

**Mission statement of McKinleyville Community Services District:**  
"Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner."

**NOTICE IS HEREBY GIVEN THAT A *REGULAR* MEETING OF THE  
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS  
WILL BE HELD  
WEDNESDAY, JANUARY 4, 2017 AT 7:00pm  
Azalea Hall, 1620 Pickett Road  
McKinleyville, California**

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## **AGENDA**

### **A. CALL TO ORDER**

A.1 Roll Call

A.2 Pledge of Allegiance

A.3 Additions to the Agenda

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

A.4 Approval of the Agenda

A.5 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**

### **B. PUBLIC HEARINGS**

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

**NO PUBLIC HEARING SCHEDULED**

### **C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS**

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

## **D. CONSENT CALENDAR**

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

- D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting of December 7, 2016 **Pg. 5**
  - Attachment 1 – Draft Minutes from December 7, 2016 **Pg. 6**
- D.2 Consider Approval of November 2016 Treasurer's Report **Pg. 13**
- D.3 Compliance with State Double Check Valve (DCV) Law – No Violations

## **E. CONTINUED AND NEW BUSINESS**

- E.1 Presentation of the Community Builder Award to Aaron Ostrom, Founder of McKinleyville Community Watch (MCW) **Pg. 36**
  - Attachment 1 – Responses to Interview Questions **Pg. 38**
- E.2 Presentation of the McKinleyville Community Services District Employee of the Year Award to Chris Jones **Pg. 41**
- E.3 Accept FY2015-16 Audited Financial Statements **Pg. 42**
  - Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2015-16 **Pg. 43**
- E.4 Consider Approval of the Strategic Plan 2017-2021 **Pg. 106**
  - Attachment 1 – Strategic Plan 2017 Draft **Pg. 107**
- E.5 Discuss and Consider Committee Assignments and Appointment of Committee Chairs by the Board President for the 2017 Calendar Year **Pg. 147**
  - Attachment 1 – 2016 Positions, Staff Member Appointments and 2016 Committee Assignments **Pg. 149**
- E.6 Approve Resolution 2017-01 to Approve, Without Amendments, the MCSD Policies and Procedures Related to Governance, Ethics, Board Conduct, Reimbursement/Compensation, District Finances, and Reserves as Related to District of Distinction Reaccreditation Process **Pg. 150**
  - Attachment 1 – MCSD Reserve Policy **Pg. 152**
  - Attachment 2 – MCSD Expenditure Control Guidelines **Pg. 155**
  - Attachment 3 – MCSD Board Policy Manual **Pg. 159**
  - Attachment 4 – MCSD Employee Handbook **Pg. 173**
  - Attachment 5 – Resolution 2017-01 **Pg. 207**

E.7	Review Information Pertaining to the Agreement with the American Red Cross for the Provision of an Emergency Disaster Shelter at the McKinleyville Activity Center	<b>Pg. 208</b>
	Attachment 1 – Shelter Agreement with American Red Cross	<b>Pg. 210</b>
	Attachment 2 – Resolution 2002-6	<b>Pg. 221</b>
E.8	Advise Staff on Policy Considerations to Authorize the Placement of Decorations within the County of Humboldt's Right of Way within the Central Avenue Open Space Maintenance Zone (OSMZ)	<b>Pg. 223</b>
	Attachment 1 – McK Chamber Proposal for Lighting and Flower Pots	<b>Pg. 226</b>
	Attachment 2 – Flower Pot Specifications	<b>Pg. 228</b>
	Attachment 3 – Executed MOU Between Humboldt County Public Works and MCSD for Central Ave. OSMZ July 1, 2016	<b>Pg. 229</b>
	Attachment 4 – Draft MOU Between MCSD and McK Chamber of Commerce	<b>Pg. 233</b>
E.9	Approve Resolution 2017-02 Authorizing the Acceptance and Recordation of a Quitclaim Deed for Real Property Located in McKinleyville, CA (APN 507-141-021)	<b>Pg. 237</b>
	Attachment 1 – Map designating parcel APN 507-141-021	<b>Pg. 239</b>
	Attachment 2 – Certificate of Acceptance APN 507-141-021	<b>Pg. 240</b>
	Attachment 3 – Resolution 2017-02	<b>Pg. 241</b>

## **F. REPORTS**

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

### **F.1 ACTIVE COMMITTEE REPORTS**

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

### **F.2 STAFF REPORTS**

- |   |                |
|---|----------------|
| a. Support Services Department (Colleen M.R. Trask) | <b>Pg. 263</b> |
| b. Operations Department (James Henry)              | <b>Pg. 265</b> |
| c. Parks & Recreation Department (Lesley Frisbee)   | <b>Pg. 270</b> |
| Attachment 1 – RAC Meeting Notes 12-15-16           | <b>Pg. 272</b> |
| Attachment 2 – Community Survey Questionnaire       | <b>Pg. 275</b> |
| d. General Manager (Greg Orsini)                    | <b>Pg. 284</b> |
| Attachment 1 – WWMF Monthly Self Monitoring Report  | <b>Pg. 287</b> |

F.3 PRESIDENT'S REPORT

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

**G. ADJOURNMENT**

**Posted 5:00 pm on December 30, 2016**

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

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



# **McKinleyville Community Services District**

## **BOARD OF DIRECTORS**

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: D.1**                      **Consider Approval of the Minutes of the Board of Directors Regular Meeting on December 7, 2016**

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

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

### **Recommendation:**

Staff recommends that the Board review the draft minutes from the December 7, 2016 Regular Board Meeting; recommend edits and adopt.

### **Discussion:**

The Draft Minutes are attached for the above listed meeting.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – Draft Minutes from December 7, 2016

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES  
DISTRICT HELD ON WEDNESDAY, DECEMBER 7, 2016 AT 7:00 PM  
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA**

**AGENDA ITEM A. CALL TO ORDER**

**A.1 Roll Call:** The regular session of the Board of Directors of McKinleyville Community Services District convened at 7:00 pm with President Wheeler, Director Corbett, Director Couch and Director Mayo present.

George Wheeler, President  
John Corbett, Director  
David Couch, Director  
Dennis Mayo, Director

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

**A.2 Pledge of Allegiance:** The Pledge of Allegiance was led by President Wheeler.

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

**A.4 Approval of the Agenda:**

**Motion:** It was moved to adopt the agenda.

**Motion By:** Director Corbett; Second: Director Couch  
There were no comments from the Board or Public.

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

**Motion Summary:** Motion Passed

**A.5 Closed Session Discussion:** No closed session.

**AGENDA ITEM B. PUBLIC HEARINGS:**

**B.1 Public Hearing for Reformation of the Central Avenue Open Space Maintenance Zone No. 6 (Zone #6).** Presented by General Manager Orsini. President Wheeler listened to Staff comments and recommendation, opened Public Hearing and asked if any members of the public had a ballot to add or remove. No comments from the public and no additions or removals of ballots. Director Corbett asked clarifying question about weight of returned ballots. President Wheeler asked for a count of ballots. Board Secretary Emily Abfalter presented ballot count, 80.7% of ballots returned were in favor of the assessment. President Wheeler closed the Public Hearing.

**Motion:** It was moved to approve and adopt Resolution 2016-21 per staff recommendation.

**Motion By:** Director Corbett; Second: Director Couch

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

**Motion Summary:** Motion Passed

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

Operations Director James Henry introduced new GIS Tech, Mia Wapner.

General Manager Gregory Orsini announced that Mary Burke will be filing with the County Elections Office for the vacant board seat.

#### **AGENDA ITEM D. CONSENT CALENDAR:**

- D.1 Consider Approval of the Minutes of the Board of Directors' Regular Meeting on November 2, 2016
- D.2 Consider approval of October 2016 Treasurer's Report
- D.3 DCV Violations this Month – Violations

Director Corbett asked to remove item D.2 from the consent calendar for discussion. Director Corbett asked Finance Director Colleen Trask for clarification of Reserves Table. Finance Director Colleen Trask explained table in detail and Director Corbett was satisfied with response. President Wheeler commented. General Manager Orsini commented. Item was placed back on consent calendar for motion.

**Motion:** It was moved to approve the consent calendar.

**Motion By:** Director Corbett; Second: Director Couch

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

**Motion Summary:** Motion Passed

#### **AGENDA ITEM E. CONTINUED AND NEW BUSINESS:**

**E.1 2016 California Water Environmental Association (CWEA) Awards Presentation.** Information item only. Presented by Operations Director James Henry. Board presented Chris Jones with CWEA award. No action taken.

**E.2 Review Redwood Coast Energy Authority's (RCEA) Humboldt County Community Choice Energy Program.** Information item only. Matthew Marshall, Executive Director of RCEA, presented PowerPoint. President Wheeler opened for Board comments. Board comments by Directors Corbett, Wheeler and Mayo. Public comment opened, Sherrie Woo, Board Director for HBMWD and RCEA commented, public comment closed. No action taken.

**E.3 Consider Approval of Memorandum of Understanding (MOU) for Emergency Alternate Facility Space Between the McKinleyville Community Services District (MCSD) and the City of Blue Lake.** Presented by General Manager Orsini. President Wheeler asked about MCSD's backup plan for internet and power, General Manager Orsini responded. Public comment opened, no comments, public comment closed.

**Motion:** Moved to approve per staff recommendation.

**Motion By:** Director Corbett; Second: Director Couch

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

**Motion Summary:** Motion Passed

**E.4 Review Summary of Information from the Gratitude Gathering and Community Visioning Event co-hosted by MCSD Parks & Recreation Dept. and the McKinleyville Family Resource Center on November 19, 2016.** Information item only. Presented by Recreation Director Lesley Frisbee. Board comments by Corbett, Wheeler, Mayo and Couch. Public comment opened, no comments, public comment closed. No action taken.

**E.5 Consider Authorization for Director Mayo to Attend the Association of California Water Agencies (ACWA) 2017 DC Conference in Washington D.C. February 28th – March 2nd, 2017.** President Wheeler asked for Board comments, comments from all Directors. Public comment opened, no comments, public comment closed.

**Motion:** Moved to approve per staff recommendation.

**Motion By:** Director Corbett; Second: Director Mayo

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

**Motion Summary:** Motion Passed

**E.6 Review and Amend Resolution 2016-18 to Pledge Revenues and Funds Related to the Clean Water State Revolving Fund Energy Projects.** Presented by General Manager Orsini. Public comment opened, no comments, public comment closed.

**Motion:** Approve Resolution 2016-18A per staff recommendation.

**Motion By:** Director Corbett; Second: Director Couch

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

**Motion Summary:** Motion Passed

## **AGENDA ITEM F. REPORTS**

### **F.1 ACTIVE COMMITTEE REPORTS**

- a. **Recreation Advisory Committee (Wheeler/Couch):** President Wheeler reported that they did meet, discussed the draft community survey and recommended a read through the meeting minutes.
- b. **Area Fund (John Kulstad):** Not present.
- c. **Redwood Region Economic Development Commission (Mayo/Wheeler):** Director Mayo reported that they met and had a goodbye party for Julie Faulkerson.
- d. **McKinleyville Senior Center Advisory Committee (Wheeler, Mayo):** Meeting in January.
- e. **Audit (Corbett/Couch):** Meeting at end of the month.
- f. **Employee Negotiations (Couch/Corbett):** Did not meet.
- g. **Water Task Force (Wheeler/Corbett):** Did not meet.
- h. **AdHoc No Drugs & Toxics Down the Drain (Wheeler/Couch):** Did not meet.
- i. **McKinleyville Municipal Advisory Committee (Corbett /Wheeler):** Director Corbett reported that he we unable to attend the meeting and called on General Manager Orsini for an update since he was present. General Manager Orsini reported that Hillary Beyer gave an update on Social Services Center and addressed several concerns. Recreation Director Lesley Frisbee and Robin Baker, McKinleyville Family Resource Center, spoke about outcome of the Gratitude Gathering and Community Visioning Event. Supervisor Sundberg facilitated a presentation on no smoking in public places. Directors Mayo and Corbett commented.
- j. **Cornerstone Committee (Couch):** Director Couch reported that they met and discussed planning of future fundraiser.
- k. **Groundwater Sustainability Committee (Corbett, Mayo):** Director Corbett reported that he will be attending the third meeting of the month. Data is coming in and showing favorable for applying for exemption. Water table is staying at a consistent level. Director Mayo commented.

### **F.2 STAFF REPORTS**

- a. **Support Services Department (Colleen M.R. Trask):** Finance Director Colleen Trask reviewed her report.
- b. **Operations Department (James Henry):** Operations Director James Henry had nothing further to add to the written report

- c. **Parks & Recreation Department (Lesley Frisbee):** Recreation Director Lesley Frisbee had nothing further to add to the written report.
- d. **General Manager (Greg Orsini):** General Manager Orsini reviewed his report and distributed to the Directors, a memorandum about the special election from attorney's office (**Exhibit A**) and a spreadsheet listing PGE expenses by department (**Exhibit B**). Director Corbett commented about memorandum from attorney and General Manager Orsini responded. Director Corbett excused himself from discussion regarding attorney/client privilege. Board comments from Director Mayo and President Wheeler. Director Couch suggested to do a press release with the information from the memorandum. Director Corbett returned to discussion and agreed with Director Couch's suggestion and commented that a press release would be a complete remedy.

**F.3 PRESIDENT'S REPORT:** President Wheeler commented that this is his last meeting as President.

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

**REQUESTS:** No agenda items were requested. Director Mayo discussed attendance at ACWA Fall Conference, Water Resources Development Act, and ESA mitigation policy. Director Corbett commented on growing indoor marijuana in regards to pretreatment standards and thinking in terms of "shovel ready" as there may be a bulge of federal money.

**G. ADJOURNMENT: 9:25pm**

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

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Emily Abfalter, Board Secretary



## MITCHELL, BRISSO, DELANEY &amp; VRIEZE, LLP

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WALTER J. CARTER (1949 – 1993)

R.C. DEDEKAM (1929 – 2011)

December 6, 2016

*Attorney-Client Privileged Communication*

TO: Greg Orsini

FROM: Amy Hunt

CLIENT: McKinleyville Community Services District

RE: Deadline for Candidate Nomination and Process if Insufficient Candidates

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The deadline for a prospective candidate to file his or her declaration of candidacy is December 16 at 5:00PM. (Elec. Code, § 10510.) If two or more people file declarations of candidacy by this date and time, the election goes forward as planned, with the Secretary of State conducting the random drawing to determine the order in which the candidates will appear on the ballot on December 22. (Elec. Code, § 11312.) Ballots are then mailed and, eventually, the votes canvassed (all pursuant to the schedule provided by the Elections Office). If there is more than one candidate, the winning candidate is the person who receives the plurality of the votes (the most votes), even if the votes received do not add up to more than 50% of the votes cast. (Elec. Code, §§ 10503, 14542.)

If no one or only one person files a declaration of candidacy, it is possible that the election will not go forward as planned. Unless a petition is filed as explained below, the elections official will submit a certificate to the Board of Supervisors stating that no one or only one person has filed a declaration of candidacy. (Elec. Code, § 10515.) If one person has filed a declaration of candidacy, the Board of Supervisors will appoint the person to the vacant position, and the election will not take place. (Elec. Code, § 10515.) If no one has filed a declaration of candidacy, the Board of Supervisors is tasked with appointing *any* person to the office who is qualified on the date when the election would have been held. (Elec. Code, § 10515.)

Notwithstanding the above, if a petition signed by 10% of voters or 50 voters (whichever is the smaller number) requesting that the election be held is presented to the elections official, the election will go forward even though there are no candidates or only one candidate. (Elec. Code, § 10515.)



**McKinleyville Community Services District - Analysis of PG&E Exp. FY2015-16**

Total Operating Expenses by Fund, FY15-16 (excluding Capital Projects and debt service)		Total PG&E Exp by Fund	PG&E Exp as a % of Fund Exp
001 Parks	1,010,655.16	21,737.67	1.98%
004 Meas B	87,863.11	48.36	
005 Streetlights	89,409.82	15,061.68	16.85%
501 Water	2,463,815.68	49,120.53	1.99%
551 Wastewater	1,927,051.01	133,175.84	6.91%
Total Ops Exp:	5,578,794.78	219,144.08	3.93%

**McKinleyville Community Services District  
Treasurer's Report  
November 2016**

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Page 12	Summary of Long-Term Debt Report
Page 13	Reserves Graph
Page 14	Cash Disbursement Report

**McKinleyville Community Services District**  
**Investments & Cash Flow Report**  
**As of November 30, 2016**

<b>Petty Cash &amp; Change Funds</b>		8,892.60
<b>Cash</b>		
<b>Operating &amp; Money Market - Beginning Balance</b>		2,015,842.58
<b>Cash Receipts:</b>		
Utility Billings & Other Receipts	598,136.07	
Money Market Account Interest	552.75	
Transfers from County Funds #2560, #4240, CalTRUST, Meas. B	-	
Other Cash Receipts (incl. WWMF SRF Loan disb#02)	1,396,214.00	
<b>Total Cash Receipts</b>		1,994,902.82
<b>Cash Disbursements:</b>		
Transfers to County Funds #2560, #4240, CalTRUST	-	
Payroll Related Expenditures	(204,168.61)	
Debt Service	(84,914.82)	
Capital & Other Expenditures	(1,005,412.34)	
<b>Total Cash Disbursements</b>		(1,294,495.77)
<b>Operating &amp; Money Market - Ending Balance</b>		2,716,249.63
<b>Total Cash</b>		2,725,142.23
<b>Investments</b>	<i>(Interest and Market Valuation will be re-calculated as part of the year-end close, if material)</i>	
<b>LAIF - Beginning Balance</b>	129,485.27	
Interest Income	-	
<b>LAIF - Ending Balance</b>		129,485.27
<b>Humboldt Co. #2560 - Beginning Balance</b>	818,459.46	
Property Taxes and Assessments	-	
Transfer to/from Operating Cash	-	
Interest Income (net of adjustments)	729.79	
<b>Humboldt Co. #2560 - Ending Balance</b>		819,189.25
<b>Humboldt Co. #4240 - Beginning Balance</b>	2,826,077.77	
Transfer to/from Operating Cash	-	
Transfer to/from Biosolids Reserve	-	
Interest Income	1,918.66	
<b>Humboldt Co. #4240 - Ending Balance</b>		2,827,996.43
<b>Humboldt Co. #9390 - Beginning Balance</b>	741,653.25	
Reserves Recovery Deposits/Other Bal Withdrawals	48,901.26	
Interest Income	-	
<b>Humboldt Co. #9390 - Ending Balance</b>		790,554.51
<b>USDA Bond Reserve Fund - Beginning Balance</b>	123,666.27	
Bond Reserve Payment	7,687.50	
Debt Service Payment, Principal/Interest	-	
Interest Adjustment	10.24	
<b>USDA Bond Reserve Fund - Ending Balance</b>		131,364.01
<b>Market Valuation Account</b>		6,017.48
<b>Meas.B Loan Proceeds, Umpqua - Beginning Balance</b>	497.95	
Net Transfer to/from Loan Cash Holding Acct	-	
Interest Income	(9.76)	
<b>Meas.B Loan Proceeds, Umpqua - Ending Balance</b>		488.19
<b>CalTRUST - Beginning Balance</b>	1,241,285.32	
Net Transfer to/from Meas. B Teen Ctr Funds	-	
Net Transfer to/from Water Fund Capacity Fees Acct	-	
Interest Income/Unrealized Gain/Loss	(3,277.87)	
<b>CalTRUST - Ending Balance</b>		1,238,007.45
<b>Total Investments</b>		5,943,102.59
<b>Total Cash &amp; Investments - Current Month</b>		8,668,244.82
<b>Total Cash &amp; Investments - Prior Month</b>		7,911,392.75
<b>Net Change to Cash &amp; Investments This Month</b>		756,852.07
<b>Cash &amp; Investment Summary</b>		
Cash & Cash Equivalents		7,773,147.20
Davis-Grunsky Loan Reserve		602,212.37
Waste Water Capital Reserve		101,521.24
USDA Bond Reserve		131,364.01
I-Bank Loan Reserve		60,000.00
<b>Total Cash &amp; Investments</b>		8,668,244.82

**McKinleyville Community Services District**  
Consolidated Balance Sheet by Fund  
As of November 30, 2016

ASSETS	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Wastewater	Total (Memorandum Only)
<b>Current Assets</b>						
Unrestricted cash & cash equivalents	\$ 768,684.95	\$ (546,451.03)	\$ (24,876.07)	\$ 3,684,893.79	\$ 3,963,184.28	\$ 7,845,435.92
Accounts receivable	2,346.43	-	3,701.21	256,130.21	258,356.73	520,534.58
Prepaid expenses & other current assets	34,386.61	-	1,498.57	97,561.62	43,851.87	177,298.67
Total Current Assets	805,417.99	(546,451.03)	(19,676.29)	4,038,585.62	4,265,392.88	8,543,269.17
<b>Noncurrent Assets</b>						
Restricted cash & cash equivalents	194,578.92	-	-	662,212.37	232,885.25	1,089,676.54
Other noncurrent assets	-	-	-	38,216.52	41,750.04	79,966.56
Capital assets (net)	-	-	-	7,971,772.83	19,702,061.00	27,673,833.83
Total Noncurrent Assets	194,578.92	-	-	8,672,201.72	19,976,696.29	28,843,476.93
<b>TOTAL ASSETS</b>	<b>\$ 999,996.91</b>	<b>\$ (546,451.03)</b>	<b>\$ (19,676.29)</b>	<b>\$ 12,710,787.34</b>	<b>\$ 24,242,089.17</b>	<b>\$ 37,386,746.10</b>
<b>LIABILITIES &amp; FUND BALANCE/NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable & other current liabilities	\$ 66,640.60	\$ 4,863.68	\$ 151.12	\$ 358,133.87	\$ 296,447.54	\$ 726,236.81
Accrued payroll & related liabilities	89,557.49	-	-	42,244.94	42,331.93	174,134.36
Total Current Liabilities	156,198.09	4,863.68	151.12	400,378.81	338,779.47	900,371.17
<b>Noncurrent Liabilities</b>						
Long-term debt	-	-	-	2,871,014.67	6,334,191.32	9,205,205.99
Other noncurrent liabilities	-	-	-	898,973.99	948,294.66	1,847,268.65
Total Noncurrent Liabilities	-	-	-	3,769,988.66	7,282,485.98	11,052,474.64
<b>TOTAL LIABILITIES</b>	<b>156,198.09</b>	<b>4,863.68</b>	<b>151.12</b>	<b>4,170,367.47</b>	<b>7,621,265.45</b>	<b>11,952,845.81</b>
<b>Fund Balance/Net Assets</b>						
Fund balance	(187,724.98)	(551,314.71)	(19,827.41)	-	-	(758,867.10)
Net assets	1,031,523.80	-	-	3,439,661.71	3,252,954.04	7,724,139.55
Investment in capital assets, net of related debt	-	-	-	5,100,758.16	13,367,869.68	18,468,627.84
Total Fund Balance/Net Assets	843,798.82	(551,314.71)	(19,827.41)	8,540,419.87	16,620,823.72	25,433,900.29
<b>TOTAL LIABILITIES &amp; FUND BALANCE/NET ASSETS</b>	<b>\$ 999,996.91</b>	<b>\$ (546,451.03)</b>	<b>\$ (19,676.29)</b>	<b>\$ 12,710,787.34</b>	<b>\$ 24,242,089.17</b>	<b>\$ 37,386,746.10</b>
Difference in Reclass from Cap Assets to Net Assets:						
<b>Investment in General Capital Assets</b>						
General Long-term Liabilities						
PG&E Streetlights Loan	61,179.93					
Meas. B Loan: Teen/Community Center	1,312,046.00					
OPEB Liability	384,500.56					
CalPERS Pension Liability/Deferred Inflows-Outflows	546,024.06					
Accrued Compensated Absences	74,391.78					
<b>TOTAL GENERAL LONG-TERM LIABILITIES</b>	<b>\$ 2,378,142.33</b>					

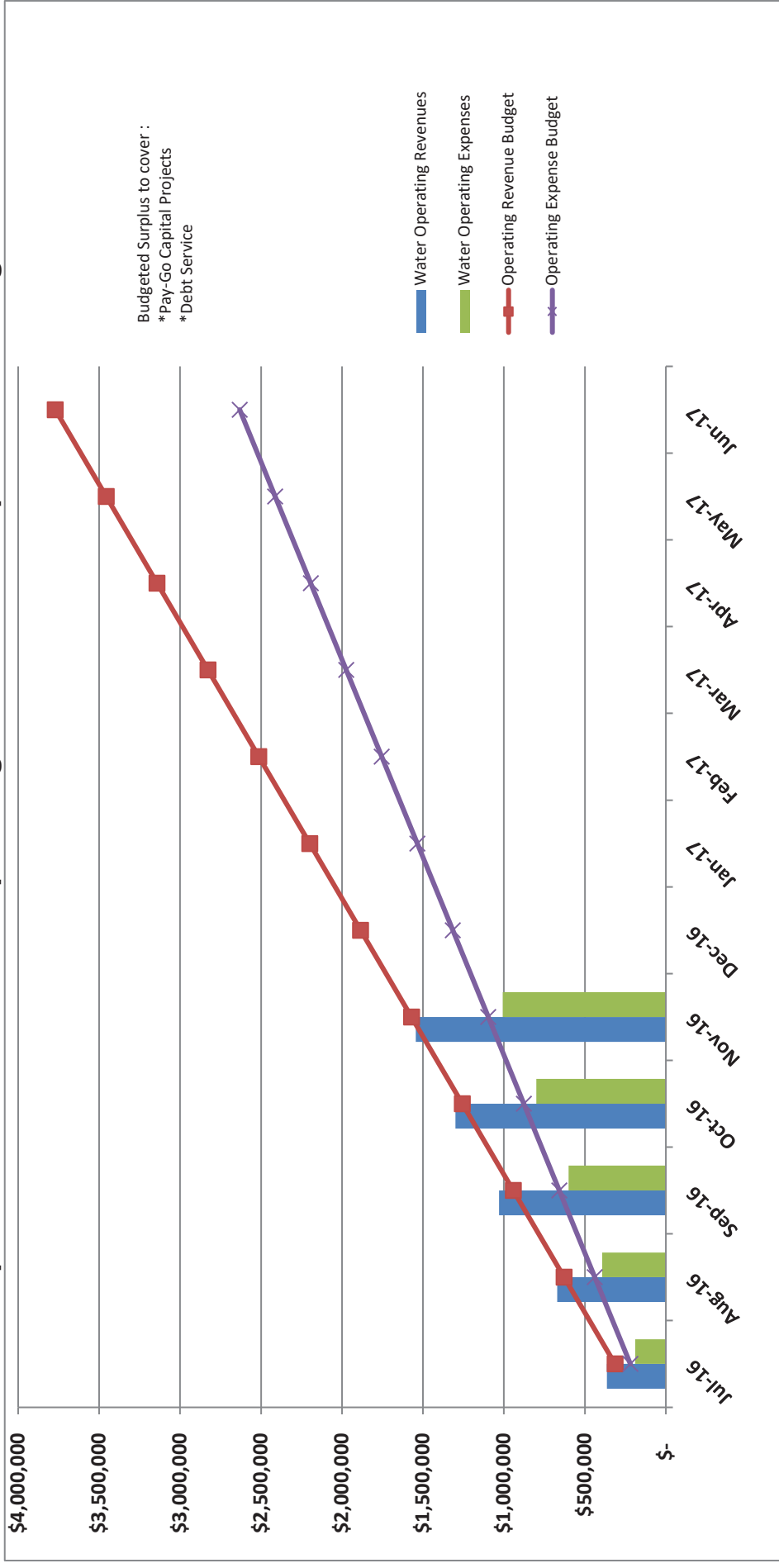
**McKinleyville Community Services District**  
**Activity Summary by Fund, Original Budget**  
**November 2016**

