482.48	B70131	MED-DENTAL-EAP INSUR
14343	2/6/2017	PUB01	Public Employees PERS	16,774.07	B70131	PERS PAYROLL REMITTANCE
14344	2/21/2017		Seasonal Employee	527.11		Final Payroll
14345-14375	2/23/2017		Various Employees	13,396.33		Payroll Checks
14376	2/23/2017	CAL12	CalPERS 457 Plan	6,565.83	B70223	RETIREMENT
				508.70	1B70223	PERS 457 LOAN PMT
			Check Total:	<u>7,074.53</u>		
14377	2/23/2017	DIR01	DIRECT DEPOSIT VENDOR- US	31,104.13	B70223	Direct Deposit
14378	2/23/2017	EMP01	Employment Development	0.91	B70221	STATE INCOME TAX
				1,511.74	B70223	STATE INCOME TAX
				5.50	1B70221	SDI
				564.66	1B70223	SDI
			Check Total:	<u>2,082.81</u>		
14379	2/23/2017	HEA01	HEALTHEQUITY, ATTN: CLINT	92.00	B70223	HSA
14380	2/23/2017	HUM29	UMPQUA BANK--PAYROLL DEP.	34.69	B70221	FEDERAL INCOME TAX
				5,541.37	B70223	FEDERAL INCOME TAX
				75.82	1B70221	FICA
				7,788.14	1B70223	FICA
				17.74	2B70221	MEDICARE
				1,821.32	2B70223	MEDICARE
			Check Total:	<u>15,279.08</u>		

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
Total Disbursements, Payroll:				214,603.07		
Total Check Disbursements:				1,660,762.53		

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.1 **Consider Approval of Humboldt Bay Municipal Water District's (HBMWD) Contract for Supply of Water**

PRESENTED BY: **Gregory Orsini, GM, John Friedenbach, HBMWD**

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the information provided, discuss, take public comment and authorize Board President to execute HBMWD's Contract for Supply of Water, **Attachment 2**, as modified, effective July 1, 2017.

Discussion:

At the November 2, 2016, MCSD Board of Directors' meeting, Paul Helliker of HBMWD reviewed proposed modifications in reference to Ordinance 16 and Contract for Supply of Water. The following four items were discussed:

1. Renewal/revision of the contract term, to establish a new 20-year term
2. An updated calculation of the peak rate allocation (to address Manila's situation)
3. Revision of the limitation on capital expenditures – to reference a five-year cycle for update and discussion of the District's Capital Improvement Plan
4. Direction of the incremental revenue from the ReMAT contract into a fund to pay for capital expenses

On January 12, 2017, HBMWD Board of Directors approved modifications to Ordinance 16 (highlighted in yellow) Establishing Rates, Charges and Conditions of Service for Water Sales to Municipal Water Customers, **Attachment 1**.

In order to implement Ordinance 16 changes, revised water supply contracts, **Attachment 2**, need to be approved by all municipal customers and HBMWD prior to July 1, 2017. Once all revised contracts have been approved by municipal customers, HBMWD plans to present all contracts for approval at their April meeting. The contract has been provided in track changes for the convenience of the Board.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – HBMWD's Ordinance 16 Amended 2017
- Attachment 2 – Draft McKinleyville Contract for Supply of Municipal Water

**Humboldt Bay Municipal Water District
Ordinance 16
as Amended June 2006
as Amended January 2017**

**Establishing Rates, Charges and Conditions of Service
For
Water Sales To Municipal Water Customers**

BE IT ORDAINED, by the Board of Directors of the HUMBOLDT BAY MUNICIPAL WATER DISTRICT (hereinafter HBMWD), as follows:

1. **Definitions** – as used in this Ordinance, the following terms shall have the following meanings unless the context clearly otherwise requires:
 - 1.1. **A/B Bond Taxes** – taxes received by HBMWD pursuant to a levy allowed in accordance with the Series A and B general obligation bonds authorized by voters within HBMWD in 1956.
 - 1.2. **Average Daily Water Use** – the average daily use, expressed in million gallons per day (MGD), in any given calendar year, as calculated from data recorded by HBMWD's meters and data collection system totalizers. The number for the most recent calendar year shall be calculated, by HBMWD, by January 30 of the subsequent calendar year. The number shall be obtained by dividing the total amount of water used by a given Customer in the calendar year by the total number of days in that same calendar year.
 - 1.3. **Base Water Facilities (BWF)** -- all HBMWD wells, diversion facilities, dams, pumping facilities, storage tanks, or water transmission and distribution facilities; all electrical, radio, electronic, computer and control (SCADA) systems; and any related appurtenances existing as of June 30, 1999.
 - 1.4. **Drinking Water Filtration Plant (DWFP)** – the water filtration facility as designed to meet the State's water quality mandate as it exists on the effective date of this Ordinance.
 - 1.5. **Drinking Water Treatment Facilities (DWTF)** -- all facilities and appurtenances relating to the treatment of water for potable use. Specifically, this includes the new State required DWFP and the existing disinfecting system.
 - 1.6. **General Reserves** – those moneys set aside by HBMWD's Board of Directors in any fund (e.g. general fund, general reserve, contingency reserve), regardless of the type or purpose of such fund, but exclusive of:

- accumulations for payment of principal and interest on any future bond issue or other future indebtedness incurred with the consent of HBMWD's affected customers;
- any reserve fund required to be established by law;
- any reserve fund created by public grant or loan program wherein said reserves are to be allocated to a defined future project expenditure;
- the proceeds of loans or grants;
- the proceeds of any residual A/B bond taxes;
- amounts collected by HBMWD under Price Factor 2 on account of encumbrances obligated but not yet paid;
- amounts collected by HBMWD for future capital projects as provided in Price Factor 2; or,
- the DWFP and SRF Reserves set forth in Sections 7.1.3 and 7.1.6
- amounts collected from IWC's to "mothball" or take industrial water facilities out of service.

1.7. Industrial Water Customer (IWC) – The industrial customers in the District's Improvement District U-1, or any other industrial customers which use more than 50% of the water delivered to them for manufacturing or production activities and which are supplied through any of HBMWD's industrial or raw water system.

1.8. Municipal Water Customer (MWC) – Cities, Community Services Districts, and other public entities which purchase water from HBMWD for use within HBMWD boundaries.

1.9. Moving Five-Year Average – a figure, calculated by HBMWD no later than January 30 each calendar year, that reflects the average of the previous five years Average Daily Water Use.

1.10. Peak Rate Allocation: The maximum number of gallons per calendar day of water to which a customer is entitled by contract.

1.11. Peak Delivery Rate: The rate of delivery of water by District to any customer which, if continued uniformly for a twenty-four (24) hour period starting at midnight, would produce an amount equal to the customer's Peak Rate Allocation.

1.12. Proposition 13 Taxes – HBMWD's share of the proceeds of taxes levied under the provisions of Article 13A of the California State Constitution.

1.13. Safe Drinking Water State Revolving Fund (SRF) – the Safe Drinking Water State Revolving Fund created pursuant to Section 116760.30 of the California Health and Safety Code.

1.14. Special Facility -- any facility (excluding the DWFP) constructed or purchased by HBMWD, after the effective date of this Ordinance, and pursuant to contract, for the direct benefit of one or more of HBMWD's customers (see Price Factor 5). Major repair or replacement of any portion of the BWF or DWTF does not constitute Special Facilities. A future expansion or addition to the DWFP may be considered a Special Facility if constructed at the request of MWC's and not pursuant to a mandate under Section 11.1.3 and Price Factor 6.

2. Water Delivery Systems -- HBMWD has two water delivery systems. These systems share common elements of the Base Water Facilities such as the dam, electrical system, maintenance shops, vehicles, computer and other electronic controls, etc.

2.1. Industrial or raw water system – this system draws water directly from the surface of the Mad River and delivers it, via pipelines, to end users. Water from this system receives no treatment of any kind and is not fit for human consumption. The industrial system is not regulated nor permitted by the State or Federal governments.

2.2. Municipal or domestic system – this system draws water from a series of Ranney Wells (also known as lateral arm wells) located in the bed of the Mad River. This water is naturally filtered through the sand and gravel of the riverbed which lie over the collector laterals of each well. This naturally filtered water is disinfected and then stored in a clearwell prior to delivery to Municipal Water Customers. A DWFP, which will remove unacceptable levels of turbidity from the well water, will be added to this system to comply with mandates received from the State Department of Health Services.

2.3. DWFP Capacity – The capacity of the DWFP will be a function of the source water turbidity and other operating conditions that may exist from time to time. HBMWD will endeavor to operate the DWFP at its optimal capacity for any given water quality and operating conditions. Based on the engineering studies completed as of the effective date of this Ordinance, the DWFP is expected to have an operating capacity ranging from 9 MGD to 21 MGD depending on the filter loading rate (gallons per minute per square foot of filter) that can be achieved given the turbidity and other operating conditions. HBMWD shall have authority to require MWC's to reduce their demand from the DWFP in response to variations in DWFP capacity. Furthermore, HBMWD shall have no responsibility for delivering water volumes to MWC's beyond the capacity of the DWFP.

3. Cost/Pricing Structure - General -- HBMWD's cost structure is designed to:

- a) fairly and reasonably allocate costs between the two delivery systems described in Section 2, and;
- b) further prorate those allocated costs among the water users which are connected to each delivery system.

This two-step cost allocation process will reflect costs associated with the operation,

maintenance, repair and replacement of Base Water Facilities and the Drinking Water Treatment Facilities - including the new DWFP.

- 3.1. The sections of this Ordinance 16 relating to Industrial Water Customers or Industrial Water Facilities are included only to define the initial proration of the BWF costs and Revenue Credits between the Industrial Water Customers and Municipal Water Customers. Once derived, the proration of the costs and Revenue Credits allocated to the Industrial Water Customers will be determined from time to time via contract with those Industrial Water Customers.
- 3.2. The Price Factors outlined in Section 7 and the Revenue Credits described in Section 8 will be applied to those costs and credits allocated to the Municipal Water Customers. The Price Factor amounts charged to any one Municipal Water Customer will contain a fair share portion of the costs of operation, maintenance, repair and replacement of the Base Water Facilities; and, a fair share portion of the costs of construction, operation, maintenance, repair and replacement of the Drinking Water Treatment Facilities. The Revenue Credits are also prorated to assure a fair distribution. Attachment 1 of this Ordinance presents a summary of how the Industrial/Municipal cost allocation, Price Factors and Revenue Credits work.
- 3.3. The costs of operating, maintaining, repairing and replacing HBMWD's retail water system are included in the overall Industrial/Municipal cost structure outlined herein. HBMWD's retail customers pay rates that assure recovery of all such costs. The revenues collected from retail customers are credited to the Municipal Water Customers in accordance with the provisions of Section 8 (Revenue Credits) herein. Industrial Water Customers are credited via contract using the same principles. This approach assures that Industrial Water Customers and Municipal Water Customers do not subsidize the retail system.

4. Base Water Facility Cost Proration

- 4.1. The costs of operating (excluding power for pumping), maintaining, repairing and replacing HBMWD's Base Water Facilities; and, maintaining reasonable reserves therefor, have been apportioned, by HBMWD, between the Industrial Water System and Municipal Water System (see Section 3) using a commodity/demand type of methodology. Costs were allocated on the basis of historical use or intent, peak demand or average use depending on the specific cost element being prorated. The resulting allocation at July 1, 1999 is established at 63% for the Industrial Water System and 37% for the Municipal Water System. HBMWD will review this proration prior to the beginning of every fifth fiscal year starting with the fiscal year which marks the fifth anniversary of the adoption of this Ordinance 16; and, in consultation with all Municipal Water Customers and Industrial Water Customers, HBMWD will adjust the percentage allocation to reflect then current conditions. The resulting allocation at

July 1, 2004, following the first review at the fifth fiscal year, is established at 45% for the Industrial Water System and 55% for the Municipal Water System. *Due to the lack of industrial customers, the allocation at July 1, 2017 is established at 100% Municipal Water System.*

- 4.2. The prorated share for the Municipal Water System, derived via this percentage allocation, will be further divided among all Municipal Water Customers using Price Factors 2 and 4, described in Section 7.
- 4.3. The prorated share for the Industrial Water System, derived via this percentage allocation, will be further divided among all Industrial Water Customers via contract.

5. Drinking Water Treatment Facilities Cost Proration -- The costs of constructing, operating, maintaining, repairing and replacing HBMWD's DWTF; and, maintaining reasonable reserves therefor, will be allocated only to Municipal Water Customers via the Price Factors 1, 2, and 4 outlined in Section 7.

6. Pumping Power – The costs of power for pumping water will be apportioned, by HBMWD, between the Industrial Water System and the Municipal Water System based on metered electrical use at HBMWD's pumping facility. The Industrial Water Customers shall pay the portion of HBMWD's actual monthly electricity costs to pump water into the Industrial Water System. The Municipal Water Customers shall pay the portion of HBMWD's actual monthly electricity costs to pump water into the Municipal Water System. The resulting allocation of the MWC pumping power costs shall be distributed to individual MWC's via Price Factor 3 outlined in Section 7.

7. Price Factors

7.1. Price Factor 1 (DWFP Debt Service)

- 7.1.1. Each Municipal Water Customer shall pay HBMWD, each year, a proportionate share of the payments of principal and interest (if any) on the SRF loan used to construct the DWFP.
- 7.1.2. Such proportionate share shall be determined by multiplying the annual payment required by a fraction, the numerator of which is a specific MWC's Moving Five-Year Average water use, and the denominator of which is the sum of the Moving Five-Year Average water use of all MWC's. HBMWD will bill each MWC 1/12th of their Price Factor 1 charges each month.
- 7.1.3. SRF loans require the establishment and maintenance of a reserve equal to one year's debt service. HBMWD will fund this SRF Reserve in accordance with the provisions of Section 7.1.6 (DWFP Reserve). HBMWD will use any amount remaining in the SRF Reserve to pay

the final year's installments on the loan, in lieu of Price Factor 1 charges.

7.1.4. Regardless of the proportionate share calculation based upon its Moving Five-Year Average water use, no MWC's Moving Five-Year Average, for Price Factor 1 calculations, shall be adjusted below 75% of its first Moving Five-Year Average calculated in accordance with this Ordinance – except as specifically provided in Section 9 for the City of Blue Lake and the Manila Community Services District.

7.1.5. If HBMWD receives any State or Federal grants to help fund the construction of the DWFP, such grant funding will be placed in a separate reserve and will be used to reduce Price Factor 1 obligations of all MWC's on a prorata basis using the formula described in Section 7.1.2 above.

7.1.6. **DWFP Reserve**

7.1.6.1. HBMWD shall establish from General Reserves available on July 1, 1999, a DWFP Reserve in an amount not to exceed \$1,000,000. To the extent established, the DWFP Reserve shall be used in the following order of priority:

- a) To pay for the upfront costs of final engineering design and bid assistance. These costs will be reimbursed via the SRF Loan and HBMWD will return such reimbursement to the DWFP Reserve.
- b) To pay for construction and other project related costs for which payment is due, but which have not been reimbursed via the SRF Loan.
- c) To establish the State required SRF Loan Reserve. This reserve consists of one year's principal and interest payments. HBMWD will determine the timing and amount of funds to transfer from the DWFP Reserve in accordance with State SRF Loan rules and regulations. The SRF Loan contract and any other applicable regulations will govern use of the SRF Loan Reserve.

7.1.6.2. All interest earned in any given fiscal year, either by the DWFP Reserve or the SRF Reserve, will be used: first, to rebuild any drawdown of the SRF Reserve; and second, to reduce the annual obligation each MWC would otherwise bear under Price Factor 1.

7.1.6.3. In the event one or more of HBMWD's IWC's significantly reduces its contractual commitments from those adopted concurrent with this Ordinance, or terminates such contract, any amount of DWFP Reserve not committed to the SRF Loan Reserve may be used by HBMWD to fund any other budgeted need.

- 7.1.6.4. Any remaining principal and interest in the DWFP Reserve shall be used to proportionally reduce the obligations each MWC will otherwise bear under Price Factor 1. The timing of such reduction shall be determined by HBMWD.

7.2. Price Factor 2 (Operations/Maintenance/Capital Costs)

- 7.2.1. Each Municipal Water Customer shall pay a proportionate share of the monthly net operating, maintenance and capital costs obligated or paid for the Base Water Facilities. The Municipal Water Customers' share of Base Water Facility costs shall be as determined in Section 4. Net costs for the Base Water Facility means the operating, maintenance and capital costs minus applicable Revenue Credits as outlined in Section 8. Additionally, each Municipal Water Customer shall pay a proportionate share of the monthly operating, maintenance, repair, replacement and capital costs obligated or paid for the Drinking Water Treatment Facilities.
- 7.2.2. Each Municipal Water Customer shall pay a proportionate share of the monthly net operating, maintenance and capital costs obligated or paid for the Base Water Facilities. The proportionate share of the BWF for each MWC, shall be determined by a fraction, the numerator of which is the customer's Peak Rate Allocation, and the denominator of which is the sum of the Peak Rate Allocation of all MWC's.
- 7.2.2.1. Effective July 1, 2006, each MWC's Peak Rate Allocation shall be established as reflected in Attachment 2.
- 7.2.2.2. The proportionate share of the BWF that each MWC pays may be adjusted periodically as set forth herein. The Peak Rate Allocation shall be reviewed, and may be adjusted by HBMWD, effective July 1, 2009~~17~~, and subsequently every fifth anniversary thereafter (e.g. July 1, 2014~~22~~). Such review shall be done in consultation with the MWCs. Any adjustment to a MWC's Peak Rate Allocation shall be determined by HBMWD based one of the following conditions: 1) a request by a MWC to increase its Peak Rate Allocation to accommodate increased peak water use due to a new customer and/or actual or planned growth, or 2) a request by a MWC to decrease its Peak Rate Allocation to accommodate reductions in peak water use due to the addition of a water storage reservoir or implementation of water conservation measures. HBMWD reserves the right to deny a request for an increase in a MWC's Peak Rate Allocation if HBMWD no longer has capacity to deliver the requested increase.
- 7.2.2.3. In addition, at the beginning of any fiscal year, HBMWD may increase the Peak Rate Allocation of a MWC if that MWC has understated its required Peak Rate Allocation, based on

recorded historical peak daily use. Such adjustment may only be done after consultation with the affected MWC.

- 7.2.3. Each Municipal Water Customer shall also pay a proportionate share of the monthly operating, maintenance, repair, replacement and capital costs obligated or paid for the Drinking Water Treatment Facilities. The proportionate shares of Drinking Water Treatment Facilities costs shall be determined by a fraction, the numerator of which is a specific MWC's Moving Five-Year Average water use, and the denominator of which is the sum of the Moving Five-Year Average water use of all MWC's.
- 7.2.4. In order to avoid monthly fluctuations in Price Factor 2 charges, HBMWD will bill/credit MWC's, each month, 1/12th of Price Factor 2 related costs/Revenue Credits as reflected in the budget adopted for any given fiscal year. Within 90 days of the end of the fiscal year, HBMWD will calculate the actual Price Factor 2 costs/Revenue Credits for that fiscal year. If actual Price Factor 2 charges are higher than the total of the flat monthly billings, the excess charges will be added, in even monthly installments, as a surcharge to the following fiscal year's Price Factor 2 charges. If actual Price Factor 2 charges are less than what was billed throughout the fiscal year, a refund credit, in even monthly installments, will be added to the following fiscal year's Revenue Credits.
- 7.2.5. *The maximum aggregate amount of capital costs that can be charged, to IWC's and MWC's in any given fiscal year under this Price Factor 2 is 2% of the undepreciated property, plant and equipment value shown in HBMWD's annual audit. HBMWD will update its Capital Improvement Plan every five years, beginning in 2017. HBMWD will provide a draft of the updated plan to the MWC's January 15, for their review and comment. HBMWD will provide the final update of its Plan to MWC's no later than February 28, for their use in budget planning and analysis and updates of water rates.*
- 7.2.6. Individual capital projects estimated to cost more than \$200,000 may be charged out in increments under this provision up to three years in advance of the project – even though no actual charges are obligated or paid. Before any such advance charges are levied, the projects must be included in HBMWD's capital improvement plan and have Board approval for implementation. Funds collected in this manner will be held and accounted for in a separate reserve, and any interest earned will be applied toward the specific project for which the funds were collected. In the event a project, for which money has been collected, is cancelled; those funds – including interest -- will be refunded, on the same basis as they were charged, within 90 days of the end of the fiscal year in which the project was cancelled.

7.2.7. Price Factor 2 Costs Defined -- The operating, maintenance and capital costs included in Price Factor 2 shall be no greater than the actual costs obligated or paid by HBMWD in connection with the operation, maintenance, repair and replacement of its facilities. All such costs shall be reasonable and in line with past practices. Specifically excluded from Price Factor 2 costs are those costs covered by any other Price Factor as defined in this Ordinance. Price Factor 2 costs include, but are not limited to:

- capital costs as described in Sections 7.2.5 and 7.2.6;
- payroll expenses, and consultant expenses;
- services, materials and supplies for general operation, repair, maintenance or replacement of facilities and equipment;
- overhead costs such as insurance, permit fees, travel/conference, dues/subscriptions, telephones, vehicles and office expenses;
- special costs such as legal settlements, court awards;
- energy costs, other than power for pumping or those related to Price Factor 5 or Price Factor 6 facilities;
- debt service on borrowings, except SRF debt service; and,
- year-end encumbrances such as purchase orders issued and contract obligations incurred but not yet paid.

7.3. Price Factor 3 (Power for Pumping)

7.3.1. Each Municipal Water Customer shall pay each month a share of HBMWD's costs for all electricity used to pump water, except as such electricity use may be a part of the Industrial Water System, operation of a Special Facility or a Mandated Facility.

7.3.2. The allocation of the HBMWD's electricity charges for pumping will be determined by calculating the cost of pumping one million gallons of municipal water. The calculation will use the actual amount of energy cost incurred to pump municipal water and the total actual municipal water use for the most recent month for which the HBMWD has been billed. The unit pumping cost will be multiplied by each Municipal Water Customer's actual water use during the same period which figure is the Price Factor 3 charge that month.

7.4. Price Factor 4 (Additions to General Reserves)

7.4.1. HBMWD will not add funds to General Reserves as defined in Section 1.6 if the General Reserves at the end of any fiscal year are equal to or in excess of Two Million Dollars (\$2,000,000).

- 7.4.2. The total annual budgeted contribution to General Reserves for all IWC's and MWC's shall be no more than \$350,000, or the difference between \$2,000,000 and the actual General Reserves amount at the end of the fiscal year, whichever is less.
- 7.4.3. If the actual General Reserves exceed \$2,000,000, no Price Factor 4 charges will be levied. If the actual General Reserves are less than \$2,000,000, HBMWD will determine the amount of Price Factor 4 charges to be levied, not to exceed the limitations specified in Section 7.4.2.
- 7.4.4. Notwithstanding the foregoing, if deemed necessary by HBMWD, the \$2,000,000 threshold for calculating Additions to General Reserves may be adjusted by formal action of HBMWD's Board of Directors in the tenth year of this contract. Any such adjustment will be made in consultation with all MWC's and IWC's.
- 7.4.5. To assure that any Additions to General Reserves are fairly allocated between IWC's and MWC's, the total amount of Additions to General Reserves set aside in any fiscal year will first be prorated to the Base Water Facilities and the Drinking Water Treatment Facilities on the basis of the relative worth of the respective undepreciated property, plant and equipment value for each of the two facility classifications as shown in HBMWD's annual audit. The proration of charges for the Additions to Reserves will then proceed in accordance with the provisions of Section 4 and Price Factor 2.
- 7.4.6. Each Municipal Water Customer shall pay, in even monthly installments, its proportionate share of HBMWD's annual budgeted contribution to General Reserves.

7.5. Price Factor 5 (Special Facilities) -- Any Industrial or Municipal Water Customer who contracts with HBMWD for a Special Facility shall pay the following costs in the manner set forth below:

- 7.5.1. all administrative, engineering, design, construction costs or annual amortization and interest costs of HBMWD required to pay the capital costs of any such Special Facility; and,
- 7.5.2. the annual operating and maintenance costs (including but not limited to costs for electricity used to operate any such Special Facility) required for the Special Facility which are constructed for, and at the request of any customer.
- 7.5.3. In the event that more than one customer contracts with HBMWD for a given Special Facility, such costs shall be apportioned on the basis set forth in the contract. Terms and conditions for repayment of such costs to HBMWD, including allocation of benefits, shall be established by contract prior to construction of the facility.

