

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

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

**Wednesday, February 1st, 2012
7:00 P.M.**

AGENDA

A. CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

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

B. APPROVAL OF THE AGENDA

C. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

D. CONSENT CALENDAR

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

D.1 Consider approval of minutes of the Board of Directors' Regular Meeting of January 4, 2012 **Pg. 4**

D.2 Consider approval of minutes of the Board of Directors' Continued Meeting of January 5, 2012 **Pg. 9**

- D.3 Consider approval of minutes of the Board of Directors Special Meeting of January 17, 2012 **Pg. 12**
- D.4 Consider approval of December 2011 Treasurer's Report **Pg.14**
- D.5 No DCV Violations this month.
- D.6 Consider approval of proposed Hiller Sports Complex youth sports organizations Facility Use Agreement Contracts **Pg. 29**

E. CONTINUED AND NEW BUSINESS

- E.1 Resolution Barbara Egbert's Retirement **Pg. 37**
- E.2 Resolution to honor David Baldosser for 15 years of service **Pg. 39**
- E.3 Water & Sewer Rate Analysis, Securing the Future and Investing in our Infrastructure **Pg. 42**
- E.4 Acceptance of 20-Year Facilities Plan **Pg. 45**
- E.5 Fiscal Year 2010/2011 Audit Presentation **Pg. 49**
- E.6 Consider Renewal of Right of Entry Agreement with McKinleyville Skate Park Organization **Pg. 108**
- E.7 Adopt Resolution 2012-01 Initiating Proceedings to Collect FY12/13 Measure B Assessments **Pg. 119**
- E.8 Board Policy Manual Revisions **Pg. 152**
- E.9 Fischer Ranch Lease Addendum **Pg. 156**
- E.10 Discussion regarding the Parks & Recreation Master Plan Update **Pg. 160**

F. REPORTS

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

F.1. ACTIVE COMMITTEE REPORTS

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

- i. Local and State Advisory Committee(Edwards, Alternate-Corbett)

F.2. STAFF REPORTS

- a. Support Services Department **Pg. 161**
- b. Operations Department (Greg Orsini) **Pg. 162**
- c. Parks and Recreation Department (Jason Sehon) **Pg. 165**
- d. General Manager (Norman Shopay) **Pg. 168**

F.3. PRESIDENT'S REPORT

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

G. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

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

H. CLOSED SESSION DISCUSSION

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

NO CLOSED SESSION SCHEDULED

I. ADJOURNMENT

Posted 5:00 pm on Friday, January 27th, 2012

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: D.1, D.2, D.3 **Consider Approval of Minutes from January 4, 2012, January 5, 2012 and January 17, 2012 Board Meetings**

PRESENTED BY: **Sharon Denison**

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

Recommendation:

Staff recommends that the Board approve the draft minutes from the January 4, 2012 Regular Meeting, January 5, 2012 Continued Meeting and January 17, 2012 Special Board Meeting.

Discussion:

The Draft Minutes from each of the above listed meetings are attached.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Exhibit D.1-Minutes from January 4, 2012 Regular Meeting
- Exhibit D.2-Minutes from January 5, Continued Board Meeting
- Exhibit D.3-Minutes from January 17, 2012 Special Board Meeting

EXHIBIT D.1

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, JANUARY 4, 2012 AT 7:00PM AT AZALEA HALL,
1620 PICKETT ROAD, MCKINLEYVILLE**

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

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

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

AGENDA ITEM A-CALL TO ORDER-INSTALLATION OF NEW DIRECTORS:

At 7:00pm President Edwards called the meeting to order and asked Board Secretary Sharon Denison to administer the oath of office to newly re-elected Directors Edwards and Corbett. Secretary Denison administered the oath of office at the podium and had each Director sign the certification of oath for County Elections.

AGENDA ITEM A.1-CERTIFICATE OF ELECTION RESULTS FROM NOVEMBER 8, 2011 FOR MCSD: No comments were made in regard to the certified election results.

AGENDA ITEM A-ROLL CALL, PLEDGE OF ALLEGIANCE AND ADDITIONS TO THE AGENDA: At 7:05pm President Edwards called the meeting to order, roll call was taken with all Directors present and Director Couch led the pledge of allegiance.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

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

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM C- PUBLIC HEARING-NONE

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Regular Meeting of November 16, 2011
2. Consider approval of minutes of the Special Meeting of December 16, 2011
3. Consider approval of November 2011 Treasurer's Report
4. DCV Violations this month
5. Main Sewer Extension Agreement for Loren Lane

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

MOTION: It was moved to approve the consent calendar. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-ELECTION OF BOARD OFFICERS, COMMITTEE ASSIGNMENTS AND APPOINTMENTS FOR 2012 CALENDAR YEAR:

MOTION: It was moved to appoint Helen Edwards as President of the Board and David Couch as Vice President for 2012 year; Sharon Denison as Secretary to the Board and General Manager Shopay as interim Finance Director. Motion by Mayo; second by Wennerholm. President Edwards respectfully declined the appointment. After a brief discussion: Director Mayo amended his motion to appoint David Couch as Vice President, Sharon Denison as Board Secretary and General Manager Shopay as interim Finance Director. This motion was seconded by Director Corbett.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

MOTION: It was moved to appoint Dennis Mayo as President of the Board for 2012. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Director Corbett thanked Chairman Edwards for her hard work and said it was an honor to serve with her. Director Mayo thanked her for doing a tremendous job for the last two years.

At 7:10pm President Edwards adjourned the meeting for a short break to allow the new President and Vice President time to assume their places at the podium.

At 7:15pm newly appointed President Mayo called the meeting back to order for continuation of the discussion of E.1-Committee Assignments and appointments for 2012 Calendar year

MOTION: After a brief discussion it was moved to

1. re-appoint the committees as listed with no change for committees 1-6;
2. Appoint Director Couch as the chair of the AdHoc No Drugs & Toxics Down the Drain Committee with direction to schedule the meetings to be held just prior to the RAC committee meetings;
3. Change the Name of the McKinleyville Advisory Committee to LOCAL AND STATE ADVISORY COMMITTEE and appoint Director Edwards and Corbett to chair the committee;
4. Approve activation of the EMPLOYEE NEGOTIATION COMMITTEE and appoint Directors Wennerholm and Edwards to chair the committee. Motion by Edwards; second by Corbett.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.2-PRESENTATION OF MCSD EMPLOYEE OF THE YEAR AWARD TO JAMES HENRY, LEAD

PERSON-OPERATIONS DEPARTMENT: General Manager Shopay asked James Henry to come up to the podium for this recognition and briefly reviewed how the selection for this is made, and Mr. Henry's

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many accomplishments that led to this selection by his fellow employees. The Board and Operations Director Orsini praised Mr. Henry for his accomplishment.

AGENDA ITEM E.3-REQUEST FROM MICHAEL RICHARDSON FOR WAIVER OF ALL WATER AND SEWER CONNECTION FEES RELATED TO HIS PROJECT: General Manager Shopay briefly reviewed the request for waiver of fees and introduced Michael Richardson to the Board. Mr. Richardson addressed the Board as a McKinleyville land owner to plead his case for the reduction of fees for his project on a parcel that was deed restricted for affordable low income housing. After much discussion and public input a motion was made:

MOTION: It was moved to deny the request for waiver of water and sewer connection fees as requested. Motion by Edwards; second by Couch

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.4-REVIEW AND APPROVE FORM OF FISCHER RANCH LEASE AGREEMENT REVISED LANGUAGE REVIEWED BY DISTRICT LEGAL COUNSEL AND PROPOSED MODIFICATIONS TO SAME:

FIRST MOTION: It was moved to accept the original addendum to the lease as signed by Mr. Peachey with direction to staff to work on developing a District wide policy to address Herbicide, Chemical, and Pesticide Application. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion failed-2 AYES; 2 NAYS; 1 Abstain

2ND MOTION: After much discussion it was moved to strike the words “pesticide , herbicide” from the first sentence and the last sentence of Section 1. Herbicide/Chemical/Pesticide Application Restrictions in the First Addendum to Lease, Page 82 of packet. Motion by Corbett: second by Couch. As there was still some confusion and clarification needed Director Edwards requested this item be tabled until we have further clarification of exact wording desired due to the lateness of the hour and the long agenda in front of the Board. Both the maker of the motion and the second agreed to table the item with the understanding that it will come back to the Board with an agenda item to include a clearly formatted motion and direction to staff to proceed with the development of a District Wide pest management policy. The item was tabled.

AGENDA ITEM E.5-CONSIDER RENEWAL OF RIGHT OF ENTRY AGREEMENT WITH MCKINLEYVILLE SKATE PARK ORGANIZATION: Parks & Recreation Director Sehon reviewed the history of the proposal from the organization, changes made over time and current staff recommendations. President Mayo opened public input and 10 people addressed the Board, all expressing concern with the proposed changes which include a location change to Hiller Park from Pierson Park. Director Edwards commended the group for all the work they have been doing to accomplish their goal.

1ST-MOTION: It was moved to deny the right of entry agreement and to not encumber the \$25,000 in Quimby Inland Park Dedication Funds. Motion by Edwards. THIS MOTION DIED FOR LACK OF A SECOND.

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2ND MOTION: It was moved to continue this item to the next Board meeting. Motion by Corbett; second by Couch.

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

MOTION SUMMARY: Motion passed-4 AYES; 1 NAY

At 10:05 PM President Mayo adjourned the meeting for a short break to allow legal counsel and the General Manager to consult. At 10:15PM President Mayo called the meeting back to order. General Manager Shopay asked the Directors to listen to the presentation from Lisa Stromme from SHN tonight (Agenda Item E-7-20 year facility plan) and to continue the balance of the items (E.6, E.8 and E.9 to tomorrow morning. There was Board consensus to do that.

AGENDA ITEM E.7-20-YEAR FACILITY PLAN UPDATE: Manager Shopay introduced Lisa Stromme from SHN who was present tonight to give a report on the status of the 20-year facility plan update. She gave an update on the facility plan process and reviewed the objectives of the plan, the conclusions and comments received from the public and their response to those comments. She reported that the final plan was scheduled to be presented to the Board at the February meeting. The Board thanked SHN and Lisa for the progress report and for keeping the Board informed up to date.

AGENDA ITEM I-ADJOURNMENT:

MOTION: At 10:55pm it was moved to adjourn the meeting and continue it to 9:00am tomorrow January 5th at 1656 Sutter Road, McKinleyville to cover the rest of the agenda items. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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**MINUTES OF THE CONTINUED MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES
DISTRICT HELD ON JANUARY 5, AT 9:00AM AT 1656 SUTTER ROAD, MCKINLEYVILLE**

The continued meeting of the Board of Directors of McKinleyville Community Services District convened at 9:00am with the following Directors and staff in attendance:

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

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

At 9:00am President Mayo called the meeting to order and asked Director Edward to lead the pledge of allegiance. Directors Couch, Corbett, Edwards and Wennerholm were present. The following items were continued from the January 4, 2012 meeting:

AGENDA ITEM E.6-MCSD DESIGNATED FUNDS (RESERVE) POLICY: General Manager Shopay explained that the Reserve Policy is one component of the rate study process and a new policy for the District. He introduced Pierce Rossum from Willdan Financial present this morning to introduce the Draft Reserve Policy and answer questions and concerns. Mr. Rossum gave an overview of the draft designated funds policy, briefly reviewed the purpose of the policy and reviewed the proposed funds included in the policy and the target criteria for each. He added that this policy provides financial accountability for the District and eliminates some of the risk of the States ability to borrow non-designated reserve funds.

MOTION: It was moved to adopt the designated funds policy dated January 2, 2012. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.8-WATER AND SEWER RATE ANALYSIS: General Manager Shopay explained that the next step in the process was a review of water and sewer rates and consideration of revising the rates to adequately fund operations, maintenance and present and future capital costs. Pierce Rossum from Willdan Financial reviewed the rate process, analysis overview and asked for Board Direction on three specific items to be discussed tonight. After a brief discussion the following motions were made:

1. **MOTION:** It was moved to approve a two tier rate structure. Motion by Edwards; second by Corbett

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

2. **MOTION:** It was moved to approve a cost recovery range of between 30-40% as recommended by staff. Motion by Corbett; second by Edwards

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

3. **MOTION:** It was moved to approve a pass through of the annual water cost from Humboldt Bay Municipal Water District. Motion by Corbett; second by Edwards.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Mr. Rossum from Willdan Financial reviewed the timeline for the process that included completion of the revenue requirements and cost of service rate analysis later this month; February/March start the Prop 218 process; April/May final hearing and July 1st new rates effective date. Manager Shopay added that the process will include a workshop to go over the new proposed rates and a press release to explain the need for the increases.

AGENDA ITEM E.9-CONSIDER RESOLUTION AUTHORIZING PURCHASE OF A THREE (3) ACRE PORTION OF A REAL PROPERTY PARCEL LOCATED AT/NEAR THE JUNCTION OF SCHOOL ROAD AND WASHINGTON AVENUE, MCKINLEYVILLE, CA (APN 508-242-008), AND REVIEW AND APPROVE PROPOSED TERMS AND CONDITIONS OF PURCHASE AND SALE AGREEMENT FOR EXECUTION AND RETURN TO THE MCKINLEYVILLE UNION SCHOOL DISTRICT:

MOTION: It was moved to approve Resolution 2012-01 to authorize the Board President to sign agreement of purchase and sale and joint escrow instructions, by and between McKinleyville Union School District and MCSD for the acquisition of a portion of real property located at/near the junction of School Road and Washington Avenue, McKinleyville. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch reported a meeting was scheduled for the end of the month.

F1b-McK Area Fund: Director Edwards reported no meeting and nothing to report.

F1c-RREDC: Director Edwards reported.

F1d-McK Senior Center: Director Wennerholm had no report as they had not met.

F1e-Audit: Director Corbett reported they had met and discussed the audit with good input from Eklund & Jackson to protect the District from the liability of excess claims. Director Edwards added that the audit report should come to the Board next month.

F1f-Negotiations: There was nothing to report.

F1g-Water Task Force: President Mayo had nothing to report.

F1h-AdHoc No Drugs & Toxics down the Drain: President Mayo had nothing to report.

F1i-McKinleyville Advisory Committee: Director Edwards reported she was working with the GM and Ryan Sundberg to incorporate various suggestions and expected the draft to be on the Board of Supervisors agenda in February.

F2a-Support Services Department: There was nothing to add to the written report in the packet.

F2b-Operations Department: Operations Director Orsini reported on a recent serious incident where the PVC pipe broke between the main and the Letz lift station, praising his staff for a quick response that diverted a potential emergency situation. Director Corbett asked that this be reported in the next

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newsletter. Mr. Orsini added that there was a water leak on School Road due to the County damaging a French drain during the School Road Project and they planned to take care of the repair.

F2c-Park & Recreation Department: Park and Recreation Director Sehon expressed concern with the recent interaction with the Skate Park Committee in regards to the change of location proposed and communications with the committee in general. Director Wennerholm was concerned that the McK Press reported that the park was being moved prior to Board consideration and action.

F2d-General Manager: General Manager Shopay thanked all who attended the last tour of the Willits treatment plant and reported another tour was being planned in the next few weeks in Williams and he would let everyone know the schedule.

F3-President's Report: President Mayo reported he would be working with Manager Shopay regarding meeting protocols as he starts his new role as President of the Board.

F4-Board Members comments, Announcements and Reports: President Mayo reported he had a Region 1 conference call planned at 9:30am at the District office tomorrow morning.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Mayo opened public input and closed with no additional comments received.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: None

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 10:38am. Motion by Corbett; second by Edwards.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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**MINUTES OF THE SPECIAL MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, JANUARY 17, 2011 AT 1:00PM AT THE DISTRICT OFFICE,
1656 SUTTER ROAD, MCKINLEYVILLE**

The special meeting of the Board of Directors of McKinleyville Community Services District convened at 1:00 p.m. with the following Directors and staff in attendance:

Dennis Mayo, Board President
Helen Edwards, Director
Bill Wennerholm, Director

Norman Shopay, General Manager
Sharon Denison, Secretary

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

At 1:00pm President Mayo called the meeting to order. Directors, Edwards and Wennerholm were present. Director Corbett and Couch were absent. Director Edwards led the pledge of allegiance.

AGENDA ITEM B-APPROVAL OF THE AGENDA

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

MOTION VOTE: Ayes: Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-3 AYES; 0 NAYS

AGENDA ITEM C- PUBLIC HEARINGS-NONE SCHEDULED

AGENDA ITEM D-CONSENT CALENDAR-NO CONSENT ITEMS SCHEDULED

AGENDA ITEM E.1-This item was discussed out of order following closed session discussion.

AGENDA ITEM F-REPORTS-NO REPORTS SCHEDULED

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: No public comments received-no member of the public present.

President Mayo announced that Agenda Item H1-conference with legal counsel would be discussed next out of order.

At 1:00pm President Mayo adjourned the meeting into closed session for discussion of the following item:

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AGENDA ITEM H.1-CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION-MCKINLEYVILLE COMMUNITY SERVICES DISTRICT v COUNTY OF HUMBOLDT, BOARD OF SUPERVISORS OF THE COUNTY OF HUMBOLDT, CASE NO. CV110632 LITIGATION, pursuant to subdivision (a) of Section 54956.9.

(At 1:01 PM Director Corbett joined the meeting).

At 1:35PM the Board adjourned out of closed session. President Mayo reported that no action was taken in closed session. The meeting continued in open session to address the balance of the agenda.

AGENDA ITEM E.1-CONSIDER APPROVAL OF DIRECT PURCHASE OF TEREX UTILITIES HI-RANGER L13i ARTICULATING/Telescoping Aerial Device (Boom Truck). At this time Operations Director Orsini joined the meeting to be available to answer any Board questions or concerns regarding the proposed purchase.

MOTION: It was moved to approve staff recommendations for the direct purchase of the above described equipment. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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**McKinleyville Community Services District
Treasurer's Report
December 2011**

Table of Contents

Page 2	Investments & Cash Flow Report
Page 3	Consolidated Balance Sheet by Fund
Page 4	Activity Summary by Fund
Page 6	Selected Graphic Comparisons
Page 10	Capital Expenditure Report
Page 11	Summary of Long-Term Debt Report
Page 12	Cash Disbursement Report

**McKinleyville Community Services District
Investments & Cash Flow Report
December 2011**

Petty Cash & Change Funds 940.00

Cash

Operating & Money Market - Beginning Balance 975,432.73

Cash Receipts:

Utility Billings	243,995.11
Money Market Account Interest	290.21
Other Cash Receipts	44,527.78

Total Cash Receipts 288,813.10

Cash Disbursements:

Payroll Related Expenditures	(130,722.97)
Debt Service	(4,644.48)
Capital & Other Expenditures	(214,139.39)

Total Cash Disbursements (349,506.84)

Operating & Money Market - Ending Balance 914,738.99

Total Cash 915,678.99

Investments

LAIF - Beginning Balance	127,358.36
Interest Income	120.99
LAIF - Ending Balance	127,479.35

Humboldt Co. #2560 - Beginning Balance	147,448.75
Property Taxes	252,163.07
Interest Income	(759.95)
Humboldt Co. #2560 - Ending Balance	398,851.87

Humboldt Co. #4240 - Beginning Balance	4,973,582.43
Interest Income	(8,407.51)
Humboldt Co. #4240 - Ending Balance	4,965,174.92

Humboldt Co. #9390 - Beginning Balance	110,814.98
Interest Income	115.31
Humboldt Co. #9390 - Ending Balance	110,930.29

USDA Bond Reserve Fund - Beginning Balance	127,178.54
Bond Reserve Payment	8,145.83
USDA Bond Reserve Fund - Ending Balance	135,324.37

Market Valuation Account (230.00)

Total Investments 5,737,530.80

Total Cash & Investments - Current Month 6,653,209.79

Total Cash & Investments - Prior Month 6,462,555.79

Net Change to Cash & Investments This Month 190,654.00

Cash & Investment Summary

Cash & Cash Equivalents	5,765,361.30
Davis-Grunsky Loan Reserve	595,428.14
Waste Water Capital Reserve	97,095.98
USDA Bond Reserve	135,324.37
I-Bank Loan Reserve	60,000.00

Total Cash & Investments 6,653,209.79

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of December 31, 2011

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Sewer	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 951,698.56	\$ (38,141.92)	\$ (40,298.40)	\$ 1,660,954.16	\$ 3,231,148.90	\$ 5,765,361.30
Accounts receivable	1,605.83	-	2,810.62	141,983.90	97,737.93	244,138.28
Prepaid expenses & other current assets	8,463.39		1,305.01	87,991.56	56,939.19	154,699.15
Total Current Assets	961,767.78	(38,141.92)	(36,182.77)	1,890,929.62	3,385,826.02	6,164,198.73
Noncurrent Assets						
Restricted cash & cash equivalents	-	-	-	655,428.14	232,420.35	887,848.49
Other noncurrent assets	39,325.43	-	-	10,000.00	37,529.72	86,855.15
Capital assets (net)	-	-	-	6,420,389.86	11,703,836.13	18,124,225.99
Total Noncurrent Assets	39,325.43	-	-	7,085,818.00	11,973,786.20	19,098,929.63
TOTAL ASSETS	\$ 1,001,093.21	\$ (38,141.92)	\$ (36,182.77)	\$ 8,976,747.62	\$ 15,359,612.22	\$ 25,263,128.36
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 10,870.81	\$ 1,971.05	\$ 2,542.75	\$ 173,675.71	\$ 40,259.66	\$ 229,319.98
Accrued payroll & related liabilities	84,751.39	-	-	29,581.89	29,581.89	143,915.17
Total Current Liabilities	95,622.20	1,971.05	2,542.75	203,257.60	69,841.55	373,235.15
Noncurrent Liabilities						
Long-term debt	-	-	-	3,578,888.17	1,420,189.04	4,999,077.21
Other noncurrent liabilities	39,325.43	-	-	114,600.99	115,033.99	268,960.41
Total Noncurrent Liabilities	39,325.43	-	-	3,693,489.16	1,535,223.03	5,268,037.62
TOTAL LIABILITIES	134,947.63	1,971.05	2,542.75	3,896,746.76	1,605,064.58	5,641,272.77
Fund Balance/Net Assets						
Fund balance	866,145.58	(40,112.97)	(38,725.52)	-	-	787,307.09
Net assets	-	-	-	2,228,499.17	3,470,900.55	5,699,399.72
Investment in capital assets, net of related debt	-	-	-	2,851,501.69	10,283,647.09	13,135,148.78
Total Fund Balance/Net Assets	866,145.58	(40,112.97)	(38,725.52)	5,080,000.86	13,754,547.64	19,621,855.59
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,001,093.21	\$ (38,141.92)	\$ (36,182.77)	\$ 8,976,747.62	\$ 15,359,612.22	\$ 25,263,128.36
Investment in General Capital Assets	\$ 3,254,269.13					
General Long-term Liabilities						
OPEB Liability	60,788.00					
Accrued Compensated Absences	11,421.16					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 72,209.16					

McKinleyville Community Services District
Activity Summary by Fund
December 2011

Department Summaries	December	YTD	YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	100,225	851,078	903,890	(52,812)	-5.84%	Seasonal reduction in water consumption
Other Revenues	9,778	75,073	152,460	(77,387)	-50.76%	Connection fees lower than anticipated due to lack of new construction
Total Operating Revenues	110,003	926,151	1,056,350	(130,199)	-12.33%	
Salaries & Benefits	58,097	344,742	375,787	(31,045)	-8.26%	Lower than anticipated adm salary & benefits
Water Purchased	47,646	316,188	353,425	(37,237)	-10.54%	Lower than anticipated due to wholesaler rebate
Other Expenses	37,514	222,559	177,138	45,421	25.64%	Legal (due to litigation) & professional services higher than anticipated
Depreciation	23,000	126,000	125,000	1,000	0.80%	
Total Operating Expenses	166,257	1,009,489	1,031,350	(21,861)	-2.12%	
Net Operating Income	(56,254)	(83,338)	25,000	(152,060)		
Interest Income	1,452	9,621	17,500	(7,879)	-45.02%	The result of lower than projected cash balances
Interest Expense	(7,772)	(40,072)	(44,363)	(4,291)	9.67%	
Net Income (Loss)	(62,574)	(113,789)	(1,863)	(111,926)		
<u>Sewer</u>						
Sewer Service Charges	100,209	695,376	721,500	(26,124)	-3.62%	Connection fees lower than anticipated due to lack of new construction
Other Revenues	11,393	95,554	297,128	(201,574)	-67.84%	
Total Operating Revenues	111,602	790,930	1,018,628	(227,698)	-22.35%	
Salaries & Benefits	59,061	354,745	375,787	(21,042)	-5.60%	Lower than anticipated adm salary & benefits
Other Expenses	35,888	232,762	247,141	(14,379)	-5.82%	
Depreciation	38,000	216,000	204,000	12,000	5.88%	
Total Operating Expenses	132,949	803,507	826,928	(23,421)	-2.83%	
Net Operating Income	(21,347)	(12,577)	191,700	(204,277)		
Interest Income	2,672	17,411	22,500	(5,089)	-22.62%	The result of lower than projected cash balances
Interest Expense	(4,828)	(29,675)	(29,643)	32	-0.11%	
Net Income (Loss)	(23,503)	(24,841)	184,557	(209,398)		
Enterprise Funds Net Income (Loss)	(86,077)	(138,630)	182,694	(321,324)		

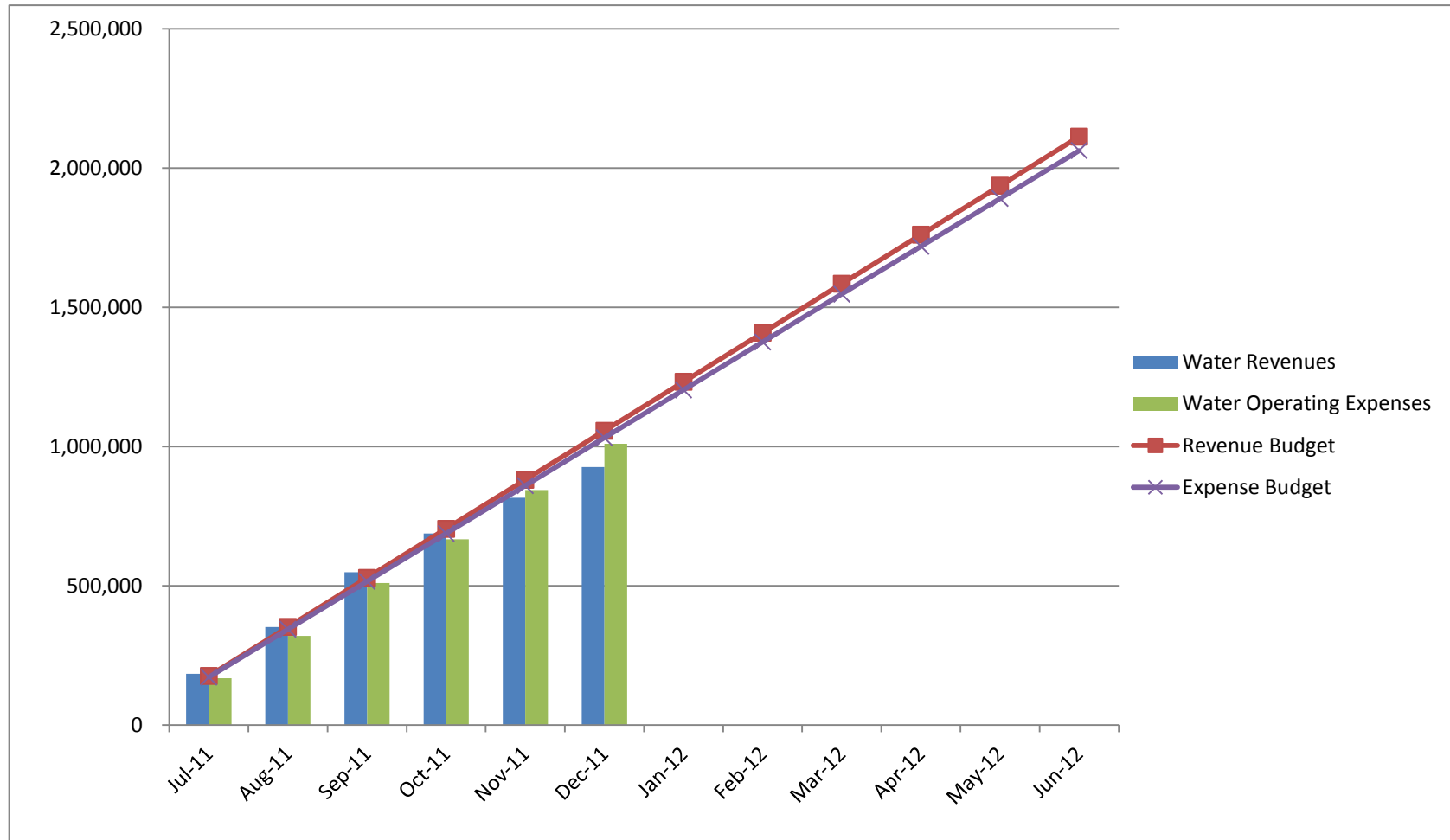
McKinleyville Community Services District
Activity Summary by Fund
December 2011

Department Summaries	December	YTD	YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Parks & Recreation</u>						
Program Fees	23,527	130,927	155,200	(24,273)	-15.64%	Seasonal reduction in program participation
Rents & Related Fees	4,193	30,225	28,763	1,462	5.08%	
Property Taxes	252,163	252,163	265,000	(12,837)	-4.84%	
Measure B Assessments	-	-	105,000	(105,000)	-100.00%	1st allocation by County in January 2012
Other Revenues	6,145	40,544	141,280	(100,736)	-71.30%	Capital project funding has not been realized as projects have been postponed
Interest Income	282	1,818	9,000	(7,182)	-79.80%	The result of lower than projected cash balances
Total Revenues	286,310	455,677	704,243	(248,566)	-35.30%	
Salaries & Benefits	60,624	381,053	419,343	(38,290)	-9.13%	Vacant seasonal positions; adm salaries & benefits lower than anticipated
Other Expenditures	18,096	106,352	90,671	15,681	17.29%	Professional services higher than anticipated
Capital Expenditures	1,960	5,372	171,000	(165,628)	-96.86%	Postponement of capital projects until later in the year
Total Expenditures	80,680	492,777	681,014	(188,237)	-27.64%	
Excess (Deficit)	205,630	(37,100)	23,229	(60,329)		
<u>Street Lights</u>						
Total Revenues	6,349	40,569	41,000	(431)	-1.05%	
Salaries & Benefits	2,481	15,409	19,124	(3,715)	-19.43%	
Other Expenditures	4,014	22,746	19,826	2,920	14.73%	
Capital Expenditures	66	8,043	12,500	(4,457)	-35.66%	
Total Expenditures	6,561	46,198	51,450	(5,252)	-10.21%	
Excess (Deficit)	(212)	(5,629)	(10,450)	(4,821)		
Governmental Funds Excess (Deficit)	205,418	(42,729)	12,779	55,508		

McKinleyville Community Services District

December 2011

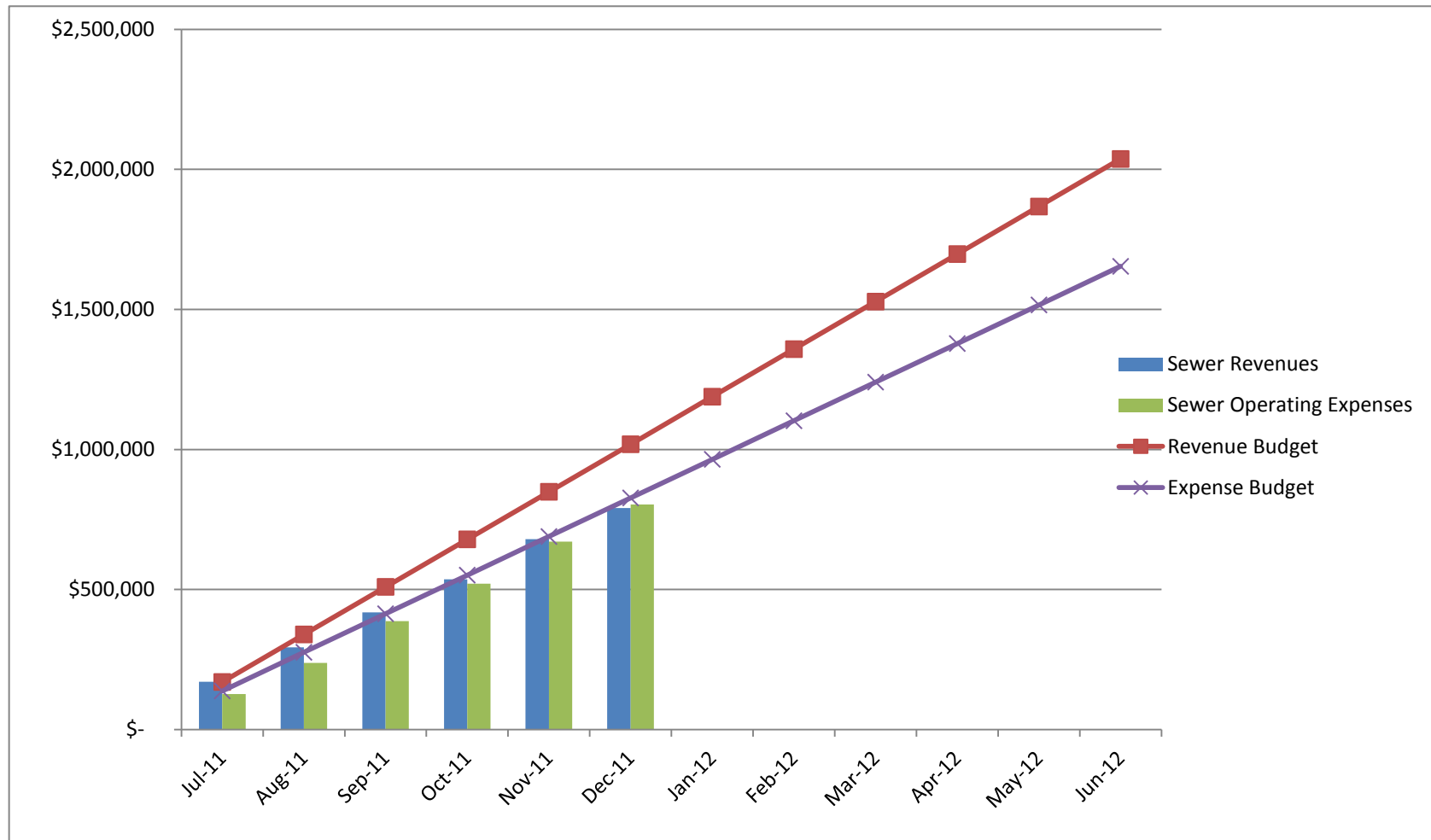
Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

December 2011

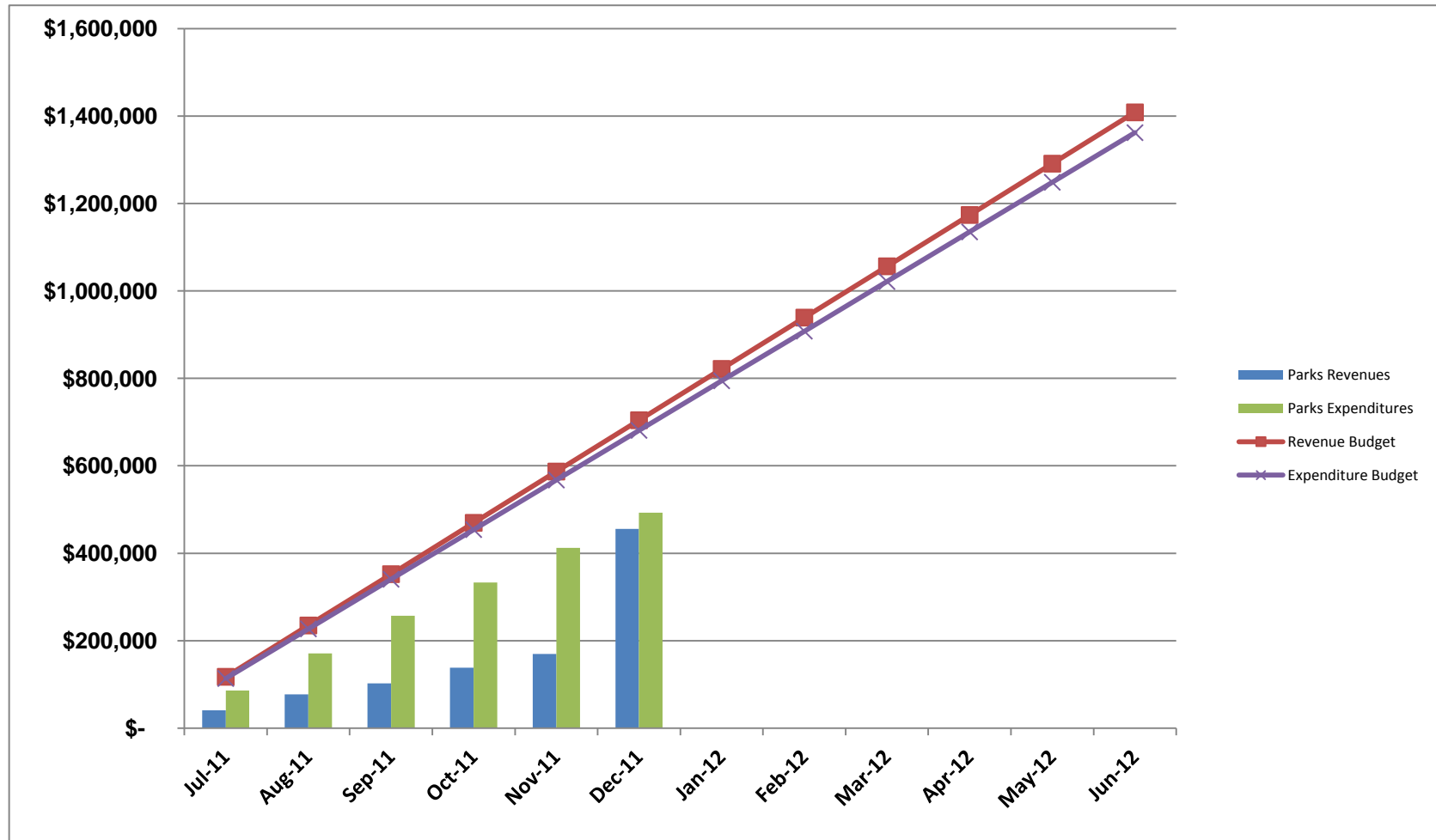
Comparison of Sewer Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

December 2011

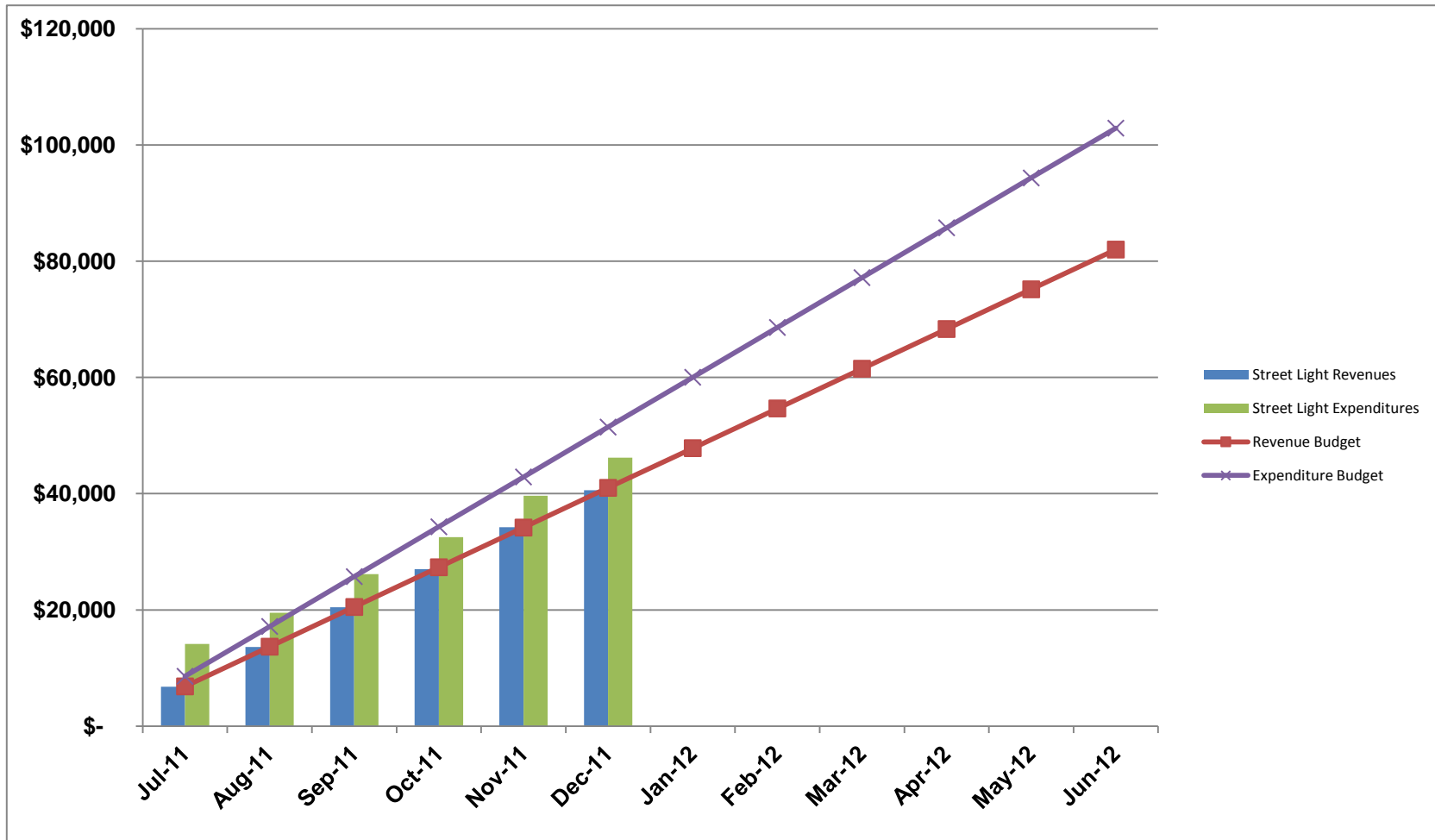
Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