Department Summaries		November	% of Year 41.67% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>							
Water Sales		237,267	1,488,951	1,434,221	54,730	3.82%	
Other Revenues		19,546	137,584	136,891	693	0.51%	Includes YTD Capacity Fees of \$81,443.00. No Contrib. Construction at this time
Total Operating Revenues		256,813	1,626,534	1,571,112	55,422	3.53%	
Salaries & Benefits		70,903	337,007	362,753	(25,746)	-7.10%	
Water Purchased		79,471	395,995	403,015	(7,020)	-1.74%	
Other Expenses		28,775	131,649	184,954	(53,305)	-28.82%	Budget is spread evenly across 12 months, but actuals vary by scheduling
Depreciation		29,000	143,200	145,833	(2,633)	-1.81%	
Total Operating Expenses		208,149	1,007,852	1,096,555	(88,703)	-8.09%	
Net Operating Income		48,664	618,683	474,557	(33,281)		
Interest Income		1,788	8,352	5,625	2,727	48.48%	Budget is spread evenly across 12 months, but actuals vary by month
Interest Expense		(5,928)	(29,633)	(29,211)	422	1.44%	
<b>Net Income (Loss)</b>		<b>44,524</b>	<b>597,402</b>	<b>450,971</b>	<b>146,431</b>		
<u>Wastewater</u>							
Wastewater Service Charges		245,996	1,301,869	1,272,186	29,683	2.33%	
Other Revenues		25,381	184,071	187,029	(2,958)	-1.58%	Includes YTD Capacity Fees of \$140,323.00. No Contrib. Construction at this time
Total Operating Revenues		271,377	1,485,940	1,459,215	26,725	1.83%	
Salaries & Benefits		67,638	338,708	389,853	(51,145)	-13.12%	Not all seasonal positions filled, GIS position turnover
Other Expenses		34,366	183,733	296,454	(112,721)	-38.02%	Budget is spread evenly across 12 months, but actuals vary by month
Depreciation		40,000	199,150	200,000	(850)	-0.43%	
Total Operating Expenses		142,004	721,591	886,307	(164,716)	-18.58%	
Net Operating Income		129,373	764,349	572,908	191,441		
Interest Income		1,827	8,051	8,333	(282)	-3.39%	
Interest Expense		(9,966)	(33,520)	(11,863)	21,657	182.56%	Budget is spread evenly across 12 months, but actuals vary by month
<b>Net Income (Loss)</b>		<b>121,234</b>	<b>738,880</b>	<b>569,378</b>	<b>169,502</b>		
<b>Enterprise Funds Net Income (Loss)</b>		<b>165,758</b>	<b>1,336,282</b>	<b>1,020,349</b>	<b>315,933</b>		

Treasurer's Report Page 4

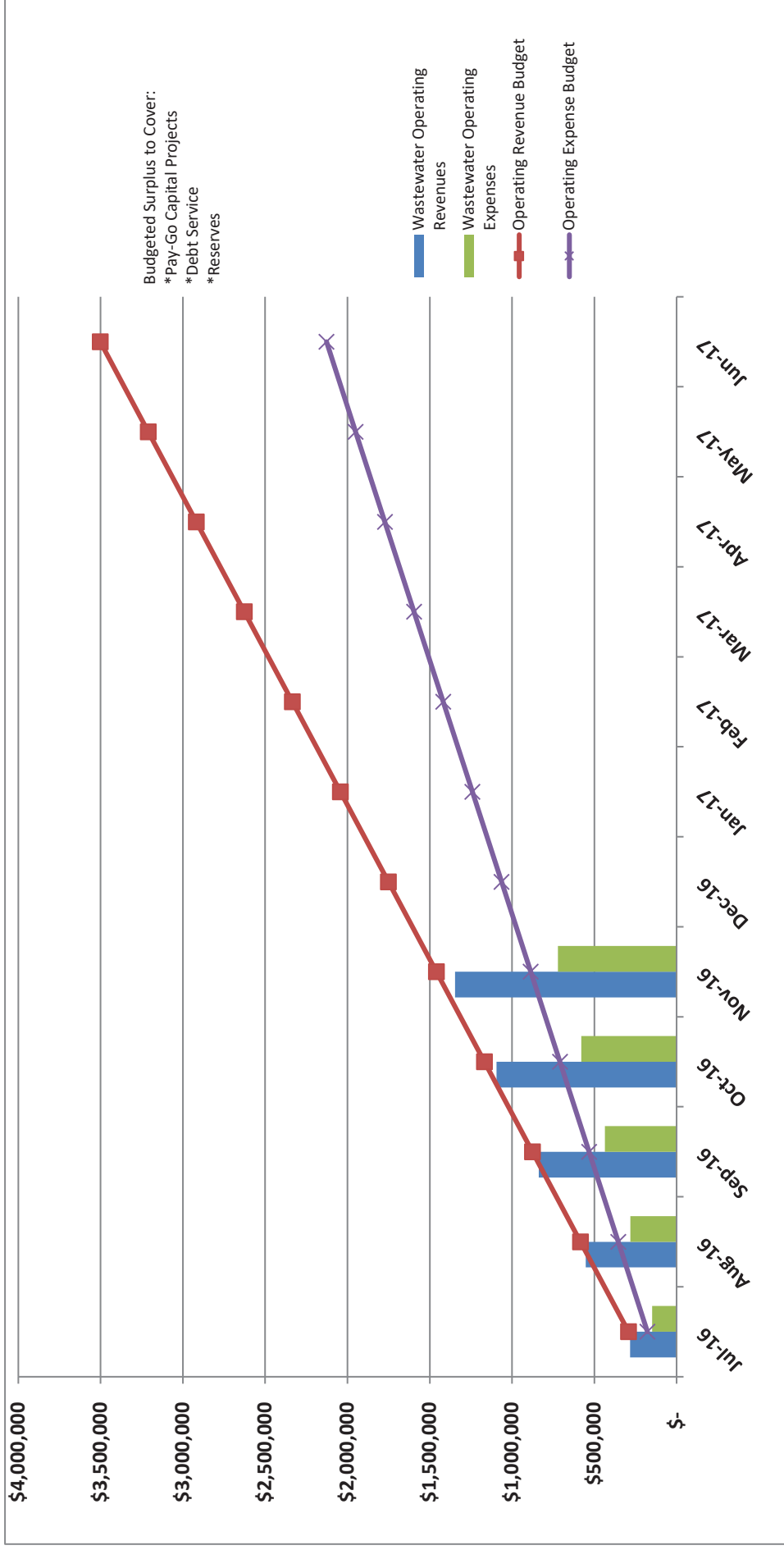
# McKinleyville Community Services District November 2016

Comparison of Water Fund Operating Revenues & Expenses to Budget



# McKinleyville Community Services District November 2016

## Comparison of Wastewater Fund Operating Revenues & Expenses to Budget



Treasurer's Report Page 6, Selected Graphic Comparisons



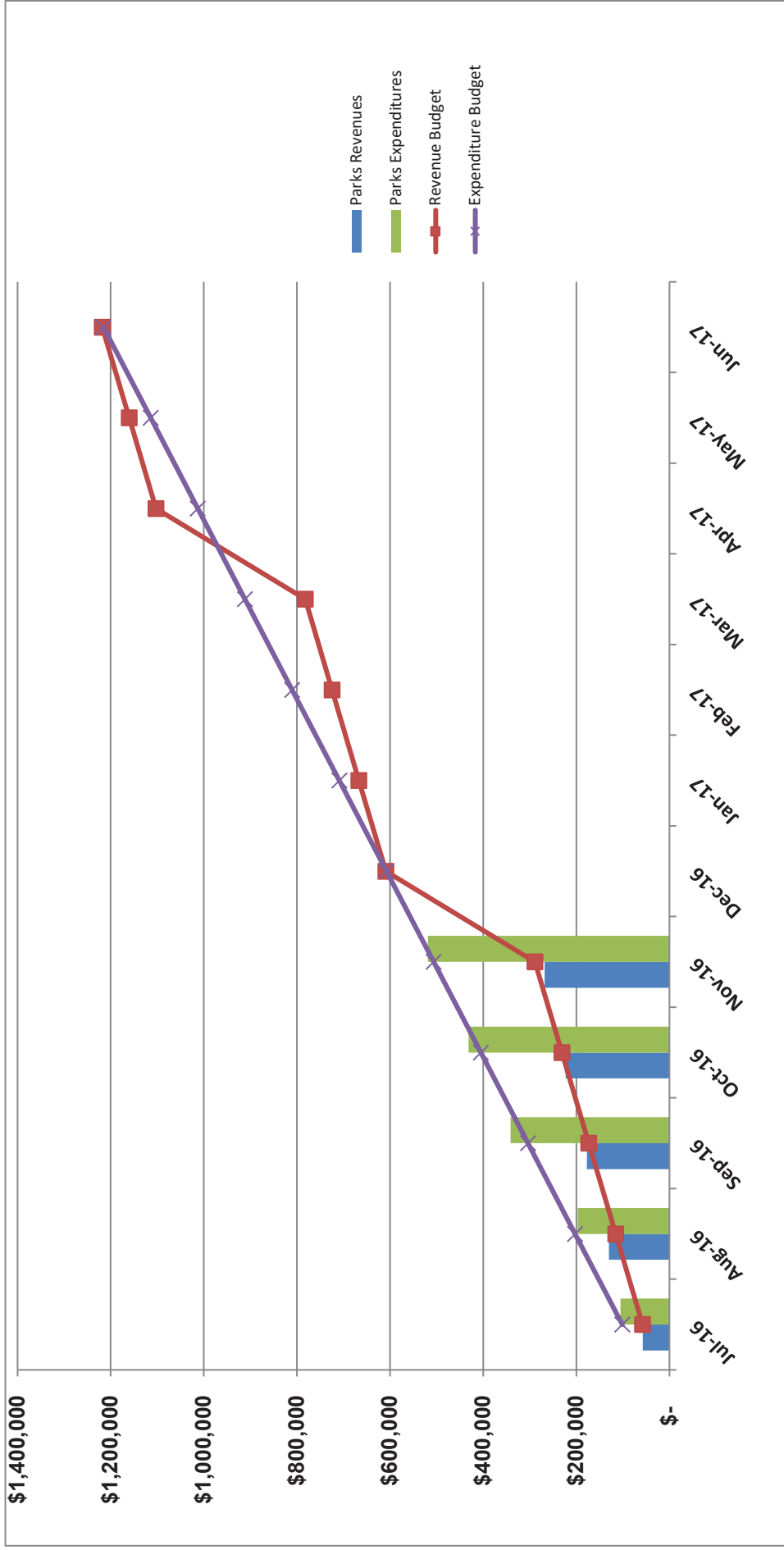
**McKinleyville Community Services District**  
**Activity Summary by Fund, Original Budget**  
**November 2016**

Department Summaries							
Parks & Recreation							
November	% of Year 41.67% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes		
30,208	181,266	155,579	25,687	16.51%	Collection of fees for Kid's Club After School program		
4,455	38,807	46,134	(7,327)	-15.88%	Budget is spread evenly across 12 months, but actuals vary by month		
-	-	218,750	(218,750)	-100.00%	County Tax remittance April/December		
9,729	44,356	82,921	(38,565)	-46.51%	Budget is spread evenly across 12 months, but actuals vary by month		
775	3,834	4,167	(333)	-7.99%			
45,167	268,263	507,551	(239,288)	-47.15%			
68,784	374,345	380,055	(5,710)	-1.50%			
18,816	89,813	107,911	(18,098)	-16.77%	Budget is spread evenly across 12 months, but actuals vary by month		
-	54,843	18,467	36,376	196.98%	Comm'l kitchen fixtures/appliances/installation for Teen Center		
87,600	519,001	506,433	12,568	2.48%			
(42,433)	(250,738)	1,118	(251,856)				
(122)	(1,682)	88,958	(90,640)	-101.89%	Interest & unrealized gains/losses; County Tax remittance April/December		
2,727	20,832	23,233	(2,402)	-10.34%	Budget is spread evenly across 12 months, but actuals vary by month		
2,479	23,030	12,604	10,426	82.72%	Teen Center interior furnishings moved to supplies		
2,409	40,093	53,105	(13,012)	-24.50%	Teen Center kitchen/interior furnishings/landscaping		
7,615	83,954	88,942	(4,988)	-5.61%			
(7,737)	(85,636)	16	(85,652)				
8,431	42,320	39,941	2,379	5.96%			
3,582	14,117	17,103	(2,986)	-17.46%	Budget is spread evenly across 12 months, but actuals vary by month		
2,677	11,904	13,599	(1,695)	-12.47%	Budget is spread evenly across 12 months, but actuals vary by month		
1,655	8,277	9,110	(833)	-9.14%	LED Project Debt repayment		
7,915	34,298	39,812	(5,514)	-13.85%			
516	8,022	129	(7,893)				
(49,654)	(328,352)	1,263	(329,615)				
Measure B Assessment							
Total Revenues							
Salaries & Benefits							
Other Expenditures							
Capital Expenditures							
Total Expenditures							
Excess (Deficit)							
Street Lights							
Total Revenues							
Salaries & Benefits							
Other Expenditures							
Capital Expenditures/Loan Repayment							
Total Expenditures							
Excess (Deficit)							
Governmental Funds Excess (Deficit)							

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# McKinleyville Community Services District November 2016

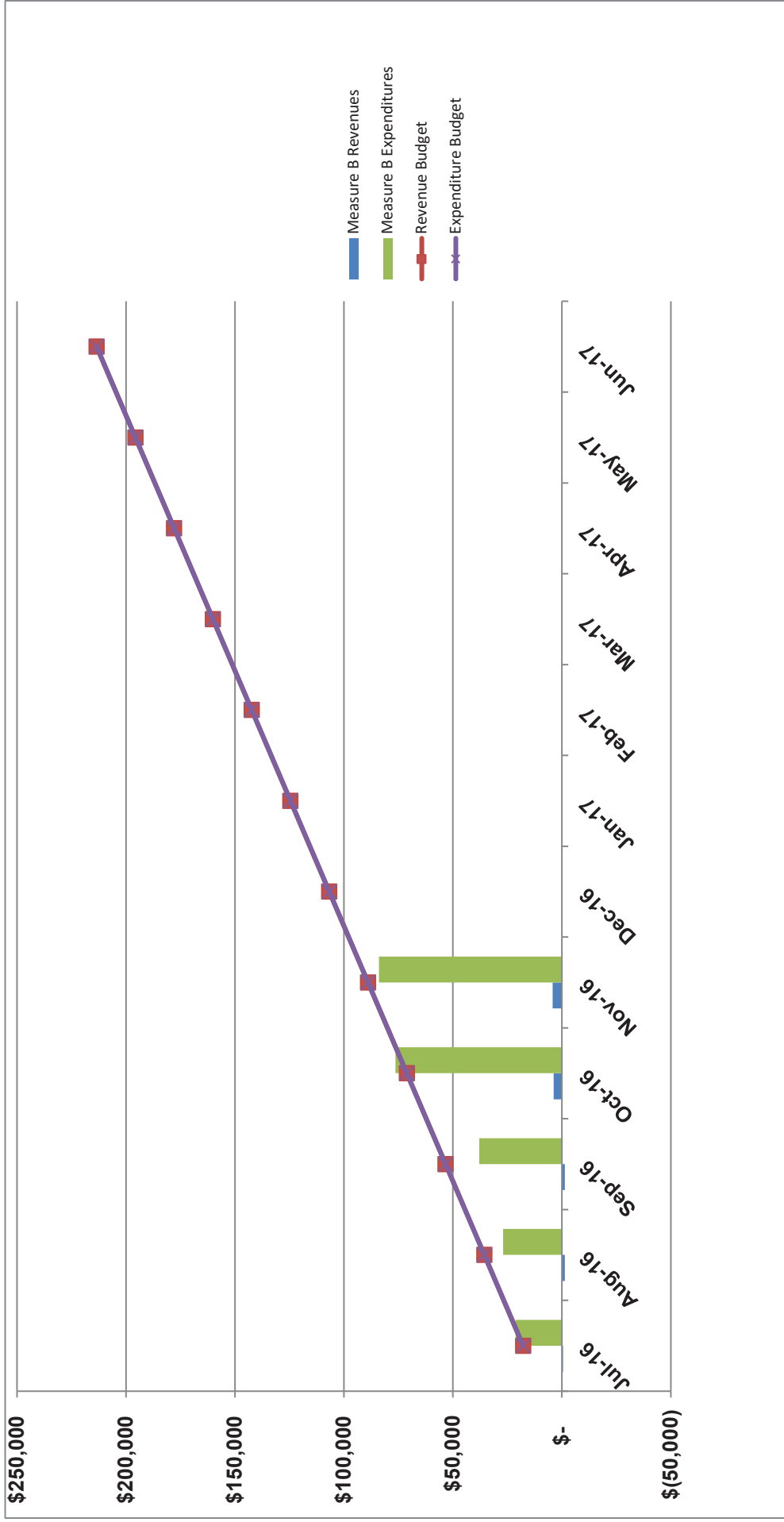
## Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



Treasurer's Report Page 8, Selected Graphic Comparisons

# McKinleyville Community Services District November 2016

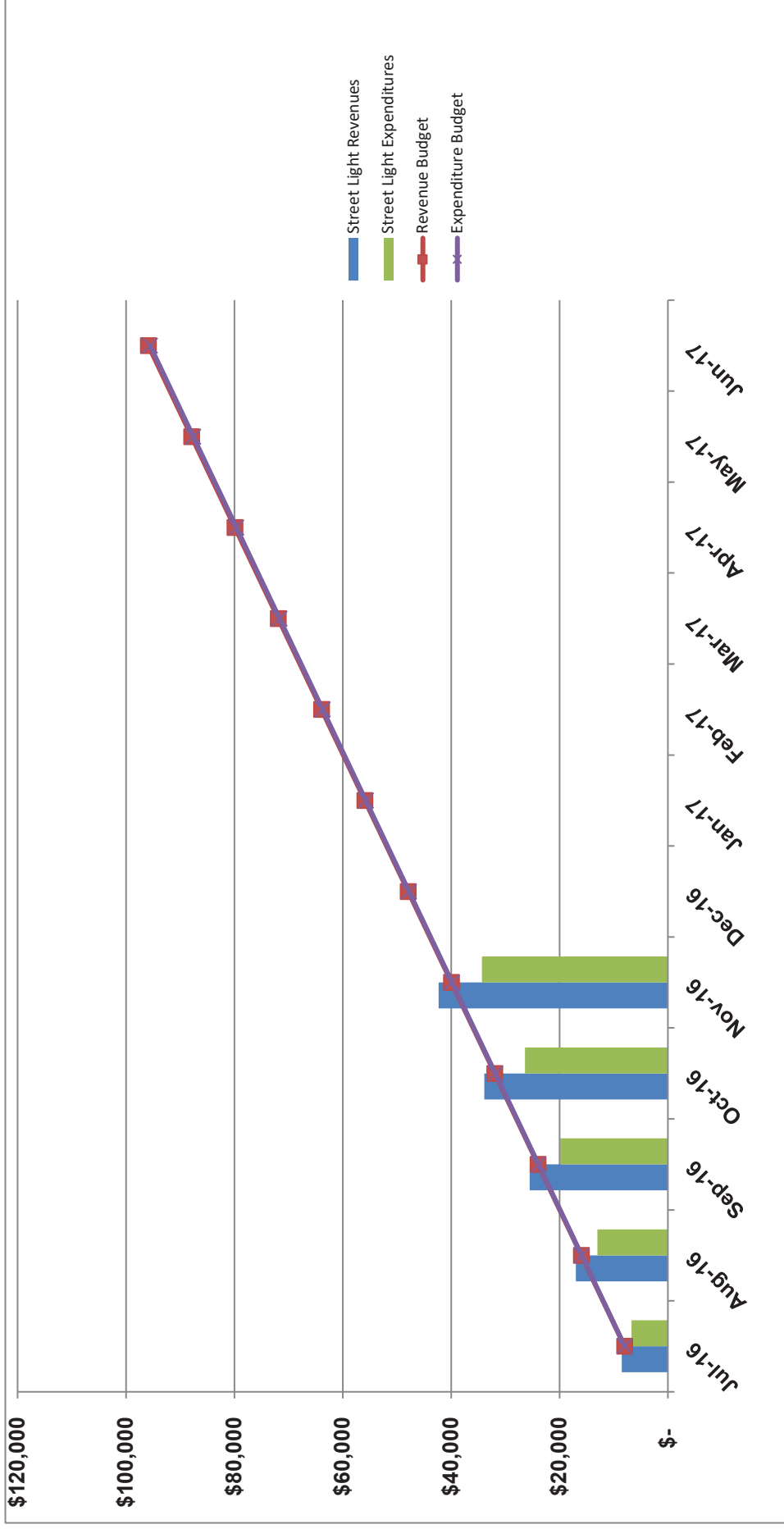
## Comparison of Measure B Fund Total Revenues & Expenditures to Budget



Treasurer's Report Page 9, Selected Graphic Comparisons

# McKinleyville Community Services District November 2016

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



Treasurer's Report Page 10, Selected Graphic Comparisons

**McKinleyville Community Services District**  
**Capital Expenditure Report**  
**As of November 30, 2016**

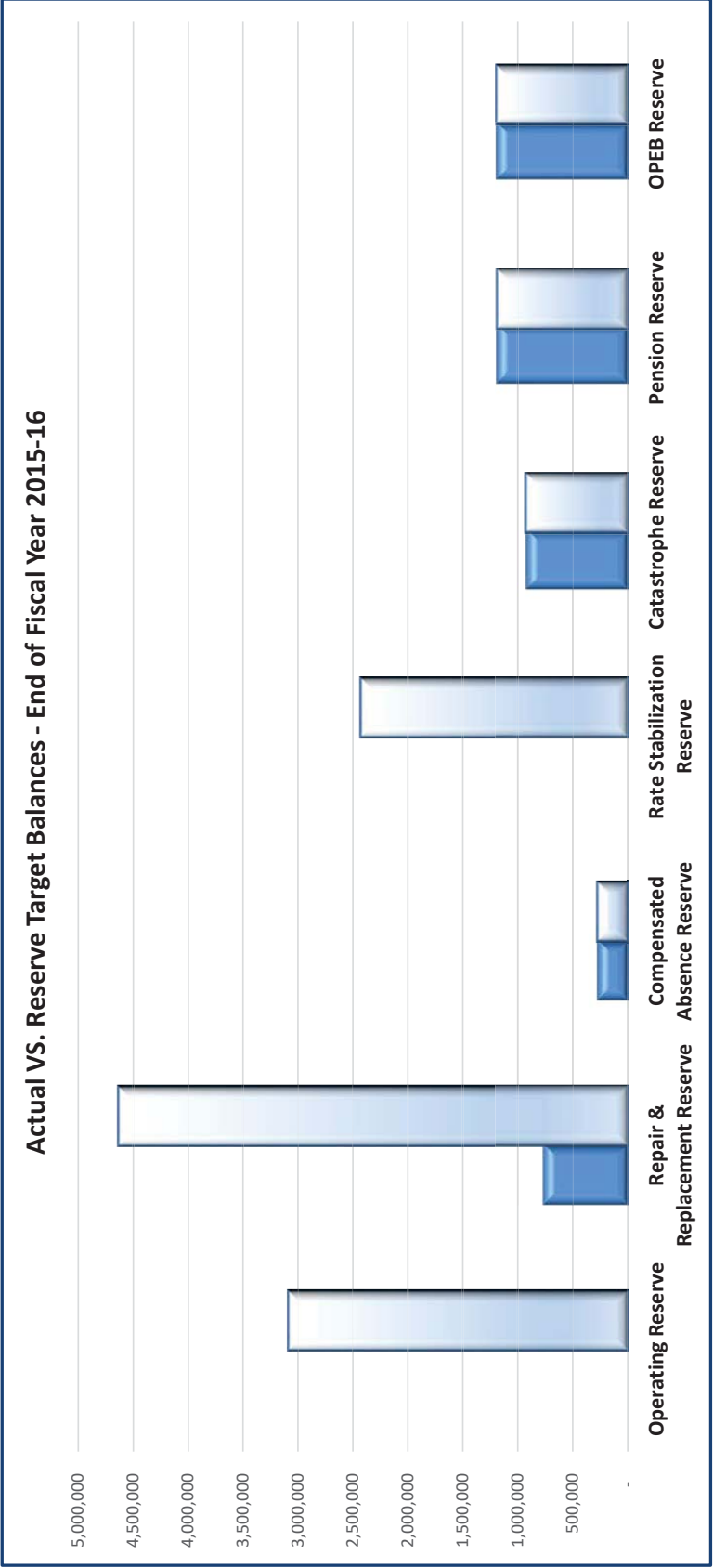
	November	YTD Total	FY 16-17 Budget	Remaining		
				Budget \$	Budget %	Notes
<b>Water Department</b>						
Ramey Pump Upgrades	-	-	-	-	#DIV/0!	
Water Tank Upgrade	22,816	152,739	491,600	338,861	69%	Tank Painting
4.5m New Water Tank	-	-	700,000	700,000	100%	Drilling, LACO Assoc.
Production Meter Replacements	-	-	8,000	8,000	100%	Production Meter Replacement
Emergency Water Supply	-	563	40,000	39,438	99%	Emergency Water Supply
Emergency Response Equipment	-	-	50,000	50,000	100%	Emergency Generator
Fire Hydrant System Upgrade	-	-	14,000	14,000	100%	Fire Hydrant System Upgrade
Customer Radio Meter Replacements	60,899	81,412	260,000	178,588	69%	Radio meters purch/install
Radio Telemetry Upgrade	-	-	-	-	#DIV/0!	Equipment purchased
Meter Reading Equipment Replacement	-	-	-	-	#DIV/0!	Equipment purchased
Water Main Rehab & Replacement	-	1,294	100,000	98,706	99%	Water Main Rehab
Property Purchase & Improvements	-	-	200,000	200,000	100%	Property Purch/Improvements
Subtotal	83,715	236,008	1,863,600	1,627,592	87%	
<b>Wastewater Department</b>						
Sewer Main Rehab & Replacement	-	-	100,000	100,000	100%	Sewer Main Rehab
WWMF Biosolids Project	-	-	240,000	240,000	100%	to County Trust Acct#9390
Fischer Lift Station Generator	-	2,309	80,000	77,692	97%	Fischer Lift Stn Generator
Sewer Main Camera Unit	-	-	30,000	30,000	100%	
WWMF Upgrade/CEQA/Permitting	60,984	3,102,236	13,000,000	9,897,764	76%	WWMF construction
Radio Telemetry Upgrade	-	-	30,000	30,000	100%	Radio Telemetry upgrade
WWMF Engr Study (next NPDES Permit)	-	-	50,000	50,000	100%	
Customer Radio Meter Replacements	58,981	78,848	260,000	181,152	70%	Radio meters purch/install
Underground Locator Pipe & Camera	-	-	5,000	5,000	100%	
SCBA Apparatus and Bottles	-	-	6,000	6,000	100%	
Subtotal	119,965	3,183,392	13,801,000	10,617,608	77%	
<b>Water &amp; Wastewater Operations</b>						
Heavy Equipment	-	-	410,000	410,000	100%	Hydrocleaner; Tractor attachmt
Utility Vehicles	-	652	63,000	62,348	99%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	-	-	10,000	10,000	100%	Facilities upgrade/sealcoat
Computers & Software	-	-	65,000	65,000	100%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tr	-	11,416	5,000	(6,416)	-128%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Und	-	1,850	17,000	15,150	89%	Underground valving/piping
Fischer Ranch -Disposal Site Upgrade	1,638	1,638	1,500,000	1,498,362	100%	Disposal Site Upgrade
Small Equipment & Other	-	-	20,000	20,000	100%	Ops Office Eq./Emergency Eqp
Subtotal	1,638	15,557	2,090,000	2,074,443	99%	
Enterprise Funds Total	205,317	3,434,957	17,754,600	14,319,643	81%	
<b>Parks &amp; Recreation Department</b>						
Hiller Park & Sports Complex	-	-	5,000	5,000	100%	Other Equipment & Signage
Azalea Hall Projects	-	-	11,000	11,000	100%	PA sys, Parking Lot resurfacing
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	
Law Enforcement Facility Improvements	-	-	5,000	5,000	100%	Paving/Sealing
Projects Funded by Quimby/Other Funds	-	-	-	-	#DIV/0!	Covered Picnic Area
Projects Funded by Measure B Renewal	2,409	113,404	237,000	123,596	52%	Teen Center Constr&Loan svc
Other Parks Projects & Equipment	-	-	23,000	23,000	100%	Vehicles and Equipment
Subtotal	2,409	113,404	281,000	167,596	60%	
<b>Streetlights</b>						
Pole Replacement	-	-	2,000	2,000	100%	Pole Replacement
Subtotal	-	-	2,000	2,000	100%	
Governmental Funds Total	2,409	113,404	283,000	169,596	60%	
All Funds Total	207,726	3,548,361	18,037,600	14,489,239	80%	