7.6. Price Factor 6 (Mandated Facilities) -- In the event it becomes necessary to construct, operate and maintain Mandated Facilities as defined in Section 11.1.3 of this Ordinance, each MWC that receives the benefit of such Mandated Facility shall pay its proportionate share, as determined below, of the following:

- 7.6.1. all costs, including annual amortization and interest, required to pay the capital cost of such Mandated Facility; and,
- 7.6.2. the reasonably determinable annual operating, maintenance and electrical costs of such Mandated Facility.
- 7.6.3. HBMWD shall determine by ordinance which customers benefit from the construction of a Mandated Facility. HBMWD shall allocate charges under this Price Factor 6, to the customers so designated, on the basis of relative benefit. Customers that HBMWD determines will not benefit from a Mandated Facility shall not be subject to any Price Factor 6 charges for that facility.
- 7.6.4. The provisions of this Section 7.6 shall not apply to the currently mandated DWFP, which shall be funded pursuant to Sections 5 and 7.1, 7.2, and 7.4 of this Ordinance.

8. Revenue Credits -- All revenue credited to MWC's under this Ordinance will be credited towards Price Factor 2 charges related to Base Water Facilities. Such charges will be reduced on a monthly prorata basis, as set forth below, by HBMWD's monthly cash receipts from Proposition 13 taxes, interest on investments, miscellaneous revenues (not including residual A/B Bond taxes, revenue from water supply contracts, grants or loans), and hydroelectric revenues.

- 8.1. Proposition 13 tax revenue** will be credited to Industrial and Municipal Water Customers on a prorata basis using the assessed real property value (AV) within the HBMWD of each Water Customer as the numerator and the total AV of all Municipal and Industrial Water Customers as the denominator. AV figures will be reviewed annually.
- 8.2. Retail water sales revenue** will be credited as outlined for "all other Revenue Credits" below; except that, the portion of revenues collected to pay for the costs of the Drinking Water Filtration Plant will be credited only to Municipal Water Customers. Crediting for such DWFP revenues to the MWC's will use the Moving Five-Year Average methodology used to allocate DWFP charges in Price Factors 1 and 2.
- 8.3. All other Revenue Credits** will first be prorated to IWC's and MWC's in accordance with the provisions of Section 4. The MWC share will be further allocated to individual MWC's by multiplying such Revenue Credits by a fraction, the numerator of which is each Municipal Water Customer's Peak Rate Allocation and the denominator of which is the sum of the

Peak Rate Allocation of all of HBMWD's Municipal Water Customers. The Peak Rate Allocation calculation will be as described in Section 7.2.2.

9. Blue Lake/ Manila Adjustment

9.1.1. It is recognized that the City of Blue Lake and the Manila Community Services District each have a single large customer – Ultra Systems III for Blue Lake and Sierra Pacific Industries for Manila CSD – that accounts for a major amount of their water sales volumes; and, therefore, for their prorata payment obligations in accordance with the terms of this Ordinance.

9.1.2. In the event either one of these MWC's experience a reduction of 25% or more of their then current Average Daily Water Use caused by reduced flow to, or loss of, these specific customers, or their successors in interest, the Moving Five-Year Average and the Peak Rate Allocation will be adjusted in the fiscal year following such reduction.

9.1.3. The Moving Five-Year Average for subsequent fiscal years will be adjusted by deducting the amount of reduction for all years used in the calculation. The Peak Rate Allocation will be adjusted by deducting the amount of reduction.

9.1.4. The following conditions will apply to this Section 9:

- The MWC must notify HBMWD in writing of the need for the adjustment as soon as possible but not later than May 31st prior to the fiscal year in which the adjustment will occur.
- The MWC must provide evidence satisfactory to HBMWD of the reduction or loss.
- If equal or greater volume is regained by growth of customer base, the amount of reduction will be added back into both the Moving Five-Year Average and the Peak Rate Allocation in the subsequent fiscal year using the same methodology as was used for the reduction.

10. Payment Guarantee -- Each MWC shall pay the amounts due to the HBMWD on a monthly basis within 15 days of the date of HBMWD's billing. Such payments shall be due regardless of interruptions of services or inability to meet the water treatment requirements of Section 11.

11. Water Treatment

11.1. HBMWD Responsibilities -- as of the date of this Ordinance, HBMWD provides water treatment only by the natural filtration provided via the sand and gravel through which water pumped from the Ranney Wells must pass; and, meeting "minimum chlorine disinfection", prior to HBMWD's points of delivery to the MWC, as specified by the State

Department of Health Services (DHS) in Attachment 3 (dated 4/22/99) to this Ordinance. The DHS may reduce these requirements, by permit, once the DWFP is operating.

- 11.1.1. Upon completion of the DWFP, HBMWD will also provide water filtration to achieve the maximum turbidity level of 5 NTU year round at the points of delivery by HBMWD to the MWC's; and, to achieve the optimized treatment goal of 1 NTU in 90% of measurements taken at the DWFP as specified by the DHS in Attachment 4 (dated 10/21/98) to this Ordinance.
- 11.1.2. To the extent of its existing treatment capabilities, HBMWD will deliver, at HBMWD's points of delivery to MWC's, water that complies with other legally-mandated water quality standards (i.e. beyond chlorine disinfection and filtration as specified in Sections 11.1 and 11.1.1) that are applicable to HBMWD and its MWC's generally.
- 11.1.3. In the event that HBMWD or its MWC's generally, are required by law, regulation, order or other governmental mandate to construct any new facility or upgrade any existing facility, or to comply with any standard that cannot be met without constructing a new facility or upgrading an existing facility (hereafter "Mandated Facilities"), HBMWD will, in consultation with the MWC's, undertake to design, finance, construct, operate and maintain such additional facilities as may be necessary to meet the applicable legal requirements at HBMWD's points of delivery to MWC's. Each MWC that receives the benefit of such Mandated Facilities shall pay its proportionate share of the costs in accordance with Price Factor 6 of this Ordinance. In the absence of such additional facilities, HBMWD shall have no responsibility to the MWC's for compliance with such requirements.

11.2. MWC Responsibilities – Except for water treatment responsibilities expressly assumed by HBMWD under this Ordinance, each MWC shall be responsible for complying with all laws, regulations and permits applicable to it as a Public Water System under State law, including, but not limited to, sampling, monitoring, reporting and water quality requirements beyond HBMWD's point of delivery to the MWC.

12. Excess Water Deliveries: Delivery of water from HBMWD to the MWCs shall generally be made at a rate not to exceed the MWC's Peak Delivery Rate. It is understood, however, that MWCs may desire to take water from HBMWD at a rate greater than their Peak Delivery Rate to achieve cost savings in their utility power bills and/or HBMWD's Price Factor 3 charge. HBMWD will, at its sole discretion, deliver water to a MWC at a rate greater than its Peak Delivery Rate so long as HBMWD has the capacity to do so. HBMWD reserves the right to place a MWC on a delivery schedule at a specified delivery rate for a specified time period to allow HBMWD to supply Peak Rate Allocation to all MWCs.

13. Limitations on HBMWD Responsibilities – Delays in, or failure of, performance by HBMWD under this Ordinance or any contract executed pursuant to this Ordinance shall not constitute a default or give rise to any claim for damages if caused by circumstances beyond the control of HBMWD, including but not limited to acts of legislation or government, decrees of the courts, acts of God, inability or failure of HBMWD's facilities to deliver a particular quantity or quality of water, strikes or other concerted action of labor, fires, floods, droughts, explosions, war, acts of the military, sabotage or any similar event or occurrence. HBMWD shall not be responsible under this Ordinance, or any contract executed pursuant to it, to deliver water to MWC's at particular pressures or rates of flow, or in particular volumes.

14. Default -- In the event that any MWC shall fail to make any payment at the time and in the manner herein provided, or shall fail to perform any duty on its part to be performed under the provisions of this Ordinance and any contract pursuant to it, and such default shall continue for a period of thirty (30) days after written notice thereof is given by HBMWD, HBMWD may at its option, in addition to and not in lieu of any other remedy provided by law:

- withhold deliveries of water to such MWC until such time as the MWC's obligations have been brought current;
- sue for damages; and/or
- sixty (60) days after written notice, cancel the MWC's water contract.

14.1. HBMWD's exercise of any of these options shall not be exclusive but shall instead be cumulative of each other and of any other remedies or rights to which the HBMWD may be entitled. Damages for default as set forth above shall include all payments to which the HBMWD is entitled under the Price Factors set forth in this Ordinance, and under any Special Facilities contract with the defaulting MWC, for the full term of the contracts and Ordinance.

15. Arbitration

15.1. Availability Of Remedy The procedure described in Section 14.2 hereof shall be available to the HBMWD and to any Municipal Water Customer provided that any such MWC has entered into a contract with the HBMWD pursuant to this Ordinance. The procedure described below shall be fully binding on the HBMWD and on all such MWC's regardless of whether they become actual parties to the arbitration proceeding provided that the HBMWD furnishes written notice to all such MWC's upon the initiation by the HBMWD or any MWC of the proceeding described below and each MWC is given an opportunity to participate in the proceedings.

15.2. Procedure For Resolution Of Disputes In the event of a disagreement between the HBMWD and a MWC concerning the implementation of this Ordinance and the establishment of charges hereunder, the HBMWD and the MWC shall meet and discuss the issues, in good faith, with a view to resolving the disagreement. If the parties are unable to agree, the dispute will be settled by mandatory and binding arbitration at the general offices of the HBMWD (currently located in Eureka, California) pursuant to the rules of the American Arbitration Association. Notwithstanding the foregoing, no issue will be submitted to arbitration that involves the exercise of subjective discretion or the legislative powers of the HBMWD as conferred by law. Only issues that can be determined by fact finding and reference to objective standards set forth in this Ordinance or the contract between the HBMWD and the MWC will be the subject of arbitration.

15.3. Effective Date Of Resolution Of Dispute. A demand for arbitration shall be effective as to any fiscal year only if demand is made no later than sixty (60) days after the end of that fiscal year. In the absence of such a timely demand, the decisions of the Board of Directors of the HBMWD shall be final and conclusive. Decisions of the arbitrator shall apply only to the fiscal year as to which demand is made as provided in the preceding sentence, and to subsequent fiscal years.

16. Effect of Ordinance

16.1. This Ordinance is intended to provide a fair and equitable allocation of costs and Revenue Credits between Industrial Water Customers and Municipal Water Customers; and, to provide a cost and Revenue Credit allocation structure among Municipal Water Customers for that share of costs and Revenue Credits allocated to Municipal Water Customers. This Ordinance shall apply to all water sold by the HBMWD by contract executed pursuant to this Ordinance, but not to HBMWD's retail sales or to water sold for fire suppression purposes.

16.2. This Ordinance shall be effective to establish rates and conditions of service for a Municipal Water Customer only after such MWC enters into a written contract with HBMWD that is approved by an ordinance or resolution of HBMWD's Board of Directors.

16.3. The HBMWD acknowledges that it is bound by its contracts for the full term thereof. Neither a contract entered into pursuant to this Ordinance nor this Ordinance may be amended, modified or supplemented in any way that impairs any contract executed pursuant to it (including by the enactment of new ordinances or resolutions) without the express written consent of the MWC who is the other party to the contract. Each contract entered into pursuant to the provisions of this Ordinance shall be deemed to supersede any and all prior contracts between the HBMWD and the MWC executing the new contract.

16.4. Attachments 1, 2, 3 and 4 to this Ordinance 16 are incorporated herein by reference.

16.5. Nothing contained in this Ordinance, or in any contract executed pursuant to this Ordinance, shall limit HBMWD's authority under Water Code section 350 et. seq. to adopt equitable regulations and restrictions to conserve water during a drought or other water shortage emergency.

17. Severability -- If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of this Ordinance, provided however that the Board of Directors of HBMWD may amend this Ordinance to correct such invalidity if such action can be taken without materially impairing the rights of any parties to contracts executed pursuant to it, and provided further that said Board may rescind this Ordinance if, in the judgment of the Board, the court decision of partial invalidity renders it impossible or impractical to enforce any of the remaining material terms of this Ordinance.

18. Effective Date of Ordinance – This revised Ordinance 16 shall become effective as of **July 1, 2006** **17** or after adoption by the HBMWD Board of Directors, whichever occurs later.

CONTRACT FOR SUPPLY OF MUNICIPAL WATER

This Agreement is made and entered into as of July 1, ~~1999~~2017, by and between HUMBOLDT BAY MUNICIPAL WATER DISTRICT (hereinafter HBMWD) and MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (hereinafter Municipality).

RECITALS

This Agreement is made with reference to the following facts:

1. HBMWD and Municipality are parties to an agreement dated July 1, 199~~9~~19, entitled Contract for Supply of Municipal Water, which agreement expires June 30, ~~1999~~2024;
2. Municipality desires to continue receiving water service from HBMWD, and HBMWD desires to continue providing water service to Municipality;
3. HBMWD has adopted, or will adopt concurrently with the execution of this Agreement, an ordinance entitled "Ordinance No. 16 — Establishing Wholesale Rates, Charges and Conditions of Service for Water Sales to Municipal Water Customers" (hereinafter Ordinance No. 16);
4. HBMWD's Ordinance No. 16 provides that it shall be effective to establish rates, charges and conditions of service for municipal customers only after such customers enter into written contracts with HBMWD;
5. Municipality desires to enter into a written contract for water service as a customer of HBMWD on the terms and conditions set forth in Ordinance No. 16;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, it is agreed by and between HBMWD and Municipality as follows:

SECTION ONE: Incorporation of Ordinance No. 16.

This Agreement includes, and shall be subject to, the terms and conditions of HBMWD's Ordinance No. 16 — Establishing Wholesale Rates, Charges and Conditions of

Service for Water Sales to Municipal Water Customers, a copy of which is attached hereto, labeled **Exhibit "A"** and incorporated by reference herein.

SECTION TWO: Term.

2.1 This Agreement shall take effect on July 1, ~~1999~~2017, and shall remain in effect for a period of twenty (20) years, until June 30, 201937~~.; provided, however, that such term shall be automatically extended for such additional period as may be necessary to correspond to the term of the Safe Drinking Water Loan to be entered into between HBMWD and the State of California, Department of Water Resources for the purpose of funding state-mandated drinking water filtration facilities (hereinafter SRF Loan).~~

2.2 Municipality shall have the right to extend the term of this Agreement for an additional period of up to ten (10) years, to and including June 30, 202947 at such prices as shall be set by HBMWD from time to time by ordinance or otherwise. Municipality shall give notice in writing of its exercise of this option no earlier than July 1, 201735, and no later than December 31, 201836~~., or thirty (30) days after HBMWD's adoption of a pricing structure for its Municipal Water Customers for any period after the termination date of this Agreement, whichever event occurs later.~~ If such notice is not given within the time provided herein, Municipality's option to extend its term shall be null and void. It is expressly understood and agreed that the pricing structure referred to in this paragraph 2.2 need not set forth specific prices or rates but only the mechanism for determination of such prices or rates. It is further understood and agreed that HBMWD may adopt rates or prices after June 30, 201937~~(or such later date as the initial term of this agreement may terminate under the terms of paragraph 2.1 hereof)~~, which will be effective for periods less than the full term of the option period and that after exercising its option to extend the term of this Agreement, Municipality shall be bound to pay such rates and prices as HBMWD may adopt from time to time throughout the extended term of this Agreement.

SECTION THREE: Wholesale Water Service.

3.1 During the term of this Agreement, HBMWD agrees to supply water to Municipality, and Municipality agrees to purchase water from HBMWD, on the terms and conditions set forth in Ordinance No. 16.

3.2 Municipality agrees that, except for services to customers in the "Patrick's Creek area which are not within HBMWD's boundaries, the water supplied by HBMWD pursuant to this Agreement shall be sold by Municipality only for use within the boundaries of HBMWD.

3.3 Municipality understands and acknowledges that HBMWD will provide water treatment as specified in Ordinance 16, but that Municipality remains responsible for all

other requirements applicable to it as a Public Water System. Except as otherwise expressly set forth in Ordinance No. 16, HBMWD disclaims all liability and warranties, whether express or implied, to the fullest extent permitted by law, with respect to the quality of the water delivered by Municipality to its customers. In no event shall HBMWD be obligated to deliver to Municipality water of a quality that cannot reasonably be attained by HBMWD's treatment facilities. Municipality agrees that HBMWD shall have authority to construct, operate and maintain, on Municipality's behalf, any facilities needed to comply with federal and state safe drinking water requirements, up to the point of delivery to Municipality, and to charge Municipality for such activities pursuant to the provisions of Ordinance No. 16.

3.4 Municipality further understands and acknowledges that HBMWD retains authority under Water Code sections 350, *et. seq.*, to adopt equitable regulations and restrictions to conserve water in the event of a drought or other water shortage emergency.

3.5 Unless otherwise agreed in writing, HBMWD shall have no obligation to deliver water to Municipality except at the current location of Municipality's mainline meter as of the date of execution of this Agreement.

SECTION FOUR: Metering.

4.1 The volume of water delivered to Municipality hereunder shall be measured by metering equipment, of a standard approved by the American Waterworks Association, to be furnished, installed, maintained and read by HBMWD at its own expense. The water metering equipment so furnished and installed shall be tested periodically by HBMWD to assure its continuing accuracy and conformance to the standards of measurement and service accepted in the water industry. The cost of conducting such tests shall be borne by HBMWD. Such tests shall also be conducted at other times upon Municipality's request in the event that Municipality's metering devices or other proof shall indicate an inaccuracy in HBMWD's metering equipment. If an inaccuracy of more than two percent (2%) in HBMWD meters is disclosed by any test requested by a Municipality, all ~~unpaid~~ Price Factor 3 (electrical power) charges from the time the water use inaccuracy occurred (limited to not more than five (5) years), and any subsequent Price Factor 3 charges until the time HBMWD's meter is corrected, shall be adjusted in proportion to the percentage of water use inaccuracy so disclosed. In the event the water use inaccuracy is the result of a meter being improperly certified then, in addition to Price Factor 3 charges, any other Price Factors may be adjusted using the same methodology and time frame as Price Factor 3 charges. If no inaccuracy is detected, then Municipality shall pay the cost of the test requested by it.

4.2 Representatives of Municipality may, at Municipality's election, be present during the conduct of all tests of metering equipment. HBMWD shall give Municipality at least five (5) days advance notice of the time such tests are to be made. All metering equipment found to be inaccurate shall be adjusted forthwith by HBMWD at its expense.

Municipality, at its election, shall also have the right, at its expense, to install, operate and maintain additional metering equipment to measure the volume of water delivered under this Agreement.

SECTION FIVE: Payment.

5.1 The rates to be paid by Municipality shall be those established under Ordinance No. 16 until June 30, 20~~19~~³⁷, or such later date as this Agreement may terminate under paragraph 2.1 hereof. If Municipality exercises its option to extend this Agreement pursuant to paragraph 2.2 of this Agreement, the rates to be paid during the extended term shall be those set by ordinance or resolution of HBMWD from time to time during the extended term, which rates shall not exceed the reasonable cost of providing water service, including capital and reserve fund costs.

5.2 In accordance with Ordinance No. 16, Municipality agrees to pay the amounts due to HBMWD within 15 working days after receipt of HBMWD's monthly billing.

SECTION SIX: Notice of Water Use, Meetings and Budget Hearings.

6.1 By January 30th of each year, HBMWD will send a written notice to Municipality showing the calculation of Municipality's Average Daily Water Use and Peak Water Use during the preceding calendar year.

6.2 HBMWD shall mail timely notices of all meetings of its Board of Directors to Municipality, including summary budget documents to be used in annual budget hearings or fiscal year budget adoption.

SECTION SEVEN: Loss of Industrial Water Sales; Reopener

7.1 It is understood and acknowledged that, concurrent with the execution of this Agreement, HBMWD ~~will~~^{may} enter into contracts to supply untreated water to ~~its~~^{one or more} major Industrial Water Customers, ~~namely Louisiana Pacific Corporation and Simpson Paper Company.~~ It is further understood and acknowledged that such contracts may be for shorter terms than this Agreement and may be subject to termination by the Industrial Water Customers upon one or two years' notice.

7.2 Municipality and HBMWD agree that, if one or ~~both~~^{more} of HBMWD's Industrial Water Customers ~~terminates its~~^{initiates a} contract ~~to purchase water from HBMWD~~^{or substantially reduces its contractual commitments}, the cost allocation for Base Water Facilities provided in Paragraph 4.1 of Ordinance No. 16, and the Revenue Credit allocation provided in Section 8 of Ordinance No. 16, may have to be revised. ~~Upon receipt of notice that an Industrial Water Customer intends to terminate its contract or substantially~~

~~reduce its contractual commitments, HBMWD shall assess whether it can offset the lost revenues by reducing its operating costs or raising other industrial water revenues. If HBMWD determines that it is necessary to reallocate Base Water Facility costs and Revenue Credits among its remaining customers to compensate for reduced industrial water revenues, it shall, in consultation with those customers, implement a revised allocation in the same manner as provided for its 5-year allocation review under Section 4.1 of Ordinance No. 16.~~ If Municipality or any other Municipal Water Customer or Industrial Water Customer disagrees with HBMWD's allocation, it shall be submitted for mandatory and binding arbitration under Section 14 of Ordinance No. 16. HBMWD's allocation shall remain in effect pending the outcome of the arbitration.

SECTION EIGHT: Unanticipated Reserve Shortfalls.

It is understood and acknowledged that Section 7.4 of Ordinance No. 16 (Price Factor 4) limits the amounts that HBMWD may charge to maintain General Reserves. In the event that HBMWD anticipates that General Reserves will fall below \$500,000.00, Municipality agrees, upon request of HBMWD, to negotiate in good faith with HBMWD and its other Municipal Water Customers and Industrial Water Customers to develop a reasonable and equitable plan to assure HBMWD adequate cash flow to continue its normal operations.

SECTION NINE: Waiver, Integration and Modification.

9.1 No waiver by HBMWD or Municipality of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any other or subsequent breach.

9.2 This Agreement constitutes the entire agreement of the parties. All prior statements, representations, correspondence or other writings between the parties relating to the subject matter of this Agreement are of no force and effect. This Agreement supercedes all prior agreements between the parties

9.3 This Agreement shall not be modified except by a written instrument executed by the parties hereto.

SECTION TEN: Assignment; Successors and Assigns.

Neither HBMWD nor Municipality shall have the right to assign this Agreement, in whole or in part, without first securing the written consent of the other party; provided, however, that nothing contained in this paragraph, or in this Agreement, shall be construed as in any manner limiting Municipality's right to supply water to domestic, municipal and industrial customers so long as such water is used entirely within the boundaries of HBMWD and that portion of the "Patrick's Creek" area not within the boundaries of HBMWD.

SECTION ELEVEN: No Third-Party-Beneficiaries.

This Agreement is strictly between HBMWD and Municipality. Nothing contained herein is intended, or shall be construed, to create any rights in third-parties against HBMWD or Municipality.

SECTION TWELVE: Severability.

Subject to the provisions of Ordinance No. 16, if any portion of this Agreement is determined to be void, invalid or unenforceable, the remaining terms and conditions hereof shall nonetheless be binding and enforceable in all respects.

SECTION THIRTEEN: Special Conditions.

13.1 It is a condition precedent to Municipality's obligations under this Agreement that HBMWD concurrently adopt Ordinance No. 16 in substantially the same form as set forth in Exhibit "A" hereto. Said Ordinance will be deemed to be substantially in the same form if it contains only minor changes that have no material effect on the obligations of Municipality.

13.2 It is agreed that the anticipated annual debt service on the SRF Loan is ~~\$53547,337,000.00, based upon current estimates of construction and financing costs. If, after receipt of construction bids, HBMWD determines that the annual debt service will exceed the anticipated \$535,000.00 by more than ten (10%) percent, HBMWD shall promptly give written notice to Municipality and to all other Municipal Water Customers of the amount so determined. If Municipality is unwilling to proceed with the project at the increased debt service level, it shall notify HBMWD in writing within thirty (30) days of HBMWD's notice, or such shorter period (but not less than 15 days) as HBMWD may specify to conform to the expiration date of the construction bids. Upon giving such notice, Municipality shall be excused from paying a share of any debt service in excess of \$535,000.00 per year, but this Agreement shall remain in effect in all other respects. Notwithstanding the foregoing, HBMWD may, in its sole discretion, reject all construction bids and readvertise the project or a modified project for further bidding. If HBMWD determines that there will be inadequate funding from its Municipal Water Customers, it may, in its sole discretion, terminate its responsibilities under this Agreement and Ordinance No. 16 to construct, operate and maintain the Drinking Water Filtration Plant.~~

13.3 HBMWD has established a new reserve fund called the Municipal Supplemental Reserve Account ("MSRA"), which consists of both excess Price Factor 2 charges accumulated during fiscal year 2008-09 that would otherwise have been the subject of refund credits in fiscal year 2009-10 under Paragraph 7.2.4 of Ordinance 16 and

incremental revenues from hydropower sales under a Renewable Market Adjusting Tariff contract with Pacific Gas and Electric company, in the amount of \$0.05 per kWh. HBMWD will use the MSRA solely for the general benefit of the Municipal Water Customers and shall not comingle these funds with any general reserve fund, or any other funds held by HBMWD, or use the MSRA for the benefit of any Industrial Water Customer, including any essential expenditures on the Industrial Water System..