McKinleyville Community Services District

December 2011

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District
Capital Expenditure Report
December 2011

		YTD	FY 12	Remaining	
	December	Total	Budget	Budget	Budget %
<u>Water Department</u>					
Ramey Pump Upgrades		28,203			
Emergency Water Line River Crossing		33,431			
Water Tank Upgrade	5,349	5,349			
Murray Road Tank	7,872	7,872			
Meter Replacements		-			
Emergency Water Supply		-			
Water Main Replacement		21,875			
Subtotal	13,221	96,729	765,000	668,271	87%
<u>Sewer Department</u>					
WWMF Upgrade & Capital Maintenance	24,395	72,135			
NPDES Permit	-	-			
Industrial Discharge Permit		-			
Meter Replacements		-			
Miscellaneous		-			
Subtotal	24,395	72,135	873,000	800,865	92%
<u>Water & Sewer Operations</u>					
Heavy Equipment		-	55,000	55,000	100%
Utility Vehicles		-	30,000	30,000	100%
Office, Corporate Yard & Shops		5,565	12,000	6,435	54%
Computers & Software		13,032	32,000	18,968	59%
Small Equipment & Other		-	44,000	44,000	100%
Subtotal	-	18,597	173,000	154,403	89%
Enterprise Funds Total	37,616	187,461	1,811,000	1,623,539	90%
<u>Parks & Recreation Department</u>					
Hiller Park & Sports Complex	-	-	6,000	6,000	100%
Pierson Park Upgrades	-	-	2,000	2,000	100%
Azalea Hall Upgrades		-	25,000	8,000	32%
McKinleyville Activity Center Upgrades		-	33,000	33,000	100%
Law Enforcement Facility Improvements		-	6,000	6,000	100%
Projects Funded by Quimby/Other Funds		3,252	195,000	191,748	98%
Projects Funded by Measure B Renewal	1,960	2,120	60,000	57,880	96%
Other Parks Projects & Equipment		-	15,000	15,000	100%
Subtotal	1,960	5,372	342,000	319,628	93%
<u>Streetlights</u>					
Pole Replacement	66	8,043	25,000	16,957	68%
Governmental Funds Total	2,026	13,415	367,000	336,585	92%
All Funds Total	39,642	200,876	2,178,000	1,960,124	90%

McKinleyville Community Services District
Summary of Long-Term Debt Report
December 31, 2011

				Principal Maturities and Scheduled Interest					
			Balance -						
	Maturity	Balance -	December 31,	Remaining	FY-13	FY-14	FY-15	FY-16	Thereafter
%	Date	July 1, 2011	2011	for FY-12					
Water Fund:									
I-Bank	8/1/30	-	956,034.00	-	36,731.29	37,969.13	39,248.69	40,571.37	801,513.53
Interest	3.37%			16,294.38	31,599.42	30,340.72	29,039.60	27,694.63	219,225.52
ARRA	12/22/26	148,590.00	165,100.00	-	8,239.38	10,909.36	11,018.72	11,125.84	123,806.70
Interest	1.0%			-	4,211.46	1,541.48	1,432.12	1,325.20	6,926.83
Davis Grunsky	1/1/33	2,082,986.88	2,082,986.88	72,168.43	73,972.64	75,821.96	77,717.50	79,660.44	1,703,645.91
Davis Grunsky Deferred Interest	1/1/33	374,767.29	374,767.29	17,035.12	17,035.12	17,035.12	17,035.12	17,035.12	289,591.69
Interest	2.5%			26,251.34	50,270.46	48,421.14	46,525.60	44,582.66	408,486.72
Total Water Fund-Principal		2,606,344.17	3,578,888.17	89,203.55	135,978.43	141,735.57	145,020.03	148,392.77	2,918,557.83
Total Water Fund-Interest				59,580.84	103,116.46	97,338.46	94,032.44	90,637.61	924,230.76
Total Water Fund		2,606,344.17	3,578,888.17	148,784.39	239,094.89	239,074.03	239,052.47	239,030.38	3,842,788.59
Sewer Fund:									
State of California WRCB (SCEP I)	4/15/16	204,600.50	204,600.50	40,920.10	40,920.10	40,920.10	40,920.10	40,920.10	-
Interest	0.0%			-	-	-	-	-	-
State of California WRCB (SCEP II)	3/27/18	176,496.09	176,496.09	23,317.45	23,923.71	24,545.72	25,183.91	25,838.70	53,686.60
Interest	2.6%			4,588.89	3,982.63	3,360.62	2,722.43	2,067.64	2,102.41
Umpqua Bank	12/4/17	303,824.30	284,092.45	20,211.15	42,282.10	44,667.13	47,186.72	49,848.42	79,721.79
Interest	5.5%			7,658.85	13,451.66	11,066.63	8,547.04	5,885.34	3,506.57
Sewer Bond (USDA)	8/1/22	805,000.00	755,000.00	-	60,000.00	60,000.00	60,000.00	60,000.00	515,000.00
Interest	5.0%			18,175.00	36,250.00	33,250.00	30,250.00	27,250.00	90,875.00
Total Sewer Fund-Principal		1,489,920.89	1,420,189.04	84,448.70	167,125.91	170,132.95	173,290.73	176,607.22	648,408.39
Total Sewer Fund-Interest				30,422.74	53,684.29	47,677.25	41,519.47	35,202.98	96,483.98
Total Sewer Fund		1,489,920.89	1,420,189.04	114,871.44	220,810.20	217,810.20	214,810.20	211,810.20	744,892.37
Total Principal		4,096,265.06	4,999,077.21	173,652.25	303,104.34	311,868.52	318,310.76	324,999.99	3,566,966.22
Total Interest				90,003.58	156,800.75	145,015.71	135,551.91	125,840.59	1,020,714.74
Total		4,096,265.06	4,999,077.21	263,655.83	459,905.09	456,884.23	453,862.67	450,840.58	4,587,680.96

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CASH DISBURSEMENT REPORT
FOR THE PERIOD 12/1/11 TO 12/31/11**

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
Accounts Payable Disbursements						
24099	12/7/2011	AGS01	AG SALES	111.28	72733	MAINTENANCE SUPPLIES
24100	12/7/2011	BAY02	BAY WEST SUPPLY, INC.	961.21	B11202	SUPPLIES
24101	12/7/2011	BRU04	REBECCA J. BRUINEKOOL	858.00	B11206	CONTRACTED INSTRUCTOR
24102	12/7/2011	C&K01	C&K JOHNSON INDUSTRIES, INC.	545.58	43643	EMERGENCY WATER LINE PART
24103	12/7/2011	CAM01	CAMPTON ELECTRIC SUPPLY	429.00	1083009	MAINTENANCE SUPPLIES
24104	12/7/2011	CAS01	CASH	207.41	B11201	PETTY CASH FOR NOV 2011
24105	12/7/2011	CLA04	CLASSIC CHEMICALS, INC.	510.99	616137	JANITORIAL SUPPLIES
24106	12/7/2011	COR01	CORBIN WILLITS SYSTEMS	833.42	B111151	MOM SOFTWARE SUPPORT
24107	12/7/2011	COS03	COSTCO WHOLESALE	465.39	B11201	SUPPLIES
24108	12/7/2011	CUM01	CUMMINS WEST, INC.	87.90	005-98268	MAINTENANCE SUPPLIES
24109	12/7/2011	EUR06	EUREKA READY MIX	926.64	7183	REPAIRS/MAINTENANCE
24110	12/7/2011	FRE07	FRESHWATER ENVIRONMENTAL SERVICES	1,640.00	539	CONTRACTED SERVICES
24111	12/7/2011	GIR02	MITCH GIRARD	30.00	B11206	CONTRACTED REFEREE
24112	12/7/2011	GUA01	GUARDIAN - APPLETON	3,776.89	B11201	GROUP DENTAL INSURANCE
24113	12/7/2011	HAC01	HACH COMPANY	322.88	7521766	LAB TESTING SUPPLIES
24114	12/7/2011	HAR03	HARVEY M. HARPER CO.	913.57	B11202	TRUCK INSPECTIONS
24115	12/7/2011	HAR13	The Hartford - Priority A	624.18	B11201	GROUP LIFE INSURANCE
24116	12/7/2011	HEN02	SCOTT HENDRICKSON	45.00	B11206	CONTRACTED REFEREE
24117	12/7/2011	HIG01	HIGH YIELD IND. PRODUCTS	134.72	140074	SAFETY SUPPLIES
24118	12/7/2011	HUB02	HUB INTERNATIONAL INSURANCE	126.02	B11201	SPECIAL EVENT INSURANCE
24119	12/7/2011	HUM01	HUMBOLDT BAY MUNICIPAL WATER	52,374.51	B11202	PURCHASED WATER
24120	12/7/2011	HUM08	HUMBOLDT SANITATION	830.80	B11202	TRASH SERVICE
24121	12/7/2011	IND02	Industrial Electric Service	64.80	B11206	REPAIRS/SUPPLY
24122	12/7/2011	MCK03	MCKINLEYVILLE OFFICE SUPPLY	21.14	43864	OFFICE SUPPLIES
24123	12/7/2011	MCK04	MCK ACE HARDWARE	947.89	B11205	REPAIRS/SUPPLY
24124	12/7/2011	MCK12	MCKINLEYVILLE UNION SCHOOL	107.00	B11205	BUS TRANSPORTATION FOR REC PROGRAMS
24125	12/7/2011	MIL01	Miller Farms Nursery	808.41	B11202	REPAIRS/SUPPLY
24126	12/7/2011	NAT06	NATIONAL METER & AUTOMATION	711.54	S1035862	WATER METERS
24127	12/7/2011	NOR01	NORTH COAST LABORATORIES	3,241.00	B11206	LAB TESTS
24128	12/7/2011	NOR36	NORTH COAST PARTS & SUPPLY	1,899.87	B11205	REPAIRS/MAINTENANCE
24129	12/7/2011	ORE01	O'REILLY AUTOMOTIVE, INC.	32.30	B11205	REPAIRS/SUPPLY
24130	12/7/2011	PRE08	PRECISION INTERMEDIA	101.25	15604	WEB HOSTING/ WEBSITE MODIFICATIONS
24131	12/7/2011	REN01	RENNER PETROLEUM	3,644.86	B11205	FUEL
24132	12/7/2011	SEM01	SEMS TECHNOLOGIES	2,100.00	1184	BILLING INTEGRATION
24133	12/7/2011	SIE02	SIERRA CHEMICAL CO.	1,903.54	226758	CHLORINE & CONTAINER DEPOSIT
24134	12/7/2011	SUD01	SUDDENLINK	173.95	B11205	INTERNET SERVICE
24135	12/7/2011	THO02	Thomas Home Center	160.93	B11205	SUPPLIES
24136	12/7/2011	THR01	THRIFTY SUPPLY COMPANY	1,074.61	63016	SUPPLIES
24137	12/7/2011	USB01	U.S. BANK TRUST N.A.	8,145.83	B11205	SEWER BOND PAYMENT
24138	12/7/2011	VER01	VERISON WIRELESS	155.26	B11205	CELL PHONES
24139	12/7/2011	VA014	ADAMS, WILLIAM	67.18	000B11201	MQ CUSTOMER REFUND

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CASH DISBURSEMENT REPORT
FOR THE PERIOD 12/1/11 TO 12/31/11**

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
24140	12/7/2011	\B007	BERTOLINI, JUSTIN	57.03	000B11201	MQ CUSTOMER REFUND
24141	12/7/2011	\B008	BOLTON, AMBER	52.23	000B11201	MQ CUSTOMER REFUND
24142	12/7/2011	\C001	COX, ANNA	56.65	000B11201	MQ CUSTOMER REFUND
24143	12/7/2011	\F010	FAS-AHM UTILITIES	52.18	000B11201	MQ CUSTOMER REFUND
24144	12/7/2011	\G003	GIANNINI, NATALIE	50.63	000B11201	MQ CUSTOMER REFUND
24145	12/7/2011	\G004	G.R. SUNDBERG INC.	399.49	000B11201	MQ CUSTOMER REFUND
24146	12/7/2011	\H021	HAYNES, LEVI	33.92	000B11201	MQ CUSTOMER REFUND
24147	12/7/2011	\J007	JLF CONSTRUCTION	27.41	000B11201	MQ CUSTOMER REFUND
24148	12/7/2011	\J011	JLF CONSTRUCTION	45.89	000B11201	MQ CUSTOMER REFUND
24149	12/7/2011	\J012	JOHNSON, FORREST	47.19	000B11201	MQ CUSTOMER REFUND
24150	12/7/2011	\K013	KRENN, ZACHARY J.	64.24	000B11201	MQ CUSTOMER REFUND
24151	12/7/2011	\M027	MCKUIN PIPELINE INC.,	442.99	000B11201	MQ CUSTOMER REFUND
24152	12/7/2011	\M028	MEIERDING, CHES	45.00	000B11201	MQ CUSTOMER REFUND
24153	12/7/2011	\S002	STEELE JR, HOWARD R.	53.54	000B11201	MQ CUSTOMER REFUND
24154	12/7/2011	\S007	SUTTON, JOSHUA	53.05	000B11201	MQ CUSTOMER REFUND
24155	12/7/2011	NEC01	NEC FINANCIAL SERVICES,LLC	285.92	1485835	PHONE LEASE
24156	12/12/2011	ACW01	ACWA HEALTH BENEFITS AUTHORITY	40,949.63	B11212	GROUP HEALTH INSURANCE
24157	12/12/2011	ARC07	ARCATA FIRE PROTECTION DISTRICT	3,726.00	B11212	AFPD ASSESSMENTS FY 11/12
24158	12/12/2011	BLA08	ERIC BLAKE	169.00	B11209	CONTRACTED INSTRUCTOR
24159	12/12/2011	JOY01	PAUL JOY	312.00	B11209	CONTRACTED INSTRUCTOR
24160	12/12/2011	OLS03	JENNIFER OLSEN	400.00	B11212	PAY ADVANCE
24161	12/12/2011	PGE01	PG & E	14,254.38	B11212	GAS & ELECTRIC
24162	12/12/2011	STA11	STAPLES CREDIT PLAN	698.38	B11208	OFFICE SUPPLIES
24163	12/12/2011	YOU01	NANCY YOUNG	367.25	B11209	CONTRACTED INSTRUCTOR
24164	12/12/2011	CLE05	CLEARCO PRODUCTS CO. INC.	138.95	126503	MAINTENANCE SUPPLIES
24165	12/12/2011	LAB01	Lab Safety Supply, Inc.	403.26	101815530	SAFETY SUPPLIES
24166	12/12/2011	LES01	LES SCHWAB TIRE CENTER	295.53	341853	REPAIRS/MAINTENANCE
24167	12/12/2011	MUN02	MUNICIPAL MAINTENANCE	198.57	70754	MAINTENANCE SUPPLIES
24168	12/12/2011	NYL01	NYLEX.NET	1,899.00	71292	COMPUTER MAINTENANCE
24169	12/12/2011	SCH01	Schir Parts, Inc.	14.96	B11205	REPAIRS/MAINTENANCE
24170	12/19/2011	*0022	CECILIA WHITWORTH	100.00	B11213	AZALEA HALL DEPOSIT REFUND
24171	12/19/2011	*0023	KATHERINE WINGO	100.00	B11213	MAC LIBRARY DEPOSIT REFUND
24172	12/19/2011	*0024	CAROLYN PRYOR	45.00	B11219	BASKETBALL REFUND
24173	12/19/2011	ATT01	AT&T	1,130.76	B11213	PHONE SERVICES
24174	12/19/2011	BON02	BONNIE L. OLIVER	780.00	4	SERVICES RENDERED
24175	12/19/2011	COR07	JOHN W. CORBETT	100.00	B11219	DIRECTORS FEES
24176	12/19/2011	COU09	DAVID R. COUCH	100.00	B11219	DIRECTORS FEES
24177	12/19/2011	EDW01	HELEN L. EDWARDS	100.00	B11219	DIRECTORS FEES
24178	12/19/2011	HUM09	HUMBOLDT COUNTY	14,261.82	B11213	DISTRICT ELECTION
24179	12/19/2011	JAC04	JACKSON & EKLUND	4,388.00	170365	PROFESSIONAL SERVICES RENDERED
24180	12/19/2011	KEY01	KEY EQUIPMENT FINANCE	311.67	1201	EQUIPMENT LEASE
24181	12/19/2011	MAY02	DENNIS MAYO	100.00	B11219	DIRECTORS FEES

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CASH DISBURSEMENT REPORT
FOR THE PERIOD 12/1/11 TO 12/31/11**

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
24182	12/19/2011	MCK03	MCKINLEYVILLE OFFICE SUPPLY	8.65	43922	OFFICE SUPPLIES
				54.30	43935	OFFICE SUPPLIES
				86.86	B11219	OFFICE SUPPLIES
			Check Total:	149.81		
24183	12/19/2011	MIT01	Mitchell, Brisso, Delaney	1,559.00	29854	PROFESSIONAL SERVICES RENDERED
24184	12/19/2011	NAT06	NATIONAL METER & AUTOMATION	840.00	S1036055	SERVICE AGREEMENT
24185	12/19/2011	NOR13	NORTHERN CALIFORNIA SAFETY	500.00	18220	DISASTER PREPAREDNESS TRAINING
				80.00	18247	MONTHLY FEE
			Check Total:	580.00		
24186	12/19/2011	NOR35	NORTHERN HUMBOLDT	421.63	ES12-0096	OPEN SPACE MAINTENANCE
24187	12/19/2011	PIT01	PITNEY BOWES	374.07	DC-11	RENTAL FEES
24188	12/19/2011	REM01	REMY, THOMAS, MOOSE, & MANLEY	4,230.28	22866	PROFESSIONAL SERVICES RENDERED
24189	12/19/2011	SAF04	SAFEWAY	31.09	B11213	SUPPLIES
24190	12/19/2011	SHN01	SHN ENGINEERING	17,832.50	75778	PROFESSIONAL SERVICES RENDERED
24191	12/19/2011	UMP02	UMPQUA BANK	5,038.60	B11219	SUPPLIES PURCHASED
24192	12/19/2011	UPS01	UPS	15.24	Y6R493501	LAB SHIPMENT
24193	12/19/2011	WEN01	WILLIAM WENNERHOLM, DC	100.00	B11219	DIRECTORS FEES
24194	12/19/2011	WIN02	Winzler & Kelly	570.50	62350	PROFESSIONAL SERVICES RENDERED
24195	12/22/2011	AES01	ASBURY ENVIRONMENTAL SERVICE	277.55	130385403	REPAIRS/MAINTENANCE
24196	12/22/2011	ANS02	BRIAN ANSPACH	1,088.00	16	PROFESSIONAL SERVICES RENDERED
24197	12/22/2011	CDW01	CDW GOVERNMENT, INC.	206.53	C173062	SUPPLIES
24198	12/22/2011	HUC01	DELILAH HUCK	438.75	B11222	CONTRACTED INSTRUCTOR
24199	12/22/2011	SHN01	SHN ENGINEERING	176.40	75778-1	PROFESSIONAL SERVICES RENDERED
24200	12/22/2011	STA09	S.W.R.C.B.	95.00	B11222	CJ GRADE 1 WASTEWATER TREATMENT
24201	12/22/2011	UPS01	UPS	171.17	Y6R493511	LAB SHIPMENT
			Total Accounts Payable Disbursements	<u>213,424.39</u>		

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CASH DISBURSEMENT REPORT
FOR THE PERIOD 12/1/11 TO 12/31/11**

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
Payroll Related Disbursements						
9677 - 9725	12/9/2011	-	VARIOUS EMPLOYEES	14,948.90	-	EMPLOYEE CHECKS
9726	12/8/2011	DIR01	DIRECT DEPOSIT VENDOR- US	25,100.36	B11208	Direct Deposit
9727	12/8/2011	DOW02	MICHAEL T. DOWNEY, SHERIFF	300.00	B11208	MISC DEDUCTION
9728	12/8/2011	EMP01	Employment Development	1,375.75	B11208	STATE INCOME TAX
9729	12/8/2011	FRA05	FRANCHISE TAX BOARD	47.74	B11208	FRANCHISE TAX BOARD
9730	12/8/2011	HUM29	UMPQUA BANK--PAYROLL DEP.	5,050.07	B11208	FEDERAL INCOME TAX
				4,950.32	1B11208	FICA
				1,521.22	2B11208	MEDICARE
			Check Total:	11,521.61		
9731	12/8/2011	STA10	Citistreet	2,916.07	B11208	RETIREMENT
9732	12/8/2011	STA17	CA STATE DISBURSEMNT UNIT	231.50	B11208	CHILD SUPPORT
9733	12/8/2011	AFL01	AFLAC	43.30	B11130	AFLAC (PRE-TAX)
9734	12/8/2011	PUB01	Public Employees PERS	14,929.33	B11130	PERS PAYROLL REMITTANCE
				154.66	1B11130	PERS CONTRIBUTION
			Check Total:	15,083.99		
9735	12/9/2011	-	EMPLOYEE	526.76	-	EMPLOYEE CHECK
9736	12/16/2011	-	EMPLOYEE	838.89	-	EMPLOYEE CHECK
9737 - 9784	12/22/2011	-	VARIOUS EMPLOYEES	15,893.44	-	EMPLOYEE CHECKS
9785	12/20/2011	DIR01	DIRECT DEPOSIT VENDOR- US	25,130.45	B11220	Direct Deposit
9786	12/20/2011	EMP01	Employment Development	-	B11209	STATE INCOME TAX
				70.00	B11216	STATE INCOME TAX
				1,396.81	B11220	STATE INCOME TAX
			Check Total:	1,466.81		
9787	12/20/2011	FRA05	FRANCHISE TAX BOARD	47.74	B11220	FRANCHISE TAX BOARD
9788	12/20/2011	HUM29	UMPQUA BANK--PAYROLL DEP.	-	B11209	FEDERAL INCOME TAX
				80.00	B11216	FEDERAL INCOME TAX
				5,167.60	B11220	FEDERAL INCOME TAX
				58.07	1B11209	FICA
				109.00	1B11216	FICA
				5,084.06	1B11220	FICA
				16.20	2B11209	MEDICARE
				30.40	2B11216	MEDICARE
				1,558.48	2B11220	MEDICARE
			Check Total:	12,103.81		
9789	12/20/2011	STA10	Citistreet	2,914.35	B11220	RETIREMENT
9790	12/20/2011	STA17	CA STATE DISBURSEMNT UNIT	231.50	B11220	CHILD SUPPORT
Total Payroll Disbursements				<u>130,722.97</u>		
Total Disbursements				<u>344,147.36</u>		

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: D.6. Consider approval of Hiller Sports Complex Youth Sports Organization's Facility Use Agreement Contracts

PRESENTED BY: Jason Sehon, Parks & Recreation Director

TYPE OF ACTION: Voice Vote

Recommendation:

Staff Requests the Board approve the attached Facility Use Agreements for McKinleyville Little League, McKinleyville Babe Ruth, and Mad River Girls Fast pitch Softball.

Staff also recommends the Board consider approving an approximate 4% increase in field use fees for the 2012 season. This would result in raising the hourly rate from \$6.50 per hour to \$6.75 per hour.

Discussion:

Several organizations and leagues have requested the use of Hiller Sports Complex (HSC) for the spring and summer 2012. The District requires organizations using HSC annually to complete and sign a Facility Use Agreement Contract prior to the start of their season. This spring, McKinleyville Little league (MLL), McKinleyville Babe Ruth (MBR), and Mad River Girls Fast Pitch Softball (MRGFPS) will all be using the baseball and softball fields at HSC.

Attached, please find copies of the Facility Use Agreement Supplements (cover page) for the Facility Use Agreements for each organization. Other than a proposed fee increase, no changes have been made to the main body of the agreement from last year.

A complete Facility Use Agreement Contract is available at the District Office for any Board member who would like to review it.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

In August 2006, the MCSD Board set a fee schedule for HSC of \$6.50 per hour for all youth sports organizations. A portion of that fee includes the cost of janitorial supplies used at the site. Each organization is responsible for cleaning the facility (restrooms, bleachers, parking lot, etc.) based on their percentage of use.

The Parks & Recreation Director will provide a cleaning schedule to each organization prior to the start of their season. Each user group is responsible for cleaning their own dugouts and bleacher areas after each use.

The District also offers youth organizations an opportunity to work off a portion of or all of their use fees by mowing the turf fields for a specific time period.

Staff recommends the Board consider approving an increase in field use fees from \$6.50 per hour to \$6.75 per hour for the 2012 season. This is approximately a 4% increase in fees.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Facility Use Agreement Supplement (MRGFPS)
- Facility Use Agreement Supplement (MLL)
- Facility Use Agreement Supplement (MBR)

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Facility Use Agreement Supplement

User: Mad River Girls Fast Pitch Softball League
Event: 2012 Regular Season Contract

This Cover Page is a supplement to the main body of the Agreement. This Agreement is between the McKinleyville Community Services District and the Mad River Girls Fast Pitch Softball (MRGFPS) contingent upon the following conditions:

1. That the Mad River Girls Fast Pitch Softball shall have shared use of the Field 3 (softball), based on schedules submitted in advance to MCSD, from March 1 through July 31, 2012, of each year subject to the terms of Section 2 of this Supplemental Agreement for Maintenance and Operation.

MCSD will provide additional practice field space beyond center field on Field # 4 at no cost to MRGFPS.
2. Mad River Girls Fast Pitch Softball agrees to pay or reimburse the MCSD:
 - A. \$750.00 Key/Cleaning/Damage deposit prior to the start of the season.
 - B. \$6.75 per hour for the use of each field.
 - C. Electric and gas utility costs will be reimbursed at the end of the season (based on a percentage of use).
3. The Mad River Girls Fast Pitch Softball agrees to perform the following maintenance of the facility, including but not limited to, field preparation before games, grounds cleanup, daily bathroom cleanup (based on schedule submitted by the Parks & Recreation Director, general cleanup of the Concession Stand & parking lot, and trash disposal. These operation and maintenance responsibilities are further explained in Exhibit D.
4. The Mad River Girls Fast Pitch Softball agrees to pay a Key/Cleaning/Damage deposit in the amount of \$1,500.00 to MCSD for the use of Hiller Sports Complex. MCSD may use the Key/Cleaning/Damage deposit for reimbursement of any costs related to lost or stolen keys, additional cleaning requirements, additional turf maintenance, and/or field & turf damages during the use of McKinleyville Little League (see section 18, and Exhibit D of Facility Use Agreement). This deposit must be paid prior to the start of the season.
5. The Mad River Girls Fast Pitch Softball agrees to return all keys issued for Hiller Sports Complex no later than June 30, 2012. This date is (10) days after the completion of their season, based on their submitted Facility Use Reservation Form.

COVER PAGE

The Mad River Girls Fast Pitch Softball agrees to remove equipment and clean dugout storage unit no later than June 19, 2012.

6. Mad River Girls Fast Pitch Softball agrees to submit a separate Facility Use Request form for any tournament or for events with estimated attendance of more than 500 persons per day, or for which off-road parking is required, or for which facility parking space is deemed inadequate; or for which street closures are required. Such an event is subject to MCSD Board Approval. (See Exhibit B of Facility Use Agreement - Article IV, section 45.01 - Parks & Recreation Rules & Regulations.)
7. This Agreement Supplement titled "Cover Page" is an addendum to and to be considered a part of the main document. All other conditions in the main body of this document remain in place.

McKinleyville Community Services District

Mad River Girls Fast Pitch Softball

Dennis Mayo , President of MCSD

President, Mad River Girls F/P Softball

Date:

Date:

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Facility Use Agreement Supplement

User: McKinleyville Little League
Event: 2012 Regular Season Contract

This Cover Page is a supplement to the main body of the Agreement. This supplement further explains section 9, and describes the costs and responsibilities required for the maintenance of the two little league fields during the course of regular season usage. Furthermore, this supplement allows McKinleyville Little League (MLL) to work off their financial obligations for field use and defines the maintenance and responsibilities. This Agreement is between the McKinleyville Community Services District and the McKinleyville Little League Association contingent upon the following conditions:

1. That the McKinleyville Little League shall have first priority of Fields 1 & 2 (baseball), based on schedules submitted in advance to MCSD, from March 1 through July 31, 2012, of each year subject to the terms of Section 2 of this Supplemental Agreement for Maintenance and Operation.

MLL shall have shared priority of Field 3 (softball), based on schedules submitted in advance to MCSD, from March 1 through July 31, 2012. MCSD will provide additional practice field space beyond center field on Field # 4 at no cost to MLL.

2. McKinleyville Little League agrees to pay or reimburse the MCSD:
 - A. \$1,500.00 Key/Cleaning/Damage deposit prior to the start of the season (ongoing).
 - B. \$6.75 per hour for the use of each field.
 - C. \$5.00 per weekday for the use of the Concession Stand.
 - D. \$15.00 per weekend day for the use of the Concession Stand.
 - E. Electric and gas utility costs will be reimbursed at the end of the season.
3. The McKinleyville Little League agrees to perform all maintenance of the fields, including but not limited to, mowing grass once per week, trimming along the fence lines, field preparation before games, grounds cleanup, bathroom cleanup (based on schedule submitted by Parks & Recreation Director), re-stocking janitorial supplies, general cleanup of the Concession Stand & parking lot, and trash disposal. These operation and maintenance responsibilities are further explained in Exhibit D, and some may be in lieu of payment for field and concession use during the period of March 1 through July 31, 2012.
4. The McKinleyville Little League agrees to pay a Key/Cleaning/Damage deposit in the amount of \$1,500.00 to MCSD for the use of Hiller Sports Complex. MCSD may use the Key/Cleaning/Damage deposit for reimbursement of any costs related to lost or

COVER PAGE

stolen keys, additional cleaning requirements, additional turf maintenance, and/or field & turf damages during the use of McKinleyville Little League (see Exhibit D of Facility Use Agreement). This deposit must be paid prior to the start of each season.

5. The McKinleyville Little League agrees to return all keys issued for Hiller Sports Complex no later than July 31, 2012. The McKinleyville Little League agrees to remove equipment, clean storage unit and dugouts no later than July 31, 2012.
6. McKinleyville Little League agrees to submit a separate Facility Use Request form for any tournament or for events with estimated attendance of more than 500 persons per day, or for which off-road parking is required, or for which facility parking space is deemed inadequate; or for which street closures are required. Such an event is subject to MCSD Board Approval, as described in Article IV, section 45.01 - Parks & Recreation Rules & Regulations.
7. McKinleyville Little League agrees not to park any vehicles inside Hiller Sports Complex. All vehicles must be parked in the designated parking lot and/or overflow parking areas.
8. This Agreement Supplement titled "Cover Page" is an addendum to and to be considered a part of the main document. All other conditions in the main body of this document remain in place.

McKinleyville Community Services District

McKinleyville Little League

Dennis Mayo, President of MCSD

President, McKinleyville Little League

Date:

Date:

FACILITY USE AGREEMENT SUPPLEMENT
Department of Parks & Recreation

User: McKinleyville Babe Ruth League
Event: 2012 Regular Season Contract

This Cover Page is a supplement to the main body of the Agreement. This supplement modifies and changes section 9 and section 10 describing costs and responsibilities in the maintenance of the McKinleyville Babe Ruth League fields during the regular seasons use. Further, this supplement allows the McKinleyville Babe Ruth League (MBR) to work off their financial obligations for fields use and defines the maintenance responsibilities. This Agreement is between the McKinleyville Community Services District and the McKinleyville Babe Ruth League contingent upon the following conditions:

1. That the McKinleyville Babe Ruth League shall have first priority of the fields, based on schedules submitted in advance to MCSD; from March 1 through August 31, 2012 of each year subject to the terms of Section 2 of this Supplemental Agreement for Maintenance and Operation.
2. McKinleyville Babe Ruth League agrees to pay or reimburse the MCSD:
 - A. \$1,500.00 Key/Cleaning/Damage deposit prior to the start of the season.
 - B. \$6.75 per hour for the use of each field.
 - C. \$5.00 per weekday for the use of the Concession Stand.
 - D. \$15.00 per weekend day for the use of the Concession Stand.
 - E. Electric and gas utility costs will be reimbursed at the end of the season.
3. The McKinleyville Babe Ruth League agrees to perform the following maintenance of the fields: Bathroom cleanup based on schedule submitted by Parks & Recreation Director, general cleanup of the kitchen, bleachers, dugouts, grounds, parking lot and trash disposal.
4. The McKinleyville Babe Ruth League agrees to pay a Key/Cleaning/Damage deposit in the amount of \$1,500.00 to MCSD for the use of Hiller Sports Complex. MCSD may use the Key/Cleaning/Damage deposit for reimbursement of any costs related to lost or stolen keys, additional cleaning requirements, additional turf maintenance, and/or field & turf damages during the use of McKinleyville Babe Ruth (see section 18, and Exhibit D of Facility Use Agreement). This deposit must be paid prior to the start of the season.
5. The McKinleyville Babe Ruth agrees to return all keys issued for Hiller Sports Complex within fifteen (10) days of the completion of their season. The

McKinleyville Babe Ruth agrees to remove equipment and clean dugout storage within fifteen (10) days of the completion of their season.

6. McKinleyville Babe Ruth League agrees to submit a separate Facility Use Request form for any tournament, or for events with estimated attendance of more than 500 persons per day, or for which off-road parking is required, or for which facility parking space is deemed inadequate; or for which street closures are required. Such an event is subject to MCSD Board Approval. (See Exhibit B of Facility Use Agreement – Article IV, section 45.01 – Parks & Recreation Rules & Regulations.)
7. This Agreement Supplement titled Cover Page is an addendum to and to be consider a part of the main document. All other conditions of the main body of the document remain in place.

McKinleyville Community Services District McKinleyville Babe Ruth League

Dennis Mayo, President of MCSD

President, Babe Ruth

Date

Date

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.1. Resolution to honor Barbara Egbert upon her retirement from MCSD

PRESENTED BY: Norman Shopay / Jason Sehon

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends that the Board adopt Resolution 2012-03 to honor retiring employee Barbara Egbert.

Discussion:

Barbara Egbert has announced her retirement from the District and we would like to honor her for her many years of service and dedication. Her retirement date is scheduled for Friday, February 24, 2012.

Barbara has been a key team player of the District. More than fifteen (15) years ago she started working part time as a Customer Service Representative in the front office. In 2003, Barbara started working full time as a Customer Service Representative in support services.

In 2004, Barbara's position was moved to the Parks & Recreation Office and she took over the responsibility of program registration, billing and other general duties. Barbara has done a great job helping to manage the Parks & Recreation Office.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Resolution 2012-03

RESOLUTION 2012-03

A RESOLUTION OF APPRECIATION OF THE BOARD OF DIRECTORS TO HONOR RETIRED EMPLOYEE BARBARA EGBERT

WHEREAS, Barbara Egbert has served with great dedication and loyalty as a full-time employee with the McKinleyville Community Services district from February 1, 1996; and

WHEREAS, Barbara has provided valuable service and experience during her sixteen (16) year tenure with the District; and

WHEREAS, Barbara has assisted the District and the public by serving tirelessly as a Customer Service Representative; and

WHEREAS, throughout her tenure Barbara maintained a professional outlook and followed through on all requests received from the public, thereby contributing to the improvement of the quality of life within the Community of McKinleyville;

BE IT FURTHER RESOLVED: that the Board of Directors believes that Barbara Egbert should take with her a great sense of personal satisfaction for her many accomplishments for the District and we all wish her well in all of her future efforts.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 1st of February 2012 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dennis Mayo, Board President

Attest:

Sharon L. Denison, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.2. Adopt Resolution 2012-04 Recognizing, Honoring and Commending David Baldosser for Fifteen (15) Years of Service at McKinleyville Community Services District

PRESENTED BY: Norman Shopay / Sharon Denison

TYPE OF ACTION: Roll Call Vote

Recommendation:

Adopt Resolution 2012-04 to recognize, honor and commend David Baldosser for his 15-continuous years of service at the McKinleyville Community Services District.

Discussion:

David Baldosser started at the District on February 3, 1997, having had a long resume in the banking industry. He started in Support Services as a Customer Service Representative, waiting on customers, taking payments and answering telephones and due to his diligence over time his duties expanded to Customer Billing, training of new employees, maintaining Double check Valve inspection files, member of the web-site committee and many varied and essential jobs in support services. He leads by example in regards to Customer Service and has a photographic memory in retaining data regarding customer's names, numbers and faces. A lot of the customers ask for him by name. Attached for Board consideration is a Resolution to honor MCSD employee David Baldosser for 15-continuous years of service at M.C.S.D.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Exhibit 1-Resolution 2012-04

Exhibit 1

RESOLUTION 2012-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE
COMMUNITY SERVICES DISTRICT, HUMBOLDT COUNTY, CALIFORNIA
RECOGNIZING, HONORING, AND COMMENDING DAVID BALDOSSER FOR
SERVING MCKINLEYVILLE COMMUNITY
SERVICES DISTRICT FOR FIFTEEN CONTINUOUS YEARS.**

WHEREAS David Baldosser, having faithfully served fifteen (15) continuous years as an employee of the McKinleyville Community Services District (the "District") from February 3, 1997 to February 3, 2012; and ;

WHEREAS throughout his years of service, David has demonstrated unwavering loyalty and dedication; and

WHEREAS David lends his talents, experience, and leadership to the development and service to the District having served tirelessly as a Customer Service Representative 1 & 2; and

WHEREAS David has volunteered for many special projects such as Web-site Development Committee, Integrated Voice Recognition Phone System expert; has a key-role in training new support service employees; fills in as Board Secretary as needed; and willing offers assistance to staff whenever needed, and

WHEREAS under David's direction and guidance, the Customer Service Department continues to support and respond to meeting the needs of a growing and prospering McKinleyville Services Area; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of McKinleyville Community Services District hereby confers upon David Baldosser its highest commendation for the dedicated service he has performed for the District and the community and, further marks his historic accomplishment as a McKinleyville Community Services District's employee for fifteen (15) years.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 1st day of February 2012 by the following polled vote:

AYES:

NOES:

ABSENT:

Dennis Mayo, Board President
McKinleyville Community Services District

Attest:

Sharon Denison, Secretary of the Board
McKinleyville Community Services District

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Water and Sewer Rate Analysis, Securing the Future and Investing in our Infrastructure**

PRESENTED BY: **Norman Shopay / Pierce Rossum, Willdan Financial**

TYPE OF ACTION: **Voice Vote**

Recommendation:

Listen to the presentation regarding information on the Water and Sewer Rate process.

Approve a policy of obtaining funding through Loans or Bonds to fund major water and sewer improvement projects, rather than adopting a pay-as-you go policy for funding.

Discussion:

The District will need to consider revising the water and sewer rates to adequately fund operations, maintenance and present and future capital costs.

The rate structure will need to be fair and equitable to rate payers and also be in compliance with Proposition 218 requirements.

At the January 5, 2012 Board meeting the Board approved the following:

- A two (2) tier rate structure;
- Percentage of cost to be recovered by the fixed charge between 30% to 40%, consistent with the cost of service analysis; and
- Pass through water cost increases from Humboldt Bay Municipal Water District (HBMWD).

Pierce Rossum, from Willdan, is assisting in the preparation of the water and sewer rate evaluation and is here this evening to continue the overview presentation and to answer any questions.

Staff is recommending that the Board adopt a policy of obtaining funding through Loans or Bond to fund major water and sewer improvement projects. This will result in not having to raise rates significantly in the short term to obtain the needed funds prior to the start of a major project.

Reviewing and evaluating potential water and sewer rate increases is a process that takes place over time. We do not just arbitrarily decide to increase rates without conducting a detailed evaluation of the proposed improvements needed (through our 20 year Capital Improvement Plan), that evaluates and considers the cost of the project and the timing of those improvements.

Before we were ever ready to start looking at revising water and sewer rates we needed to address some outstanding issues that required our attention first. Such as the following:

- The Capacity and Connection Fees charged to developers for new construction. As you recall no adjustment in these rates occurred for many years and rate payers were significantly subsidizing these development fees. We wanted make the necessary adjustments so current rate payers were only paying their appropriate share of the cost. Staff brought a recommendation the Board to adjust and increase these rates. The MCSD Board of Directors approved adjustments to the capacity fees charged to new development about six (6) months ago.
- We also needed to establish and determine a MCSD designated reserve policy. As you recall MCSD did not have any designated reserve policy in the past. It was important to identify and set aside reserves funds in case we have an earthquake and need to make a major emergency repair. We also did not want the State to think that we had unreserved funds that they could take away from us. Staff worked with the MCSD Audit committee to prepare a reserve policy and brought a recommendation to the Board for approval. The MCSD Board of Directors took action and approved our reserve policy a few months ago.

With those item accomplished we are now ready to look at our water and sewer rates and determine if an increase is needed and also look at the best way to minimize the impact of potential increases to our rate payers.

The recent editorial and incorrect statements by one member of the public in the McKinleyville Press implying that MCSD is somehow delaying the rate process cannot be more wrong. It is obvious that this person does not understand that there is a real process to follow.

MCSD does not just raise water and sewer rates just for the sake of it. We need to make sure that any rate increase is reasonable and fair to our rate payers. There is also a real and important process that needs to be followed. It is the Proposition 218 process as required by law.

We also want to inform and explain the process to our Board and to the rate payers. Taking shortcuts and doing a hurry-up process, is not something I will do. I support securing a future for McKinleyville by investing in our Infrastructure

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Presentation-handouts available at the meeting

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **Action**

ITEM: E.4 Acceptance of 20-Year Facilities Plan Update

PRESENTED BY: Norman Shopay/ Greg Orsini/ SHN Engineers

TYPE OF ACTION: Voice Vote

Recommendation:

1. Accept the 20-year facility plan dated January 12, 2012.
2. Authorize submission to the Regional Water Quality Control Board.
3. Authorize District staff to modify and make minor changes in the document as may be required based on RWQCB review and comments.
4. Authorize staff to prepare and issue a Request for Proposal/Qualification for the design element of the proposed upgrades to the Waste Water Management Facility. Provide a recommendation to the Board for approval after staff review of the submitted Proposals/Qualification.

Discussion:

Mandatory studies associated with the NPDES Permit issued in 2008 prompted staff to issue a Request for Qualifications for a consulting firm to assist MCSD in the completion of those studies. During the process staff also recognized the benefit in proactively proceeding with a 20 Year Facility Plan (Plan) to allow MCSD the ability to do long term planning for our infrastructure improvements that considers our present and future regulatory environment and demonstrate to the Regional Water Quality Control Board MCSD's commitment to maintaining regulatory compliance without a mandatory compliance schedule.