**McKinleyville Community Services District**  
**Summary of Long-Term Debt Report**  
**As of November 30, 2016**

Summary of Long-Term Debt Report As of November 30, 2016					Principal Maturities and Scheduled Interest		
	Maturity		Balance - October 31, 2016	Balance - November 30, 2016	FY-17	Thereafter	
	%	Date					
<b>Water Fund:</b>							
I-Bank Interest	3.37%	8/1/30	P	759,574.85	759,574.85	-	759,574.90 192,921.18
State of CA Energy Commission (ARRA) Interest	1.0%	12/22/26	P	123,806.91	118,202.22	5,636.03 589.39	112,565.98 5,716.71
State of CA (Davis Grunsky)		1/1/33	P	1,703,645.91	1,703,645.91	81,651.96	1,621,993.95
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P	289,591.69	289,591.69	17,035.12	272,556.57
Interest	2.5%		I			42,591.14	365,895.58
Total Water Fund-Principal				2,876,619.36	2,871,014.67	104,323.11	2,766,691.40
Total Water Fund-Interest						55,979.37	564,533.47
<b>Total Water Fund</b>				2,876,619.36	2,871,014.67	160,302.48	3,331,224.87
<b>Wastewater Fund:</b>							
WWMF SRF Loan Interest	1.6%	7/31/47	P	4,380,965.00	5,777,179.00	-	24,724,009.73
			I			-	
State of CA WRCB (SCEP II)		3/27/18	P	53,686.10	53,686.10	26,510.50	27,176.10
Interest	2.6%		I			1,395.84	706.57
Umpqua Bank Interest	5.5%	12/4/17	P	62,677.92	58,326.22	31,084.46 1,426.90	27,061.53 433.07
USDA (Sewer Bond) Interest	5.0%	8/1/22	P	445,000.00	445,000.00	-	445,000.00
			I			11,125.00	66,875.00
Total Wastewater Fund-Principal				4,942,329.02	6,334,191.32	57,594.96	25,223,247.36
Total Wastewater Fund-Interest						13,947.74	68,014.64
<b>Total Sewer Fund</b>				4,942,329.02	6,334,191.32	71,542.70	25,291,262.00
<b>Meas. B Fund: Teen/Comm Center Loan</b>							
		11/1/29	P	1,312,046.00	1,312,046.00	39,281.00	1,277,225.00
	3.55%		I			23,468.10	315,381.41
<b>Streetlights Fund: LED Proj Loan, PG&amp;E</b>							
			P	62,835.33	61,179.93	11,197.80	49,961.75
	0.0%		I			-	-
Total Principal				9,193,829.71	10,578,431.92	212,396.87	29,317,125.51
Total Interest						93,395.21	947,929.52
<b>Total</b>				<b>9,193,829.71</b>	<b>10,578,431.92</b>	<b>305,792.08</b>	<b>30,265,055.03</b>

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**McKinleyville Community Services District**  
**Board Designated Reserve Balances**  
**As of November 30, 2016**



- Utility Accounts Receivable Turnover Days	As of November 30, 2016	12.9 Days
- YTD Breakeven Revenue, Water Fund:	833,541.92	- YTD Actual Water Sales: 1,488,950.61
- Days of Cash on Hand - Operations Checking Account		205.3 Days



**McKinleyville Community Services District**  
**Cash Disbursement Report**  
**For the Period November 1 through November 30, 2016**

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
<b>Accounts Payable Disbursements</b>						
31770	11/2/2016	COA01	COASTAL BUSINESS SYSTEMS	393.37	19564735	COPIER MAINTENANCE AGREEMENT
31771	11/2/2016	COR01	CORBIN WILLITS SYSTEMS, INC	888.42	B61101	MOMS MONTHLY MAINTENANCE
31772	11/2/2016	COR07	JOHN W. CORBETT	125.00	B61101	BOARD MTG 10/05/2016
31773	11/2/2016	COU07	DAVID COUCH	498.95	B61101	2016 CSDA CONFERENCE
31774	11/2/2016	COU09	DAVID R. COUCH	125.00	B61101	BOARD MTG 10/05/2016
31775	11/2/2016	GHD01	GHD	1,239.75	70947	HAZARD MITIGATION GRANT
31776	11/2/2016	HAR13	The Hartford - Priority A	413.27	B61101	GRP LIFE INSURANCE
31777	11/2/2016	HEN03	JAMES G. HENRY	312.00	B61101	GRADE IV EXAM
31778	11/2/2016	HUC01	DELILAH HUCK	292.50	B61101	CONTRACT INSTRUCTOR PMT
31779	11/2/2016	JAC04	JACKSON & EKLUND, INC.	10,983.00	B61101	PROFESSIONAL SERVICES
31780	11/2/2016	KEN02	KENNEDY/JENKS CONSULTANTS	1,107.50	105234	WWMF UPGRADE
				70,904.39	105238	WWMF UPGRADE
			Check Total:	72,011.89		
31781	11/2/2016	MAY02	DENNIS MAYO	125.00	B61101	BOARD MTG 10/05/2016
31782	11/2/2016	MAY03	DENNIS MAYO	102.35	0	LITTLE HOOVER COMMISSION MTG
31783	11/2/2016	NOR09	NORTH COAST MAPPING SOLUTIONS	600.00	B61101	PROFESSIONAL SERVICES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31784	11/2/2016	OSC01	OSCAR LARSON & ASSOCIATES	621.29	B61102	PROFESSIONAL SERVICES
31785	11/2/2016	SCA01	SCADA SUPPORT GROUP	4,928.00	1610	WWMF UPGRADE
31786	11/2/2016	SLO01	DIANE SLOANE	177.19	B61102	FLEX SPENDING REIMBURSEMENT
31787	11/2/2016	SMA01	DREW SMALL	184.68	B61102	WATER DISTRIBUTION LICENSE
31788	11/2/2016	SMA02	SMARTHIRE	20.00	624767	PROFESSIONAL SERVICES
31789	11/2/2016	STA09	S.W.R.C.B.	80.00	B61102	CERTIFICATION
31790	11/2/2016	SUD01	SUDDENLINK	134.95	B61102	INTERNET SERVICES
31791	11/2/2016	\F009	MQ CUSTOMER REFUND FOR FR	115.43	000B61101	MQ CUSTOMER REFUND FOR FR
31792	11/2/2016	\G015	MQ CUSTOMER REFUND FOR GU	46.14	000B61101	MQ CUSTOMER REFUND FOR GU
31793	11/2/2016	\K001	MQ CUSTOMER REFUND FOR KI	60.68	000B61101	MQ CUSTOMER REFUND FOR KI
31794	11/2/2016	\M003	MQ CUSTOMER REFUND FOR ME	63.54	000B61101	MQ CUSTOMER REFUND FOR ME
31795	11/2/2016	\N008	MQ CUSTOMER REFUND FOR NO	81.98	000B61101	MQ CUSTOMER REFUND FOR NO
31796	11/2/2016	\R016	MQ CUSTOMER REFUND FOR RA	23.53	000B61101	MQ CUSTOMER REFUND FOR RA
31797	11/2/2016	\R017	MQ CUSTOMER REFUND FOR RE	100.00	000B61101	MQ CUSTOMER REFUND FOR RE
31798	11/2/2016	\S032	MQ CUSTOMER REFUND FOR SM	63.68	000B61101	MQ CUSTOMER REFUND FOR SM
31799	11/2/2016	\W018	MQ CUSTOMER REFUND FOR WI	44.43	000B61101	MQ CUSTOMER REFUND FOR WI
31801	11/8/2016	*0037	AZALEA HALL DEPOSIT REFUND BW	-	B61102u	Ck# 031801 Reversed
31802	11/8/2016	ABF01	EMILY ABFALTER	333.00	B60929	BOARD SEC/CLERK CONFERENCE
31803	11/8/2016	ARC02	Arcata Stationers	313.36	B61102	OFFICE SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31804	11/8/2016	BAN01	BANKCARD CENTER	11,268.09	B61108	TRAVEL/TRAINING/SUPPLIES
31805	11/8/2016	BAS01	BASIC LABORATORY INC.	188.50	1610628	LAB TESTING
31806	11/8/2016	BEL01	BELSON OUTDOORS LLC.	231.34	144598	REPAIRS/SUPPLY HILLER PARK
31807	11/8/2016	COR03	JOHN CORBETT	23.00	B61108	ACWA 2016 REGULATORY SUMMIT
31808	11/8/2016	COS03	CAPITAL ONE COMMERCIAL (COSTCO)	32.96	B61103	OFFICE & REC SUPPLIES
31809	11/8/2016	EUR05	Eureka Oxygen Co	528.88	428288	PROFESSIONAL SERVICES
			Check Total:	224.16	428289	PROFESSIONAL SERVICES
				753.04		
31810	11/8/2016	GRA02	GRAINGER	68.93	925166887	SAFETY SUPPLIES
31811	11/8/2016	HIG02	HIGH ROCK CONSERVATION CA	1,000.00	B61102	PROFESSIONAL SERVICES
31812	11/8/2016	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTRICT	80,294.68	B61102	WTR PURCHASED
31813	11/8/2016	HUM08	HUMBOLDT SANITATION	476.60	B61102	TRASH SERVICE
31814	11/8/2016	KER01	KERNEN CONSTRUCTION	481.81	658	REPAIRS/ SUPPLIES
31815	11/8/2016	MAR01	ERIC MARTIN	14.03	B61104	REPAIRS/SUPPLIES REIMB
31816	11/8/2016	MCK03	MCKINLEYVILLE OFFICE SUPPLIES	156.37	B61102	WWMF UPGRADE/SCADA SHIPMENT
31817	11/8/2016	MCK11	MCKINLEYVILLE SENIOR CENTER	32.91	B61108	PARKS DEPT SHARE OF INTERNET
31818	11/8/2016	MES01	KIRSTEN MESSMER	97.90	B61102	REC PROGRAM SUPPLIES
31819	11/8/2016	NAP02	NAPA AUTO PARTS	46.49	B61103	VEHICLE REPAIRS
31820	11/8/2016	NEC01	NEC FINANCIAL SERVICES, LLC	413.23	1953913	PHONE LEASE
31821	11/8/2016	NYL01	NYLEX.NET	125.00	2627	PROFESSIONAL SERVICES
			Check Total:	157.50	2671	PROFESSIONAL SERVICES
				282.50		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31822	11/8/2016	PGE01	PG & E (Office & Field)	18,567.27	B61108	GAS & ELECTRIC
31823	11/8/2016	PRE08	PRECISION INTERMEDIA	831.25	B61103	PROFESSIONAL SERVICES
31824	11/8/2016	REN01	RENNER PETROLEUM	2,454.11	B61103	FUEL FOR OCT 2016
31825	11/8/2016	RES05	RESERVE ACCOUNT	1,500.00	B61108	POSTAGE METER
31826	11/8/2016	SUD01	SUDDENLINK	380.65	B61108	INTERNET SERVICES FOR TEEN CTR
31827	11/8/2016	UMP04	UMPQUA BANK	64,702.02	B61108	MEAS. B LOAN PAYMENT
31828	11/8/2016	USB01	U.S. BANK TRUST N.A.	7,687.50	B61108	SEWER BOND PAYMENT
31829	11/8/2016	USP02	USPS: ARCATA BMEU	1,500.00	B61108	REFILL PERMIT 202 BULK MAIL
31830	11/8/2016	VER01	VERIZON WIRELESS	65.13	B61108	CELL PHONES FOR OCT 2016
31831	11/8/2016	WES02	WES GREEN	121.50	66393	TEEN CENTER
31832	11/8/2016	WES13	WESTERN WEB	1,127.82	18133	NEWSLETTER PRINTING
31833	11/8/2016	HUB02	HUB INTERNATIONAL INSURANCE	162.10	B61108P	SPECIAL EVENT INSURANCE
31835	11/14/2016	*0038	AZALEA HALL DEPOSIT REFUND CS	100.00	B61114	AZALEA HALL DEPOSIT REFUND CS
31836	11/14/2016	*0039	AZALEA HALL DEPOSIT REFUND DG	100.00	B61114	AZALEA HALL DEPOSIT REFUND DG
31837	11/14/2016	ACW01	CB&T/ACWA-JPIA	3,544.26	B61109	GRP. HEALTH INS
31838	11/14/2016	ATT01	AT&T	716.21	B61114	PHONE SERVICE FOR NOV 2016
31839	11/14/2016	BAY01	BAY AREA COATING CONSULTANTS	2,822.45	B61104	TANK COATING PROJECT
31840	11/14/2016	BRU04	REBECCA J. BRUINEKOOL	1,573.54	B61114	CONTRACT INSTRUCTOR
31841	11/14/2016	CAS04	CASTINO RESTAURANT EQUIPMENT	28,160.26	IP468678	TEEN CENTER

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31842	11/14/2016	DEP05	DEPARTMENT OF JUSTICE	32.00	197395	FINGERPRINTING
31843	11/14/2016	FAN01	RODRIGO FANTI	393.25	B61114	CONTRACT INSTRUCTOR PMT
31844	11/14/2016	HEL01	KEVIN HELD	400.00	B61102	JR HIGH DANCE-DJ SERVICES
31845	11/14/2016	HIL02	HILFIKER PIPE CO.	567.20	45573	REPAIRS/ SUPPLIES
31846	11/14/2016	HUM08	HUMBOLDT SANITATION	953.20	B61109	TRASH SERVICE
31847	11/14/2016	KEN03	KEN'S AUTO PARTS	38.11	B61108	REPAIRS/ SUPPLIES
31848	11/14/2016	MAY03	DENNIS MAYO	96.00	B61101	ACWA BOARD OF DIRCTORS MTG
31849	11/14/2016	MCK04	MCK ACE HARDWARE	682.18	B61108	REPAIRS/SUPPLY
31850	11/14/2016	MEN01	MENDES SUPPLY CO.	3,538.31	B61108	REPAIRS/SUPPLY
31851	11/14/2016	NAT01	NATIONAL NOTARY ASSOC.	606.04	899184	NOTARY RENEWAL
31852	11/14/2016	NOR01	NORTH COAST LABORATORIES	3,301.00	B61110	LAB TESTS
31853	11/14/2016	NOR35	NOR. HUMBOLDT EMPLOYMENT SVCS	275.03	B61108	PIERSON PARK MAINTENANCE
31853	11/14/2016	NOR35	NOR. HUMBOLDT EMPLOYMENT SVCS	497.77	B61109	CENTRAL AVE MAINTENANCE
Check Total:				772.80		
31854	11/14/2016	NOR40	NORTHCOAST EMPLOYER ADVISORY COUNCIL	40.00	B61110	TRAINING
31855	11/14/2016	ORE01	O'REILLY AUTOMOTIVE, INC.	230.78	B61108	REPAIRS/SUPPLY
31856	11/14/2016	PGE10	PG&E STREETLIGHTS	3.06	B61114	STREETLIGHTS-NOV 2016
31857	11/14/2016	SAF04	SAFEWAY INC. FILE # 72905	43.18	B61108	SUPPLIES PURCHASED
31858	11/14/2016	SIE02	SIERRA CHEMICAL CO.	1,054.68	B61108	CHLORINE & CONTAINER DEPOSIT
31859	11/14/2016	SMA01	DREW SMALL	64.00	B61114	WATER TREATMENT EXAM-TRAVEL REIMB
31860	11/14/2016	STA01	STATEWIDE TRAFFIC	320.92	9001894	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31861	11/14/2016	STA02	STATE OF CALIFORNIA ENERGY COMMISSION	6,225.42	B61114	ARRA LOAN PMT
31862	11/14/2016	STA11	STAPLES CREDIT PLAN	69.84	B61114	REPAIRS/ SUPPLIES
31863	11/14/2016	UPS01	UPS	55.49	B61110	LAB SHIPMENT
31864	11/14/2016	WES09	WEST COAST PLUMBING	328.67	B61109	TEEN CENTER
31865	11/21/2016	*0037	AZALEA HALL DEPOSIT REFUND NC	100.00	B61121	AZALEA HALL DEPOSIT REFUND NC
31866	11/21/2016	*0040	AZALEA HALL DEPOSIT REFUND JV	100.00	B61121	AZALEA HALL DEPOSIT REFUND JV
31867	11/21/2016	*0041	AZALEA HALL DEPOSIT REFUND SS	100.00	B61121	AZALEA HALL DEPOSIT REFUND SS
31868	11/21/2016	AIR01	AIRGAS USA, LLC.	187.59	905668754	SAFETY SUPPLIES
31869	11/21/2016	AUB01	AUBURN CONSTRUCTORS, INC.	526,180.15	8	WWMF UPGRADE
31870	11/21/2016	AWW03	AMERICAN WATER WORKS ASSOCIATION	1,968.00	1251855	SUBSCRIPTIONS
31871	11/21/2016	BLA04	BLASTCO, INC.	123,588.00	47691	WATER TANK UPGRADE
31872	11/21/2016	COA01	COASTAL BUSINESS SYSTEMS	945.07	B61114	COPIER MAINTENANCE AGREEMENT
31873	11/21/2016	COA02	COASTAL BUSINESS SYSTEMS	915.44	55683	DOCSTAR MAINTENANCE AGREEMENT
31874	11/21/2016	IBS01	IBS OF THE REDWOODS	118.47	180011642	VEHICLE REPAIRS
31875	11/21/2016	IND02	Industrial Electric Serv	62.48	IN21118	REPAIRS/SUPPLY
				76.42	IN21150	TEEN CENTER
				104.23	IN21210	REPAIRS/SUPPLY
			Check Total:	243.13		
31876	11/21/2016	JAC04	JACKSON & EKLUND, INC.	8,780.00	187439	PROFESSIONAL SERVICES
31877	11/21/2016	KEN02	KENNEDY/JENKS CONSULTANTS	4,162.50	105998	CWSRF LOAN DOCS ASSISTANCE
31877	11/21/2016	KEN02	KENNEDY/JENKS CONSULTANTS	49,751.67	106120	WWMF UPGRADE
			Check Total:	53,914.17		

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31878	11/21/2016	MAN03	MANDELL MUNICIPAL COUNSEL	104.00	B61121	LEGAL SERVICES
31879	11/21/2016	MAY03	DENNIS MAYO	257.00	B61102	ACWA 2016 FALL CONFERENCE
31880	11/21/2016	MIL01	Miller Farms Nursery	2,749.46	B61110	REPAIRS/SUPPLY/TEEN CENTER
31881	11/21/2016	MIT01	Mitchell, Brisso, Delaney	247.50	38452	LEGAL SERVICES
31882	11/21/2016	MUD01	MUDDY WATERS COFFEE CO.,I	37.50	17164	OFFICE SUPPLIES
				37.50	17257	OFFICE SUPPLIES
				37.50	17352	OFFICE SUPPLIES
			Check Total:	112.50		
31883	11/21/2016	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	80.00	22771	SAFETY TRAINING
31884	11/21/2016	NYL01	NYLEX.NET	210.00	2725	PROFESSIONAL SERVICES
31885	11/21/2016	PGE06	PG&E-STREETLIGHTS	14.82	B61121	STREETLIGHTS NOV 2016
31886	11/21/2016	PGE07	PG&E STREETLIGHTS	921.38	B61121	STREETLIGHTS NOV 2016
31887	11/21/2016	PGE08	PG&E STREETLIGHTS	14.15	B61121	STREETLIGHTS NOV 2016
31888	11/21/2016	PGE09	PG&E-STREETLIGHTS	71.92	B61121	STREETLIGHTS NOV 2016
31889	11/21/2016	PIN01	JONATHAN THOMAS PINI	90.00	B61121	CONTRACT FUTSAL REFEREE
31890	11/21/2016	PRE08	PRECISION INTERMEDIA	23.75	16-3087	PROFESSIONAL SERVICES
31891	11/21/2016	RCS01	RC SYSTEMS, INC.	550.00	17043	SUBSCRIPTION RENEWAL
31892	11/21/2016	SIX03	SIX RIVERS MECHANICAL	373.57	1186	PROFESSIONAL SERVICES
31893	11/21/2016	SWR02	SWRCB FEES	2,569.31	LW1007363	ANNUAL PERMIT FEES
31894	11/21/2016	THO02	Thomas Home Center	271.21	B61110	REPAIRS/SUPPLY



Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
31895	11/21/2016	THR01	THRIFTY SUPPLY COMPANY	1,775.34	B61108	REPAIRS/ SUPPLIES/ TEEN CTR
31896	11/21/2016	THR02	THREE G'S HAY & GRAIN	132.00	38675	REPAIRS/ SUPPLIES
31897	11/21/2016	UPS01	UPS	769.04	B61121	LAB SHIPMENT
31898	11/28/2016	CSD01	CSDA	6,485.00	165	MEMBERSHIP RENEWAL
31899	11/28/2016	PGE05	PG&E	1,978.88	B61128	PG&E LOAN 4190997497
31900	11/28/2016	SMA01	DREW SMALL	39.20	B61128	WATER TREATMENT EXAM
31901	11/28/2016	UPS01	UPS	259.23	B61128	LAB SHIPMENT
31902	11/28/2016	*0041	REC PROGRAM REFUND SS	40.00	B61128P	REC PROGRAM REFUND SS
31903	11/30/2016	MAY03	DENNIS MAYO	-	B61130u	Ck# 031903 Reversed
31904	11/30/2016	MAY03	DENNIS MAYO	109.09	B61130	ACWA BOARD OF DIRECTORS MTG
31905	11/30/2016	MAY03	DENNIS MAYO	109.09	1	ACWA BOARD OF DIRECTORS MTG
<b>Total Disbursements, Accounts Payable:</b>				1,084,794.42		
				<u>1,084,794.42</u>		

Payroll Related Disbursements						
14114-14115	11/1/2016	Various Employees		2,491.70		Accrual Buyouts
14116-14140	11/9/2016	Various Employees		13,052.13		Payroll Checks
14141	11/9/2016	CAL12	CalPERS 457 Plan	5,873.84	B61109	RETIREMENT
		Check Total:		452.47	1861109	PERS 457 LOAN PMT
				<u>6,326.31</u>		
14142	11/9/2016	DIR01	DIRECT DEPOSIT VENDOR- US	31,367.17	B61109	Direct Deposit

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
14143	11/9/2016	EMP01	Employment Development	-	B61101	STATE INCOME TAX
				1,495.19	B61109	STATE INCOME TAX
14143	11/9/2016	EMP01	Employment Development	24.30	1B61101	SDI
				505.42	1B61109	SDI
			Check Total:	2,024.91		
14144	11/9/2016	HUM29	UMPQUA BANK--PAYROLL DEP.	-	B61101	FEDERAL INCOME TAX
				5,405.99	B61109	FEDERAL INCOME TAX
				334.84	1B61101	FICA
				7,649.68	1B61109	FICA
				78.30	2B61101	MEDICARE
				1,789.00	2B61109	MEDICARE
			Check Total:	15,257.81		
14145	11/9/2016	ACW01	CB&T/ACWA-JPIA	47,817.39	B61031	MED-DENTAL-EAP INSUR
14146	11/9/2016	PUB01	Public Employees PERS	15,841.66	B61031	PERS PAYROLL REMITTANCE
14147	11/16/2016		Various Employees	1,878.40		Accrual Buyout
14148-14172	11/22/2016		Various Employees	12,650.99		Payroll Checks
14173	11/22/2016	CAL12	CalPERS 457 Plan	5,876.80	B61122	RETIREMENT
			Check Total:	452.47	1B61122	PERS 457 LOAN PMT
				6,329.27		
14174	11/22/2016	DIR01	DIRECT DEPOSIT VENDOR- US	32,215.34	B61122	Direct Deposit
14175	11/22/2016	EMP01	Employment Development	-	B61116	STATE INCOME TAX
				1,615.88	B61122	STATE INCOME TAX
				18.31	1B61116	SDI
				510.50	1B61122	SDI
			Check Total:	2,144.69		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
14176	11/22/2016	HUM29	UMPQUA BANK--PAYROLL DEP.	-	B61116	FEDERAL INCOME TAX
				5,534.32	B61122	FEDERAL INCOME TAX
				252.22	1B61116	FICA
				7,124.26	1B61122	FICA
				58.98	2B61116	MEDICARE
				1,801.06	2B61122	MEDICARE
Check Total:				14,770.84		
Total Disbursements, Payroll:				204,168.61		
Total Check Disbursements:				1,288,963.03		

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATIONAL**

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**ITEM: E.1**                      **Presentation of the Community Builder Award to Aaron Ostrom, Founder of McKinleyville Community Watch (MCW)**

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

**TYPE OF ACTION:**          **Information Only**

### **Recommendation:**

Staff recommends that the Board listen to staff's presentation, air questions, take public comment and present the Community Builder Award to Aaron Ostrom, founder of McKinleyville Community Watch (MCW).

### **Discussion:**

The "Community Builder Award" is an award the District presents to local individuals, businesses, and organizations for their volunteer service, sponsorship, promotion of programs and events, outstanding service in the interest of the District, and for other contributions significant to McKinleyville's quality of life.

District staff has identified Aaron Ostrom as a worthy individual to receive the award. Aaron Ostrom has been a McKinleyville resident for over ten years and is the founder of the Facebook group, McKinleyville Community Watch, as well as the PacOut Green Team.

MCW was started roughly four years ago as a way to connect McKinleyville residents and create a sense of community. Through the group, there is more awareness of crime, countless animals have been returned home, stolen vehicles have been recovered and over 30,000 lbs. of refuse have been removed from McKinleyville due to bi-monthly ninety minute cleanups.

MCW Mission Statement: "The McKinleyville Community Watch Group was created for McKinleyville residents that take pride in where they live and want to create a safe town for our friends, neighbors and loved ones. We are a Community. We all need to look out for each other and spread awareness on any suspicious activity. This group will be open to McKinleyville residents or others with a vested interest in McKinleyville. If anyone is having any issues with break-ins, vandalism, suspicious vehicles/people, drug activity, lost pets, etc. We can use this as our platform of communication to create awareness throughout our Community."

The PacOut Green Team was started roughly three years ago by Aaron Ostrom and Tim Haywood. They host weekly sixty-minute trash clean ups, as far south as Fortuna/Ferndale and as far north as Orick, to help keep where we live and

play a cleaner place. The group gathers every Saturday from 9am-10am at different locations to pick up as much litter as possible within sixty minutes. Since inception, the PacOut Green Team has picked up over 119,000 lbs of garbage.

**Alternatives:**

Not Applicable

**Fiscal Analysis:**

Not Applicable

**Environmental Requirements:**

Not Applicable

**Exhibits/Attachments:**

- Attachment 1 –Responses to Interview Questions

## **“Community Builder Award” Interview Questions**

1. How long have you (or your business or organization) been involved with the McKinleyville community?

I created this group (McKinleyville Community Watch) roughly 4 years ago. I created this group because I felt like McKinleyville was lacking a sense of community. The majority of us use Facebook as a platform for communication, so creating this group within Facebook was a good way to rebuild community and awareness.

2. What do you like best about McKinleyville?

I like the small town feel, diversity of its residents, and the positive growth.

3. In your opinion, what are the key ingredients for creating a vibrant, connected and engaged community?

Transparency, communication and positive growth.

- a. Transparency – Our community leaders need to be able to keep McKinleyville residents informed of what’s happening in McKinleyville.
- b. Communication (MCW) – Our residents need to have a voice and a method of communication, not only to talk among each other but to our representatives and law enforcement. MCW works directly with our community representatives and law enforcement. One of the biggest successes with MCW is bridging that communication gap between our residents, community representatives, and law enforcement.
- c. Positive Growth – The addition of The Center, Eureka Natural Foods, GYM, etc.