SECTION FOURTEEN: Notices.

Insofar as this Agreement requires or contemplates that notices shall be given by any party, such notices shall be deemed given when personally delivered to its business office, or deposited in the United States Mail, first class postage prepaid, addressed to the other party at its mailing address set forth below, or such other address as the party may designate by written notice given during the term of this Agreement.

MUNICIPALITY:

McKinleyville Community Services District
1656 Sutter Road
PO Box 2037
McKinleyville, CA 95519

HBMWD:

Humboldt Bay Municipal Water District
828 7th Street
~~Post Office Box 95~~
Eureka, California 955021

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HUMBOLDT BAY MUNICIPAL WATER DISTRICT:

By

Its _____

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT:

By _____

Its _____

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.2 **Presentation from American Red Cross Regarding the
Emergency Shelter Drill on April 28-29, 2017 at Azalea Hall**

PRESENTED BY: **Lesley Frisbee, Recreation Director/ Christina Jones-
Koczera and Michelle Hairgrove of American Redcross**

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board listen to the presentation, take public comment and discuss the planned Red Cross Emergency Shelter Drill scheduled to take place at Azalea Hall on Friday, April 28-Saturday, April, 29, 2017.

Discussion:

On November 30, 2016 the local office of the American Red Cross reached out to staff at MCSD in order to coordinate an "Emergency Disaster Sheltering Drill." The Red Cross has requested use of MCSD facilities for one afternoon and night spanning April 28-29, 2017 for the drill. It will be an opportunity for hands on training of Red Cross volunteers. All shelter participants for the drill will be obtained through invitation only and will be friends and family of existing Red Cross employees and volunteers. This event will take place at Azalea Hall due to the Activity Center being unavailable for the dates requested by the Red Cross.

An agreement with the American Red Cross has been in place since 1997. It was recently revised to list only the McKinleyville Activity Center as a Shelter location and re-executed in February of 2016.

MCSD has long history of supporting the work of the American Red Cross and the importance of Disaster Preparedness. On March 20, 2002, the MCSD Board of Directors passed Resolution 2002-6 declaring March "Disaster Preparedness Month" resolving to "commit the community to increasing awareness and involvement in disaster preparedness and the need for more volunteers, donations and services through our local Humboldt County Chapter of the American Red Cross."

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

None

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Consider Approval of Boys & Girls Club of the Redwoods, McKinleyville Teen Club Request to Install a Public Yarn Storm Installation at Pierson Park May 31-June 4, 2017**

PRESENTED BY: **Lesley Frisbee, Recreation Director/ Jesse Summerson, Site Director McKinleyville Teen Club of Boys & Girls Club of the Redwoods**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board listen to the presentation, take public comment, discuss and approve the request of the Boys & Girls Club of the Redwoods (BGCR) to implement a Yarn Art Installation in Pierson Park May 31-June 4, 2017.

Discussion:

The BGCR staff at the McKinleyville Teen Club site have requested permission to do a public art installation at Pierson Park in the form of a "Yarn Storm". BGCR have created a short presentation explaining what a "Yarn Storm" and how it will be implemented at Pierson Park.

This is an opportunity for the McKinleyville Teen Club of BGCR to engage their members in a community activity while also enhancing the beauty of the park during the parks busiest and most visited weekend, the Pony Express Days Festival.

Alternatives:

Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - 2017 Pierson Park Yarn Installation Presentation

2017 Pierson Park Yarn Installation Presentation

What is “Yarn Storming”?

Yarn installations or “yarn storming,” originated in Texas as a means for prominent knitters in the community to make use of their leftover or unfinished projects. Eventually the practice grew beyond Texas and is now a worldwide phenomenon. With installations occurring all across the globe.



2017 Pierson Park Yarn Installation Presentation

We would like to install a public "yarn storm" project in the Pierson park from the dates of May 31st through June 4th 2017.

The goal of the project is multifaceted:

- 1 - we would like to enhance the natural beauty of the park
- 2- drum up interest and awareness in the Teen Center
- 3- teach members the importance of civic responsibility, leadership skills, and commitment.

The project itself will have minimal to low impact on the park -- the yarn is designed to be easily removed, does not negatively affect the environment, and will not impact the natural functions of the park. The Teen Center assumes all responsibility for the yarn itself, and the removal and installation of it on the dates listed.

2017 Pierson Park Yarn Installation Presentation

Highlighted in pink here is our proposed idea of affected areas for the yarn installation:



2017 Pierson Park Yarn Installation Presentation

Highlighted in pink here is our proposed idea of affected areas for the yarn installation:



2017 Pierson Park Yarn Installation Presentation

Highlighted in pink here is our proposed idea of affected areas for the yarn installation:



2017 Pierson Park Yarn Installation Presentation

Questions?

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.4 **Humboldt Skate Park Collective (HSPC) Presentation of Plan Proposal for the Development of a Skate Park in McKinleyville**

PRESENTED BY: **Lesley Frisbee, Recreation Director/ Charlie Caldwell, HSPC**

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board listen to the presentation, take public comment and discuss the plan proposal for the development of a skate park in McKinleyville by the Humboldt Skate Park Collective.

Discussion:

The Humboldt Skate Park Collective recently approached District Staff regarding their interest in and intent to request a Right of Entry Agreement for District property for the purpose of developing a skate park in McKinleyville.

Charlie Caldwell brought a DRAFT Right of Entry Agreement to the Recreation Advisory Committee for review and input in October and November 2016 and admitted at that time that the HSPC was not prepared to make the formal request of MCSD.

At the January 2017 Recreation Advisory Committee meeting several members of the HSPC spoke during public comment and expressed the collective's interest and intent to pursue funding for the development of a skate park in McKinleyville. At that time Charlie Caldwell informed District Staff of the intent to request a right of entry agreement from MCSD and informed staff that the HSPC would like to bring that request to the MCSD Board of Directors in April 2017.

Staff shared a DRAFT Right of Entry Agreement with the Board of Directors at the March 1st meeting and the Board directed staff to inquire with District Counsel as to whether or not a Right of Entry Agreement was the appropriate method for developing a park in partnership with another organization. The Right of Entry Agreement is currently under review by District Counsel.

Additionally, the Board directed staff to work with the Recreation Advisory Committee (RAC) and get a recommendation from the RAC for the location or property to be developed into a skate park for the community. Staff initiated a discussion among the RAC at the March 23rd RAC meeting regarding the need

for a process for determining the best location to be recommended to the MCSD Board. RAC members proposed to facilitate a process for deciding the best property location for recommendation, during the Recreation Advisory Committee Meeting scheduled for Thursday, April 20, 2017. The meeting will be held at the Teen Center, multi-purpose room and will be widely advertised to the public to encourage public input on the recommendation.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

None

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.5 **Reassessment or Dissolution of Camino Way Open Space Maintenance Zone (OSMZ) #16**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided, discuss, take public comment and act to reassess or dissolve the OSMZ #16.

Discussion:

During the July 6, 2016 Board meeting, the Board directed the General Manager to contact the County to get written confirmation that the District is able to dissolve the OSMZ and to contact District Counsel to determine if funds collected can be used discretionarily or transferred to the General Fund.

In correspondence with the County, Bob Bronkall from the Department of Public Works, shows no open space dedications on the Camino Way Subdivision map, **Attachment 1**, allowing for a dissolution. According to District Counsel, if dissolved, the funds collected for the zone are required to be transferred to the general fund.

District staff was also requested to estimate the cost to take on the entire landscaping for Camino Way. Out of the additional 258' of landscaping, 145' is in front of 1551 Camino Way. The estimate was then emailed to Kathy Rodriguez to distribute to the Camino Way residents. Below is an estimate based on visiting the OSMZ 6 times a year.

Additional footage is 258' by 5' = 1290 sq ft (**Attachment 2**)

Additional material would cost \$128/yr (4 yards of mulch)

Additional man hours = 23 hrs /yr x \$35/hr = \$805

No additional equipment added since staff will use that equipment at the same time that they worked on the existing 20' section.

10% added making the total = \$1026

No additional insurance or Admin cost

\$1026/yr Divided by 20 customers divided by 12 months = \$4.27 per customer per month added to the existing cost they pay now. This will bring their monthly total up to approximately \$8.89/month

Below is a table that represents the fiscal year totals from 2013/2014 to July of 2016.

	2013/2014	2014/2015	2015/2016	2016/2017
Labor Hours	22.00	15.00	15.50	.50
Labor Costs	726.00	501.60	528.24	16.50
Admin	120.00	120.00	120.00	10.00
Insurance	188.00	188.00	188.00	15.66
Materials			32.00	
Equipment	225.00	150.00	315.00	17.50
Total	1259.00	959.60	1183.24	59.66
Zone incoming/yr	1024.80	1072.80	1072.80	92.40
Loss/Gain	-234.20	113.20	-110.44	32.74

Attachment 3 shows the current condition of the landscaping areas.

On January 18, 2017, a neighborhood survey was mailed to the residents of Camino Way in an effort to capture a majority preference. The survey presented three options:

- A. Status Quo, MCSD maintain entrance of Camino Way (200 sq. ft. north/south sides) at a cost to each resident per month of \$4.62
- B. MCSD maintain entire landscape strip within Camino Way (1850 sq. ft.) at a cost to each resident per month of approximately \$8.89
- C. Dissolve the Camino Way OSMZ and MCSD remove assessment. Each residence would be responsible to maintain the landscape strip on their individual frontage.

Of the twenty households who reside on Camino Way, seventeen responded to the survey. Nine voted in favor of reassessment, while eight voted in favor of dissolution. The survey proved to be inconclusive as it does not reflect a true majority or the opinion of all residents.

On March 9, 2017, the residents were mailed a letter with the results of the survey and notified that the decision to reassess or dissolve will go to the Board for a vote.

Process for Dissolving a Zone and Assessment Under the Landscaping and Lighting Act.

The dissolution process of a zone created under the Landscaping and Lighting Act is fairly simple. Section 22605 states that the legislative body may order the

dissolution of an existing assessment district. (There is no specific process laid out for the dissolution of a zone *within* an assessment district, but prudence dictates that the process for dissolution of a district should be followed.) Most organizational changes must be conducted in accordance with the section regarding the *formation* of an assessment district; however, with respect to dissolution, the legislative body may dispense with the resolution and report required and may initiate dissolution proceedings merely by the adoption of a resolution of intention. (Sts. & Hy. Code, § 22610.) This resolution should declare the intention of the legislative body to dissolve the district, as well as describe the location of the zone and reasons for dissolution. (See, Sts. & Hy. Code, § 2587.) Posted and mailed notice of hearing is unnecessary. (Sts. & Hy. Code, § 22610.) Upon dissolution, any moneys in the improvement fund for that zone shall be transferred to the general fund. (Sts. & Hy. Code, § 22610.)

Process for Updating the Management Plan, Adding Maintenance Obligations for MCSD, and Increasing the Area Maintained, then Reassessing the Property Owners.

The process for reorganizing within a district is more complicated, and any new or increased assessment must comply with Proposition 218. Section 22607 requires that organizational changes be conducted in the same way as an assessment district would be formed. This makes sense considering a new or raised assessment would be needed. Section 22622 requires a new resolution describing any proposed improvements or changes to existing improvements, and an order to the engineer to prepare and file a report under 22565. (Sts. & Hy. Code, § 22622.) Once the report is completed, the engineer should file the report with the clerk for submission to the board. (Sts. & Hy. Code, § 22623.) The board may approve the report as-is or may modify the report in any particular and approve it as modified. (Sts. & Hy. Code, § 22623.) After this approval, a resolution of intention shall be adopted. (Sts. & Hy. Code, § 22624.) This resolution shall:

1. declare the intention of the board to levy and collect the assessment within the assessment zone for the fiscal year stated therein;
2. described the exiting/proposed improvements and any substantial changes to those improvements;
3. refer to the assessment district by its distinctive designation and indicate the general location of the district/zone;
4. refer to the engineer's report for a full and detailed description of the improvements, the boundaries, and the assessments;
5. give notice of the time and place for hearing on the proposed assessment; and
6. state whether the assessment is proposed to increase from the previous year. (Sts. & Hy. Code, § 22624.)

The hearing is "the date, hour, and place of a regular meeting before August 10," as specified by the order or resolution that fixes the time and place of the board's regular meetings, but no less than 45 days after notice of the hearing. (Sts. & Hy.

Code, § 22625; Cal.Const. art. XIII D, § 6(a)(2).) Notice of the hearing must be given if an assessment is to be increased from any previous year; this notice should be given according to section 53753 of the Government Code and Proposition 218, and protest procedures should be followed. (Sts. & Hy. Code, § 22626; Cal.Const. art. XIII C, § 4; Cal.Const. art. XIII C, § 2(d).)

If there is no majority protest, the board may adopt a resolution confirming the assessment. (Sts. & Hy. Code, § 22630.5.) The resolution must be adopted no later than either July 1 of the fiscal year during which the assessments are to be collected or a later date not beyond the third Monday in August as the county auditor may authorize. (Sts. & Hy. Code, § 22640.)

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

To be determined

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Camino Way Verification from County
- Attachment 2 – Camino Landscaping Map Square Footage
- Attachment 3 – Pictures of Current Landscaping Conditions
- Attachment 4 – Camino Way OSMZ File 2004

From: [Bronkall, Bob](#)
To: [Greg Orsini](#)
Subject: RE: Camino Way in McKinleyville
Date: Thursday, July 7, 2016 12:51:44 PM
Attachments: [image001.png](#)
[022rm022.tif](#)

Greg-

I have attached a copy of the subdivision map that created the Camino Way Subdivision. I'm not seeing any open space dedications on this map. Please give me a call to discuss.

--Bob

Sincerely,

Robert W. Bronkall, PE, LS

Deputy Director

County of Humboldt | Department of Public Works | Land Use Division

tel: 707.445.7205x367 fax: 707.445.7388 e-mail: bbronkall@co.humboldt.ca.us

office: Clark Complex | 3033 "H" Street, Room 17 | Eureka | CA | 95501

mail: 1106 Second Street | Eureka | CA | 95501

From: Greg Orsini [<mailto:mcsdgm@mckinleyvillecsd.com>]
Sent: Thursday, July 07, 2016 8:36 AM
To: Bronkall, Bob
Subject: Camino Way in McKinleyville

Bob,

We have had a request from the Camino Way neighborhood to dissolve the Camino Way Open Space Maintenance Zone.

If the dedication of that landscape zone was a requirement of recordation of the subdivision would the county refuse their request?

If the county required the continuation for the maintenance of the landscaping how would that be handled if MCSD dissolved the Open Space Maintenance Zone.

Thanks

Greg

Gregory P. Orsini

General Manager

mcsdgm@mckinleyvillecsd.com

p 707.839.3251 c 707.616.3176

Camino Way Landscape Zones





Revenue Generation

This OSMZ produces \$34.50 per month in revenue.

Each of the 23 lots pay 1/23rd of the current total for the monthly maintenance cost, the direct cost for liability insurance with a maximum aggregate cost of \$552 per year, and the current administrative fee.

Camino Way Open Space Zone

General Description

This OSMZ, formed in August 1997, is comprised of two landscape strips on either side of the entrance to the Camino Way Subdivision which is located West of Central Ave. on Camino Way.

Facility Type & Classification

Type: Easement, Landscape area

Classification: Mode 2

Maintenance Duties in General

Typical maintenance duties include weed removal and abatement, water system inspection and repair, tree trimming and landscape vegetation management, debris removal, sidewalk cleaning and rehabilitation of the landscape as needed.

Additionally, a facility safety and maintenance inspection will be completed at least once every other month.

Manpower Allotment

Manpower Allotment: Estimated at 1 hour per week (4 hours per month).

Revenue Generation

This OSMZ produces \$68.00 per month in revenue.

Each of the 20 lots pay 1/20th of the current total for the monthly maintenance cost, the direct cost for liability insurance, the current administrative fee and a 10% administrative surcharge.

Central Terrace Open Space Zone (aka Mid-Town Trail)

General Description

This OSMZ, formed in 1999, is a 20 foot strip of land with a 12' wide paved trail along the western edge of the property. The paved trail forms one section of the Mid-Town Trail corridor. It is located off Bates Rd.

Facility Type & Classification

Type: Fee Title, Trail

Classification: Mode 5

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.6 **Select and Appoint Alternate Member of the Recreation Advisory Committee to fill the Vacant Regular Voting Member Seat on the Recreation Advisory Committee**

PRESENTED BY: **Lesley Frisbee, Recreation Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided, discuss, take public comment and select the two existing alternate members of the Recreation Advisory Committee, appoint them as regular voting members of the Recreation Advisory Committee and direct staff to solicit applications for vacant alternate seats.

Discussion:

Greg Moss resigned from the Recreation Advisory Committee on January 23, 2017 leaving a vacant seat for regular voting member. Mary Burke, having recently been elected to the MCSD Board of Directors, must leave her regular voting seat on the committee, leaving two vacant regular voting member seats. Currently there are two alternate members Kevin Collins and David Coelho.

According to Article IV Rule 40.02 appointment to vacant seats on the Recreation Advisory Committee are to be made by the MCSD Board of Directors.

Alternatives:

Staff analysis consists of the following potential alternatives

- Do not appoint alternates to vacant voting member seats, and open the vacancies up to public application, requiring all interested persons, including the current alternate members to submit a letter of interest to serve as a member of the Recreation Advisory Committee
- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Greg Moss Resignation Notice

Lesley Frisbee

From: Greg Moss <gmoss62@att.net>
Sent: Monday, January 23, 2017 10:44 AM
To: Lesley Frisbee
Subject: Resignation

Lesley.

It is with extreme regret that I submit my resignation to the recreation advisory board for the M.C.S.D.
It is my sincere hope that I will be back someday to participate fully in our community.

Good luck to you all.

Greg Moss
Sent from Mail for Windows 10

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.7 **Letter to the Board of Directors of the Boys & Girls Club of the Redwoods**

PRESENTED BY: **Lesley Frisbee, Recreation Director**

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the information provided, discuss, take public comment, approve and authorize the Board President to sign a letter asserting MCSD's commitment to the continued partnership with the Boys and Girls Club of the Redwoods (BGCR).

Discussion:

The Executive Director of the Boys & Girls Club of the Redwoods has recently been placed on administrative leave. As MCSD has worked closely with the BGCR over the last 4 years in the building of a partnership to provide quality programs to McKinleyville teens and middle school aged youth at the McKinleyville Teen & Community Center.

Our G.M. proposed a letter to the BGCR to re-iterate to the BGCR Board of Directors MCSD's Board and staff continued commitment to the partnership during this challenging time of transition.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Letter to the BGCR Board of Directors

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

April 5, 2017

Boys & Girls Club of the Redwoods
Board of Directors
939 Harris Ave.
Eureka, CA 95503

Dear Board of Directors:

I am writing on behalf of the McKinleyville Community Services District Board of Directors and Staff. We understand that the Boys & Girls Club of the Redwoods is undergoing some administrative transitions, with the Executive Director having been placed on Administrative Leave. This can be a challenging time for an organization, and I want to assure you that the MCSD Board and Staff are committed to the partnership we have developed over the last several years.

We look forward to continuing to build and strengthen our partnership with BGCR, in providing quality programs and service to the teens and young people in our community. The MCSD is grateful to have the Boys & Girls Club of the Redwoods serving in our community. Thank you for your service and dedication to the youth of Humboldt County.

Sincerely,

Dennis Mayo
Board President,
McKinleyville Community Services District

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.8 **Consider Attendance at the 2017 Special District Legislative Days in Sacramento, May 16-17, 2017**

PRESENTED BY: **Emily Abfalter, Board Secretary**

TYPE OF ACTION: **Roll Call 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, May 16-17, 2017.

Discussion:

The California Special District Association (CSDA) is sponsoring a two day conference titled Special District Legislative Days. The conference will be held at the Grand Events Center on May 16-17, 2017.

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 conference as a requirement of being on the CSDA Board of Directors and several Directors' have attended this informational conference in the past.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Early bird registration is \$175 before April 14, 2017 and hotel costs at the Sheraton Grand Sacramento are \$189 a night excluding taxes. The District vehicle could be utilized for attendees. An approximate total cost, including per diem is \$750 per attendee.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – 2017 Special District Legislative Days Brochure



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

A proud California Special Districts Alliance partner.

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SPECIAL DISTRICTS LEGISLATIVE DAYS

May 16-17, 2017

HELD AT THE GRAND EVENTS CENTER

1215 J Street • Sacramento, CA 95814

Across from the Sheraton Hotel

Join movers and shakers from all over California at THE legislative conference for special districts. This event provides local government leaders the opportunity to meet with and educate their legislators about the significant contributions special districts make in their communities and throughout the state.

EARLY BIRD DISCOUNT!

Register today at:
legislatedays.csda.net.

HOTEL INFORMATION

Sheraton Grand Sacramento Hotel
1230 J Street
Sacramento, CA 95814

\$189 CSDA room rate. Call to reserve at 1-800-325-3535. Room reservation cut-off April 14.

Agenda At A Glance

Agenda subject to change

TUESDAY, MAY 16	
9:00–10:00 a.m.	REGISTRATION Partake in refreshments and networking opportunities
10:00–10:15 a.m.	WELCOME - Day one officially begins
10:15–11:00 a.m.	LEGISLATORS PANEL Participate in audience Q and A with key legislators focused on local government policies
11:15 a.m.–12 p.m.	LEGISLATOR OF THE YEAR Honor a legislative champion for special districts
12:00–2:00 p.m.	LUNCH: LEGISLATIVE BRIEFING Learn the issues from CSDA's lobbyists
2:00–5:00 p.m.	LEGISLATIVE OFFICE VISITS Attend pre-arranged visits to legislative offices to advocate as a group on the top issues facing special districts
5:00–6:30 p.m.	HOSTED LEGISLATIVE RECEPTION Rub elbows in a casual environment with legislators and Capitol staff
WEDNESDAY, MAY 17	
7:45–8:30 a.m.	DISTRICT NETWORKS CAFÉ Enjoy breakfast with your local network's public affairs field coordinators, CSDA Board Members, and fellow special district leaders
8:30–8:45 a.m.	WELCOME - Day two officially begins
8:45–9:45 a.m.	KEYNOTE SPEAKER Hear from a statewide official about the latest opportunities and challenges facing special districts in California
10:00–11:00 a.m.	POLICY PANEL What's next for special districts following the Little Hoover Commission report on special districts due out in March?
11:00–11:30 a.m.	AWARDS AND LEGISLATIVE PRIORITIES OUTLOOK Recognize the good work of your peers and hear concluding remarks on CSDA's legislative priorities



SPECIAL DISTRICTS LEGISLATIVE DAYS

EARLY BIRD DISCOUNT!

 Register at legislatedays.csda.net.

EARLY BIRD PRICING – REGISTER ON OR BEFORE APRIL 14, 2017

- **CSDA Member - \$175 Early Registration / \$225 Regular Registration**
- **Non-Member - \$265 Early Registration / \$340 Regular Registration**

Three Ways to Register

- **Online:** Visit legislatedays.csda.net
- **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? Simply contact Cathrine Lemaire at cathrinel@csda.net or call toll-free at 877-924-2732.

It's not too late to become a CSDA member.

Registration includes the evening reception, legislative visits arranged by CSDA, written materials, and meals as indicated in the agenda.
Payment must accompany registration in order to process.
☐ **CSDA Member: \$175/EARLY BIRD**
☐ **Non-Member: \$265/EARLY BIRD**
☐ **CSDA Member: \$225/AFTER APRIL 14**
☐ **Non-Member: \$340/AFTER APRIL 14**

 Total \$:

Name/Title:

District:

Address:

City:

State:

ZIP:

Phone:

Fax:

Email:

Emergency Contact Name/Phone Number:

LEGISLATIVE OFFICE VISITS

CSDA will make every attempt to schedule meetings, for you and other attendees from your region, with your region's legislative representatives or staff. You will advocate as a group on the top issues facing special districts.

☐ 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, mail, or email no later than three days prior to the event. All cancellations made within the specified time will be refunded less a \$75 processing fee.

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.9 **Review Parks & General Fund DRAFT Operating Budget FY2017-18**

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

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review the DRAFT Operating Budget for the Parks/General Fund and Measure B Fund.

Discussion:

The budget was developed based on current costs, trends, and best estimates. Information from the Capital Improvements draft budget previously presented to the Board has been modified and incorporated into this budget.

The budget presented is not balanced. The Parks/General Fund is \$34,411 in the red. This is primarily due to two factors: increased costs for part-time personnel, and the required pension set-aside per MCSD Board Resolution 2016-03.

In an effort to close the resulting expenditure gap, the Capital budget has been reduced by \$17,000 from the draft presented in February. Equipment replacement and maintenance have been deferred. One seasonal position has been eliminated entirely, again affecting maintenance. Discussion by the Board and direction on prioritizing these competing policy requirements will allow the return of a balanced final Parks budget in June.