History of the Process and Document

- A draft of the Plan was prepared by SHN in August 2011. At which time staff determined a peer review by Kennedy/ Jenks Consulting and Engineers was appropriate and necessary.
- The Administrative Draft of the Plan was presented to the MCSD Board on October 19, 2011 accompanied by a presentation to allow the Board and the public remain engaged in the process.

- The document was made available for public review during the public comment period from October 19, 2011 through December 14, 2011. A public workshop was also held on November 7, 2011 for the public to ask questions and provide comments.
- On November 16, 2011 an update on the Plan was presented to the Board. The presentation included a detailed review of the recommended alternative (an in-basin extended aeration system) for the treatment system upgrade.
- On December 14, 2011 a tour of the City of Willits in-basin extended aeration facility was hosted for MCSD staff and Board members, and interested community members.
- Following the close of the public comment period, minor modifications were made and the Plan was again brought to the Board at the January 4th, 2012 meeting as an informational item with a presentation.
- The Plan was revised and updated on January 12, 2012.
- On January 18, 2012 MCSD staff and Board members toured two treatment facilities one in Colusa and the other in Willows, CA both facilities are in basin extended aerations process and were converted from facultative ponds similar to MCSD. Community members were also invited to attend.

The presentation this evening will focus on a summary review of the comments received and brief review of the changes that have been incorporated into the January 12, 2012 plan.

Alternatives:

Not Applicable

Fiscal Analysis:

Not applicable

Environmental Requirements:


Not applicable

Exhibits/Attachments

- Attachment 1 - Presentation


1

McKinleyville Community Services District



**Wastewater Facilities Plan
Final Administrative Draft Presentation**

Presented By:
Lisa Stromme, P.E. and
Mike Veach, P.E.
February 1, 2012




2

Introduction

The 20-Year Facilities Plan for the MCSD Wastewater Management Facility (WWMF) identifies recommended alternatives for upgrading the existing collection, treatment, reclamation, and disposal systems to meet current and future regulatory requirements as well as address projected growth needs in the community.

Board acceptance of the Facilities Plan is needed prior to submission of the plan to the Regional Board.

Tonight we are presenting the final Administrative Draft of the 20-Year Facilities Plan for Board acceptance.



3


Presentation Overview

The goal of tonight's presentation is to:

- Review the changes made to the facilities plan based on comments received during the public review and comment period.

The objective of tonight's presentation is to:

- Present the final Administrative Draft of the 20-year Facilities Plan for Board acceptance.




4

General Comments from October Presentation

The following general comments on the plan were noted during the October presentation to the Board:


- Incorporation of Public Input from 2010
 - Wetlands Treatment (Addressed in Section 7.2)
 - Municipal Reuse (Addressed in Section 8.3)
 - Ocean Outfall (Addressed in Section 8.4)
 - Modular System (Regulatory vs. Capacity Driven)
- Selection of Designated Growth Rate
- Pilot Project Results for Poplar Study
- Odor Concerns for Selected Alternative



5

Discussion Points Raised by the Public at the November 7th Workshop

- Why not deep well injection for disposal?
- What are the results of the Submerged Aquatic Vegetation study?
- What would comprise a minimum project?
- Are the community growth rate projections verifiable?
- What irrigation methods are being considered?
- What are the O&M costs?
- Are energy conservation measures being considered?
- Is a decentralized system acceptable by code?
- How will biosolids be handled?
- Are the impacts of future regulatory requirements addressed?
- Are different disinfection methods being considered?




6

Review and Consideration of Additional Comments

The facilities plan sets forth recommended alternatives for upgrading the existing WWMF collection, treatment, reclamation, and disposal systems.

Based on review and consideration of the comments received, the recommended alternatives as set forth in the plan were not changed.

However key issues were raised during the comment period that warranted further discussion and various sections of the Facilities Plan were updated, where applicable, to address those issues.



7

Overview of Additional Key Issues Raised

Treatment Technology


- Disinfection-by-Products
- Impacts of Low Alkalinity
- Treatment Pond Lining Requirements
- Integral Clarifier RAS Control Issues
- Alternative Treatment Technologies

Disposal Concepts

- Alternative Disposal Methods
- Poplar Forest Expansion Options
- Percolation Pond Options

Alternative Energy Sources

- Solar
- Wind
- Methane



8

Additional Edits to the Plan

CEQA Review Process

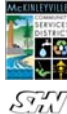
- Facilities Plan document is a planning study
- Statutorily exempt from CEQA
- Acceptance of the plan has no legally binding requirements for the District
- A Notice of Exemption will be filed with the County

Basis for Alternatives Considered

- Added Section 5.4
- Describes the feasibility study process
- Addresses peer review comments

Reclamation Area Expansion

- Updated Figure 1-2
- Includes reserve reclamation area
- Potential expansion not included in analysis




9

Thank You!

SHN Project Team:

Lisa Stromme, P.E.
Mike Veach, P.E.
Susan Foreman, P.E.
Rose Patenaude, P.E.



McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.5. Accept the District's annual audit report for the fiscal year ending June 30, 2011

PRESENTED BY: Norman Shopay/Scott Gordon/Kim Windsor

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends that the Board accept the District's audited financial statements for the fiscal year ending June 30, 2011.

Discussion:

The District's annual audit for the fiscal year ending June 30, 2011 is complete as was presented and discussed with the MCSD Audit committee and staff.

The independent auditor issued an unqualified opinion on the District's financial statements which has been included as an attachment.

The audit committee has reviewed and accepted the auditor's report.

Kim Windsor from Hunter, Hunter & Hunt is here this evening to present the results of the Audit and is available to answer any questions.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- MCSD Basic Financial statements with the report of the independent auditor for the fiscal year ending June 30, 2011.
- Communication to those charged with governance

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

BASIC FINANCIAL STATEMENTS,

REQUIRED SUPPLEMENTARY INFORMATION,

AND

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2011

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	10
Statement of Activities and Changes in Net Assets	11
Balance Sheet – Governmental Funds	12
Reconciliation of Governmental Funds Balance Sheet to The Government-Wide Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to Financial Statements	19 - 37
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Parks and Recreation Fund	38
Budgetary Comparison Schedule – Streetlight Fund	39
Other Post Employment Benefits Schedule of Funding Progress	40
REPORT ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS:	
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41 - 42
Schedule of Findings and Responses	43 - 44

John B. Hunter, CPA
James A. Hunter, CPA
Scott E. Hunt, CPA/ABV
Donna L. Taylor, CPA, CFE



Eileen Sacra Capaccio, CPA
Carol Mayes, CPA, CFE
Kim Windsor, CPA/ABV
Jennifer J. Hillegeist, CPA
Patrick M. Shanahan, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of McKinleyville Community Services District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of McKinleyville Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 3 through 9, budgetary comparison

information on page 38 and 39, and the Other Post Employment Benefits Schedule of Funding Progress on page 40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hunter, Hunter + Hunt

January 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Management offers to the readers of the McKinleyville Community Services District's (the District) basic financial statements this narrative overview and analysis of the District's financial activities for the year ended June 30, 2011. This discussion and analysis should be read in conjunction with the accompanying basic financial statements and the notes thereto.

Overview of the Basic Financial Statements

The District's basic financial statements and required supplementary information consist of the following:

- Government-wide Financial Statements (accrual basis of accounting):
 - 1) Statement of Net Assets
 - 2) Statement of Activities and Changes in Net Assets
- Governmental Fund Financial Statements (modified accrual basis of accounting):
 - 1) Balance Sheet
 - 2) Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets
 - 3) Statement of Revenues, Expenditures, and Changes in Fund Balances
 - 4) Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
- Proprietary Fund Financial Statements (accrual basis of accounting):
 - 1) Statement of Net Assets
 - 2) Statement of Revenues, Expenses, and Changes in Net Assets
 - 3) Statement of Cash Flows
- Notes to Basic Financial Statements
- Required Supplementary Information:
 - 1) Budgetary Comparison Schedule – General Fund (Parks & Recreation)
 - 2) Budgetary Comparison Schedule – Streetlight Fund
 - 3) Other Post Employment Benefits Schedule of Funding Progress

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Assets presents the District's financial position at a point in time, June 30, and includes information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or declining. The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year.

The Statement of Net Assets and the Statement of Activities divide District operations into two types of activities:

- **Governmental Activities** – Included are the District's parks, recreation programs, open space zones and streetlight zones. This also accounts for management of the District's buildings at Pierson Park (Azalea Hall, activity center, library, and law enforcement facility), Hiller Park (sports fields, playgrounds, dog park, etc.), Larissa Park, trails and open spaces. These activities are funded by property taxes, the Measure B Assessments (for recreational facility development), zone assessments, grants, donations and user fees.
- **Business-type Activities** – These are activities that the District charges fees to customers to cover the cost of services it provides. The District's water and wastewater systems are reported herein.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds which include: (1) general fund, including parks and recreation, (2) street lighting fund, (3) water utility fund, and (4) wastewater utility fund. Additionally, the proprietary fund financial statements provide cash flow information for the District's water and wastewater funds. The District's fund financial statements encompass two fund types as follows:

- **Governmental Funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the District's near-term financing requirements.
- **Proprietary Funds** - Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail.

Financial Highlights

- Current assets decreased by approximately \$1,058,000 in comparison to the prior year while capital and other non-current assets increased by approximately \$981,000.
- Current liabilities increased by approximately \$231,000 over the prior year while long-term liabilities decreased by approximately \$153,000.
- Overall, the District's net assets decreased by \$154,578 or 0.7% as a result of this year's operations.
- Total program revenues equaled \$4,078,329 in comparison to \$4,017,990 in the prior year while program expenses equaled \$5,019,865 in comparison to \$4,437,818 in the prior year.
- The District's general revenues and transfers decreased from the prior year by approximately \$30,000, from \$817,426 to \$786,958.

Government-wide Financial Statement Analysis

The discussion and analysis of the District's overall financial position and results of operations will focus on the following condensed statement of net assets (Table 1 and 2) and condensed statement of revenues, expenses, and changes in net assets (Table 3 and 4) for both governmental and business-type activities.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 1 - Condensed Statement of Net Assets (Governmental Activities)

	Fiscal Year Ended June 30,		
	2011	2010	Change
Assets			
Current	\$ 985,836	\$ 1,191,280	\$ (205,444)
Non-current:			
Net Capital Assets	3,327,854	3,368,504	(40,650)
Other	39,325	39,325	-
Total Assets	4,353,015	4,599,109	(246,094)
Liabilities			
Current	155,798	269,943	(114,145)
Non-current	72,208	200,767	(128,559)
Total Liabilities	228,006	470,710	(242,704)
Net Assets			
Investment in Capital			
Assets, Net of Related Debt	3,327,854	3,044,305	283,549
Unrestricted	797,155	1,084,094	(286,939)
Total Net Assets	\$ 4,125,009	\$ 4,128,399	\$ (3,390)

Table 2 - Condensed Statement of Net Assets (Business-type Activities)

	Fiscal Year Ended June 30,		
	2011	2010	Change
Assets			
Current	\$ 4,744,831	\$ 5,597,474	\$ (852,643)
Net Capital Assets	18,281,086	17,353,988	927,098
Non-current	885,382	790,372	95,010
Total Assets	23,911,299	23,741,834	169,465
Liabilities			
Current	855,604	510,905	344,699
Non-current	4,082,516	4,106,562	(24,046)
Total Liabilities	4,938,120	4,617,467	320,653
Net Assets			
Investment in Capital			
Assets, Net of Related Debt	14,184,822	13,167,371	1,017,451
Restricted	750,081	751,341	(1,260)
Unrestricted	4,038,276	5,205,655	(1,167,379)
Total Net Assets	\$ 18,973,179	\$ 19,124,367	\$ (151,188)

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As can be seen from Table 1 (Condensed Statement of Net Assets – Governmental Activities), the following can be noted when comparing the current year to the prior year:

- Non-capital assets decreased by \$205,444 or 17.2%;
- Net capital assets decreased by \$40,650 or 1.2%;
- Total liabilities decreased by \$242,704 or 51.6%;
- Investment in capital assets, net of related debt increased by \$283,549 or 9.3%;
- Unrestricted net assets decreased by \$286,939 or 26.5%.

As can be seen from Table 2 (Condensed Statement of Net Assets – Business-type Activities), the following can be noted when comparing the current year to the prior year:

- Non-capital assets decreased by \$757,633 or 13.5%;
- Net capital assets increased by \$927,098 or 5.3%;
- Total liabilities increased by \$320,653 or 6.9%;
- Investment in capital assets, net of related debt increased by \$1,017,451 or 7.7%;
- Unrestricted net assets decreased by \$1,167,379 or 22.4%.

**Table 3 - Condensed Statement of Revenues, Expenses, and Changes in Net Assets
Governmental Activities**

	Fiscal Year Ended June 30,		
	2011	2010	Change
Revenues and Transfers			
Charges for Services and Facilities	\$ 478,806	\$ 491,169	\$ (12,363)
Operating Grants and Contributions	18,968	-	18,968
Capital Grants and Contributions	105,730	11,500	94,230
Property Taxes	489,313	499,950	(10,637)
Special Assessments	209,068	201,114	7,954
Other Income	7,259	11,279	(4,020)
Unrestricted Investment Earnings	5,901	19,021	(13,120)
Loss on Sale of Asset	(1,005)	-	(1,005)
Transfers-in	56,696	42,551	14,145
Total Revenues	1,370,736	1,276,584	94,152
Expenses			
Recreation, Parks, Open Space, Facilities, and Other Activities	1,255,784	995,586	260,198
Street Lighting	118,342	82,275	36,067
Total Expenses	1,374,126	1,077,861	296,265
Change in Net Assets	(3,390)	198,723	(202,113)
Net Assets - Beginning of Year	4,128,399	3,929,676	198,723
Net Assets - End of Year	\$ 4,125,009	\$ 4,128,399	\$ (3,390)

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 4 - Condensed Statement of Revenues, Expenses, and Changes in Net Assets
Business-type Activities**

	Fiscal Year Ended June 30,		
	2011	2010	Change
Revenues and Transfers			
Charges for Services -- Water	\$ 1,729,146	\$ 1,664,876	\$ 64,270
Charges for Services - Wastewater	1,663,829	1,434,590	229,239
Capital Contributions	81,850	415,855	(334,005)
Other Income	23,100	-	23,100
Unrestricted Investment Earnings	46,922	86,062	(39,140)
Gain (Loss) on Sale of Asset	6,400	-	6,400
Transfers-out	(56,696)	(42,551)	(14,145)
Total Revenues	3,494,551	3,558,832	(64,281)
Expenses			
Water	1,975,818	1,762,390	213,428
Wastewater	1,669,921	1,597,567	72,354
Total Expenses	3,645,739	3,359,957	285,782
Change in Net Assets	(151,188)	198,875	(350,063)
Net Assets - Beginning of Year	19,124,367	18,925,492	198,875
Net Assets - End of Year	\$ 18,973,179	\$ 19,124,367	\$ (151,188)

As can be seen from Table 3 (Condensed Statement of Revenues, Expenses, and Changes in Net Assets -- Governmental Activities), the following can be noted when comparing the current year to the prior year:

- Total revenues and transfers increased by \$94,152 or 7.4%;
- Total expenses increased by \$296,265 or 27.5%;
- Net assets decreased by \$3,390 or .1%.

As can be seen from Table 4 (Condensed Statement of Revenues, Expenses, and Changes in Net Assets -- Business-type Activities), the following can be noted when comparing the current year to the prior year:

- Total revenues and transfers decreased by \$64,281 or 1.8%;
- Total expenses increased by \$285,782 or 8.5%;
- Net assets decreased by \$151,188 or 0.8%.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statement Analysis

Governmental Funds

Detailed information about the District's governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balance can be found on pages 12 and 14, respectively of the District's basic financial statements. The following can be noted when comparing the current fund financial statements to the prior year:

- Total assets decreased by \$235,635 or 19.1%;
- Total liabilities increased by \$19,652 or 13.5%;
- Total fund balance decreased by \$255,287 or 23.5%;
- Total revenues increased by \$26,107 or 2.2%;
- Total expenditures increased by \$219,926 or 16.9%.

Proprietary Funds

Detailed information about the District's proprietary funds statement of net assets and statement of revenues, expenditures, and changes in fund balance can be found on pages 16 and 17, respectively of the District's basic financial statements. The following can be noted when comparing the current fund financial statements to the prior year:

- Total water fund assets increased by \$387,977 or 4.8%;
- Total wastewater fund assets decreased by \$52,209 or 0.03%;
- Total water fund liabilities increased by \$429,750 or 15.5%;
- Total wastewater fund liabilities decreased by \$107,097 or 5.8%;
- Total water fund net assets decreased by \$41,773 or 0.08%;
- Total wastewater fund nets assets increased by \$56,888 or 0.04%;
- Total water fund operating revenues increased by \$64,270 or 3.9% while operating expenses increased by \$215,336 or 12.6%;
- Total wastewater fund operating revenues increased by \$229,239 or 16.0% while operating expenses increased by \$77,102 or 5.0%.

General Fund Budgetary Highlights

Actual revenues were significantly lower than budgetary estimates by approximately \$4.7 million primarily due to lower than anticipated property tax revenues, recreation program fees, and capital grant revenues. Actual expenditures were significantly lower than budgetary estimates by approximately \$4.5 million primarily due to the postponement of capital outlays into future years.

The original budget was amended once during the fiscal year as approved by the Board of Directors to reflect additional debt service expenditures related to the pay-off of its capital lease.

Capital Assets

The District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2011 equaled \$3,327,854 and \$18,281,086, respectively. Detailed information about the components of capital assets is included in Note 3 to the basic financial statements. Net capital assets decreased by \$40,650 (1.2%) for the District's governmental activities as depreciation exceeded capital asset purchases. Conversely, net capital assets increased by \$927,098 (5.3%) as capital asset purchases exceeded depreciation as the District made significant capital outlays related to water and wastewater infrastructure as well as the replacement of equipment and vehicles.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Debt

The District's debt for its governmental and business-type activities as of June 30, 2011 totaled \$0 and \$4,096,264, respectively. Overall, the District experienced a net decrease in its debt balance from the prior year equal to \$90,352 (2.2%). The net decrease was the result of \$238,942 in principal repayment which was offset by the receipt of \$148,590 in loan proceeds which were received for the purpose of financing water system improvements. Detailed information about the components of debt is included in Note 4 to the basic financial statements.

Currently Known Facts

Looking forward, the District continues to plan for replacement and upgrade of its water and wastewater infrastructure. At the same time, purchased water costs are expected to continue to increase as the District's wholesale water supplier continues to raise rates. Increased operating costs, along with the District's need to build capital reserves for the replacement and upgrade of its water and wastewater systems, will require an increase in user fees. Moreover, the District anticipates that additional long-term debt will be required in order to meet its capital replacement and expansion needs.

Contacting the District

The District's annual financial report is designed to provide the District's customers, creditors and the public with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Additional information about the District is available at www.mckinleyvillecsd.com. Questions regarding this report may be directed to the following:

McKinleyville Community Services District
Attention: General Manager
PO Box 2037
McKinleyville, CA 95519

BASIC FINANCIAL STATEMENTS

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 959,276	\$ 4,296,049	\$ 5,255,325
Accounts Receivable	4,798	279,871	284,669
Interest Receivable	1,693	15,286	16,979
Prepays	20,069	52,200	72,269
Inventory	-	101,425	101,425
Total Current Assets	<u>985,836</u>	<u>4,744,831</u>	<u>5,730,667</u>
Non-current Assets:			
Restricted Cash and Cash Equivalents	-	847,852	847,852
Proposition 1A Receivable	39,325	-	39,325
Debt Issuance Costs	-	37,530	37,530
Net Capital Assets	<u>3,327,854</u>	<u>18,281,086</u>	<u>21,608,940</u>
Total Non-current Assets	<u>3,367,179</u>	<u>19,166,468</u>	<u>22,533,647</u>
Total Assets	<u>4,353,015</u>	<u>23,911,299</u>	<u>28,264,314</u>
Liabilities			
Current Liabilities:			
Accounts Payable	57,493	452,586	510,079
Accrued Liabilities	76,382	-	76,382
Deposits	7,200	80,270	87,470
Interest Payable	-	20,201	20,201
Compensated Absences Payable	14,723	59,164	73,887
Bonds and Loans, Due Within One Year	-	243,383	243,383
Total Current Liabilities	<u>155,798</u>	<u>855,604</u>	<u>1,011,402</u>
Non-current Liabilities:			
Revenue Bonds	-	755,000	755,000
Loans, Due in More Than One Year	-	3,097,881	3,097,881
Net Other Post Employment Benefit Obligation	60,787	169,857	230,644
Compensated Absences Payable	<u>11,421</u>	<u>59,778</u>	<u>71,199</u>
Total Non-current Liabilities	<u>72,208</u>	<u>4,082,516</u>	<u>4,154,724</u>
Total Liabilities	<u>228,006</u>	<u>4,938,120</u>	<u>5,166,126</u>
Net Assets			
Investment in Capital Assets, Net of Related Debt	3,327,854	14,184,822	17,512,676
Restricted for Debt Service	-	750,081	750,081
Unrestricted	<u>797,155</u>	<u>4,038,276</u>	<u>4,835,431</u>
Total Net Assets	<u>\$ 4,125,009</u>	<u>\$ 18,973,179</u>	<u>\$ 23,098,188</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
Parks and Recreation Services	\$ 1,255,784	\$ 397,173	\$ 18,968	\$ 105,730	\$ (733,913)	\$ -	\$ (733,913)
Streetslights	118,342	81,633	-	-	(36,709)	-	(36,709)
Total Governmental Activities	<u>1,374,126</u>	<u>478,806</u>	<u>18,968</u>	<u>105,730</u>	<u>(770,622)</u>	<u>-</u>	<u>(770,622)</u>
Business-Type Activities:							
Water	1,975,818	1,729,146	-	81,850	-	(164,822)	(164,822)
Wastewater	1,669,921	1,663,829	-	-	-	(6,092)	(6,092)
Total Business-Type Activities	<u>3,645,739</u>	<u>3,392,975</u>	<u>-</u>	<u>81,850</u>	<u>-</u>	<u>(170,914)</u>	<u>(170,914)</u>
Total	<u>\$ 5,019,865</u>	<u>\$ 3,871,781</u>	<u>\$ 18,968</u>	<u>\$ 187,580</u>	<u>(770,622)</u>	<u>(170,914)</u>	<u>(941,536)</u>
General Revenues, Expenses and Transfers:							
Property Taxes					489,313	-	489,313
Special Assessments					209,068	-	209,068
Other Income					7,259	23,100	30,359
Gain (Loss) on Sale of Asset					(1,005)	6,400	5,395
Unrestricted Investment Earnings					5,901	46,922	52,823
Transfers In (Out)					56,696	(56,696)	-
Total Revenues and Transfers					<u>767,232</u>	<u>19,726</u>	<u>786,958</u>
Change in Net Assets					<u>(3,390)</u>	<u>(151,188)</u>	<u>(154,578)</u>
Net Assets - Beginning of Year as Previously Reported							
					4,128,399	18,958,063	23,086,462
Prior Period Adjustment					-	166,304	166,304
Net Assets - Beginning of Year as Adjusted					<u>4,128,399</u>	<u>19,124,367</u>	<u>23,252,766</u>
Net Assets - End of Year					<u>\$ 4,125,009</u>	<u>\$ 18,973,179</u>	<u>\$ 23,098,188</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund (Parks and Recreation)	Street Lighting Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 959,276	\$ -	\$ 959,276
Accounts Receivable	1,790	3,008	4,798
Due From Other Funds	9,130	-	9,130
Interest Receivable	1,693	-	1,693
Prepays	17,459	2,610	20,069
Total Assets	<u>\$ 989,348</u>	<u>\$ 5,618</u>	<u>\$ 994,966</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 27,908	\$ 29,585	\$ 57,493
Due to Other Funds	-	9,130	9,130
Accrued Liabilities	76,382	-	76,382
Deposits	7,200	-	7,200
Compensated Absences Payable	14,723	-	14,723
Total Liabilities	<u>126,213</u>	<u>38,715</u>	<u>164,928</u>
Fund Balance:			
Nonspendable	17,459	2,610	20,069
Unassigned	845,676	(35,707)	809,969
Total Fund Balance	<u>863,135</u>	<u>(33,097)</u>	<u>830,038</u>
Total Liabilities and Fund Balance	<u>\$ 989,348</u>	<u>\$ 5,618</u>	<u>\$ 994,966</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2011

Total Fund Balances - Government Funds	\$ 830,038
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Long-term receivables do not provide current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet but are reported in the governmental activities in the Statement of Net Assets.	39,325
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet but are reported in the governmental activities in the Statement of Net Assets. The total capital assets, net of accumulated depreciation, are:	3,327,854
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet but are reported in the governmental activities in the Statement of Net Assets.

Other Post Retirement Benefit Obligation	(60,787)
Long-term Portion of Compensated Absences	<u>(11,421)</u>

Net Assets for Governmental Activities	<u>\$ 4,125,009</u>
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See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund (Parks and Recreation)	Street Lighting Fund	Total Governmental Funds
Revenues			
General Revenues:			
Property Taxes	\$ 489,313	\$ -	\$ 489,313
Special Assessments	209,068	-	209,068
Total General Revenues	698,381	-	698,381
Charges for Services	397,173	81,633	478,806
Grants	18,968	-	18,968
Other Income	4,394	2,865	7,259
Unrestricted Investment Earnings	5,889	12	5,901
Total Revenues	1,124,805	84,510	1,209,315
Expenditures			
Current:			
Recreation Programs, Parks, Open Space, Facilities and Other Cultural Activities	1,049,937	106,874	1,156,811
Debt Service:			
Principal	324,201	-	324,201
Interest	10,870	-	10,870
Capital Outlay	27,559	1,857	29,416
Total Expenditures	1,412,567	108,731	1,521,298
Excess of Expenditures over Revenues	(287,762)	(24,221)	(311,983)
Other Financing Sources (Uses)			
Transfers In	79,752	-	79,752
Transfers Out	-	(23,056)	(23,056)
Total Other Financing Sources (Uses)	79,752	(23,056)	56,696
Net Change in Fund Balance	(208,010)	(47,277)	(255,287)
Fund Balance - Beginning of Year	1,071,145	14,180	1,085,325
Fund Balance - End of Year	\$ 863,135	\$ (33,097)	\$ 830,038

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net Change in Fund Balances - Governmental Funds \$ (255,287)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures since they consume the current financial resources of governmental funds. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period. 29,416

Contributions of capital assets are reported in the government-wide statement of activities, however, since they do not provide current financial resources they are not reported as revenues in the governmental funds. This amount represents the contribution of capital assets in the current period. 105,730

Governmental funds report the repayment of the principal of long-term debt as expenditures since they consume the current financial resources of governmental funds. The repayment, however, does not effect the governmental-wide Statement of Activities, but rather reduces the long-term liabilities in the government-wide Statement of Net Assets. This amount represents the effect of these differences in the current period. 324,201

Changes in long-term liabilities are reported as expenses in the government-wide Statement of Activities, however, since they do not require the use of current financial resources they are not reported as expenditures in the governmental funds. The effect of these differences in the current period were as follows:

Interest Payable	4,728
Other Post Retirement Benefit Obligation	(36,886)
Long-term portion of Compensated Absences	507

Gains and losses from capital asset dispositions are not reported in the governmental funds, however, in the government-wide Statement of Activities a gain or loss is recognized to the extent that the capital assets carrying value at the time of disposition is either greater than or less than any sales proceeds received. This amount represents the net effect of capital dispositions in the current period. (1,005)

Some expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds but are reported in the government-wide Statement of Activities. Those expenses include depreciation. (174,794)

Change in Net Assets of Governmental Activities \$ (3,390)

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Water	Wastewater	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,077,306	\$ 3,218,743	\$ 4,296,049
Accounts Receivable	177,935	101,936	279,871
Interest Receivable	5,735	9,551	15,286
Prepays	26,100	26,100	52,200
Inventory	70,322	31,103	101,425
Total Current Assets	<u>1,357,398</u>	<u>3,387,433</u>	<u>4,744,831</u>
Non-current Assets:			
Restricted Cash and Cash Equivalents	592,111	255,741	847,852
Debt Issuance Costs	-	37,530	37,530
Net Capital Assets	6,442,864	11,838,222	18,281,086
Total Non-current Assets	<u>7,034,975</u>	<u>12,131,493</u>	<u>19,166,468</u>
Total Assets	<u>8,392,373</u>	<u>15,518,926</u>	<u>23,911,299</u>
Liabilities			
Current Liabilities:			
Accounts Payable	366,798	85,788	452,586
Deposits	80,270	-	80,270
Interest Payable	986	19,215	20,201
Compensated Absences Payable	29,582	29,582	59,164
Bonds and Loans, Due Within One Year	89,203	154,180	243,383
Total Current Liabilities	<u>566,839</u>	<u>288,765</u>	<u>855,604</u>
Non-current Liabilities:			
Revenue Bonds, Due in More Than One Year	-	755,000	755,000
Loans, Due in More Than One Year	2,517,141	580,740	3,097,881
Net Other Post Employment Benefit	84,712	85,145	169,857
Compensated Absences Payable	29,889	29,889	59,778
Total Non-current Liabilities	<u>2,631,742</u>	<u>1,450,774</u>	<u>4,082,516</u>
Total Liabilities	<u>3,198,581</u>	<u>1,739,539</u>	<u>4,938,120</u>
Net Assets			
Investment in Capital Assets, Net of Related Debt	3,836,520	10,348,302	14,184,822
Restricted for Debt Service	592,111	157,970	750,081
Unrestricted	765,161	3,273,115	4,038,276
Total Net Assets	<u>\$ 5,193,792</u>	<u>\$ 13,779,387</u>	<u>\$ 18,973,179</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Water	Wastewater	Totals
Operating Revenues:			
Sale of Water	\$ 1,536,661	\$ -	\$ 1,536,661
Service Fees	-	1,442,589	1,442,589
Other Operating Revenue	192,485	221,240	413,725
Total Operating Revenues	<u>1,729,146</u>	<u>1,663,829</u>	<u>3,392,975</u>
Operating Expenses:			
Personnel Services	737,395	748,348	1,485,743
Purchased Water	620,976	-	620,976
Utilities	46,393	92,826	139,219
Insurance	25,038	25,038	50,076
Other Supplies and Expenses	227,703	290,865	518,568
Depreciation and Amortization	264,365	448,174	712,539
Total Operating Expenses	<u>1,921,870</u>	<u>1,605,251</u>	<u>3,527,121</u>
Operating Income (Loss)	<u>(192,724)</u>	<u>58,578</u>	<u>(134,146)</u>
Non-operating Revenues (Expenses):			
Interest Expense	(53,948)	(64,670)	(118,618)
Unrestricted Investment Earnings	19,437	27,485	46,922
Gain (Loss) on Capital Assets	3,200	3,200	6,400
Other Income	3,700	19,400	23,100
Total Non-operating Revenues (Expenses)	<u>(27,611)</u>	<u>(14,585)</u>	<u>(42,196)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(220,335)</u>	<u>43,993</u>	<u>(176,342)</u>
Transfers and Capital Contributions			
Transfers Out	-	(56,696)	(56,696)
Capital Contributions	81,850	-	81,850
Total Transfers and Capital Contributions	<u>81,850</u>	<u>(56,696)</u>	<u>25,154</u>
Net Income (Loss)	<u>(138,485)</u>	<u>(12,703)</u>	<u>(151,188)</u>
Net Assets - Beginning of Year	5,235,564	13,722,499	18,958,063
Prior Period Adjustment	96,713	69,591	166,304
Net Assets - Beginning of Year as Adjusted	<u>5,332,277</u>	<u>13,792,090</u>	<u>19,124,367</u>
Net Assets - End of Year	<u>\$ 5,193,792</u>	<u>\$ 13,779,387</u>	<u>\$ 18,973,179</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Water	Wastewater	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 1,717,253	\$ 1,672,664	\$ 3,389,917
Cash Paid for Operating Expenses	(629,887)	(425,436)	(1,055,323)
Cash Paid to Employees for Services	(702,448)	(712,968)	(1,415,416)
Net Cash Provided (Used) by Operating Activities	<u>384,918</u>	<u>534,260</u>	<u>919,178</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-term Debt	(87,444)	(151,498)	(238,942)
Transfers to Governmental Funds	-	(56,696)	(56,696)
Proceeds from Long-term Borrowing	148,590	-	148,590
Acquisition and Construction of Capital Assets	(1,286,021)	(270,266)	(1,556,287)
Proceeds from Sale of Equipment	2,915	3,485	6,400
Interest Paid on Long-Term Debt	(52,962)	(64,563)	(117,525)
Net Cash Provided (Used) in Capital Financing Activities	<u>(1,274,922)</u>	<u>(539,538)</u>	<u>(1,814,460)</u>
Cash Flows from Non-operating Activities:			
Other Income	3,700	19,400	23,100
Net Cash Provided (Used) by Non-operating Activities	<u>3,700</u>	<u>19,400</u>	<u>23,100</u>
Cash Flows from Investing Activities:			
Proceeds from Investment Earnings	22,862	28,149	51,011
Net Cash Provided (Used) by Investing Activities	<u>22,862</u>	<u>28,149</u>	<u>51,011</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(863,442)</u>	<u>42,271</u>	<u>(821,171)</u>
Unrestricted Cash, Beginning of Year	1,940,748	3,176,428	5,117,176
Restricted Cash, Beginning of Year	592,111	255,785	847,896
Total Restricted and Unrestricted Cash and Cash Equivalents, Beginning of Year	<u>2,532,859</u>	<u>3,432,213</u>	<u>5,965,072</u>
Unrestricted Cash, End of Year	1,077,306	3,218,743	4,296,049
Restricted Cash, End of Year	592,111	255,741	847,852
Total Restricted and Unrestricted Cash and Cash Equivalents, End of Year	<u>\$ 1,669,417</u>	<u>\$ 3,474,484</u>	<u>\$ 5,143,901</u>
Reconciliation of Operating Loss to Net Cash			
Flows from Operating Activities			
Operating Income (Loss)	\$ (192,724)	\$ 58,578	\$ (134,146)
Adjustments to Reconcile Operating Loss to Net Cash			
Flows Provided by Operating Activities:			
Depreciation	264,365	448,174	712,539
Change in Assets and Liabilities:			
Accounts Receivable	(47,443)	8,835	(38,608)
Prepays	(26,100)	(26,100)	(52,200)
Inventory	19,203	2,478	21,681
Accounts Payable	297,120	6,915	304,035
Client Deposits	35,550	-	35,550
Payroll Related Liabilities	34,947	35,380	70,327
Net Cash Flows from Operating Activities	<u>\$ 384,918</u>	<u>\$ 534,260</u>	<u>\$ 919,178</u>
Noncash Investing, Capital and Financing Activities:			
Contribution of Capital Assets	<u>\$ 81,850</u>	<u>\$ -</u>	<u>\$ 81,850</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of McKinleyville Community Services District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the District is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

The McKinleyville Community Services District is a Community Services District governed by an elected five member Board of Directors. The District is an independent governmental unit organized under the Community Services District Law, pursuant to Title 6 Division 3 of the California Government Code Section 61000, et seq. There are several other governmental agencies that provide services within the District's boundaries, including the McKinleyville Union School District, Northern Humboldt Union High School District, and the County of Humboldt. These other entities have independently elected boards and the District has no oversight or financial responsibility for these entities. Consequently, financial information for these agencies is not included in the basic financial statements of the District.

Nature of Activities

The District operates a water utility, sewage collection system, street lighting, open space maintenance, and recreational services in the unincorporated community of McKinleyville in the County of Humboldt, State of California. The governmental activities are funded by property taxes, assessments, grants, donations and user fees. The County of Humboldt collects tax revenue for the general fund. The District charges fees to utility customers to cover the cost of the services it provides. The District's highest level of decision-making authority is its elected Board of Directors.

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities and changes in net assets display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for services.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The direct costs of providing services to the District's customers are charged directly to the program or activity benefited. Joint costs of providing services, or costs that are not identifiable with any specific program or activity, are allocated to programs or activities based on Management's estimate of the benefits

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

received by each program or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

Financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The District reports the following major funds:

Major Governmental Fund

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be in another fund.

Major Enterprise Funds

Wastewater Utility Fund - The Wastewater Utility Fund accounts for the operations of the wastewater disposal system.

Water Utility Fund - The Water Utility Fund accounts for the operations of the water system.

The District reports the following non-major fund:

Street Lighting Fund, a special revenue fund, is maintained to account for the fees collected and used to fund street lighting services.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when there is an expenditure for which restricted resources are available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

other charges between the District's water and wastewater function and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Cash, Cash Equivalents, and Investments

The District is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund; U.S. Treasury bonds, bills, and notes; obligations issued by US Government agencies; bankers' acceptances; repurchase agreements; time deposits, savings, and demand accounts and the Humboldt County Treasurer's Investment Fund.

For purposes of the statement of cash flows, the proprietary fund types consider cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition to be cash equivalents. Cash deposited in external investment pools are considered to be cash equivalents when deposits and withdrawals may be made at any time without prior notice or penalty.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool and the Humboldt County Treasurer's Investment Pool operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Accounts Receivable

Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations as a bad debt expense.

Interfund Activity and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

<u>Receiving Fund</u>	<u>Transferring Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Wastewater	Debt Service	\$ 56,696
General	Street lighting	Debt Service	23,056
Total			<u>\$ 79,752</u>

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets e.g., roads, bridges, sidewalks, and similar items, are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the District is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003, the date these new financial reporting standards were implemented; and the District has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-50	years
Water and Wastewater Systems	30-50	years
Other Infrastructure	10-50	years
Machinery and Equipment	5-10	years
Improvements	10-20	years

Compensated Absences and Other Post Employment Benefit Obligations

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements, otherwise, an expenditure is recognized when the obligation is liquidated with current resources. Other post employment benefit obligations are reported as incurred in the proprietary and government-wide financial statements using the accrual basis of accounting.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

Net Assets and Fund Balance

The difference between fund assets and liabilities is called "net assets" on the government-wide and proprietary fund financial statements and it is called "fund balance" on the governmental fund financial statements.

Government-wide and proprietary fund financial statements have the following categories of net assets:

Investment in capital assets, net of related debt, represents capital assets, net of accumulated depreciation reduced by the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets include amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.

Unrestricted net assets are neither restricted nor invested in capital assets, net of related debt.

In accordance with the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the governmental fund financial statements have the following categories of fund balance:

Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Restricted - amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.

Committed - amounts that can be spent only for specific purposes determined by a formal action of the District's governing body.

Assigned - amounts that are intended to be spent by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds including capital projects. Appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, function, and department. The District Manager may make transfers of appropriations within a department. Transfers between departments and other changes require Board of Directors' approval. The legal level of control is the department and fund level. The District made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

The District Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public hearings are conducted to obtain taxpayer and ratepayer comments. A preliminary budget is legally adopted in June and a final budget is legally adopted in August, following the closing of the prior period.

The budget is prepared on a detailed line item basis. Revenues are budgeted by source per the California Government Code Section 61110, as amended by Senate Bill 135. In accordance with GASB Statement No. 34, only the general fund budget is presented in the basic financial statements.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 – CASH AND INVESTMENT FUNDS

Cash and investment funds at June 30, 2011, consist of the following:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash on hand	\$ -	\$ 940	\$ 940
Checking	-	173,437	173,437
Investments in Money Market Accounts	157,970	102,193	260,163
Investments with Humboldt County Treasurer	689,882	4,851,469	5,541,351
Investments with Local Agency Investment Fund (LAIF)	-	127,286	127,286
Total Cash and Investment Funds	<u>\$ 847,852</u>	<u>\$5,255,325</u>	<u>\$6,103,177</u>

Demand deposits and investments in money market accounts are carried at cost.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than five years. At June 30, 2011, none of the District's bank balances were exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of the failure of a counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District participates in two external investment pools: the County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF). The District also invests in money market funds. These investments are not evidenced by specific securities in the name of the District and are therefore not subject to custodial credit risk.

LAIF is a fund for pooling surplus cash of local government agencies and is chartered and administered by the California State Treasurer's Office. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

The County Treasurer's Investment Pool is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. The County's portfolio normally consists of U.S. Treasury issues, U.S. Agency agreements, banker's acceptances, and the LAIF. All cash invested by the County in demand deposit accounts is collateralized to 110% with approved U.S. Government securities, such as Treasury Bills and other U.S. Treasury issues.

The District accounts for investments in these pools at fair value. Both pools determine fair value quarterly.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

At June 30, 2011, the District had the following investments:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Maturities</u>
Money Market Accounts	\$ 260,163	\$ 260,163	N/A
Humboldt County Treasurer's Investment Fund	5,541,731	5,541,351	Average 833 days
LAIF	<u>127,086</u>	<u>127,286</u>	Average 237 days
Totals	<u>\$ 5,928,980</u>	<u>\$ 5,928,800</u>	

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to investments in securities having maturities less than five years at the time of purchase.

Credit Risk

State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with State law in regards to securities ratings. LAIF and the Humboldt County Treasurer's Investment Fund are unrated. The U.S. Bank money market funds were rated as AAA at year end.