4. What propelled you to start McKinleyville Community Watch and the PacOut Green Team? How do you see them growing or changing in future years?

I started MCW roughly 4 years ago. I started it because after 10+ years of living in McKinleyville I still felt like I didn’t know my own community that well. I wanted to know more of what happens within McKinleyville. I wanted to know more about the crime activity in our town. It took about a year for word to get out about MCW. Once word got out the group started to grow extremely fast. I manage several groups but nothing that’s close to the size of MCW. I soon started to realize that I couldn’t do this on my own. I needed to recruit moderators, so I treated this group as a business and started interviewing people. As the group got bigger we realized that we needed guidelines for our members, so we created the “14 Guidelines of MCW Engagement”. This has

really helped our members and moderators keep the conversations on MCW civil, for the most part.

This group takes up a lot of our spare time, as administrators and moderators. Also, through our hard work, this group has had lots of success stories, such as:

- \*We've created commUnity awareness regarding crime in our neighborhoods.

- \*We've help recover countless animals back to their owners.

- \*We've held several town hall meetings with our commUnity representatives (including Senator McGuire) and law enforcement.

- \*We've hosted bi-monthly 90 minute cleanups in McKinleyville resulting in over 30,000 lbs of trash removed from streets, trails, parks, and open spaces.

- \*We've helped people recover their stolen vehicles.

- \*We have people that now regularly post the MMAC and BOS meeting agendas and minutes.

I stated PacOut Green Team roughly 3 years ago with one of my employees (Tim Haywood). Tim would spend his weekends picking up trash in the areas in which he liked to play (parks, forests, beaches, etc.). He documented what he was picking up. It was a lot. That is when I became aware of the amount of trash that is out there in the areas in which we play. I wanted to come up with a cleanup strategy that wouldn't take up too much time and make people realize that cleaning up our commUnity isn't a once a year event, it's a way of life. From this we created the PacOut Green Team – Home of the weekly 60 minute cleanup. Every Saturday from 9am-10am we host a cleanup. We haven't missed a Saturday since we started (three years ago). We cleanup spots as far South as Fortuna/Ferndale and as far North as Orick. Our first year we picked up over 24,000 lbs. Our second year was over 35,000 lbs and our third year we are at over 60,000 year to date. This is garbage that most likely wouldn't have been picked up due to the lack of manpower (county & city employees). At the end of our first year we became a 501(c)3 non-profit. I'm the President and Tim Haywood (my employee) is the Vice President. This year we had virtually every week sponsored by another business. Businesses sponsor a cleanup by donating \$100 to our supply fund and bringing volunteers. This helps spread "trash awareness" throughout our commUnity. Some sponsors consist of: Emerald Magazine, Umpqua Bank, HSU, Petrusha Law Offices, Godwit Days, Eureka Rotaract, Boy Scout Groups, Girl Scout Groups, Piersons, etc. We've created trash flyers that show people where they can dump specific supplies at no or little cost. We've been invited to speak at Chamber of Commerce and Rotary events.

5. Are there any other contributions you've made to the community that you feel are significant to McKinleyville's quality of life?

See response in Question 4

6. What do you see as the biggest challenge facing communities, or McKinleyville in particular, today?

The biggest challenge has been dealing with that communication gap between our community representatives and law enforcement. People have a perception of what they do or don't do. That perception has been pretty far off from reality at times. Our goal is to bring perception and reality much closer together. Another challenge I see is trying to figure out how to deal with problems that don't seem to have a solution. Two problems that come to mind are homelessness and crime. People are waiting for a solution to be pulled out of a hat, but I think the solution starts with our neighborhoods and communities.

7. Can you name a person who has had a tremendous impact or influence on you as a leader? Maybe someone who has been a mentor to you? Why and how did this person impact your life?

Two people: Ryan Sundberg – Ryan sets the bar when it comes to his level of communication with the people he is representing. I've worked very closely with him throughout MCW's existence. He has helped up build so many relationships with other McKinleyville community representatives and law enforcement. The other person is Tim Haywood. Giving back to the community in the form of PacOut Green Team has really added to my quality of life. I've had the privilege to meet so many wonderful people that share in the same passion of environmental stewardship.

8. Do you have any additional comments you would like to add?

No other comments.



# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATIONAL**

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**ITEM: E.2**                      **Presentation of the McKinleyville Community Services District Employee of the Year to Chris Jones**

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

**TYPE OF ACTION:**          **None**

**Recommendation:**

Staff recommends the Board participate in the presentation and recognize Chris Jones as Employee of the Year.

**Discussion:**

Each year, McKinleyville Community Services District (MCSD) employees vote for Employee of the Year. This award and recognition was started by Norman Shopay in 2009 and has been continued due to overwhelming staff support.

The Employee of the Year is chosen through a secret ballot by their peers and judged on merit of the employee's contributions to MCSD.

The Employee of the Year must be a person who has brought about significant positive change, one who eliminates obstacles in achieving District goals and objectives, is resourceful, contributes constructively, innovates, exceeds expectations, inspires others, and proactively identifies and resolves challenges.

Sharon Denison was the first Employee of the Year in 2009, followed by Tony Rutten in 2010, James Henry in 2011, Lesley Frisbee in 2012, William (Bill) McBroom in 2013, David Baldosser in 2014 and Diane Sloane in 2015.

The 2016 Employee of the Year honor was awarded to Chris Jones, who truly exemplifies the qualifications required. Chris can be counted on to put forth effort beyond standards and his positive demeanor is valued by his supervisor and management. Chris will hold this distinction for the 2017 calendar year, and a new Employee of the Year will be chosen at the end of 2017.

**Alternatives:**

Not Applicable

**Fiscal Analysis:**

Not Applicable

**Environmental Requirements:**

Not Applicable

**Exhibits/Attachments:**

- None

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.3**                      **Accept FY2015-16 Audited Financial Statements**

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

**TYPE OF ACTION:**              **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board listen to the auditor's presentation, discuss, take public comment, and accept the District's audited financial statements for Fiscal Year 2015-16.

### **Discussion:**

The District's annual audit for Fiscal Year 2015-16 is complete. It has been presented and discussed with the MCSD Audit Committee and Staff.

The Audit Committee has reviewed the audited financial statements.

The Board will be provided with bound copies of the finalized audit and an electronic copy of the audit will be posted on the MCSD website.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 - MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2015-16

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**BASIC FINANCIAL STATEMENTS**  
**AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
McKinleyville Community Services District  
McKinleyville, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the McKinleyville Community Services District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 McKinleyville Community Services District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9; the budgetary comparison information on pages 50 through 52; and the schedules of the District's proportionate share of the net pension liability, pension contributions, and funding progress – other post employment benefits on pages 53 through 55 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.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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, and 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* in considering McKinleyville Community Services District's internal control over financial reporting and compliance.

*Hunter, Hunter & Hunt*

December 21, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

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, 2016. 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 Position
  - 2) Statement of Activities
- 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 Position
  - 3) Statement of Revenues, Expenditures, and Changes in Fund Balances
  - 4) Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Proprietary Fund Financial Statements (accrual basis of accounting):
  - 1) Statement of Net Position
  - 2) Statement of Revenues, Expenses, and Changes in Fund Net Position
  - 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 – Measure B Fund
  - 3) Budgetary Comparison Schedule – Streetlighting Fund
  - 4) Schedule of the District's Proportionate Share of the Net Pension Liability
  - 5) Schedule of Pension Contributions
  - 6) Schedule of Funding Progress – Other Post Employment Benefits

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The statement of net position presents the District's financial position at a point in time, June 30, and includes information on all of the District's assets, liabilities, and deferred outflows and inflows with the difference between the total of recorded assets and deferred outflows and the total of liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year.

The statement of net position 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, law enforcement facility, Teen and Community Center), 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 and maintenance), zone assessments, grants, donations, and user fees.



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

- **Business-Type Activities** – These are activities in which the District charges fees to customers to cover the cost of services it provides. The District's water and wastewater systems are reported herein.

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) Measure B Fund, (3) Streetlighting Fund, (4) Water Fund, and (5) Wastewater 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 inflows 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**

- Total current assets increased by approximately \$830,000 or 15.0% in comparison to the prior year while capital assets and other non-current assets increased by approximately \$4,233,000 or 15.0%.
- Pension related deferred outflows increased by approximately \$27,000 or 19.0%.
- Current liabilities increased by approximately \$1,298,000 or 115.0% in comparison to the prior year while long-term liabilities increased by approximately \$1,136,000 or 16.0%.
- Pension related deferred inflows decreased by \$61,000 or 16.0%.
- Overall, the District's net position increased by approximately \$2,718,000 or 11.0% as a result of this year's operations.
- Total program revenues increased by approximately \$592,000 or 8.0% over the prior year while program expenses increased by approximately \$347,000 or 6.0%.
- The District's general revenues increased by approximately \$75,000 over the prior year or 12.0%.

#### **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 position (Tables 1 and 2) and condensed statement of revenues, expenses, and changes in net position (Tables 3 and 4) for both governmental and business-type activities.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**Table 1 - Condensed Statement of Net Position  
(Governmental Activities)**

	<b>Fiscal Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Assets and Deferred Outflows</b>			
Current	\$ 783,994	\$ 1,063,106	\$ (279,112)
Non-Current			
Net Capital Assets	5,505,200	3,419,248	2,085,952
Other	210,167	1,614,434	(1,404,267)
Deferred Outflows	49,174	45,920	3,254
<b>Total Assets and Deferred Outflows</b>	<b>6,548,535</b>	<b>6,142,708</b>	<b>405,827</b>
<b>Liabilities and Deferred Inflows</b>			
Current	555,152	295,788	259,364
Non-Current	2,124,737	2,101,531	23,206
Deferred Inflows	107,222	126,235	(19,013)
<b>Total Liabilities and Deferred Inflows</b>	<b>2,787,111</b>	<b>2,523,554</b>	<b>263,557</b>
<b>Net Position</b>			
Net Investment in Capital Assets	4,082,920	3,329,857	753,063
Restricted	201,367	206,234	(4,867)
Unrestricted	(522,863)	83,063	(605,926)
<b>Total Net Position</b>	<b>\$ 3,761,424</b>	<b>\$ 3,619,154</b>	<b>\$ 142,270</b>

**Table 2 - Condensed Statement of Net Position  
(Business-Type Activities)**

	<b>Fiscal Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Assets and Deferred Outflows</b>			
Current	\$ 5,575,617	\$ 4,465,694	\$ 1,109,923
Non-Current			
Net Capital Assets	23,769,715	20,720,068	3,049,647
Other	2,576,679	2,075,364	501,315
Deferred Outflows	117,197	93,234	23,963
<b>Total Assets and Deferred Outflows</b>	<b>32,039,208</b>	<b>27,354,360</b>	<b>4,684,848</b>
<b>Liabilities and Deferred Inflows</b>			
Current	1,872,859	834,219	1,038,640
Non-Current	6,127,305	5,014,895	1,112,410
Deferred Inflows	214,082	256,297	(42,215)
<b>Total Liabilities and Deferred Inflows</b>	<b>8,214,246</b>	<b>6,105,411</b>	<b>2,108,835</b>
<b>Net Position</b>			
Net Investment in Capital Assets	19,034,021	16,827,946	2,206,075
Restricted	2,468,112	1,974,548	493,564
Unrestricted	2,322,829	2,446,455	(123,626)
<b>Total Net Position</b>	<b>\$23,824,962</b>	<b>\$21,248,949</b>	<b>\$ 2,576,013</b>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

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

- Non-capital assets decreased by \$1,683,379 or 62.9%;
- Net capital assets increased by \$2,085,952 or 61.0%;
- Pension related deferred outflows increased by \$3,254 or 7.1%;
- Total liabilities increased by \$282,570 or 11.8%;
- Pension related deferred inflows decreased by \$19,013 or 15.1%;
- Net investment in capital assets increased by \$753,063 or 22.6%;
- Restricted net position decreased by \$4,867 or 2.4%;
- Unrestricted net position decreased by \$605,926 or 729.5%.

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

- Non-capital assets increased by \$1,611,238 or 24.6%;
- Net capital assets increased by \$3,049,647 or 14.7%;
- Pension related deferred outflows increased by \$23,963 or 25.7%;
- Total liabilities increased by \$2,151,050 or 36.8%;
- Pension related deferred inflows decreased by \$42,215 or 16.5%;
- Net investment in capital assets increased by \$2,206,075 or 13.1%;
- Restricted net position increased by \$493,564 or 25.0%;
- Unrestricted net position decreased by \$123,626 or 5.1%.

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

- Total revenues increased by \$264,613 or 18.9%;
- Total expenses decreased by \$5,054 or 0.3%;
- Net position increased by \$142,270 or 3.9%.

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

	<b>Fiscal Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Revenues</b>			
Program			
Charges for Services and Facilities	\$ 821,514	\$ 772,727	\$ 48,787
Operating Grants and Contributions	79,051	20,083	58,968
Capital Grants and Contributions	128,357	25,000	103,357
General			
Property Taxes	547,214	523,969	23,245
Other Income	60,468	49,842	10,626
Gain (Loss) on Sale of Asset	3,020	-	3,020
Unrestricted Investment Earnings	27,482	10,872	16,610
<b>Total Revenues</b>	<b>1,667,106</b>	<b>1,402,493</b>	<b>264,613</b>
<b>Expenses</b>			
Recreation, Parks, Open Space, Facilities, and Other Activities	1,435,762	1,443,086	(7,324)
Streetlighting	89,074	86,804	2,270
<b>Total Expenses</b>	<b>1,524,836</b>	<b>1,529,890</b>	<b>(5,054)</b>
<b>Change in Net Position</b>	<b>142,270</b>	<b>(127,397)</b>	<b>269,667</b>
<b>Net Position - Beginning of Year</b>	<b>3,619,154</b>	<b>3,746,551</b>	<b>(127,397)</b>
<b>Net Position - End of Year</b>	<b>\$ 3,761,424</b>	<b>\$ 3,619,154</b>	<b>\$ 142,270</b>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

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

- Total revenues increased by \$402,917 or 6.2%;
- Total expenses increased by \$351,971 or 8.8%;
- Net position increased by \$2,576,013 or 12.1%.

**Table 4 - Condensed Statement of Revenues, Expenses, and Changes in Net Position  
(Business-Type Activities)**

	<b>Fiscal Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Revenues</b>			
Program			
Charges for Services - Water	\$ 3,101,968	\$ 2,974,203	\$ 127,765
Charges for Services - Wastewater	2,603,600	2,143,217	460,383
Capital Grants and Contributions - Water	520,533	1,123,276	(602,743)
Capital Grants and Contributions - Wastewater	649,599	254,027	395,572
General			
Gain (Loss) on Sale of Asset	17,170	8,500	8,670
Unrestricted Investment Earnings	49,276	36,006	13,270
<b>Total Revenues</b>	<b>6,942,146</b>	<b>6,539,229</b>	<b>402,917</b>
<b>Expenses</b>			
Water	2,446,132	2,259,154	186,978
Wastewater	1,920,001	1,755,008	164,993
<b>Total Expenses</b>	<b>4,366,133</b>	<b>4,014,162</b>	<b>351,971</b>
<b>Change in Net Position</b>	<b>2,576,013</b>	<b>2,525,067</b>	<b>50,946</b>
<b>Net Position - Beginning of Year</b>	<b>21,248,949</b>	<b>18,723,882</b>	<b>2,525,067</b>
<b>Net Position - End of Year</b>	<b>\$ 23,824,962</b>	<b>\$ 21,248,949</b>	<b>\$ 2,576,013</b>

**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 balances 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 governmental fund financial statements to the prior year:

- Total assets (excluding the change in the due to/due from among governmental funds) decreased by \$458,492 or 17.1% primarily due to a decrease in cash used to liquidate obligations related to the Teen and Community Center Project;
- Total liabilities (excluding the change in the due to/due from among governmental funds) increased by \$1,467,371 or 926.7% primarily due to the short-term borrowings from the Water and Wastewater Funds used to fund the Teen and Community Center Project;
- Total fund balance decreased by \$1,925,863 or 76.4% primarily due to capital expenditures related to the Teen and Community Center;
- Total revenues increased by \$245,939 or 17.5% primarily due to one-time capital grant funds and an increase in charges for services and facilities in the General Fund;
- Total expenditures increased by \$2,078,375 or 138.2% primarily due to an increase in capital outlays related to the Teen and Community Center;
- Total other financing sources decreased by \$1,463,741 or 99.8% primarily due to the receipt of debt proceeds related to the Teen and Community Center Project in FY 2014-15.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**Proprietary Funds**

Detailed information about the District's proprietary funds statement of net position and statement of revenues, expenditures, and changes in net position 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 proprietary fund financial statements to the prior year:

- Total Water Fund assets increased by \$1,093,615 or 10.0% primarily due to increases in cash and short-term loans to the governmental funds;
- Total Wastewater Fund assets increased by \$3,567,270 or 21.8% primarily due to increases in short-term loans to the governmental funds and net capital assets;
- Water Fund deferred outflows increased by \$12,302 or 27.6% due to pension related activities;
- Wastewater Fund deferred outflows increased by \$11,661 or 23.9% due to pension related activities;
- Total Water Fund liabilities decreased by \$85,476 or 2.1% primarily due to a decrease in accounts payable, an increase in the OPEB and pension liabilities, and the principal repayment on debt;
- Total Wastewater Fund liabilities increased by \$2,236,526 or 128.4% primarily due to an increase in accounts payable and debt related to capital projects, an increase in the OPEB and pension liabilities, and the principal repayment on debt ;
- Water Fund deferred inflows decreased by \$19,994 or 16.3% due to pension related activities;
- Wastewater Fund deferred inflows decreased by \$22,221 or 16.6% due to pension related activities;
- Total Water Fund net position increased by \$1,211,387 or 18.0%;
- Total Wastewater Fund net position increased by \$1,364,626 or 9.4%;
- Total Water Fund operating revenues increased by \$127,765 or 4.3% as the phased water rate increases were implemented;
- Total Wastewater Fund operating revenues increased by \$460,383 or 21.5% as the phased wastewater rate increases were implemented;
- Total Water Fund operating expenses increased by \$190,357 or 8.7% primarily due to increased personnel and purchased water costs. All other costs remained relatively stable;
- Total Wastewater Fund operating expenses increased by \$171,087 or 10.0% primarily due to an increase in personal costs, contracted service, and utilities. All other costs remained relatively stable;
- Water Fund non-operating revenues and expenses experienced no significant changes;
- Wastewater Fund non-operating revenues and expenses experienced no significant changes;
- Water Fund capital contributions decreased by \$609,298 or 54.5% primarily due to less contributed infrastructure in fiscal year 2015-16;
- Wastewater Fund capital contributions increased by \$391,239 or 154.0% primarily due increased contributed infrastructure in fiscal year 2015-16.

**General Fund Budgetary Highlights**

General Fund actual revenues were higher than budgetary estimates by approximately \$234,000 primarily due to higher than anticipated other revenues (contributions and grants, reimbursements from the State of CA) and property taxes which were somewhat offset by lower than anticipated program and Quimby developer fees. General Fund actual operating expenditures were lower than budgetary estimates by approximately \$14,000 primarily due to lower salaries and benefits while capital expenditures were higher than budgeted by approximately \$102,000 due to grant funded capital expenditures.

**Capital Assets**

As of June 30, 2016, the District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities equaled \$5,505,200 and \$23,769,715, respectively. Detailed information about the components of capital assets is included in Note 3 to the basic financial statements. Net capital assets increased by \$2,085,952 (61.0%) for governmental activities as capital asset acquisitions exceeded depreciation. Similarly, net capital assets increased by \$3,049,647 (14.7%) for business-type activities as capital asset acquisitions exceeded depreciation.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

**Debt**

As of June 30, 2016, the District's debt for its governmental and business-type activities totaled \$1,422,280 and \$4,735,695, respectively. Governmental activities experienced a net decrease in its debt balance from the prior year equal to \$99,812 as a result of principal repayment with no new debt. Business-type activities experienced a net increase in its debt balance from the prior year equal to \$843,573 primarily as a result of draws on the State Water Board's Revolving Fund to finance construction of the new Wastewater Management Facility. Detailed information about the components of debt is included in Note 4 to the basic financial statements.

**Currently Known Facts, Decisions, or Conditions of Future Significance**

- The District continues to plan for the replacement and upgrade of its water and wastewater infrastructure as outlined in its Capital Improvement Plan.
- The District has entered the construction phase of the Wastewater Management Facility upgrade. This upgrade is required by the State of California so that the District will be able to meet future State water quality standards and continue to serve the greater population of McKinleyville. As noted above, the project has drawn on the loan provided by the State Water Board Revolving Fund. The upgraded facility's increased operating costs and debt service will affect both the District's financial position and results of operations in the future.
- The Streetlights Fund LED Project has continued to reduce energy costs, with the result that past years' deficit in the Streetlights Fund is being gradually reduced. This should continue unless PG&E implements a significant increase in the LED rate schedule.
- Despite reduced water use mandated by the Governor's Office in response to the drought, the District expects further increases in its water and wastewater revenues as it continues to implement phased water and wastewater rate increases per the most recent Board approved rate studies.
- Purchased water costs are expected to continue to increase as the District's wholesale water supplier, Humboldt Bay Municipal Water District, continues to raise rates.
- The Affordable Care Act has brought significant rate increases to many health insurance policies. The District's insurance rates are expected to rise 12% during the next fiscal year.
- CalPERS pension costs were less than budgeted during fiscal year 2015-16. This was partly due to CalPERS removal of the unfunded liability portion of the rate and replacing it with a single lump sum payment. Thus, rates did not rise as much as expected. The additional invoice for the current year's portion of the amortized unfunded liability was paid in full and posted to a balance sheet account designated to track payments and Board-approved set-asides for the District's unfunded pension liability. As the number of positions under the PEPRA plan increases, the District will see some reduction in PERS costs. The percentage increase for classic employees will not be as significant next year due to reported better-than-anticipated investment performance. CalPERS still forecasts pension costs to increase significantly over the next three years as it seeks to achieve fully funded status statewide. CalPERS' new cost model still expects to adjust employer costs upwards to offset fluctuations in the stock market. This is anticipated to have a materially adverse effect on the District's financial position and result of operations, but the level of affect each year will not be known until CalPERS provides information for that year.
- In accordance with Generally Accepted Accounting Principles (GAAP), loan proceeds for the Teen and Community Center Project were recognized in fiscal year 2014-15, even though construction expenditures did not begin until fiscal year 2015-16. This will materially affect the Measure B Fund in both fiscal years. Now that construction is nearly complete, the portion of Measure B that is allocated for capital projects in subsequent years will be used for repayment of the construction loan.

**Contacting the District**

This 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](http://www.mckinleyvillecsd.com). Questions concerning any of the information provided in this report should be sent to the District Finance Director at [ctrask@mckinleyvillecsd.com](mailto:ctrask@mckinleyvillecsd.com) or to the following: McKinleyville Community Services District Finance Director, PO Box 2037, McKinleyville, CA 95519.

## **BASIC FINANCIAL STATEMENTS**



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 2,001,237	\$ 3,749,193	\$ 5,750,430
Accounts Receivable	5,584	490,095	495,679
Internal Balances	(1,224,887)	1,224,887	-
Interest Receivable	2,060	6,903	8,963
Inventory	-	104,539	104,539
<b>Total Current Assets</b>	<b>783,994</b>	<b>5,575,617</b>	<b>6,359,611</b>
<b>Non-Current Assets</b>			
Restricted Cash and Investments	210,167	2,576,679	2,786,846
Net Capital Assets	5,505,200	23,769,715	29,274,915
<b>Total Non-Current Assets</b>	<b>5,715,367</b>	<b>26,346,394</b>	<b>32,061,761</b>
<b>Total Assets</b>	<b>6,499,361</b>	<b>31,922,011</b>	<b>38,421,372</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	49,174	117,197	166,371
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	86,421	105,876	192,297
Accrued Liabilities	103,332	-	103,332
Construction Claims Payable	-	1,085,685	1,085,685
Construction Retention Payable	202,275	114,136	316,411
Interest Payable	8,262	25,449	33,711
Unearned Revenues	-	24,408	24,408
Customer Deposits	8,800	108,567	117,367
Compensated Absenses, Due Within One Year	46,229	107,697	153,926
Bonds and Loans, Due Within One Year	99,833	301,041	400,874
<b>Total Current Liabilities</b>	<b>555,152</b>	<b>1,872,859</b>	<b>2,428,011</b>
<b>Non-Current Liabilities</b>			
Compensated Absenses, Due Beyond One Year	28,162	90,951	119,113
Revenue Bonds, Due Beyond One Year	-	445,000	445,000
Loans, Due Beyond One Year	1,322,447	3,989,654	5,312,101
Net Other Post Employment Benefit Obligation	384,501	805,005	1,189,506
Net Pension Liability	389,627	796,695	1,186,322
<b>Total Non-Current Liabilities</b>	<b>2,124,737</b>	<b>6,127,305</b>	<b>8,252,042</b>
<b>Total Liabilities</b>	<b>2,679,889</b>	<b>8,000,164</b>	<b>10,680,053</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	107,222	214,082	321,304
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,082,920	19,034,021	23,116,941
Restricted for:			
Capital Outlay	194,579	1,638,425	1,833,004
Debt Service	-	829,687	829,687
Teen and Community Center	6,788	-	6,788
Unrestricted	(522,863)	2,322,829	1,799,966
<b>Total Net Position</b>	<b>\$ 3,761,424</b>	<b>\$ 23,824,962</b>	<b>\$ 27,586,386</b>

See accompanying notes.