Questions from the Directors on any category item or on the budget overall are welcome and may be brought to the General Manager. The finalized budget will be presented to the Board for formal approval in June.

Alternatives:

Take Action

Fiscal Analysis:

See attached FY2017-18 Parks/General Fund and Measure B Fund DRAFT Operating Budgets.

Environmental Requirements:

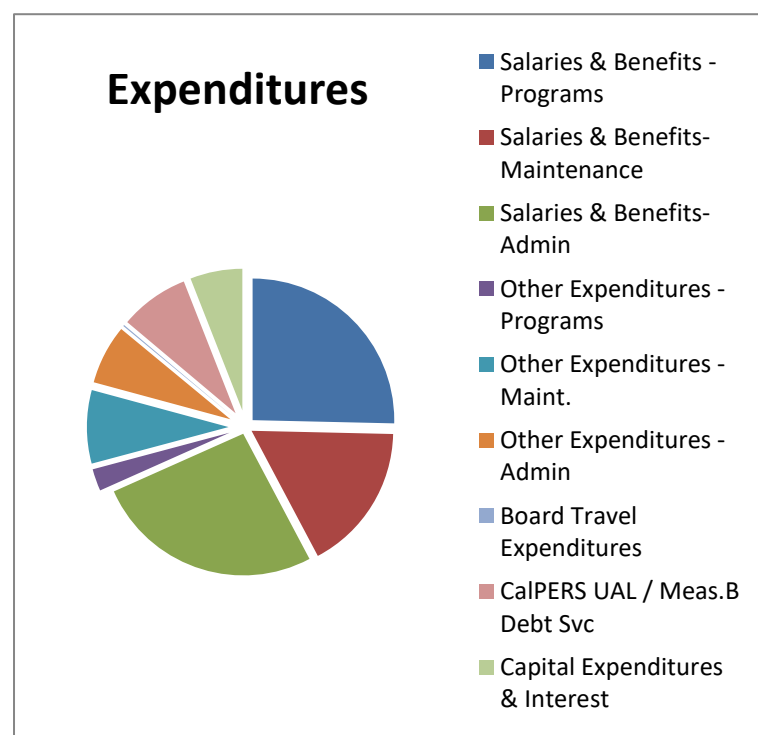
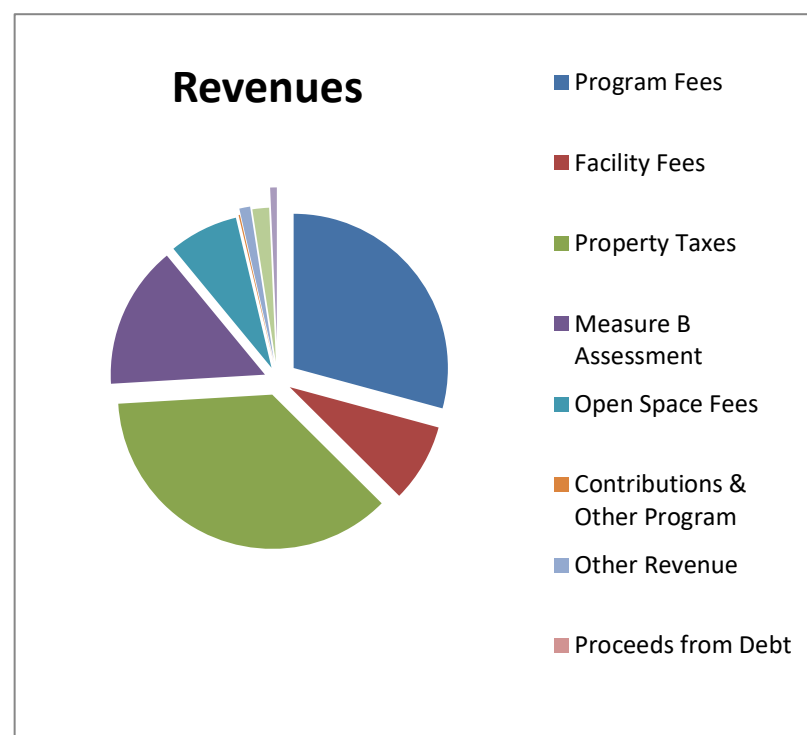
Not applicable

Exhibits/Attachments:

- Attachment 1 - FY2017-18 DRAFT Operating Budget for the Parks/General Fund and for Measure B Fund.

McKinleyville Community Services District
Governmental Funds Operating Budget
FY 2017-18

Description	Parks/General Fund		Measure B Assessment Fund		Total (Memorandum Only)	
Revenues						
Program Fees	418,939	34%	-	-	418,939	29%
Facility Fees	118,000	10%			118,000	8%
Property Taxes	525,000	43%	-	-	525,000	37%
Measure B Assessment	-	-	214,662	100%	214,662	15%
Open Space Fees	104,077	9%	-	-	104,077	7%
Contributions & Other Program	2,000	0%	-	-	2,000	0%
Other Revenue	16,232	1%	-	0%	16,232	1%
Proceeds from Debt	-	-	-	0%	-	0%
Quimby Fees/ Grants/Loans	25,000	2%	-	0%	25,000	2%
Interest Revenue	10,000	0.8%	-	-	10,000	0.7%
Total Revenues	1,219,248	100%	214,662	100%	1,433,910	100%
Expenditures						
Salaries & Benefits - Programs	368,610	29%	-		368,610	25%
Salaries & Benefits- Maintenance	190,921	15%	54,464	27%	245,385	17%
Salaries & Benefits- Admin	379,001	30%	-		379,001	26%
Other Expenditures - Programs	36,585	3%	-		36,585	3%
Other Expenditures - Maint.	103,820	8%	17,800	8.9%	121,620	8%
Other Expenditures - Admin	98,616	8%	-	0.0%	98,616	7%
Board Travel Expenditures	2,000	0%	-	0.0%	2,000	0%
CalPERS UAL / Meas.B Debt Svc	32,106	3%	82,831	41.5%	114,937	0.08
Capital Expenditures & Interest	42,000	3%	44,619	22%	86,619	6%
Total Expenditures	1,253,659	100%	199,714	100%	1,453,373	100%
Excess (Deficit)	(34,411)		14,948		(19,463)	



McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.10 **Consider Approval or Modification of the Senior Center Management Services and Usage Agreement**

PRESENTED BY: **Lesley Frisbee, Recreation Supervisor**

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the information provided; take public comment and consider approving the Senior Center Management Services and Usage Agreement as is or with modifications, for a term of One (1) year and authorize the Board President to execute the Agreement.

Discussion:

For the past several years, the District and the McKinleyville Senior Center (MSC) have worked under a Management Services and Usage Agreement for the MSC use of Azalea Hall and the Meeting Room. In reviewing the agreement for renewal this year, staff would like to bring a couple of sections to the attention of the Board.

Section 15.03 below outlines the duties of the District Director assigned to the McKinleyville Senior Advisory Committee. The Board may wish to consider modifying this section of the agreement as it is not current District Staff's experience that the District Director assigned to the McKinleyville Senior Advisory Committee has performed the duties as described in the section as stated.

"15.03. DISTRICT Board of Directors shall maintain a standing committee, McKinleyville Senior Center Advisory Committee, chaired by a DISTRICT Board Member. This advisory position will attend all MSC executive and regular board meetings and report back to DISTRICT's Board of Directors to facilitate communications between the two entities."

Section 16.01 outlines the monthly fee charged to the McKinleyville Senior Center for their use and occupation of the Meeting room at Azalea Hall. The monthly fee was last increased in 2015 when it went from \$400 per month to \$450.

"16.01. MSC shall pay to DISTRICT an amount, agreed upon by both parties, of \$450.00 per month, for utilities and janitorial supplies as provided in Section 4. The utility and janitorial supplies charge may be adjusted by DISTRICT, on an annual basis, in consultation with MSC."

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

MSC shall pay to DISTRICT an amount, agreed upon by both parties, of \$450.00 per month, for utilities and janitorial supplies as provided in Section 4. The utility and janitorial supplies charge may be adjusted by DISTRICT, on an annual basis, in consultation with MSC.

Utility and supply costs for Azalea Hall average \$1616 per month.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - Senior Center Management Services and Usage Agreement

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Azalea Hall – Senior Center

Management Services and Usage Agreement

This AGREEMENT made and entered into this 5th day of April, 2017 by and between the McKinleyville Community Services District, a California Community Services District, and the McKinleyville Senior Center, a non-profit organization, with reference to the following facts, which are acknowledged as true and correct by each of the parties:

- (a) As used in this AGREEMENT, the following terms shall have the following definitions:
1. "AGREEMENT" shall mean the Management Services and Usage Agreement.
 2. "DISTRICT" shall mean the McKinleyville Community Services District.
 3. "MSC" shall mean the McKinleyville Senior Center.
 4. "Azalea Hall" shall mean the DISTRICT owned facility located at 1620 Pickett Road.
 5. "General Manager" shall mean the employee of the DISTRICT serving in said capacity.
 6. "BOARD OF DIRECTORS" shall mean the five elected members of the McKinleyville Community Services District Board of Directors.
 7. "Facility Use Guidelines" shall mean those guidelines established in Article IV of the McKinleyville Community Services District Rules and Regulations, contained in the District Facility Use Handbook, and attached as Exhibit A, as well as any amendments to said documents, DISTRICT may adopt during the term of this Agreement.
 8. "Article IV of the McKinleyville Community Services District Rules and Regulations" shall mean the then current portion of the document containing the Rules and Regulations of the DISTRICT as adopted by the Board of Directors.
- (b) DISTRICT is the owner of Azalea Hall located at 1620 Pickett Road in McKinleyville.

- (c) MSC desires to occupy and use the Meeting Room at Azalea Hall as its primary base of operations and is willing to provide certain services to DISTRICT in consideration of said use and occupancy; and
- (d) MSC and DISTRICT each desires to secure and enter into an AGREEMENT in accordance with the foregoing; and
- (e) The documents which are part of the AGREEMENT, and each of which are incorporated herein by this reference as though set forth in full, are the following:
 - 1. Exhibit A: Article IV of the McKinleyville Community Services District Rules and Regulations
 - 2. Exhibit B: McKinleyville Senior Center Schedule for Use of Azalea Hall

NOW, THEREFORE, in consideration of their mutual covenants and promises set forth herein, the parties hereto agree to as follows:

Section 1. Grant of Facility Use

- 1.01. DISTRICT grants MSC use of Azalea Hall as specifically described in Exhibit B. Facility use is subject to modification as a result of the provisions described in Section 20 of this AGREEMENT.
- 1.02. MSC shall adhere to the most current facility usage guidelines as adopted by DISTRICT and attached as Exhibit A. DISTRICT Board of Directors shall have the right to modify the guidelines, from time to time, in its sole discretion and any modifications shall become binding on MSC immediately after adoption.

Section 2. Required MSC Services

- 2.01. During the term of this Agreement, DISTRICT may request MSC to provide certain services to DISTRICT. Tours of the facility for prospective renters are required by DISTRICT. Such other tasks as agreed upon in writing by both parties. MSC will not assume any obligation to provide any services in excess of those stated in this Agreement unless a written amendment to this Agreement is executed by both parties.

Section 3. Maintenance

- 3.01. DISTRICT shall maintain Azalea Hall and provide repairs as needed.
- 3.02. MSC shall insure that any portion of Azalea Hall used by MSC shall be kept clean and well maintained on a daily basis, so that Azalea Hall is, at all times, in suitable condition for use by others.

Section 4. Utilities

- 4.01. MSC shall be responsible for the payment of telephone charges incurred by MSC in its usage of Azalea Hall.
- 4.02. DISTRICT shall pay all utility charges incurred to provide heat, water, electricity, and telephone services to Azalea Hall except those utilities specifically agreed to be paid by MSC as outlined in this section.
- 4.03. MSC and DISTRICT shall each pay 50% of the cost of maintaining internet services at the facility.

Section 5. Equipment and Supplies Storage

- 5.01. Storage of MSC's equipment at Azalea Hall shall be at MSC's sole risk and DISTRICT shall not warrant security of stored materials.
- 5.02. Storage of MSC's equipment must not interfere or compromise access to facility amenities available to other facility users.

Section 6. Facility Use and Access

- 6.01. MSC agrees to comply with DISTRICT's established facility use guidelines, as defined in Article IV of the McKinleyville Community Services District Rules and Regulations, and attached as Exhibit A and incorporated by reference herein.
- 6.02. MSC will sign for facility access keys; maintain custody of all keys during the term of this AGREEMENT; and return all keys upon completion of the term of this AGREEMENT. MSC shall not duplicate any keys or provide security codes to any other party. MSC will follow the procedures established by DISTRICT in opening building and closing building including activation and deactivation of alarm system. MSC will pay any charges levied resulting from false alarms caused by MSC's failure to comply with DISTRICT's security procedures. MSC will pay DISTRICT's actual cost to re-key Azalea Hall should MSC lose any key.
- 6.03. Should this AGREEMENT be terminated, MSC will surrender to DISTRICT, MSC's keys on or before the last day the AGREEMENT is still valid. Should this AGREEMENT be terminated, MSC also acknowledges that MSC's security codes will expire at Midnight on the last full day the Agreement is valid.

Section 7. Use of Equipment

- 7.01. MSC agrees not to use equipment owned by those other than MSC and DISTRICT and stored at Azalea Hall without first obtaining written

approval from the owner of said equipment. A copy of written approval must be provided to the DISTRICT.

Section 8. Entry by DISTRICT

- 8.01. MSC shall permit DISTRICT, and DISTRICT's agents and assigns, at all reasonable times, to enter Azalea Hall (and those portions occupied by MSC), for the purposes of inspection, compliance with the terms of this AGREEMENT, exercise of all rights under this AGREEMENT, posting notices, and all other lawful purposes.

Section 9. Use Compatibility

- 9.01. MSC agrees that all use of Azalea Hall by MSC shall be conducted in a manner within the intended use of Azalea Hall and compatible with respect to the surrounding neighborhood and community.

Section 10. Site Improvements

- 10.01. Should MSC desire to have specific site improvements installed at Azalea Hall, MSC must first obtain written approval from the DISTRICT for such improvements and pay for all costs related to any pre-approved improvements.
- 10.02. It is understood and agreed between the parties that all installations, additions, and improvements constructed or installed at any time at Azalea Hall during the term of this AGREEMENT shall immediately become the property of and belong to the DISTRICT upon such construction or installation.

Section 11. Prohibited Actions

- 11.01. MSC shall not:
- 11.01.a. Use Azalea Hall for any purpose other than as authorized in this AGREEMENT and described in Exhibit B and authorized by DISTRICT; and
- 11.01.b. Perform or permit to be done anything which may interfere with the effectiveness and accessibility of Azalea Hall; nor perform or permit to be done anything which may interfere with free access and passage in Azalea Hall or the public areas adjacent thereto; or hinder police, fire fighting, or other emergency personnel in the discharge of their duties; and

- 11.01.c. Rent, sell, lease, or offer any space for any articles whatsoever within or on Azalea Hall without the prior written consent of the DISTRICT; and
- 11.01.d. Place any additional lock of any kind upon any door, cabinet, or storage space, unless a key therefore is provided to the DISTRICT, and, upon expiration or termination of this AGREEMENT, to surrender to DISTRICT any and all keys, and in the event of loss of any keys furnished by DISTRICT, MSC shall pay DISTRICT the cost for replacement thereof; and
- 11.01.e. Use or allow Azalea Hall to be used for any improper purposes or for purposes in violation of Article IV of the McKinleyville Community Services District Rules and Regulations, as the same may be modified from time to time by DISTRICT.

Section 12. Equal Opportunity and Non-Discrimination Clause

- 12.01. MSC shall not discriminate in its offering of programs and use of Azalea Hall and all duties related to such offering and use on the basis of race, color, national origin, religious creed, ancestry, sex, age, or physical handicap and shall comply with all applicable state and federal statutes and regulations pertaining to such matters.

Section 13. Americans with Disabilities Act Compliance

- 13.01. DISTRICT shall indemnify, defend, and hold harmless MSC from any fines or penalties which may be imposed on MSC pursuant to the Americans with Disabilities Act as a result of DISTRICT's failure to make any required improvements to the premises as required by the Americans with Disabilities Act.
- 13.02. MSC shall be responsible for compliance with any and all requirements of the Americans with Disabilities Act with respect to the operation of MSC programs and use of Azalea Hall for which MSC is responsible. MSC shall indemnify, defend, and hold harmless DISTRICT from any fines or penalties which may be imposed upon it pursuant to the Americans with Disabilities Act as a result of MSC's failure to comply with any requirement of the Americans with Disabilities Act with respect to the operation of MSC programs and use of Azalea Hall for which MSC is responsible.

Section 14. Compliance with Law

- 14.01. MSC shall comply with and conform to all laws and regulations, state, and federal and any and all requirements and orders of any state, or federal board or authority, present or future, in any way relating to the condition or use of Azalea Hall throughout the entire term of this AGREEMENT.

Section 15. Coordination, MSC Board and Staffing Requirements

15.01. DISTRICT Coordination and Staffing

15.01.a. DISTRICT shall designate a Parks & Recreation employee who shall be the primary contact person with the MSC.

15.02. MSC Meeting and Coordination Requirements

15.02.a. During the term of this Agreement the MSC shall maintain an active Advisory Board of Directors which shall meet quarterly or as needed during each year this AGREEMENT is in effect.

15.02.b. DISTRICT General Manager shall be invited to each MSC Executive Meeting, Advisory Board Meeting and Regular meeting of the MSC Board of Directors, and an item shall be included at the beginning of each MSC meeting agenda to address Azalea Hall and issues pertinent to this AGREEMENT

15.03. DISTRICT Board of Directors shall maintain a standing committee, McKinleyville Senior Center Advisory Committee, chaired by a DISTRICT Board Member. This advisory position will attend all MSC executive and regular board meetings and report back to DISTRICT's Board of Directors to facilitate communications between the two entities.

Section 16. Compensation

16.01. MSC shall pay to DISTRICT an amount, agreed upon by both parties, of \$450.00 per month, for utilities and janitorial supplies as provided in Section 4. The utility and janitorial supplies charge may be adjusted by DISTRICT, on an annual basis, in consultation with MSC.

16.02. Additional facility use fees to be paid by MSC shall be outlined in Exhibit B.

16.03. Payment Procedure

16.03.a. MSC shall pay DISTRICT all sums required under this Agreement within thirty (30) days after receipt by MSC of payment statement for each month (or partial month) for which payments are due.

16.04. Delinquent Payment

16.04.a. In the event MSC shall be delinquent by more than fifteen (15) days in the payment of any sums due under the terms of this

Section, such delinquencies shall be considered to be a breach of this AGREEMENT.

Section 17. Insurance

17.01. Minimum Scope

17.01.a. At MSC's cost, MSC shall obtain and maintain throughout the term of this AGREEMENT, comprehensive general public liability insurance, issued by an admitted carrier with a Best Company Rating of no less than "A" and acceptable to DISTRICT. Such insurance shall provide coverage for MSC's actions in performing this AGREEMENT and use of Azalea Hall and insuring DISTRICT against loss or liability caused by or connected with MSC's occupation and use of Azalea Hall under this AGREEMENT. Insured amounts shall be not less than \$1,000,000.00 per occurrence and DISTRICT, its officers, agents, assigns, and employees shall be designated as additional insured pursuant to said policy.

17.02. Proof of Insurance

17.02.a. Prior to the commencement of this AGREEMENT and the inception of the term, MSC shall provide DISTRICT written notification from the insurance carrier, of the existence of such policies and shall also provide a certificate of insurance and separate endorsement in the amounts listed in 17.01. Coverage provided by the policy shall not be canceled or amended until the DISTRICT is first provided with at least thirty (30) days written notice concerning such cancellation or notice.

Section 18. Indemnity

18.01. Hold Harmless

Except for the active negligence or willful misconduct of DISTRICT, MSC undertakes and agrees to defend, indemnify, and hold harmless DISTRICT and all its officers, agents, assigns, and employees from and against any and all suits, actions, and causes of action, claims, liens, demands, obligations, proceedings, loss or liability of every kind and nature in connection with or arising directly or indirectly out of this AGREEMENT whatsoever, for death or injury to any person including DISTRICT's officers, agents, assigns, and employees, or damage or destruction of any property of either party hereto or of third parties, arising out of or in any manner by reason of, or incident to, the performance of this AGREEMENT, on part of MSC, its officers, agents, assigns, and employees of any tier.

Section 19. Unavoidable Delays

19.01. The provisions of this Section shall be applicable if there shall occur, during the term of this AGREEMENT, any (a) inability to obtain labor or materials, or reasonable substitutes (other than lack of funds); or (b) acts of God, governmental restriction, regulations or controls, enemy or hostile government, civil commotion, fire, or other casualty; or (c) other conditions similar to those enumerated in this Section beyond reasonable control of the party obligated to perform (other than lack of funds). If DISTRICT or MSC shall, as the result of any of the above-described events, fail to provide or perform any obligation on its part under this AGREEMENT, then upon written notification to the other within ten (10) days of such event, such failure shall be excused and not be a breach of this AGREEMENT by the party claiming unavoidable delay, but only to the extent occasioned by such event. Notwithstanding anything contained herein to the contrary, this Section shall not be applicable to the obligation of the DISTRICT or MSC to pay any sums, monies, costs, charges, or expenses required paid pursuant to the terms of this AGREEMENT.

Section 20. Amendments and Assignments

20.01. This AGREEMENT contains the complete and final AGREEMENT between DISTRICT and MSC. No AGREEMENT or other understanding in any way purporting to modify, add to, or supersede the terms and conditions hereof, shall be binding upon either party unless made in writing and duly executed by authorized representatives. This provision shall not limit or restrict DISTRICT's right to modify the Facility Use Guidelines, during the term of this Agreement.

20.02. This AGREEMENT may not be assigned or transferred, in whole or in part, by MSC without first obtaining the written consent of DISTRICT. Consent may be withheld, for any reason, in the DISTRICT's sole discretion.

20.03. This AGREEMENT may not be assigned or transferred, in whole or in part, by DISTRICT without first obtaining written consent of MSC and approval by MSC's Executive Board of Directors. Consent may be withheld, for any reason, in the MSC's sole discretion.

20.04. Furthermore, the DISTRICT agrees that proposals for amendments and assignments to this AGREEMENT shall not be submitted in any DISTRICT Board or Committee meeting packet, given to any Board or Committee member, or otherwise posted unless such amendments and assignments have been presented in writing to MSC's Executive Board of Directors.

Section 21. Taxes

- 21.01. MSC shall be solely responsible for the payment, when due, for any possessory interest or other unsecured tax levied by any governmental authority with respect to the use and occupancy of Azalea Hall by MSC.

Section 22. Resolution of Disputes

22.01. Process for Resolution

- 22.01.a. Any dispute arising under the terms of this AGREEMENT, which is not resolved within a reasonable period of time by authorized representatives of the DISTRICT and the MSC shall be brought to the attention of DISTRICT General Manager (or designated representative of the DISTRICT) and the Chair of the MSC Board of Directors (or designated representative) of the MSC for joint resolution of the dispute. If these means are pursued without success, either party may seek resolution employing whatever remedies exist in law or equity beyond this AGREEMENT. Despite an unresolved dispute, the DISTRICT and MSC hereto shall continue without delay to perform its obligations under this AGREEMENT.

22.02. Attorney's Fee's

- 22.02.a. In the event of any litigation arising between the parties regarding the terms of this AGREEMENT, the prevailing party shall be entitled to recover reasonable attorney's fees in addition to other relief provided by law.

Section 23. Law Governing

- 23.01 The AGREEMENT shall be governed exclusively by the provisions hereof and by the laws of the State of California.

Section 24. Notices

- 24.01 Any notice, demand, communication under or in connection with this AGREEMENT, may be served upon DISTRICT by personal service, or by mailing the same by certified mail in the United States Post Office, postage prepaid, and directed to the DISTRICT as follows:

General Manager
McKinleyville Community Services District
1656 Sutter Road / P.O. Box 2037
McKinleyville CA 95519

And may likewise be served on MSC by personal service or by so mailing the same addressed to MSC as follows:

Board Chair
McKinleyville Senior Center
1620 Pickett Road
McKinleyville CA 95519

Either DISTRICT or MSC may change such address by notifying the other party in writing as to such new address as DISTRICT or MSC may desire used and which address shall continue as the address until further written notice.

Section 25. Term and Extensions

25.01 Term and Extensions

25.01.a. Subject to the provisions of this AGREEMENT, the term of this AGREEMENT shall be for one (1) year, commencing on the date herein and shall continue through and including the 30th day of April, 2018.

Opportunities shall be made for DISTRICT and MSC to review this AGREEMENT on a yearly basis to enact amendments and assignments to this AGREEMENT as provided in Section 20 of this AGREEMENT.