NOTE 3 – CAPITAL ASSETS

The change in the governmental activities capital assets for the year ended June 30, 2011, is as follows:

	<u>Balance 6/30/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/11</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,340,600	\$ -	\$ -	\$ 1,340,600
Capital Assets being Depreciated:				
Buildings and Parking Lots	2,237,755	114,783	-	2,352,538
Street Lighting	343,020	1,857	-	344,877
Furniture and Equipment	253,275	11,352	(13,024)	251,603
Vehicles	54,664	7,154	-	61,818
Park Improvements	<u>1,208,024</u>	<u>-</u>	<u>-</u>	<u>1,208,024</u>
Total Capital Assets				
being Depreciated	4,096,738	135,146	(13,024)	4,218,860
Less Accumulated Depreciation	<u>(2,068,834)</u>	<u>(174,791)</u>	<u>12,019</u>	<u>(2,231,606)</u>
Total Capital Assets, being Depreciated, net	<u>2,027,904</u>	<u>(39,645)</u>	<u>(1,005)</u>	<u>1,987,254</u>
Governmental Activities Capital Assets, net	<u>\$ 3,368,504</u>	<u>\$ (39,645)</u>	<u>\$ (1,005)</u>	<u>\$ 3,327,854</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

The change in business-type activities (Water and Wastewater Fund) capital assets for the year ended June 30, 2011, is as follows

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Business-type Activities:				
Capital Assets not being Depreciated:				
Land, Easements and Water				
Rights	\$ 3,400,386	\$ -	\$ -	\$ 3,400,386
Construction in Progress	410,945	479,017	(409,834)	480,128
Total Capital Assets not being Depreciated	3,811,331	479,017	(409,834)	3,880,514
Capital Assets being Depreciated:				
Buildings and Parking Lots	431,976	-	-	431,976
Water Infrastructure	9,403,389	1,255,381	-	10,658,770
Wastewater Infrastructure	16,753,041	179,261	-	16,932,302
Tools and Equipment	925,798	78,699	-	1,004,497
Vehicles	701,972	55,612	(35,599)	721,985
Total Capital Assets being Depreciated	28,216,176	1,568,953	(35,599)	29,749,530
Less Accumulated Depreciation	(14,673,519)	(711,038)	35,599	(15,348,958)
Total Capital Assets, being Depreciated, net	13,542,657	857,915	-	14,400,572
Business-type Activities Capital Assets, net	<u>\$ 17,353,988</u>	<u>\$ 1,336,932</u>	<u>\$ (409,834)</u>	<u>\$ 18,281,086</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Street Lighting	\$ 11,465
Parks and Recreation	163,326
Total Depreciation Expense-Governmental Activities	<u>\$ 174,791</u>
Business-type Activities:	
Water	\$ 264,365
Wastewater	446,673
Total Depreciation Expense-Business-type Activities	<u>\$ 711,038</u>

Various beginning balances were grouped and summarized to conform to current year presentation.

NOTE 4 – LONG TERM DEBT

Water Fund

Davis Grunsky Act Loan

The District, in 1971, entered into a loan agreement with the State of California for a construction loan to finance improvements to the District's water system. The original loan amount was not to exceed \$3,673,000 and was to bear interest at 2.5% per annum. Under the

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

arrangement, the District was permitted to defer payment of interest on the loan for the first 10 years with such interest to be repaid over the remaining 40 year term of the loan. The District was required to establish a reserve fund in an amount specified by the State. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments for the loan repayments should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is:

Year Ending June 30	Principal	Interest	Total
2012	\$ 89,203	\$ 52,075	\$ 141,278
2013	91,008	50,270	141,278
2014	92,857	48,421	141,278
2015	94,753	46,525	141,278
2016	96,695	44,583	141,278
2017 to 2021	514,365	192,026	706,391
2022 to 2026	570,764	135,627	706,391
2027 to 2031	634,574	71,817	706,391
2032 to 2034	273,535	8,927	282,462
Total	2,457,754	650,271	3,108,025
Due within one year	(89,203)	(52,075)	(141,278)
Due after one year	<u>\$ 2,368,551</u>	<u>\$ 598,196</u>	<u>\$ 2,966,747</u>

ARRA Loan

The District, in 2011, entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the purpose of financing water system improvements. The loan was approved for \$165,100 and the District had received loan proceeds of \$148,590 as of June 30, 2011. The loan bears interest at 1% per annum with semi-annual principal and interest payments of \$6,225 due each June and December. Repayment will begin in December 2012 and continue through December 2026. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment.

Future debt service on the loan is:

Year Ending June 30	Principal	Interest	Total
2012 Disbursement	\$ (16,510)	\$ -	\$ (16,510)
2013	8,236	4,215	12,451
2014	10,910	1,541	12,451
2015	11,019	1,432	12,451
2016	11,126	1,325	12,451
2017 to 2021	57,341	4,914	62,255
2022 to 2026	60,274	1,981	62,255
2032 to 2034	6,194	31	6,225
Total	148,590	15,439	164,029
Due within one year	-	-	-
Due after one year	<u>\$ 148,590</u>	<u>\$ 15,439</u>	<u>\$ 164,029</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Wastewater Fund

State Revolving Fund Loans

The District, in 1996, obtained an \$810,628 no interest loan from the State Water Resources Control Board for the purpose of financing wastewater treatment plant improvements. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments for the repayment of this loan should it not have other revenues available for repayment of this obligation.

Future debt service on the loan is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 40,920	\$ -	\$ 40,920
2013	40,920	-	40,920
2014	40,920	-	40,920
2015	40,920	-	40,920
2016	<u>40,920</u>	<u>-</u>	<u>40,920</u>
Total	204,600	-	204,600
Due within one year	<u>(40,920)</u>	<u>-</u>	<u>(40,920)</u>
Due after one year	<u>\$ 163,680</u>	<u>\$ -</u>	<u>\$ 163,680</u>

The District, in 1998, obtained a \$430,293 loan from the State Water Resources Control Board for the purpose of financing Phase 2 of a wastewater capacity expansion project. The loan bears interest at 2.6% per annum. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments should it not have other revenues available for repayment of the obligation.

Future debt service on the loan is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 23,317	\$ 4,589	\$ 27,906
2013	23,924	3,982	27,906
2014	24,546	3,360	27,906
2015	25,184	2,722	27,906
2016	25,839	2,067	27,906
2017 to 2018	<u>53,686</u>	<u>2,102</u>	<u>55,788</u>
Total	176,496	18,822	195,318
Due within one year	<u>(23,317)</u>	<u>(4,589)</u>	<u>(27,906)</u>
Due after one year	<u>\$ 153,179</u>	<u>\$ 14,233</u>	<u>\$ 167,412</u>

Sewer Revenue Bonds

The District, in 1982, issued \$1,575,000 in 1982 Sewer Revenue Bonds which were purchased by the Rural Development Division of the United States Department of Agriculture. Under the arrangement, the District was to construct wastewater system improvements. The bonds bear interest at 5.0% per annum with semiannual principal and interest payments due each August 1

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

and February 1 through August 1, 2022. The District's repayment obligation is secured by a pledge of the net revenues of its wastewater enterprise.

Future debt service on the loan is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 50,000	\$ 40,250	\$ 90,250
2013	60,000	37,750	97,750
2014	60,000	34,750	94,750
2015	60,000	31,750	91,750
2016	60,000	28,750	88,750
2017 to 2021	370,000	93,250	463,250
2022 to 2023	<u>145,000</u>	<u>10,500</u>	<u>155,500</u>
Total	805,000	277,000	1,082,000
Due within one year	(50,000)	(40,250)	(90,250)
Due after one year	<u>\$ 755,000</u>	<u>\$ 236,750</u>	<u>\$ 991,750</u>

Annual principal and interest payments on the bonds are expected to require less than 17% of system net revenues.

Bank Loan

The District, in fiscal year 1998, obtained a \$675,000 loan from Umpqua Bank for the purpose of financing wastewater system improvements. The loan bears interest at 5.5% per annum with monthly principal and interest payments of \$4,644 through maturity on December 4, 2017.

Future debt service on the loan is:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 39,943	\$ 15,791	\$ 55,734
2013	42,243	13,491	55,734
2014	44,632	11,102	55,734
2015	47,155	8,579	55,734
2016	49,806	5,928	55,734
2017 to 2018	<u>80,045</u>	<u>3,540</u>	<u>83,585</u>
Total	303,824	58,431	362,255
Due within one year	(39,943)	(15,791)	(55,734)
Due after one year	<u>\$ 263,881</u>	<u>\$ 42,640</u>	<u>\$ 306,521</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Long-term obligations activity for the year ended June 30, 2011, was as follows:

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Due Within One Year
Governmental Activities:					
Capital Lease	\$ 324,201	\$ -	\$ (324,201)	\$ -	\$ -
Business-Type Activities:					
Revenue Debt					
Water Fund					
Davis Grunsky Act Loan	\$ 2,545,198	\$ -	\$ (87,444)	\$ 2,457,754	\$ 89,203
ARRA Loan	-	148,590	-	148,590	-
Total Water Fund	<u>2,545,198</u>	<u>148,590</u>	<u>(87,444)</u>	<u>2,606,344</u>	<u>89,203</u>
Wastewater Fund					
State Revolving Fund	245,520	-	(40,920)	204,600	40,920
State Revolving Fund	199,223	-	(22,727)	176,496	23,317
Revenue Bonds	855,000	-	(50,000)	805,000	50,000
Bank Loan	341,675	-	(37,851)	303,824	39,943
Total Wastewater Fund	<u>1,641,418</u>	<u>-</u>	<u>(151,498)</u>	<u>1,489,920</u>	<u>154,180</u>
Total	<u>\$ 4,186,616</u>	<u>\$ 148,590</u>	<u>\$ (238,942)</u>	<u>\$ 4,096,264</u>	<u>\$ 243,383</u>
Due within one year				<u>(243,383)</u>	
Due after one year				<u>\$ 3,852,881</u>	

NOTE 5 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

The District participates in a cost-sharing, multiple-employer, public employee, defined benefit pension plan that is administered by the California Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provision and all other requirements are established by State statute and District ordinance. PERS issues a separate comprehensive annual financial report. Copies of PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California, 95814, or on-line at www.calpers.ca.gov.

The District participates in risk pooling, which consists of combining assets and liabilities across employers to produce large groups where the impact of loss is shared among all employers in the same risk pool. The District participates in the Miscellaneous 2% at 55 Risk Pool. Participation in the PERS risk pool is mandatory for all rate plans with less than 100 active members.

Funding Policy

Employer contribution rates are dependent upon the experience of each risk pool with additional consideration for each employer's side fund amortization as well as an adjustment to phase out the difference between the risk pool's normal cost and the employer's normal cost at the time of joining the pool. Side funds were established for each employer plan in order to reflect the excess assets or unfunded liabilities present at the time participation in the risk pool began. Amortization of the side fund began over a closed period of ten years with any subsequent plan

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

plan amendments being amortized as a level percentage of pay over a closed twenty-year period. The District's side fund as of the most recent actuarial valuation (June 30, 2010) was \$30,247.

Plan participants are required to contribute 7% of their annual covered salary while the District is required to contribute at an actuarially determined rate of annual covered payroll. The District's required contribution rate for fiscal year 2010-11 was 7.859%.

Annual Pension Cost and Funded Status

For the fiscal year ended June 30, 2011, the District's annual pension cost was \$173,808. The annual pension cost exceeded the District's required contribution due to its election to fund the employees' 7% required contribution. The District's required contribution rate was determined as part of a June 30, 2008, risk pool actuarial valuation. A summary of the principal assumptions and methods used to determine the contractually required contribution is as follows:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of Payroll
Average Remaining Period	16 Years as of Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	(1) 7.75% investment rate of return (net of administrative expenses), (2) 3.25% to 14.45% projected annual salary increases depending on category, entry age, and duration of service, (3) overall payroll growth of 3.25%, and (4) 3.00% annual compounded rate of inflation

SCHEDULE OF CALPERS EMPLOYER CONTRIBUTIONS (THREE-YEAR TREND)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$157,025	100%	\$ -0-
6/30/10	\$167,125	100%	\$ -0-
6/30/11	\$173,808	100%	\$ -0-

The funded status of the Miscellaneous 2% at 55 Risk Pool for the three most recent actuarial valuations is as follows (in thousands):

<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Asset Value</u>	<u>(B) Entry Age Actuarial Accrued Liability</u>	<u>(C) Excess Assets/ (Unfunded) (Liability) [(A) - (B)]</u>	<u>(D) Funded Ratio (A)/(B)</u>	<u>(E) Annual Covered Payroll</u>	<u>(F) Unfunded (Excess) Funded Actuarial Liability as Percentage of Covered Payroll (C)/(E)</u>
06/30/08	\$2,547,323	\$2,780,281	\$(232,958)	91.6%	\$688,607	33.8%
06/30/09	\$2,758,511	\$3,104,798	\$(346,287)	88.9%	\$742,982	46.6%
06/30/10	\$2,946,408	\$3,309,065	\$(362,657)	89.0%	\$748,401	48.5%

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District administers its retired employee's healthcare plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired employees and their beneficiaries. District resolutions and regulations assign responsibility to establish and amend benefit provisions to the District. A separate other post employment benefit (OPEB) trust fund has not been established by the District.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District's Board of Directors. For the fiscal year ended June 30, 2011, the District contributed \$59,575 (95%) of the current year premiums and zero to prefund benefits. Plan members receiving benefits contributed \$3,123 (5%) of the total current year premiums.

Annual OPEB Costs and the Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amounts actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan.

Annual Required Contribution (ARC)	\$ 170,026
Interest on Net OPEB Obligation	5,976
Adjustments to the ARC	<u>(5,293)</u>
Annual OPEB Expense	170,709
Contributions Made	<u>(59,575)</u>
Change in Net OPEB Obligation	111,134
Net OPEB Obligation, Beginning of Year	<u>119,510</u>
Net OPEB Obligation, End of Year	<u><u>\$ 230,644</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and 2010 was as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2010	\$ 164,733	27.5%	\$ 119,510
June 30, 2011	\$ 170,709	34.9%	\$ 230,644

Funding Status and Funding Progress

As of May 1, 2010, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability for benefits was \$1,710,113, and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of the \$1,710,113. The

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

covered payroll (annual payroll of active employees covered by the plan) was \$1,131,599, and the ratio of the UAAL to the covered payroll was 151.1%.

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplemental information, following the notes to these financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. In the May 1, 2010, valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return based on assumed long-term return on plan assets or employer assets, as appropriate. An annual health care trend rate of 4% was also used in the valuation. There were no plan assets at the valuation date. The UAAL is being amortized as a level percentage of payroll over 30 years, the remaining amortization period at June 30, 2010.

NOTE 7 – RESTRICTED NET ASSETS

At June 30, 2011, restricted net assets (\$750,081) were comprised of assets whose use is limited by financing agreements.

NOTE 8 – PROPERTY TAXES

The lien date for secured property taxes is March 1 of each year. Taxes are levied as of July 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Humboldt County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted by the County. Under this plan, the County Auditor/Controller distributes 100% of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

NOTE 9 – PROPOSITION 1A PROPERTY TAX RECEIVABLE

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California State Legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in lieu motor license fee, the triple flip sales tax, and the supplemental property tax apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 20, 2013. After repayment of this initial borrowing, the California Legislature may consider only one additional borrowing within a ten-year period. The amount of the borrowing pertaining to the District was \$39,325.

The borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected to be fiscal 2012-2013). In the government wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-2010).

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. The District, due to the costs of available coverage, participates as a member of the Special District Risk Management Authority (SDRMA) for purposes of general liability, property coverages, and for workers compensation insurance.

SDRMA provides joint protection programs for public entities covering automobile, general liability, errors, and omissions claims. Under the program, the District has a \$500 retention limit similar to a deductible with the SDRMA being responsible for losses above that amount up to \$2.5 million for liability combined single limit. Property coverage is also provided up to the replacement cost of the property with a combined total for SDRMA members of \$1 billion dollars per occurrence.

The SDRMA also provides employee dishonesty coverage with limits of \$400,000 per loss. Boiler and machinery coverage is provided to members with coverage of up to \$100 million of

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

SDRMA may pay dividends to members or may make additional assessments depending on loss experience, but no dividends have been declared and no additional assessments have been levied.

The SDRMA provides workers compensation statutory insurance coverage and \$5 million for employer's liability coverage subject to the terms, conditions, and exclusions provided in the memorandum of coverage. Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

Liabilities of the District are reported in the statement of net assets when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The District's only exposure to claim liabilities would be for losses or additional assessments, if any, not covered by or imposed by SDRMA.

There have been no significant changes in insurance coverages during the fiscal year other than disclosed in the above paragraphs. Settlements have not exceeded coverage for each of the past three fiscal years. The District had no material uninsured claim liabilities at June 30, 2011.

NOTE 11 – CONTINGENCIES AND COMMITMENTS

Litigation

The District is involved in litigation incurred in the normal course of conducting District business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Short-term Disability Insurance

All employees who have one year of service with the District are eligible for short-term disability insurance. This short-term disability insurance provides protection to employees who are prevented from working due to illness or injury not related to their job. This program is self-funded by the District and is comparable to State Disability insurance. Benefits under the plan are based upon wages paid to the employee over the twelve months preceding the quarter ended prior to the disability. An individual's weekly benefit amount is approximately 55% of his or her earnings. He or she may receive up to 52 weeks of benefit payments. Management believes liability under this arrangement, if any, is not material to these financial statements. There were no claims during the year ended June 30, 2011. Accordingly, no liability has been recorded.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Wastewater Discharge Permit and the California Toxic Rule

The District was issued a new Discharge permit by the State which contains compliance provisions that may require the District to expend considerable sums of money in order to fulfill compliance requirements. Similar compliance and financing issues surround the District's ability to meet future effluent standards regarding pesticides, insecticides, copper, lead, and other compounds.

NOTE 12 – WATER PURCHASE CONTRACT

The District has a contract with Humboldt Bay Municipal Water District (HBMWD) to purchase water. Under the contract, the District pays HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

An error resulting in the understatement of previously reported accounts receivable and revenues was discovered during the current year. Accordingly, during fiscal year 2010-11, an adjustment of \$166,304 (Water Fund - \$96,713, Wastewater Fund - \$69,591) was made to both the government-wide and proprietary fund financial statements to increase accounts receivable and net assets as of the beginning of the year.

NOTE 14 – SUBSEQUENT EVENTS

The District evaluated subsequent events through January 23, 2012, which is the date the financial statements were available to be issued. Subsequent to fiscal year end, the District borrowed approximately \$973,000 for the purpose of financing water system improvements.

REQUIRED SUPPLEMENTARY INFORMATION

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
For the Year Ended June 30, 2011

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (Negative) Variance
Fund Balance, July 1	\$ 1,071,145	\$ 1,071,145	\$ 1,071,145	\$ -
Resources (inflows):				
Property Tax Assessments	520,000	520,000	489,313	30,687
Measure B Assessment	214,000	214,000	209,068	4,932
Program Fees	329,306	329,306	263,409	65,897
Facility Rentals	62,400	62,400	60,224	2,176
Unrestricted Investment Earnings	20,000	20,000	5,889	14,111
State Bonds and Grants	4,379,000	4,379,000	12,000	4,367,000
Other Revenues	276,176	276,176	84,902	191,274
Transfers In	-	-	79,752	(79,752)
Amounts available for charges to appropriations	6,872,027	6,872,027	2,275,702	4,596,325
Expenditures				
Salaries and Benefits	800,787	800,787	738,727	62,060
Other Expenses and Expenditures	219,141	219,141	311,210	(92,069)
Debt Service transfer to Long-Term Debt	127,877	255,754	335,071	(79,317)
Capital Outlay	4,629,000	4,629,000	27,559	4,601,441
Total Expenditures	5,776,805	5,904,682	1,412,567	4,492,115
Fund Balance, June 30	\$ 1,095,222	\$ 967,345	\$ 863,135	\$ 104,210

Note 1 - Explanation of Difference between Budgetary Inflows and GAAP Revenues

Resources (inflows):

Actual amounts available for appropriations from budgetary comparison schedule \$ 2,275,702

Differences - budget to GAAP

Interfund transfers-in are a budgetary financial inflow but are not revenue for financial reporting purposes (79,752)

The fund balance at the beginning of the year is a budgetary resource but it not a current year revenue for financial reporting purposes (1,071,145)

Total revenue as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds 1,124,805

Total expenditures (1,412,567)

Excess of Expenditures over Revenues (287,762)

Other Financing Sources
Transfers In 79,752

Net Change in Fund Balance \$ (208,010)

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
STREETLIGHT FUND
For the Year Ended June 30, 2011

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (Negative) Variance
Fund Balance, July 1	\$ 14,180	\$ 14,180	\$ 14,180	\$ -
Resources (inflows):				
Streetlight Charges	80,000	80,000	65,312	14,688
Other Revenue	15,900	15,900	19,186	(3,286)
Interest Revenue	100	100	12	88
Amounts available for charges to appropriations	<u>110,180</u>	<u>110,180</u>	<u>98,690</u>	<u>11,490</u>
Expenditures				
Salaries and Benefits	35,841	35,841	39,195	(3,354)
Other Expenses and Expenditures	69,231	69,231	67,679	1,552
Debt Service transfer to Long-Term Debt	23,098	23,098	23,056	42
Capital Outlay	7,000	7,000	1,857	5,143
Total Expenditures	<u>135,170</u>	<u>135,170</u>	<u>131,787</u>	<u>3,383</u>
Fund Balance, June 30	<u>\$ (24,990)</u>	<u>\$ (24,990)</u>	<u>\$ (33,097)</u>	<u>\$ 8,107</u>

Note 1 - Explanation of Difference between Budgetary Inflows and GAAP Revenues

Resources (inflows):

Actual amounts available for appropriations from budgetary
comparison schedule \$ 98,690

Differences - budget to GAAP

The fund balance at the beginning of the year is a budgetary
resource but it not a current year revenue for financial
reporting purposes (14,180)

Total revenue as reported in the Statement of Revenues, Expenditures
and Changes in Fund Balances - Government Funds 84,510

Budgetary expenditures (131,787)

Interfund transfers out is a budgetary expenditure but is not operating
expenditures for financial reporting purposes 23,056

Total Expenditures (108,731)

Excess of Expenditures over Revenues (24,221)

Other Financing Sources
Transfers Out (23,056)

Net Change in Fund Balance \$ (47,277)

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
June 30, 2011**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Entry Age</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
May 1, 2010	\$ -	\$ 1,710,113	\$1,710,113	0.00%	\$1,131,599	151.12%

See accompanying notes.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE
AND OTHER MATTERS**

John B. Hunter, CPA
James A. Hunter, CPA
Scott E. Hunt, CPA/ABV
Donna L. Taylor, CPA, CFE



Eileen Sacra Capaccio, CPA
Carol Mayes, CPA, CFE
Kim Windsor, CPA/ABV
Jennifer J. Hillegeist, CPA
Patrick M. Shanahan, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
McKinleyville Community Services District

We have audited the financial statements of the governmental activities and the business-type activities of McKinleyville Community Services District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, finding 2011-1, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the audit committee, the State of California, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hunter, Hunter & Hunt

January 23, 2012

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

Material Weakness:

2011-1

Criteria - Management is responsible for the selection and application of accounting principles and for the fair presentation of the financial statements in conformity with GAAP. Management is also responsible for ensuring that financial information is reliable and properly recorded and for adjusting the financial statements to correct material misstatements.

Statement of Condition - Control systems in place, did not prevent, detect, or correct an error related to unbilled accounts receivable which resulted in an understatement of accounts receivable and an understatement of net assets for the proprietary funds as of June 30, 2011.

Questioned Costs - Not applicable.

Perspective Information - An audit adjustment to the financial statements was material to the financial statements. Although an independent auditor can assist an auditee with the recording of transactions and the preparation of financial statements, this assistance may not be construed to be an internal control of the auditee. If the auditee receives such assistance from the auditor, and if the financial statements would have been materially misstated without this assistance, this condition will always indicate a material weakness in internal controls.

Cause and Effect - The accrual of unbilled receivables had not been considered at year-end. Without the current year audit adjustment the financial statements would have been materially misstated. There is potential that governing decisions could be based on unreliable financial information.

Recommendation - We recommend the use of a checklist designed to highlight potential issues at year-end to assist with the year-end close and preparation of the financial statements.

Actions Taken - See Management's response and corrective action plan on page 44.

PHYSICAL ADDRESS:

1656 BUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

PHONE: (707) 839-0251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

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

Management's Response and Corrective Action for Finding 2011-1:

The management of the McKinleyville Community Services District agrees with audit finding number 2011-1 as identified on page 43. Unbilled receivables are now recorded in a separate general ledger asset account. The District's year-end procedures include reconciliation of all balance sheet accounts. Unbilled receivables will be analyzed at each year-end and a related adjustment will be recorded, if considered to be necessary.

McKinleyville Community Services District

AUDIT COMMUNICATION LETTER

Year Ended June 30, 2011

TABLE OF CONTENTS

Audit Communication Letter	1 - 3
Summary of Audit Differences	4
Adjusting Journal Entries	5
Reclassifying Journal Entries	6

John B. Hunter, CPA
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Patrick M. Shanahan, CPA

January 23, 2012

Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of McKinleyville Community Services District for the year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 6, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by McKinleyville Community Services District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2011. We noted no transactions entered into by McKinleyville Community Services District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by Management and are based on Management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were Management's estimate of the useful lives of capitalized equipment and actuarial assumptions in other post employment benefits. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with Management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with Management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from Management that are included in the Management representation letter dated January 23, 2012.

Management Consultations with Other Independent Accountants

In some cases, Management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with Management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and Management of McKinleyville Community Services District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Hunter, Hunter & Hunt".

Hunter, Hunter and Hunt

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
Year ended June 30, 2011

Statement of activities misstatements:

Current year:

Revenue overstated	\$ 3,159
Depreciation expense overstated	(47,764)
Amortization expense understated	<u>5,254</u>
Total current year misstatements	(39,351)

Effect of prior year misstatements

Revenue understated	(3,159)
Depreciation expense understated	47,764
Amortization expense overstated	<u>(1,501)</u>

Cumulative overstatement of change in net assets \$ 3,753

Statement of financial position misstatements:

Equipment not recorded	\$ (21,495)
Accounts payable for equipment not recorded	21,495
Prepaid capital improvement understated	(1,000)
Capital improvement overstated	1,000
Accumulated amortization understated (unamortized loan issuance cost is overstated)	<u>3,753</u>

Overstatement of net assets at June 30, 2011 \$ 3,753

Client: 3878 - McKinleyville Community Services District
Engagement: McKinleyville Community Services District
Period Ending: 6/30/2011
Trial Balance: 1250 - TB Database
Workpaper: 1235 - Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
This entry was done by client after they provided us with a TB. Rather than get a new TB I just entered the JE. See also AJE 2				
501-10099-000	FUND CASH BALANCE		38,673.14	
551-62130-000	DEPRECIATION		38,673.14	
501-62130-000	DEPRECIATION			38,673.14
551-10099-000	FUND CASH BALANCE			38,673.14
Total			77,346.28	77,346.28
Adjusting Journal Entries JE # 2				
		1258		
Misposting discovered after we received the trial balance. Client requested we post this.				
501-10099-000	FUND CASH BALANCE		4,822.00	
551-62030-553	LAB TESTS		4,822.00	
501-62030-553	LAB TESTS			4,822.00
551-10099-000	FUND CASH BALANCE			4,822.00
Total			9,644.00	9,644.00
Adjusting Journal Entries JE # 5				
		4221		
Prior Period adjustment of A/R for Water and Sewer charges unbilled. This should be reversed.				
501-10101-000	ACCOUNTS RECEIVABLE/UTILITY		93,170.00	
501-40000-000	WATER BASE CHG		96,713.00	
551-10101-000	ACCOUNTS RECEIVABLE/UTILITY		69,975.00	
551-40002-000	SWR SVC CHGS.		69,591.00	
501-32001-000	FUND BALANCE - UNRES. UNDESIG.			96,713.00
501-40000-000	WATER BASE CHG			93,170.00
551-32001-000	FUND BALANCE - UNRES. UNDESIG.			69,591.00
551-40002-000	SWR SVC CHGS.			69,975.00
Total			329,449.00	329,449.00
Adjusting Journal Entries JE # 6				
		4620		
To record capital contribution as requested by client				
501-12210-000	TRANS. & DISTRIBUTION LINES		81,850.00	
501-32001-000	FUND BALANCE - UNRES. UNDESIG.		81,850.00	
501-30001-000	INVEST. IN GENERAL FIXED ASSET			81,850.00
501-51011-000	CONTRIB. CONST.			81,850.00
Total			163,700.00	163,700.00
Adjusting Journal Entries JE # 7				
		4610		
To record contribution of the Library Expansion Project from the Friends of McKinleyville Library				
001-32001-000	FUND BALANCE - UNRES. UNDESIG.		105,730.00	
901-12151-000	BUILDINGS: P&R		105,730.00	
001-51011-000	CONTRIB. CONSTR.			105,730.00
901-30010-000	INVESTMENT IN FIXED ASSETS			105,730.00
Total			211,460.00	211,460.00

Client: 3878 - McKinleyville Community Services District
 Engagement: McKinleyville Community Services District
 Period Ending: 6/30/2011
 Trial Balance: 1250 - TB Database
 Workpaper: 1236 - Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 3		4220		
Reclassification of A/R credit balances				
501-10101-000	ACCOUNTS RECEIVABLE/UTILITY		22,000.00	
501-20101-000	CUSTOMER CREDIT DEPOSITS			22,000.00
Total			22,000.00	22,000.00
Reclassifying Journal Entries JE # 4		4430		
Reclass Prepaid workers comp for FS purposes				
001-10500-000	PREPAID INS.		7,019.00	
001-20330-000	ACCRUED WORKERS COMPENSATION			7,019.00
Total			7,019.00	7,019.00

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.6. Consider Renewal of Right of Entry Agreement with McKinleyville Skate Park Organization

PRESENTED BY: Jason Sehon, Parks & Recreation Director

TYPE OF ACTION: Voice Vote

Recommendation:

Approve the attached Right of Entry Agreement and Maintenance Plan with the McKinleyville Skate Park Organization (MSPO).

Make the following change to the Right of Entry Agreement so it reads, "at a location as designated by the District for the purposes and on the terms and conditions herein set forth."

Do not encumber the \$25,000 in Quimby Inland Park Dedication Funds.

Note: The previous Right of Entry Agreement stated, "For a period of twelve (12) months from the date hereof, DISTRICT hereby grants to COMMITTEE the right to enter upon the DISTRICT property described as Pierson Park, or another location as designated by the District for the purposes and on the terms and conditions herein set forth.

Therefore, staff's only recommended changes to the previous Right of Entry Agreement is to remove "Pierson Park" and to not encumber the \$25,000 in Quimby Inland Park Dedication Funds.

Discussion:

At its January 4, 2012 Meeting, the MCSD Board of Directors tabled this item and asked it to be brought back at its February 1, 2012 meeting. At the January 4, 2012 meeting, staff recommended the following:

1. Approve the attached Right of Entry Agreement with McKinleyville Skate Park Organization (MSPO).
2. Authorize the General Manager to execute the Agreement.
3. Change location in Right of Entry Agreement to Hiller Park

4. Do not encumber the \$25,000 in Quimby Inland Park Dedication Funds.

Staff is making the following changes to these recommendations:

1. Change location in Right of Entry Agreement to read, “at a location designated by the District for the purposes and on the terms and conditions herein set forth.”

MCSD currently owns several properties which have sufficient space for a skate park:

- Fischer Ranch
- Hewitt Ranch
- Hiller Sports Complex
- Property at School Road and Washington Ave
- Pierson Park

I would like to respond to some comments that were made at the last Board meeting and in Letters to the Editor in the McKinleyville Press:

Comment: “MCSD is competing with the MSPO for Stewardship Council grant funds.”

Response: MCSD did apply for funding; however, The Stewardship Council has two types of grant funding available, one (1) for organizations with an annual operating budget over \$250,000 (MCSD) and one (1) for organizations with an annual operating budget under \$250,000 (MSPO).

Comment: “I’m disappointed that MCSD does not support the skate park.”

Response: The MCSD Board has supported the skate park for several years by approving the Right of Entry Agreement, dedicating property for the site, and accepting the potential funds necessary to maintain the park.

Comment: “I am concerned the District has not pursued grants for the skate park.”

Response: MCSD staff first notified the MSPO of the Stewardship Council Grant and also wrote supporting letters for the grant applications. MCSD staff actively pursues grant funding with relation to the Parks and Recreation Master Plan. Our focus the last few years have been on land acquisition, park development,

playground replacement, and support for existing recreation programs.

Comment: "I am concerned about the lack of communications between MCSD and the skate park committee."

Response: MCSD staff has sent several emails to MSPO members with information regarding the Right of Entry Agreement. On August 18, 2011, staff sent an email to members of the MSPO letting them know the Board had approved extending the Right of Entry Agreement through December 31, 2011 and that it was ready for MSPO signatures.

Staff sent an additional email on November 8, 2011 (nearly 3 months later) reminding them that the Right of Entry Agreement still needed to be signed.

Comment: "I have concerns that the MCSD website doesn't even have a link to the McKinleyville Skate Park website."

Response: To staff's knowledge, the MSPO has never requested a link be placed on our website.

Comment: "MCSD already cost the MSPO \$14,000 for the last re-design and this will now cost us another \$14,000."

Response: According to a representative from Grindline, who is the company who designed the McKinleyville Skate Park, the last re-design was not associated with MCSD's request, but rather the MSPO felt the previous design was old and outdated and they wanted to update it. The representative also said that changing the skate park location would involve a very minimal cost, if any.

Comment: "MCSD staff doesn't attend MSPO meetings."

Response: More than a year ago I requested to receive invites for each upcoming MSPO meeting. I have received very few.

MSPO meetings are not noticed in the local newspaper.

MSPO meetings are not listed on their website

Comment: "I am concerned with the lack of notice of this meeting and the proposed changes.

Comment: "We didn't know about these proposed changes until we showed up at the meeting."

Response: On Thursday, December 29, 2012 at 11:29 am after completing the agenda packet, I sent the following email to Charlie Caldwell, Mike Kennedy, and Eric Johnson from the MSPO:

"As requested by the McKinleyville Skate Park Organization, the MCSD Board of Directors will consider approving a Right of Entry Agreement at their Board Meeting to be held Wednesday, January 4, 2012 at 7:00 pm at Azalea Hall. The agenda should be finalized and posted on our website tomorrow (www.mckinleyvillecsd.com) if you would like to review."

Please let me know if you have any questions.

Thanks.

Jason Sehon
Parks & Recreation Director
McKinleyville Community Services District
phone: (707) 839-9003 fax: (707) 839-8456
jason@mckinleyvillecsd.com
www.mckinleyvillecsd.com

History of the MSPO:

It was formed in 2000 and since that time they have been involved with a variety of fundraising efforts in order to construct a skate park in McKinleyville.

As of March 2011 (which is the last financial report I have received from them), they had \$29,000 in the bank for the construction of the skate park.

In addition to cash, the MSPO listed "promised" grant funds and material funds from other funding sources.

Phase I of the project is estimated to cost \$650,000.

Originally, the MCSD Board approved the skate park location to be at Hiller Park. In 2008, the Board switched the location from Hiller Park to Pierson Park.

Staff is recommending the location be left open and be designated by the District at a later date.

This will also allow MCSD to consider other park development at the property at Pierson Park in a reasonable amount of time.

Also, with the construction of the new Teen & Community Center to begin soon, this will allow staff and community members to consider what type of park amenities might best fit that location.

Due to the addition of the Teen & Community Center and other potential park development in the near future, staff also recommends that the Board of Directors not encumber \$25,000 in Quimby funds towards the project.

In order to determine potential maintenance costs associated with a skate park, I contacted several municipalities in Northern California. The main concern expressed by everyone I spoke with is graffiti and trash removal.

The City of Eureka built a skate park a couple years ago, and according to a one of their Parks Supervisors:

- Their staff spends about twenty (20) hours per week opening the facility and removing trash.
- He also said that graffiti is a big problem. He estimates spending a minimum of sixteen (16) hours per month on graffiti removal alone. They are often required to shut the park down for graffiti removal.
- They have an agreement with the police department to close the park at dusk, but often times the gate is left open.

The skate park Right of Entry Agreement was discussed at length with the Recreation Advisory Committee in April and May 2010.

At its May 27, 2010 meeting, the Recreation Advisory Committee recommended to the MCSD Board of Directors to approve the Right of Entry Agreement with the following provisions:

1. The Right of Entry Agreement will be for a term of 24-months.
2. The MSPO will submit a progress report to the Parks & Recreation Director quarterly.
3. Encumber \$25,000 in Quimby Inland Park Dedication Funds for the construction of the project.

Alternatives:

Staff's analysis includes the following potential alternatives:

- Take no action
- Deny the request for approval of the revised Right of Entry Agreement

Fiscal Analysis:

Based on my research of other agencies who maintain a skate park, I estimate the annual maintenance cost to be \$30,000 should MCSD be required to perform maintenance of the skate park.

The annual cost for graffiti removal is estimated to be \$4,600

This makes a total estimated annual cost for maintaining a skate park to be \$34,600

This equates to more than half of a full-time employees hours per year.

Environmental Requirements:

Not applicable at this time.

Exhibits/Attachments

- 2012 Right of Entry Agreement
- Maintenance Plan
- Letter submitted by the President of the McKinleyville Skate Park Organization

RIGHT OF ENTRY AGREEMENT

THIS AGREEMENT is entered into on February 1, 2012, between the between the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (herein "DISTRICT") and the MCKINLEYVILLE SKATE PARK ORGANIZATION (herein "ORGANIZATION").

RECITALS

1. DISTRICT owns property locations throughout McKinleyville and has consented to enter into an Agreement for the design and construction of a Skate Park at a location as designated by the District for the purposes and on the terms and conditions herein set forth.
2. The ORGANIZATION, as a public service to the citizens of McKinleyville, wishes to undertake a project for the design and development, financing, construction and maintenance of a skate park.

THEREFORE, IT IS AGREED:

1. For a period of twelve (12) months (ending January 31, 2013), DISTRICT hereby grants to ORGANIZATION the right to enter upon DISTRICT property at a location as designated by the District, for the purposes and on the terms and conditions herein set forth.
2. ORGANIZATION shall obtain Board approval of the final design and demonstrate financing at its sole expense prior to the Board considering approving the construction of a FACILITY of approximately 20,000 square feet (herein "PROJECT") to be used by the public for the purposes of offering expanded services to the community.
3. ORGANIZATION shall:
 - 3.1 Demonstrate to the Board sufficient financing and committed supplies and services from local businesses to pay the entire costs of design, development, inspection, construction, maintenance and administration of the PROJECT, except as noted below. PROJECT costs and funding requirements will be those estimates as delineated by the Engineer. No work of construction shall be commenced until initially obtaining Board approval of the final design and demonstrating sufficient funds required by the attached Maintenance Plan, and the funds have been received and deposited with the DISTRICT in an ESCROW account administered by the DISTRICT. Phase I is estimated to cost approximately \$650,000.00 for the eastern section of the project consisting of the flat portion and one bowl on the southeast corner;
 - 3.2 Cause the preparation of plans and specifications suitable for the construction of the PROJECT;
 - 3.3 Receive approval from the General Manager to place any signage on the property.

- 3.4 Receive approval from General Manager to apply for permits and/or to begin construction.
 - 3.5 Cause to be obtained all necessary permits and approvals for the construction as required by law;
 - 3.6 Assist the District with contracts and other agreements as necessary for the completion of the PROJECT. DISTRICT must give written approval to any contract of ORGANIZATION and any other party, with respect to the PROJECT, except for this RIGHT OF ENTRY AGREEMENT;
 - 3.7 Upon completion of the PROJECT, deliver the facility and appurtenances thereof to the DISTRICT in condition suitable for the use. Thereupon, any rights and responsibilities of with respect to the construction of the PROJECT shall terminate, and use, care and maintenance of the facility shall revert to the DISTRICT. Upon delivery of the facility to the DISTRICT, ORGANIZATION shall assign all warranty rights, if any, with respect to the facility, equipment and appurtenances to DISTRICT.
4. ORGANIZATION shall submit by email a progress report to the Parks & Recreation Director no later than the third (3rd) Friday of each month, beginning Friday, February 24, 2012. Said progress report shall include the following information:
 - A. Status of current fundraising efforts
 - B. Amount of funds raised to date
 - C. Pending and proposed grant application update
 - D. Failure to provide the progress report by the required date will result in the termination of the Agreement.
5. ORGANIZATION shall remove signs from Pierson Park no later than Friday, February 10, 2012. In order to place signs at another location, ORGANIZATION shall first obtain written approval from MCSD'S Parks & Recreation Director.
6. ORGANIZATION shall consult with DISTRICT representatives during the design phase, and the plans and specifications for the construction shall be subject to DISTRICT's written approval before the plans and specifications are submitted to permitting authorities for development permits and to prospective bidders for bidding purposes.
7. ORGANIZATION shall hold harmless, indemnify and defend DISTRICT, its officers, agents, employees, and directors from and against any and all claims, liabilities, demands, costs and contracts of any nature arising out of or resulting from the financing, design and construction of the PROJECT. This obligation shall survive the delivery of the PROJECT to the DISTRICT.
8. In the event of a dispute between the parties regarding the obligations described in this Agreement, the DISTRICT Board of Directors will make a finding based upon the facts presented and their decision will be final. In such an event that the Board's findings are in favor of the District, then 9.1 through 9.3 shall apply.
9. DISTRICT shall:

- 9.1 Be solely responsible for payment of all costs associated with the development and construction of PROJECT including, without limitation, any and all claims, liabilities, demands, costs and contracts of any nature arising out of or resulting from the PROJECT.
- 9.2 Have the responsibility for construction and control of the PROJECT.
- 9.3 Apply any unused construction funds toward the Maintenance Fund for the PROJECT. Such Maintenance Fund shall be under the sole control and administration of the DISTRICT.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Dennis Mayo, Board President

Date

Charlie Caldwell, Skate Park Organization

Date

Michael Kennedy, Skate Park Organization

Date

1. This Maintenance Plan is intended to cover the ongoing maintenance expenses and upkeep of the proposed skate park. DISTRICT expects the ORGANIZATION to perform weekly maintenance and take care of repairs when needed.
2. Demolition & Maintenance Deposit:
 - 3.1 The ORGANIZATION is required to deposit with the District an escrow account of \$12,000 at the time a "Notice to Proceed" is issued by the DISTRICT for the start of construction, to be used for the demolition and maintenance of the skate park should the ORGANIZATION fail to meet the terms of its obligations, or the park falls into disrepair or an unsafe condition. The ORGANIZATION will be notified, as specified in the terms of the AGREEMENT, and if the Club fails to comply the District could opt to use these deposit funds for demolition or maintenance. The shortfall in the escrow fund would then need to be replaced within 60 days.
 - 3.2 Payment Plan: Since the skate park should be in good condition for a number of years without any major repair items, the DISTRICT believes it is reasonable to require only \$2,000 to be deposited at the time a "Notice to Proceed" is issued by the DISTRICT for the start of construction, with an additional \$2,000 paid each of the next five years to bring the total up to the required \$12,000 deposit.
3. Ongoing Maintenance:
 - 3.1 The ORGANIZATION shall be responsible for weekly ongoing maintenance to include graffiti removal, trash removal, and emptying trash receptacles and recycling bins.
4. Monthly Inspections and Maintenance:
 - 4.1 DISTRICT shall conduct monthly inspections. ORGANIZATION will be responsible for conducting maintenance and repairs as required by DISTRICT.
 - 4.2 ORGANIZATION shall provide DISTRICT with a documented monthly inspection schedule that includes status of park, maintenance or repairs needed, and safety issues.
5. Quarterly Meetings:
 - 5.1 The ORGANIZATION shall set up a Maintenance Committee and meet with designated MCSD staff on a quarterly basis.