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges For Services and Facilities	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b><u>Functions/Programs</u></b>						
<b>Governmental Activities</b>						
Parks and Recreation Services	\$ 1,297,946	\$ 74,051	\$ 117,157	\$ (565,212)	\$ -	\$ (565,212)
Measure B	137,816	5,000	-	71,361	-	71,361
Streetslighting	89,074	-	11,200	(2,063)	-	(2,063)
<b>Total Governmental Activities</b>	<b>1,524,836</b>	<b>79,051</b>	<b>128,357</b>	<b>(495,914)</b>	<b>-</b>	<b>(495,914)</b>
<b>Business-Type Activities</b>						
Water	2,446,132	-	520,533	-	1,176,369	1,176,369
Wastewater	1,920,001	-	649,599	-	1,333,198	1,333,198
<b>Total Business-Type Activities</b>	<b>4,366,133</b>	<b>-</b>	<b>1,170,132</b>	<b>-</b>	<b>2,509,567</b>	<b>2,509,567</b>
<b>Total</b>	<b>\$ 5,890,969</b>	<b>\$ 79,051</b>	<b>\$ 1,298,489</b>	<b>(495,914)</b>	<b>2,509,567</b>	<b>2,013,653</b>
<b>General Revenues</b>						
Property Taxes				547,214	-	547,214
Other Income				60,468	-	60,468
Gain on Sale of Capital Assets				3,020	17,170	20,190
Unrestricted Investment Earnings				27,482	49,276	76,758
<b>Total General Revenues</b>				<b>638,184</b>	<b>66,446</b>	<b>704,630</b>
<b>Change in Net Position</b>				<b>142,270</b>	<b>2,576,013</b>	<b>2,718,283</b>
<b>Net Position - Beginning of Year</b>				<b>3,619,154</b>	<b>21,248,949</b>	<b>24,868,103</b>
<b>Net Position - End of Year</b>				<b>\$ 3,761,424</b>	<b>\$ 23,824,962</b>	<b>\$ 27,586,386</b>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<b>General (Parks and Recreation)</b>	<b>Measure B</b>	<b>Streetlighting</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 1,033,159	\$ 968,078	\$ -	\$ 2,001,237
Accounts Receivable	2,184	-	3,400	5,584
Due From Other Funds	39,175	-	-	39,175
Interest Receivable	2,060	-	-	2,060
Restricted Cash and Investments	210,167	-	-	210,167
<b>Total Assets</b>	<b>\$ 1,286,745</b>	<b>\$ 968,078</b>	<b>\$ 3,400</b>	<b>\$ 2,258,223</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 79,385	\$ 6,595	\$ 441	\$ 86,421
Accrued Liabilities	103,332	-	-	103,332
Construction Retention Payable	-	202,275	-	202,275
Due To Other Funds	-	1,224,887	39,175	1,264,062
Customer Deposits	8,800	-	-	8,800
<b>Total Liabilities</b>	<b>191,517</b>	<b>1,433,757</b>	<b>39,616</b>	<b>1,664,890</b>
<b>Fund Balance</b>				
Restricted for:				
Capital Outlay	194,579	-	-	194,579
Teen and Community Center	6,788	-	-	6,788
Committed	893,861	-	-	893,861
Unassigned	-	(465,679)	(36,216)	(501,895)
<b>Total Fund Balance</b>	<b>1,095,228</b>	<b>(465,679)</b>	<b>(36,216)</b>	<b>593,333</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,286,745</b>	<b>\$ 968,078</b>	<b>\$ 3,400</b>	<b>\$ 2,258,223</b>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
June 30, 2016**

Total Fund Balance - Governmental Funds (page 12)	\$	593,333
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Amounts reported for governmental activities in the statement of net position (page 10) are different because:

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 position. In the current period, these amounts were as follows:

Capital Assets		8,571,930
Accumulated Depreciation		(3,066,730)

Deferred outflows (inflows) of resources are not financial resources (uses), and therefore are not reported in governmental funds. These are as follows:

Deferred Outflows - Pension		49,174
Deferred Inflows - Pension		(107,222)

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 position. These liabilities include:

Compensated Absences		(74,391)
Other Postemployment Benefit Obligation		(384,501)
Loans Payable and Accrued Interest		(1,430,542)
Net Pension Liability		(389,627)

Net Position - Governmental Activities (page 10)	\$	<u><u>3,761,424</u></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 Fiscal Year Ended June 30, 2016**

	<b>General (Parks and Recreation)</b>	<b>Measure B</b>	<b>Streetlighting</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
General Revenues				
Property Taxes	\$ 547,214	\$ -	\$ -	\$ 547,214
Special Assessments	-	204,177	-	204,177
Total General Revenues	547,214	204,177	-	751,391
Charges for Services and Facilities	541,526	-	75,811	617,337
Grants and Contributions	191,208	5,000	-	196,208
Other Income	42,364	741	17,363	60,468
Unrestricted Investment Earnings	14,376	13,106	-	27,482
<b>Total Revenues</b>	<b>1,336,688</b>	<b>223,024</b>	<b>93,174</b>	<b>1,652,886</b>
<b>EXPENDITURES</b>				
Current				
Recreation Programs, Parks, Open Space, Facilities, and Other Cultural Activities	1,010,579	87,863	69,647	1,168,089
Debt Service				
Principal	-	79,968	19,847	99,815
Interest	-	50,168	-	50,168
Capital Outlay	158,518	2,105,179	-	2,263,697
<b>Total Expenditures</b>	<b>1,169,097</b>	<b>2,323,178</b>	<b>89,494</b>	<b>3,581,769</b>
<b>Excess (Deficiency) of Expenditures over Revenues</b>	<b>167,591</b>	<b>(2,100,154)</b>	<b>3,680</b>	<b>(1,928,883)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Asset	3,020	-	-	3,020
<b>Total Other Financing Sources (Uses)</b>	<b>3,020</b>	<b>-</b>	<b>-</b>	<b>3,020</b>
<b>Net Change in Fund Balance</b>	<b>170,611</b>	<b>(2,100,154)</b>	<b>3,680</b>	<b>(1,925,863)</b>
<b>Fund Balance - Beginning of Year</b>	<b>924,617</b>	<b>1,634,475</b>	<b>(39,896)</b>	<b>2,519,196</b>
<b>Fund Balance - End of Year</b>	<b>\$ 1,095,228</b>	<b>\$ (465,679)</b>	<b>\$ (36,216)</b>	<b>\$ 593,333</b>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016**

Net Change in Fund Balance - Governmental Funds (page 14)	\$ (1,925,863)
Contributions of capital assets do not provide current financial resources, and therefore are not reported in governmental funds.	11,200
Governmental funds report capital outlays as expenditures since they consume the current financial resources of governmental funds. Conversely, in the statement of activities, the cost of those assets is capitalized and expensed over the assets estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,074,750
The repayment of principal of long-term debt consumes current financial resources, and therefore is reported as debt service principal payments in the governmental funds. However, these payments have no impact on net position, and therefore are not reported in the statement of activities.	99,815
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not accrued as expenditures in governmental funds. In the current period, these expenses are as follows:	
Interest on Long-Term Debt	215
Compensated Absences	(13,230)
Other Postemployment Benefits	(107,962)
Pension Benefits	<u>3,345</u>
Change in Net Position - Governmental Activities (page 11)	<u><u>\$ 142,270</u></u>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2016**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 2,052,821	\$ 1,696,372	\$ 3,749,193
Accounts Receivable	258,824	231,271	490,095
Due From Other Funds	350,312	874,575	1,224,887
Interest Receivable	4,171	2,732	6,903
Inventory	78,405	26,134	104,539
<b>Total Current Assets</b>	<u>2,744,533</u>	<u>2,831,084</u>	<u>5,575,617</u>
<b>Non-Current Assets</b>			
Restricted Cash and Investments	1,386,572	1,190,107	2,576,679
Net Capital Assets	7,878,633	15,891,082	23,769,715
<b>Total Non-Current Assets</b>	<u>9,265,205</u>	<u>17,081,189</u>	<u>26,346,394</u>
<b>Total Assets</b>	<u>12,009,738</u>	<u>19,912,273</u>	<u>31,922,011</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	56,832	60,365	117,197
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	90,456	15,420	105,876
Construction Claims Payable	-	1,085,685	1,085,685
Construction Retention Payable	-	114,136	114,136
Interest Payable	11,255	14,194	25,449
Unearned Revenues	12,204	12,204	24,408
Customer Deposits	108,567	-	108,567
Compensated Absences, Due Within One Year	53,792	53,905	107,697
Bonds and Loans, Due Within One Year	151,867	149,174	301,041
<b>Total Current Liabilities</b>	<u>428,141</u>	<u>1,444,718</u>	<u>1,872,859</u>
<b>Non-Current Liabilities</b>			
Compensated Absences, Due Beyond One Year	45,423	45,528	90,951
Revenue Bonds, Due Beyond One Year	-	445,000	445,000
Loans, Due Beyond One Year	2,766,691	1,222,963	3,989,654
Net Other Post Employment Benefit Obligation	400,586	404,419	805,005
Net Pension Liability	380,293	416,402	796,695
<b>Total Non-Current Liabilities</b>	<u>3,592,993</u>	<u>2,534,312</u>	<u>6,127,305</u>
<b>Total Liabilities</b>	<u>4,021,134</u>	<u>3,979,030</u>	<u>8,000,164</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	102,417	111,665	214,082
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,960,075	14,073,946	19,034,021
Restricted for:			
Capital Outlay	615,793	1,022,632	1,638,425
Debt Service	662,212	167,475	829,687
Unrestricted	1,704,939	617,890	2,322,829
<b>Total Net Position</b>	<u>\$ 7,943,019</u>	<u>\$ 15,881,943</u>	<u>\$ 23,824,962</u>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>Operating Revenues</b>			
Sale of Water	\$ 2,953,489	\$ -	\$ 2,953,489
Sewer Charges	-	2,512,782	2,512,782
Other Revenues	148,479	90,818	239,297
<b>Total Operating Revenues</b>	<u>3,101,968</u>	<u>2,603,600</u>	<u>5,705,568</u>
<b>Operating Expenses</b>			
Personnel Services	908,707	974,929	1,883,636
Purchased Water	855,642	-	855,642
Contracted Services	43,196	47,889	91,085
Utilities	49,120	143,624	192,744
Insurance	25,779	25,778	51,557
Repairs, Supplies, and Other Expenses	147,184	229,771	376,955
Depreciation and Amortization	344,400	464,200	808,600
<b>Total Operating Expenses</b>	<u>2,374,028</u>	<u>1,886,191</u>	<u>4,260,219</u>
<b>Operating Income (Loss)</b>	<u>727,940</u>	<u>717,409</u>	<u>1,445,349</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Expense	(72,104)	(33,810)	(105,914)
Unrestricted Investment Earnings	26,296	22,980	49,276
Gain on Sale of Capital Assets	8,722	8,448	17,170
State Grants	11,904	4,333	16,237
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(25,182)</u>	<u>1,951</u>	<u>(23,231)</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<u>702,758</u>	<u>719,360</u>	<u>1,422,118</u>
<b>Transfers and Capital Contributions</b>			
Capital Contributions - Capacity Fees	175,404	307,966	483,370
Capital Contributions - Infrastructure	333,225	337,300	670,525
<b>Total Transfers and Capital Contributions</b>	<u>508,629</u>	<u>645,266</u>	<u>1,153,895</u>
<b>Change in Net Position</b>	1,211,387	1,364,626	2,576,013
<b>Net Position - Beginning of Year</b>	<u>6,731,632</u>	<u>14,517,317</u>	<u>21,248,949</u>
<b>Net Position - End of Year</b>	<u>\$ 7,943,019</u>	<u>\$ 15,881,943</u>	<u>\$ 23,824,962</u>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 3,114,321	\$ 2,599,408	\$ 5,713,729
Receipts from Interfund Services Provided	17,078	-	17,078
Payments to Suppliers of Goods and Services	(1,085,960)	(407,432)	(1,493,392)
Payments to Employees for Services	(813,312)	(877,848)	(1,691,160)
Payments for Interfund Services Used	-	(10,448)	(10,448)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,232,127</u>	<u>1,303,680</u>	<u>2,535,807</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Advances to Other Funds	(350,312)	(874,575)	(1,224,887)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>(350,312)</u>	<u>(874,575)</u>	<u>(1,224,887)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Contributions Received (Capacity Fees)	175,404	307,966	483,370
Capital Grants Received	96,875	4,333	101,208
Proceeds from the Sale of Capital Assets	8,722	8,448	17,170
Acquisition and Construction of Capital Assets	(298,328)	(1,868,140)	(2,166,468)
Proceeds from Long-Term Debt	-	1,168,549	1,168,549
Principal Payments on Long-Term Debt	(148,393)	(176,583)	(324,976)
Interest and Fees Paid on Long-Term Debt	(72,673)	(35,228)	(107,901)
<b>Net Cash Provided by (Used for) in Capital Financing Activities</b>	<u>(238,393)</u>	<u>(590,655)</u>	<u>(829,048)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received on Investments	26,637	23,768	50,405
<b>Net Cash Provided by (Used for) by Investing Activities</b>	<u>26,637</u>	<u>23,768</u>	<u>50,405</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>670,059</u>	<u>(137,782)</u>	<u>532,277</u>
Unrestricted Cash - Beginning of Year	1,568,735	2,149,496	3,718,231
Restricted Cash - Beginning of Year	1,200,599	874,765	2,075,364
<b>Total Restricted and Unrestricted Cash and Cash Equivalents - Beginning of Year</b>	<u>2,769,334</u>	<u>3,024,261</u>	<u>5,793,595</u>
Unrestricted Cash - End of Year	2,052,821	1,696,372	3,749,193
Restricted Cash - End of Year	1,386,572	1,190,107	2,576,679
<b>Total Restricted and Unrestricted Cash and Cash Equivalents - End of Year</b>	<u>\$ 3,439,393</u>	<u>\$ 2,886,479</u>	<u>\$ 6,325,872</u>
<b>Reconciliation of Operating Income(Loss) to Net Cash Flows from Operating Activities</b>			
Operating Income (Loss)	\$ 727,940	\$ 717,409	\$ 1,445,349
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:			
Depreciation	344,400	464,200	808,600
(Increase) Decrease in Accounts Receivable	21,544	(4,328)	17,216
(Increase) Decrease in Inventory	(6,124)	(1,218)	(7,342)
(Increase) Decrease in Prepaids and Deposits	24,976	24,976	49,952
Increase (Decrease) in Accounts Payable	16,109	5,424	21,533
Increase (Decrease) in Unearned Revenues	136	136	272
Increase (Decrease) in Customer Deposits	7,751	-	7,751
Increase (Decrease) in Compensated Absences	6,876	6,876	13,752
Increase (Decrease) in Other Post Employment Benefit Obligations	99,994	100,858	200,852
Increase (Decrease) in Pension Related Liabilities and Deferred Outflows/Inflows of Resources	(11,475)	(10,653)	(22,128)
<b>Net Cash Flows Provided by (Used for) Operating Activities</b>	<u>\$ 1,232,127</u>	<u>\$ 1,303,680</u>	<u>\$ 2,535,807</u>
<b>Noncash Capital and Related Financing Activities</b>			
Contribution of Capital Assets	\$ 333,225	\$ 337,300	\$ 670,525
Capital Asset Acquisitions Related to Construction and Accounts Payable	3,178	1,199,821	1,202,999
Capitalized Interest	-	3,116	3,116

See accompanying notes.



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**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 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. The District is governed by an elected five-member Board of Directors which maintains the District's highest level of decision-making authority. 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. Accordingly, the financial information for these agencies is not included in the basic financial statements of the District.

**Nature of Activities**

The District operates a water and wastewater utility and provides streetlighting, open space maintenance, and recreational services to 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 District charges fees to utility customers to cover the cost of the services it provides.

**Basis of Presentation**

**Government-wide financial statements** (the statement of net position and statement of activities) report information about the District as a whole and include all funds of the District. These statements distinguish between governmental activities, which normally are financed by taxes and other non-exchange revenues, and business-type activities, which 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 a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. While the direct costs of providing services to the District's customers are charged directly to the function or segment benefited, joint costs of providing such services, or costs that are not identifiable with any specific function or program, are allocated to functions or programs based on Management's estimate of the benefits

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

received by each function or program. Program revenues include: (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as general revenues.

**Fund financial statements** provide information about the governmental and proprietary funds of the District. Each major fund is presented in a separate column of the appropriate fund-type (governmental, proprietary) financial statement.

The District reports the following major governmental funds:

The **General Fund** is used to account for the general operations of the District, including parks and recreation services, and all financial resources except those required to be in another fund.

The **Measure B Fund** is a special revenue fund used to account for the assessments collected and used in accordance with Measure B.

The **Streetlighting Fund** is a special revenue fund used to account for the fees collected and used to fund streetlighting services.

The District reports the following major proprietary funds:

The **Water Fund** is used to account for the water utility operations of the District.

The **Wastewater Fund** is used to account for the wastewater utility operations of the District.

**Measurement Focus and Basis of Accounting**

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements, in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or asset used, regardless of the timing of related cash flows.

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

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Revenues are recognized as soon as they are both measurable and available. Revenues are

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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.

**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 utility funds are charges to customers for sales and services. In the current fiscal year, these amounts are reported net of discounts and allowances of \$17,682 and \$7,051 for the water and wastewater funds, respectively. 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.

**Cash, Cash Equivalents, and Investments**

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

Under its investment policy, the District is authorized to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury, bankers' acceptances, repurchase agreements, time deposits, savings and demand accounts, the Humboldt County Treasurer's Investment Fund, and CalTrust Investment Funds.

Investments are stated at fair value based on quoted or stated market value. Investments that are not traded on a market, such as external investment pools, are valued based on the stated fair value as represented by its fiscal agent. Changes in the fair value of investments is reported as investment income in the financial statements.

The use of certain cash balances are limited as follows: (1) to comply with financing agreements, (2) to offset new development related capital projects (capacity fees, Quimby fees), (3) to satisfy deposits held on behalf of District customers, or (4) to comply with donor restrictions.

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**Receivables**

Receivables at year-end consist of revenues earned but not yet received. Major receivable balances include accounts receivable from customers, interest receivable related to cash and investment earnings, and receivables from state grants. Management considers all receivables 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 Transactions and Balances**

Interfund transactions are reflected as either loans, services provided and used, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. They 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). 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 governmental fund financial statements, are offset by a nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Due to/from other funds and internal balances resulted from interfund loans to eliminate cash deficits at June 30, 2016, for reporting purposes only.

Services provided and used, deemed to be at market or near market rates, are treated as revenues in the provider funds and expenditures or expenses in the user funds.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

Transfers are when one fund provides assets (such as cash, goods, or services) to another fund without the requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**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.

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**Deferred Outflows/Inflows of Resources**

Deferred Outflows of Resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources (expenses or losses) until then. Similarly, Deferred Inflows of Resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenues or gains) until then. In the government-wide and proprietary funds financial statements, the District has pension related items that qualify for reporting as deferred outflows/inflows of resources.

**Capital Assets**

Non-depreciable capital assets, which include land, rights of way, easements, water rights, and construction in progress, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as in the proprietary funds financial statements.

Depreciable capital assets, which include buildings and improvements, parking lots and other land improvements, tools and equipment, distribution and collection systems, and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as in the proprietary funds financial statements. Capital assets are defined by the District as assets with a cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements, including internal labor, are capitalized as assets are purchased, constructed, or improved. Contributed capital assets are recorded at their estimated acquisition value at the time of acquisition. Cost for routine maintenance and repairs are expensed as incurred. Interest incurred during the construction phase of business-type capital assets is added to the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

**Unearned Revenues**

Unearned revenues in the governmental fund financial statements arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues in the government-wide and proprietary funds financial statements arise when resources are received prior to the District's right of use (i.e. grant funds received in advance of qualifying expenditures or customer payments received in advance of services).

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**Compensated Absences and Other Postemployment 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 vested 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 in the applicable fund when the obligation is liquidated with current resources. Other post employment benefit obligations are reported as incurred in the government-wide and proprietary fund financial statements using the accrual basis of accounting. In the governmental fund financial statements, an expenditure is recognized in the applicable fund when the obligation is liquidated with current resources.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publically available reports that can be obtained at the CalPERS website.

**Long-Term Obligations**

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

**Net Position and Fund Balance**

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

In the government-wide and proprietary funds financial statements, net position is categorized as follows:

**Net investment in capital assets** 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 position** includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.

**Unrestricted net position** is neither restricted nor invested in capital assets, net of related debt.

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In the fund financial statements, governmental funds report fund balances in the following categories:

**Nonspendable fund balance** includes 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.

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

**Committed fund balance** includes amounts that can be spent only for specific purposes determined by a formal action of the District's governing body. Commitments may be changed or lifted only by the District's governing body taking the same formal action.

**Assigned fund balance** includes amounts that are intended to be spent for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District's governing body or by an official or body to which the governing body delegates authority.

**Unassigned fund balance** represents the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned resources as they are needed.

**Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;



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- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

**New Governmental Accounting Standards Implemented**

The following accounting standards issued by the Government Accounting Standards Board (GASB) were implemented by the District during the fiscal year:

- *GASB Statement No. 72, Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Adoption of GASB No. 72 had no material impact on the District's financial statements.
- *GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68.* Adoption of GASB No. 73 had no material impact on the District's financial statements.
- *GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement establishes the hierarchy of generally accepted accounting principles (GAAP) for all state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Adoption of GASB No. 76 had no impact on the District's financial statements.
- *GASB Statement No. 79, Certain External Investment Pools and Pool Participants.* Adoption of GASB No. 79 had no material impact on the District's financial statements.
- *GASB Statement No. 82, Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73.* Adoption of GASB No. 82 had no material impact on the District's financial statements.



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**Upcoming Governmental Accounting Standards Implementation**

Management will be evaluating the potential impacts of the following accounting standards issued by the Government Accounting Standards Board (GASB), if applicable, on the District's future basic financial statements. Detailed information about each of these standards can be obtained at the GASB website.

- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016.
- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- *GASB Statement No. 77, Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015.
- *GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for periods beginning after December 15, 2015.
- *GASB Statement No. 80, Blending Requirements for Certain Component Units*, effective for periods beginning after June 15, 2016.
- *GASB Statement No. 81, Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments at June 30, 2016, consisted of the following:

	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
Cash on Hand	\$ -	\$ 940	\$ 940
Checking Accounts	6,788	643,580	650,368
Money Market Accounts	167,475	1,206,441	1,373,916
Humboldt County Treasurer's Fund	2,612,583	1,762,834	4,375,417
State of California LAIF	-	129,193	129,193
CalTrust Funds	-	2,007,442	2,007,442
Total Cash and Investments	<u>\$ 2,786,846</u>	<u>\$ 5,750,430</u>	<u>\$ 8,537,276</u>

**The Humboldt County Treasurer's Investment Fund** is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. At June 30, 2016, a majority of the County's portfolio consisted of U.S. Treasury and U.S. Agency securities, certificates of deposit as well as the State of California Local Agency Investment Fund (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.

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The value of the pool shares, which may be withdrawn at any time, is determined on an amortized cost basis. At June 30, 2016, the District reported its investment in the pool at fair value as provided by the County of Humboldt.

**Local Agency Investment Fund (LAIF)** is part of the Pooled Money Investment Account managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. The LAIF Advisory Board (Board) has oversight responsibility for LAIF and consists of five members designated by State statute. The value of the pool shares, which may be withdrawn on demand, is determined on an amortized cost basis. At June 30, 2016, the District reported its investment in the pool at fair value as provided by LAIF.

**Investment Trust of California (CalTrust)** is a public joint power authority formed to pool and invest the funds of public agencies. CalTrust is governed by a Board of Trustees made up of local agency treasurers and investment officers. The Board supervises and administers the investment program of CalTrust. The CalTrust investment funds are not registered with the Securities and Exchange Commission as an investment company, but are required to invest according to California Government Code. The value of the pool shares is determined on an amortized cost basis. At June 30, 2016, the District reported its investment in the pool at the fair value based upon the fair value as provided by CalTrust.

At June 30, 2016, the District had the following investments:

	<u>Cost</u>	<u>Fair Value</u>	<u>Maturities</u>
Money Market Accounts	\$ 1,373,916	\$ 1,373,916	N/A
Humboldt County Treasurer's Fund	4,369,480	4,375,417	Average 815 Days
State of California LAIF	129,113	129,193	Average 167 Days
CalTrust Short-Term Fund	201,251	201,253	Average 409 Days
CalTrust Medium-Term Fund	1,799,101	1,806,189	Average 741 Days
Total Investments	<u>\$ 7,872,861</u>	<u>\$ 7,885,968</u>	

**Custodial Credit Risk**

For cash 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 located 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, 2016, the District's cash in bank had a carrying balance of \$2,017,496 and a bank balance of \$2,501,737. The District had no custodial credit risk exposure since its deposits were either insured or collateralized as required by State law.

For an investment, custodial credit risk is the risk that, in the event of the failure of a financial institution or counterparty, 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 three external investment pools: the Humboldt County Treasurer's Investment Fund, LAIF, and

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CalTrust. The District also invests in money market funds. These investments are not subject to custodial credit risk.

**Interest Rate Risk**

This is the risk of that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to interest rate risk, the District limits its investments to securities having maturities of less than five years at the time of purchase.

**Credit Risk**

This is the risk of loss due to the issuer of the investment not fulfilling its obligation. In mitigation of this risk, the District requires investment in high quality securities. The Humboldt County Treasurer's Investment Fund, LAIF, and CalTrust are not rated.

**Restricted, Unrestricted, and Reserved**

At June 30, 2016, cash and investment balances for governmental and business-type activities were restricted, reserved in accordance with District policy, or unrestricted as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Restricted for:			
Customer Deposits	\$ 8,800	\$ 108,567	\$ 117,367
Capital Outlay	194,579	1,638,425	1,833,004
Debt Service	-	829,687	829,687
Teen and Community Center	6,788	-	6,788
Total Restricted Cash	<u>\$ 210,167</u>	<u>\$ 2,576,679</u>	<u>\$ 2,786,846</u>
Unrestricted:			
Petty Cash	\$ 240	\$ 700	\$ 940
Measure B	968,078	-	968,078
Reserved for:			
Capital Asset Repair and Replacement	54,566	1,160,028	1,214,594
Catastrophe	129,834	788,117	917,951
Compensated Absences	74,391	198,648	273,039
Other Postemployment Benefits	384,501	805,005	1,189,506
Pensions	389,627	796,695	1,186,322
Total Unrestricted Cash	<u>\$ 2,001,237</u>	<u>\$ 3,749,193</u>	<u>\$ 5,750,430</u>

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**Fair Value Measurements**

The District's investments have the following recurring fair value measurements as of June 30, 2016:

	<b>Quoted Prices (Level 1)</b>	<b>Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total</b>
Money Market Accounts	\$ 1,373,916	\$ -	\$ -	\$ 1,373,916
Humboldt County Treasurer's Fund	-	4,375,417	-	4,375,417
State of California LAIF	-	129,193	-	129,193
CalTrust Short-Term Fund	-	201,253	-	201,253
CalTrust Medium-Term Fund	-	1,806,189	-	1,806,189
<b>Total</b>	<b>\$ 1,373,916</b>	<b>\$ 6,512,052</b>	<b>\$ -</b>	<b>\$ 7,885,968</b>

The District uses quoted prices in active markets to determine the fair value of its investments, if available. If quoted market prices in active markets are not available, fair value is based upon fair value information provided by third party investment custodians.