25.02. Termination by DISTRICT

25.02.a. Notwithstanding the foregoing, DISTRICT, in the case of MSC's breaches, may terminate this AGREEMENT by giving MSC written notice, to the address herein set forth, which notice shall identify MSC's deficiencies in performance of this AGREEMENT. If, within thirty (30) days of the date of said notice, MSC has not cured the deficiency in performance, DISTRICT may, by further written notice, terminate this AGREEMENT to be effective sixty (60) days following the date of said second written notice.

In the event this AGREEMENT is so terminated, it shall be lawful for DISTRICT immediately hereafter to remove all persons and property from the premises.

25.03. Termination by MSC

25.03.a. Notwithstanding the foregoing, MSC, in the case of DISTRICT's breaches, may terminate this AGREEMENT by giving DISTRICT written notice to the address herein set forth which notice shall

identify DISTRICT's deficiencies in performance of this AGREEMENT. If, within thirty (30) days of the date of said notice, DISTRICT has not cured the deficiency in performance, MSC may, by further written notice, terminate this AGREEMENT to be effective sixty (60) days following the date of said second written notice.

25.04. Obligations Upon Expiration or Termination

25.04.a. Upon the expiration or termination of this AGREEMENT, for any reason whatsoever, MSC shall promptly deliver the following to the DISTRICT's appointed agent:

All access keys and codes to Azalea Hall.

25.05. Disposition of Certain Property

25.05.a. MSC hereby acknowledges and agrees that any and all equipment not directly owned by MSC and all DISTRICT-owned equipment and materials used in connection with Azalea Hall shall remain the property of the DISTRICT, and MSC acknowledges that it shall not be entitled to remove such property from Azalea Hall upon the expiration or termination of this AGREEMENT, regardless of reason.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT as of the day and year first above written.

McKinleyville Community Services District

McKinleyville Senior Center

By:_____

By:_____

Dennis Mayo, President
MCSD Board of Directors

Chairman, MSC Board of Directors

Date:_____

Date:_____

Attest:

By:_____

Emily Abfalter, Secretary to the Board of Directors

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.11 **Initiate Process for General Manager's Performance Evaluation**

PRESENTED BY: **Emily Abfalter, Board Secretary**

TYPE OF ACTION: **Board President Appointment**

Recommendation:

Staff recommends that that the Board discuss, take public comment and ask the Board President to select one Board Member to consolidate all Board Member and Department Head evaluations and set a schedule.

Discussion:

As noted in the Board Policy Manual, the Board shall conduct performance evaluations for the General Manager, annually on the anniversary of the General Manager's hire date, **Attachment 1**. Simultaneously, the Board should request 360 evaluations from Department Heads.

During an open public meeting, the Board President will select one Board Member to consolidate all five Board Member and three Department Head evaluations. Once a member of the Board has been selected, a schedule should be established which includes:

- Date to complete and return sealed evaluations to the Board Secretary;
- Date the appointed consolidator will retrieve the evaluations; and
- A date for the closed session for the General Manager's performance evaluation.

At tonight's meeting, the Board Secretary will provide all five Board Members with an evaluation form and an envelope to seal and return the form once complete. An electronic version of the evaluation form is available if requested. The Board will fill out the evaluations and provide them to the Board Secretary at the District Office, in the sealed envelope, in accordance with the schedule.

After the meeting, the Board Secretary will distribute the General Manager 360 performance evaluation form to the Finance Director, Operations Director and Recreation Director and coordinate the completion in accordance with the Board's schedule so that the evaluations are all completed and ready simultaneously.

The Board Member selected to consolidate the evaluations will be notified by the Board Secretary that the evaluations by Department Heads and Board Members are completed and ready to pick up. The evaluations will be consolidated by averaging each section and combining any written comments so there will be one evaluation from the Board and one evaluation from the Department Heads.

To finish, at a properly noticed public meeting the board will convene a closed session to review the consolidated evaluation with the General Manager for the purpose of discussing the General Manager's performance.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Exhibit A of Board Policy Manual
- Attachment 2 – Board of Director's Evaluation Form GM
- Attachment 3 – Department Head 360 Performance Evaluation of GM

Exhibit A

This written procedure is provided to the Board of Directors as guidance in completing a 360 Degree Annual Performance Evaluation for the General Manager.

These evaluations should be conducted annually on the anniversary of the General Manager's hire date and use the standard MCSD GENERAL MANAGER EVALUATION Form attached as EXHIBIT 1, unless the Board of Directors determine it insufficient. At that time determine a more appropriate interval.

Simultaneously the Board should request District Department Heads participate in an advisory evaluation by utilizing the GENERAL MANAGER 360 PERFORMANCE EVALUATION Form attached as EXHIBIT 2.

The process will begin with the Board requesting an item be place on the agenda approximately one month prior to the anniversary date. This item should be titled "Initiate process for General Manager Performance Evaluation" and can be accomplished in opened session.

During an open public meeting, the selection of one board member to consolidate all five Board Member and three Department Head evaluations will be determined by the Board President. Once a member of the Board has been selected a schedule should be established and should include:

- Date to complete and return sealed evaluations to Board Secretary,
- Date the appointed consolidator will retrieve the evaluations and
- A date for the closed session for the General Manager's performance evaluation.

All five Board Members will receive the evaluation forms from the Board Secretary at that meeting with an envelope to seal and return with the completed forms. The Board will fill out the evaluations and provide them to the Board Secretary at the District Office in the sealed envelope in accordance with the schedule.

After the meeting the Board Secretary will distribute the GENERAL MANAGER 360 PERFORMANCE EVALUATION form to Finance Director, Operations Director and Parks and Recreation Director and coordinate the completion in accordance with the Board's schedule so the evaluations are all completed and ready simultaneously.

The Board Member selected to consolidate the evaluations will be notified by the Board Secretary that the evaluations by department heads and other Board Members are completed and ready to pick up. The evaluations will be consolidated by averaging each section and combining any written comments so there is one evaluation from the Board and one evaluation from the Department Heads.

During a properly noticed public meeting the board will convene a closed session to review the consolidated evaluation with the General Manager for the purpose of discussing the General Manager's performance. See the example below for noticing.

"PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(California Government Code § 54954.5 and 54957): Title:
General Manager—(*Name Inserted Here*)"



MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
Board of Directors' Evaluation Form - General Manager
 Performance Review Period (_____ through _____)

Board Member: _____

Date _____

A. BOARD/MANAGER RELATIONSHIP

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Provides sufficient staff reports and related agenda materials to allow for effective Board discussion/decision-making. Provides information to Board Members in a timely manner. Obtains and evaluates relevant information and implements or recommends appropriate solutions to problems.					
Displays a professional attitude/image that assures public confidence. Makes effort to be accessible and provides consistent and equal treatment to Board Members.					

B. COMMUNITY RELATIONS

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Represents the District well in presentations to civic groups, media and the public and provides a positive, professional image. Sought to develop cooperative working relationships with various outside governmental agencies and other outside groups.					
Promotes community involvement in the District as opportunity allows.					
Enhances community understanding of District's goals and objectives. Deals openly with conflict and District problems.					

C. LEADERSHIP

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Assumes leadership in establishing the immediate and long-range goals & objectives for the District.					
Demonstrates original thinking, ingenuity, and creativity by introducing new strategies or courses of action.					
Plans effectively and supports innovative problem-solving by involving others.					

D. COMMUNICATION

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Promotes and engages in two-way communication with Board Members.					
Is accessible to Board Members. Communicates new ideas, suggestions, and concerns to the Board.					

E. MANAGING FINANCIAL AND MATERIAL RESOURCES

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Identifies District revenue enhancements and cost saving to ensure the District accomplishes important short-term and long-term goals.					
Demonstrates original thinking, ingenuity, and creativity by introducing new financial strategies or courses of action.					
Plans, implements, and directs a comprehensive financial program for the District's long-range economic development.					
Has a general understanding of technical issues affecting the District.					

F. ORGANIZATION

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Develops procedures in response to needs. Implements practices and monitoring results in support of Board policy. Anticipates changes in various situations and the ability to achieve goals despite these changes. Meets schedules (whether set by the General Manager or by others). Sets priorities, understands systems, practices time management, planning, and is committed to quality work.					

H. OVERALL EVALUATION

5 - Outstanding 4 - Excellent 3 - Satisfactory 2 - Needs Improvement 1 - Unsatisfactory

	5	4	3	2	1
Overall Performance					

Remarks/Comments:

**GENERAL MANAGER
360 PERFORMANCE EVALUATION**

Rating categories:

- I*** - Improvement needed for performance to meet expected standards
M - Performance fully meets expected standards
E - Performance consistently exceeds standards

PERFORMANCE FACTORS	<i>I</i>	<i>M</i>	<i>E</i>	COMMENTS
1. QUALITY OF WORK: Consider the extent to which completed work is accurate, neat, well-organized, thorough, and effective				
2. RELATIONSHIPS WITH PEOPLE: Consider the extent to which the GM recognizes the needs and desires of other people, treats other with respect and courtesy, and inspires their respect and confidence, etc.				
3. WORK HABITS: Consider the GM's effectiveness in organizing and using work tools and time, in caring for equipment and materials, in following good practices of vehicle and personal safety, etc.				
4. TAKING ACTION INDEPENDENTLY: Consider the extent to which the GM shows initiative in making work improvements, identifying and correcting errors, initiating work activities, etc.				
5. ANALYZING SITUATIONS AND MATERIALS: Consider the extent to which the GM applies consistently good judgment in analyzing work situations and materials, and in drawing sound conclusions.				
6. MEETING WORK COMMITMENTS: Consider the extent to which the GM completes work assignments, meets deadlines, follows established policies and procedures, etc.				
7. TECHNICAL AND PRACTICAL KNOWLEDGE OF THE JOB: Extensive knowledge of technical elements in own program and related areas; willing to share technical knowledge; viewed as a knowledgeable resource; ability to effectively utilize a variety of resources to resolve administrative and/or program problems.				

**GENERAL MANAGER
360 PERFORMANCE EVALUATION**

Rating categories:

- I*** - Improvement needed for performance to meet expected standards
M - Performance fully meets expected standards
E - Performance consistently exceeds standards

PERFORMANCE FACTORS	<i>I</i>	<i>M</i>	<i>E</i>	COMMENTS
8. SUPERVISING THE WORK OF OTHERS: Creates an environment in which employees are treated with respect. Employees possess a sense of ownership; satisfaction in the District's accomplishments; influence over how things are done, and an understanding of their personal importance to the MCSD. Provides appropriate control over staff activities. Provides timely performance appraisal of subordinate staff. Inspires continuous learning and development of staff. Recognizes and values the contributions of all members of a diverse work force.				
9. LEADERSHIP: Cooperates, inspires, motivates, persuades and guides others toward goal accomplishment; adapts leadership style to a variety of situations; models high standards of honesty, integrity, trust, openness and flexibility; makes sound decisions consistent with District objectives.				
10. FISCAL MANAGEMENT: Understands District costs, debt, cash flow, fixed assets and rate structures and is able to utilize these strategically; Analyzes budget forecasts for accuracy; maintains responsible District costs within Board approved budgets. Timely review and approval of bank reconciliations, journal entries, financial statements, invoices (AP) and payroll.				
11. COMMUNICATION: Proactively informing Board of Departmental and District issues and concerns; Timely collection of information and reports from Departments. Maintains confidentiality of communications.				
12. COMPLIANCE: Demonstrates the ability to maintain the District and all departments in compliance with laws, regulations and reporting requirements				
13. CUSTOMER SERVICE: Shows interest in and understanding of the needs, expectations and circumstance of internal and external customers. Explores options and pursues solutions until customers are satisfied. Is responsive, pleasant, professional and easy to do business with. Looks at the organization and its services from the customer's point of view. Seeks and uses customer feedback to improve services. Meets or exceeds internal and external customer expectations.				

**GENERAL MANAGER
360 PERFORMANCE EVALUATION**

Rating categories:

- I*** - Improvement needed for performance to meet expected standards
- M*** - Performance fully meets expected standards
- E*** - Performance consistently exceeds standards

14. EMPLOYEE SAFETY: Consider whether the employee maintains and ensures training, safety requirements and compliance for supervised employees (i.e. full time, part-time, seasonal, Cal-works, sub-contractors or visitors)				
15. POLICIES AND PROCEDURES: Consider the extent to which the employee maintains compliance with All District Policies and Procedures. Ensures staff is aware of Human Resource and EEO Policies.				
16: IDP: Develops IDP with supervised employees and ensures employee completes all training requirements.				

OTHER EVALUATOR COMMENTS:

SIGNATURE: _____ N/A

DATE: _____

GENERAL MANAGERS COMMENTS:

SIGNATURE: _____

DATE: _____

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.12 **Revisit Committee Assignments and Appointment of Committee Chairs by the Board President for the Remainder of the 2017 Calendar Year**

PRESENTED BY: **Emily Abfalter, Board Secretary**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board discuss, take public comment and the Board President make committee appointments for the remainder of the 2017 calendar year effective immediately.

Discussion:

Discuss and consider various committee assignments that will be appointed by the Board President and also designate committee chair/co-chair.

Government Code § 54952(b) defines an *advisory committee* as a committee which is comprised solely of less than a quorum of the members of the legislative body that created the advisory body. A *standing committee* is a committee which has continuing jurisdiction over a particular subject matter (e.g., budget, finance, legislation) or if the committee's meeting schedule is fixed by charter, ordinance, resolution or other formal action of the legislative body that created it. With this information in mind, the Board may also choose to discuss the necessity for existing active committees. The current committees include:

- Recreation Advisory Committee (RAC)
- McKinleyville Area Fund
- Redwood Region Economic Development Commission (RREDC)
- McKinleyville Senior Center Advisory Committee
- Audit
- Employee Negotiations
- Water Task Force
- AdHoc No Drugs & Toxins Down the Drain
- McKinleyville Municipal Advisory Committee (MMAC)
- Cornerstone Committee
- Groundwater Sustainability Committee

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Current Positions, Staff Member Appointments and Committee Assignments

2017 ROSTER for MCSD

2017 Board positions are as follows:

- | | |
|-------------------|-------------|
| 1. President | Dennis Mayo |
| 2. Vice-President | David Couch |

Directors: John Corbett, George Wheeler and TBD

Staff Member Officers:

- | | |
|--------------|--------------------------------------|
| 1. Treasurer | Finance Director, Colleen M.R. Trask |
| 2. Secretary | Emily Abfalter |

2017 Committee Assignments are as follows:

1. Recreation Advisory committee
George Wheeler; alternate David Couch
2. McKinleyville Area Fund
John Kulstad
3. Redwood Region Economic Development Commission
Dennis Mayo; alternate George Wheeler
4. McKinleyville Senior Center Advisory Committee
George Wheeler; alternate Dennis Mayo
5. Audit
John Corbett; David Couch
6. Employee Negotiations
David Couch; John Corbett
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
John Corbett; alternate George Wheeler
10. Cornerstone Committee
David Couch
11. Groundwater Sustainability Committee
John Corbett Chair; Dennis Mayo Vice Chair

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **ACTION**

ITEM: E.13 **Consider Support for AB 968 and AB 1654 Urban Water Management Planning and Approve Board President and General Manager to Sign Letter of Support**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided, take public comment and consider support for AB 968 and AB 1654 and approve the Board President and General Manager to sign a letter of support.

Discussion:

On May 9, 2016, Governor Jerry Brown issued Executive Order B-37-16, which was the most recent of his executive orders pertaining to the 2013-15 California drought. This Executive Order, entitled "Making Water Conservation a California Way of Life," included a range of actions directed to State agencies to address various water management topics. One of these directives required the Department of Water Resources (DWR) to work with the State Water Resources Control Board (SWRCB) to develop new water use targets that build on existing state law requirements that the state achieve a 20% reduction in urban water use by 2020 (SB x7-7 of 2009.) The Governor specified that these water use targets would be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements and shall be based on strengthened standards for indoor use, outdoor irrigation, commercial, industrial and institutional water use, and water lost through leaks.

Another directive required DWR to update requirements for urban water shortage contingency plans, to include adequate actions to respond to droughts lasting at least five years, as well as more frequent and severe periods of drought. Urban water supply agencies are currently required to prepare and submit plans to address three year droughts to DWR every five years, as part of Urban Water Management Plans.

DWR, the SWRCB and their sister agencies (called the "EO agencies") conducted a stakeholder advisory group process last fall, which culminated in the release of a draft report on November 30, 2016, entitled "Making Water Conservation a California Way of Life: Implementing Executive Order B-37-16." This report provides some details of the proposed legislative mechanism(s) to

implement the Governor's directives. To date, no legislation has been introduced by the Administration, although there are some spot bills from various authors.

In response to the draft report, 114 water supply agencies throughout the state submitted a joint comment letter on December 19, 2016. This letter laid out a number of points of agreement and disagreement with the State's draft proposal.

Based on this letter, draft legislative language was prepared and reviewed by a subcommittee of the State Legislative Committee of the Association of California Water Agencies (ACWA.) As of March 24, ACWA's full State Legislative Committee approved support for this language to become two water supplier-sponsored bills; one relating to water shortage contingency plans and the other to updated standards for water use efficiency.

These bills have now been introduced by Assemblywoman Blanca Rubio, from the San Gabriel Valley, who is a member of the Assembly Water Parks and Wildlife Committee. The bills are AB 968, which relates to water use efficiency standards and AB 1654, which relates to water shortage contingency planning.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – AB 968 and AB 1654 Background
- Attachment 2 – Letter of Support
- Attachment 3 – Proposed Changes to the Urban Water Management Plan Act
- Attachment 4 – Proposed Long-Term Water Use Efficiency Legislation

March 29, 2017

Local Water Agencies' Proposal for Long-Term Drought Preparation and Water Use Efficiency Improvements

Background

In January 2014, Governor Brown proclaimed a State of Emergency due to historic dry conditions, and subsequently issued three Executive Orders under the Statewide Drought Emergency in April 2014, April 2015, and May 2016. Under Executive Order B-37-16 ("EO"), issued in May 2016, Governor Brown directed five state agencies to develop a framework to implement various elements of the EO. In part, the EO included direction to the Department of Water Resources to work with the State Water Resources Control Board to develop, by January 10, 2017, new water use targets as part of a permanent framework that builds on existing requirements established by SB x7-7 (2009) to reduce urban water use by 20 percent by 2020, as well as additional water shortage contingency plan requirements under the Urban Water Management Planning Act.

Implementation of the final Administration framework (which, as of March 22, 2017, has not been released) will require the Legislature to act to create new authorities for State Agencies as well as new requirements for local water agencies under State law. The positions described by 116 California water suppliers and association signatories in a December 19, 2016 comment letter on the Water Use Target Setting and Urban Water Management Plan elements of the framework are outlined below. While the water supplier comment letter expressed support for many of the provisions proposed by the State, there were several important areas of disagreement.

Water suppliers from throughout the state are uniting around a comprehensive approach to long-term drought preparation and water use efficiency improvements that would:

- 1. Enhance drought planning, preparation, and reporting.***
- 2. Ensure a balanced approach between the development of resilient sources of supply and continued improvements in water use efficiency.***
- 3. Maintain the Legislature's control over long-term water use target setting.***

Long-Term Water Use Efficiency Target Setting

Preserve the Legislature's Authority – The Legislature must retain its control and oversight over water use target setting. Any revisions of standards or performance measures beyond the initially adopted standards must be approved by the Legislature, not implemented through ongoing regulatory authority.

Incorporate Multiple Compliance Methods for Water Use Targets – SB x7-7 (2009) established four methods that water suppliers can use to determine compliance with water use efficiency requirements. The draft Framework's proposal to impose a single method for target setting does not account for the diversity of water supply conditions and uses across the State. Additional compliance methods that are based on the proven alternatives in SB x7-7 should be maintained, including the regional compliance option.

No Impact on Water Rights – Water Code section 1011, which allows water right holders to use or transfer conserved water, must continue to apply. The new legislation should not adversely impact water supply contracts or water rights.

Enhance and Incentivize Sustainable Water Management – As described in the California Water Action Plan, both water use efficiency improvements and development of additional resilient water supplies will be required to sustainably manage California’s water. New laws or regulations must not result in stranded water resource assets nor discourage continued regional or local investments in these critical new water supplies.

Maintain Existing Enforcement Measures – The current sanction for failure to meet efficiency targets—ineligibility for State water grant funds—should be maintained, but not expanded.

Ensure that Any Landscape Area Data Used in Target Setting is Accurate – Consistent with the EO’s call for a water use target based in part on landscape area, the State should provide validated land use data of the irrigable area at the parcel level to each water supplier in a timely manner, and defer to water suppliers that choose to utilize their own validated data sets if a supplier opts to use the landscape based compliance method. Compliance deadlines must be extended if the State fails to meet its commitment to provide necessary land use data.

Incorporate Proven Efficiency Standards into Water Use Targets – Proven efficiency standards, such as the 55 gallons per capita per day standard for indoor residential use and the appropriate Model Water Efficient Landscape Ordinance (MWELO) for irrigable areas, should be incorporated into one of the compliance options. A stakeholder consultation process should be used to develop performance measures for commercial, industrial and institutional uses, and to develop variances for unique circumstances that cannot be fully addressed through a standardized methodology.

Account for Recycled Water – Consistent with existing law, recycled water should be excluded from calculations of water use targets and corresponding efficiency standards, as it is already a highly regulated and efficient beneficial reuse of water.

Urban Water Management Planning and Water Shortage Contingency Analyses

Enhance Existing UWMP Plan Requirements – Urban Water Management Plans should include a Water Shortage Contingency Analysis that utilizes a five-year drought planning sequence, and include a communications strategy, specific compliance and exemption procedures, monitoring and reporting protocols, and a regular review process.

Provide the State with Annual Water Supply and Demand Forecast – Water suppliers should provide State agencies with an annual supply and demand assessment to facilitate better understanding of regional hydrology and local supply conditions throughout the State. This annual assessment should include any projected shortage and actions to be taken to reduce demand or augment supply.

Provide Monthly Reporting to the State When a Shortage Occurs – Water suppliers that implement a water shortage contingency stage should report water use and demand reduction actions monthly.

Rely on Local Water Supplier Planning and Preparation for Drought – Water supplies that are documented to be available to a water supplier during drought conditions shall not be subject to state-mandated reductions in use. Any actions to conserve water in response to a shortage shall be at the discretion of a local water supplier.

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

April 5, 2017

The Honorable Blanca Rubio
State Capitol, Room 5175
Sacramento, CA 95814

**Re: Assembly Bill (AB) 1654 (Rubio): Urban Water Management Planning – SUPPORT;
and, AB 968 (Rubio): Long-term Water Use Efficiency – SUPPORT IN CONCEPT**

Dear Assemblymember Rubio:

On behalf of McKinleyville Community Services District, we are writing to express our support for AB 1654 and our support in concept of AB 968, based on anticipated amendments to AB 968.

Fundamentally, both AB 968 and AB 1654, provide the appropriate framework to advance water use efficiency in California, consistent with the Governor's Water Action Plan and 2009's Senate Bill (SB) 7x7, while also allowing local agencies to retain their local decision making on water resource management within their communities.

We believe that AB 968 and AB 1654 strike the right balance between advancing water efficiency in California without undermining California's economy – through establishing reasonable measures of local accountability while maintaining local control and decision making around water resources management. The proposed planning and reporting provisions are reasonable and improve upon existing water resources planning requirements established in existing state statute, without heaping redundant requirements that fail to add value to local water management.

Specifically, AB 968 and AB 1654, provide water efficiency target setting methodologies, which local agencies can choose to implement and allow those agencies to invest in programs and water infrastructure of their choosing, to work towards meeting their local agency water efficiency targets.

For these reasons, McKinleyville Community Services District supports AB 1654 and supports in concept - AB 968. If you or your staff have any questions, please contact our District office at (707) 839-3251 or mcsdgm@mckinleyvillecsd.com.

Sincerely,

Dennis Mayo
Board President

Gregory Orsini
General Manager

cc: The Honorable Eduardo Garcia, Chair, Assembly Water, Parks, and Wildlife Committee
Honorable Members of the Assembly Water, Parks, and Wildlife Committee
The Honorable Mike McGuire, California State Senate
The Honorable Jim Wood, California State Assembly

FINAL 02/28/17**Proposed Changes to the UWMP Act****(Deletions from existing law in bold strikeout, insertions in bold italics)****DIVISION 6. CONSERVATION, DEVELOPMENT, AND UTILIZATION OF STATE****WATER RESOURCES [10000 - 12999]***(Heading of Division 6 amended by Stats. 1957, Ch. 1932.)***PART 2.56.****10609.**

(a) In addition to and separate from the urban water management plans required by Part 2.6, each urban retail water supplier shall report annually, by June 15, to the department the status of its water supplies for that year, and whether such supplies will be adequate to meet projected customer demand.

(1) If an urban retail water supplier reports under this section that all available water supplies for the applicable water year will not be adequate to meet projected customer demand, then the supplier shall implement the appropriate responses as described in its water shortage contingency analysis. If demand is projected to exceed all available supply sources and mandatory water demand reduction measures are required, the annual report shall describe the water supply shortage stage and the measures that the supplier will take to reduce water demand consistent with its water shortage contingency analysis.