McKinleyville Community Skatepark Organization
2437 East Cochran Rd. McKinleyville, CA 95519

January 18, 2012

Dear MCSD Recreation Advisory Committee Members,

The McKinleyville Skate Park Organization (MSPO) would like to address our concerns about the recommended changes to the Right of Entry from MCSD staff to the Board of Directors on February 1st, 2012.

Changing the location of the skate park from Pierson Park to Hiller Park would eliminate a number of positive benefits that would allow for a safe and accessible skate park for the community. Pierson Park is close to schools, bus stops, sheriff and fire stations, and would be a healthy addition and attraction to a greater park. The existing Recreation Center and planned Teen Center would provide great youth opportunities for the skate park to engage in clubs, camps, and youth groups and potentially generate revenue for MCSD to sustain any maintenance costs. The initial skate park location at Hiller Park was discouraged by community members for reasons mentioned above, which includes inadequate lighting to the park and skate park at the Hiller Sports Complex which was intended for organized sports such as soccer, baseball, softball, etc...

At this point, we are uncertain of additional costs that would be associated with moving the park, but there will certainly be a cost required. The existing complete set of construction plans have been designed for that location with regards to easements, drainage, elevations, and overall layout. Please consider renewing the Right of Entry to remain at Pierson Park and we will work with MCSD staff to organize the completion of this world class skate park.

Thanks for your continued support.

Sincerely,

Charlie Caldwell
President, *McKinleyville Skate Park Organization*

Cc: *McKinleyville Community Services District Board of Directors*

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.7. **Consider adopting Resolutions 2012-02 & 2012-05 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 2012/13; Declaring Intention to Levy and Collect the Fiscal Year 2012/2013 Annual Assessments for the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities, Accepting and approving the Engineer's Report and setting the Public Hearing**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends the Board adopt Resolution 2012-02 & 2012-05:
A resolution 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 2012/13;

A resolution of Intention that declares the Board's intention to levy and collect the Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities annual assessments for Fiscal Year 2012/2013, accepts and approves the Engineer's Report regarding the assessments and sets the Public Hearing for March 7, 2012.

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 FY92/93.

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 which would

replace 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 (Streets and Highway Code), the Board in addition to conducting a Public Hearing, must annually adopt a resolution Initiating Proceedings; and a resolution Declaring its Intention to levy assessments for the upcoming fiscal year. Traditionally the Board has started the process of collecting the Assessments for the upcoming fiscal year at its January or February Board meetings by adopting these resolutions.

The resolution Initiating Proceedings generally describes any proposed new improvements or any substantial changes in existing improvements and orders the engineer to prepare and to file a report.

The resolution of Intention basically includes the Board's approval of the report, either as filed or as modified; declares the intention of the Board to levy and collect assessments within the assessment district for the fiscal year stated in the report; and, give notice of the time and the place for the public hearing on the levy of the proposed assessment.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The Fiscal Year 2012/2013 Engineer's Report anticipates that Measure B collections from the existing 5,515 taxable parcels in the assessment district that benefit from the improvements and based on a proposed assessment rate of \$30.00 per equivalent benefit unit (unchanged from last year), the assessment revenue to be levied and collected on the tax rolls will be approximately \$207,510. This assessment revenue represents approximately 36% of the total estimated \$568,714 budgeted for Fiscal Year 2012/2013 to fund the operation and maintenance of MCSD's parks and recreation facilities and begin construction of the new Teen & Community Center.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Resolution 2012-02
- Resolution 2012-05
- 2012/13 Engineer's Report

RESOLUTION 2012-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT 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 2012/2013.

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

Section 1: The Board of Directors through previous resolutions has formed and levied annual assessments for the **“Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities”** (the “Assessment District”), pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Section 22500 *et. seq.*) (the “Act”), that provides for the collection of assessments by the County of Humboldt on behalf of the McKinleyville Community Services District (“MCSD”) to pay for the operation, maintenance, servicing, acquisition and construction of local parks, trails, open space and recreational facilities related thereto that provide special benefits to properties located in the Assessment District.

Section 2: The Board of Directors desires to initiate proceedings for the levy and collection of annual assessments for Fiscal Year 2012/2013 to fund in whole or in part the improvements and services that provide special benefit to the properties within the Assessment District pursuant to the provisions of the Act.

Section 3: MCSD has retained Willdan Financial Services (the “Engineer”) as Engineer of Work for the purpose of assisting with the Levy of the Assessment District for Fiscal Year 2012/2013.

Section 4: Pursuant to Section 22622 of the Act, the Board of Directors of MCSD hereby orders the Engineer to prepare and file with the Board Secretary the Report in accordance with Article 4 (commencing with Section 22565) of Chapter 1 of the Act, concerning the levy of assessments for the Assessment District for the Fiscal Year commencing July 1, 2012 and ending June 30, 2013.

Section 5: The proposed improvements may include all improvements, services and activities authorized by the Act for ongoing operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses related to the parks, trails, open space and recreational facilities associated with the Assessment District.

Section 6: The territory within the proposed District shall consist of the lots, parcels and subdivisions of land within the boundaries of MCSD that will receive special benefits from the improvements.

PASSED, APPROVED AND ADOPTED this 1ST day of February, 2012 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dennis Mayo, Board President

ATTEST:

Sharon L. Denison, Board Secretary

RESOLUTION 2012-05

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 2012/2013; 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 DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

Section 1: By prior resolution, 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 of an Engineer's Report (the "Report") 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 fiscal year 2012/2013.

Section 2: Whereas, the Board proposes to levy and collect assessments against lots and parcels of land within the Assessment District to pay the annual costs and expenses of the improvements and services described in Section 6 of this resolution that provide special benefits to such lots and parcels of land, and herby declares its intention to levy such assessments on the County tax rolls for fiscal year 2012/2013 pursuant to the Act.

Section 3: 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 2012/2013 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.

Section 4: The Board has carefully examined and reviewed the Report as presented, and is preliminarily satisfied with the Assessment District, each and all 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 that the Assessment District consists of all parcels that receive such special benefits, as set forth in said Report.

Section 5: The Report is hereby accepted and approved as submitted and ordered to be filed in the offices of the MCSD as a permanent record and to remain open to public inspection.

Section 6: The proposed improvements 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. The Board of Directors states that it intends that, in future proceedings, it may issue bonds to fund work ordered in those proceedings. Such bonds will be issued pursuant to the Improvement Bond Act of 1915 (Streets & Highways Code Section 8500 *et seq.*) and shall bear a rate of interest not in excess of that permitted by law. MCSD will not obligate itself to advance available funds from MCSD's general fund to cure any deficiency which may occur in the bond redemption fund. The Report prepared in connection with these proceedings provides a more detailed description of the improvements and by reference is made part of this Resolution.

Section 7: The boundaries of the Assessment District shall be coextensive with those of MCSD.

Section 8: The Board of Directors hereby declares its intention to levy and collect an assessment against the lots and parcels of land within the Assessment District for Fiscal Year 2012/2013 at the same assessment rate applied in the previous fiscal year as more fully described in the Report.

Section 9: Notice is hereby given that a public hearing on these matters will be held by the Board on **Wednesday, March 7, 2012**, beginning at **7:00 P.M.**, or as soon thereafter as feasible, at the MCSD Office Conference Room, located at 1656 Sutter Road, McKinleyville, California. At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard.

Section 10: The Board Secretary shall certify to the passage and adoption of this Resolution.

Section 11: Pursuant to Section 22626(a) of the Act, the Board directs that the Board Secretary shall give notice of the time and place of the Public Hearing by causing the publishing of this resolution once in the local newspaper not less than ten (10) days before the date of the public hearing, and by posting a copy of this resolution on the official bulletin board customarily used by the Board for the posting of notices. For fiscal year 2012/2013, no new or increased assessments are proposed and a mailing of a notice and ballot to property owners is not required.

Section 12: The Board Secretary shall certify to the passage and adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 1st day of February, 2012 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dennis Mayo, Board President

ATTEST:

Sharon L. Denison, Board Secretary



ANNUAL ENGINEER'S REPORT

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

MEASURE B MAINTENANCE ASSESSMENT
DISTRICT

RENEWAL FOR PARKS, OPEN SPACE, AND
RECREATIONAL FACILITIES

FISCAL YEAR 2012/2013

INTENT MEETING: FEBRUARY 1, 2012

PUBLIC HEARING: MARCH 7, 2012

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
1656 SUTTER ROAD
MCKINLEYVILLE, CA 95519

JANUARY 17, 2011

PREPARED BY
WILLDAN FINANCIAL SERVICES



WILLDAN
Financial Services

*extending
your
reach*





ENGINEER'S REPORT AFFIDAVIT

McKinleyville Community Services District

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

Fiscal Year 2012/2013

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 2011/2012. 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 of the passage of the Resolution of Intention. Reference is hereby made to the Humboldt County Assessor's maps for a detailed description of the lines and dimensions of parcels within the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities. The undersigned respectfully submits the enclosed Report as directed by the McKinleyville Community Services District Board of Directors.

Dated this _____ day of _____, 2012.

Willdan Financial Services

Assessment Engineer

On Behalf of the McKinleyville Community Services District

By: _____

Jim McGuire

Senior Project Manager

By: _____

Richard Kopecky

R. C. E. # 16742



TABLE OF CONTENT

INTRODUCTION.....	1
PART I — PLANS AND SPECIFICATIONS	5
Improvements Authorized by the 1972 Act.....	5
District Improvements	6
PART II — METHOD OF APPORTIONMENT	9
Proposition 218 Benefit Analysis	9
Benefit Analysis	10
General Benefits	10
Special Benefit.....	12
Assessment Methodology	13
PART III — BUDGET	17
Description of Budget Items	17
Expenditures:.....	17
Revenues:.....	17
District Budget.....	18
Assessment Calculations	19
PART IV — DISTRICT DIAGRAM	20
PART V — ASSESSMENT ROLL	22
APPENDIX A: TOTAL PROGRAM BUDGET DETAIL.....	23



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, in 1985 to include park and recreation, and 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 (at 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 to be designated 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 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 2012/2013 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 2012/2013, 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 specific a 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 2012/2013. 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 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 2012/2013. The District assessments are intended and will fund only a portion of the costs needed to provide the various improvements, and will not 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 requirements 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 2012/2013 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 2012/2013. 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 2012/2013.



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 will fully or partially fund 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 2012/2013 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 thirty-one percent (31%) for park and sports complex maintenance; twenty-six percent (26%) for hall/activity center operation and maintenance; eleven percent (11%) for trail and open space maintenance; twenty-four percent (24%) for capital improvement projects; and eight percent (8%) 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 2012/2013 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 2012/2013 may include, but are not limited to:

- Maintenance, servicing and operation of existing parks and park facilities, including:
 - Landscape Maintenance of approximately 91,571 square feet of irrigated turf in Pierson Park, 75,000 square feet within Hiller Park West, and 498,112 square feet within the Hiller Sports Complex.
 - Landscape Maintenance of approximately thirty-five (35) acres of non-irrigated/natural vegetation within Hiller Park West.
 - Maintenance of eight (8) sports fields within the Hiller Sports Complex.
 - Maintenance of approximately 17,157 square feet of parking lot area within Pierson Park, 9,770 square feet within Hiller Park West, and 35,000 square feet within the Hiller Sports Complex.
 - Maintenance and operation of approximately 2 restroom facilities each, within Pierson Park, Hiller Park West, and the Hiller Sports Complex.
 - Maintenance of 4 playground structures within Pierson Park, and 3 playground structures within Hiller Park West.
- Operation, servicing and maintenance of existing halls/activity centers including:
 - Azalea Hall: including maintenance of approximately 200 square feet of landscaping area; 13,800 square feet of parking lot area maintenance; and operation and maintenance of an approximately 9,500 square foot hall, including men and women restroom facilities, commercial sized-kitchen, 3,000 square foot hall available as



reception area, stage, storage for social events. Azalea Hall is located along Pickett Road, within Pierson Park.

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

The improvements listed above are inclusive of the improvements and facilities identified in the Engineer’s Report prepared in connection with the formation of the District, and no significant changes are being proposed or anticipated for fiscal year 2012/2013.



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”.

Benefit Analysis

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 is 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. 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, and like other general benefits, 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 0.500 EBU per Bed ⁽¹⁾ Residential Total	4,834 <u>1</u> 4,835	6,516.00 <u>28.00</u> 6,544.00
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)	153	219.32
Vacant	(1/3) EBU per Parcel (0.333 EBU)	584	194.67
Exempt	0.000 EBU per Parcel	66	0.00
Totals ⁽²⁾		5,638	6,957.99

(1) For fiscal year 2012/2013 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 28.00 EBU (refer to method of apportionment).

(2) Of the total 5,638 parcels in the District representing a total of 6,957.99 EBU, in addition to the 66 parcels identified as exempt, there are 57 parcels representing a total of 41.00 EBU that are currently identified as non-taxable properties by the County (Properties typically owned by government agencies). Because the proportional special benefit obligation for these parcels cannot 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 57 non-taxable parcels. Therefore, there are currently a total of 5,515 parcels representing 6,916.99 EBU that is proposed to be applied to the tax rolls for fiscal year 2012/2013.

The total assessment amount for each parcel in the District will be collected in annual installments 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 various 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 (6,963.32 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, 56 parcels representing 40.67 EBU are currently identified as non-taxable parcels and the assessments for these parcels (\$1,220.00) cannot be collected on the tax rolls. Therefore, in addition to other contributions, the CSD will annually pay the assessment obligation for the identified non-taxable parcels that receive special benefits.



District Budget

The following Budget shows the full estimated annual cost of the improvements and facilities for fiscal year 2012/2013 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 \$208,739.72 at an assessment rate of \$30.00 per Equivalent Benefit Unit based on 6,957.99 EBU, of which \$207,509.72 (6,916.99 EBU) is proposed to be collected on the County tax rolls based on current property information:

Expenditures:

<i>Pierson Park</i>	\$ 50,000
<i>Hiller Park West</i>	36,500
<i>Hiller Sports Complex</i>	83,000
<i>Larissa Park</i>	11,500
<i>Azalea Hall</i>	73,000
<i>McKinleyville Activity Center</i>	76,400
<i>Trails</i>	57,000
<i>Open Space</i>	9,500
<i>Future Parks & Facilities (including Teen/Family Center) ⁽¹⁾</i>	33,000
Operation and Maintenance Sub-total:	\$ 429,900
Capital Improvements ⁽¹⁾	122,000
Total Program Budget	\$ 551,900
Incidental Expenses	16,814
Total Annual Expenditures:	\$ 568,714

Revenues:

General Benefit Obligation	\$284,357
Additional Non-Assessed Funding ⁽²⁾	75,617
Non-Assessment Revenue Sub-total:	\$ 359,974
Total Measure B Special Benefit Assessments	208,740
Total Annual Revenues:	\$ 568,714

(1) Once the Teen/Family Center is constructed, it is anticipated that maintenance & operation of Teen/Family Center will cost approximately \$33,000 per year. In each year prior to the construction of the Teen/Family Center, the \$33,000 allocated towards maintenance & operation of future improvement will be applied to the funds collected for capital improvements.

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

(3) Includes \$1,230.00 contribution from MCSD general fund to cover amount that would otherwise be assessed against 57 non-taxable parcels representing 41.00 EBU's.



Assessment Calculations

Applying the method of apportionment outlined in Part II of this Report and the budget estimates for fiscal year 2012/2013 results in the following calculation of assessments:

$$\text{\$208,740} / 6,957.99 \text{ EBU's} = \text{\$30.00 per EBU}$$

Therefore, a single benefit unit or the Annual Assessment Rate for fiscal year 2012/2013 (Applicable to a typical Residential Dwelling Unit) will be \$30.00.

Assessment Summary:

Total Measure B Special Benefit Assessments	\$	208,740
Total Equivalent Benefit Unit ("EBU")	÷	6,957.99
Assessment Rate per EBU	\$	30.00

Assessment Breakdown of Non-Taxable Properties:

EBU of Non-taxable Parcels		41.0000
Assessment Rate per EBU	x \$	30.00
Non-Taxable Property Adjustment ⁽¹⁾	\$	1,230.00

(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 McKinleyville CSD general fund.

Assessment Breakdown of Taxable Properties:

Total Equivalent Benefit Unit ("EBU")		6,957.9897
EBU of Non-taxable Parcels	-	41.0000
Equivalent Benefit Units Levied on Tax Rolls		6,916.9897
Assessment Rate per EBU	x \$	30.00
Balance to be collected on Tax Roll	\$	207,509.72

Therefore, the anticipated annual assessment revenue to be collected on the tax rolls is approximately \$207,510.

$$6,916.99 \text{ EBU's} \times \$30.00 \text{ per EBU} = \$207,509.72$$



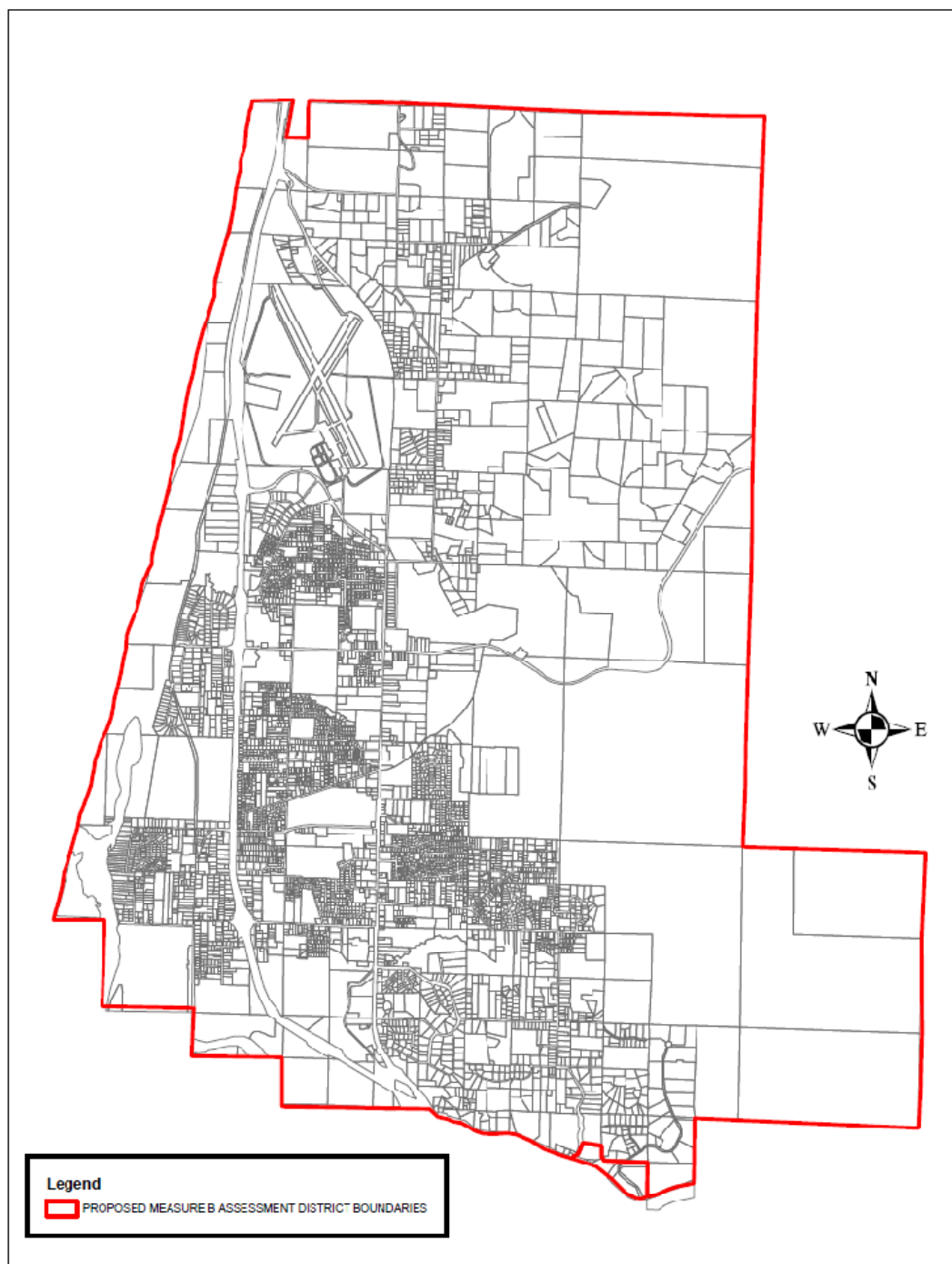
PART IV — DISTRICT DIAGRAM

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 all parcels within this District, along with each parcel's assessment amount to be levied for fiscal year 2011/2012 is provided under Appendix B ("Proposed Annual Assessments"). These assessments shall be submitted to the County Auditor/Controller to be included on the property tax roll for each parcel within the District for fiscal year 2012/2013. 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 parcel's land use, 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	\$ 45,000	\$ 5,000	\$ -	\$ 50,000
Hiller Park West	35,000	1,500	-	36,500
Hiller Sports Complex	75,000	8,000	-	83,000
Larissa Park	10,000	1,500	-	11,500
subtotal:	\$ 165,000	\$ 16,000	\$ -	\$ 181,000
HALLS/ACTIVITY CENTERS				
Azalea Hall	\$ 65,000	\$ 8,000	\$ -	\$ 73,000
McKinleyville Activity Center	72,000	4,400	-	76,400
subtotal:	\$ 137,000	\$ 12,400	\$ -	\$ 149,400
TRAILS				
School Road Trail	\$ 10,000	\$ 1,000	\$ -	\$ 11,000
Hiller Loop Trail	40,000	1,000	-	41,000
Other Trails	5,000	-	-	5,000
subtotal:	\$ 55,000	\$ 2,000	\$ -	\$ 57,000
OPEN SPACE				
Hewitt Ranch	\$ 8,000	\$ 1,500	\$ -	\$ 9,500
subtotal:	\$ 8,000	\$ 1,500	\$ -	\$ 9,500
FUTURE PARKS & FACILITIES ⁽¹⁾				
Renovations/Rehabilitation Projects	\$ -	\$ -	\$ 26,725	\$ 26,725
Teen/Family Center ⁽²⁾	30,000	3,000	95,275	128,275
subtotal:	\$ 30,000	\$ 3,000	\$ 122,000	\$ 155,000
Grand Totals:	\$ 395,000	\$ 34,900	\$ 122,000	\$ 551,900

(1) Capital Improvements includes expenses including the repayment of any future debt service issued and/or loan(s) utilized to finance the acquisition, construction, operation and maintenance (wages and/or supplies) of future District facilities, including, but not limited, to future parks and recreational facilities, the Teen/Family Center.

(2) Once the Teen/Family Center is constructed, it is anticipated that maintenance & operation of Teen/Family Center will cost approximately \$33,000 per year. In each year prior to the construction of the future improvements, the \$33,000 allocated towards maintenance & operation of future improvement is anticipated to be applied to increasing the \$122,000 annually accumulated for capital improvement costs.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.8. Consider Revising the Board Policy Manual in regards to Director Compensation

PRESENTED BY: Norman Shopay / Sharon Denison

TYPE OF ACTION: Roll Call Vote

Recommendation:

- Change the Board Policy Manual to read as follows:
“Directors would be compensated \$100.00 per noticed meeting day attended up to a maximum of \$600.00 per month (six meetings) with no compensation for Committee Meetings or Ceremonial Meetings”.
- Direct staff to prepare an Ordinance that states:
“Directors will be compensated \$125.00 per noticed meeting day attended up to a maximum of \$750.00 per month (six meetings) with no compensation for Committee Meetings or Ceremonial Meetings” and bring this back to the Board for approval at a future meeting.

Discussion:

The Board requested staff to bring this item to this meeting for consideration.

The current MCSD Board Policy Manual (Page 10, Rule 8-1) states “*Each of its members may receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service up to a maximum of \$200 per month per Director with no compensation for Committee Meetings or Ceremonial Meetings*”.

This provision has been in place for many years. It is recommended that a change be initiated to read as follows: “*Each of its members may receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service, not to exceed six (6) days of service per month.*” This is consistent with California Government Code 61047

To increase the compensation per meeting day from \$100 to \$125, it will be necessary to prepare an ordinance as stipulated by California Water Code 20202.

By comparison Humboldt Bay Municipal Water District received \$160 per meeting day; Humboldt Community Services District receives \$100 per

regular meeting day and \$50 per additional meeting not to exceed six meetings per month (max \$400 per month); City of Arcata receives \$480.67 per month (includes attending two regular meeting a month and as many special meeting as necessary)

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

- Allowing up to six (6) meetings per month would add a maximum potential cost of \$24,000 per year if we actually had 4 additional meeting per month X 5 Directors X 12 months.
- Increasing the rate from \$100 to \$125 and allowing up to six (6) meetings per month would add a maximum potential cost of \$33,000 per year if we actually had 4 additional meetings per month X 5 Directors X 12 months.

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- Exhibit 1-Board Policy Manual – PART 8-REMUNERATION, Pages 10 & 11

PART 8 -- REMUNERATION

RULE 8-1: BOARD MEETING COMPENSATION -- Board Members compensation shall be governed by section 61047 of the California Government Code. The Board of Directors may provide, by ordinance or resolution, that each of its members may receive compensation in an amount not to exceed one hundred dollars (\$100) for each day of service. A member of the Board of Directors shall not receive compensation for more than six days of service in a month. The MCSD Board in January of 2012 voted that~~However, the MCSD Board in August of 2000 unanimously voted that~~ "Directors would be compensated \$100 per noticed meeting attended up to a maximum of 6 meetings or \$600~~200~~ per month per Director with no compensation for Committee Meetings or Ceremonial Meetings". For the purposes of this section, a "day of service" means any of the following:

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

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

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

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

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

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

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.9 **Fischer Ranch Lease Agreement Revised Language
Reviewed by District Legal**

PRESENTED BY: **Norman Shopay and Russell Gans**

TYPE OF ACTION: **Voice Vote**

Recommendation:

Staff recommends that the Board adopt one of the four (4) alternatives stated in the alternatives section of this Staff Report to resolve this matter.

Discussion:

Subsequent to the herbicide incident on the Fischer Ranch it was determined a lease addendum was necessary. An addendum was prepared by staff and reviewed by District Legal Counsel.

Staff prepared the appropriate addendum, met and discussed it with Mr. Peachey. The addendum included a provision to require notification and approval by the MCSD District Manager prior to the application of any pesticide, herbicide, chemical, fertilizer or other substance on the premises, as stated in "Alternative No. 1" of this Report, below. Mr. Peachey reviewed and signed the lease addendum at that meeting.

The signed addendum was brought to the Board of Directors at the November 2011 meeting. After public input during the meeting Director Corbett presented a language modification to the Addendum, which is repeated in "Alternative No. 2", below, and staff was directed by the Board to have District Legal counsel review the proposed modifications.

At the January 4, 2012 Meeting, Legal Counsel reviewed the proposed language changes offered by Mr. Corbett, and proposed slight clarification edits to those changes, as recited in "Alternative No. 3", below.

After further discussion on the matter at the January 4, 2012, meeting, Staff was instructed to place the matter back on the February meeting agenda, reciting the alternatives discussed, for Board consideration and action.

Alternatives:

Alternative No. 1: Leave in place the language in the existing Lease Addendum already signed by Mr. Peachey which reads, in pertinent part, as follows:

“Section 1. Herbicide/Chemical/Pesticide Application Restrictions. The Lessee shall not apply any pesticide, herbicide, chemical, fertilizer or other substance on the Premises without first notifying Lessor prior to the application and securing written authorization and consent from the Lessor to proceed with the application. For purposes of this provision, the General Manager of the McKinleyville Community Services District shall have the authority and discretion to permit or deny any request by Lessee to apply any pesticide, herbicide, chemical, fertilizer or other substance on the Premises.”

Alternative No. 2: Revise the Lease Addendum to include the revisions requested by Director Corbett at the November, 2011, Meeting, which read, in pertinent part, as follows:

“Section 1. Herbicide/Pesticide Application Restrictions. The Lessee shall not apply any pesticides or herbicides on the Premises. The MCSD reserves the right to apply or to grant the right to apply herbicides or pesticides to a third party after the District declares an emergency requiring such an application.”

District Legal Counsel wants the Board to be aware that including this language in the Lease will require future Board action prior to the application of herbicide or pesticide on the Fischer Ranch property.

Alternative No. 3: Make the slight revisions to the language suggested by Director Corbett, as follows:

“Section 1. Herbicide/Pesticide Application Restrictions. “The Lessee shall not apply any pesticides or herbicides on the Premises. The Lessor reserves the right to apply herbicides or pesticides on the Premises or to instruct a third party to apply herbicides or pesticides on the Premises after the McKinleyville Community Services District Board of Directors declares an emergency requiring such an application.”

District Legal Counsel wants the Board to be aware that including this language in the Lease will require future Board action prior to the application of herbicide or pesticide on the Fischer Ranch property.

Alternative No. 4: In addition to or in lieu of any of the forgoing three alternatives, the Board can consider implementing a schedule for creating a District wide policy for pesticide/herbicide application (and other substances), or suggest additional language modifications for inclusion in a Lease Addendum and presentation to the Lessee.

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Original Addendum signed by Mr. Peachey and brought to the Board on November 23, 2011

FIRST ADDENDUM TO LEASE

This "First Addendum to Lease" (this "First Addendum") is entered into as of October ____, 2011, between McKINLEYVILLE COMMUNITY SERVICES DISTRICT ("Lessor") and MARVIN PEACHEY ("Lessee").

Recitals

A. WHEREAS, Lessor and Lessee entered and executed that certain written "Lease Agreement" dated February 19, 2011 (the "Lease"); and

B. WHEREAS, Lessor and Lessee desire to supplement their respective rights and obligations under the Lease, as stated in this First Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

The following provision shall be added to the Lease and shall hereafter be deemed a material provision of said Lease:

Section 1. Herbicide/Chemical/Pesticide Application Restrictions. The Lessee shall not apply any pesticide, herbicide, chemical, fertilizer or other substance on the Premises without first notifying Lessor prior to the application and securing written authorization and consent from the Lessor to proceed with the application. For purposes of this provision, the General Manager of the McKinleyville Community Services District shall have the authority and discretion to permit or deny any request by Lessee to apply any pesticide, herbicide, chemical, fertilizer or other substance on the Premises.

Section 2. Continuation of Lease. In all other respects, the Lease is confirmed on the same terms and conditions as set forth therein. All capitalized terms used in this First Addendum shall have the same meaning(s) assigned to them in the Lease, unless assigned a specific meaning in this First Amendment.

IN WITNESS WHEREOF the parties have executed this First Addendum to Lease Agreement on the date first written above.

Signatures

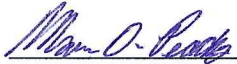
Lessor:

Lessee:

McKINLEYVILLE COMMUNITY
SERVICE DISTRICT:

MARVIN PEACHEY:

By: _____
Helen Edwards, Board President

By:  _____
Marvin Peachey

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.10. **Discussion regarding the Parks & Recreation Master Plan Update**

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

TYPE OF ACTION: **None**

Recommendation:

Staff Requests the Board receive an update on the Parks & Recreation Master Plan Update.

Discussion:

Staff and the Recreation Advisory Committee have been working on the Parks & Recreation Master Plan update for more than a year. The document is close to completion and staff would like to give the Board an opportunity to review and provide feedback to staff before bringing it to the Board to consider approval at its March 7, 2012 Board meeting.

In order to save printing costs, the *draft* document is available at the MCSD office for review. The plan is also available to view on our website. There are some items still highlighted in yellow that are not yet completed. I am currently working on matching the documents, pages, appendixes and exhibits.

When completed, the Parks & Recreation Master Plan will serve as a guide to the District for current parks and facilities as well as future park development. The plan intends to provide strategic planning for the next twenty (20) years and will be a resource for staff for grant funding and future park development.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Monthly Report
February 1, 2012

AGENDA ITEM: F.2.a.
PRESENTED TO: MCSD Board of Directors
FROM: Jackson & Eklund Accounting
SUBJECT: Monthly Report

AUDIT STATUS

The audit for the fiscal year ended June 30, 2011 is complete and will be presented to the Board for approval by the District's auditor.

BUDGET STATUS

The budgeting process for FY 2012-13 is currently underway. Phase 1 of the budgeting process, the capital project budget, will be brought to the Board for consideration next month.

In addition to the development of the budget for FY 2012-13, a revision to the FY 2011-12 is currently underway and will be brought to the Board for consideration next month.

FINANCIAL POLICIES AND PROCEDURES

Over the second half of the fiscal year, the District's financial policies and procedures will be reviewed and updated.

WATER AND SEWER RATES STUDY

Wildan Financial Services is currently conducting a study of the District's water and sewer rates for consideration by the Board.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

Board Agenda Background: Department Report

January 25, 2012

To: MCSD Board

From: Gregory P Orsini, Operations Director

Subject: Agenda Item: F.2.B. –February 1, 2012 Board Meeting
Operations Department – December 2011 Report

Progress in achieving the Board's adopted FY11-12 Goals are summarized in the following narrative:

Water Department:

◇ Water Statistics:

The district pumped 38 million gallons of water in December.

9 water quality complaints were investigated and rectified in December.

Two service line leaks were reported and repaired in December.

No water service installations were completed in December.

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

◇ Double Check Valve Testing:

Annual routine testing was completed in November and only a minimal number of follow up tests were conducted. The testing device was sent back to the factory for its annual calibration and will be back to start testing again in January.

◇ Water Facility Maintenance:

Blake Station compressor received new belts and a belt guard. This was noted during monthly inspections and addressed as a separate work order.

The annual Fire Hydrant Inspection and Maintenance Program was completed in December. The approximate 430 hydrants are inspected, maintained and exercised according to written procedure. The condition of each hydrant is logged and any deficiencies are noted and generate a work order for further attention.

The blower in the chlorine storage room at North Bank Station was making noise during daily inspections. A service order was generated and upon further investigation a faulty capacitor was discovered and replace. The blower was put back into service without the need to replace the entire motor for a cost savings to the District.

The Annual Valve Exercise Program has started. Each valve will be cycled from the opened to the closed back to opened position. All information will be recorded on the designated paperwork. Discrepancies are documented and generate work orders for repair. The valves are cycled annually to ensure they operate freely.

◇ Fluid and Filter Changes:

Semi annually all Operations Department heavy equipment and stationary emergency generators are serviced. Filters and fluids are changed when required to insure the longevity and dependability of this equipment. This work is conducted in house to reduce costs and so staff can remain familiar with the equipment. This maintenance was completed in December.

◇ New Construction Inspections:

Central Estates Phase 2A and B, all MCSD facilities have been installed and tested. Paving and the punch list is complete on Phase A. Phase B will is scheduled for this coming spring; VanEaton Subdivision has been completed and waiting for asbuilds and Santos Subdivision, Testing of water and sewer mains are under way.

Waste Water Statistics:

29 million gallons of wastewater were collected and pumped to the W.W.M.F in December. 32 million gallons of waste water was treated and discharged to land disposal or reclamation in December.

No sewer services were completed in December.

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

◇ **WWMF Maintenance:**

Work has been completed on the CL2 and SO2 emergency shut-offs at the WWMF. The actuators will close the valves on the 1 ton cylinders when a leak is detected. Emergency push buttons were also installed outside the CL2 and SO2 rooms to allow staff to close cylinders valves without making entry.

◇ **Sewer Facility Site Clearing:**

Site clearing of all sewer facilities was completed to the year.

◇ **Sewer Lift Station Maintenance:**

Quarterly wet well washing took place at Letz and Kelly Sewer Lift Stations. This included washing with fire hoses while manipulating the levels to break up the grease and rags to prevent them from plugging up the pumps. The removal of grit prevents the buildup of hydrogen sulfide gas. Hydrogen sulfide gas is very destructive to steel and concrete. During weekly inspections the Fischer Generator day tank not operating properly. The generator day tank is a small tank the fuel pumps to before it is utilized the engine. A check valve in the fuel line was sticking which restricted fuel flow to the tank. The valve was repaired and the placed back in service.

Letz Sewer Lift Station has been experiencing communication failures during inclement weather. Staff replaced the Yagi antenna at the station to eliminate the potential of this being the cause and so far it has improved the transmission of telemetry. These antennas have been on the stations since the radio upgrades and are nearing the end of their useful life.

◇ **Hydro- Cleaning:**

Quarterly high pressure cleaning of 11,800 feet of sewer main was completed in December. A portion of this footage is considered problem areas. These areas have presented problems in the past and are maintained on a regular basis. Due to settlement of the pipe these areas tend to collect grease and solids that cause stoppages.

◇ **Barn Repairs:**

The west wall of the Dome Barn located at the Fischer Ranch fell during inclement weather a few weeks ago. Staff is in the process of replacing the wall. The main beams and some of the siding will be reused as the quality of this material is unavailable. This work will continue into next month. The concrete foundation has been poured and framing is nearing completion.

◇ **Annual Site Clearing:**

During the summer months off site water and sewer main right of way and facilities are cleared of brush. It is important these areas are maintained and cleared to allow access and aid in their visual inspection. The majority of this work is conducted by seasonal employees after they finish the daily required irrigation pipe move and observations. This year the seasonal crew of two hard working individuals cleared 25 acres of high grass, briars and tree trimming.

◇ **Street Light Department:**

No streetlight problems were reported or repaired in December.

Promote Staff Training and Advancement: Weekly safety meetings were conducted. Annual 8 hour HAZWOPER refresher train was attended by field staff and some

management. Staff members that had not received Sexual Harassment training in the past, received it by way of webinar.

Special Notes:

Work continues on the Local limits study and report. The report is completed and staff will be preparing an item for the March Board meeting. When completed the District will have a modernized sewer use ordinance, the authority to enforce new local limits and a formal pretreatment program.

A draft RFP was reviewed by staff, comments were forwarded to the consultant. The completed RFP, general specifications and draft contract documents will be part of the bid package and distributed in January.

The field crew was briefed on the newly installed emergency shut off system for the chlorine and sulfur dioxide systems at the WWMF. This system will trigger and close all the valves on all operational ton cylinders. The shutoff valves have been integrated into the leak detection system to trigger in the event of a release. The upgrade puts us in compliance with regulatory requirements and the installation was completed entirely in house.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
Board Agenda Background - Department Report
February 1, 2012

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

GRANT OPPORTUNITIES:

Proposition 84 – Statewide Park Development:

Project: Build a 3-acre community park in the southern area of McKinleyville.
Status: Application Submitted, pending approval: State grant officer recently toured the properties and reviewed grant application with staff.

Proposition 84 – Statewide Park Development:

Project: Acquire 60-acres in the north area of town and construct a trail system through the forest.
Status: Application Submitted, pending approval: State grant officer recently toured the properties and reviewed grant application with staff.

Habitat Conservation Fund:

Projects: Build new trails and make improvements to existing trails.
Remove invasive plants from wetlands and riparian areas.
Status: Staff is working on the application process.

Coast Central Credit Union – Community Investment Program:

Project: Playground replacement.
Status: Working on application.

Land and Water Conservation Fund:

Project: Build a covered picnic area at Pierson Park.
Status: Application submitted, pending approval.

McKINLEYVILLE ACTIVITY CENTER WATER LEAK:

At about 4:30 pm on Monday, January 9, 2012, our maintenance staff responded to a report of a water leak at the McKinleyville Activity Center. Staff found that a water line had ruptured behind a vending machine in the lobby. Within minutes the water leak covered approximately 80% of the carpeted area with between 1-2" of water.

Staff immediately shut off the power and water to the facility. The water was removed and the carpet was cleaned and dried over the next couple days. It does not look like there is any permanent damage.

At the time of the incident, the McKinleyville Middle School was using the facility for basketball practice. It was later determined that the cause of the leak was due to a child at the facility who had shaken the vending machine. Staff feels that the incident could have taken place at any of our recreation programs and decided not to charge the

school district for the response. However, staff did contact the principal with concerns of the potential lack of supervision during the basketball practices and individuals other than players being at the facility.

TEEN CENTER UPDATE:

The Request for Proposal (RFP) for the Architecture and Planning Services is completed and distributed throughout Northern California and Southern Oregon. On Tuesday, January 10, 2012, staff hosted a Non Mandatory Pre-bid meeting. There were approximately twelve (12) individuals in attendance. Staff reviewed the RFP and answered questions.

We have received many phone calls and emails regarding the RFP. The deadline for submittal is Wednesday, February 15, 2012. Below, please find a preliminary schedule for the Teen & Community Center:

- | | | |
|---|--|---------------------------------|
| • | Deadline for proposals | February 15, 2012 |
| • | Complete review of proposals/
Selection of firms to interview | March 30, 2012 |
| • | Candidate Interviews | April 4–20, 2012 |
| • | Contract Award | May 1, 2012 |
| • | Kick off meeting | May 15, 2012 |
| • | Construction Bidding | 1 st quarter 2013 |
| • | Construction begins | 2 nd quarter of 2013 |

JUNIOR HIGH SCHOOL DANCE:

Our Junior High School Dance on Friday, January 20, 2012 had 384 participants. The dances are for youth in 6th through 8th graders. This is a good indication of the need for a Teen Center and additional teen programs in McKinleyville.

RECREATION ADVISORY COMMITTEE MEETING:

The Recreation Advisory Committee (RAC) met recently and approved changing the meeting time to 6:00 pm. The reason for the change is to allow staff to hold Adhoc No Drugs Down the Drain meetings prior to RAC meetings should the MCSD Board decide to do so.

YOUTH BASKETBALL:

Our Youth Basketball League for youth in 2nd through 12th grades began on Saturday, 14, 2012. Our Pee Wee Basketball Program for youth in Kindergarten through 2nd grades will begin in mid-April 2012.