**NOTE 3 CAPITAL ASSETS**

**Governmental Activities**

The change in the governmental activities capital assets for the year ended June 30, 2016, is as follows:

	<b>Balance 6/30/2015</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Transfers</b>	<b>Balance 6/30/2016</b>
<b>Capital Assets Not Depreciated</b>					
Land	\$ 1,553,731	\$ -	\$ -	\$ -	\$ 1,553,731
Construction in Progress	232,734	2,174,598	-	(3,390)	2,403,942
<b>Total Capital Assets Not Depreciated</b>	<b>1,786,465</b>	<b>2,174,598</b>	<b>-</b>	<b>(3,390)</b>	<b>3,957,673</b>
<b>Capital Assets Being Depreciated</b>					
Buildings and Parking Lots	2,352,538	7,602	-	-	2,360,140
Furniture and Equipment	258,874	22,305	-	-	281,179
Park Improvements	1,346,599	51,194	-	3,390	1,401,183
Vehicles	56,549	8,000	(10,592)	-	53,957
Streetlighting	506,598	11,200	-	-	517,798
<b>Total Capital Assets Being Depreciated</b>	<b>4,521,158</b>	<b>100,301</b>	<b>(10,592)</b>	<b>3,390</b>	<b>4,614,257</b>
Accumulated Depreciation	(2,888,375)	(188,947)	10,592	-	(3,066,730)
<b>Capital Assets Being Depreciated, Net</b>	<b>1,632,783</b>	<b>(88,646)</b>	<b>-</b>	<b>3,390</b>	<b>1,547,527</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 3,419,248</b>	<b>\$ 2,085,952</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,505,200</b>

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**Business-Type Activities**

The change in business-type activities capital assets for the year ended June 30, 2016, is as follows:

	Balance 6/30/2015	Additions	Dispositions	Transfers	Balance 6/30/2016
<b>Capital Assets Not Depreciated</b>					
Land, Easements, and Water Rights	\$ 3,410,931	\$ -	\$ -	\$ -	\$ 3,410,931
Construction in Progress	2,305,178	3,109,839	-	(448,995)	4,966,022
<b>Total Capital Assets Not Depreciated</b>	5,716,109	3,109,839	-	(448,995)	8,376,953
<b>Capital Assets Being Depreciated</b>					
Buildings and Parking Lots	467,095	-	-	-	467,095
Water Infrastructure	13,044,750	333,224	-	228,532	13,606,506
Wastewater Infrastructure	17,897,074	306,296	-	220,463	18,423,833
Tools and Equipment	1,075,704	10,187	-	-	1,085,891
Vehicles	824,436	98,701	(66,623)	-	856,514
<b>Total Capital Assets Being Depreciated</b>	33,309,059	748,408	(66,623)	448,995	34,439,839
Accumulated Depreciation	(18,305,100)	(808,600)	66,623	-	(19,047,077)
<b>Capital Assets Being Depreciated, Net</b>	15,003,959	(60,192)	-	448,995	15,392,762
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 20,720,068</u>	<u>\$ 3,049,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,769,715</u>

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

**Governmental Activities**

Parks and Recreation	\$ 169,520
Streetlighting	19,427
Total Depreciation	<u>\$ 188,947</u>

**Business-Type Activities**

Water	\$ 344,400
Wastewater	464,200
Total Depreciation	<u>\$ 808,600</u>

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**NOTE 4 LONG-TERM LIABILITIES**

**Governmental Activities- Measure B**

**PPFCC Lease**

For the purpose of financing the construction of the District's Teen and Community Center Project, the District, in October 2014, leased the site of the Teen and Community Center Project, and the improvements thereon, to the Public Property Financing Corporation of California (PPFCC) who then leased the property back to the District while assigning all of its rights, title and interest in the lease agreement, including its rights to receive lease payments, to Umpqua Bank. The aggregate principal component of the payments is \$1,468,929. Semi-annual lease payments include interest at 3.55% per annum and are due each May and November through November 2029. The District's repayment obligation is secured by a pledge of 50% of the Measure B Assessment revenues received by the District each fiscal year. Future lease payments are as follows:

<b>Year Ending</b>				
<b><u>June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2017	\$ 79,968	\$ 47,483	\$ 127,451	
2018	82,831	44,620	127,451	
2019	85,798	41,653	127,451	
2020	88,872	38,579	127,451	
2021	92,054	35,398	127,452	
2022 - 2026	512,154	125,112	637,266	
2027 - 2030	411,056	34,479	445,535	
Total	1,352,733	367,324	1,720,057	
Due Within One Year	(79,968)	(47,483)	(127,451)	
Due Beyond One Year	<u>\$ 1,272,765</u>	<u>\$ 319,841</u>	<u>\$ 1,592,606</u>	

**Governmental Activities - Streetlights**

**PG&E Loan**

The District, in 2014, entered into a loan agreement with the Pacific Gas and Electric Company (PG&E) to finance improvements to the District's streetlights. The original loan amount was \$98,181 and bears no interest. In January 2015, the loan amount was reduced to \$96,013 resulting from a change in net project costs to be financed. At the same time, monthly principal payments increased from \$1,423 to \$1,655 through December 2020.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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Future debt service on the loan is as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 19,865	\$ -	\$ 19,865
2018	19,865	-	19,865
2019	19,865	-	19,865
2020	9,952	-	9,952
Total	69,547	-	69,547
Due Within One Year	(19,865)	-	(19,865)
Due Beyond One Year	<u>\$ 49,682</u>	<u>\$ -</u>	<u>\$ 49,682</u>

**Business-Type Activities – 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 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 50 year term of the loan. Payments are due each January (principal and interest) and July (interest only) through January 2033. 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 as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 98,687	\$ 42,591	\$ 141,278
2018	100,728	40,550	141,278
2019	102,821	38,457	141,278
2020	104,965	36,313	141,278
2021	107,164	34,114	141,278
2022- 2026	570,764	135,626	706,390
2027 - 2031	634,575	71,815	706,390
2032 - 2033	273,534	9,021	282,555
Total	1,993,238	408,487	2,401,725
Due Within One Year	(98,687)	(42,591)	(141,278)
Due Beyond One Year	<u>\$ 1,894,551</u>	<u>\$ 365,896</u>	<u>\$ 2,260,447</u>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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**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 original loan was \$165,100 and bears interest at 1% per annum. Semi-annual principal and interest payments of \$6,225 are due each June and December. Repayment began in December 2012 and will 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 as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 11,241	\$ 1,210	\$ 12,451
2018	11,353	1,098	12,451
2019	11,467	984	12,451
2020	11,580	871	12,451
2021	11,698	753	12,451
2022 - 2026	60,274	1,981	62,255
2027	6,194	30	6,224
Total	123,807	6,927	130,734
Due Within One Year	(11,241)	(1,210)	(12,451)
Due Beyond One Year	<u>\$ 112,566</u>	<u>\$ 5,717</u>	<u>\$ 118,283</u>

**I-Bank Loan**

The District, in 2012, entered into a loan agreement with the California Infrastructure and Economic Development Bank for the purpose of financing water system improvements. The original loan was \$956,034 and bears interest at 3.37% per annum. Semi-annual payments are due each February (interest only) and August (principal and interest) and continue through August 2030. The District's repayment obligation is secured by a pledge of and lien on all the net system revenues and all amounts in the water enterprise fund, subject and subordinate solely to any lien securing senior debt. Future debt service on the loan is as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 41,939	\$ 28,709	\$ 70,648
2018	43,352	27,146	70,498
2019	44,813	25,530	70,343
2020	46,323	23,860	70,183
2021	47,884	22,134	70,018
2022 - 2026	264,742	82,667	347,409
2027 - 2031	312,460	29,897	342,357
Total	801,513	239,943	1,041,456
Due Within One Year	(41,939)	(28,709)	(70,648)
Due Beyond One Year	<u>\$ 759,574</u>	<u>\$ 211,234</u>	<u>\$ 970,808</u>



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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**Business-Type Activities - Wastewater Fund**

**State Revolving Fund Loans**

The District, in 1998, entered into a loan agreement with the State Water Resources Control Board for the purpose of financing phase 2 of a wastewater capacity expansion project. The original loan was \$430,293 and bears interest at 2.6% per annum. Annual principal and interest payments are due each March and continue through March 2018. 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 as follows:

<b>Year Ending</b>			
<b><u>June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2017	\$ 26,510	\$ 1,396	\$ 27,906
2018	27,176	706	27,882
Total	53,686	2,102	55,788
Due Within One Year	(26,510)	(1,396)	(27,906)
Due Beyond One Year	\$ 27,176	\$ 706	\$ 27,882

The District, in 2015, entered into a loan agreement with the State Water Resources Control Board for the purpose of financing a wastewater management facility improvement project. The loan was approved for \$19,598,527 and bears interest at 1.6% per annum. Loan draws through June 30, 2016 totaled \$1,168,549. Annual principal and interest payments are to begin one year after the completion of the project and are projected to begin in September 2018 and continue through September 2047. 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. Projected future debt service on the loan is as follows:

<b>Year Ending</b>			
<b><u>June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2017	\$ -	\$ -	\$ -
2018	-	-	-
2019	462,283	212,471	674,754
2020	538,208	291,077	829,285
2021	531,716	297,569	829,285
2022-2026	2,788,948	1,357,475	4,146,423
2027-2031	3,019,318	1,127,105	4,146,423
2032-2036	3,268,718	877,705	4,146,423
2037-2041	3,538,718	607,705	4,146,423
2042-2046	3,831,021	315,402	4,146,423
2047-2048	1,619,597	38,974	1,658,571
Total	19,598,527	5,125,483	24,724,010
Due Within One Year	-	-	-
Due Beyond One Year	\$ 19,598,527	\$ 5,125,483	\$ 24,724,010

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**USDA 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 constructed wastewater system improvements. The bonds bear interest at 5.0% per annum with semi-annual principal and interest payments due each August and February and continue through August 2022. The District's repayment obligation is secured by a pledge of the net revenues of its wastewater enterprise. Future debt service is as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 70,000	\$ 25,750	\$ 95,750
2018	70,000	22,250	92,250
2019	70,000	18,750	88,750
2020	80,000	15,250	95,250
2021	80,000	11,250	91,250
2022 - 2023	145,000	10,500	155,500
Total	515,000	103,750	618,750
Due Within One Year	(70,000)	(25,750)	(95,750)
Due Beyond One Year	\$ 445,000	\$ 78,000	\$ 523,000

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

**Umpqua 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 principal and interest payments of \$4,644 due monthly through December 2017. 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 as follows:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 52,664	\$ 3,070	\$ 55,734
2018	27,238	613	27,851
Total	79,902	3,683	83,585
Due Within One Year	(52,664)	(3,070)	(55,734)
Due Beyond One Year	\$ 27,238	\$ 613	\$ 27,851

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

Long-term debt activity for the year ended June 30, 2016, was as follows:

	<b>Balance 6/30/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2016</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>					
PPFCC Lease	\$ 1,432,701	\$ -	\$ (79,968)	\$ 1,352,733	\$ 79,968
PG&E Loan	89,391	-	(19,844)	69,547	19,865
Total Governmental-Type Activities	<u>\$ 1,522,092</u>	<u>\$ -</u>	<u>\$ (99,812)</u>	1,422,280	<u>\$ 99,833</u>
Due Within One Year				(99,833)	
Due Beyond One Year				<u>\$ 1,322,447</u>	
<b><u>Business-Type Activities</u></b>					
<b><u>Water Fund</u></b>					
Davis-Grunsky Act Loan	\$ 2,089,933	\$ -	\$ (96,695)	\$ 1,993,238	\$ 98,687
ARRA Loan	134,933	-	(11,126)	123,807	11,241
I-Bank Loan	842,085	-	(40,572)	801,513	41,939
Total Water Fund	<u>3,066,951</u>	<u>-</u>	<u>(148,393)</u>	2,918,558	<u>151,867</u>
<b><u>Wastewater Fund</u></b>					
State Revolving Fund Loan #1	40,920	-	(40,920)	-	-
State Revolving Fund Loan #2	79,525	-	(25,839)	53,686	26,510
State Revolving Fund Loan #3	-	1,168,549	-	1,168,549	-
USDA Revenue Bonds	575,000	-	(60,000)	515,000	70,000
Umpqua Bank Loan	129,726	-	(49,824)	79,902	52,664
Total Wastewater Fund	<u>825,171</u>	<u>1,168,549</u>	<u>(176,583)</u>	1,817,137	<u>149,174</u>
Total Business-Type Activities	<u>\$ 3,892,122</u>	<u>\$ 1,168,549</u>	<u>\$ (324,976)</u>	4,735,695	<u>\$ 301,041</u>
Due Within One Year				(301,041)	
Due Beyond One Year				<u>\$ 4,434,654</u>	

Interest expense included in the direct functional expenses of governmental and business-type activities was \$50,168 and \$105,914, respectively. The Wastewater Fund capitalized interest totaling \$3,116 during the fiscal year.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Other long-term liability activity for the year ended June 30, 2016, was as follows:

	<b>Balance 6/30/2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2016</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>					
Compensated Absences	\$ 61,161	\$ 13,230	\$ -	\$ 74,391	\$ 46,229
Net OPEB Obligation	276,539	107,962	-	384,501	-
Net Pension Liability	370,706	18,921		389,627	-
Total	<u>\$ 708,406</u>	<u>\$ 140,113</u>	<u>\$ -</u>	<u>\$ 848,519</u>	<u>\$ 46,229</u>
<b><u>Business-Type Activities</u></b>					
Compensated Absences					
Water	\$ 92,339	\$ 6,876	\$ -	\$ 99,215	\$ 53,792
Wastewater	92,557	6,876	-	99,433	53,905
Total	<u>\$ 184,896</u>	<u>\$ 13,752</u>	<u>\$ -</u>	<u>\$ 198,648</u>	<u>\$ 107,697</u>
Net OPEB Obligation					
Water	\$ 300,592	\$ 99,994	\$ -	\$ 400,586	\$ -
Wastewater	303,561	100,858	-	404,419	-
Total	<u>\$ 604,153</u>	<u>\$ 200,852</u>	<u>\$ -</u>	<u>\$ 805,005</u>	<u>\$ -</u>
Net Pension Liability					
Water	\$ 359,472	\$ 20,821	\$ -	\$ 380,293	\$ -
Wastewater	393,173	23,229	-	416,402	-
Total	<u>\$ 752,645</u>	<u>\$ 44,050</u>	<u>\$ -</u>	<u>\$ 796,695</u>	<u>\$ -</u>

Governmental other long-term liabilities are primarily liquidated by the General Fund.

**NOTE 5 FUND BALANCE/NET POSITION**

**Restricted Fund Balance**

At June 30, 2016, the fund balance of the general fund has been restricted to reflect unexpended Quimby fees (collected in accordance with the Quimby Act) paid by developers as well as contributions restricted for expenditure on the Teen and Community Center as follows:

	<b>Balance</b>
Teen & Community Center	\$ 6,788
Park & Recreation Capital Projects - Coastal	42,627
Park & Recreation Capital Projects - Inland	151,952
Total Restricted Fund Balance	<u>\$ 201,367</u>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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**Committed Fund Balance**

At June 30, 2016, in accordance with the District's reserve policy, the fund balance of the general fund has been committed (see Note 1 for more information about committed fund balance) as follows:

<b>Reserve Description</b>	<b>Target Reserve Balance</b>	<b>Reserve Balance</b>
Catastrophe	2% of Capital Assets	\$ 45,342
Compensated Absences	Equal to Compensated Absences Liability	74,391
Other Postemployment Benefits (OPEB)	Equal to OPEB Liability	384,501
Pension Liability	Equal to Net Pension Liability	389,627
Total Committed Fund Balance		<u>\$ 893,861</u>

**Unrestricted Fund Balance/Net Position**

During the fiscal year, the District's governmental funds experienced a significant decrease in unrestricted fund balance primarily due to the capital outlays incurred for the construction of the Teen and Community Center. At the same time, the District's governmental activities experienced a significant shift from unrestricted net position to net investment in capital assets as a result of this capital asset activity.

**NOTE 6 PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. A full description of the pension plan benefit provisions, assumptions, and membership information is listed in the Plan's June 30, 2014 Annual Actuarial Valuation Report. This report and CalPERS audited financial statements are publically available reports that be can be obtained on the CalPERS' website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for PEPPRA employees) with statutorily reduced benefits based on earnings and service credits. All members are eligible for non-duty disability benefits after 5 years of credited service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Non-PEPRA</b>	<b>PEPRA</b>
Hire Date	Prior to 01/01/2013	On or After 01/01/2013
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Minimum Retirement Age	50	52
Monthly Benefit as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rate	7.000%	6.250%
Required Employer Contribution Rate	8.003%	6.237%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan by the District for the fiscal year ended June 30, 2016 were \$222,983 (\$155,352 employer share and \$67,631 employee share paid by the District).

**Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

The District's net pension liability for the Plan is measured as it's proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was \$1,123,351 and \$1,186,322, respectively.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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For the year ended June 30, 2016, the District recognized pension expense, excluding employee contributions paid by the District, of \$122,357. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,019	\$ -
Changes in assumptions	-	(104,250)
Pension contributions subsequent to measurement date	155,352	-
Change in employer's proportion and differences between the District's contributions and proportionate share of contributions	-	(178,545)
Net differences between projected and actual earnings on plan investments	-	(38,509)
Total	<u>\$ 166,371</u>	<u>\$ (321,304)</u>

The District reported \$155,352 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

<u>Year Ended June 30</u>	<u>Increase (Decrease) to Pension Expense</u>
2017	\$ (91,742)
2018	(90,925)
2019	(68,768)
2020	(58,850)
Total	<u>\$ (310,285)</u>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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**Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined based upon the following methods and assumptions:

<b>Valuation Date</b>	June 30, 2014
<b>Measurement Date</b>	June 30, 2015
<b>Actuarial Cost Method</b>	Entry Age Normal Cost Method
<b>Actuarial Assumptions</b>	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Salary Growth	3.2% - 12.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	(3)
Post Retirement Benefit Increase	(4)

(1) Depending on entry age and duration of service.

(2) Net of pension plan investment expenses, including inflation.

(3) Derived from CalPERS membership data for all funds.

(4) Contract COLA up to 2.75%.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2014 actuarial demographic experience study which focused on CalPERS data for the fiscal years 1997 to 2011. Further details of the Experience Study report can be found on the CalPERS website.

**Changes of Assumptions**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used in the June 30, 2014 valuation was net of administrative expenses. The discount rate used for the June 30, 2015 measurement of the net pension liability was changed from 7.50 percent to 7.65 percent to correct for an adjustment to exclude administrative expenses.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent compared to 7.5 percent in the prior year. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2014.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10*</b>	<b>Real Return Years 11+ **</b>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

\* An expected inflation of 2.5% used for this period.

\*\* An expected inflation of 3.0% used for this period.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
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**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's net pension liability (proportionate share of the net pension liability of the Plan) as of the measurement date, calculated using the discount rate of the Plan (7.65%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	<b>Discount Rate -1% (6.65%)</b>	<b>Discount Rate (7.65%)</b>	<b>Discount Rate +1% (8.65%)</b>
Net Pension Liability	\$ 1,989,545	\$ 1,186,322	\$ 523,168

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan**

At June 30, 2016, the District reported a payable of \$14,649 (\$8,250 employer share and \$6,399 employee share paid by the District) for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

The District sponsors and administers a single-employer defined benefit postemployment health care plan (the Plan) to provide healthcare benefits to eligible retired employees and their dependents. District resolutions and regulations assign responsibility to establish and amend benefit provisions to the District. Although the District has not yet established a separate postemployment benefit (OPEB) trust fund, the District has set aside funds in accordance with its reserve policy equal to its OPEB liability at June 30, 2016 (\$1,189,506).

**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, with additional amounts to prefund benefits as determined annually by the District's Board of Directors. For the fiscal year ended June 30, 2016, the District contributed \$92,532 of its annual cost of \$401,346. As a result, the net OPEB liability increased by \$308,814 during the fiscal year.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**Benefits**

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

Benefits Provided	Medical Only
Duration of Benefits	Lifetime
Required Service	5 Years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100%
Benefit Limits	(1)

(1) No benefit limits for employee coverage. Dependent coverage is subject to a limit calculated using a formula specified by the District.

**Annual OPEB Costs and 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 No. 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)	\$ 401,346
Interest on Net OPEB Obligation	39,631
Adjustments to the ARC	(39,631)
Annual OPEB Cost	<u>401,346</u>
Contributions Made	<u>(92,532)</u>
Change in Net OPEB Obligation	308,814
Net OPEB Obligation - Beginning of Year	<u>880,692</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,189,506</u></u>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation at June 30, 2016, and the two preceding fiscal years, were as follows:

<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
06/30/14	\$ 275,685	35.7%	\$ 670,081
06/30/15	\$ 306,378	31.3%	\$ 880,692
06/30/16	\$ 401,346	23.1%	\$ 1,189,506

**Funded Status**

The funded status of the Plan as of the most recent actuarial valuation is as follows:

<b>Actuarial Valuation Date</b>	<b>(A) Actuarial Value of Assets</b>	<b>(B) Entry Age Actuarial Accrued Liability</b>	<b>(C) Excess Assets/ (Unfunded Liability) [(A) - (B)]</b>	<b>(D) Funded Ratio [(A)/(B)]</b>	<b>(E) Annual Covered Payroll</b>	<b>(F) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(C)/(E)]</b>
06/01/16	\$ -	\$ 4,222,901	\$ (4,222,901)	0.0%	\$ 1,269,932	332.53%

A valuation of the District's OPEB obligation must be performed on a triennial basis. Actuarial valuations of an ongoing plan involve an estimate of the value of expected benefit payments and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and healthcare cost 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 multi-year 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) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of 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.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

The OPEB liability at June 30, 2016 was calculated based on the June 1, 2016 actuarial valuation which included the following methods and assumptions:

<b>Valuation Date</b>	June 1, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal Cost Method
<b>Actuarial Assumptions</b>	
Discount Rate	4.50%
Inflation	2.75%
Payroll Growth	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	4.50%
Mortality	(1)
Retirement Rates	(2)
Plan Assets	(3)

(1) 2014 CalPERS Active Mortality for Miscellaneous Employees.

(2) Hired before 01/01/2013: 2009 CalPERS 2% @ 55 Rates for Miscellaneous Employees. Hired after 12/31/2012: 2009 CalPERS 2% @ 60 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age of 52.

(3) There were no plan assets on the valuation date.

**NOTE 8 PROPERTY TAXES**

The County of Humboldt (the County) is responsible for assessing, collecting, and apportioning property taxes within the County. Property taxes are levied for each fiscal year on real property based on the assessed value as of the preceding January 1. On January 1, property taxes attach as a lien on real property and are due and payable November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales and construction and the next normal assessment date.

In accordance with State law (Proposition 13), property taxes are based either on a 1% rate applied to the 1975-76 assessed value of the real property or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. The County can also increase the assessed valuation (exclusive of increases related to sales transactions and improvements) for cost of living increases up to a maximum of 2% per year. The District receives a share of the county-wide property tax revenue based on State formula which provides \$1/\$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 of Humboldt. Under this plan, the County distributes 100% of current secured taxes billed to taxing entities during the current year, whether collected or not.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

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 COMMITMENTS AND CONTINGENCIES**

**Capital Project Commitments**

The District has active capital projects, as outlined in its Capital Improvement Plan, in which it has entered or will enter into significant agreements for the design and construction of these projects. The Capital Improvement Plan is available on the District website as part of both the budget and the strategic plan. Additional information on the upgrade of the Wastewater Management Facility and the Teen and Community Center Project can be found in the accompanying Management's Discussion and Analysis (pages 8 and 9).

**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 discharge permit by the State which contains compliance provisions that will 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 present and future effluent standards regarding nutrient removal.

**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; injuries to employees; 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). The District's obligations under the arrangement are to pay billed premiums for the specified coverages. The 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. Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

Below is a summary of the District's insurance coverage for the year ended June 30, 2016:

<b><u>Type of Coverage</u></b>	<b><u>Coverge per Occurrence</u></b>
General Liability	\$ 5,000,000
Public Officials and Employees Errors	5,000,000
Personal Liability - Board Members	500,000
Employment Practices Liability	5,000,000
Employee Benefits Liability	5,000,000
Employee and Public Officials Dishonesty	1,000,000
Auto Liability	5,000,000
Auto Physical Damage	Actual Value
Uninsured/Underinsured Motorists	1,000,000
Trailer Coverage	Actual Value
Property Coverage	Replacement Cost up to \$1 Billion
Boiler and Machinery Coverage	Replacement Cost up to \$100 Million
Workers' Compensation	Statutory
Employers' Liability Coverage	5,000,000

There have been no significant changes in insurance coverage 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, 2016.

**NOTE 11 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 12 SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through December 21, 2016 which is the date the financial statements were available to be issued, and concluded that no additional adjustments to the financial statements or disclosures, except as subsequently noted, are required for fiscal year 2015-16.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (PARKS AND RECREATION)  
For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget - Over (Under)</b>
<b>Fund Balance - July 1</b>	\$ 924,617	\$ 924,617	\$ 924,617	\$ -
<b>Resources (Inflows)</b>				
Property Taxes	510,000	510,000	547,214	37,214
Program Fees	354,349	354,349	367,252	12,903
Facility and Open Space Fees	163,450	163,450	174,274	10,824
Other Revenues	16,272	16,272	225,643	209,371
Quimby Fees	53,000	53,000	10,949	(42,051)
Unrestricted Investment Earnings	8,200	8,200	14,376	6,176
<b>Amounts Available for Appropriations</b>	<b>2,029,888</b>	<b>2,029,888</b>	<b>2,264,325</b>	<b>234,437</b>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and Benefits	812,399	812,399	784,070	(28,329)
Other Expenditures	212,162	212,162	226,509	14,347
Capital Outlay	56,320	56,320	158,518	102,198
<b>Total Charges to Appropriations</b>	<b>1,080,881</b>	<b>1,080,881</b>	<b>1,169,097</b>	<b>88,216</b>
<b>Fund Balance - June 30</b>	<b>\$ 949,007</b>	<b>\$ 949,007</b>	<b>\$ 1,095,228</b>	<b>\$ 146,221</b>

**Note 1** - An annual budget is adopted for the General Fund on a budgetary basis. Appropriations lapse at fiscal year-end. The appropriated budget for the general fund is prepared by function and department. The General Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public comment is elicited during Board meetings to obtain taxpayer and ratepayer comments. A final budget is legally adopted on or before June 30. The General Manager of the District may make transfers of appropriations within a department. Transfers between departments and other changes require approval by the District's Board of Directors. The legal level of control is the department and fund level. No supplemental appropriations were made during the fiscal year. Encumbrance accounting is not employed in this fund.

**Note 2** - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

**Resources (Inflows):**

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 2,264,325
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(924,617)
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,339,708

**Charges to Appropriations (Outflows):**

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,169,097
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**Net Change in Fund Balance**

**\$ 170,611**

**Note 3** - Significant variances between the final budgeted and actual amounts is directly related to grant and capital expenditure activity.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
MEASURE B FUND  
For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Fund Balance - July 1</b>	\$ 1,634,475	\$ 1,634,475	\$ 1,634,475	\$ -
<b>Resources (Inflows)</b>				
Special Assessments	230,000	230,000	204,177	(25,823)
Grants	150,000	150,000	5,000	(145,000)
Other Revenues	270,000	270,000	741	(269,259)
Proceeds from Long-Term Debt	1,400,000	1,400,000	-	(1,400,000)
Unrestricted Investment Earnings	-	-	13,106	13,106
<b>Amounts Available for Appropriations</b>	<u>3,684,475</u>	<u>3,684,475</u>	<u>1,857,499</u>	<u>(1,826,976)</u>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and Benefits	109,708	109,708	75,015	(34,693)
Other Expenditures	12,750	12,750	12,848	98
Capital Outlay	1,850,218	1,850,218	2,105,179	254,961
Debt Service	75,508	75,508	130,136	54,628
<b>Total Charges to Appropriations</b>	<u>2,048,184</u>	<u>2,048,184</u>	<u>2,323,178</u>	<u>274,994</u>
<b>Fund Balance - June 30</b>	<u>\$ 1,636,291</u>	<u>\$ 1,636,291</u>	<u>\$ (465,679)</u>	<u>\$ (2,101,970)</u>

**Note 1** - An annual budget is adopted for the Measure B Fund on a budgetary basis. Appropriations lapse at fiscal year-end. The appropriated budget for the general fund is prepared by function and department. The General Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public comment is elicited during Board meetings to obtain taxpayer and ratepayer comments. A final budget is legally adopted on or before June 30. The General Manager of the District may make transfers of appropriations within a department. Transfers between departments and other changes require approval by the District's Board of Directors. The legal level of control is the department and fund level. No supplemental appropriations were made during the fiscal year. Encumbrance accounting is not employed in this fund.

**Note 2** - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

**Resources (Inflows):**

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 1,857,499
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(1,634,475)</u>
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	223,024

**Charges to Appropriations (Outflows):**

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>2,323,178</u>
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<b>Net Change in Fund Balance</b>	<u><u>\$ (2,100,154)</u></u>
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**Note 3** - Significant variances between the final budgeted and actual amounts is directly related to debt issuance, debt service, and capital expenditure activity for the Teen and Community Center Project.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
STREETLIGHTING FUND  
For the Fiscal Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Fund Balance - July 1</b>	\$ (39,896)	\$ (39,896)	\$ (39,896)	\$ -
<b>Resources (Inflows)</b>				
Streetlight Charges & Fees	77,012	77,012	75,811	(1,201)
Other Revenues	16,800	16,800	17,363	563
Unrestricted Investment Earnings	25	25	-	(25)
<b>Amounts Available for Appropriations</b>	<b>53,941</b>	<b>53,941</b>	<b>53,278</b>	<b>(663)</b>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and Benefits	40,432	40,432	40,283	(149)
Electricity	11,340	11,340	15,062	3,722
Other Expenditures	22,140	22,140	14,302	(7,838)
Debt Service	19,865	19,865	19,847	(18)
<b>Total Charges to Appropriations</b>	<b>93,777</b>	<b>93,777</b>	<b>89,494</b>	<b>(4,283)</b>
<b>Fund Balance - June 30</b>	<b>\$ (39,836)</b>	<b>\$ (39,836)</b>	<b>\$ (36,216)</b>	<b>\$ 3,620</b>

**Note 1** - An annual budget is adopted for the Streetlighting Fund on a budgetary basis. Appropriations lapse at fiscal year end. The appropriated budget for the general fund is prepared by function and department. The General Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public comment is elicited during Board meetings to obtain taxpayer and ratepayer comments. A final budget is legally adopted on or before June 30. The General Manager of the District may make transfers of appropriations within a department. Transfers between departments and other changes require approval by the District's Board of Directors. The legal level of control is the department and fund level. No supplemental appropriations were made during the fiscal year. Encumbrance accounting is not employed in this fund.