(2) If an urban retail water supplier determines that it cannot meet demands with all available water supplies and is required to implement the mandatory demand reduction measures as described in its water shortage contingency analysis under subdivision (1), it shall do all of the following:

(a) The urban retail water supplier shall continue to implement the mandatory demand reduction measures as described in its water shortage contingency analysis until hydrologic, water supply or other conditions have changed to the point that the supplier finds that it is able to meet projected customer demand over the next 12 months without continued implementation of the mandatory demand reduction measures.

(b) During the period that the urban retail water supplier is implementing the mandatory demand reductions measures described in its water shortage contingency analysis, the supplier shall file a report with the department by the fifteenth day of each month describing on how the supplier is implementing its plan.

(3) If supplies are adequate to meet projected customer demand, an urban retail water supplier may, at its sole discretion, declare any stage of its water shortage contingency

analysis to balance supply and demand through the augmentation of supplies or to encourage water demand reduction as a precautionary measure. If an urban retail water supplier declares a stage of its water shortage contingency analysis under this subsection, it shall have no additional obligation to report to the department on the implementation of its plan.

- (b) Multiple urban retail water suppliers within the same hydrologic region may file a joint report with the department if those suppliers' water supplies are interrelated and if each supplier determines that a joint report most accurately reflects the condition of their respective water supplies. Regardless of whether a joint report is submitted, an urban retail water supplier may submit an individual report to the department.*
- (c) An urban wholesale water supplier shall provide its retail agencies with information on the status of the wholesaler's water supplies annually by the date determined under subsection 2 so that an urban retail water supplier reliant on the wholesale supply has sufficient data to comply with subsection (a).*
 - (1) To assist urban wholesale water suppliers in determining their water supply availability, urban retail water suppliers shall provide their urban wholesale water suppliers with information regarding their estimated annual demand for water from each wholesaler by the date determined under subsection 2.*
 - (2) Urban retail water suppliers and their wholesalers shall meet and determine the process and dates by which they will comply with the requirements of this subsection.*
- (d) An urban water supplier shall not be required to comply with any requirement in Part 2.6 for any action taken or report made pursuant to this section. Such actions and reports are not considered part of, amendments to, or changes to an urban water management plan.*
- (e) The department shall establish an electronic portal through which suppliers will provide the reports required by this section. The department shall provide the board with access to the report and data submitted through the portal.*

PART 2.6. URBAN WATER MANAGEMENT PLANNING [10610 - 10656]

(Part 2.6 added by Stats. 1983, Ch. 1009, Sec. 1.)

CHAPTER 2. Definitions [10611-10617]

(Chapter 2 added by Stats. 1983, Ch. 1009, Sec. 1.)

10613.5.

“Emergency supply” means a water supply identified in an urban water supplier’s Urban Water Management Plan that has been developed to increase an urban water supplier’s water supply reliability during times of shortage, including but not limited to unplanned service

disruptions, and is in addition to the supplies that the agency draws upon during non-shortage times to meet water demands within its service area.

CHAPTER 3. Urban Water Management Plans [10620 - 10645]

(Chapter 3 added by Stats. 1983, Ch. 1009, Sec. 1.)

ARTICLE 1. General Provisions [10620 - 10621]

(Article 1 added by Stats. 1983, Ch. 1009, Sec. 1.)

10621.

(a) Each urban water supplier shall update its plan at least once every five years on or before ~~July 1 December 31~~, in years ending in ~~one and six five and zero, except as provided in subdivisions (d) and (e).~~

(b) Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan. The urban water supplier may consult with, and obtain comments from, any city or county that receives notice pursuant to this subdivision.

(c) The amendments to, or changes in, the plan shall be adopted and filed in the manner set forth in Article 3 (commencing with Section 10640).

~~(d) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.~~

~~(e) Each urban water supplier shall update and submit its 2020 plan to the department by July 1, 2021.~~

ARTICLE 2. Contents of Plans [10630 - 10634]

(Article 2 added by Stats. 1983, Ch. 1009, Sec. 1.)

10631.

A plan shall be adopted in accordance with this chapter that shall do all of the following:

(a) Describe the service area of the supplier, including current and projected population, climate, and other demographic factors affecting the supplier's water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.

(b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a).

(I) If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:

(A1) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.

(B2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.

(C3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(D4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(2) If an emergency supply is identified as an existing or planned source of water available to the supplier, the supplier shall describe how the supply has been established to increase water supply reliability during times of shortage and how the supply is in addition to the supplies that the agency draws upon during non-shortage times to meet water demands within its service area.

(c) (1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:

(A) An average water year.

(B) A single-dry water year.

(C) ~~Multiple-dry water years~~ ***Five consecutive dry years, consisting of a repeat of the five consecutive historic driest years that the supplier has experienced, unless the supplier finds that a shorter multiple-year dry period would more severely impact its water supplies, in which case the supplier shall use that shorter period.***

(2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.

(d) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.

(e) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:

(A) Single-family residential.

(B) Multifamily.

(C) Commercial.

(D) Industrial.

(E) Institutional and governmental.

(F) Landscape.

(G) Sales to other agencies.

(H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.

(I) Agricultural.

(J) **Potable** distribution system water loss.

(2) The water use projections shall be in the same five-year increments described in subdivision (a).

(3) (A) ~~For the 2015 urban water management plan update, the distribution system water loss shall be quantified for the most recent 12-month period available. For all subsequent updates,~~ The **potable** distribution system water loss shall be quantified for each of the five years preceding the plan update.

(B) The **potable** distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.

(4) (A) If available and applicable to an urban water supplier, water use projections may display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

(B) To the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following: (i) Provide citations of the various codes, standards, ordinances, or transportation and land use plans utilized in making the projections.

(ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.

(f) Provide a description of the supplier's water demand management measures. This description shall include all of the following: (1) (A) For an urban retail water supplier, as defined in Section

10608.12, a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years. The narrative shall describe the water demand management measures that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.(B) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

(i) Water waste prevention ordinances.

(ii) Metering.

(iii) Conservation pricing.

(iv) Public education and outreach.

(v) Programs to assess and manage *potable* distribution system real loss.

(vi) Water conservation program coordination and staffing support.

(vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented.(2) For an urban wholesale water supplier, as defined in Section 10608.12, a narrative description of the items in clauses (ii), (iv), (vi), and (vii) of subparagraph (B) of paragraph (1), and a narrative description of its distribution system asset management and wholesale supplier assistance programs.

(g) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in average, single-dry, and multiple-dry water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

(h) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.

~~(i) For purposes of this part, urban water suppliers that are members of the California Urban Water Conservation Council shall be deemed in compliance with the requirements of subdivision (f) by complying with all the provisions of the “Memorandum of Understanding Regarding Urban Water Conservation in California,” dated December 10, 2008, as it may be amended, and by submitting the annual reports required by Section 6.2 of that memorandum.~~

~~(i-j)~~ An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier’s plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the same five-year increments, and during various water-year types in accordance with subdivision (c). An urban water supplier may rely upon water supply information provided

by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (c).

10631.7.

~~The department, in consultation with the California Urban Water Conservation Council, shall convene an independent technical panel to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The panel shall consist of no more than seven members, who shall be selected by the department to reflect a balanced representation of experts. The panel shall have at least one, but no more than two, representatives from each of the following: retail water suppliers, environmental organizations, the business community, wholesale water suppliers, and academia. The panel shall be convened by January 1, 2009, and shall report to the Legislature no later than January 1, 2010, and every five years thereafter. The department shall review the panel report and include in the final report to the Legislature the department's recommendations and comments regarding the panel process and the panel's recommendations.~~

10632.

(a) The plan shall provide an urban water shortage contingency analysis that includes each of the following elements that are within the authority of the urban water supplier:

(1) ~~Stages~~ *Anticipated stages* of action to be undertaken by the urban water supplier in response to water supply shortages, including up to a 50 percent reduction in water supply, and an outline of specific water supply conditions that *would trigger* ~~are applicable to~~ each stage.

(2) ~~An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply.~~ *Communications strategies to inform customers, state agencies, elected officials and others whenever water supply shortage conditions require the implementation of the stages of action described in subdivision (1).*

(3) ~~Anticipated A~~actions to be undertaken by the urban water supplier to prepare for, and implement during, a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster.

(4) Additional, *anticipated* mandatory prohibitions against specific water use practices during water shortages, ~~including, but not limited to, prohibiting the use of potable water for street cleaning.~~

(5) ~~Consumption reduction methods in the most restrictive stages~~ *Anticipated actions to balance water supply and demand for each water supply shortage stage, including the use of emergency supplies, demand reduction methods, reoperation, or any combination thereof.* Each urban water supplier may use any type of consumption reduction, *reoperation approach, or supply augmentation* methods in its water shortage contingency analysis that would ~~reduce water use~~ *balance supply and demand*, are appropriate for its area, and have the ability to *successfully respond to each water supply shortage stage.* ~~achieve a water use reduction~~

~~consistent with up to a 50 percent reduction in water supply. If an urban water supplier has established an emergency supply, the supplier shall include in the description of actions to be taken when the emergency supply will be used to balance water supply and demand, and the quantity of water from the emergency supply that is planned to be used. An emergency supply designated for use during a water supply shortage shall be fully available for use by the supplier during a shortage and its use shall be at the sole discretion of the urban water supplier.~~

~~(6) Penalties or charges for excessive use, where applicable. Anticipated processes for monitoring and ensuring compliance by customers with mandatory prohibitions against specific water use practices, and mechanisms to enforce such compliance. The analysis also shall include a description of the urban water supplier's established method to identify and discourage excessive water use as required by Section 366 and 367.~~

(7) An analysis of the impacts of each of the actions and conditions described in ~~subdivisions~~**paragraphs** (1) to (6), inclusive, on the revenues and expenditures of the urban water supplier, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.

~~(8) A draft water shortage contingency resolution or ordinance~~ A description of the water supplier's source of authority for implementing the water shortage actions, as identified in subdivision 5 above, including any adopted resolutions or ordinances.

~~(9) A mechanism for determining actual reductions in water use pursuant to the urban water shortage contingency analysis.~~

~~(b) Commencing with the urban water management plan update due July 1, 2016, for purposes of developing the water shortage contingency analysis pursuant to subdivision (a), the urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.~~

ARTICLE 2.5. Water Service Reliability [10635 - 10635]

(Article 2.5 added by Stats. 1995, Ch. 854, Sec. 11.)

10635.

(a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and ~~multiple dry water years~~ *five consecutive dry years, consisting of a repeat of the five consecutive historic driest years that the supplier has experienced, unless the supplier finds that a shorter multiple-year dry period would more severely impact its water supplies, in which case the supplier shall use*

that shorter period. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.

(b) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.

(c) Nothing in this article is intended to create a right or entitlement to water service or any specific level of water service.

(d) Nothing in this article is intended to change existing law concerning an urban water supplier's obligation to provide water service to its existing customers or to any potential future customers.

CHAPTER 4. Miscellaneous Provisions [10650 - 10656]

(Chapter 4 added by Stats. 1983, Ch. 1009, Sec. 1.)

10658.

(a) It is the intent of the Legislature, by the enactment of this section, to do all of the following:

- (1) Encourage continued investment in water supply reliability and diversification;***
- (2) Incentivize new and protect existing local investments made by urban water suppliers in drought resiliency and drought resilient supplies in order to better prepare local communities and the state for drought and times of shortage;***
- (3) Incentivize new and protect existing local investments in water recycling and potable reuse;***
- (4) Encourage local agencies to develop emergency supplies, including storage of flood flows in water banks throughout the state, to better protect California from the effect of drought;***
- (5) Encourage local agencies to take steps to prepare for the effects of climate change; and***
- (6) Ensure that urban water suppliers have adequate supplies, or take appropriate measures to reduce demand during times of drought.***

(b) During a statewide or local drought or water shortage, an urban water supplier shall not be required to reduce its use or reliance on any water supply available for its use and identified in its Urban Water Management Plan, or be required to take additional actions beyond those specified in its water shortage contingency analysis for the level of

shortage that is anticipated in the annual report required by section 10609 or the level of shortage that it is currently experiencing, whichever is greater.

Final Draft – 03/22/17

Proposed Long-Term Water Use Efficiency Legislation
(Deletions from existing law in bold strikeout, insertions in bold italics)

DIVISION 6. CONSERVATION, DEVELOPMENT, AND UTILIZATION OF STATE

WATER RESOURCES [10000 - 12999]

(Heading of Division 6 amended by Stats. 1957, Ch. 1932.)

PART 2.55. SUSTAINABLE WATER USE AND DEMAND REDUCTION [10608 - 10608.64]

(Part 2.55 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

CHAPTER 1. General Declarations and Policy [10608 - 10608.8]

(Chapter 1 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.

The Legislature finds and declares all of the following:

- (a) Water is a public resource that the California Constitution protects against waste and unreasonable use.
- (b) Growing population, climate change, and the need to protect and grow California's economy while protecting and restoring our fish and wildlife habitats make it essential that the state manage its water resources as efficiently as possible.
- (c) Diverse regional water supply portfolios will increase water supply reliability and reduce dependence on the Delta.
- (d) Reduced water use through *long-term water use efficiency and* conservation provides significant energy and environmental benefits, and can help protect water quality, improve streamflows, and reduce greenhouse gas emissions.
- (e) The success of state and local water *use efficiency* ~~conservation~~ programs ~~to increase efficiency of water use~~ is best determined on the basis of measurable outcomes related to water use or efficiency.
- (f) Strengthening local and regional drought resilience is essential to increasing water supply reliability and the sustainable management of the state's water resources.*
- ~~(fg)~~ Improvements in technology, *infrastructure*, and management practices offer the potential for increasing water efficiency in California over time, providing an essential water management tool to meet the need for water for urban, agricultural, and environmental uses.

~~(gh)~~ The Governor has called for ~~a 20 percent per capita reduction in urban water use statewide by 2020~~ *implementation of a comprehensive California Water Action Plan.*

~~(hi)~~ The factors used to formulate *long-term* water use efficiency targets can vary significantly from location to location based on factors including *climate weather*, patterns of urban and suburban development, *water supplies*, and past efforts to enhance water use efficiency. *It is necessary, therefore, to plan for and implement water use efficiency measures at the regional and local level to reflect and best meet the water supply needs of each community and achieve effective water planning and management.*

~~(ij)~~ Per capita water use is ~~a valid one~~ measure of ~~a an urban~~ water ~~provider's supplier's~~ efforts to ~~reduce urban water use~~ *improve water use efficiency* within its service area. However, per capita water use is less useful for measuring relative water use efficiency between different water providers. Differences in *climate, weather*, historical patterns of urban and suburban development, and density of housing in a particular location need to be considered when assessing per capita water use as a measure of efficiency.

10608.4.

It is the intent of the Legislature, by the enactment of this part, to do all of the following:

(a) Require all water suppliers to ~~increase the efficiency of~~ *promote the efficient* use of this essential resource.

(b) Establish a *long-term* framework ~~to meet the state targets~~ for urban water *use efficiency*. ~~conservation identified in this part and called for by the Governor.~~

~~(c) Measure increased efficiency of urban water use on a per capita basis.~~

~~(d) Establish a method or methods for urban retail water suppliers to determine targets for achieving increased water use efficiency by the year 2020, in accordance with the Governor's goal of a 20 percent reduction.~~

(ec) Establish consistent water use efficiency planning and implementation standards for urban water suppliers and agricultural water suppliers.

(fd) Promote urban water ~~conservation use efficiency standards~~ that ~~is~~ **are** consistent with ~~the California Urban Water Conservation Council's adopted best management practices and~~ the requirements for demand management in Section 10631.

(ge) Establish standards that recognize and provide credit to water suppliers that made substantial capital investments in urban water *use efficiency conservation, sustainable drought resilient supplies, and emergency supplies* since the drought of the early 1990s.

~~(hf)~~ Recognize and account for the investment of urban retail water suppliers in providing recycled water for *both potable and non-potable* beneficial uses, *and the need for greater investment in water recycling and other sustainable drought-resilient supplies.*

(g) Recognize that water recycling is an efficient use of water and the application of recycled water in landscape irrigation is extensively regulated, which ensures its efficient use.

(h) Require implementation of specified efficient water management practices for agricultural water suppliers.

(i) Support the economic productivity of California’s agricultural, commercial, and industrial sectors.

(j) Advance regional water resources management.

(k) Empower water suppliers to utilize local and regional water use efficiency measures that reflect their unique water supply and demand circumstances that best meet the needs of their individual communities.

(l) Ensure that whatever legal access to water a water supplier possessed prior to the enactment of this part, notwithstanding adherence to the requirements imposed by it, that the supplier shall retain that same legal access to its water supplies as provided under law to enhance local and regional water supply reliability and drought resilience as well as to voluntarily contribute to water supply reliability in other regions of the State as appropriate under law.

10608.8.

(a)(1) Nothing in this Part alters existing water rights law, or authorizes or enhances the authority of the State Water Resources Control Board to alter any existing water rights beyond its powers to do so prior to enactment.

(2) Water use efficiency measures adopted and implemented pursuant to this part or Part 2.8 (commencing with Section 10800) are water conservation measures subject to the protections provided under Section 1011.

(23) Because an urban agency is not required to meet its urban water use target until 2020 pursuant to subdivision (b) of Section 10608.24, an urban retail water supplier’s failure to meet those targets shall not establish a violation of law for purposes of any state administrative or judicial proceeding prior to January 1, 2021. Nothing in this paragraph limits the use of data reported to the department or the board in litigation or an administrative proceeding. This paragraph shall become inoperative on January 1, 2021.

(4) Because an urban agency is not required to meet its urban water efficiency target until 2025 pursuant to subdivision (c) of Section 10608.25, an urban retail water supplier’s failure to meet that target shall not establish a violation of law for purposes of any state administrative or judicial proceeding prior to January 1, 2026. Nothing in this paragraph limits the use of data reported to the department or the board in litigation or an administrative proceeding.

(35) To the extent feasible, the department and the board shall provide for the use of water conservation reports required under this part to meet the requirements of Section 1011 for water conservation reporting.

(b) This part does not limit or otherwise affect the application of Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) This part does not require a reduction in the total water used in the agricultural or urban sectors, because other factors, including, but not limited to, changes in agricultural economics or population growth may have greater effects on water use. This part does not limit the economic productivity of California’s agricultural, commercial, or industrial sectors.

(d) The requirements of this part do not apply to an agricultural water supplier that is a party to the Quantification Settlement Agreement, as defined in subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002, during the period within which the Quantification Settlement Agreement remains in effect. After the expiration of the Quantification Settlement Agreement, to the extent conservation water projects implemented as part of the Quantification Settlement Agreement remain in effect, the conserved water created as part of those projects shall be credited against the obligations of the agricultural water supplier pursuant to this part.

CHAPTER 2. Definitions [10608.12]

(Chapter 2 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.12.

Unless the context otherwise requires, the following definitions govern the construction of this part:

(a) “Agricultural water supplier” means a water supplier, either publicly or privately owned, providing water to 10,000 or more irrigated acres, excluding recycled water. “Agricultural water supplier” includes a supplier or contractor for water, regardless of the basis of right, that distributes or sells water for ultimate resale to customers. “Agricultural water supplier” does not include the department.

(b) “Base daily per capita water use” means any of the following:

(1) The urban retail water supplier’s estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous 10-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(2) For an urban retail water supplier that meets at least 10 percent of its 2008 measured retail water demand through recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, the urban retail water supplier may extend the calculation described in paragraph (1) up to an additional five

years to a maximum of a continuous 15-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(3) For the purposes of Section 10608.22, the urban retail water supplier's estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous five-year period ending no earlier than December 31, 2007, and no later than December 31, 2010.

(c) "Baseline commercial, industrial, and institutional water use" means an urban retail water supplier's base daily per capita water use for commercial, industrial, and institutional users.

(d) "Commercial water user" means a water user that provides or distributes a product or service.

(e) "Compliance daily per capita water use" means the gross water use during the final year of the reporting period, reported in gallons per capita per day.

(f) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

(g) "Gross water use" means the total volume of water, whether treated or untreated, entering the distribution system of an urban retail water supplier, *as the distribution system is so defined by the urban retail water supplier*, excluding all of the following:

(1) Recycled water, *as defined in section 10608.12(n)*, that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, *or recycled water used to augment water supplies, including, but not limited to, recycled water used to augment a surface water reservoir or recycled water percolated or injected into a groundwater basin for the purposes of augmenting the common groundwater supply and then extracted by an urban retail water supplier.*

(2) The net volume of water that the urban retail water supplier places into long-term storage.

(3) The volume of water the urban retail water supplier conveys for use by another urban water supplier.

(4) The volume of water *the urban retail water supplier delivered delivers for commercial or non-commercial agricultural purposes, for agricultural use*, except as otherwise provided in subdivision (f) of Section 10608.24.

(h) "Industrial water user" means a water user that is primarily a manufacturer or processor of materials as defined by the North American Industry Classification System code sectors 31 to 33, inclusive, or an entity that is a water user primarily engaged in research and development.

(i) “Institutional water user” means a water user dedicated to public service. This type of user includes, among other users, higher education institutions, schools, courts, churches, hospitals, government facilities, and nonprofit research institutions.

(j) “Interim urban water use target” means the midpoint between the urban retail water supplier’s base daily per capita water use and the urban retail water supplier’s urban water use target for 2020.

(k) “Locally cost effective” means that the present value of the local benefits of implementing an agricultural efficiency water management practice is greater than or equal to the present value of the local cost of implementing that measure.

(l) “Performance measures” means best management practices that improve the efficiency of water use within the commercial, industrial and institutional sector, including the use of new technologies and improvements in water management as identified in the report developed pursuant to section 10608.45(b).

(m) “Process water” means water used for producing a product or product content or water used for research and development, including, but not limited to, continuous manufacturing processes, water used for testing and maintaining equipment used in producing a product or product content, and water used in combined heat and power facilities used in producing a product or product content. Process water does not mean incidental water uses not related to the production of a product or product content, including, but not limited to, water used for restrooms, landscaping, air conditioning, heating, kitchens, and laundry.

(nn) “Recycled water” means recycled water, as defined in subdivision (n) of Section 13050, that is used to offset potable demand, including, ***but not limited to***, recycled water supplied for ***non-potable reuse, recycled water supplied for the uses identified and defined in Section 13561, or recycled water supplied for*** direct use and indirect potable reuse, that meets the following requirements, where applicable:

(1) For ***reservoir augmentation and*** groundwater recharge, including recharge through spreading basins ***or injection***, water supplies that ***meet are*** all of the following ***elements***:

(A) ~~Metered~~ ***The use of the water supply is metered.***

(B) Developed through planned investment by the urban water supplier, ***a water replenishment district***, or a wastewater treatment agency.

(C) Treated to a minimum tertiary level.

(D) Delivered within the service area of an urban retail water supplier or its urban wholesale water supplier that helps an urban retail water supplier meet its urban water use target.

~~(2) For reservoir augmentation, water supplies that meet the criteria of paragraph (1) and are conveyed through a distribution system constructed specifically for recycled water.~~

(no) “Regional water resources management” means sources of supply resulting from watershed-based planning for sustainable local water reliability or any of the following alternative sources of water:

- (1) The capture and reuse of stormwater or rainwater.
- (2) The use of recycled water.
- (3) The desalination of brackish groundwater *or seawater*.
- (4) The conjunctive use of surface water and groundwater in a manner that is consistent with the safe yield of the groundwater basin.

(op) “Reporting period” means the years for which an urban retail water supplier reports compliance with the urban water use targets.

(pq) “Urban retail water supplier” means a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.

(qr) “Urban water use target” means the urban retail water supplier’s targeted future daily per capita water use.

(rs) “Urban wholesale water supplier,” means a water supplier, either publicly or privately owned, that provides more than 3,000 acre-feet of water annually at wholesale for potable municipal purposes.

(t) *“Water efficiency target” means the target established by an urban retail water supplier pursuant to section 10608.25.*

(u) *“Water loss” means the difference between the potable distribution system input volume and authorized consumption as consistent with the American Water Works Association M36 Water Audits and Loss Control Programs Manual and subsequent amendments.*

CHAPTER 3. Urban Retail Water Suppliers [10608.16 - 10608.44]

(Chapter 3 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

10608.17.

After December 31, 2020, urban retail water suppliers shall achieve water use efficiency as provided for in this chapter.

10608.20.

(a) (1) Each urban retail water supplier shall develop urban water use targets and an interim urban water use target by July 1, 2011. Urban retail water suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis.

(2) It is the intent of the Legislature that the urban water use targets described in paragraph (1) cumulatively result in a 20-percent reduction from the baseline daily per capita water use by December 31, 2020.