KINDERSPORTS:

Our Kindersports Basketball session began Saturday, January 14, 2012. Kindersports is for youth ages 3-5. This basketball session has sixty (60) participants with a waiting list. Other Kindersports sessions include Track and Field, Soccer, Baseball, and Olympic Sports.

NEWSLETTER AND RECREATION ACTIVITY GUIDE:

Staff is finalizing the McKinleyville Newsletter and Recreation Activity Guide. It will be mailed to more than 5,000 MCSD customers and also made available at several locations throughout McKinleyville.

RECREATION COORDINATOR POSITION:

After sixteen (16) years of service with MCSD, Barbara Egbert, Customer Service Representative in the Parks & Recreation Office has announced her retirement at the end of February 2012. We have decided to replace her position with a Recreation Coordinator. This new position will allow us to shift current responsibilities of Recreation staff. It is anticipated that the new position will take on additional responsibilities such as Facility Rentals, Special Events, and other leisure and recreation programs.

After interviewing six (6) candidates, staff selected two (2) candidates and held second interviews on January 19, 2012. We are in the process of making a decision.

Our goal is to make an offer for the position with an anticipated start date of Monday, February 20, 2012.

McKINLEYVILLE SKATE PARK UPDATE:

At the time this report was due, I had not received a monthly report from the McKinleyville Skate Park Organization.

SHERIFF WORK ALTERNATIVE PROGRAM (SWAP):

MCSD and County staff worked out an agreement to keep a SWAP crew working twelve (12) days per year. In addition, the County has agreed to provide between two (2) and five (5) individual SWAP members to report to work for MCSD each Saturday. This partnership is still working very well.

COMMUNITY SERVICE WORKERS:

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

WORK EXPERIENCE (Cal Works PROGRAM)

We currently have two (2) positions through the Cal Works program that is working with the Parks & Recreation Department. We also have one (1) position working as a Customer Service Representative in the front office. This is a great program for the workers and for the MCSD. It gives the employees great on the job experience and it aids MCSD in its daily operations. The County pays all wages for a six-month period (with possible extensions of time), and workers compensation is also under the County's umbrella.

GRAFFITI & VANDALISM UPDATE:

None to report.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 1, 2012

TYPE OF ITEM: **INFORMATION**

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

PRESENTED BY: Norman Shopay

TYPE OF ACTION: None

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

- | | |
|---------------------------------|---------------|
| • Volunteers: | \$600 (labor) |
| • SWAP crews: | \$3,000 |
| • CalWORKS: Parks | \$8,200 |
| • Cal Works: Admin | \$3,600 |
| • New telemetry antenna at Letz | \$ 200 |
| • CL2 and SO2 actuators | \$2,500 |

Total cost savings for December 2011 is \$18,100

The cumulative cost saving to the District to date from July 1, 2011 is \$127,800

District staff are acknowledged and commended for their continued efforts in looking for cost savings opportunities that result in real savings for the District and our rate payers.

2 Emergency Water Line Crossing over the Mad River – Construction continues on the bridge. One vault has been constructed. The second vault will be constructed in the spring. After this is completed the entire water line in the bridge will be tested.

3. Norton Road Water Tank Painting – RPF has been completed and is currently out to bid.

4. Water and Sewer Rate Study – Work on the water and sewer rate study continues. A workshop was held prior to this evenings Board meeting.

5. Reserve Policy - The reserve analysis study is complete and was approved by the Board in January.

6. Alternate Water Tank Location – Staff has identified a potential alternate water tank location other than Murray Road where it was determined that this area has significant potential seismic risk based on the proximity to active faults in the

area. We continue to work with the site owner on an initial appraisal and access to the property and will be bringing that information to the Board at a future meeting.

7. Measure B, Teen Center – The RFP for design and preparation of plans and specification has been issued in order to solicit bids for the project. Bids are due on February 15, 2012.

8. Tour of Colusa and Willows Waste Water Treatment Plant – A tour of these facilities was conducted on Wednesday January 18, 2012. The public was invited to attend.

9. California Special District Association (CSDA). Attended the Education and Membership Committee meetings. (Meeting minutes attached)

10. Association of California Water Agencies (ACWA). Attended the ACWA State Legislative Committee meeting. (Agenda Attached). Attended CSDA Board Meeting representing Region 1.

11. Government Finance Officers Association (GFOA). Attended training on Accounting & Financial Reporting for Enterprise & Stand-Alone Business-Type Activities

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

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

PARKS & RECREATION OFFICE:

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

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

December 29, 2011

RE: MONTHLY MONITORING REPORT

Dear Lisa:

Enclosed is the Monthly Monitoring Report for November 2011 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number WQ 2011-0008-DWQ.

The normal discharge of effluent was 30 days discharge to reclamation M-005, 6, & 7 and land disposal to M-003. The required monitoring and water quality constituents that were tested and were reported were in compliance in November.

The requirement for BOD is 45 mg/L, for the monthly average, a minimum of 65% removal and a weekly average of 65 mg/L. With four weekly tests in November, that constitutes seven criteria. The BOD results for November are in compliance.

The requirement for NFR is 83 mg/L and minimum of 65% removal for the monthly average. With four weekly tests in November, that constitutes three criteria. The NFR results for November 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 November 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 November are as follows. Median was <1.8 and a Maximum of <1.8. Four samples were collected in the month of November and were in compliance.

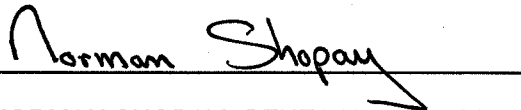
Monthly River Monitoring was conducted in November.

EXHIBITS:

- A. November 2011 Wastewater Management Facilities spreadsheet with the daily, weekly, monthly, quarterly and annual monitoring records for monitoring location M-001.
- B. Disposal Flows and Location Data Sheet
- C. BOD and TSS work sheet
- D. River Monitoring worksheet for R-001 and R-002

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

If you have any questions, please contact this office.


NORMAN SHOPAY, GENERAL MANAGER

ENCLOSURES

FILE

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

MONTH: NOVEMBER

YEAR: 2011

		INFLUENT FLOW M.G.D.		EFFLUENT FLOW M.G.D.		EFFLUENT MAXIMUM GPM		RIVER CFS		INFLUENT MONITORING B.O.D. mg/L		N.F.R. mg/L		pH		(C°) TEMP		B.O.D. mg/L		NFR mg/L		AMMONIA		CL ₂ RES.		RIVER CL ₂ RES		SETTLABLE SOLIDS		3X5 TOTAL COLIFORM		
DATE																																
1		0.930		1.412		1027									7.1	13						30		3.0								
2		0.905		1.384		986									7.1	13.0						28		2.9								
3		0.933		1.305		993									7.0	13.1						24		4.1								
4		0.910		1.000		957				260		220			7.3	12.3		21		43		28		1.5				<0.1				
5		0.954		0.581		409																										
6		1.066		0.575		404																										
7		0.942		1.039		963									7.3	11.6						28		4.8							<1.8	
8		0.901		1.354		965									6.9	11.2						26		3.7								
9		0.896		1.370		972									7.6	11.2						30		2.7								
10		0.874		1.066		973				260		210			7.0	11.4		28		35		28		2.2				<0.1				
11		0.887		0.636		448																										
12		0.880		0.627		442																										
13		0.935		0.624		437																										
14		0.881		1.036		950									7.0	11.6						28		2.5							<1.8	
15		0.853		1.331		952									7.1	10.8						30		1.2								
16		0.875		1.314		943									6.9	11.9						30		0.7								
17		0.885		1.268		903									6.9	12.4						32		1.9								
18		0.898		1.033		929				230		190			6.9	11.9		24		42		34		1.1				<0.1				
19		0.951		0.805		569																										
20		0.947		0.795		558																										
21		0.895		1.073		905									7.0	11.0						34		3.4							<1.8	
22		0.895		1.303		921				270		280			6.9	11.4		25		34		32		1.9								
23		0.995		1.026		957									6.9	12.0						32		1.6					<0.1			
24		1.016		0.670		473																										
25		0.888		0.665		466																										
26		0.914		0.664		468																										
27		0.974		0.662		463																										
28		0.932		1.108		951									6.9	11.3						32		2.5							<1.8	
29		0.921		1.337		962									6.8	11.3						32		0.2								
30		0.895		1.355		996									6.9	10.7						32		1.1								

MONTHLY TESTS			
DATE	TDS	AMMONIA	NITRATE
11/3/2011	310	25.0	ND
			BORON
			230


Semi-Annual Tests		
	Value in ug/l	
Bis phthalate	N/A	
aliph-BHC	N/A	
4,4'-DDT	N/A	
carbon tetrachloride	N/A	

Quarterly Tests		
	Value in ug/l	
Dichlorobromomethane	N/A	
Bromometh	N/A	
Chlorodibromomethane	N/A	
Chlorometh	N/A	

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

SIGNATURE: 

REMARKS:

 Indicates Permit Exceedance

CHRONIC TOXICITY		
TESTED	SURVIVAL	
Minnow	N/A	
C. Dubia	N/A	
Algae	N/A	
TUC		

Total Coliform		
Monthly	Median	Daily
<1.8		
Maximum		
<1.8		

SPILLS:					
None to report					
BOD	BOD	BOD	NFR	NFR	NFR
mg/L	LBS/DAY	% Removal	mg/L	LBS/DAY	% Removal
25	226	90	39	350	82

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

DRAFT – Education Committee Minutes – DRAFT

**1112 I Street, 3rd Floor, Earl Sayre Board Room
Sacramento, CA 95814**

**Friday, January 6, 2012
1 – 4PM**

In Attendance

Jim Kohnen, Chair
Sherry Sterrett, Vice Chair
Gil Albiani (conference call)
Stanley Caldwell, Ex-Officio
Paula de Sousa (conference call)
Vincent Ferrante (conference call)
Stephen Fraher
Warren Harding
Linda Hunter
Karen Luethke
Mary Aileen Matheis
Ann Mathews (conference call)
Al Morrisette
Hugh Rafferty (conference call)
Jane Rozanski
Mike Scheafer
Norman Shopay
Chad Vargas
Cynthia Ward

Absent

David Aranda
Edward Crouse
John DeMonaco
John Fox
Brent Ives
Yesenia Parra
Deborah Wilder

Staff

Megan Hemming, Education Director
Sharon Foster, Education Assistant
Neil McCormick, Executive Director
Charlotte Lowe, Executive Assistant

Guests

Jo MacKenzie

1. Welcome

Chair Jim Kohnen called the January 6, 2012 meeting of the Education Committee to order at 1:00PM. Committee members and staff in attendance and on the conference call introduced themselves.

2. Consent Calendar (Approval of 9/09/11 Minutes)

MOTION: Sherry Sterrett moved to approve the September 9, 2011 minutes of the Education Committee meeting as presented.

SECOND: Jane Rozanski

VOTE: unanimous

3. Education Department Strategic Plan

Education Director Megan Hemming stated that the strategic plan relating to the Education department will be included in all meeting packets for information. Currently the CSDA Board of Directors is working to finalize a new plan for 2012-2013, which should be available by the next committee meeting.

4. Review of 2011 Attendance and Financials

4a. 2011 Attendance & Budget Tracker – Education Director Hemming reviewed the 2011 final workshop, webinar and conference attendance numbers and the corresponding financials as presented. Nearly 3,000 individuals were trained by CSDA in 2011 and staff was able to implement the first annual Board Secretary/Clerk Conference.

5. 2012 Education Budget

5a. Budget – Education Director Hemming handed out a 2012 Education Budget Tracking spreadsheet with current registration attendance numbers as of today. New workshops are highlighted and include: Pension Reform Updates, Brown Act Reimbursement, Incident Writing, Community Engagement and Emergency Preparedness as well as others.

5b. 2012 Education Brochure – Ann Mathews stated that staff did a good job on the 2012 Education Catalog, which was included in the packet for information.

6. Annual Conference & Exhibitor Showcase

6a. Review of 2011 Attendance & Budget – Education Director Hemming reported that the CSDA Annual Conference was held in Monterey last year at the Marriott, and budget wise the conference has gone from a net loss in 2008 to a net gain of approximately \$80,000 in 2011. The conference will be back at the same Monterey location in 2013.

6b. 2012 Annual Conference Budget – Education Director Hemming stated that the conference this year will be at the Westin in downtown San Diego. The budget for conference is included in the packet for information. There were no further questions from the committee.

6c. Tentative 2012 Conference Schedule – Education Director Hemming reviewed the tentative 2012 conference schedule as presented and asked for feedback from the committee. Discussion included:

- Potential tennis tournament as a pre-conference activity – in addition or instead of a district tour
- Chartered fishing trip as a pre-conference activity
- Padres baseball game with private area as a reception idea – available Tuesday night only
- “Starting a Foundation: 101” class idea for pre-conference
- Cyber Café – problem was the location in 2011 or else no one is using because of other technology like handheld devices.
- Just introductions and quick welcome at opening night reception – keep the speaking short
- Most break-out sessions were given additional time this year
- Exhibition hall has limited space – staff is speaking to hotel about securing an additional room
- Including a more general/discussion session as a break-out for General Managers and Board members before going in to lunch
- Moving lunch to 12:30 or 1:00PM to extend even more time for break-out sessions
- Move President’s Reception to 6PM instead of 5:30PM to give all prior activities an extra 30 minutes
- Tuesday night baseball game might drive traffic away from exhibitors
- Kick-off reception can be in the exhibit hall and President’s Reception can utilize the terrace space so that the baseball game is an option and doesn’t take attendees away from exhibit hall
- Move President’s Reception from Tuesday to Wednesday
- Eliminate the coffee with exhibitors portion – poor attendance last few years
- Need a compelling speaker for a ticketed Wednesday lunch or else attendees will leave to have lunch in downtown
- Including an awards luncheon, fundraising opportunity for SDLF and eliminating banquet
- Eliminating entertainment following the awards on Wednesday night banquet
- Spread out awards
- Eliminate Thursday morning break-out sessions and have breakfast earlier

Committee members who are interested in serving on a conference schedule sub-committee were asked to email Education Director Hemming.

6d. Breakout Session Ideas – Education Director Hemming stated that individuals are able to submit ideas for break-out session topics on the CSDA website until February 1st. Additional ideas from the committee included:

- Introduction to grant writing
- Brown Act
- Starting a 501(c) 3
- Social media
- Board members roles and responsibilities
- Website development
- Evaluation of General Managers – guidelines, etc. Taught by someone with a background in human resources.
- Communication protocols between Board and staff (with media, etc.)
- Crisis management files
- New board member duties (things they should know, financials, etc.)
- Including a booth in the exhibit hall on social media
- Course for GM's – setting goals for staff

Al Morrisette and Jo MacKenzie left the meeting at 2:45 PM, quorum was still present.

Education Director Hemming proposed having a conference app for smart phones and the committee agreed it was a good idea.

Warren Harding left the meeting at 3:00 PM, quorum was still present.

7. Board Secretary/Clerk Conference

Education Director Hemming stated that the Board Secretary/Clerk Conference has been rescheduled for 2012 and will be held at the same location in Monterey. Staff has created two tracks for attendees, one for those returning and one for first time participants. Currently there are 38 people registered for the event and speakers have been confirmed, as presented in the packet. The event budget is also included for information and the goal is to secure a minimum of 85 attendees.

8. Special Districts Legislative Days (SDLD)

Education Director Hemming stated that the Legislative Department will dictate the content of the event and the Education Department will take care of all the logistics and assist with budgeting. This year, SDLD will be held at the Sacramento Convention Center on May 16th and 17th, with the reception again at Chops across the street from the Capitol building. Currently there are 14 registered attendees with 6 spots left at the discounted price (\$50.00 off). Staff has negotiated a small courtesy room block with the Sheraton. The SDLD save the date postcard is included in the meeting packet for information.

9. General Manager Leadership Summit

Education Director Hemming reported that there is a new event being launched in 2012, the General Manager Leadership Summit. It was approved at the 2011 CSDA Board Planning Session and included in the packet is the draft agenda and budget. The agenda was drafted based on feedback from a General Manager's survey and the summit will be added to the June/July time frame. Staff is currently looking for a location in Northern California (Napa, Lake Tahoe or Monterey) and the training provided will be next level General Manager material, not introductory.

10. Additional Comments

Jane Rozanski introduced a piece of literature that her district adopted on duties and responsibilities of the Board member. It was drafted by her district's legal counsel and outlines the behavior and fiduciary responsibility of the Board. Each director signs the document and it is sent to the Board of Supervisors.

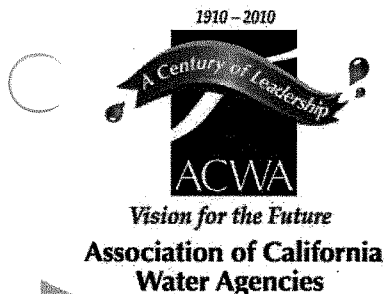
A discussion on the idea to reinvent “Workshop on Wheels” was also had. The idea is to bring educational activities to remote areas of the state. The committee proposed developing a trial run with Brent Ives to see if it would work. The next committee meeting is scheduled for June 15th; however there may be the need to add in another before then. Staff will determine if there is a need for an additional meeting and will let the committee know. A proposed date was set for April 27, 2012.

11. Adjourn

Chair Kohnen adjourned the January 6, 2012 meeting of the Education Committee at 3:30 PM.

ACTION ITEMS:

- Committee members to email Megan if interested in serving on sub-committees for conference speakers or schedule.
- Staff to develop potential schedules for the annual conference based on committee’s discussion.
- Staff to send out email to “conference schedule” sub-committee with proposed scheduling ideas.
- Jane Rozanski has a reference for someone to teach a course on GM Evaluations.
- Neil to check if CSDA offers something on crisis management files.
- Cynthia Ward has a reference for someone to teach a course on websites, communication, etc.
- Neil to send out board policy handbook that Jane Rozanski introduced at the meeting.



Association of California Water Agencies
910 K Street, Suite 100,
Sacramento, California 95814-3577
916.441.4545 FAX 916.325.4849

Hall of the States
400 N. Capitol St., N.W., Suite 357 South,
Washington, D.C. 20001-1512
202.434.4760 FAX 202.434.4763
www.acwa.com

ACWA State Legislative Committee

Friday, January 20, 2012

10:00 a.m.

AGENDA

- I. **Welcome** Paul Bartkiewicz, Chair
 - a. Members and Guests Self-introductions Committee Members and Guests
 - b. ACWA Staff Self-Introductions State Legislative Department
- II. **Executive Director Report** Tim Quinn
 - a. Federal Affairs Update
 - b. Clean Water & Jobs/Water Bond
 - c. ACWA California Water Finance Task Force
 - d. Delta Stewardship Council/Delta Plan
 - e. Appointments
 - f. Other
- III. **Committee Orientation** Paul Bartkiewicz, Chair, Kathy Cole, Vice Chair, Cindy Tuck
- IV. **Proposed Revisions to the Committee Guidelines** Paul Bartkiewicz
- V. **State Budget Update** Wendy Ridderbusch
- VI. **Legislative Analyst's Office Report to the Assembly** Cindy Tuck
Committee on Accountability and Administrative Review
- VII. **California Local Agency Formation Commission's** Cindy Tuck
(CALAFCO) Legislative Proposals
- VIII. **Review Of Bill Packet** Cindy Tuck
- IX. **ACWA's Outreach Program** Jennifer Persike and Ellen Martin
- X. **Other Business**
- XI. **Adjourn**

Next Meeting: Friday, February 10, 2012

Location: ACWA Board Room

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION
Membership & Recruitment Committee

Earl F. Sayre Conference Room
1112 I Street, Suite 380
Sacramento, CA 95814

January 6, 2012
9:00AM – Noon

DRAFT – Meeting Minutes – DRAFT

In Attendance

Norman Shopay, Vice-Chair
Mark Bryant
Stanley Caldwell, Ex-Officio
Debbie Dunn
John Fox (conference call)
Stephen Fraher
Jo MacKenzie
Scot Moody
Al Morrisette
Jane Rozanski
Mike Scheafer
Kathy Tiegs

Absent

Pete Kampa, Chair
Bobbi Belton
John DeMonaco
Brent Ives

Staff

Neil McCormick
Cathrine Lemaire
Charlotte Lowe
Travis Wills

1. Welcome

Membership Committee Vice-Chair Norman Shopay called the January 6, 2012 Membership Committee meeting to order at 9:04AM. Roll call was taken to establish a quorum and Kathy Tiegs led the committee in the pledge of allegiance. Committee members and staff in attendance and on the phone introduced themselves.

2. Consent Calendar

MOTION: Jo MacKenzie moved to approve the 9/09/11 Membership Committee minutes with amendments (include action items update in minutes).

SECOND: Al Morrisette

VOTE: Mark Bryant abstained; the motion carried.

3. Committee Member Orientation

3a. Expectations and Responsibilities – Membership Director Lemaire reviewed the 2012 meeting schedule as presented and stated that another meeting might need to be added if discussion from the committee generates the need. All committee members must be current on their CSDA membership dues, which have been verified.

3b. CSDA Member Benefits Overview – In order for committee members to become familiar with CSDA member benefits and programs, Membership Director Lemaire reviewed a power point presentation including items such as: legislative representation, cost-saving member programs, professional development and information sharing.

John Fox joined the meeting via conference call at 9:15 AM.

Debbie Dunn joined the meeting at 9:16 AM.

The power point presentation also included background on Alliance partners, the CSDA Finance Corporation and the Special District Risk Management Authority (SDRMA). Executive Director Neil McCormick spoke on the Special District Leadership Foundation (SDLF) which included the recent governance shift in the Foundation, with CSDA and SDRMA now funding the program for 2012.

4. 2011 Membership Recruitment & Retention: Year End Report

Membership Director Lemaire reviewed the 2011 Membership Summary as presented. There was a net increase of 18 members from the previous year, since the association implemented several new recruitment activities in 2011 and 65 new members joined. In 2011, 46 agencies cancelled membership, mostly due to budgetary restrictions. Currently, the association has 1,000 members and a 95.2% renewal rate. Staff is also continuing to track trial members from 2010 and do outreach with those.

5. 2012 Recruitment and Retention Programs

5a. 2012 Recruitment Incentives – Membership Director Lemaire stated that staff has identified several programs that should either be reintroduced or launched in 2012. The first of those is the Member-Get-A-Member program, where a district who brings in a new member to the association will earn credits (up to \$300/year – dependent on how many new members they refer that join) to use towards dues, bookstore items, workshops, etc.

MOTION: Jo MacKenzie moved to recommend to the CSDA Board of Directors to maintain the Member-Get-A-Member program and to eliminate the cap of \$300/district and give districts a \$100 credit from the 3rd district recruited up.

SECOND: Al Morrisette

VOTE: unanimous

Additional ideas from the committee regarding potential incentives included:

- Giving new members free or discounted registration for the CSDA Annual Conference.
- Incentives for small districts which are generally restrained due to budgetary restrictions from travel to events.
- Assigning a committee member as a host for a potential or new district to guide them through a day at the annual conference – Ambassador Program
- New member reception at the annual conference or introducing them at an event
- Including a “CSDA 101” class at the annual conference for new members – include SDRMA as well.
- If a new member attends conference they may receive two free workshops or webinars to use the next year
- Encouraging CSDA Board members to sit at various tables at conference so that they mingle more with other districts.
- Recognize members who have sustained a long membership with the association – plaque/certificate for 5, 10, 15, 20 years – include mention in magazine or send press release.
- Would like to see the 20% discount and trial membership programs to come back – also the 15 months for 12 paid is an easy incentive to put in place also.
- Including SDRMA and CSDA Finance Corporation marketing pieces with what CSDA send out as well to create a bigger marketing package – include a list of free SDRMA classes a new member would have access to and other SDRMA incentives.

Membership Director Lemaire reviewed the 2012 Recruitment Calendar as presented.

MOTION: Jo MacKenzie moved to extend the 20% discount to July 31, 2012.

SECOND: Debbie Dunn

VOTE: unanimous

5b. 2012 Retention Efforts – Membership Director Lemaire reviewed the Ambassador Program application as presented and asked that more committee members please sign up. The program will match up a committee member to a new district, follow-up with them on a regular basis, answer questions and meet them at the annual conference or other events. Staff will send out sample emails and timelines to those participating in the program so that they may utilize for communication with their assigned district. Membership and Chapters Coordinator Travis Wills gave an overview of the Google doc program committee members and staff will be using to track the renewal follow-ups. A list of districts which have not yet paid dues was handed out to the committee and staff stated they have sent emails out to all Board member and committee member districts whose dues are currently outstanding. Membership Director Lemaire also stated that districts who are also members of SDRMA are not a priority to contact because they will most likely pay in June when SDRMA premiums are due.

6. Chapters Update

6a. Chapter Affiliation Agreement – Membership Director Lemaire stated that currently there is no formal agreement between chapter members and the association. As new chapters are being developed, staff and legal counsel advise that an agreement should be in place defining the relationship between both parties, further protecting them from any liability. A new agreement was proposed last year and concepts were introduced at the Chapter Roundtable Discussion at the 2011 Annual Conference. A revised agreement is included in the packet for review. Executive Director McCormick stated that the agreement does need to go back to the Board of Directors for final approval.

Jo Mackenzie stated that the agreement might be too convoluted and she would recommend that her chapter's legal counsel also review the language. Debbie Dunn stated that it would be beneficial for staff should include a cover letter with the agreement outlining the key points to make it appear less intimidating. Membership Director Lemaire asked committee members to not present the agreement to their chapters yet.

MOTION: Jane Rozanski moved to recommend the approval of the Chapter Affiliation Agreement by the CSDA Board of Directors.

SECOND: Mark Bryant

VOTE: Jo MacKenzie, Al Morrisette and Kathy Tiegs opposed; the motion carried.

7. Additional Items/Comments

There were none.

8. 2012 Meeting Schedule

Membership Director Lemaire stated that the next scheduled committee meeting is June 15th and asked for feedback from the committee on potentially adding another meeting before then. The committee asked staff to determine if an additional meeting will be needed, based on the discussion at the CSDA Board meeting on January 27. The committee suggested a tentative date of March 23, 2012

9. Adjourn

MOTION: Stanley Caldwell moved to adjourn the January 6, 2012 Membership Committee meeting at 12:00 PM.

SECOND: Kathy Tiegs

VOTE: unanimous

ACTION ITEMS:

- Jane Rosanski volunteered to share her district's recently done policy manual "Legally Correct" to the sample policy section on the CSDA website.
- Jo MacKenzie asked committee members to please submit their district's capital improvement budgets to staff in the event that the CSDA Finance Corporation could be of assistance.
- Staff to email committee a copy of the member benefits and programs power point.
- Staff to calculate current average dues amount and compare with previous years.
- Staff to determine renewal numbers for specific incentive programs
- Staff to email out "thank you/free ethics training" to all districts who paid dues prior to January 1, 2012.
- Staff to develop additional recruitment/retention ideas based off of committee discussion.
- Staff to generate list of members who have sustained a long membership with CSDA (5, 10, 15, 20, etc. years) and see which ones have not yet renewed their dues for 2012.
- Staff mention at next Board meeting the idea of including meeting agendas and/or draft minutes in their district's board packets for information.
- Staff to send Board and committee members updates and announcements for their board packets (i.e. screen shot of an e-blast, etc.)
- Email Google doc link to committee
- Staff asked committee to commit to 3 districts and update the Google doc spreadsheet accordingly.



CSDA LEG STATUS REPORT - SUPPORT & OPPOSE

Report Date: 1/13/2012

Neutral

AB 780 (Calderon, Charles) Public contracts: fixed price contracts: sales and use taxes rate changes: transactions and use taxes. (A-07/12/2011 [html pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/15/2011)

Current Location:08/26/2011-S 2 YEAR

Calendar Events:

Summary: Existing law imposes requirements on public entities with respect to the terms of public contracts. The Sales and Use Tax Law imposes a state sales and use tax on retailers and on the storage, use, or other consumption of tangible personal property in this state at the combined rate of 6 1/4 % of the gross receipts from the retail sale of tangible personal property in this state and of the sales price of tangible personal property purchased from any retailer for storage, use, or other consumption in this state that is stored, used, or otherwise consumed in this state. This bill would provide, for a fixed price contract, as specified, between a government entity and a contractor, that the contractor is entitled to an increase in payment for a change in the contract price that is attributable to an increase in the taxes imposed by the Sales and Use Tax Law, and the government entity is entitled to a reduction in payment for a change in the contract price that is attributable to a decrease in the taxes imposed by the Sales and Use Tax Law, with the increase or decrease paid in accordance with the contract terms or as agreed to by the parties, as prescribed. The bill would also authorize the government entity to require the contractor to submit invoices for specified items consumed solely for use in the public work pursuant to the contract entered into by the government entity and the contractor. By placing new duties on local officials with respect to their contract practices, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Neutral		Public Contracting	

AB 1184 (Gatto) Public employees' retirement benefits. (A-08/22/2011 [html pdf](#))

Status:09/09/2011-Ordered to inactive file at the request of Assembly Member Ma.

Current Location:09/09/2011-A INACTIVE FILE

Calendar Events:

Summary: The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its employees based on age at retirement, service credit, and final or highest compensation paid to the employee. Existing law authorizes any public agency to participate in, and make its employees members of, PERS by contract. In the case of an employee who has been employed by one or more contracting public agencies, retirement benefits distributed to that employee

are based on the highest final compensation under any system, and each system makes a separate retirement payment to the employee based upon the number of years that the employee worked for each of those agencies. This bill would state the intent of the Legislature that a contracting agency not experience a significant increase in actuarial liability due to increased compensation paid by another contracting agency to a nonrepresented employee. The bill would require the Board of Administration of PERS to develop guidelines in this regard and to implement program changes to ensure that a contracting agency that creates a significant increase in actuarial liability due to increased compensation bears the associated liability. The bill would require the system actuary to assess an increase in liability in this regard to the employer that created it at the time the increase is determined and to make adjustments to that employer's rates as needed. The bill would apply these requirements to any significant increase in actuarial liability due to increased compensation paid to a nonrepresented employee regardless of when the increase in compensation occurred. The bill would require the board to report to the Legislature on the implementation of these provisions. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Neutral		Labor	IHerrera

Oppose

AB 375 (Skinner) Workers' compensation: hospital employees: presumption. (A-08/31/2011 [html](#) [pdf](#))

Status:09/09/2011-Read third time. Refused passage. (Ayes 20. Noes 16. Page 2474.).

Current Location:09/01/2011-S THIRD READING

Calendar Events:

Summary: Existing law provides that an injury of an employee arising out of and in the course of employment is generally compensable through the workers' compensation system. Existing law provides that, in the case of certain public employees, the term "injury" includes heart trouble, hernia, pneumonia, human immunodeficiency virus, lower back impairment, and other injuries and diseases. This bill would provide, with respect to hospital employees who provide direct patient care in an acute care hospital, as defined, that the term "injury" includes a bloodborne infectious disease, as defined, or methicillin-resistant Staphylococcus aureus (MRSA) that develops or manifests itself during the period of the person's employment with the hospital. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Oppose	2	Worker's Comp Insurance	IHerrera

AB 527 (Hernández, Roger) Public officials: financial interests. (A-06/22/2011 [html](#) [pdf](#))

Status:08/30/2011-From committee without further action pursuant to Joint Rule 62(a).

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: Existing law prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Existing law defines what is a remote interest in a contract that does not present a prohibited conflict of interest under these provisions. Existing law authorizes a body or board to make a contract that involves a remote interest of a member of the body if, among other things, the remote interest is disclosed to the body or board and noted

in its official records, and thereafter the body or board authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the officer or member with the remote interest. Violation of these provisions is a crime. This bill would additionally require that the remote interest be disclosed at a public meeting of that body or board and would require a statutory basis for classifying the interest as a remote interest to be identified. By increasing the scope of actions that constitute a crime, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Oppose	2	Governance/Local Powers	lHerrera

ABX1 24 (Blumenfield) State responsibility areas: fire protection fees. (A-09/01/2011 [html](#) [pdf](#))

Status:09/14/2011-From Senate committee without further action.

Current Location:09/01/2011-A BUDGET

Calendar Events:

Summary: Existing law requires the state to have the primary financial responsibility for preventing and suppressing fires in areas that the State Board of Forestry and Fire Protection has determined are state responsibility areas (SRAs). The bill would revise and recast these SRA fee provisions instead to, among other things, require the board to adopt emergency regulations to establish and administer fire protection fees in specified amounts, but not in an amount that would exceed the reasonable costs of providing fire protection services. The bill would require a fee of \$1 per acre owned for the first 100 contiguous acres, and lesser amounts per acre for land over 100 contiguous acres, but a total amount not to exceed \$3,000 for 10,000 or more acres owned. In addition, the bill would require a fee of not less than \$175 for one building or structure on land in an SRA and \$25 for each subsequent building or structure, with a \$25 credit for those property owners who are located in an established fire protection district. The bill would rename the fund the State Responsibility Area Protection Fund and require this money to be deposited into the fund to provide for fire protection activities, including, but not limited to, the portion of the Department of Forestry and Fire Protection's costs associated with fire protection that benefit owners of property in a state responsibility area. The bill would authorize the Director of Finance to make a loan from the General Fund to the department and State Board of Equalization to meet cash needs resulting from the delay in receipt of revenues in the fund, as provided. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Oppose	2		

SBX1 7 (Committee on Budget and Fiscal Review) State responsibility areas: fire protection fees. (A-09/01/2011 [html](#) [pdf](#))

Status:09/12/2011-From Assembly without further action.

Current Location:09/01/2011-A BUDGET

Calendar Events:

Summary: Existing law requires the state to have the primary financial responsibility for preventing and suppressing fires in areas that the State Board of Forestry and Fire Protection has determined are state responsibility areas (SRAs). The bill would revise and recast these SRA fee provisions instead to, among other things, require the board to adopt emergency regulations to establish and administer fire protection fees in specified amounts, but not in an amount that would exceed the reasonable costs of providing fire protection services. The

bill would require a fee of \$1 per acre owned for the first 100 contiguous acres, and lesser amounts per acre for land over 100 contiguous acres, but a total amount not to exceed \$3,000 for 10,000 or more acres owned. In addition, the bill would require a fee of not less than \$175 for one building or structure on land in an SRA and \$25 for each subsequent building or structure, with a \$25 credit for those property owners who are located in an established fire protection district. The bill would rename the fund the State Responsibility Area Protection Fund and require this money to be deposited into the fund to provide for fire protection activities, including, but not limited to, the portion of the Department of Forestry and Fire Protection's costs associated with fire protection that benefit owners of property in a state responsibility area. The bill would authorize the Director of Finance to make a loan from the General Fund to the department and State Board of Equalization to meet cash needs resulting from the delay in receipt of revenues in the fund, as provided. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Oppose	2		

Oppose_Unless_Amended

SB 46 (Correa) Public officials: compensation disclosure. (A-06/02/2011 [html](#) [pdf](#))

Status:08/22/2011-In Assembly. Read first time. Held at Desk.

Current Location:08/22/2011-A DESK

Calendar Events:

Summary: Existing provisions of the Political Reform Act of 1974 require certain persons employed by agencies to file annually a written statement of the economic interests they possess during specified periods. The act requires that state agencies promulgate a conflict of interest code that must contain, among other topics, provisions that require designated employees to file statements disclosing reportable investments, business positions, interests in real property, and income. The act requires that every report and statement filed pursuant to the act is a public record and is open to public inspection. This bill would, commencing on January 1, 2013, and continuing until January 1, 2019, require every designated employee and other person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Oppose_Unless_Amended		Governance/Local Powers	IHerrera

Support

AB 391 (Pan) Energy: renewable energy resources: local publicly owned electric utility. (A-09/08/2011 [html](#) [pdf](#))

Status:09/09/2011-Withdrawn from committee. (Ayes 24. Noes 15. Page 2445.) Ordered to third reading.

Ordered to inactive file at the request of Senator Steinberg.

Current Location:09/09/2011-S INACTIVE FILE

Calendar Events:

Summary: Existing law creates the California renewables portfolio standard program (RPS program) and the Renewable Energy Resources Program to increase the amount of electricity generated per year from eligible renewable energy resources, as defined. This bill would, instead, authorize rules permitting the local utility to apply excess procurement in one compliance period to subsequent compliance periods in the same manner as allowed for retail

sellers, with certain specified exceptions. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support			

AB 394 (Silva) Employment regulation: volunteers. (A-01/04/2012 [html](#) [pdf](#))

Status:01/04/2012-In committee: Set, first hearing. Hearing canceled at the request of author. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. & E. Read second time and amended. Re-referred to Com. on L. & E.

Current Location:01/04/2012-A L. & E.

Calendar Events:

Summary: Existing law prescribes wages, hours, and working conditions for all employees in the state, not including any individual employed as an outside salesman or participating in a national service program, as specified. Existing law provides a system for the imposition of criminal and civil sanctions against a person violating statutes and regulations of the state relating to the employment of minors, as defined, in various activities and occupations. Existing law prescribes the maximum number of hours per day and per week that an employer may employ a minor. This bill would exempt an individual who renders services as a volunteer , as defined, from those provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Labor	JMacDonald

ACA 4 (Blumenfield) Local government financing: voter approval. (I-12/06/2010 [html](#) [pdf](#))

Status:08/29/2011-Ordered to inactive file at the request of Assembly Member Blumenfield.

Current Location:08/29/2011-A INACTIVE FILE

Calendar Events:

Summary: The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district, as defined, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	

ACA 17 (Logue) State-mandated local programs. (I-02/15/2011 [html](#) [pdf](#))

Status:04/14/2011-Referred to Com. on L. GOV.

Current Location:04/14/2011-A L. GOV.

Calendar Events:

Summary: Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government. With regard to certain mandates imposed on a city, county, city and county, or special district that have been determine to be payable, the Legislature is required either to appropriate, in the annual Budget Act, the full payable amount of the mandate, determined as specified, or to suspend the operation of the mandate for the fiscal year. The California Constitution provides that the Legislature is not required to appropriate funds for specified mandates.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	

SB 191 (Committee on Governance and Finance) Validations. (A-05/16/2011 [html](#) [pdf](#))

Status:06/06/2011-Ordered to inactive file on request of Senator Wolk.

Current Location:06/06/2011-S INACTIVE FILE

Calendar Events:

Summary: This bill would enact the First Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	JMacDonald Bonds

SB 192 (Committee on Governance and Finance) Validations. (A-05/16/2011 [html](#) [pdf](#))

Status:08/30/2011-Ordered to inactive file on request of Senator Wolk.

Current Location:08/30/2011-S INACTIVE FILE

Calendar Events:

Summary: This bill would enact the Second Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	JMacDonald Bonds

SB 214 (Wolk) Infrastructure financing districts: voter approval: repeal. (A-06/21/2011 [html](#) [pdf](#))

Status:09/09/2011-Ordered to inactive file on request of Assembly Member Ma.

Current Location:09/09/2011-A INACTIVE FILE

Calendar Events:

Summary: Existing law authorizes a legislative body, as defined, to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval. This bill would revise the provisions governing the public facilities that may be financed. The bill would eliminate the requirement of voter approval and authorize the legislative body to create the district, adopt the plan, and issue the bonds by resolutions. The bill would authorize a district to finance specified actions and projects and prohibit the district from providing financial assistance to a vehicle dealer or big box retailer, as defined. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	RHeim

SB 475 (Wright) Infrastructure financing. (A-06/20/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was L. GOV. on 6/29/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: Existing law authorizes a governmental agency, as defined, to solicit proposals and enter into agreements with private entities for the design, construction, or reconstruction by, and lease to, private entities, for specified types of fee-producing infrastructure projects. Existing law permits these agreements to provide for infrastructure facilities owned by a governmental entity, but constructed by a private entity, to be leased to or owned by that private entity for a period of up to 35 years, after which time the project would

revert to the governmental agency. This bill would authorize a local governmental agency to enter into an agreement with a private entity for financing for specified types of revenue-generating infrastructure projects. The bill would require an agreement entered into under these provisions to include adequate financial resources to perform the agreement, and would additionally permit the agreements to lease or license to, or provide other permitted uses by, the private entity.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Budget/Finance/Tax	

SB 863 (Lieu) Workers' compensation: liens. (A-06/06/2011 [html](#) [pdf](#))

Status:08/22/2011-Read second time. Ordered to consent calendar. From consent calendar. Ordered to third reading. Ordered to inactive file on request of Assembly Member Charles Calderon.

Current Location:08/22/2011-A INACTIVE FILE

Calendar Events:

Summary: Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment. This bill would recast these provisions. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Support	2	Worker's Comp Insurance	IHerrera



CSDA Legislative Status Report - Watch Bills Only

Report Date: 1/13/2012

Watch

AB 19 (Fong) Building standards: water meters: multiunit structures. (A-01/04/2012 [html](#) [pdf](#))

Status:01/09/2012-In committee: Set, second hearing. Hearing canceled at the request of author.

Current Location:01/04/2012-A H. & C.D.

Calendar Events:

Summary: The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable. This bill would require a water purveyor that provides water service, as defined, to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure, including a structure that is part of a common interest development, that submits an application for a water connection after January 1, 2014, to require the installation of a water meter to measure water supplied to each individual dwelling unit as a condition of new water service. The bill would exempt certain buildings from these requirements.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	JMacDonald

AB 46 (John A. Pérez) Local government: cities. (A-06/28/2011 [html](#) [pdf](#))

Status:08/29/2011-Read third time. Refused passage. (Ayes 13. Noes 17. Page 2084.).