**Note 2** - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

**Resources (Inflows):**

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 53,278
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	39,896
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	93,174

**Charges to Appropriations (Outflows):**

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	89,494
<b>Net Change in Fund Balance</b>	<b>\$ 3,680</b>

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last 10 Years\***  
**June 30, 2016**

	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement Date	6/30/2015	6/30/2014
Valuation Date	6/30/2014	6/30/2013
Proportion of the Net Pension Liability	0.01728%	0.01805%
Proportionate Share of the Net Pension Liability	\$ 1,186,322	\$ 1,123,351
Covered-Employee Payroll	\$ 1,253,808	\$ 1,175,186
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	94.62%	95.59%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	83.21%
Proportionate Share of Aggregate Employer Contributions	\$ 201,093	\$ 150,596

**\* Note (1)** The District participates in the Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit plan administered by the California Public Employees Retirement System. The above schedule reflects the District's proportionate share of the Plan's net pension liability (as of the measurement date) for the past two years. Fiscal year 2014-15 was the first year of implementation, therefore only two years are shown. Additional information regarding the Plan can be found at Note 6 to the basic financial statements.

**Note (2)** The amounts above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Last 10 Years\***  
**June 30, 2016**

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarily Determined Contribution	\$ 155,352	\$ 126,683
Contributions in Relation to the Actuarially Determined Contribution	<u>(155,352)</u>	<u>(126,683)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,269,932	\$ 1,253,808
Contributions as a Percentage of Covered-Employee Payroll	12.233%	10.104%

\* **Note (1)** The District participates in the Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit plan administered by the California Public Employees Retirement System. The above schedule reflects the District's contributions to the Plan over the past two fiscal years. Fiscal year 2014-15 was the first year of implementation, thus this schedule reflects only two years. Additional information regarding the Plan can be found at Note 6 to the basic financial statements.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFITS**  
**June 30, 2016**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Entry Age Actuarial Accrued Liability</b>	<b>Excess Assets/ (Unfunded Liability)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
05/01/10	\$ -	\$ 1,710,113	\$ (1,710,113)	0.00%	\$1,131,599	151.12%
06/01/13	\$ -	\$ 2,692,157	\$ (2,692,157)	0.00%	\$1,249,028	215.54%
06/01/16	\$ -	\$ 4,222,901	\$ (4,222,901)	0.00%	\$1,269,932	332.53%

**Note (1)** The District sponsors and administers a single-employer defined benefit postemployment healthcare plan (the Plan) to provide healthcare benefits to eligible retired employees and their dependents. The above schedule presents information about the funded status for the Plan's three most recent actuarial valuations.

**Note (2)** Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Information regarding the actuarial methods and assumptions for the most recent actuarial valuation can be found in Note 7 to the basic financial statements. The next actuarial valuation will be performed during fiscal year 2018-19.

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

INDEPENDENT AUDITORS' 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  
McKinleyville, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the 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, 2016, and the related notes to the financial statements, which collectively comprise the McKinleyville Community Services District's basic financial statements, and have issued our report thereon dated December 21, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the McKinleyville Community Services District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McKinleyville Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of the McKinleyville Community Services District's internal control.

*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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether McKinleyville Community Services District's financial statements are free from 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*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hunter, Hunter & Hunt*

December 21, 2016

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.4**                      **Consider Approval of the Strategic Plan 2017-2021**

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

**TYPE OF ACTION:**              **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review, take public comment and approve the Draft five (5) year Strategic Plan for publication with the recommended modifications.

### **Discussion:**

The McKinleyville Community Services District Strategic Plan process began in August of 2012, with Board approval. The Strategic Plan was returned to the Board On December 4, 2013 where it received the final approval of the MCSD Board.

Staff continues to update the strategic plan by meeting regularly to reflect continued progress that MCSD makes with projects, finances and improvement programs. This plan is foundational to the District's long term financial health and stability yet provides annual reviews to stay grounded in the current and mid-term needs of the community we serve.

Tonight in a workshop format we would encourage the Board to discuss, add and modify policy related issues to provide staff and management direction for the coming five (5) years.

The Strategic Plan will continue to be presented to the Board on a calendar year basis for approval.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – Strategic Plan 2017 Draft



# Strategic Plan

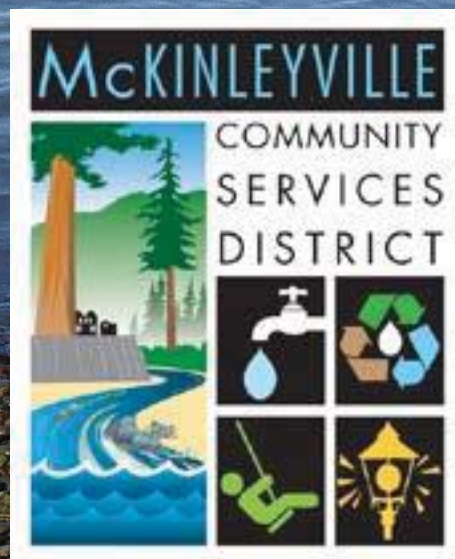
2017-21

## McKinleyville

### Community Services District

**Mission Statement:**

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



### **Board of Directors**

Dennis Mayo, President  
David R. Couch, Director  
John Corbett, Director  
George Wheeler, Director

### **District Management Team**

Greg Orsini, General Manager  
Colleen Trask, Finance Director  
James Henry, Operations Director  
Lesley Frisbee, Recreation Director  
Emily Abfalter, Board Secretary

### **Strategic Plan Consultant – BHI Management Consulting**

Brent H. Ives, Principal





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## **INTRODUCTION**

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

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

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

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

## STRATEGIC PLANNING DEFINITIONS

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

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

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

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

Strategic Goals: A short statement of desired success. The goal statement is supported by a narrative that more fully explains the nature of the goal and the issues that the goal intends to address. The Strategic Goals are prepared by management and accepted by the Board. The Strategic Goals will change from year-to-year when



the annual assessment is made of the progress on each Strategic Element. The Strategic goals straddle the line between policy (Board responsibility) and implementation (management responsibility) and as such are a collaborative effort of both the Board and management.

## **STRATEGIC PLAN DEVELOPMENT**

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

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

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

A steering committee, consisting of Senior Management and staff, worked with BHI to develop the Strategic Goals that support each Strategic Element. Using this process, along with both external and internal input, the Strategic Plan was assembled in a

way that best articulates the Board's Vision and Strategy for the District over the next five years.

## **CONTINUATION PROCESS OF THE PLAN**

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

## MISSION AND VISION STATEMENTS

### **DISTRICT MISSION**

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

### **DISTRICT VISION**

*In five years, MCSD will:*

- *have continued our commitment to infrastructure maintenance*
- *have explored options for additional emergency water supplies*
- *have assured water reliability (distribution system)*
- *have converted customers to all radio read meters*
- *have secured funding and completed construction of the WWMF improvement project*
- *be proactive with regulatory compliance*
- *have continued our commitment to maintenance of parks, facilities and trails*
- *have opened and are operating our teen center*
- *have identified funding sources for community forest development and maintenance*
- *be operating Mad River Park*
- *have secured funding for park and trails development*
- *have formalized relationships and collaborations with other governmental agencies*
- *have maintained a high quality and efficient workforce*
- *have continued our commitment to ensuring efficient and ethical governance*
- *have improved communications with the ratepayers and the entire McKinleyville Community*

- *have ensured continued planning and training for emergency operations*
- *have achieved a “best practices” distinction*
- *have long-term, financial sustainability in all District programs (debt, reserves, program costs, etc.)*

## STRATEGIC ELEMENTS

Strategic Elements represent the vital areas of the District’s operation and management wherein strategy is placed. They assure that the implementation of strategy work to be performed in support of the Mission and Vision are comprehensive in nature and properly cover all areas of the District. Strategic elements are derived from the foundational Mission and Vision statements of the District. They are linked to action and results through the Strategic Goals written in each area and the Strategic Work Plan. The Strategic Work Plan contains the supportive actions and initiatives organized and prioritized by year within the planning period. It presents each Strategic Goal and consolidates actions in tabular form in **Table 1 - Strategic Plan “Matrix” (pg. 37).**

The Strategic Elements are:

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

## 1.0 WATER

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

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

### 1.1 MAINTENANCE PROGRAMS

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

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

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

### 1.2 WATER STORAGE TANK PROJECT

The Board has determined the necessity to maintain a 5-day reserve of water due to our single source. We are in the process of negotiating the purchase of property adjacent to Cochran Tank Site. Upon completion of the procurement process, a cost benefit analysis on tank type will be conducted to determine whether the tanks design will be steel or

concrete, and design completed. Search for grant funding to offset costs. Geo Tech was performed on the prospective parcel.

### **1.3 EMERGENCY WATER CROSSING**

The connection between MCSD and Arcata is completed. Standard Operating Procedures will be jointly written between MCSD and Arcata to cover maintenance and operation.

### **1.4 EMERGENCY WATER SUPPLY**

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

### **1.5 DIGITAL CONTROL UPGRADE**

Due to age of existing digital control at tank sites and booster stations, MCSD has completed updating this equipment. These system upgrades ensure public safety and have supervisory control of remote infrastructure; these systems must perform in a reliable manner. MCSD will be exploring a new or updated digital control strategy to update the water stations and execute a contract to complete the task when an acceptable approach satisfies the District.

### **1.6 WATER MAIN REHABILITATION AND REPLACEMENT**

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

State students worked with MCSD as a project on pipe replacement strategies, costs and materials. This information will be used to help offset engineering costs.

### **1.7 RADIO READ METERS**

Radio read meter technology has matured to a point where it is now feasible and cost effective to utilize them. MCSD specification requires all new meters be radio read. As meters age to roughly 15 to 18 years they have been replaced in the past. MCSD is in the process of replacing older meters with radio meters. The radio head retrofits were completed in 2015. This process will be ongoing for the next two years.

### **1.8 FIRE HYDRANT UPGRADE AND INSTALLATION**

MCSD has agreed to “cost share” with the Arcata Fire Protection District to install fire hydrants where needed in commercial and residential areas. The fire department will cover 50% of the time and material cost to install new fire hydrants.

### **1.9 EMERGENCY GENERATOR UPGRADE**

The Cochran Tank Site generator is nearing the end of its life cycle. The District plans to upgrade the generators to meet emission regulations and to allow for future pump upgrades during this planning period. An engineer will be contracted to design the generator size and installation to meet future needs.

## 2.0 WASTEWATER

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

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

### 2.1 20-YEAR FACILITY PLAN

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

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

### 2.2 WWMF IMPROVEMENT PROJECT

MCSD's existing treatment facility is unable to meet current limitations as set forth in the NPDES permit and upcoming limitations will only become more stringent. An upgrade is necessary to be in compliance with upcoming State nutrient removal requirements and to avoid future fines. The bid process was completed and a general contractor chosen for the construction of a new WWMF to meet current and future discharge limitations. The project is scheduled for completion during this planning period with an estimated completion date of June 2017. As of the end of the 2016 year, the clarifiers have been poured and tested, the mechanical building is 60% completed, the headworks is poured and tested along with underground pipe and valves installed. A biosolids management plan will also be developed as part of the upgrade. A State Revolving Fund low interest loan was secured to cover the costs of planning, design and construction.



### **2.3 COLLECTION SYSTEM UPGRADES**

A sewer model was designed to locate undersized mains in the collection system. Scenarios were run using proposed growth and major rain events. Several locations were identified as being inadequate to handle the flow increase without causing sewer back-ups and possible spills. A Technical Memorandum will be completed for the proposed Thiel crossing as part of the Sewer Main Improvement and Rehabilitation Plan (item 2.4) along with collecting flow data. The Board has determined Thiel will be the crossing upgraded with the other two crossings not needing an upgrade in the CIP horizon.

### **2.4 SEWER MAIN IMPROVEMENT AND REHABILITATION**

The Board has made the prevention of infiltration a priority. Preventing groundwater from mixing with the sewer saves on pumping and treatment costs. An internal pipe patch repair kit was purchased to make these trenchless repairs. It will not only repair the broken section of the main but also save excavation costs. Replacing AC pipe with SDR 35 as upgrades or repairs occur is also part of the District's improvement strategy. During the planning period the District will pursue the conception of a Sewer Mainline Replacement Plan and adopt methods to assess the condition of the pressure sewer mains at the sewer lift stations.

### **2.5 DIGITAL CONTROL UPGRADE**

Due to age of existing digital control, MCSD is in the process of updating this equipment. In order to ensure public safety and maintain proper supervisory control of remote infrastructure, these systems must perform in a reliable manner. The WWMF controls will be addressed during the improvement project as well as updating the sewer stations and execute a contract to complete the task when an acceptable approach satisfies the District.

## **2.6 SEWER LIFT STATION GENERATOR UPGRADES**

The sewer lift station generators are nearing the end of their service life. There are also emission restrictions on these generators, which prevent the needed cycling of these generators. The District plans to upgrade the generators to meet emission regulations and to allow for future pump upgrades during this planning period. An engineer will be contracted to design the generator size and installation to meet future needs. Grant funding opportunities are being researched to help offset replacement costs.

## **2.7 PRE-TREATMENT PROGRAM**

A pretreatment program is very important to regulate unwanted discharging into the sewer collection system, which can disrupt the treatment process; grease from cooking facilities can play a major factor in sewer spills. By direction of the Board, the sewer use ordinance was updated and discharge permits were issued to non-domestic discharges. Customers with grease traps will be issued permits in FY 16/17 to meet the Food Oil Grease program requirements. This State mandated program will be fully implemented in this planning period. Due to the new marijuana regulations, research is being conducted to regulate the discharge from the permitted facilities along with the District issuing them a discharge permit.

## **2.8 I&I PREVENTION**

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

**2.9 RECLAMATION SITE EXPANSION**

Staff is researching ways to expand the District's reclamation area to meet future demand. Crop species are being studied along with purchasing property within the NPDES permit boundaries. A bio-filtration pilot study is in design phase and will be implemented. The funding for this study is being provided through Land and Conservation Act grant funds. Irrigation infrastructure will be installed in areas that will benefit from the reclaimed water.

**2.10 PERCOLATION SITE DECOMMISSIONING**

Due to ongoing restrictions and regulatory pressures MCSD has determined it is effective and efficient to decommission our Percolation Ponds west of the Fischer Property adjacent to the lower pasture as noted in the MCSD Wastewater Facilities Plan approved by the Board in December of 2011. The Flood Plain Enhancement Project will be designed and constructed using various grants. This project will coincide with the decommissioning of the Percolation Ponds.

### 3.0 STREETLIGHTS

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

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

#### 3.1 MAINTENANCE PROGRAMS

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

## 4.0 PARKS AND RECREATION

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

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

### 4.1 TEEN AND COMMUNITY CENTER

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

Staff completed the business plan and MOU for the partnership between MCSD and Boys & Girls Club of the Redwoods (BGCR) in time for the facility to be open for teen programming and community use on August 22, 2016. Staff continue to work with BGCR staff on fundraising to support the programs and operations of the facility.

The commercial kitchen will be complete and ready for public use by end of January 2017.

#### **4.2 HEWITT RANCH PROPERTY**

This park has been identified as a necessary enhancement to the McKinleyville community through a series of Public Meetings held in 2007. In April 2007 the MCSD Board encumbered \$25,000 in Quimby Inland Park Dedication Funds for the development of an interpretive trail system, informal disc golf course and a small gravel parking lot. Since then staff has continued to seek a solution for access to the property. Currently staff is working toward acquiring property adjacent to the Cochran water tank site which will provide an access point and a location for a small parking lot. The development of this property is dependent upon access, which would be contingent on the purchase of the property adjacent to the Cochran tanks Site.

Staff will continue to seek funding sources for planning and development and intends to have funding options available for presentation to the MCSD Board in 2018, as well as a development plan in 2019-2020.

#### **4.3 WASHINGTON AVE PROPERTY**

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

Invasive Scotch broom plants have been removed. Parks staff continues to keep the property mowed on an approximately quarterly basis.

There is a possibility that Staff may be working with the BMX community and USA BMX to evaluate the feasibility of building a BMX Bike Track at the location. If the location is suitable for a BMX Bike Track, staff will ask the Recreation Advisory Committee to make a recommendation to the Board.

#### **4.4 COMMUNITY FOREST**

The McKinleyville Area Plan has identified the importance of a community forest in McKinleyville. Property has been identified for the purposes of a McKinleyville Community Forest. Acquisition of property is dependent upon adequate funding for not only acquisition but also development and ongoing maintenance.

Staff will continue discussions with stakeholders and pursue grant funding during this planning period.

#### **4.5 MAD RIVER PROPERTIES**

The access point acquisition to this property will be finalized in 2017. Staff will consider environmental requirements for access development, seek recommendation from the Recreation Advisory Committee followed by Board approval and then pursue funding for creating adequate public access.

This property has been identified as having recreational potential and staff will seek funding in the form of grants and donations for future development.

#### **4.6 STANDARDS & SPECIFICATIONS: OSMZ/PARKS**

Standards and Specifications for parks, facilities and open space maintenance zones will provide a planning document for these amenities. The goal for completion is in FY 2016/17.

The priority for completion of this project has been changed but will be completed in the proposed time frame.

Once the document is completed, it will be brought to the Board for approval.

#### **4.7 MAINTENANCE STANDARDS**

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

Staff is working to draft written Maintenance Standards and Operating Procedures which will serve as a guiding document for staff, the Board and community.

#### **4.8 ANNUAL COST BENEFIT ANALYSIS OPEN SPACE ZONES (OSMZ)**

Staff has developed an efficient method for tracking time and material for each specific OSMZ. This information will be used to help manage time spent and calculate time needed for each zone. The data will be reviewed annually which will set the schedule for the following year.

#### **4.9 ANNUAL COST BENEFIT ANALYSIS PROGRAMS**

Staff will analyze participation, revenue and expense data for all programs to determine best practices in program offerings and development. Data will be reviewed on a quarterly basis throughout each year so that decisions for changes can be made annually.

#### **4.10 UPDATE PARKS AND RECREATION MASTER PLAN**

The Parks and Recreation Master Plan is updated every 5 years as necessary or determined by development. It is a living document intended to guide priorities and decisions for the Parks and Recreation opportunities in the community.

Staff is currently working with the Recreation Advisory Committee to update the Master Plan, last updated in 2012. A community survey will be conducted in early 2017 and the Plan will be finalized by December 2017.



## 5.0 PARTNERSHIPS

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

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

### 5.1 FOSTER REGIONAL COOPERATION

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

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

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

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

In addition to maintaining and nurturing ties with associations and groups, it is also important to continue to work closely with our local, state and federal government representatives. We will maintain those relationships with current positions and reach out to foster new relationships with newly elected officials. It is our goal to meet with these officials, at minimum, bi-annually or as opportunities present themselves, more frequently.

### **5.3 PARTICIPATE WITH COMMUNITY GROUPS, VOLUNTEER GROUPS AND PROFESSIONAL ASSOCIATIONS**

It is important to participate with local groups representing various constituents in order to achieve and deliver services needed or seen as needed by the local community. Our relationships today foster cooperation and maintain links to our community. It is important to embrace these in the future as the community changes and demands different services or approaches to serving its needs. Local leaders provide access to the heartbeat of the community and the District will collaborate and lead where necessary in leveraging those relationships. They include, but are not limited to:

- Humboldt Area Foundation
- Kiwanis Club of McKinleyville
- McKinleyville Area Fund
- Mad River Rotary Club
- Humboldt Sponsors
- Boy Scouts/Girl Scouts of America
- California Conservation Corps
- Headwaters Fund
- Moose Lodge
- McKinleyville Chamber of Commerce
- American Red Cross
- Humboldt County Probation Department
- Soroptimist Club
- Humboldt Regional Occupation Program
- McKinleyville Organizing Committee
- McKinleyville Family Resource Center
- Youth Advisory Council
- Boys & Girls Club of the Redwoods
- McKinleyville Land Trust
- McKinleyville Municipal Advisory Committee

## 6.0 PERSONNEL/ORGANIZATION

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

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

### 6.1 EMPLOYEE RETENTION

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

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

### 6.2 TRAINING AND DEVELOPMENT

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

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

### **6.3 EMPLOYEE COMMUNICATION**

Effective communication is essential to the functioning of the District and to productive management/employee relations. To facilitate improvements to employee communication we maintain and follow a current Organizational Chart; hold regularly scheduled staff and management meetings; maintain and update the current Employee Handbook and Supervisors' Manual through regular legal and management review; and provide multiple avenues and informal channels of communication.

### **6.4 EMPLOYEE SAFETY PROGRAM**

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

### **6.5 EVALUATION AND PERFORMANCE MANAGEMENT PROGRAM**

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

## 7.0 ADMINISTRATIVE MANAGEMENT

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

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

### 7.1 DISTRICT POLICIES AND PROCEDURES

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

In 2016, the Board had requested that the General Manager begin a proactive effort to control the escalation of employee benefits costs. A policy proposal will be brought to the Board for discussion and action that will allow the District to address the long-term unsustainability of the health insurance benefits currently offered.

As the District's reserves recover and increase under present rate structures, the Board and General Manager will need to develop broad investment policy guidelines for the appropriate investment of various reserve funds. The Board may designate an existing committee, such as the Audit Committee, to address this issue or they may create a separate Finance or Investment Committee.

During Calendar Year 2017 the Board and General Manager will create a Committee Responsibilities Section for the Board Policy Manual that will contain guiding principles that the Committees may reference for the exaction of their duties.

## **7.2 RECORDS RETENTION**

Legal requirements for record retention policies are established on a statewide basis. Adherence to these pre-established minimum standards and accepted guidelines is mandatory for record retention. Records retention policy will be reviewed by District legal counsel on a regular basis to maintain compliance.

Document management software has been installed, staff has been trained and historical records in the District Office have been scanned. Historical records held in the archives will be scanned as the District has staff capacity. Current documents are being scanned in as they are created. This program has added a level of technological redundancy and information security to our present retention and filing system. The ability to identify and retrieve data remains of primary importance.

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

## **7.3 CUSTOMER SERVICE**

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

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

#### **7.4 BUILD PUBLIC INFORMATION PROGRAM**

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

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



## **7.5 BOARD DEVELOPMENT**

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

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

Depending on participation in other agencies Boards and committees, each Board member is active in conference attendance and District representation. New ideas are constantly being brought back from these events increasing and promoting awareness of new and better methods of providing service to the District. Regular attendance at Board meetings and appointment to other agency's committees is emphasized.

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

- Formalized Board/General Manager communication plan
- Periodically update the new Board Member Orientation Manual

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

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

**7.7 EMERGENCY PREPAREDNESS AND RESPONSE**

Participation in local Operational Area cooperative group, Humboldt County Hazard Mitigation Plan, MCSD's Emergency Operations Plan, regularly scheduled training including set-up and "tabletop exercises" and National Incident Management Systems (NIMS)/Standardized Emergency Management Systems (SEMS) training included in Individual Development Plans.

**7.8 ACHIEVE BEST PRACTICES DISTINCTION AWARDS**

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

The District has been awarded both the District Transparency Certificate of Excellence and the District of Distinction Awards by the Special District Leadership Foundation (SDLF). The District will continue to work towards re-certification of these awards on a bi-annual basis.

Each Director has the opportunity to achieve the Recognition in Special District Governance Certificate. The District can achieve Silver Recognition by SDLF when a majority of the Board holds this certificate and Gold Recognition when the entire Board has their certificates. As of April of 2015, MCSD is a Silver Certificate holder.

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

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

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

#### **7.10 PLANNING AND LATENT POWERS**

In an effort to continue to provide services within MCSD's sphere of influence the District will review the potential annexation of areas that are currently provided water or are within a natural boundary. Annual reviews of MCSD's boundaries would be encouraged. Efforts to maintain continuity with the requirements of LAFCo will take precedence.

#### **7.11 INTEGRATED PEST MANAGEMENT PLAN (IPM)**

Staff is working to develop an IPM for the past two years. Information was posted on the MCSD website asking community members to provide input. A team of staff was formed to review and incorporate comments from the community. Comments were evaluated and a revised plan was presented to the Board. Staff has completed the draft Guide to Reduced-risk Pesticide List and will be bringing it to the Board for review. Staff is currently working on a matrix to include costs to maintain facilities using different techniques.

## 8.0 FINANCES

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

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

### 8.1 RESERVE POLICY IMPLEMENTATION

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

### 8.2 BUDGET DEVELOPMENT AND COMMUNICATION

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

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

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

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

### **8.3 CAPITAL BUDGET MANAGEMENT**

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

### **8.4 DEVELOPMENT OF FINANCIAL MANAGEMENT SYSTEM**

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

### **8.5 FINANCIAL AUDIT**

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

## **8.6 RESERVES RECOVERY**

Part of the most recent study of Water Rates was the inclusion of a surcharge to recover the reserves used as working capital during the period when the water rates were not adequate to cover operating costs. We have been tracking the collection of this surcharge on a monthly basis and depositing the funds in a separate Trust Account with the County of Humboldt. We expect to fully recover the expended reserves by December 2017. At that time, we will remove the surcharge from customers' bills. Progress is tracked on the monthly Treasurer's report, on a graph on the District website and on a manual graph in the front office.

## **8.7 RATE STUDIES**

To maintain adequate revenues for water and sewer operation frequent rate analysis should be conducted to smooth the necessary adjustment of rates. Per Proposition 218, fee adjustments must be reauthorized every five years. The current Water Rate Study authorizes these adjustments every January 1, from 2014 through 2018. Concurrently the Sewer Rate Study period authorizes adjustments every July 1, from 2015 through 2019.

## **TABLE 1 - Strategic Plan Matrix**

The following pages contain the matrix model for the strategic plan which includes the associated strategic element number, project name, project manager, current fiscal year capital improvement dollars budgeted, five years of project plans, an estimated completion date, total project completion percentage and any associated notations.