(b) An urban retail water supplier shall adopt one of the following methods for determining its **2020** urban water use target pursuant to subdivision (a):

(1) Eighty percent of the urban retail water supplier's ~~baseline~~ per capita daily water use.

(2) The per capita daily water use that is estimated using the sum of the following performance standards:

(A) For indoor residential water use, 55 gallons per capita daily water use as a provisional standard. Upon completion of the department's 2016 report to the Legislature pursuant to Section 10608.42, this standard may be adjusted by the Legislature by statute.

(B) For landscape irrigated through dedicated or residential meters or connections, water efficiency equivalent to the standards of the Model Water Efficient Landscape Ordinance set forth in Chapter 2.7 (commencing with Section 490) of Division 2 of Title 23 of the California Code of Regulations, as in effect the later of the year of the landscape's installation or 1992. An urban retail water supplier using the approach specified in this subparagraph shall use satellite imagery, site visits, or other best available technology to develop an accurate estimate of landscaped areas.

(C) For commercial, industrial, and institutional uses, a 10-percent reduction in water use from the baseline commercial, industrial, and institutional water use by 2020.

(3) Ninety-five percent of the applicable state hydrologic region target, as set forth in the state's draft 20x2020 Water Conservation Plan (dated April 30, 2009). If the service area of an urban water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(4) A method that shall be identified and developed by the department, through a public process, and reported to the Legislature no later than December 31, 2010. The method developed by the department shall identify per capita targets that cumulatively result in a statewide 20-percent reduction in urban daily per capita water use by December 31, 2020.

In developing urban daily per capita **2020** water use targets, the department shall do all of the following:

- (A) Consider climatic differences within the state.
- (B) Consider population density differences within the state.
- (C) Provide flexibility to communities and regions in meeting the targets.
- (D) Consider different levels of per capita water use according to plant water needs in different regions.
- (E) Consider different levels of commercial, industrial, and institutional water use in different regions of the state.
- (F) Avoid placing an undue hardship on communities that have implemented conservation measures or taken actions to keep per capita water use low.

(c) If the department adopts a regulation pursuant to paragraph (4) of subdivision (b) that results in a requirement that an urban retail water supplier achieve a reduction in daily per capita water use that is greater than 20 percent by December 31, 2020, an urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may limit its urban water use target to a reduction of not more than 20 percent by December 31, 2020, by adopting the method described in paragraph (1) of subdivision (b).

(d) The department shall update the method described in paragraph (4) of subdivision (b) and report to the Legislature by December 31, 2014. An urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may adopt a new urban daily per capita water use target pursuant to this updated method.

(e) An urban retail water supplier shall include in its urban water management plan due in 2010 pursuant to Part 2.6 (commencing with Section 10610) the baseline daily per capita water use, its **2020** urban water use target, interim urban water use target, and compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.

(f) When calculating per capita values for the purposes of this chapter, an urban retail water supplier shall determine population using ***a combination of*** federal, state, and local population reports and projections.

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

(h) (1) The department, through a public process, and in consultation with the California Urban Water Conservation Council, shall develop technical methodologies and criteria for the consistent implementation of this part, including, but not limited to, both of the following:

(A) Methodologies for calculating base daily per capita water use, baseline commercial, industrial, and institutional water use, compliance daily per capita water use, gross water use, service area population, indoor residential water use, and landscaped area water use.

(B) Criteria for adjustments pursuant to subdivisions (d) and (e) of Section 10608.24.

(2) The department shall post the methodologies and criteria developed pursuant to this subdivision on its Internet Web site, and make written copies available, by October 1, 2010. An urban retail water supplier shall use the methods developed by the department in compliance with this part.

(i) (1) The department shall adopt regulations for implementation of the provisions relating to process water in accordance with subdivision (l) of Section 10608.12, subdivision (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

(2) The initial adoption of a regulation authorized by this subdivision is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for that purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. After the initial adoption of an emergency regulation pursuant to this subdivision, the department shall not request approval from the Office of Administrative Law to readopt the regulation as an emergency regulation pursuant to Section 11346.1 of the Government Code.

(j) (1) An urban retail water supplier is granted an extension to July 1, 2011, for adoption of an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) due in 2010 to allow the use of technical methodologies developed by the department pursuant to paragraph (4) of subdivision (b) and subdivision (h). An urban retail water supplier that adopts an urban water management plan due in 2010 that does not use the methodologies developed by the department pursuant to subdivision (h) shall amend the plan by July 1, 2011, to comply with this part.

(2) An urban wholesale water supplier whose urban water management plan prepared pursuant to Part 2.6 (commencing with Section 10610) was due and not submitted in 2010 is granted an extension to July 1, 2011, to permit coordination between an urban wholesale water supplier and urban retail water suppliers.

10608.24.

(a) Each urban retail water supplier shall meet its interim urban water use target by December 31, 2015.

(b) Each urban retail water supplier shall meet its **2020** urban water use target by December 31, 2020.

(c) An urban retail water supplier's compliance daily per capita water use shall be the measure of progress toward achievement of its **2020** urban water use target.

(d) (1) When determining compliance daily per capita water use, an urban retail water supplier may consider the following factors:

(A) Differences in evapotranspiration and rainfall in the baseline period compared to the compliance reporting period.

(B) Substantial changes to commercial or industrial water use resulting from increased business output and economic development that have occurred during the reporting period.

(C) Substantial changes to institutional water use resulting from fire suppression services or other extraordinary events, or from new or expanded operations, that have occurred during the reporting period.

(2) If the urban retail water supplier elects to adjust its estimate of compliance daily per capita water use due to one or more of the factors described in paragraph (1), it shall provide the basis for, and data supporting, the adjustment in the report required by Section 10608.40.

(e) When developing the **2020** urban water use target pursuant to Section 10608.20, an urban retail water supplier that has a substantial percentage of industrial water use in its service area may exclude process water from the calculation of gross water use to avoid a disproportionate burden on another customer sector.

(f) (1) An urban retail water supplier that includes agricultural water use in an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) may include the agricultural water use in determining gross water use. An urban retail water supplier that includes agricultural water use in determining gross water use and develops its urban water use target pursuant to paragraph (2) of subdivision (b) of Section 10608.20 shall use a water efficient standard for agricultural irrigation of 100 percent of reference evapotranspiration multiplied by the crop coefficient for irrigated acres.

(2) An urban retail water supplier, that is also an agricultural water supplier, is not subject to the requirements of Chapter 4 (commencing with Section 10608.48), if the agricultural water use is incorporated into its urban water use target pursuant to paragraph (1).

10608.25.

(a) Each urban retail water supplier shall develop a water efficiency target for 2025 in its 2020 urban water management plan required to be submitted by July 1, 2021, pursuant to Section 10621. An urban retail water supplier may determine the water efficiency target on a fiscal year or calendar year basis. An urban retail water supplier may adjust and update the water efficiency target, as appropriate, based upon population growth, changes in irrigable landscape acreage, and other changes that affect water use when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan, required to be submitted by July 1, 2026, pursuant to Section 10621.

(1) An urban retail water supplier that adopts the method described in subdivision (b)(2) for determining its water efficiency target shall identify proposed performance measures as appropriate for efficient water use by its commercial, industrial and institutional customers, consistent with the recommendations identified in the report required under section 10608.45(b), in its 2020 urban water management plan.

(b) An urban retail water supplier shall adopt one of the following methods for determining its water efficiency target pursuant to subdivision (a):

(1) Seventy-five percent of the urban retail water supplier's base daily per capita water use calculated using the methodology developed by the department pursuant to section 10608.20.

(2) Establishment of a retail-level water efficiency target that is the sum of the following:

(A) The residential population multiplied by fifty-five gallons of water use per person per day.

(B) For irrigable landscape served by a residential or dedicated irrigation meter, an estimate of total irrigation demands within the supplier's service area, based on the following factors:

(i) Evapotranspiration adjustment factor of 1.0 for parcels developed before 1992 and for special landscape areas.

(ii) Evapotranspiration adjustment factor of 0.8 for parcels developed between January 1, 1992 and December 31, 2009;

(iii) Evapotranspiration adjustment factor of 0.7 for parcels developed between January 1, 2010 and December 31, 2015;

(iv) Evapotranspiration adjustment factor of 0.55 for residential parcels developed after January 1, 2016;

(v) Evapotranspiration adjustment factor of 0.45 for commercial parcels developed after January 1, 2016;

(vi) Parcels in commercial or non-commercial agricultural use may be included by the urban retail water supplier, at its sole discretion, using an evapotranspiration factor of 1.0 in the calculation of the water use efficiency target or in the calculation for compliance of the target.

(C) A volume of water to account for the variances taken by the water supplier due to unique situations within their service area and developed under subsection (e).

(3) Ninety percent of the applicable hydrologic region target, as set forth in the State's 20x2020 water conservation plan, dated February 2010. If the service area of an urban retail water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(c) Each urban retail water supplier shall meet its adjusted 2025 water efficiency targets by December 31, 2025, unless the supplier reports to the department that economic or hydrologic conditions beyond the supplier's control rendered it impossible for the supplier to do so. Urban retail water suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis. An urban retail water supplier shall report on its compliance with this section in its 2025 urban water management plan required to be submitted by July 1, 2026, pursuant to Section 10621.

(d) An urban retail water supplier shall calculate its compliance with subsection (c) based on the method by which it set its water efficiency target. An urban retail water supplier shall base its adjusted water efficiency target and compliance with that adjusted target on the best available information concerning population, irrigable landscape acreage, and other factors that affect water use within its service area.

(1) An urban retail water supplier that determines its water efficiency target under subdivision (b)(1) shall calculate its compliance with subsection (c) by comparing the adjusted water efficiency target with the urban retail water supplier's compliance daily per capita water use.

(2) An urban retail water supplier that determines its water efficiency target under subdivision (b)(2) shall calculate its compliance with subsection (c) by comparing the water efficiency target with the total volume of gross water use measured through residential and dedicated irrigation meters during the final year of the reporting period.

(A) If an urban retail water supplier includes parcels in agricultural use in its water efficiency target pursuant to subsection (2)(B)(vi), the urban retail water supplier shall include water use for those parcels in its compliance calculation.

(B) An urban retail water supplier that determines its water efficiency target under subdivision (b)(2) shall include in its report on compliance with subsection (c) a report on its implementation of the performance measures for efficient commercial, industrial and institutional water use identified in its urban water management plan.

(3) An urban retail water supplier that determines its water efficiency target under

subdivision (b)(3) shall calculate its compliance with subsection (c) by comparing the adjusted water efficiency target with the urban retail water supplier's compliance daily per capita water use.

(4) Water use or loss caused by conditions of disaster or extreme peril to the safety of persons and property, including such conditions, whether natural or human-caused, as fire, flood, storm, drought, epidemic, riot, earthquake or other conditions, shall be excluded from compliance with the water efficiency target.

(5) The deadline for urban retail water suppliers to submit their plans under Section 10621(e) shall be extended if the department does not release the final database under section 10608.47 by July 1, 2019. That extension shall equal the length of time between July 1, 2019 and the department's release of that final database.

(6) Each urban retail water supplier shall have the discretion to achieve its water efficiency target under this Section, and to design and utilize any rate structure, in any manner otherwise consistent with that supplier's legal authority.

(7) Each urban retail water supplier shall have the discretion to measure progress towards achieving its water efficiency target under this Section by considering the factors described in Section 10608.24(d), (e) and (f).

(8) Notwithstanding the method used by an urban retail water supplier to calculate compliance with subsection (c), each urban retail water supplier shall address water loss within its service area pursuant to section 10608.34.

(e) The department, in consultation with the Urban Stakeholder Committee, shall develop standardized variance methodologies for livestock, swamp coolers, significant transient population increases, construction water for soil compaction and dust control, potable water used to supplement ponds and lakes to sustain wildlife, vegetation irrigated for fire protection, and landscapes irrigated with recycled water having high levels of total dissolved solids, or other water quality concerns. The department, in consultation with the Urban Stakeholder Committee, shall also develop standardized variance methodologies for other factors identified by the committee, and shall develop a process for agencies to submit supporting documentation for other variances that shall be included into the calculation of the urban retail supplier's water efficiency target as described under subsection (b)(2).

(f) The department, in conjunction with the Urban Stakeholder Committee, shall develop a methodology to calculate the irrigable area associated with special landscape areas by aerial imagery or date of parcel establishment so that the urban retail water supplier may develop its appropriate water efficiency target as described under subsection (b)(2).

(g) For purposes of this section, the term "special landscape area" means an area of the landscape dedicated solely to edible plants, recreational areas, areas irrigated with recycled water, or water features using recycled water designed within and have the same

evapotranspiration adjustment factor as contained in the Model Water Efficient Landscape Ordinance, adopted September 15, 2015 .

10608.45.

(a) By January 1, 2018, the department, in consultation with the board, shall convene a commercial, industrial and institutional water use efficiency task force consisting of urban retail water suppliers, urban wholesale water suppliers, academic experts, economic development interests, business community representatives, environmental organizations, commercial water users, industrial water users, and institutional water users. The urban retail water suppliers included on the task force shall include a broad spectrum of commercial, industrial, and institutional customers throughout the State, and include representation of combined retail water and wastewater agencies. The task force's overall objective shall be to recommend appropriate water efficiency measures for various segments of the commercial, industrial, and institutional water use sector.

(b) By December 31, 2019, the task force, in consultation with the department and the board, shall submit a report to the Legislature that shall recommend appropriate performance measures for commercial, industrial or institutional water use which shall rely, to the extent appropriate, on the 2013 report to the Legislature entitled CII Task Force Water Use Best Management Practices Report to The Legislature and supports the economic productivity of California's commercial, industrial, and institutional sectors. The report required by this subdivision shall include, among other content, the following:

(1) Appropriate commercial, industrial and institutional classifications that address significant uses of water and are consistent with the classifications and standards developed by the North American Industry Classification System; and

(2) Recommendations for appropriate thresholds by which urban water suppliers could require commercial, industrial, and institutional water users to participate in audits and the development of water management plans; and

(3) Evaluation of feasibility criteria and cost-effectiveness of separating mixed-use meters and equivalent technologies, and recommendations on when separating mixed-use meters should not be required.

(c) Using available funds, the department shall provide technical and financial assistance to the task force to enable the completion of the reports under this Section within the required time frame and assist water suppliers and water users to comply with any new requirements described therein.

10608.46

(a) The department shall reconvene its Urban Stakeholder Committee by April 1, 2018. The committee shall consist of a mix of small, medium and large urban retail water suppliers from throughout the state, including at least one representative from each hydrologic region. The committee shall also include academic experts, urban wholesale water suppliers, business

organizations, and environmental organizations, as well as representation of combined retail water and wastewater agencies.

(b) By July 1, 2019, the department shall consult with the committee to develop the variance methodologies required by section 10608.25(e).

(c) By July 1, 2019, the department shall consult with the committee to develop the methodology to calculate the irrigable area associated with a special landscape area as required by section 10608.25(f).

(d) By January 1, 2020 and every five years thereafter, the committee shall develop a report to provide information and recommendations to the department and the Legislature on new demand management measures, technologies, and approaches. The department shall review the committee report and include in the final report to the Legislature the department's recommendations and comments regarding the committee process and the committee's recommendations.

(e) By December 31, 2025, the committee, in consultation with the department and the board, shall submit a report to the Legislature that makes recommendations for potential adjustments to 2030 water efficiency targets and commercial, industrial and institutional performance measures, consistent with the report provided to the Legislature under section 10608.45(b), for implementation no sooner than 2030. If the committee recommends a change in the water efficiency targets or performance measures, the report shall:

(1) State the technical changes or scientific basis that justifies a change in the targets or performance measures.

(2) Evaluate potential unintended consequences created by the proposed changes which could negatively impact California's economy, wastewater infrastructure, or local investments in water infrastructure and supplies, including specific impacts to the amount of recycled water or desalinated water available within the state.

(f) Using available funds, the department shall provide technical and financial assistance to the committee to enable the completion of the reports under this Section within the required timeframe and assist water suppliers to comply with any new requirements described therein.

(g) The Legislature shall determine if changes to the efficiency targets is warranted based on the report submitted.

10608.47.

(a)(1) By July 1, 2019, the department shall provide to urban retail water suppliers, in electronic form, a database of validated aerial imagery and measured irrigable area for all residential and commercial, industrial and institutional areas within each water supplier's service area. The database shall correlate the relevant irrigable areas with assessor parcels within each water supplier's service area and shall state the year of parcel development. The database shall contain downloadable reference evapotranspiration data with representative

climate zones for all urban retail water suppliers. The database's aerial imagery data shall be suitable for determining the appropriate amount of irrigation for a variety of vegetation, including without limitation large trees and irrigable area under native tree canopy. The department shall update the database by December 31, 2025 and every five years thereafter.

(2) The department and all urban retail water suppliers shall maintain the confidentiality of the information in the department's database to the extent consistent with the Public Records Act (Gov. Code §§ 6250 et seq.).

(3) Prior to releasing the database under this subdivision, the department shall conduct a statistically valid review of the accuracy of the information in the database. In conducting this review, the department shall consult with a representative sample of urban retail water suppliers representing each of the state's hydrologic regions.

(4) An urban retail water supplier may use its own database of validated aerial imagery, measured irrigable area and date of parcel development for properties within its service areas for purposes of section 10608.25(b)(2)(B), if the water supplier certifies that it is of comparable or better quality than the relevant information included in the department's database.

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.A **Support Services - March 2017 Report**

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

TYPE OF ACTION: **None**

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has deposited \$839,274.60 to date into the Trust Account for reserves recovery as of February 10, 2017. This represents 77.2% of the \$1,087,684.00 total reserve that need to be recovered.

The District has \$324,024.37 to date in the Trust Account for the next Biosolids Disposal project.

Customer adjustments year-to-date total \$9,674.81, which represents 81% of the annual \$12,000 budget for this sub-item. (GL# 501-62120)

Total Board Travel year-to-date equals \$11,968.19, set against an annual budget of \$12,000. As there are Board approved travel expenses that have not yet been incurred, this line item is likely to go over budget and require a Board approved budget amendment. (GL# 001/005/501/551 62090-888)

Budget Update: The Draft Operating budget for Parks/General Fund is part of this month's Board Packet. A detailed discussion is included with the Board Agenda Item. The Operations Department Draft operating budget will be presented next month.

Treasurer's Report Highlights: Water Fund capacity fees of \$5,000.00 were collected during January, for a year-to-date total of \$96,916.00. Wastewater Fund capacity fees increased by \$8,578.00 for a total of \$176,352.00. Neither Capital Contributions nor Capacity fees are included in the income vs. expenses graphs of the Treasurer's Report.

The Investment and Cash Flow report shows the balances and activity in each major cash account held by the District. The operating accounts are listed first, followed by each investment account (LAIF, Humboldt County Trust Accounts, the USDA Bond Sinking Fund account, and CalTRUST.) At the end of the report, the total cash and investments from the prior month is listed so users can see the change from month to month. The current month total is also broken down at the very bottom of the page.

Cash and Cash Equivalents contains working capital and reserves designated by Board policy. Other legally required cash reserves for various loans are stated separately.

OTHER UPDATES

The seventh disbursement from the State Revolving Fund loan for construction costs related to the new Wastewater Management Facility was received at the beginning of February. Disbursement request #08 has been approved for payment by the State Revolving Fund. Disbursement request #09 was processed and sent to Kennedy-Jenks for review. On the Debt page of the Treasurer's Report, the loan principal amounts will be accumulated until the SRF provides a final loan amount after construction is finished in FY2017-18.

The District's Liability Insurance Renewal was submitted to the Special District Risk Management Authority (SDRMA) ahead of the March 15, 2017 deadline. SDRMA, the District's liability and worker's comp insurance carrier, has declared longevity distribution credits of \$1,055 for our FY17-18 liability policy and \$1,855 for our FY17-18 worker's comp policy. Information on the District's purchase of supplies was also submitted at the request of the State Board of Equalization.

Erik Jones and Jason Patton ran an Emergency Operations table-top exercise for the General Manager and Department Heads on March 16. The current focus is proper use of both method and forms for planning and executing non-emergency events.

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.B **Operations Department – February 2017 Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 31.2 million gallons of water in February. Seven 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 conducted in Routes 2,3 and 4 along with a minimal number of retests. Customers with failed DCV's were notified to make repairs and call the office to schedule a retest.

Average and Maximum Water Usage:

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

Water Distribution Maintenance:

Weekly Bacteria Samples were collected on Schedules 3, 4, 5 and 6 which represent different locations in the water system. The schedules are made up of a sample taken in each pressure zone. A water service was relocated on Berg Avenue due to road traffic crushing the meter box.

Water Station Maintenance:

The Cochran Road 1.5 Million Gallon Tank Painting Project is in process. The contractors and coating inspectors were scheduled to come back at the beginning of April to prep and paint the exterior, but due to weather, that may get pushed back a few weeks. Staff will be monitoring the weather along with engineers to look for a window to complete the project. The Cochran Tank seismic valve operator received repairs. The valve stalled the motor out causing the brushes to get hot. Staff replaced brushes and put the operating valve back in service.

As of July 2014, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the Board updated each month using the Table below.

Water Usage Comparison in Million Gallons

	2013	2016	% Reduction	2016 Recycled	R- GPCD
January	38.241	33.054	14	0	49
February	33.751	31.319	9	0	51
March	36.244	33.761	7	0	49
April	39.755	34.892	13	0	51
May	49.407	36.635	26	11.3	53
June	51.337	44.589	14	22	61
July	54.757	47.992	13	14.7	61
August	55.908	46.442	17	16.1	64
September	45.702	45.201	2	6	69
October	39.439	36.613	8	14.7	59
November	34.879	33.224	5	0	50
December	35.203	34.782	2	0	49
	2013	2017	% Reduction	2016 Recycled	R- GPCD
January	38.241	35.670	7	0	50
February	33.751	31.146	8	0	54

*Recycled water is reclaimed water that is used for irrigating crops.

New Construction Inspections:

Central Estates Phase 2D; All water main and services have been installed. All sewer mains and laterals have been installed. PG&E have started their underground installation. Testing will continue once they are done. McKinleyville BMW Expansion; A 4" fire service was tapped and installed. DCV and sampling still remains on the check list. Grocery Outlet; The water main crossing Central Avenue should happen soon.

Sewer Department:

Waste Water Statistics:

44 million gallons of wastewater were collected and pumped to the W.W.M.F. 51 million gallons of wastewater were treated and discharged to land disposal or reclamation in February.

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

Sewer Station Maintenance:

A new blower was installed at the Fischer sewer lift station due to the old one not producing enough air and being worn out. The blower controls the environment in the wet well by blowing fresh air in from outside to help eliminate hydrogen sulfide, which is very toxic and corrosive. Pumps were lubed and shimmed, motors were serviced and wet well was washed at the Letz sewer lift station. This was part of the semi-annual and quarterly maintenance.

Sewer Collection System:

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule. The flow totalizer was installed in selected manholes to collect wet weather flow. This data will be used against dry weather flow to help located inflow and infiltration. This process will take approximately 2 months to complete. Staff has been spending a majority of the time inspecting manholes for Inflow and Infiltration during the wet winter due to influent flows rising. Staff has found and repaired several leaks which has resulted in stopping a lot of unwanted rain water. Staff will continue to look in manholes for clear water and possible leaks while the water table is high.

Wastewater Management Facility:

The Chlorine Contact Basin was drained and cleaned with fire hoses. O&M manuals were collected from the plant, scanned and sent to the engineers to include into the new facility upgrade O&M binder. Two plugged aerators were pulled from the ponds, had rags and debris removed and placed back into service.

Daily Irrigation and Observation of Reclamation Sites:

Weekly well monitoring was conducted along with the Fischer Ranch tree farm as part of the tree farm pilot study. An irrigation plan is still pending. Wells will be used to monitor the uptake of each tree species.

Street Light Department:

Three streetlight complaint was reported in February due to bad photo cells.

Promote Staff Training and Advancement:

Weekly tailgate meetings and training associated with job requirements. Staff members attended the annual HAZWOPER training. Quantitative fit testing was performed on Operations staff.

Special Notes:

Staff attended wastewater training in Vacaville to prepare for grade 4 exam.
Tractors, Dump Truck and Vac-con received their annual DOT inspection.
Monthly river samples were completed.
Monthly Self Monitoring Reports (DMR/SMR) were submitted.
Public Water Monthly Monitoring report was submitted.
Monthly Water Quality report was sent to the Dept. of Health.
Monthly Pesticide applicator report was submitted to Department of Agriculture.
IPM group held a couple meetings to work on the Matrix.
Acute samples were collected and sent to the lab.
Staff members attended an Emergency Operations meeting.
Annual Wastewater report was submitted to SWRCB
Annual Water report was submitted to SWRCB
IDP's were reviewed with staff and the GM.
Attended informal phone conference with OSHA to discuss potential appeals and MCSD's options for abatement.
Staff worked on Parks operating budget.