Current Location:06/28/2011-S THIRD READING

Calendar Events:

Summary: Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, sets forth the procedures for incorporations and changes of organizations of cities, including procedures for disincorporation. This bill would provide that every city with a population of less than 150 people as of January 1, 2010, would be disincorporated into that city's respective county as of 91 days after the effective date of the bill, unless a county board of supervisors determines, by majority vote within the 90-day period following enactment of these provisions, that continuing such a city within that county's boundaries would serve a public purpose if the board of supervisors determines that the city is in an isolated rural location that makes it impractical for the residents of the community to organize in another form of local governance. The bill would also require the local agency formation commission within the county to oversee the terms and conditions of the disincorporation of the city, as specified. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
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Fred Taugher	Ralph A. Heim	Russell Noack	John Caldwell	Julee Malinowski-Ball	Kathryn C. Rees	Silvia Solis Shaw	Eileen Wenger Tutt
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AB 59 (Swanson) Family and medical leave. (l-12/07/2010 [html](#) [pdf](#))**Status:**05/28/2011-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 5/27/2011)**Current Location:**05/28/2011-A 2 YEAR**Calendar Events:**

Summary: Existing law, the Moore-Brown-Roberti Family Rights Act, makes it an unlawful employment practice for an employer, as defined, to refuse to grant a request by an eligible employee to take up to 12 workweeks of unpaid protected leave during any 12-month period (1) to bond with a child who was born to, adopted by, or placed for foster care with, the employee, (2) to care for the employee's parent, spouse, or child who has a serious health condition, as defined, or (3) because the employee is suffering from a serious health condition rendering him or her unable to perform the functions of the job. Under the act, "child" means a biological, adopted, foster, or stepchild, a legal ward, or a child of a person standing in loco parentis, who is either under 18 years of age or an adult dependent child. The act defines "parent" to mean the employee's biological, foster, or adoptive parent, stepparent, legal guardian, or other person who stood in loco parentis to the employee when the employee was a child. This bill would increase the circumstances under which an employee is entitled to protected leave pursuant to the Family Rights Act by (1) eliminating the age and dependency elements from the definition of "child," thereby permitting an employee to take protected leave to care for his or her independent adult child suffering from a serious health condition, (2) expanding the definition of "parent" to include an employee's parent-in-law, and (3) permitting an employee to also take leave to care for a seriously ill grandparent, sibling, grandchild, or domestic partner, as defined.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Human Resources	IHerrera

AB 68 (Beall) Tax Equity Allocation formula: County of Santa Clara. (l-12/14/2010 [html](#) [pdf](#))**Status:**05/28/2011-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. on 5/27/2011)**Current Location:**05/28/2011-A 2 YEAR**Calendar Events:**

Summary: Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund (ERAF) in that county for allocation to school districts, community college districts, and the county office of education. This bill would, for the 2012-13 fiscal year and for each fiscal year thereafter, delete the requirement that the auditor of Santa Clara County reduce the amount of property tax revenues allocated to qualified cities in that

county by the ERAF reimbursement amount, and commensurately increase the amount of property tax revenues allocated to the county ERAF. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	KPackham

AB 83 (Jeffries) Environment: CEQA exemption: recycled water pipeline. (I-01/05/2011 [html](#) [pdf](#))

Status:05/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was NAT. RES. on 4/11/2011)

Current Location:05/10/2011-A 2 YEAR

Calendar Events:

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA exempts specified pipeline projects from the above requirements. This bill would additionally exempt a project for the installation of a new pipeline, not exceeding a specified length, for the distribution of recycled water within an improved public street, highway, or right-of-way. Because a lead agency, which may include a local agency, is required to determine whether a project qualifies for those exemptions, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Environmental Compliance	RHeim

AB 157 (Jeffries) Safe, Clean, and Reliable Drinking Water Supply Act of 2012. (I-01/19/2011 [html](#) [pdf](#))

Status:01/10/2012-Action From E.S. & T.M.: Failed passage.

Current Location:01/10/2012-A E.S. & T.M.

Calendar Events:

Summary: Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters at the November 6, 2012, statewide election, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. This bill would reduce by 25% the total amount of bonds authorized to be issued pursuant to the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, and would make conforming reductions to amounts specified to be allocated from these bond funds for certain purposes. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	JMacDonald

AB 191 (Berryhill, Bill) Local government finance: property tax revenue allocations: negative sum counties. (I-01/26/2011 [html](#) [pdf](#))

Status:05/27/2011-In committee: Set, second hearing. Held under submission.

Current Location:05/27/2011-A APPR.

Calendar Events:

Summary: Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenues to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law requires, for purposes of property tax revenue allocations for the 2011-12 and 2012-13 fiscal years, the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to the reduction amount determined for specified fiscal years. This bill would instead require, for the 2010-11 fiscal year, the county auditor for a county for which a negative sum was calculated as described above, to increase the total amount of ad valorem property tax revenues deemed allocated to the county in the immediately preceding fiscal year by an amount equal to the absolute value of the negative sum calculated for the county, and the proportional share of any growth in assessed valuations of property attributable to that negative sum through the 2009-10 fiscal year. This bill would also require, for the 2011-12 fiscal year and for each fiscal year thereafter, the amount of property tax revenue deemed allocated to a county in the immediately preceding fiscal year include the full amount of any increase implemented by the auditor, as so described, in that fiscal year, and would require that amount to be reduced from the total amount of ad valorem property tax revenue deemed allocated to the county's Educational Revenue Augmentation Fund. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	KPackham

AB 196 (Alejo) Minimum wage: annual adjustment. (A-01/04/2012 [html](#) [pdf](#))

Status:01/05/2012-In committee: Hearing postponed by committee. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. & E. Read second time and amended. Re-referred to Com. on L. & E. (Refers to 1/4/2012 hearing)

Current Location:01/04/2012-A L. & E.

Calendar Events:

Summary: Existing law requires that, on and after January 1, 2008, the minimum wage for all industries be not less than \$8.00 per hour. This bill would increase the minimum wage, as of January 1, 2013, to not less than \$8.50 per hour. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Human Resources	IHerrera

AB 246 (Wieckowski) Water quality: enforcement. (A-03/29/2011 [html](#) [pdf](#))

Status:09/07/2011-Ordered to inactive file at the request of Senator Kehoe.

Current Location:09/07/2011-S INACTIVE FILE

Calendar Events:

Summary: The Porter-Cologne Water Quality Act authorizes each California regional water quality control board to delegate certain powers to its executive officer. That authorization, except as specified, excludes the delegation to its executive officer of the power of application to the Attorney General for judicial enforcement. This bill would delete that exclusion, and, instead, specifically authorize a regional board, commencing January 1, 2012, to delegate to its executive officer the authority to apply for judicial enforcement to the Attorney General, a district attorney, a city attorney of a city with a population that exceeds 750,000, or a city attorney for a city and county. The

bill would authorize a district attorney or a city attorney to pursue judicial enforcement only after approval by the Attorney General of an application for judicial enforcement. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	JMacDonald

AB 253 (Smyth) Local agencies: accounting. (A-06/27/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was G. & F. on 6/27/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: Existing law requires the Controller to prescribe uniform accounting and reporting procedures that are applicable to specified types of local agencies, including special districts. This bill would instead require the Controller to prescribe uniform accounting procedures that are applicable only to specified types of special districts, subject to these provisions. The bill would require the Controller to prescribe uniform accounting procedures for cities, subject to specified criteria, in collaboration with the Committee on City Accounting Procedures, which would be created by the bill. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

AB 340 (Furutani) Public employees' retirement. (A-09/07/2011 [html](#) [pdf](#))

Status:10/13/2011-Assembly Members Allen, Furutani, and Silva appointed to Conference Committee.

Current Location:10/13/2011-A CONFERENCE COMMITTEE

Calendar Events:01/13/12 86 ASM IN CONFERENCE

01/13/12 66 SEN IN CONFERENCE (ASSEMBLY BILLS)

01/25/12 1 p.m. State Capitol Room 4202 ASM PUBLIC EMPLOYMENT AND RETIREMENT

Summary: The State Teachers' Retirement System, the Public Employees' Retirement System, the Judges' Retirement System, and the Judges Retirement System II provide pension benefits based in part upon credited service. Under existing law, counties and districts, as defined, may provide retirement benefits to their employees pursuant to the County Employees Retirement Law of 1937. This bill would declare the intent of the Legislature to convene a conference committee to craft responsible, comprehensive legislation to reform state and local pension systems in a manner that reflects both the legitimate needs of public employees and the fiscal circumstances of state and local governments.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Public Retirement Labor	IHerrera

AB 343 (Atkins) Redevelopment plans: environmental goals. (A-06/14/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was G. & F. on 6/14/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. Existing law requires, among other things, that each redevelopment plan be consistent with the community's general plan. This bill

would require each redevelopment plan to be consistent with the regional sustainable communities strategy or alternative planning strategy adopted by the metropolitan planning organization or council of government. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax Redevelopment	RHeim

AB 344 (Furutani) Public employees' retirement. (A-04/25/2011 [html](#) [pdf](#))

Status:09/09/2011-Ordered to inactive file at the request of Senator Negrete McLeod.

Current Location:09/09/2011-S INACTIVE FILE

Calendar Events:

Summary: The Public Employees' Retirement Law (PERL) requires contributions to the retirement fund based on compensation earnable by a member , including a school member , which includes the member's payrate and special compensation, as specified. "Payrate" is defined as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment, as specified. For a member who is not in a group or class, "payrate" means the monthly rate of pay or base pay of the member, as specified. PERL provides that increases in compensation earnable granted to an employee who is not in a group or class shall be limited during the final compensation period applicable to the employees, as well as the 2 years immediately preceding the final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership classification, except as may otherwise be determined pursuant to regulations adopted by the Board of Administration of the Public Employees' Retirement System that establish reasonable standards for granting exceptions. This bill would delete the authorization for the board to adopt regulations to permit those exceptions to the average increase limitation for increases in compensation earnable granted to an employee who is not in a group or class. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch	2	Public Retirement Labor	IHerrera

AB 350 (Solario) Displaced Janitor Opportunity Act. (A-09/02/2011 [html](#) [pdf](#))

Status:09/10/2011-Read third time. Refused passage. (Ayes 17. Noes 18. Page 2488.).

Current Location:09/06/2011-S THIRD READING

Calendar Events:

Summary: Existing law, the Displaced Janitor Opportunity Act, requires contractors and subcontractors, that are awarded contracts or subcontracts by an awarding authority to provide janitorial or building maintenance services at a particular job site or sites, to retain, for a period of 60 days, certain employees who were employed at that site by the previous contractor or subcontractor. The act requires the successor contractors and subcontractors to offer continued employment to those employees retained for the 60-day period if their performance during that 60-day period is satisfactory. The act authorizes an employee who was not offered employment or who has been discharged in violation of these provisions by a successor contractor or successor subcontractor, or an agent of the employee, to bring an action against a successor contractor or successor subcontractor in any superior court of the state having jurisdiction over the successor contractor or successor subcontractor, as specified. This bill would rename the act the Displaced Property Service Employee Opportunity Act and make the provisions of the act applicable to property services, which would consist of licensed security,

as defined, window cleaning, food cafeteria and dietary services, janitorial services, and building maintenance services. This bill would exclude from the definitions of "contractor" and "subcontractor" specified types of food service providers. The bill also would make conforming changes.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Public Contracting	JMacDonald

AB 403 (Campos) Public drinking water standards: hexavalent chromium. (A-07/12/2011 [html](#) [pdf](#))

Status:09/06/2011-Ordered to the Senate. Action rescinded whereby the bill was ordered to the Senate. Ordered to the unfinished business file. Ordered to inactive file at the request of Assembly Member Charles Calderon.

Current Location:09/06/2011-A INACTIVE FILE

Calendar Events:

Summary: The Calderon-Sher Safe Drinking Water Act of 1996 requires the State Department of Public Health to, among other things, adopt regulations relating to primary and secondary drinking water standards for contaminants in drinking water. Existing law requires the Department of Finance to take specified actions regarding the proposed drinking water standards not more than 90 days from when the Department of Public Health submits them. Existing law requires the department to establish a primary drinking water standard for hexavalent chromium on or before January 1, 2004. Existing law requires the department to report to the Legislature on the progress in developing a primary drinking water standard for hexavalent chromium by January 1, 2003. Violation of certain provisions relating to public water systems is a crime. This bill would require the department to post its progress subsequent to January 1, 2003, on the establishment of the standard on the department's Internet Web site. The bill would include the adoption of a primary drinking water standard for hexavalent chromium among the proposed regulations relating to maximum contaminant levels for primary or secondary water standards that are subject to a review by the Department of Finance of not more than 90 days.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 447 (Huffman) Political Reform Act of 1974. (A-05/10/2011 [html](#) [pdf](#))

Status:07/13/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was APPR. on 5/11/2011)

Current Location:07/13/2011-A 2 YEAR

Calendar Events:

Summary: The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing, conflicts of interests of public officials, and the lobbying industry, and further establishes the Fair Political Practices Commission to administer and enforce the provisions of the act. Among its provisions, the act requires each campaign committee to file a statement of organization upon qualifying as a committee, and further requires elected officers, candidates, and committees to file periodic campaign statements reporting contributions received and expenditures made during specified reporting periods. Specifically, the act requires each elected officer, candidate, and committee to file a semiannual statement for each 6-month period, and further requires that preelection statements be filed at various specified times depending upon the type of election and the identity of the filer. The act also requires the filing of supplemental preelection statements, independent expenditure reports, and campaign statements by committees that make contributions of \$10,000 or more in odd-numbered years. Under the act, a late contribution report or a late independent expenditure report is required to be filed within 24 hours if a contribution or independent expenditure is made before an election but after

the closing date of the last campaign statement, and a committee is required to file a report online or electronically within 10 business days each time it makes a contribution or expenditure of \$5,000 or more to support or oppose a ballot measure. This bill would instead require each elected state officer ; each candidate for elective state office; and each elected officer, candidate, or committee that receives contributions or makes expenditures totaling \$50,000 or more to file a quarterly statement for each calendar quarter in each odd-numbered year and a monthly statement for each calendar month in each even-numbered year, except that a committee that has received contributions of less than \$500 and made expenditures of less than \$500 in a reporting period would be permitted to file instead a statement of inactivity for that reporting period. The bill would also provide that there be only one type of preelection statement, to be referred to as a 16-day report, for all elections and all filers, to be filed no later than 16 days before an election for the period ending 21 days before the election. The bill would repeal provisions requiring the filing of supplemental preelection statements, independent expenditure reports, and odd-numbered year committee statements, and the bill would require a 90-day contribution report or a 90-day independent expenditure report to be filed within 24 hours if the contribution or independent expenditure is made within 90 days before the date of an election. Under the bill, a committee would be required to file a report online or electronically within 24 hours each time it makes a contribution or expenditure of \$25,000 or more to support or oppose a ballot measure. In addition, the bill would require specified elected officers, candidates, and committees to file a copy of each campaign statement with the elections official of any jurisdiction in which the filer made expenditures of \$25,000 or more during the reporting period. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

AB 448 (Ammiano) Property taxation: change in ownership. (A-01/04/2012 [html pdf](#))

Status:01/09/2012-In committee: Set, second hearing. Hearing canceled at the request of author.

Current Location:01/04/2012-A REV. & TAX

Calendar Events:

Summary: The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities. This bill would instead specify that when 100% of the ownership interests in a legal entity, as defined, are sold or transferred in a single transaction, as specified, the real property owned by that legal entity has changed ownership, whether or not any one legal entity or person that is a party to the transaction acquires more than 50% of the ownership interests. The bill would require the State Board of Equalization to notify assessors when a change in ownership as so described

occurs. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 484 (Alejo) Land use: natural resources: transfer of long-term management funds. (A-05/27/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. & W. on 6/8/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: The Planning and Zoning Law authorizes a state or local public agency to authorize a nonprofit organization to hold title to, and manage an interest in, real property that the state or local public agency requires a property owner to transfer to the agency to mitigate any adverse impact upon natural resources caused by permitting the development of a project or facility, provided the nonprofit organization meets specified conditions. That law also authorizes an agency that, in the development of its own project, is required to transfer an interest in real property to mitigate an adverse impact upon natural resources, to transfer the interest to a nonprofit organization that meets the specified conditions. This bill would authorize funds set aside for the long-term management of any lands or easements conveyed to a nonprofit organization pursuant to the above provisions to also be conveyed to the nonprofit organization as specified. The bill would also require the nonprofit organization to hold, manage, invest, and disburse the funds in furtherance of managing and stewarding the land or easement for which the funds were set aside.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	JMacDonald

AB 485 (Ma) Infrastructure financing. (A-06/29/2011 [html](#) [pdf](#))

Status:09/07/2011-Ordered to inactive file at the request of Senator Wolk.

Current Location:09/07/2011-S INACTIVE FILE

Calendar Events:

Summary: The Transit Village Development Planning Act of 1994 authorizes a city or county to create a transit village plan for a transit village development district that addresses specified characteristics. Existing law authorizes the legislative body of the city or county to adopt an infrastructure financing plan, create an infrastructure financing district, and issue bonds for which only the district is liable, to finance specified public facilities, upon voter approval. This bill would eliminate the requirement of voter approval for the adoption of an infrastructure financing plan, the creation of an infrastructure financing district, and the issuance of bonds with respect to a transit village development district. The bill would require a city or county that uses infrastructure financing district bonds to finance its transit village development district to use at least 20% of the revenue from those bonds for the purposes of increasing, improving, and preserving the supply of lower and moderate-income housing; to require that those housing units remain available and occupied by moderate-, low-, very low, and extremely low income households for at least 55 years for rental units and 45 years for owner-occupied units; and to rehabilitate, develop, or construct for rental or sale to persons and families of low or moderate income an equal number of replacement dwellings to those removed or destroyed from the low- and moderate-income segment of the housing market as a result of the development of the district, as specified. The bill would set forth the findings and declarations of the Legislature, and the intent of the Legislature that the development of transit village development districts be environmentally conscious and sustainable, and that

related construction meet or exceed the requirements of the California Green Building Standards Code. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	

AB 508 (Swanson) Displaced public transit, solid waste handling, and recycling services employees. (I-02/15/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 6/23/2011)

Current Location:08/26/2011-S 2 YEAR

Calendar Events:

Summary: Existing law requires a local government agency letting a public transit service contract out to bid to give a bidding preference for contractors and subcontractors who agree to retain, for a period of at least 90 days, certain employees who were employed to perform essentially the same services by the previous contractor or subcontractor. Under this law, contractors or subcontractors who agree to retain employees must offer employment to those employees except for reasonable and substantiated cause. Additionally, the law provides that if a successor contractor or subcontractor determines that fewer employees are needed than under the prior contract, qualified employees must be retained by seniority within the job classification. Further, the existing contractor, when required by the awarding authority, must provide employment information relating to wage rates, benefits, dates of hire, and job classifications of employees under the existing service contract to the awarding authority or a successor contractor. This bill would add employees of solid waste handling and recycling contractors and subcontractors to those provisions. By requiring local agencies to give a bidding preference to such contractors and subcontractors, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Public Contracting Labor	JMacDonald

AB 550 (Huber) Sacramento-San Joaquin Delta: peripheral canal. (A-01/04/2012 [html](#) [pdf](#))

Status:01/10/2012-Action From W.,P. & W.: Failed passage.

Current Location:01/10/2012-A W.,P. & W.

Calendar Events:

Summary: Existing law requires various state agencies to administer programs relating to water supply, water quality, and flood management in the Sacramento-San Joaquin Delta. This bill would prohibit the construction of a peripheral canal, as defined, that conveys water from a diversion point in the Sacramento River to a location south of the Sacramento-San Joaquin Delta, unless expressly authorized by the Legislature. The bill would require the Legislative Analyst's Office to complete an economic feasibility analysis prior to the enactment of a statute authorizing the construction of a peripheral canal. The bill would prohibit the construction and operation of a peripheral canal from diminishing or negatively affecting the water supplies, water rights, or quality of water for water users within the Sacramento-San Joaquin Delta watershed, or imposing any new burdens on infrastructure within, or financial burdens on persons residing in, the Delta or the Delta watershed.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local	KPackham

AB 606 (Gatto) Hunting and fishing. (A-06/20/2011 [html](#) [pdf](#))**Status:**08/18/2011-Withdrawn from Engrossing and Enrolling. Held at Desk.**Current Location:**08/18/2011-A DESK**Calendar Events:**

Summary: Existing law authorizes the Department of Fish and Game to enter into contracts for fish and wildlife habitat preservation, restoration, and enhancement with public and private entities whenever the department finds that the contracts will assist in meeting the department's duty to preserve, protect, and restore fish and wildlife. This bill would require the department to allow compatible hunting, fishing, and other recreational activities, on land subject to a wildlife conservation easement or a fish and wildlife habitat contract, except as specifically prohibited in the applicable easement, contract, or memorandum of understanding, or by other applicable law. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 640 (Logue) Water discharges: mandatory minimum civil penalties. (A-01/04/2012 [html](#) [pdf](#))**Status:**01/10/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 8. Noes 0.) (January 10). Re-referred to Com. on APPR.**Current Location:**01/10/2012-A APPR.**Calendar Events:**01/19/12 Anticipated Hearing ASM APPR.

Summary: Under existing law, the State Water Resources Control Board and the California regional water quality control boards prescribe waste discharge requirements in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act (state act). The state act, with certain exceptions, imposes a mandatory minimum penalty of \$3,000 for each serious waste discharge violation, as defined, and for certain other described violations if those violations occur 4 or more times in any period of 6 consecutive months. This bill would expand that definition to include a POTW serving a community of 20,000 persons or fewer or a rural county, as specified. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 685 (Eng) State water policy: regional water management planning. (A-08/15/2011 [html](#) [pdf](#))**Status:**08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/15/2011)**Current Location:**08/26/2011-S 2 YEAR**Calendar Events:**

Summary: Existing law establishes various state water policies, including the policy that the use of water for domestic purposes is the highest use of water. This bill would declare that it is the policy of the state that every human being has the right to clean, affordable, and accessible water for human consumption, cooking, and sanitary purposes, that is adequate for the health and well-being of the individual and family. The bill would require, on and after January 1, 2012, all relevant state agencies, including the Department of Water Resources, the State Water Resources Control Board, the California regional water quality control boards, and the State Department of Public Health, to implement this state policy upon revising existing, and upon adopting or establishing new, policies, regulations, and grant criteria when those policies,

regulations, and grant criteria affect the rights established by the bill, as described above. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 737 (Huber) Model cities. (A-01/04/2012 [html](#) [pdf](#))

Status:01/12/2012-From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 9. Noes 0.) (January 11). Re-referred to Com. on APPR.

Current Location:01/12/2012-A APPR.

Calendar Events:

Summary: Existing law establishes a Model Cities Coordinator to, among other things, coordinate all state activities in the Model Cities program and a local Model Cities resources board to, among other things, assist Model Cities programs with the design, development, and operation of community projects, provide information to local Model Cities programs about the availability of state and federal assistance, and assist in coordinating the functions of local, state, and federal agencies in Model Cities programs to achieve locally defined objectives. This bill would repeal those provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 738 (Hagman) Public employees' retirement: elected officials. (A-01/05/2012 [html](#) [pdf](#))

Status:01/10/2012-In committee: Set, second hearing. Failed passage.

Current Location:01/10/2012-A P.E.,R. & S.S.

Calendar Events:

Summary: Existing law authorizes the creation of retirement systems for public employees by counties, cities, and districts. Existing law creates the Public Employees' Retirement System and the State Teachers Retirement System, which provide a defined benefit to their members based on age at retirement, service credit, and final compensation. Existing law establishes the criteria for membership in the various public employee retirement systems and may exclude certain employment classifications from membership. Existing law prohibits Members of the Legislature elected on or after November 1, 1990, from accruing any retirement or pension benefit, provided that other elective officers provided for by the California Constitution may elect to become members of Legislators' Retirement System. The California Constitution provides for the division of the state into counties and requires that a county have an elected sheriff, elected district attorney, elected assessor, and elected governing body. Existing law provides for the incorporation of cities in various forms and requires that certain city offices be filled pursuant to elections, as prescribed. Existing law provides for the creation of districts, the governing bodies of which may be elected. This bill would prohibit a person who is publicly elected to an office of any kind that is less than full time, as defined, on and after January 1, 2013, from becoming a member of a retirement system by virtue of that service or acquiring any retirement right or benefit for serving in that elective office. The bill would also apply these prohibitions to a person who is appointed to fill the term of a person so elected. The bill would except from this prohibition a person who obtained membership by virtue of holding an elective public office prior to January 1, 2013, and remains in that office or is reelected to it.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch	2	Natural Resources/Environment	KPackham

AB 752 (Brownley) **Tidelands and submerged lands: sea level action plan.** (A-05/27/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. & W. on 6/8/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: Existing law grants to various local entities the right, title, and interest of the State of California in and to certain tidelands and submerged lands in trust generally for purposes of commerce, navigation, and fisheries, and for other public trust purposes. This bill would specify that the preparation of a sea level action plan for all of its legislatively granted public trust lands shall be among the management priorities of a local trustee of granted public lands, as defined. The bill would require a local trustee whose gross public trust revenues, as defined, exceed \$250,000 to prepare a sea level action plan for those lands by July 1, 2013, but would specify that all other local trustees may, but are not required to, prepare a plan. The bill would require the plan to include, among other things, an assessment of the impact of a range of sea level rise on granted public trust lands, an estimate of the financial cost of this impact, and strategies to prevent or mitigate damage to development and infrastructure and to protect and enhance habitat. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 763 (Berryhill, Bill) **Water rights: administrative procedures.** (A-04/12/2011 [html](#) [pdf](#))

Status:01/10/2012-In committee: Set, second hearing. Hearing canceled at the request of author.

Current Location:12/14/2011-A W.,P. & W.

Calendar Events:

Summary: Existing law authorizes the State Water Resources Control Board to hold any hearings and conduct any investigations in any part of the state necessary to carry out its powers. Existing law authorizes a hearing or investigation to be conducted by any member of the board upon authorization of the board, with a specified exception. This bill would additionally authorize the board to employ administrative law judges meeting specified qualifications and to authorize an administrative law judge to conduct hearings and issue decisions and orders relating to the administration of water rights, as specified. The bill would authorize any hearing or investigation of the board to be conducted by an administrative law judge, with a specified exception. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

AB 785 (Mendoza) **Political Reform Act of 1974: public officers: financial interest.** (A-01/04/2012 [html](#) [pdf](#))

Status:01/11/2012-In committee: Set, first hearing. Failed passage.

Current Location:01/10/2012-A L. GOV.

Calendar Events:

Summary: The Political Reform Act of 1974 prohibits a public official at any level of state or local government from making, participating in making, or in any way attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know he or she has a financial interest. A violation of the Political Reform Act of 1974 is subject to administrative, civil, and criminal penalties. This bill would provide, for purposes of this prohibition, that a public official who is an elected or appointed member of a state or local government agency has a financial

interest in a decision of that agency if the decision involves a vote by the public official relating to the approval, modification, or cancellation of a contract and if an immediate family member of the public official(a) is acting as an agent for, or otherwise representing, any other person by making a formal or informal appearance before, or by making an oral or written communication to, the state or local government agency, or an officer or employee thereof, for the purpose of influencing the contracting decision or (b) is a director, officer, or partner of a business entity on which it is reasonably foreseeable that the contracting decision will have a material financial effect. This bill would define "immediate family member" to mean a public official's spouse or domestic partner, child, parent, sibling, or the spouse or domestic partner of a child, parent, or sibling. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

AB 864 (Huffman) Electricity: self-generation incentive program. (A-04/28/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 7/6/2011)

Current Location:08/26/2011-S 2 YEAR

Calendar Events:

Summary: Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to administer, until January 1, 2016, a self-generation incentive program (SGIP) for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. Existing law limits eligibility for SGIP incentives to distributed energy resources that the PUC, in consultation with the State Air Resources Board (state board), determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006. This bill would require that distributed energy resources with a nameplate generating capacity of up to 10 megawatts are eligible for incentives, but would limit the award of incentives to not more than 5 megawatts of that capacity. The bill would limit incentives being made available for distributed energy resources with a nameplate generating capacity above 3 megawatts to those technologies that meet cost-effectiveness rules established by the commission. The bill would require that incentives made available for distributed energy resources with a nameplate generating capacity greater than 3 megawatts be based on a declining schedule determined by the commission. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

AB 865 (Nestande) Property tax: exclusion from newly constructed: active solar energy system. (I-02/17/2011 [html](#) [pdf](#))

Status:05/27/2011-In committee: Set, first hearing. Referred to APPR. suspense file. Held under submission.

Current Location:05/27/2011-A APPR. SUSPENSE FILE

Calendar Events:

Summary: The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the

appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution authorizes the Legislature to provide that "newly constructed" does not include, among other things, the construction or addition of an active solar energy system. Existing property tax law excludes from the definition of "newly constructed," through the 2015-16 fiscal year, the construction or addition of an active solar energy system, as provided. This bill would extend the active solar energy system exclusion from the definition of "newly constructed" through the 2032-33 fiscal year. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 880

(V. Manuel Pérez) Environmental quality: CEQA: expedited environmental review. (A-05/10/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 6/8/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA authorizes the use of a focused environmental impact report for a project that consists solely of the installation of pollution control equipment or for a project that consists solely of the installation of that equipment or other components in compliance with the California Global Warming Solutions Act of 2006. This bill would instead require that those agencies perform an environmental analysis of the reasonably foreseeable methods of compliance at the time of the adoption of a rule or regulation requiring the installation of pollution control equipment, or compliance with a performance standard or treatment requirement, including a rule or regulation that requires the installation of pollution control equipment or other direct emission reduction, or compliance with a performance standard or treatment requirement adopted pursuant to the California Global Warming Solutions Act of 2006. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 910

(Torres) Infrastructure financing districts: facilities and projects. (A-04/25/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was G. & F. on 6/8/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: Existing law authorizes counties and cities to form infrastructure financing districts, in accordance with a prescribed procedure, and requires that a district finance only public capital facilities of communitywide significance, as specified. This bill would, in addition to public capital facilities, require a district to finance affordable housing facilities and economic development projects. The bill would provide that with respect to a district proposing to implement a specified plan, an election would not be required to form a district, adopt an infrastructure financing plan, or issue bonds pursuant to existing law.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 911 (Ma) Police protection districts. (A-06/14/2011 [html](#) [pdf](#))**Status:**07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was G. & F. on 6/14/2011)**Current Location:**07/08/2011-S 2 YEAR**Calendar Events:**

Summary: Existing law provided, until October 1, 1959, for the formation and administration of police protection districts in unincorporated towns, and provides for the continuation of police protection districts formed prior to that date. Existing law provides that a police protection district is to be governed by a district board consisting of 3 elected commissioners. Existing law further provides that a police protection district's police department, its chief of police, and its employees shall have all the rights, duties, privileges, immunities, obligations, and powers of a municipal police department. This bill would grant police protection districts additional powers, including, but not limited to, the ability to adopt rules, regulations, and ordinances , as specified. This bill would specify that a violation of any rule, regulation, or ordinance adopted by a board of police commissioners would be a misdemeanor. The bill would authorize a district to charge a fee to cover the cost of any service that the district provides or the cost of enforcing any regulation for which the fee is charged, as specified.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Emergency Services Public Safety	

AB 939 (V. Manuel Pérez) Salton Sea restoration. (A-06/21/2011 [html](#) [pdf](#))**Status:**07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. & W. on 6/22/2011)**Current Location:**07/08/2011-S 2 YEAR**Calendar Events:**

Summary: Existing law establishes the Salton Sea Restoration Council as a state agency in the Natural Resources Agency to oversee the restoration of the Salton Sea. This bill would eliminate the council, and assign duties relating to the restoration of the Salton Sea to the Salton Sea Authority, a joint powers authority. By imposing duties on a local joint powers authority, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

AB 955 (Huber) Onsite sewage treatment systems. (A-06/13/2011 [html](#) [pdf](#))**Status:**07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 6/13/2011)**Current Location:**07/08/2011-S 2 YEAR**Calendar Events:**

Summary: Existing law, the Porter-Cologne Water Quality Control Act, on or before January 1, 2004, requires the State Water Resources Control Board, in consultation with other entities, to adopt regulations or standards for the permitting and operation of specified onsite sewage treatment systems. The act requires the state board to apply those regulations or standards to those systems commencing 6 months after their adoption. The act requires the regulations or standards to include exemption criteria established by the California regional water quality control boards. The act requires the regulations to include minimum operating requirements and requires that the regulations authorize a qualified local agency to implement the requirements adopted under the act if the local agency requests authorization. This bill would require the regulations or standards to consist of a risk-based, tiered approach. The bill would specify that the exemption criteria to be contained in the regulations or standards may also be established by the state board in

addition to the regional boards. The bill would delete from the local agency implementation provision the condition that the local agency request authorization.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 1045 (Norby) Local government: bonds. (I-02/18/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was G. & F. on 6/22/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: Existing law prohibits an investment firm, as defined, from having specified interests in a new issuance of bonds from a local agency. This bill would prohibit a local agency from entering into a financial advisory, legal advisory, underwriting, or similar relationship with an individual or firm, with respect to a bond issue that requires voter approval on or after January 1, 2012, if that individual or firm, or an employee, agent, or person related to an employee or agent of the individual or firm, provided or will provide bond campaign services, as defined, to the bond campaign.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 1048 (Harkey) Water quality in the San Diego region: recycled water and wastewater: fluoride. (A-01/04/2012 [html](#) [pdf](#))

Status:01/04/2012-From committee chair, with author's amendments: Amend, and re-refer to Com. on E.S. & T.M. Read second time and amended. Re-referred to Com. on E.S. & T.M.

Current Location:01/04/2012-A E.S. & T.M.

Calendar Events:

Summary: Under the Porter-Cologne Water Quality Control Act, the State Water Resources Control Board and the 9 California regional water quality control boards are the principal state agencies with responsibility for the coordination and control of water quality in the state. The act requires the state board to formulate and adopt state policies for water quality control, and requires the regional boards to adopt regional water quality control plans in compliance with the state policies. This bill would require the California Regional Water Quality Board, San Diego Region, to address levels of fluoride in recycled water and wastewater as part of the San Diego Regional Water Quality Control Board's review of the Water Quality Control Plan for the San Diego Basin.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 1073 (Fuentes) Electrical corporation energy efficiency programs: application requirements. (A-07/12/2011 [html](#) [pdf](#))

Status:09/09/2011-Ordered to inactive file at the request of Senator Padilla.

Current Location:09/09/2011-S INACTIVE FILE

Calendar Events:

Summary: Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. The Public Utilities Act requires the PUC to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act

requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission) , to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan. The act additionally requires the PUC, in consultation with the Energy Commission, to identify all potentially achievable cost-effective natural gas efficiency savings and to establish efficiency targets for a gas corporation to achieve and requires that a gas corporation first meet its unmet resource needs through all available natural gas efficiency and demand response resources that are cost effective, reliable, and feasible. Existing law, adopted as part of electrical restructuring and continued in the Reliable Electric Service Investments Act, requires the PUC to supervise the administration of certain low-income energy efficiency programs, in consultation with the Low-Income Oversight Board, funded through a nonbypassable charge upon distribution. The PUC has approved various energy efficiency programs by electrical corporations and gas corporations. This bill would prohibit an energy utility, as defined, from issuing rebates or incentives for energy efficiency improvements unless the recipient of the rebate or incentive certifies that the improvement or installation has complied with applicable permitting requirements and appropriate licensing requirements . This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

AB 1200 (Ma) Water quality: discharges: sewer systems. (A-05/04/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 6/16/2011)

Current Location:07/08/2011-S 2 YEAR

Calendar Events:

Summary: The Porter-Cologne Water Quality Control Act generally requires a person who causes or permits any hazardous substance or sewage to be discharged in or on any waters of the state, as soon as that person has knowledge of the discharge and other requirements are met, to immediately notify the California Emergency Management Agency of the discharge in accordance with specified spill reporting requirements. Under the act, the notification requirements do not apply to a discharge that is in compliance with waste discharge requirements or other specified provisions of law. This bill would require a local public agency that operates a combined sewer and stormwater system to implement a notification plan to inform the public in the event of a discharge that occurs on or near a recreational beach. The bill would require the agency, upon the occurrence of a sewer discharge on or near a recreational beach, to post notice at the beach and conduct shoreline monitoring, in accordance with a schedule determined by the appropriate California regional water quality control board. The bill would require the agency to make reasonable efforts to enter into an agreement with a nongovernmental organization for regular sampling of receiving waters affected by discharges from the combined sewer and stormwater system. By imposing new requirements on local public agencies that operate combined sewer and stormwater systems, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

AB 1229 (Feuer) Transportation: financing: federal highway grant anticipation notes. (A-06/21/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on

8/16/2011)

Current Location:08/26/2011-S 2 YEAR

Calendar Events:

Summary: Existing law continuously appropriates the amounts specified in the annual Budget Act as having been deposited in the State Highway Account from federal transportation funds, and pledged by the California Transportation Commission, to the Treasurer for the purposes of issuing federal highway grant anticipation notes, commonly known as GARVEE bonds, to fund transportation projects selected by the commission. Existing law defines an "eligible project" for these purposes as the federally funded portion of a highway or other transportation project that has been designated for accelerated construction by the commission, and increases the capacity, reduces the travel time, or provides long-life rehabilitation of the key bridges and roadways of a corridor or gateway for interregional travel and movement of goods. Existing law prohibits the Treasurer from authorizing the issuance of the notes if the annual repayment obligations of all outstanding notes in any fiscal year would exceed 15% of the total amount of federal transportation funds deposited in the account for any consecutive 12-month period within the preceding 24 months. This bill would provide that an "eligible project" may include projects programmed by a regional transportation planning agency using its share of apportionments of federal regional surface transportation program funds or congestion mitigation and air quality funds, as specified. The bill would authorize no more than 50% of bonding capacity of GARVEE bonds from being made available for these projects and would require the commission to require a regional transportation planning agency to commit to repaying the state for debt service if that agency's share of federal regional surface transportation program funds or federal congestion mitigation and air quality funds is insufficient to repay the GARVEE bonds or if a portion of the project costs is ineligible for federal funding. The bill would, for such a repayment by a regional transportation planning agency, authorize the commission to amend into the State Transportation Improvement Program some or all of the funds necessary for the repayment to be counted against the county share of State Transportation Improvement Program funds for the county in which the project is located. By expanding the types of projects for which GARVEE bonds may be used, the bill would make an appropriation.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 1241 (Norby) Political Reform Act of 1974: contributions. (A-06/14/2011 [html pdf](#))

Status:09/08/2011-Ordered to inactive file at the request of Senator Wright.

Current Location:09/08/2011-S INACTIVE FILE

Calendar Events:

Summary: The Political Reform Act of 1974 regulates contributions to public officials and also regulates conflicts of interests on the part of public officials while carrying out their respective duties. Among its provisions, the act prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than \$250 from a party or participant in a proceeding involving a license, permit, or other entitlement for use while that proceeding is pending before the agency and for 3 months following the final decision in the proceeding. For these purposes, "officer" is defined to include any elected or appointed officer of the agency. This bill would change the definition of "officer" for these purposes to exclude an elected officer of the agency. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
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AB 1248 (Hueso) Local public employees' retirement. (A-06/30/2011 [html](#) [pdf](#))**Status:**08/18/2011-Ordered to inactive file at the request of Senator Vargas.**Current Location:**08/18/2011-S INACTIVE FILE**Calendar Events:**

Summary: Existing law authorizes the creation of retirement systems for public employees by counties, cities, and districts. The California Constitutional authorizes charter cities to establish pension plans under their respective independent constitutional authority. This bill would require a local public employer to provide coverage under the federal social security system to all employees who are not covered under a defined benefit plan , except as specified . This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

AB 1250 (Alejo) Redevelopment. (A-01/04/2012 [html](#) [pdf](#))

Status:01/04/2012-From committee: Be re-referred to Com. on H. & C.D. Re-referred. (Ayes 8. Noes 0.) (December 5). Re-referred to Com. on H. & C.D. From committee chair, with author's amendments: Amend, and re-refer to Com. on H. & C.D. Read second time and amended. Re-referred to Com. on H. & C.D.

Current Location:01/04/2012-A H. & C.D.**Calendar Events:**

Summary: Existing law establishes an alternative voluntary redevelopment program whereby a redevelopment agency would be authorized to continue to exist upon the enactment of an ordinance by the community to comply with specified provisions. A city or county that participates in the program is required to make remittances to the county auditor-controller for deposit in the Special District Allocation Fund, with remaining funds deposited in the Educational Revenue Augmentation Fund. Existing law prescribes the amount a participating community is required to remit for the 2012-13 fiscal year and each fiscal year thereafter. This bill would modify the calculation of the remittance a participating community is required to make for the 2012-13 fiscal year and each fiscal year thereafter.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

AB 1320 (Allen) Public employees' retirement: employer contribution rates. (A-09/02/2011 [html](#) [pdf](#))**Status:**09/09/2011-Ordered to inactive file at the request of Assembly Member Allen.**Current Location:**09/09/2011-A INACTIVE FILE**Calendar Events:**

Summary: The Public Employees' Retirement Law prescribes employer rates for contribution to the retirement fund for the Public Employees' Retirement System (PERS). Existing law requires that the state's contribution rate be adjusted in the Budget Act based on rates established by the system's actuary. Existing law provides that the employer contribution rate for an employer other than the state shall be determined on an annual basis by the actuary, as specified. Existing law requires that the rate at which a public employer contributes to the system shall be based upon its experience, and not the experience of public agency employers generally. Existing law requires that all assets of an employer in the system be used to determine the employer's contribution rate. This bill, on and after July 1, 2013, would establish for each employer a Rate Stabilization Account in the Employer Rate Stabilization Fund, which this bill would create and which would be continuously appropriated to the Board of Administration of PERS for the purpose of stabilizing employer retirement contributions. By creating a

continuously appropriated fund and authorizing the expenditure of employer payments, this bill would make an appropriation. The bill would provide that the board has sole and exclusive control over the administration of the fund and would require that the investment of fund assets be according to strategies established by the board. The bill would authorize the board, in its discretion, to establish administrative terms and conditions governing the Rate Stabilization Fund. The bill would provide that the Rate Stabilization Account is an employer asset, but it would not be counted as an asset for the purpose of determining the employer's contribution rate. The bill would require employers to make payments to the account when the actuarial value of assets exceeds the accrued liability, as specified, which would be calculated based on the employer normal cost of benefits and which would be credited to each employer's Rate Stabilization Account. Payments by the state would be made in the annual Budget Act. The bill would provide that the assets of the account be drawn upon, subject to procedures adopted by the board, to pay a portion of the employer contribution when the employer contribution rate is greater than the employer normal cost of benefits, as specified. The bill would provide that the employer is not required to make that additional contribution when the employer's Rate Stabilization Account exceeds an amount equal to 50% of the employer's assets, exclusive of the assets in the Rate Stabilization Account. The bill would provide that assets in an account would be invested according to investment strategies established by the Board of Administration of PERS. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

AB 1345 (Lara) Local government: audits. (A-01/12/2012 [html](#) [pdf](#))

Status:01/12/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (January 11). Re-referred to Com. on APPR. From committee chair, with author's amendments: Amend, and re-refer to Com. on APPR. Read second time and amended.

Current Location:01/12/2012-A APPR.