WWMF upgrade status:

The Clarifiers have been water tested and backfilled around the exterior walls. The mechanical equipment has been installed in each clarifier. The maintenance building, Vac-con dump area and headworks are approximately 85% completed. Piping from mixed liquor to Aeration basin is being installed along with running wire. Aeration basin 2 is still under construction. The contractors have been dealing with wet weather and trying to keep the site manageable. The time lapse camera footage is still being collected and will continue through the construction phase. Weekly meetings have been held to discuss progress and scheduling.

Parks:

Several open space zones received mowing, hedging and maintenance as part of the Open Space Maintenance Zone agreements. The Facilities were mowed and cleaned as part of the weekly schedule along with rental events. Tree pruning has taken place at several open space zones. Maintenance and repairs have been taking place at the Hiller Sports Site to prepare the facility for baseball season. This includes painting, french drain repair and backstop repairs. A picnic table was donated to the dog park area. Concrete was poured to install an anchor to chain the table to.

GIS:**Management Plans:**

Completed Respiratory Protection Plan (RPP), ready for final review by MCSD:
Met with Ross McDonald to go over QNFT procedures needed for new masks and to insert procedures into RPP.
Began developing Outlook calendar to track necessary reviews, audits, and trainings for MCSD programs/plans.
Began researching Emergency Disinfection Plans.

Updated Plans and Programs (PP) binder to reflect added plans to binder and recent safety meeting trainings.
Watched Risk Management Professional Webinar series: Effectively Utilizing CalARP/RMP/PSM Contractors to optimize process safety culture.

OSHA:

Reviewed citations from OSHA audit to prepare for potential appeals and abatements.
Met with Rus Brown to go over response to OSHA for citations.
Attended multiple interdepartmental meetings to review abatement response.
Attended informal phone conference with OSHA District Manager to discuss potential appeals and MCSD's options for abatement.
Prepared abatement documents for OSHA:
Inserted PSM section into IIPP
Updated CL2/SO2 handling procedures to include full face respirator and gas detector.
Inserted Process Hazard Information and new CL2/SO2 procedures into PSM.
Completed abatement forms. Saved signed copies on P drive and mailed original hardcopies to OSHA.

Maps Completed:

Created multiple maps for USAN.
Collected GPS points for fire service valves at BMW and Fire Station.
Updated Sewer and Water layers to reflect collected valve points and current lines/lateral locations.
Created map for sewer manholes on Henry Lane, corrected Manhole labels on that street.

Sanitary Sewer Collection System Survey Water Year 2017

Updated Sewer Flow Tote data for WY 2017 survey:
Updated all flow excel spreadsheets
Continued to add current data to spreadsheets as it came in from the field.
Created SOP for downloading/uploading Flow Tote data from Hach Data Logger to Field laptop.

Misc. Work Completed

Service Orders.
Compiled requested files into folder for GHD consultants regarding the Water and Sewer Mainline Master Plans.
Flagger training at the Northern California Safety Consortium.

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.C Parks & Recreation Director's Report for March 2017

PRESENTED BY: Lesley Frisbee, Recreation Director

TYPE OF ACTION: None

TEEN & COMMUNITY CENTER:

To date, the following funding has been secured for the Teen & Community Center:

Organization	Amount	Purpose
Mad River Rotary-Donation	\$25,000	Commercial Kitchen
Mad River Rotary-Grant (2015)	\$2,000	Commercial Kitchen
Mad River Rotary-Grant (2016)	\$3,000	Music equipment
McKinleyville Area Fund (2014)	\$3,000	Audio-Sound System
McKinleyville Area Fund (2016)	\$2,500	TV's and Blue Ray player
McKinleyville Area Fund (2017)	\$3,075	Kitchen Equipment
McKinleyville Lions Club	\$1,000	Kitchen Equipment
Humboldt Area Foundation	\$10,000	Tables & Chairs for Classrooms
McKinleyville Kiwanis Club	\$2,000	Computer equipment
Legacy Path & Giving Tree donations	\$21,595	Unrestricted
Karaoke Night event	\$593	Unrestricted
Pints for Non-Profits	\$743	Unrestricted
Umpqua Bank	\$1,200	Landscaping
TOTAL:	\$75,706	

Staff continue to solicit donations for the Teen & Community Center through brick and leaf sales. The second order of bricks has been placed. Delivery is estimated to be between April 21-April 28, 2017. Staff plans to have the second round of bricks installed by May 2017.

Boys & Girls Club of the Redwoods Teen Club in McKinleyville is serving 35-40 youth per day in the after school hours. Most of these youth are in the middle school age range. BGCR staff continue to reach out to the high school to increase connections with high school age teens.

Staff continue to meet with the BGCR Teen Club Site members regularly to ensure adequate information sharing and exchange in regard to programs as well as shared facility use. Staff of both organizations also continue to explore collaborative event offerings as well as fundraising opportunities to support teen programs and activities.

RECREATION ADVISORY COMMITTEE:

The Recreation Advisory Committee met on Thursday, March 23, 2017. The notes from the meeting are attached as **Attachment 1**.

RECREATION PROGRAM UPDATES:

- Kids' Club After School Program-*the program is full at Dows Prairie and at 90% capacity at Morris. The participation of Americorp 1-2 days per week at the program is going very well and is proving to be a very helpful partnership.*
- Playgroup-*the program continues to have 20-30 families attending each day it is offered. Staff recently met with First 5 of Humboldt Director regarding the future of First 5 funding for playgroup programs. It is anticipated that the funding for such programs across the state will be severely limited within the next 3-5 years, due to dwindling tobacco tax dollars.*
- Jiu Jitsu-*the current session which began Feb. 28 and runs through Apr. 6 is hosting 17 youth participants. This has been a good addition to programming.*
- Breakout-*the President's week program served 46 youth per day. Spring Break program will run April 17-21, and registration is currently being accepted.*
- Youth Basketball League-*the league ended March 11th. A total of 227 youth in 3rd-9th grades participated.*
- Pee Wee Basketball-*Registration is currently open for this program that serves youth in Kindergarten thru 2nd grade. The program will begin April 17 and run thru June 10, 2017.*
- Drop in Pickleball-*Wednesday morning pickleball has remained steady, and Friday evening pickleball had to take short break during the youth basketball season, but began running again on Friday, March 31, 2017.*
- Drop in Basketball-*continues to serve 25-30 participants per Sunday evening.*
- Humboldt Hoops 3 on 3 Tournament-*the tournament took place Friday, March 24-Saturday, March 25th. Unfortunately, due to conflicting AAU tournaments and other events, the enrollment for the tournament this year is much lower than the previous year. We always run this tournament the last weekend of March, this is the first year it has conflicted with another tournament.*
- Tot-letics-*the first run of our Tot-letics program, replacing KinderSports, will begin April 8. As of today there are 26 participants ages 3-5 years old. The program participant capacity is 32. We anticipate the program to be full by the start date.*
- Adult Basketball-*Team registration for our new 5 on 5 Adult Basketball league is open. The league will begin on April 25 and run thru June 15. \$500 per team. Up to 11 players per team.*
- Futsal-*Adult futsal began March 15. There are 46 adults playing in the league this Spring. The program will run thru May 24th.*

OTHER UPDATES:

- McKinleyville Lions Club donated \$1000 to go toward kitchen cooking equipment.
- McKinleyville Area Fund awarded the Parks & Recreation Dept. a grant of \$3075 also for kitchen cooking equipment.
- Humboldt Sponsors awarded a grant of \$1500 to go towards the Youth Fee Reduction Fund.

- Community Survey will be ready to send to public by mid-April
- Staff met with Lost Coast Outpost regarding online advertising on and is working on updating the department marketing strategy in order to boost facility use revenues.

Exhibits/Attachments

- Attachment 1 – RAC Meeting Notes 3-23-17

Thursday, March 23, 2017

6:30pm

Recreation Advisory Committee Meeting

NOTES

Members Present: John Kulstad, Mary Burke, George Wheeler, Bill Prescott, Addison O'Hanen, Charlie Caldwell, David Coelho, Jeff Dunk, Johnny Calkins, Kevin Collins

Members Absent: Kevin Collins, Chad Sefcik,
Guest/Public: Humboldt Skate Park Collective members

Meeting Notes:

Communications:

- Staff informed RAC of recent damage to turf at Pierson Park, gave an update on Teen Center Kitchen and reported on Hiller Sports Site preparations for the upcoming spring sport season

Public Comment:

- No Public Comment

Humboldt Skate Park Collective Presentation for Development of a skate park in McKinleyville

- Charlie Caldwell presented the HSPC plan for developing a skate park in McKinleyville. RAC members asked questions and provided feedback to the presentation. The HSPC will bring the presentation before the MCSD Board on April 5, 2017

Site Recommendation for Skate Park Development:

- RAC members discussed the existing properties in MCSD's inventory that could possibly accommodate a skate park
 - Pierson Park and the property on School Rd. were discussed
 - RAC and HSPC members listed several reasons why Pierson Park made the most sense
 - General Manager and staff urged the RAC to consider possible pitfalls to the locations being discussed, as well as urged the RAC to make an effort to ensure that the public was aware that this project is being discussed and that the location is a decision that is being discussed.
- M. Burke provided some material outlining key considerations when selecting a location for a skate park
- The RAC proposed using the April meeting as an opportunity to invite the public to be part of the discussion of where a skate park would be best located.

The discussion for skate park site recommendation took the rest of the meeting, all other items on the agenda were postponed for a future meeting.

Agenda Items for April Meeting:

- Skate Park location recommendation-meeting to be held at Teen Center.
 - Staff will publicize meeting and invite public input
 - RAC will facilitate public process for selecting a location to be recommended

Adjournment:

- Moved by J. Calkins, 2nd by J. Dunk
- Adjourned at 8:30pm

McKinleyville Community Services District

BOARD OF DIRECTORS

April 5, 2017

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.D General Manager's Report for April 2017 Meeting

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: Information Only

A summary of activity for the month of March 2017

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

• Accountant Discount	\$41
• Audit Services Discount	\$245
• Humboldt Sponsors for Program Fee Reduction	\$1,500
• McKinleyville Lion Club Grant for Kitchen Supplies	\$1,000
• McKinleyville Area Fund Grant for Kitchen Supplies	\$3,075
• Tank 1B Seismic Valve Repair of Motor	\$600
• Teen Center Kitchen Appliance Installation	\$320
• SWAP	\$4,640
• Community Service Workers	\$1,288
• Northern Humboldt Employment Services	\$2,610

Total cost savings for **March** are \$15,319

The cumulative cost savings to the District to date from July 1, 2016 is \$160,592

District staff are recognized 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, ratepayers, and the community.

Individual Development Plans – Annually, management and staff participate in a process to assist employees in career and personal development. Its primary purpose is to help employees reach short and long-term career goals, as well as improve current job performance. Another function of the IDP allows management to assess cross training for succession planning purposes.

Water and Wastewater Mainline Upgrade, Replacement and Rehabilitation Facility

Plan – The Professional Services Agreement was executed and our consultant has received the information necessary to begin the project. The information included the GIS master maps, the water and sewer models, and water and sewer flow data to name just a few.

Integrated Pest Management Plan – The entire Plan is nearly completed; this includes the IPM narrative, the Guide to Reduced Toxicity Pesticide List, Control Alternatives and Cost Assumptions and supporting appendices. Following completion of the entire package, the Plan will be brought to the Board to review as an informational item.

Teen Center – A minor oversight during construction has required our staff to run wiring to connect the fire alarm system panel and the cook surface fire suppression system together. Once completed, the shroud above the exhaust hood will be installed and the software integrated for the fire suppression system and the fire alarm system.

Camino Way OSMZ – A survey was distributed to the Camino Way residents to determine their wishes related to the Open Space Zone assessment. The deadline to return the surveys was February 10 but at that time, we did not have a majority response. Staff attempted contact with the remaining customers and as of now all but three customers have responded. The tally is 9 in favor of reassessment and 8 in favor of dissolution. This item will be before the board at the April meeting for resolution.

WWMF Improvements – A weekly meeting is attended by staff to discuss the three-week rolling schedule, submittals for materials, requests for information and progress to that point. Due to the seasonally high precipitation rates, work was impacted significantly. In March, the clarifier apparatus manufacturer was on site to sign off on the installation. The majority of the underground conduits have been completed and the pulling of wire is well underway. The Electrical/ Blower Building is very near completion, including the installation of the primary feed wiring and intertie between the emergency generator electrical service and should be finalized by the end of April. The vast majority of work remaining involves completion of the underground piping and associated tie in to existing infrastructure. The transfer to the new electrical service in April. The completion of Aeration Basin #2 and the compressed air systems. After completion of the underground work, final fill and subgrade will be completed and paving will follow. Plant start up is scheduled for late May early June, depending on the weather.

Digital Control, SCADA and Telemetry Upgrade Project – Due to the age of existing hardware on the wastewater system and unreliable support for the water system, staff will solicit proposals for a design build project to update the entire digital control system for our water, sewer stations and tanks. Review of the Request for Proposals will be finalized early in April followed by the solicitation for Proposals.

Measure B Protest Hearing Preparation – The annual procedure to remain Proposition 218 compliant is nearing completion and will allow the levying and collection of roughly \$210,000. Final review of the Engineers Report was completed after updating the financial information to reflect the FY 17/18 draft budget. The creation of resolutions to approve the engineer's report and authorize the levy and collection Measure B assessment are part of the April Protest Hearing.

Off Channel Coho Habitat and Perk Pond Decommissioning – A necessary consideration for the Coho pond project will be the formal decommissioning of the Percolation ponds and the necessary permitting. This will be accomplished through a 401 Permit but any biosolids remediated from the site will have to have a place to go. Staff participated in a phone conference with Region 1 staff about this matter. The conclusion of the meeting was MCSD's pending NPDES permit and WDRs to include language that allows for the reuse of biosolids as a soil amendment in their reclamation areas, per the requirements of the State Water Resources Control Board, waiving the clause that the General Order is not applicable in the California Coastal Zone.

Community Forest – John Bernstein, Trust for Public Lands (TPL) contacted us related to grant opportunity. With the assistance of TPL, MCSD will be applying for an Urban Greening Grant through the State of California. The online application deadline is May 1st.

Meetings – The General Manager attended various meetings this month including CSDA Alliance Executive Council, Audit Committee and Fiscal Committee meetings via phone conference and Executive Committee Meeting in Sacramento. The GM met with Charlie Caldwell and attended the RAC meeting to discuss the process for a Right of Entry Agreement with the Humboldt County Skate Park Collaborative. GM also met on two occasions with staff to discuss the Parks and Recreations operating budget.

Exhibits/Attachments

- Attachment 1 – WWMF Monthly Self Monitoring Report

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

March 23, 2017

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for February 2017 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 27 days to Discharge Point 001. The required monitoring and water quality constituents that were tested and reported were in compliance in February.

The requirement for BOD is 45 mg/L, 604 lbs/day and 65% removal for the monthly average with four weekly tests in February that represent eleven criteria. The BOD results for February are in compliance.

The requirement for TSS is 83 mg/L, 1108 lbs/day and 65% removal for the monthly average with four weekly tests in February which represent three criteria. The TSS results for February 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 February 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 February are as follows. Median was 2 and a Maximum of 4.5. Four samples were collected in the month of February and were in compliance.

Monthly River Monitoring was conducted in February.

Acute testing for February was conducted using Rainbow Trout and C.Dubia. Rainbow Trout had a 100% survival and C.Dubia had a 100% survival.

WWMF Upgrade Status: Clarifier "A" and "B" mechanical equipment is installed. The headworks and maintenance building are 85% completed. Piping from Mixed liquor to Aeration basin is being installed along with running wire. Aeration basin 2 is still under construction. The biosolids basin is lined. The rain has slowed the project down a little. Backfilling around the clarifiers is near completion. Weekly meetings have been conducted with District staff, contractors, engineers and the project manager. Contractors have 521 days to complete the project. They have projected to be completed by July 2017.

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

FEBRUARY 2017

Discharge Monitoring	002	002	004	003	006	005	001				
M-INF	M-001	M-003	M-003	M-005	M-004	M-007	M-006	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	1.143	1.641	1148							0.000	1.641
2	1.118	1.357	1134							0.000	1.357
3	1.200	1.240	995							0.000	1.240
4	1.284	1.408	986							0.000	1.408
5	1.364	1.411	987							0.000	1.411
6	1.414	0.567	984							0.000	0.567
7	1.488	0.000	0	Washed CCB						0.000	0.000
8	1.498	0.950	1077							0.000	0.950
9	1.717	1.596	1152							0.000	1.596
10	1.611	1.771	1390							0.000	1.771
11	1.528	2.051	1469							0.000	2.051
12	1.512	2.128	1499							0.000	2.128
13	1.378	2.161	1516							0.000	2.161
14	1.313	2.171	1526							0.000	2.171
15	1.349	2.158	1510							0.000	2.158
16	1.821	2.122	1493							0.000	2.122
17	1.712	2.145	1505							0.000	2.145
18	1.774	2.152	1517							0.000	2.152
19	1.834	2.175	1522							0.000	2.175
20	1.930	2.157	1507							0.000	2.157
21	1.975	2.134	1515							0.000	2.134
22	1.868	2.193	1553							0.000	2.193
23	1.876	2.237	1584							0.000	2.237
24	1.685	2.279	1602							0.000	2.279
25	1.687	2.285	1604							0.000	2.285
26	1.706	2.303	1619							0.000	2.303
27	1.714	2.321	1626							0.000	2.321
28	1.636	2.312	1625							0.000	2.312
TOTAL	44.135	51.425		0.000	0.000	0.000	0.000	0.000	0.000	0.000	51.425
AVERAGE	1.576	1.837	1344	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.837
MAXIMUM	1.975	2.321	1626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.321
MINIMUM	1.118	0.000	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DAYS	28	27		0	0	0	0	0	0	0	27
DAYS WITH NO DISCHARGE = 1											

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
RIVER CFS - EFFLUENT FLOWS -

RIVER DILUTION

February 2017

M-004

M-005

M-006

DATE	M-INF INFLUENT MGD	M-001 EFFLUENT MGD	EFFLUENT MAXIMUM GPM	M-003 PERK PONDS MGD	M-007 IRRIGATE MGD	M-002 RIVER MGD	RIVER DILUTION 100:1	MAXIMUM G.P.M. DISCHARGE FOR 100:1	RIVER FLOW IN CFS	RIVER FLOW IN GPS
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1	1.143	1.641	1148			1.641	864	9920	2210	16533
2	1.118	1.357	1134			1.357	863	9785	2180	16309
3	1.200	1.240	995			1.240	1525	15171	3380	25286
4	1.284	1.408	986			1.408	4689	46233	10300	77054
5	1.364	1.411	987			1.411	4066	40128	8940	66880
6	1.414	0.567	984			0.567	5474	53863	12000	89772
7	1.488	0.000	0		Washed CCB	0.000	0	62840	14000	104734
8	1.498	0.950	1077			0.950	6377	68676	15300	114459
9	1.717	1.596	1152			1.596	6546	75408	16800	125681
10	1.611	1.771	1390			1.771	6426	89323	19900	148872
11	1.528	2.051	1469			2.051	4033	59250	13200	98749
12	1.512	2.128	1499			2.128	2827	42372	9440	70621
13	1.378	2.161	1516			2.161	2147	32542	7250	54237
14	1.313	2.171	1526			2.171	1712	26124	5820	43539
15	1.349	2.158	1510			2.158	1409	21276	4740	35460
16	1.821	2.122	1493			2.122	2637	39365	8770	65608
17	1.712	2.145	1505			2.145	2058	30971	6900	51619
18	1.774	2.152	1517			2.152	2101	31869	7100	53115
19	1.834	2.175	1522			2.175	1722	26213	5840	43689
20	1.930	2.157	1507			2.157	1722	25944	5780	43240
21	1.975	2.134	1515			2.134	4918	74511	16600	124185
22	1.868	2.193	1553			2.193	3584	55659	12400	92764
23	1.876	2.237	1584			2.237	2695	42687	9510	71144
24	1.685	2.279	1602			2.279	1760	28188	6280	46981
25	1.687	2.285	1604			2.285	1254	20109	4480	33515
26	1.706	2.303	1619			2.303	909	14723	3280	24538
27	1.714	2.321	1626			2.321	867	14094	3140	23490
28	1.636	2.312	1625			2.312	773	12568	2800	20947

TOTAL	44.135	51.425		0.000	0.000	51.425				
AVERAGE	1.576	1.837	1344	0.000	0.000	1.837	2713	38208	8512	63679
MAXIMUM	1.975	2.321	1626	0.000	0.000	2.321	6546	89323	19900	148872
MINIMUM	1.118	0.000	0	0.000	0.000	0.000	0	9785	2180	16309
DAYS	28	28	27	0	0					

DAYS WITH NO DISCHARGE TO THE MAD RIVER = 1

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

YEAR: 2017

MONTH: FEBRUARY

DATE	INFLUENT FLOW M.G.D.	EFFLUENT FLOW M.G.D.	EFFLUENT MAXIMUM GPM	RIVER CFS	INFLUENT MONITORING		EFFLUENT MONITORING										3X5 TOTAL COLIFORM
					B.O.D. mg/L	N.F.R. mg/L	pH	(C°) TEMP	B.O.D. mg/L	NFR mg/L	AMMONIA	CL₂ RES.	RIVER CL₂ RES	SETTLABLE SOLIDS			
1	1.143	1.641	1148	2210			6.6	10.6			26	1.4	0.00				
2	1.118	1.357	1134	2180			6.7	10.3			24	1.0	0.00				
3	1.200	1.240	995	3380	210		6.6	11.1	16	11	28	1.8	0.00	<0.1			
4	1.284	1.408	986	10300			6.8	12.1			6.8	12.1	0.00				
5	1.364	1.411	987	8940			6.7	11.7				1.6	0.00				
6	1.414	0.567	984	12000			6.6	11.9			26	2.2	0.00		<1.8		
7	1.488	0.000	0	14000			Washed CCB										
8	1.498	0.950	1077	15300			7.1	13.6			24	2.1	0.00				
9	1.717	1.596	1152	16800			6.5	13.4			26	1.6	0.00				
10	1.611	1.771	1390	19900	210		6.7	12.2	13	11	30	5.2	0.00	<0.1			
11	1.528	2.051	1469	13200			6.8	11.9				6.2	0.00				
12	1.512	2.128	1499	9440			7.0	11.6				2.6	0.00				
13	1.378	2.161	1516	7250			6.9	11.5			24	2.1	0.00		4.5		
14	1.313	2.171	1526	5820			6.9	11.4			30	1.6	0.00				
15	1.349	2.158	1510	4740			7.0	12.4			30	0.5	0.00				
16	1.821	2.122	1493	8770			7.0	12.4			28	1.1	0.00				
17	1.712	2.145	1505	6900	190		6.9	12.3	18	10	28	2.8	0.00	<0.1			
18	1.774	2.152	1517	7100			6.8	12.6				3.1	0.00				
19	1.834	2.175	1522	5840			6.8	12.4				2.1	0.00				
20	1.930	2.157	1507	5780			7.0	12.4				1.7	0.00				
21	1.975	2.134	1515	16600			6.7	12.2			26	3.3	0.00		<1.8		
22	1.868	2.193	1553	12400			6.7	11.9			26	2.8	0.00				
23	1.876	2.237	1584	9510			6.9	10.9			30	3.9	0.00				
24	1.685	2.279	1602	6280	140		6.8	10.5	16	19	24	1.5	0.00	<0.1			
25	1.687	2.285	1604	4480			6.7	11.3				1.4	0.00				
26	1.706	2.303	1619	3280			6.6	11.7				1.8	0.00				
27	1.714	2.321	1626	3140			6.5	10.9			26	1.9	0.00		2		
28	1.636	2.312	1625	2800			7.1	10.3			26	1.6	0.00				

SPILLS:

None to report

30 DAY AVERAGE

BOD mg/L	16	BOD LBS/DAY	246	BOD % Removal	91	NFR mg/L	13	NFR LBS/DAY	204	NFR % Removal	93
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ACUTE TOXICITY

DATE	2/14/2017	% Survival	100%
Rainbow Trout	2/14/2017	% Survival	100%
C. dubia	2/14/2017	% Survival	100%

CHRONIC TOXICITY

TESTED	SURVIVAL
Minnow	N/A
C. Dubia	N/A
Algae	N/A
	TUc

Total Coliform	Monthly	MEDIAN
		2
Daily	Maximum	<1.8

MONTHLY TESTS

DATE	TDS	AMMONIA	NITRATE	BORON
2/15/2017	190	25.0	ND	150

Semi-Annual Tests	Value in ug/l
Bis phthalate	N/A
alpha-BHC	N/A
4,4' -DDT	N/A
carbon tetrachloride	N/A

Quarterly Tests	Value in ug/l
Dichlorobromomethane	N/A
Bromoform	N/A
Chlorodibromomethane	N/A
Chloroform	N/A

SIGNATURE: _____

REMARKS:

Indicates Permit Exceedance