Calendar Events:

Summary: The federal Single Audit Act of 1984 requires any nonfederal entity, defined as a state, local government, or nonprofit organization, that expends \$300,000 or more in federal money to prepare an annual audit that meets certain specifications and transmit that audit to specified federal agencies. Existing law requires the Controller to receive every audit report prepared by any local public agency, pursuant to the federal Single Audit Act of 1984, and review those reports for compliance with federal law before forwarding them to the designated state agency. This bill would require the annual audit reports made pursuant to the federal Single Audit Act of 1984 to be submitted to the Controller within 9 months after the end of the period audited or pursuant to applicable federal or state law. This bill would authorize the Controller to appoint a qualified certified public accountant or public accountant to complete an audit report if a local agency, as defined, fails to submit the audit report to the Controller by the specified date. The bill would require the Controller to report certain misconduct and nondisclosures to the California Board of Accountancy. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

AB 1376 (Nestande) Sales and use taxes: exemption: production of electrical energy. (A-05/02/2011 [html](#) [pdf](#))

Status:05/16/2011-In committee: Set, second hearing. Held under submission.

Current Location:05/03/2011-A REV. & TAX SUSPENSE FILE

Calendar Events:

Summary: The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. This bill would exempt from those taxes the sale of, or the storage, use, or other consumption of, tangible personal property purchased by a qualified person for use primarily for the production of electrical energy from renewable sources, as specified, and qualified tangible personal property purchased for use by a contractor for specified purposes, as provided. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

ABX1 12 (Berryhill, Bill) Local government finance: property tax revenue allocations: negative sum counties. (I-02/03/2011 [html](#) [pdf](#))

Status:09/12/2011-Died at Desk.

Current Location:09/12/2011-A DEAD

Calendar Events:

Summary: Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenues to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law requires, for purposes of property tax revenue allocations for the 2011-12 and 2012-13 fiscal years, the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to the reduction amount determined for specified fiscal years. This bill would instead require, for the 2010-11 fiscal year, the county auditor for a county for which a negative sum was calculated as described above, to increase the total amount of ad valorem property tax revenues deemed allocated to the county in the immediately preceding fiscal year by an amount equal to the absolute value of the negative sum calculated for the county, and the proportional share of any growth in assessed valuations of property attributable to that negative sum through the 2009-10 fiscal year. This bill would also require, for the 2011-12 fiscal year and for each fiscal year thereafter, the amount of property tax revenue deemed allocated to a county in the immediately preceding fiscal year include the full amount of any increase implemented by the auditor, as so described, in that fiscal year, and would require that amount to be reduced from the total amount of ad valorem property tax revenue deemed allocated to the county's Educational Revenue Augmentation Fund. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax Property/Tax	RHeim

ACA 5 (Portantino) State finance reform. (A-05/09/2011 [html](#) [pdf](#))

Status:05/10/2011-Re-referred to Com. on BUDGET.

Current Location:05/10/2011-A BUDGET

Calendar Events:

Summary: Existing provisions of the California Constitution provide that the electors may propose statutes or amendments to the California Constitution by initiative and approve or reject statutes by referendum. The California Constitution also provides that the Legislature may propose both amendments and revisions to the California Constitution to the electors, and may enact statutes by passing bills. This measure would, until January 1, 2020, prohibit an initiative measure from being submitted to the electors or from having any effect if the initiative measure appropriates state funds for any purpose in an amount exceeding the amount appropriated for that purpose for the 2004-05 fiscal year by more than \$250,000 unless the measure provides for additional state revenue or offsetting savings in a total amount that is not less than the amount of the appropriation. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

ACA 6 (Gatto) Initiative measures: funding source. (A-07/11/2011 [html](#) [pdf](#))

Status:07/14/2011-Read. Refused adoption. (Ayes 50. Noes 23. Page 2329.)

Current Location:07/14/2011-A THIRD READING

Calendar Events:

Summary: The California Constitution provides that the electors may propose statutes or amendments to the state constitution through the initiative process by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by a certain number of electors. This measure would require the Legislative Analyst to review an initiative measure not later than 15 days after its qualification for the ballot, and report the results of the review to the Secretary of State. This measure would prohibit an initiative measure that the Legislative Analyst determines would result in a net increase in state or local government costs exceeding \$5,000,000, other than costs attributable to the issuance, sale, or repayment of bonds, from being submitted to the electors or having any effect unless the Legislative Analyst determines that the initiative measure provides for additional revenues in an amount that meets or exceeds the net increase in costs. This requirement would provide for an annual adjustment to the amount of that cost threshold, and would not apply to , or have any effect on, an initiative measure that reduces tax revenues or fees .

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

ACA 7 (Feuer) Initiative measures: funding source. (I-12/06/2010 [html](#) [pdf](#))

Status:05/17/2011-In committee: Set, first hearing. Hearing canceled at the request of author.

Current Location:04/14/2011-A E. & R.

Calendar Events:

Summary: The California Constitution provides that the electors may propose statutes or amendments to the state constitution through the initiative process by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by a certain number of electors. This measure would prohibit an initiative measure that would result in a net increase in state or local government costs other than costs attributable to the issuance, sale, or repayment of bonds, from being submitted to the electors or having any effect unless and until the Legislative Analyst and the Director of Finance jointly determine that the initiative measure provides for additional revenues in an amount that meets or exceeds the net increase in costs.

Organization	Assigned	Position	Priority	Subject	Groups
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CSDA

RHeim

Watch

Budget/Finance/Tax

ACA 9 (Gatto) Initiative measures: supermajority requirement. (I-12/09/2010 [html](#) [pdf](#))

Status:04/14/2011-Referred to Com. on E. & R.

Current Location:04/14/2011-A E. & R.

Calendar Events:

Summary: The California Constitution provides that the electors may propose statutes or amendments to the state constitution through the initiative process by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by a certain number of electors. This measure would require that an initiative that would increase the current vote requirement for an action by either the electors or by the Legislature, or would impose an extraordinary vote requirement for the amendment of an initiative statute by the Legislature without approval by the electors, itself receive the same affirmative vote percentage in order to be approved by the electors.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

ACA 10 (Gatto) Initiatives. (I-12/09/2010 [html](#) [pdf](#))

Status:08/16/2011-In committee: Set, first hearing. Hearing canceled at the request of author.

Current Location:04/14/2011-A E. & R.

Calendar Events:

Summary: The California Constitution provides voters, through the initiative, the power to propose statutes and constitutional amendments and to adopt or reject them. The California Constitution further provides that the Legislature may amend or repeal an initiative statute only by another statute approved by the voters, unless the initiative statute permits amendment or repeal without the approval of the voters. This measure would instead authorize the Legislature to amend or repeal an initiative statute, effective 4 years or more after the date the initiative statute is approved by the voters, unless the initiative statute allows that action by the Legislature at an earlier date. The measure would require that an amendment or repeal of an initiative statute by the Legislature be passed by a percentage of the membership of each house that exceeds the percentage of voters that approved the initiative statute or, if applicable, that approved the most recent amendment of the initiative statute.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

ACA 11 (Gatto) Initiatives: constitutional amendments: voter approval. (A-05/23/2011 [html](#) [pdf](#))

Status:05/27/2011-In committee: Set, first hearing. Referred to APPR. suspense file. Held under submission.

Current Location:05/27/2011-A APPR. SUSPENSE FILE

Calendar Events:

Summary: Existing provisions of the California Constitution provide for the electors to propose amendments to the Constitution by initiative and to adopt or reject them. Any proposed initiative measure submitted to the voters becomes effective if it is approved by a majority of votes cast. This measure would increase the vote requirement from a majority to 55% of the votes cast for the electors to amend the Constitution by an initiative measure, except that this measure would permit the electors to repeal a previously adopted initiative or legislative amendment to the Constitution, including certain subsequent amendments to that constitutional amendment, by an initiative measure passed by a majority vote.

Organization	Assigned	Position	Priority	Subject	Groups

CSDA

RHeim

Watch

ACA 12 (Gatto) Statewide initiative measures: legislative amendment. (I-12/09/2010 [html](#) [pdf](#))

Status:09/07/2011-Ordered to inactive file at the request of Assembly Member Charles Calderon.

Current Location:09/07/2011-A INACTIVE FILE

Calendar Events:

Summary: Existing provisions of the California Constitution provide that the initiative is the power of the electors to propose statutes and amendments to the Constitution and to adopt or reject those proposals. Those provisions require the Secretary of State to submit the measure at the next general election held at least 131 days after it qualifies or at any special statewide election held prior to that general election. The Governor may also call a special statewide election on the measure. This measure would require the Secretary of State to transmit a copy of an initiative measure certified for the ballot to each house of the Legislature no later than 176 days prior to the election at which the measure is to be voted upon. Within 30 days, the Legislature may propose an amended form of the initiative measure by adopting a concurrent resolution. If the Legislature proposes an amended form of the initiative measure, the measure would provide that if the proponent, or a majority of the proponents if there is more than one proponent, of the initiative measure accepts the proposed amendments, the Legislature's proposal would appear on the ballot in place of the certified initiative measure. The measure would require that, if the amended form proposed by the Legislature is not accepted, information regarding the proposed amended form be included in the ballot materials relating to the initiative measure, as prescribed by statute. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

ACA 18 (Swanson) Taxation: parcel tax. (I-02/18/2011 [html](#) [pdf](#))

Status:04/14/2011-Referred to Coms. on L. GOV. and REV. & TAX.

Current Location:04/14/2011-A L. GOV.

Calendar Events:

Summary: The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of 2/3 of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property. This measure would alternatively condition the imposition, extension, or increase of a parcel tax by a city or county for the purpose of funding the maintenance or improvement of fire protection services or police protection services, or both, upon the approval of a majority of its voters voting on the proposition, and would also make conforming changes to related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

ACAX1 2 (Blumenfield) The Schools and Local Public Safety Protection Act of 2011. (A-03/21/2011 [html](#) [pdf](#))

Status:09/12/2011-From committee without further action.

Current Location:03/22/2011-A BUDGET

Calendar Events:

Summary: Existing law, until July 1, 2011, imposes a state sales and use tax on retailers and on the storage, use, or other consumption of tangible personal property in this state at the rate of 7 1/4% of the gross receipts from the retail sale of tangible personal property in this state and of the sales price of tangible personal property purchased from any retailer for storage, use, or other

consumption in this state. Existing law reduces the state sales and use tax rate by 1% on July 1, 2011. This measure would extend the existing sales and use tax rate and vehicle license fees until July 1, 2016, and would deposit the revenues derived from the increase in those taxes into the Local Revenue Fund 2011, established by this measure, to be appropriated by the Legislature to fund the provision of public safety services, as described, by local agencies pursuant to the 2011 Realignment Legislation, as defined. This measure would also provide that the assignment of responsibilities to local agencies under the 2011 Realignment Legislation shall not be reimbursable as a new program or higher level of service, but would require reimbursement to local agencies resulting from subsequent state actions under certain circumstances. This measure would further state that local agency costs increased in complying with statutory open meeting requirements shall not be deemed a reimbursable state mandate. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

ACR 20 (Huffman) Water Awareness Month. (I-02/16/2011 [html](#) [pdf](#))

Status:03/07/2011-Referred to Com. on RLS.

Current Location:03/07/2011-A RLS.

Calendar Events:

Summary: This measure would designate May 2011 as Water Awareness Month, and would urge Californians to learn effective ways to conserve water.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	JMacDonald

SB 18 (Blakeslee) Political Reform Act of 1974: gifts. (A-03/23/2011 [html](#) [pdf](#))

Status:05/26/2011-Held in committee and under submission.

Current Location:05/16/2011-S APPR. SUSPENSE FILE

Calendar Events:

Summary: The Political Reform Act of 1974 regulates the receipt of gifts by public officials, including Members of the Legislature, and also regulates the activities of members of the lobbying industry, including lobbyist employers. Existing law prohibits certain public officials from receiving gifts in excess of a specified dollar amount from a single source on an annual basis. This bill would prohibit a lobbyist, lobbying firm, or lobbying employer from making to an elected state official, and an elected state official from receiving from a lobbyist, lobbying firm, or lobbying employer, specified gifts, regardless of the value of the gift. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

SB 23 (Simitian) Energy: renewable energy resources. (A-09/09/2011 [html](#) [pdf](#))

Status:09/10/2011-Read third time. Passed. (Ayes 52. Noes 17. Page 3248.) Ordered to the Senate.

Current Location:09/10/2011-S SENATE

Calendar Events:

Summary: Existing law creates the California renewables portfolio standard program (RPS program) and the Renewable Energy Resources Program to increase the amount of electricity generated per year from eligible renewable energy resources, as defined. This bill would extend the compliance date for these corresponding reporting and regulatory requirements , as provided . This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
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SB 27 (Simition) Public employees' retirement. (A-08/15/2011 [html](#) [pdf](#))**Status:**08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/17/2011)**Current Location:**08/26/2011-A 2 YEAR**Calendar Events:**

Summary: The State Teachers' Retirement Law (STRL) establishes the Defined Benefit Program of the State Teachers' Retirement System, which provides a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. STRL also establishes the Defined Benefit Supplement Program, which provides supplemental retirement, disability, and other benefits, payable either in a lump-sum payment, an annuity, or both to members of the State Teachers' Retirement Plan. STRL defines creditable compensation for these purposes as remuneration that is payable in cash to all persons in the same class of employees, as specified, for performing creditable service. This bill would revise the definition of creditable compensation for these purposes and would identify certain payments, reimbursements, and compensation that are creditable compensation to be applied to the Defined Benefit Supplement Program. The bill would prohibit one employee from being considered a class. The bill would revise the definition of compensation with respect to the Defined Benefit Supplement Program to include remuneration earnable within a 5-year period, which includes the last year in which the member's final compensation is determined, when it is in excess of 125% of that member's compensation earnable in the year prior to that 5-year period, as specified. The bill would prohibit a member who retires on or after January 1, 2013, who elects to receive his or her retirement benefit under the Defined Benefit Supplement Program as a lump-sum payment from receiving that sum until 180 days have elapsed following the effective date of the member's retirement. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

SB 31 (Correa) Postgovernment employment: restrictions. (A-01/10/2012 [html](#) [pdf](#))**Status:**01/12/2012-Set for hearing January 17.**Current Location:**01/10/2012-S APPR.**Calendar Events:**01/17/12 SPECIAL ORDER OF BUSINESS AT 12 NOON SEN APPROPRIATIONS

Summary: The Political Reform Act of 1974 prohibits, for a period of one year after the official leaves his or her position, elected and other specified local officials who held positions with a local government agency, as defined, from acting as agents or attorneys for, or otherwise representing, for compensation, any other person, by appearing before, or communicating with, that local government agency, or any committee, subcommittee, or present member of that local government agency, or any officer or employee of the local government agency, if the appearance or communication is made for the purpose of influencing administrative or legislative action, as specified, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property. This bill, in addition, would apply this prohibition to other public officials serving as members of local governing boards or commissions with decisionmaking authority. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups

CSDA

RHeim

Watch

SB 34 (Simitian) California Water Resources Investment Act of 2011. (A-04/13/2011 [html](#) [pdf](#))

Status:07/13/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was APPR. on 5/4/2011)

Current Location:07/13/2011-S 2 YEAR

Calendar Events:

Summary: Under existing law, various measures provide funding for water resources projects, facilities, and programs. This bill would enact the California Water Resources Investment Act of 2011 to finance a water resources investment program. To finance the program, the bill would impose on each retail water supplier in the state an annual charge based on the volume of water provided in its service area that is provided for nonagricultural uses and an annual charge based on each acre of land within its service area that is irrigated for agricultural purposes . The bill would require the State Board of Equalization to collect the charges from retail water suppliers in accordance with the Fee Collection Procedures Law, and would authorize the State Board of Equalization and the Department of Water Resources to adopt and enforce regulations for the administration and enforcement of the charges and related requirements as emergency regulations. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	KPackham

SB 115 (Strickland) Public employees: pensions: forfeiture. (A-01/04/2012 [html](#) [pdf](#))

Status:01/04/2012-From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E. & R.

Current Location:01/04/2012-S P.E. & R.

Calendar Events:

Summary: Existing law provides that any elected public officer who takes public office, or is reelected to public office, on or after January 1, 2006, who is convicted of any specified felony arising directly out of his or her official duties, forfeits all rights and benefits under, and membership in, any public retirement system in which he or she is a member, effective on the date of final conviction, as specified. This bill would additionally include tampering with a witness, money laundering, and the preparation of false documents among the specified felonies that would result in that forfeiture for any elected public officer who takes public office, or is reelected to public office, on or after January 1, 2013 . This bill would also make clarifying changes to that provision. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

SB 134 (Corbett) Public contracts: bid preferences: solar photovoltaic system. (A-08/30/2011 [html](#) [pdf](#))

Status:09/06/2011-Joint Rule 62(a) file notice suspended. (Page 2885.) Set, first hearing. Failed passage in committee.

Current Location:08/30/2011-A B.,P. & C.P.

Calendar Events:

Summary: Existing law imposes various requirements with respect to contracting by state agencies. This bill would require a state agency that accepts bids or proposals for a contract for the purchase or installation of a solar photovoltaic system, as defined, to provide a 5% preference to a business that certifies that all of the solar panels installed as part of the solar photovoltaic system have been manufactured or assembled in California, in accordance with specified criteria.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	RHeim

SB 186 (Kehoe) The Controller. (A-05/31/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was L. GOV. on 6/29/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: Existing law provides that if the county, city, or district reports are not made in a specified manner, or there is reason to believe that the report is false, the Controller is required to appoint a qualified accountant to make an investigation and to obtain the information required for the annual report of financial transactions. Existing law provides that if a similar investigation is made of any county, city, or district for 2 successive years, then a copy of the results of those investigations shall be transmitted to the grand jury of the county investigated or in which the local agency investigated is situated. This bill would expand the above provisions to also include a special district, joint powers authority, or redevelopment agency. This bill would also, until January 1, 2017, authorize the Controller to exercise discretionary authority to perform an audit or investigation of any county, city, special district, joint powers authority, or redevelopment agency, if the Controller has reason to believe, supported by documentation, that the local agency is not complying with the financial requirements in state law, grant agreements, local charters, or local ordinances. This bill would require , until January 1, 2017, the Controller to prepare a report of the results of the audit or investigation and to file a copy with the local legislative body.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

SB 195 (Cannella) Environmental quality: CEQA. (A-07/05/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was RLS. on 7/5/2011)

Current Location:08/26/2011-S 2 YEAR

Calendar Events:

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant impact on the environment or to adopt a negative declaration if it finds that the project will not have that impact. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant impact on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant impact on the environment. This bill would provide that impacts, potential impacts, or cumulative impacts on the environment of a project that is subject to an environmental regulation are deemed to be insignificant for the purposes of CEQA unless a preponderance of evidence demonstrates that the specific impact, potential impact, or cumulative impact is significant after giving full effect to the environmental regulation. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 200 (Wolk) Delta levee maintenance. (A-01/11/2012 [html](#) [pdf](#))

Status:01/12/2012-Withdrawn from committee. Re-referred to Com. on APPR.

Current Location:01/12/2012-S APPR.

Calendar Events:

Summary: Existing law establishes a delta levee maintenance program pursuant to which a local agency may request reimbursement for costs incurred in connection with the maintenance or improvement of project or nonproject levees in the Sacramento-San Joaquin Delta. Existing law declares legislative intent to reimburse eligible local agencies under this program, until July 1, 2013, in an amount not to exceed 75% of those costs that are incurred in excess of \$1,000 per mile of levee, and on and after that date, in an amount not to exceed 50% of those described costs. This bill, instead, would declare legislative intent to reimburse up to 75% of those described costs until an unspecified date, and on and after that date, to reimburse up to 50% of those described costs. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Delta Natural Resources/Environment	KPackham

SB 366 (Calderon) Regulations: agency review. (I-02/15/2011 [html](#) [pdf](#))

Status:05/10/2011-Hearing postponed by committee. (Refers to 5/10/2011 hearing)

Current Location:02/24/2011-S G.O.

Calendar Events:

Summary: Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law creates the State and Consumer Services; Business, Transportation and Housing; California Emergency Management; California Environmental Protection; California Health and Human Services; Labor and Workforce Development; Natural Resources; and Youth and Adult Correctional Agencies in state government with various duties to oversee the actions of state departments that are within those agencies. This bill would, until January 1, 2013, require each state agency, defined, to mean every state office, officer, department, division, bureau, board, and commission, except the California State University within 180 days of the effective date of the bill, to undertake specified actions in regards to the regulations that have been adopted by the state agency, including, among others, identifying any regulations that are duplicative, overlapping, inconsistent, or out of date, and adopting, amending, or repealing regulations to reconcile or eliminate any duplication, overlap, inconsistency, or out-of-date provisions, after conducting a publicly noticed hearing, as specified, and using procedures for adopting emergency regulations. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

SB 379 (Fuller) Telecommunications policies. (A-04/25/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was U. & C. on 5/19/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law declares the policies for telecommunications for California, including to continue our universal service commitment by assuring the continued affordability and widespread availability of high-quality telecommunications services to all Californians. This bill would declare the policies for telecommunications for California to include : (1) to continue our universal service commitment by ensuring the continued affordability and widespread

availability of high-quality telecommunications services to all Californians; and (2) to continue universal service rate support for telephone corporations subject to rate-of-return regulation by the commission for the purpose of providing rural areas of the state with access to telecommunications services.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Utilities & Energy	

SB 415 (Wright) Los Angeles Memorial Coliseum Commission. (A-06/27/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was B.,P. & C.P. on 7/1/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: Under existing law, the Sixth District Agricultural Association, known and designated as the California Science Center, is authorized to build, construct, and maintain and operate a stadium or any arena, pavilion, or other building to be used for specified events, including sports events. The California Science Center is also required to work with the Los Angeles Memorial Coliseum Commission, the City of Los Angeles, and the County of Los Angeles to develop additional parking facilities in Exposition Park. This bill would require the California Science Center, if the Los Angeles Memorial Coliseum Commission fails to perform under or abide by any terms and conditions of a lease between the commission and the California Science Center for the Los Angeles Memorial Coliseum, to become the successor lessor to the commission's interest in the lease and quit and surrender the leased premises to the California Science Center and preserve all assets and minimize all liabilities under the lease, as specified. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

SB 449 (Pavley) Controller: local agency financial review. (A-06/20/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was L. GOV. on 6/29/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: Existing law requires certain local agencies to furnish reports to the Controller concerning financial transactions of the local agency, subject to uniform accounting and reporting procedures prescribed by the Controller. The Controller may provide for the investigation of certain local agency finances if a report is not made in the time, form, and manner required or there is reason to believe that a report is false, incomplete, or incorrect. This bill would additionally authorize the Controller, if the Controller determines that sufficient funds are made available, to conduct a preliminary review to determine the existence of a local agency financial problem, and perform an audit upon completion of that review, subject to specified criteria. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

SB 464 (Anderson) Property taxation: new construction exclusion: fire protection devices. (A-03/30/2011 [html](#) [pdf](#))

Status:04/06/2011-Set, first hearing. Hearing canceled at the request of author.

Current Location:03/30/2011-S G. & F.

Calendar Events:

Summary: The California Constitution generally limits ad valorem taxes on real property

to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Pursuant to an authorization in the California Constitution, existing law excludes from classification as "newly constructed" the construction or installation of any fire sprinkler system, other fire extinguishing system, fire detection system, or fire-related egress improvement that is constructed or installed in an existing building, as specified. This bill would expand this exclusion to include the construction or installation of any fire sprinkler system, other fire extinguishing system, and fire detection system in a new building, as defined, the construction or installation of which is completed on or after January 1, 2012. This bill would require the county assessor to administer this expansion, as provided, and to reduce the base year value of the new building by the value of the fire sprinkler system, other fire extinguishing system, and fire detection system, as specified. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

SB 499 (Huff) Redevelopment: tax increment calculations. (A-04/11/2011 [html](#) [pdf](#))

Status:01/11/2012-Set for hearing January 17.

Current Location:04/11/2011-S APPR.

Calendar Events:01/17/12 SPECIAL ORDER OF BUSINESS AT 12 NOON SEN APPROPRIATIONS

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in blighted areas in those communities known as project areas. The California Constitution authorizes a redevelopment agency to receive funding through tax increments attributable to increases in assessed property tax valuation in a project area due to redevelopment. Existing statutory law also requires an agency to remit specified funds based on net tax increment apportioned to the agency for deposit in separate funds for various purposes. This bill would authorize a redevelopment plan to contain a provision that limits the dollar amount of property tax increment revenue that may be divided and allocated to the agency, as specified, in any single year. The bill would also require that a certain portion of taxes received by or apportioned to an agency be based on a prescribed amount in the course of making a calculation relating to a required agency payment or allocation. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

SB 533 (Wright) California Global Warming Solutions Act of 2006: State Air Resources Board regulations. (A-04/25/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/18/2011)

Current Location:08/26/2011-A 2 YEAR

Calendar Events:

Summary: The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the

maximum, technologically feasible, and cost-effective greenhouse gas emission reductions. This bill would require the state board to make available to the public, at the time that the state board adopts a regulation pursuant to the act, any implementation schedule that is required to comply with that regulation. If a regulation adopted by the state board specifically requires a reporting form or a compliance tool, as defined, the state board would be required to make this information available to the public on the state board's Internet Web site at least 60 days prior to the date the information is required for compliance with the regulation. The bill would require training specifically required by a regulation to be made available at least 60 days prior to the compliance date for which the training is required. The bill would authorize the state board to revise a required implementation schedule, reporting form, or compliance tool after adoption of a regulation, if the state board makes a specified modification.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 633 (Huff) Bonds: fine for unauthorized use. (A-01/05/2012 [html](#) [pdf](#))

Status:01/12/2012-Withdrawn from committee. Re-referred to Com. on APPR.

Current Location:01/12/2012-S APPR.

Calendar Events:

Summary: The State General Obligation Bond Law provides procedures for use in authorizing the issuance and sale and providing for the repayment of state general obligation bonds. This bill would incorporate into the State General Obligation Bond Law a requirement that if the Department of Finance determines that bond revenues from a bond act are expended for a purpose not authorized by the bond act, then the party responsible for the unauthorized use shall repay all funds expended improperly to the bond fund, and pay a fine of a specified amount to the bond fund. The bill would prohibit a fine from being paid with proceeds from the bond fund that was misappropriated.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

SB 653 (Steinberg) Local taxation: counties: school districts: community college districts: county offices of education: general authorization. (A-06/06/2011 [html](#) [pdf](#))

Status:08/22/2011-Ordered to inactive file on request of Senator Steinberg.

Current Location:08/22/2011-S INACTIVE FILE

Calendar Events:

Summary: The California Constitution prohibits the Legislature from imposing taxes for local purposes, but allows the Legislature to authorize local governments to impose them. This bill would authorize the governing board of any county or city and county, any school district, any community college district, and any county office of education subject to specified constitutional and voter approval requirements, to levy, increase, or extend a local personal income tax, transactions and use tax, vehicle license fee, and excise tax, including, but not limited to, an alcoholic beverages tax, a cigarette and tobacco products tax, a sweetened beverage tax, and an oil severance tax, as provided. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

SB 657 (Gaines) Vacuum or suction dredge equipment. (I-02/18/2011 [html](#) [pdf](#))

Status:04/12/2011-Set, second hearing. Failed passage in committee. (Ayes 2. Noes 5. Page 620.)

Reconsideration granted.

Current Location:04/12/2011-S N.R. & W.

Calendar Events:

Summary: The California Environmental Quality Act requires a lead agency, as defined, to prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on a project, as defined, that it proposes to carry out or approve that may have a significant effect on the environment, or to adopt a negative declaration if it finds that the project will not have that effect. The act exempts from its provisions, among other things, certain types of ministerial projects proposed to be carried out or approved by public agencies, and emergency repairs to public service facilities necessary to maintain service. This bill would repeal the prohibition on the use of vacuum or suction dredge equipment, and would exempt the issuance of permits to operate vacuum or suction dredge equipment from the California Environmental Quality Act until January 1, 2014. The bill would require the department to refund a specified portion of the permit fee paid by a person issued a vacuum or suction dredge equipment permit and subject to the prohibition on the use of vacuum or suction dredge equipment. The bill would require the department, on or before January 1, 2014, to complete an economic impact report on the prohibition on the use of vacuum and suction dredge equipment. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 659 (Hernandez) San Gabriel Basin Water Quality Authority: board members. (A-05/11/2011 [html](#) [pdf](#))

Status:07/08/2011-Failed Deadline pursuant to Rule 61(a)(10). (Last location was L. GOV. on 6/16/2011)

Current Location:07/08/2011-A 2 YEAR

Calendar Events:

Summary: The San Gabriel Basin Water Quality Authority Act authorizes the San Gabriel Basin Water Quality Authority to plan, finance, and implement groundwater remediation activities, as prescribed. The act requires the authority to be governed by a board composed of 7 members, consisting of 3 members appointed by the San Gabriel Valley Municipal Water District, the Upper San Gabriel Valley Municipal Water District, and the Three Valleys Municipal Water District; one member elected by specified cities with pumping rights within the San Gabriel Basin; one member elected by specified cities without pumping rights within the San Gabriel Basin; and 2 producer members appointed by the San Gabriel Valley Water Association. The act prescribes 4-year terms of office for the board members. The act also provides for the appointment or election of alternates by each of those entities. This bill would authorize each of those entities appointing or electing a board member or alternate, by a majority vote, to remove the board member or alternate without cause and at any time prior to the expiration of the board member's or alternate's term of office, and to appoint or elect another person as the member or alternate to serve for the remaining term of the office, as specified.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local Powers	IHerrera

SB 725 (Berryhill) Prevailing wages. (A-03/30/2011 [html](#) [pdf](#))

Status:01/11/2012-Set, second hearing. Failed passage in committee.

Current Location:12/17/2011-S L. & I.R.

Calendar Events:

Summary: Existing law defines the term "public works" for purposes of requirements

regarding the payment of prevailing wages, the regulation of working hours, and the securing of workers' compensation for public works projects. Existing law further requires that, except as specified, not less than the general prevailing rate of per diem wages, determined by the Director of Industrial Relations as specified, be paid to workers employed on public works projects, and imposes misdemeanor penalties for certain violations of this requirement. This bill would revise the manner in which the director determines the rate of general prevailing wages, including deleting the requirement that he or she consider the applicable wage rates established by collective bargaining agreements and the rates that may have been predetermined for federal public works, and deleting the requirement that the director consider further data from labor organizations and employers or employer associations and concerns where the rates do not constitute the rates actually paid in the locality. The bill would also revise the methodology that the director is required to use in determining the general prevailing rate of per diem wages in the locality in which the public work is to be performed, including deleting certain requirements, and requiring the director to conduct a survey of the wages paid for work performed in each locality in which the public work is to be performed. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Public Contracting	KPackham

SB 727 (Berryhill) Public works: prevailing wages. (A-01/04/2012 [html](#) [pdf](#))

Status:01/11/2012-Set, second hearing. Failed passage in committee.

Current Location:01/04/2012-S L. & I.R.

Calendar Events:

Summary: Existing law defines the term "public works" for purposes of requirements regarding the payment of prevailing wages, the regulation of working hours, and the securing of workers' compensation for public works projects. Existing law further requires that, except as specified, not less than the general prevailing rate of per diem wages be paid to workers employed on public works projects, and imposes misdemeanor penalties for a violation of this requirement. Existing law exempts certain projects from the prevailing wage requirements, including public works projects of less than \$1,000. Existing law requires that prevailing wages be paid on contracts let for maintenance work. This bill would specify that workers must be employed directly at the site of the work to be deemed employed upon public work. The bill would exempt from the prevailing wage requirements public projects of less than \$100,000. The bill would also exempt from the prevailing wage requirements the governing board of a school district with regard to the construction, reconstruction, or rehabilitation of school facilities, any fabrication or prefabrication work done at a permanent offsite facility of a contractor, a public work project of a local agency that adopts a resolution or ordinance, as specified, workers employed on a hospital seismic retrofitting project. The bill would also exempt from the definition of "public works," for purposes of the prevailing wage requirements, work performed during the design and preconstruction phases of construction, including inspection and land surveying work and would delete provisions of existing law specifying that "public works" includes the hauling of refuse from a public works site to an outside disposal location. This bill would revise the definitions of "public works" and "paid for in whole or in part out of public funds," as provided. This bill would exclude from the prevailing wage requirements contracts for which the state or any political subdivision pays a cumulative amount of less than 50% of the total payment under the contract directly to or on behalf of the

contractor, subcontractor, or developer executing the contract, as provided, and would revise certain existing exclusions, as specified. This bill would also remove the prevailing wage requirements for contracts let for maintenance work. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Worker's Comp Insurance	IHerrera

SB 744 (Wyland) Water submeters: testing. (A-07/13/2011 [html](#) [pdf](#))

Status:09/06/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

Current Location:09/06/2011-A INACTIVE FILE

Calendar Events:

Summary: Existing law requires that a person who uses, or intends to use, any weight or measure, or weighing or measuring instrument for commercial purposes, cause them to be sealed by a sealer before using the same, unless they have been sealed before sale, in which case existing law allows the purchaser to use them for the remainder of the period authorized by regulations adopted by the Secretary of Food and Agriculture. There is within the Department of Food and Agriculture the Division of Measurement Standards, whose activities are designed to ensure, among other things, the accuracy of commercial weighing and measuring devices. This bill would provide that any water submeter tested by equipment that is regularly calibrated by tests that are directly traceable to standards promulgated by the National Institute of Standards and Technology shall be deemed to be sealed and approved for commercial use, as specified, provided that the submeter satisfies certain criteria, including that the submeter is otherwise a type approved by the Division of Measurement Standards. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 846 (Berryhill) The California Water Plan: water data. (A-05/03/2011 [html](#) [pdf](#))

Status:12/09/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/18/2011) (Refers to 8/17/2011 hearing)

Current Location:08/26/2011-A 2 YEAR

Calendar Events:

Summary: Existing law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as The California Water Plan. Existing law prescribes the contents of The California Water Plan, and requires the department to include a discussion of various strategies in the plan, including strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers that may be pursued in order to meet the future needs of the state. This bill would additionally require the department to include in the plan an assessment of the state's water data system and would prescribe requirements relating to the contents and conduct of the assessment .

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 900 (Steinberg) California regional water quality control boards: members. (A-05/09/2011 [html](#) [pdf](#))

Status:07/01/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

Current Location:07/01/2011-A INACTIVE FILE

Calendar Events:

Summary: Under existing law, the State Water Resources Control Board and the 9 California regional water quality control boards prescribe waste discharge requirements in accordance with the federal national pollutant discharge elimination system (NPDES) permit program established by the federal Clean Water Act and the Porter-Cologne Water Quality Control Act (state act). This bill, with regard to a regional board, would provide that a person would not be disqualified from being a member of that board because that person receives, or has received during the previous 2 years, a significant portion of his or her income directly or indirectly from a person subject to waste discharge requirements, or an applicant for waste discharge requirements, that govern discharges not within the jurisdiction of that regional board. The bill would provide that this revised eligibility provision relating to members of a regional board shall be implemented only if certain requirements are met. This bill contains other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Natural Resources/Environment	KPackham

SB 903 (Anderson) Public retirement systems: investments: Iran. (A-07/01/2011 [html](#) [pdf](#))

Status:08/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/18/2011)

Current Location:08/26/2011-A 2 YEAR

Calendar Events:

Summary: The California Constitution provides that the Legislature may by statute prohibit retirement board investments if it is in the public interest to do so, and providing that the prohibition satisfies specified fiduciary standards. This bill would instead provide that nothing in those provisions requires either board to take action described in this section if the board determines, in good faith, that the action would be a breach of the fiduciary responsibilities of the board as described in the provision of the California Constitution. The bill would require that any determination that an action would be a breach of fiduciary duty be made in a public hearing of the full board after proper public notice and an opportunity for public comment. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

SB 911 (De León) Local agency bonds: reports. (A-05/10/2011 [html](#) [pdf](#))

Status:05/23/2011-Referred to Com. on L. GOV.

Current Location:05/23/2011-A L. GOV.

Calendar Events:

Summary: Existing law requires the chief fiscal officer of a local agency issuing bonds to file an annual report with the governing body of the local agency with respect to the amount of funds collected and expended generally, and the status of any project required or authorized to be funded from the proceeds of the bonds. This bill would , after January 1, 2012, require the chief fiscal officer of a local agency issuing bonds to file the report with its governing body no later than 60 days after the close of the agency's fiscal year . This bill would provide that failure to submit the report on time shall result in a suspension of bond proceeds until the report is submitted. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Governance/Local	IHerrera

SBX1 24 (Wright) Redevelopment. (I-06/28/2011 [html](#) [pdf](#))**Status:**09/10/2011-From committee without further action.**Current Location:**06/28/2011-S RLS.**Calendar Events:**

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in blighted areas in those communities known as project areas. Existing law requires redevelopment agencies in specified years to remit to the county auditor an amount of revenue, determined in accordance with specified calculations made by the Director of Finance and based on a specified report of the Controller, for deposit in the Educational Revenue Augmentation Fund or Supplemental Educational Revenue Augmentation Fund in each county for allocation to school entities, as prescribed. This bill would authorize a redevelopment agency to make a voluntary payment to local educational agencies, as defined, from property tax revenues allocated pursuant to a specified provision of existing law for the 2011-12 fiscal year, in an amount as prescribed. The bill would authorize an agency electing to make the voluntary payment to amend and extend specified redevelopment plan time limitations, as prescribed. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	RHeim

SCA 4 (DeSaulnier) Initiative measures: funding source. (I-12/06/2010 [html](#) [pdf](#))**Status:**05/27/2011-Read second time. Ordered to third reading.**Current Location:**05/27/2011-S THIRD READING**Calendar Events:**01/13/12 68 SEN SENATE BILLS-THIRD READING FILE

Summary: The California Constitution provides that the electors may propose statutes or amendments to the state constitution through the initiative process by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by a certain number of electors. This measure would prohibit an initiative measure that would result in a net increase in state or local government costs other than costs attributable to the issuance, sale, or repayment of bonds, from being submitted to the electors or having any effect unless and until the Legislative Analyst and the Director of Finance jointly determine that the initiative measure provides for additional revenues in an amount that meets or exceeds the net increase in costs.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

SCA 7 (Yee) Public bodies: meetings. (A-04/13/2011 [html](#) [pdf](#))**Status:**08/25/2011-Set, second hearing. Held in committee and under submission.**Current Location:**08/17/2011-A APPR. SUSPENSE FILE**Calendar Events:**

Summary: The California Constitution requires meetings of public bodies to be open to public scrutiny. This measure would also include in the California Constitution the requirement that each public body provide public notice of its meetings and disclose any action taken.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	IHerrera

SCA 13 (Cannella) Public employees' retirement. (A-01/11/2012 [html](#) [pdf](#))**Status:**01/11/2012-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Current Location:01/11/2012-S RLS.

Calendar Events:

Summary: The California Constitution provides that the retirement board of a public pension or retirement system has plenary authority and fiduciary responsibility for investment of moneys and administration of the system. Existing law establishes various public agency retirement systems, including the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS), the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937, among others, and these systems provide defined pension benefits to public employees based on age, service credit, and final compensation. The California Constitution permits a city or county to adopt a charter for purposes of its governance that supersedes general laws of the state in regard to specified subjects, including compensation of city or county employees. The California Constitution also establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Charter cities and the University of California may establish pension plans under their respective independent constitutional authority. This measure would provide that any change to the formula used to calculate the pension benefits of a member of a public retirement system, as defined, that results in an increase in the member's pension benefits shall apply only to service performed on and after the operative date of the change, and would prohibit the retroactive application of that change. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Labor	IHerrera

SCA 15 (Hancock) Taxation: voter approval. (I-07/14/2011 [html](#) [pdf](#))

Status:07/15/2011-From printer. May be acted upon on or after August 14.

Current Location:07/14/2011-S PRINT

Calendar Events:

Summary: The California Constitution requires that a change in state statute, passed by the Legislature, that results in a taxpayer paying a higher tax be imposed in an act that is passed with the approval of not less than 2/3 of the membership of each house of the Legislature. This measure would alternatively allow a change in state statute, passed by the Legislature, that results in a taxpayer paying a higher tax to be imposed in an act passed by a majority of the membership of each house of the Legislature, where that change becomes effective only when submitted to the voters and approved by a majority of the voters voting on that measure at a statewide election. This bill contains other related provisions.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch			

SCAX1 1 (Steinberg) The Schools and Local Public Safety Protection Act of 2011. (A-03/17/2011 [html](#) [pdf](#))

Status:09/10/2011-From committee without further action.

Current Location:03/21/2011-S RLS.

Calendar Events:

Summary: Existing law, until July 1, 2011, imposes a state sales and use tax on retailers and on the storage, use, or other consumption of tangible personal property in this state at the rate of 7 1/4% of the gross receipts from the retail sale of tangible personal property in this state and of the sales price of tangible personal property purchased from any retailer for storage, use, or other consumption in this state. Existing law reduces the state sales and use tax rate by 1% on July 1, 2011. This measure would extend the existing sales

and use tax rate and vehicle license fees until July 1, 2016, and would deposit the revenues derived from the increase in those taxes into the Local Revenue Fund 2011, established by this measure, to be appropriated by the Legislature to fund the provision of public safety services, as described, by local agencies pursuant to the 2011 Realignment Legislation, as defined. This measure would also provide that the assignment of responsibilities to local agencies under the 2011 Realignment Legislation shall not be reimbursable as a new program or higher level of service, but would require reimbursement to local agencies resulting from subsequent state actions under certain circumstances. This measure would further state that local agency costs increased in complying with statutory open meeting requirements shall not be deemed a reimbursable state mandate. This bill contains other related provisions and other existing laws.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	

SCR 2 (DeSaulnier) Constitutional Convention. (A-04/07/2011 [html](#) [pdf](#))

Status:04/07/2011-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Current Location:04/07/2011-S RLS.

Calendar Events:

Summary: Under the California Constitution, the Legislature by rollcall vote entered in the journal, two-thirds of the membership of each house concurring, may submit at a general election the question whether to call a convention to revise the Constitution. If the majority vote yes on that question, within 6 months the Legislature is required to provide for the convention. This measure would propose that the people of the State of California vote at the next statewide general election on the question of whether to call a convention to revise the California Constitution.

Organization	Assigned	Position	Priority	Subject	Groups
CSDA	RHeim	Watch		Budget/Finance/Tax	