# Draft - McKinleyville CSD Strategic Plan 2017-2021

STRATEGIC PLAN SECTION#	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
<b>1.0 Water</b>											
1.1	Maintenance Programs	OD	\$ 491,600.00	Tank recoating/test SOP's	Valve exercising/fire hydrant insp. and exercise	Valve exercising/fire hydrant insp. and exercise	Valve exercising/fire hydrant insp. and exercise	Valve exercising/fire hydrant insp. and exercise			
1.2	Water Storage Tank Project	OD	\$ 200,000.00	Pursue grant funding/property purchased	Design & build	Build	Place in operation		2020	5%	Geotech complete and complete negotiations
1.3	Emergency Water Crossing	OD	n/a	Test SOP					2017	99%	
1.4	Emergency Water Supply	GM/OD	\$ 40,000.00	Pursue grant funding and water exploration on properties	Groundwater Mgmt Plan & Test Wells	Groundwater Mgmt Plan	Design	Emergency Source Implementation	2020	5%	
1.5	Digital Control Upgrade	OD	\$ 150,000.00	Execute updated digital control strategy	Execute updated digital control strategy				2018	5%	
1.6	Water Main Rehab and Replacement	OD	\$ 100,000.00	Complete technical memorandum for rehab/replacement strategies	Build up reserves and determine workforce increase or contract work	Build up reserves, prioritize areas of concern	Start rehab and replacement	Start rehab and replacement		5%	Reserves will be built up to replace water mains when needed
1.7	Radio Read Meters	OD	\$ 260,000.00	Phase 3	Phase 3	Annual replacements	Annual replacements	Annual replacements	2017	50%	Success contingent upon a source of financing
1.8	F/H upgrade and installation in commercial area	OD	\$ 13,000.00	Install fire hydrants where requested by the fire department	Install fire hydrants where requested by the fire department				2018	40%	Cost share with Fire Department
1.9	Cochran Emergency Generator Replacement	OD	\$ 50,000.00	Design & implementation					2017	0%	
<b>2.0 Wastewater</b>											
2.1	20-yr Facility Plan	GM & Board	n/a	Annual review	Annual review	Annual review	Annual review	Annual review		100%	
2.2	WWMF Improvement Proj/Biosolids Maint.	GM/OD	\$ 13,000,000.00	Construction completed	Create Biosolids Mgmt Plan	Implement Biosolids Mgmt Plan	Sludge depths (Biosolids Mgmt Plan)	Sludge depths (Biosolids Mgmt Plan)	2017	60%	Funding Agreement Completed by 2015
2.3	Collection Sys Upgrades	OD	\$ 50,000.00	Sewer flow analysis memo/complete tech memo for proposed upgrades of Thiel crossing & sewer main line rehab	Implement tech memo for main line rehab & upgrade monitor capacity of all 3 basin crossings	Design for Thiel crossing	Construct of Thiel crossing	Monitor capacity of all 3 basins		5%	This will be scheduled and completed when build-out requires upgrade
2.4	Sewer Main Rehab and Replacement	OD	\$ 50,000.00	Repair I&I when found/memorandum for pipe replacement plan including pressure mains, rehab select areas	Implement tech memo for main line rehab & upgrade monitor capacity of all 3 basin crossings	Repair I&I when found, prioritize pipe replacement plan	Repair I&I when found, prioritize pipe replacement plan	Repair I&I when found, implement pipe replacement plan		5%	There is no completion date to this maintenance. I&I will be repaired when found and a plan for replacing pipe will be developed
2.5	Digital Control Upgrade	OD	\$ 150,000.00	Execute updated digital control strategy	Execute updated digital control strategy				2017		Sewer stations will be completed after the WWMF upgrade.
2.6	Sewer Lift Stn Gen. Upgrades	OD	\$ 175,000.00	Pursue grant funding to replace Letz & Fischer Gen.					2017	10%	Pursuing grant funding

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STRATEGIC PLAN SECTION#	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
2.7	Pre-Treatment Program	OD	n/a	Issue & administer grease trap permits/complete industrial discharge audit/consider local limits changes for marijuana cultivation & manufacture	Administering pre-treatment program/ annual testing	Administering pre-treatment program/ annual testing	Administering pre-treatment program/ annual testing	Administering pre-treatment program/ annual testing			
2.8	I&I Prevention	OD	n/a	Annually insp. and flow testing	Annually insp. and flow testing	Annually insp. and flow testing	Annually insp. and flow testing	Annually insp. and flow testing			Inspected and repaired annually
2.9	Reclamation Site Expansion and Upgrade	OD	\$ 5,000.00	Expand reclamation area/explore purchasing more property and implement findings of bio-filtration pilot study	Negotiate purchase of more property	Finalize procurement of reclamation site	Design irrigation system	Install/implement design	2021	10%	Coastal Conservancy grant for design of pilot project
2.10	Percolation site decommissioning	GM/OD	n/a	Decommission percolation ponds & construct Coho Rearing					2017	25%	Fish & Wildlife and Coastal Conservancy Grant
<b>3.0 Streetlights</b>											
3.1	Maintenance Programs	OD	n/a	Pole inspections on 10-year rotation, due: FY2022							Poles will be inspected for rot every 10 years. Completed 6/11
<b>4.0 Parks &amp; Recreation</b>											
4.1	Teen & Community Center	GM/RD	\$ 110,000.00	Funding and program development/fully implement kitchen	Funding options brought to Board & consider environmental planning contingent on tank property purchase	Funding options brought to Board & consider environmental planning	Planning for parking area/create plan for development	Planning for programming & use	2017	99%	Kitchen funded through donations
4.2	Hewitt Ranch Park	OD/RD	to be determined	Pursue access from Cochran Rd.							This project is dependent on access from Cochran Road and tank site development
4.3	Washington Ave. Property	GM/OD/RD	to be determined	Survey community to see if a BMX track is something worth pursuing for property development	Possible park development (depending on funding)	Possible park development (depending on funding)	Possible park development (depending on funding)				Invasives have been removed, staff continues to mow quarterly
4.4	Community Forest	GM	to be determined	Property has been identified & grant funding pursued	Continue discussions with local stakeholders and pursue grant funding	Pursue property acquisition and analyze revenue and expense	Pursue property acquisition		2020		Working with TPL for grant funding
4.5	Mad River Property	GM/OD/RD	to be determined	Finalize access, consider environmental requirements, get recommendation from RAC, seek Board approval/create access/pursue funding	Upgrade access	Develop existing trails	Develop existing trails	Open for public use	2021	5%	County property will be quit claimed to MCSD for title fees
4.6	Standards & Specs for OSMZ/Parks	GM/OD	n/a	Standards and Specifications being developed for all parks, facilities and open space maintenance zones	Policy finalized and implemented				2018	25%	Central Ave tree policy and planting list completed
4.7	Maintenance Standards	OD	n/a	Develop written SOP's	Seek Board approval, staff training	Staff training	Staff training		2020	25%	



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STRATEGIC PLAN SECTION#	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
4.8	Annual Cost Benefit Analysis OSMZ	OD	n/a	Conduct annual review	Conduct annual review	Conduct annual review	Conduct annual review	Conduct annual review		Ongoing	
4.9	Annual Cost Benefit Analysis Programs	RD	n/a	Conduct annual review	Conduct annual review	Conduct annual review	Conduct annual review	Conduct annual review		Ongoing	
4.10	Update Parks & Recreation Master Plan	RD	n/a	Complete Community Survey and complete plan	Conduct annual review	Conduct annual review	Conduct annual review	Update process	2017	5%	Update every 5 years
<b>5.0 Partnerships</b>											
5.1	Foster Regional Cooperation	GM & Board	n/a	Quarterly meetings with 5th District Supervisor	Meet with all five Humboldt County Supervisors	Quarterly meetings with 5th District Supervisor	Meet with all five Humboldt County Supervisors	Quarterly meetings with 5th District Supervisor		Ongoing	Continue efforts to gain a seat on the TAC
5.2	Improve Political Ties	GM & Board	n/a	Bi-annual meetings with State Representatives	Initiate bi-annual meetings w/new State Senator & Assembly person	Bi-annual meetings with State Representatives	Initiate bi-annual meetings w/new State Senator & Assembly person			Ongoing	Monitor the elections and make contact with newly elected representatives
5.3	Participate in Community Groups	GM /RD	n/a	Ongoing community outreach	Ongoing community outreach	Ongoing community outreach	Ongoing community outreach	Ongoing community outreach		Ongoing	Continue to participate with local groups representing various constituents
<b>6.0 Personnel/Organization</b>											
6.1	Employee Retention	GM/Dept. Heads	n/a	Initiate scheduled survey & continue to foster healthy work environment & coaching	Complete scheduled survey of salary/benefits due in FY 2017/18	Continue to foster healthy work environment & coaching	Continue to foster healthy work environment & coaching	Continue to foster healthy work environment & coaching		Ongoing	Next scheduled salary survey due in FY 2017/18
6.2	Training & Development	GM/Admin Assist.	n/a	Work on Succession Plan	Succession Plan completed & Implemented/Annual Review & Revision	Annual review & revision	Annual review & revision	Annual review & revision		Ongoing	
6.3	Employee Communication	GM/Dept. Heads	n/a	Complete review of Supervisors Manual and Employee Handbook	Next scheduled review Employee Handbook	Next scheduled reviews of Supervisors Manual & Employee Handbook	Next scheduled review Employee Handbook	Next scheduled reviews of Supervisors Manual & Employee Handbook		Ongoing	
6.4	Employee Safety Program	GM/OD	n/a	Annual safety audit & training/Initiate OSHA consultation for corp yard and water system	Initiate OSHA consultation for sewer system & WWMF	Annual safety audit & training	Annual safety audit & training	Annual safety audit & training		Ongoing	
6.5	Eval & Performance Mgmt	GM/Dept. Heads	n/a	Annual evaluations scheduled per hire dates	Annual evaluations scheduled per hire dates	Annual evaluations scheduled per hire dates	Annual evaluations scheduled per hire dates	Annual evaluations scheduled per hire dates		Ongoing	
<b>7.0 Administrative Management</b>											
7.1	District Policies & Procedures	GM & Board	n/a	Annual review of District Reserves & development of Investment Policy/board committee responsibilities	Annual review Board Policy Manual/ development of Benefit Escalation Policy	Annual review	Annual review	Annual review		Ongoing	Annual reviews are done for Conflict of Interest.
7.2	Records Retention	Admin Assist	n/a	Bring updated records retention policy to Board for approval/records backlog completed	Review/update Records Retention Policy & continue management of current documents	Continue management of current documents	Continue management of current documents	Continue management of current documents	2017	80%	Ongoing
7.3	Customer Service	GM/Dept. Heads	n/a	Ongoing monitoring & training	Ongoing monitoring & training	Ongoing monitoring & training	Ongoing monitoring & training	Ongoing monitoring & training		Ongoing	
7.4	Continue to build upon Public Information Program	RD	n/a	Website, newsletter, PSA's, social networking	Website, newsletter, PSA's, social networking	Website, newsletter, PSA's, social networking	Website, newsletter, PSA's, social networking	Website, newsletter, PSA's, social networking		Ongoing	

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STRATEGIC PLAN SECTION#	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
7.5	Board Development Policy	GM & Board	n/a	Ongoing annual AB 1234 Ethics training	Ongoing annual AB 1234 Ethics training	Ongoing annual AB 1234 Ethics training	Ongoing annual AB 1234 Ethics training	Ongoing annual AB 1234 Ethics training		Ongoing	Additional continuing education courses encouraged to promote ethical and transparent government
7.6	Review/Update Strategic Plan	GM & Board	n/a	Annual review & revision	Annual review & revision	Annual review & revision	Annual review & revision	Annual review & revision		Ongoing	When do we think the Board will approve this?
7.7	Emergency Preparedness and Response	GM & Dept. Heads	n/a	Conduct table top exercise/training and review EOP	Conduct table top exercise/training and review EOP	Conduct table top exercise/training and review EOP	Conduct table top exercise/training and review EOP	Conduct table top exercise/training and review EOP		50%	EOP Manual Update Complete
7.8	Achieve Best Practices Awards	GM & Board & Board Secretary	n/a	Re-apply for the SRLF "District of Distinction" accreditation program & re-apply for Transparency Certificate	Achieve 6 hours of governance training as required	Re-apply for the SRLF "District of Distinction" accreditation program & re-apply for Transparency Certificate	Achieve 6 hours of governance training as required	Re-apply for the SRLF "District of Distinction" accreditation program & re-apply for Transparency Certificate		Ongoing	One Board Member still needs Governance Certificate
7.9	Explore Alternative Energy Options	GM & Board	n/a	Complete proposal for one alternative energy project and present to board for further action	Make decision to develop solar energy at WWMF	Continue to explore opportunities for alternative energy and storage	Continue to explore opportunities for alternative energy and storage	Continue to explore opportunities for alternative energy and storage		Ongoing	Continue working towards energy independence
7.10	Planning and Latent Powers	GM & Board	n/a	Propose phasing work to allow Board to consider the value of each step related to cost	Propose phasing work to allow Board to consider the value of each step related to cost					Ongoing	Review and report to Board annually
7.11	Integrated Pest Mgmt Plan	GM/OD	n/a	Complete reduced toxicity list & cost matrix/plan implemented	Annual Review, monitoring and report	Annual Review, monitoring and report	Annual Review, monitoring and report	Annual Review, monitoring and report		Ongoing	Review and update every 5 years
<b>8.0 Finance</b>											
8.1	Reserve Policy Implementation	GM/FD	n/a	Review & monitor	Review & monitor	Review & monitor	Review & monitor	Review & monitor		Ongoing	Review and Update as required
8.2	Budget Development	FD	n/a	Information collection started	Review & adjust	Review & adjust	Review & adjust	Review & adjust	FY2015-16 @ 100%	Ongoing	
8.3	Capital Budget Mgmt	GM/FD	n/a	Information collection started	Review & adjust	Review & adjust	Review & adjust	Review & adjust	FY2015-16 @ 100%	Ongoing	
8.4	Development of Financial Mgmt System	GM/FD	n/a	Review & evaluate available software	RFP, choose vendor, lay out implementation plan	Begin implementation	Complete implementation		2020	3%	
8.5	Financial Audit	FD	n/a	3-yr RFP for audit completed	Conduct annual audit	Conduct annual audit	Conduct annual audit	3-yr RFP for audit completed	Dec-15	95%	
8.6	Monitor Reserves Recovery	FD	n/a	Expected completion December 2017					2017	64%	
8.7	Rate Studies	GM & Board	n/a		Water & sewer rate analysis			Capacity fee review and Prop 218		Ongoing	

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.5**                      **Discuss and Consider Committee Assignments and Appointment of Committee Chairs by the Board President for the 2017 Calendar Year**

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

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

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

### **Discussion:**

Discuss and consider various committee assignments that will be appointed by the Board President and also designate committee chair/co-chair as well as Treasurer (Colleen M.R. Trask, Finance Director).

Board Secretary (Emily Abfalter) is appointed by the General Manager per Board Policy Manual.

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

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

**Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – 2016 Positions, Staff Member Appointments and 2016 Committee Assignments

## **2016 ROSTER for MCSD Effective August 2016**

### **2016 Board positions are as follows:**

1. President George Wheeler
2. Vice-President Dennis Mayo

Directors: John Corbett, David Couch and TBD

### **Staff Member Officers:**

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

### **2016 Committee Assignments are as follows:**

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

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.6**                      **Approve Resolution 2017-01 to Approve, Without Amendments, the MCSD Policies and Procedures Related to Governance, Ethics, Board Conduct, Reimbursement/Compensation, District Finances, and Reserves as Related to District of Distinction Reaccreditation Process**

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

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the Reserves Policy, Expenditure Control Guidelines, Board Policy Manual and Employee Handbook, air questions, take public comment and adopt Resolution 2017-01 which will be included as part of the Special District Leadership Foundation (SDLF) District of Distinction Reaccreditation Application.

### **Discussion:**

McKinleyville Community Services District (MCSD) was accredited under the Special District Leadership Foundation's (SDLF) District of Distinction program in May 2015. To maintain this accreditation, MCSD must reapply every two years. The District of Distinction Accreditation is designed as a way for Districts to highlight their prudent fiscal practices along with other areas important to effectively operate and govern a Special District.

MCSD is in process of reaccreditation and will likely have the application and required documentation submitted to SDLF by late February. One of the required submissions is the Districts' ability to demonstrate that their operations conform to all statutes and regulations under state law as reflected in a policies and procedures manual. Policies and Procedures should focus on governance, ethics, board conduct, district finances, reserves, and reimbursement/compensation. These topics are covered in **Attachments 1-4** and in order to meet the requirement, it must be shown that these documents have been adopted or reviewed within the past year.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

**Fiscal Analysis:**

While this item has no fiscal impact, there will be a \$250 reaccreditation application fee due at the time the application is submitted.

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – MCSD Reserve Policy
- Attachment 2 – MCSD Expenditure Control Guidelines
- Attachment 3 – MCSD Board Policy Manual
- Attachment 4 – MCSD Employee Handbook
- Attachment 5 – Resolution 2017-01

McKinleyville Community Service District  
Designated Funds Policy

POLICY STATEMENT

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. McKinleyville Community Services District (District) will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. This policy is to develop and ensure the appropriate and necessary funds are accumulated and maintained in a manner consistent with the District's Capital Improvement Plan, Connection and Capacity Fee Plan, and other guiding financial policies. Furthermore, the policy will increase the District's flexibility to avoid significant rate fluctuations due to unforeseen changes in cash flow requirements.

DESCRIPTION OF FUNDS

Reserves are categorized into either unrestricted or restricted reserves. Unrestricted Fund reserves consisting of undesignated funds, such as the Operating Fund, can be used for any lawful purpose at the discretion of the Board of Directors (Board). The monies held within designated funds can be shifted or re-allocated at any time at the Board's discretion. Restricted Fund reserves, such as the Bond Reserve Fund consist of monies with external restrictions imposed by creditors, grantors, contributors, or by laws or regulations of government and can only be used for a specific purpose.

UNRESTRICTED FUNDS

OPERATING FUND

The Operating Fund is an unrestricted fund and serves as a short-term or immediate purpose. Monies held in the Operating Fund meet a variety of potentially competing purposes including paying operating expenses during temporary revenue shortfalls. This fund would also be used to cover timing differences for periodic expenses paid in advance of revenues collected and to pay for expenses for special events not budgeted. In developing the annual operating budget, staff expends a tremendous amount of effort to identify its program expenses and prudent spending levels. However, unforeseen developments can occur which cause the actual program expenses to exceed the budgeted expenses. In addition, opportunities not budgeted for may arise during the fiscal year that require the District to expend monies which will not be reimbursed. Other times the District will pay expenses that will be reimbursed only after the event is complete. The Operating Fund would cover these types of situations.

**TARGET CRITERIA:** To meet MCSD cash flow needs and unbudgeted expenses, the Operating Fund will be equal to approximately six months (180 days) of the annual budgeted operating expenses.

REPAIR AND REPLACEMENT FUND

The Repair and Replacement Reserve (R&R) Fund reserves for both short-term and long-term purposes. The objective of the R&R Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. There are three sub-funds within the Repair and Replacement Fund:

**CAPITAL ASSET REPLACEMENT** - As the District's utility and system infrastructure continues to age, there will be increasing demands on this fund to replace or repair these facilities. Generally, maintenance costs for an asset becomes more expensive as that asset ages, and eventually the economic decision is made to replace that asset.

**EMERGENCY REPAIRS** - Although the preventive maintenance program is intended to increase the predictability of equipment replacement, unanticipated equipment failure is unavoidable. As a result, these funds would be used to cover periodic short-term replacements made necessary by unplanned failures.

**SYSTEM ENHANCEMENTS** - With the rapid changes in technology, assets are becoming obsolete at a faster rate than originally planned. If these improvements increase productivity, reduce operating cost, or extend the useful life of the District's facilities, then expenditures will be made from this fund.

The District recognizes that the R&R Fund will only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future water rates.

**TARGET CRITERIA:** Staff recommends funding levels based on projected replacement cost of pipelines and other system infrastructure. To ensure adequate funding and availability for emergency repairs, a minimum R&R Fund reserve balance is recommended. In addition to the minimum, staff recommends using 10% of the projected capital asset replacement cost to determine the target level for the R&R Fund.

COMPENSATED ABSENCES FUND

The Compensated Absences Fund reserves for unpaid employee vacation and sick leave hours that are vested with each individual employee. The liability for compensated absences is calculated annually as part of the fiscal year-end closing process. It is the number of vested hours of accrued leave multiplied by the individual employee's hourly rate.

**TARGET CRITERIA:** Staff recommends the full liability for compensated absences be fully funded.

RATE STABILIZATION FUND

The Rate Stabilization Fund operates as a buffer to water rates during any period where there are unexpected increases in operating costs or decreases in revenues. For example, in the event an unexpected rate increase from Humboldt Bay (HBMWD) is approved and the District chooses not to pass the increase on to its customers immediately, this fund could cover the shortfall in revenue. In addition, in a severe drought or extremely wet conditions, it is reasonable to expect that water sales could fluctuate significantly. As such, the Rate Stabilization Fund will absorb these types of fluctuations in operations and help stabilize rates.

**TARGET CRITERIA:** As discussed above, water rates can fluctuate for many different reasons. Staff recommends a target level to be sufficient to cover reduced net sales by as much as 20% for up to two consecutive years.



#### CATASTROPHE FUND

The Catastrophe Fund consists of funds used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed.

**TARGET CRITERIA:** Following current Federal Emergency Management Agency (FEMA) guidelines, staff recommends funding levels shall be targeted at two (2%) percent of the District's total plant and equipment.

#### RETIREE OPEB FUND

The Retiree OPEB Fund consists of rate revenue monies set aside to fund Other Post Employment Benefits. These funds will be transferred to the third party administrator of the Trust that makes disbursement to the medical insurance carrier.

**TARGET CRITERIA:** Staff recommends, as does the trustee, a target funding level based on the actuarial calculated liability for OPEB.

#### RESTRICTED FUNDS

##### BOND RESERVE FUND

The Bond Reserve Fund consists of bond proceeds that provide additional security for the payment of annual debt service if rates and other funds are insufficient or not available. The bonding institution establishes the restricted account at the time the debt is issued. The funds cannot be used for any other purpose.

**TARGET CRITERIA:** The debt service reserve requirement is established at the time of the obligation is issued. This amount may be recalculated as the debt is paid-off.

##### CUSTOMER AND DEVELOPMENT DEPOSITS FUND (SELF FUNDED – RESTRICTED)

The Customer and Development Deposits Fund consist of monies held on behalf of District customers as required for their utility account or as cash bonds for development projects. As deposits on utility accounts are released, they will be refunded to the customer. When development projects are complete, the projects will be closed and a final accounting will be completed. Excess deposit monies will be returned to the development customer.

**TARGET CRITERIA:** Customer deposits required are based upon the process outlined in District's Rules and Regulations for Water and Sewer service; as are deposit requirements for development projects. The balance in this account will fluctuate depending on the number of utility customer deposits required and the number of development projects in process. Therefore, no minimum or maximum levels will be established.

#### CAPACITY FEES FUND

The Capacity Fees Fund consists of monies received through development impact fees (system capacity fees) and is utilized to offset new development related capital improvements as outlined by the District's Capital Improvement Plan.

**TARGET CRITERIA:** Capacity Fees are development driven as are the costs incurred; therefore, no minimum or maximum levels will be established.

#### TARGETS AND ALLOCATION

From risk and long-range financial planning perspectives, the targets established for each Fund represents the baseline financial condition that is acceptable to the District. Maintaining funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to fees and charges, water usage, capital financing, investment of funds, and levels of capital expenditures.

**Table 1** outlines the process the District will use each year to allocate net revenues to the various designated funds and the priority of each designated fund.

**Table 2** provides the amount of funds currently unassigned and available to fund reserves.

**Table 3** illustrates how the October 30, 2011 cash balance will be distributed as well as the target amount and target date for each designated fund.

#### DELEGATION OF AUTHORITY

The Board has sole authority to amend or revise the Designated Funds Policy. Through approval of this Policy, the Board has established written procedures for staff to follow in the management of District Unrestricted and Restricted Funds.

TABLE 2: FUND BALANCE (AS OF OCTOBER 31, 2011)

	Parks & General	Streetslight	Water	Sewer	Total
	001	005	501	551	
<b>Investment in Capital Assets, Net of Related Debt:</b>					
Net Capital Assets	2,957,575	217,115	6,377,035	11,759,024	21,310,749
Capital Asset Debt	-	-	(1,268,888)	-	(4,955,709)
<b>Total</b>	<b>2,957,575</b>	<b>217,115</b>	<b>2,808,146</b>	<b>10,332,204</b>	<b>16,315,040</b>
<b>Restricted for Debt Covenants:</b>					
Davis-Grunsky Loan	-	-	594,198	-	594,198
I-Bank Loan	-	-	60,000	-	60,000
USDA Sewer Bonds	-	-	-	127,153	127,153
<b>Total</b>	<b>-</b>	<b>-</b>	<b>654,198</b>	<b>127,153</b>	<b>781,351</b>
<b>Assigned for Capital Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,114</b>	<b>98,114</b>
<b>Unassigned Fund Balance</b>	<b>692,418</b>	<b>(38,604)</b>	<b>1,559,259</b>	<b>3,158,796</b>	<b>5,371,870</b>

TABLE 3: ALLOCATION OF UNASSIGNED FUND BALANCE (AS OF OCTOBER 31, 2011)

Unassigned Fund Balance Distribution:	Parks & General	Streetslight	Water	Sewer	Total
<b>Operating Fund</b>					
Operating Costs	1,464,925	-	2,151,424	1,713,140	5,329,489
Target, 180 Days	722,429	-	1,060,976	844,836	2,628,241
Minimum, 360	1,444,858	-	2,121,952	1,689,672	5,256,482
<b>Distribution</b>	<b>286,573</b>	<b>-</b>	<b>386,955</b>	<b>1,229,456</b>	<b>1,903,004</b>
<b>Repair and Replacement Fund</b>					
Investment in Capital Assets, Net of Related Debt:	2,957,575	217,115	2,808,146	10,332,204	16,315,040
Target, 10%	295,758	21,712	280,815	1,033,220	1,631,504
<b>Distribution</b>	<b>295,758</b>	<b>-</b>	<b>280,815</b>	<b>1,033,220</b>	<b>1,609,793</b>
<b>Compensated Absences Fund</b>					
Total Vested Hours	27,094	-	64,431	64,431	155,896
Target, Actual	27,094	-	64,431	64,431	155,896
<b>Distribution</b>	<b>27,094</b>	<b>-</b>	<b>64,431</b>	<b>64,431</b>	<b>155,896</b>
<b>Rate Stabilization Fund</b>					
Rate Revenue	-	-	1,807,779	1,443,000	3,250,779
Target, 20% x2 years Rate Revenue	-	-	723,112	577,200	1,300,312
<b>Distribution</b>	<b>-</b>	<b>-</b>	<b>723,112</b>	<b>577,200</b>	<b>1,300,312</b>
<b>Catastrophe Fund</b>					
Investment in Capital Assets, Net of Related Debt:	2,957,575	217,115	2,808,146	10,332,204	16,315,040
Target, 2%	59,152	4,342	96,163	206,644	326,301
<b>Distribution</b>	<b>59,152</b>	<b>-</b>	<b>96,163</b>	<b>206,644</b>	<b>321,959</b>
<b>Retiree Medical/OPEB</b>					
Actuarial Estimate	23,902	-	47,804	47,804	119,510
Target, Actuarial Estimate	23,902	-	47,804	47,804	119,510
<b>Distribution</b>	<b>23,902</b>	<b>-</b>	<b>47,804</b>	<b>47,804</b>	<b>119,510</b>
<b>Available Funds (Unassigned Fund Balance)</b>	<b>692,418</b>	<b>(38,604)</b>	<b>1,559,259</b>	<b>3,158,796</b>	<b>5,371,870</b>
Total Reserves Target	1,138,274	28,054	2,233,300	2,774,136	6,161,764
Amount Allocated to Reserves	692,418	(38,604)	1,559,259	3,158,796	5,371,869
<b>Undesignated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Target Fully Funded / (Shortfall)	(435,856)	(64,657)	(674,041)	384,660	(789,894)

Note: A reserve policy for the Library Fund is not recommended at this time

McKinleyville Community Services District – Reserve Policy

TABLE 1: RESERVE POLICY PROCESS

	Unrestricted Funds	Restricted Funds
Funding Source:	Operating Revenue	Various
<b>Tier 1</b>	Operating Fund	Bond Reserves Fund
Target	180 Days of Annual Operations & Maintenance	Debt Issuance
Limit	360 Days of Annual Operations & Maintenance	Established at the time of issue
		None
<b>Tier 2</b>	Repair and Replacement Fund	Customer & Development Deposits Fund
Target	30% of Capital Asset Replacement Costs (minimum of \$500,000)	Customer & Development Deposits
Limit	No set limit as funds can be collected over time to fund large capital projects	N/A
Note:	Rate revenue collected to cover annual depreciation is primary funding source	N/A
<b>Tier 3</b>	Compensated Absences Fund	Capacity Fees Fund
Target	Full Liability for compensated Absences	Capacity Fees
Limit	Full Liability	N/A
<b>Tier 4</b>	Rate Stabilization Fund	N/A
Target	Sufficient to cover reduced water sales by 20% for up to two consecutive years	
Limit	60% of rate revenue	
<b>Tier 5</b>	Catastrophe Fund	
Target	2% of District's total plant and equipment	
Limit	2% of District's total plant and equipment	
<b>Tier 6</b>	Retiree OPEB Fund	
Target	Based on the actuarial calculated liability	
Limit	Actuarial calculated liability	

McKinleyville Community Services District – Reserve Policy



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
EXPENDITURE CONTROL GUIDELINES**

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## I. Introduction

This expenditure control system is an integral part of the internal control structure of McKinleyville Community Services District (MCSD). As such, it is intended to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and those transactions are executed in accordance with management's authorization and recorded properly in the general ledger.

It is the intent of the District to control expenditures before it is obligated to pay for goods or services. This system is designed to accomplish this goal while providing a clearly documented record of the entire process.

The system is intended to be used in conjunction with the existing internal control structure. Any significant change in other aspects of the control environment will require a review of the effectiveness of this system.

## II. Expenditure Classifications

The control mechanism and method of documentation are determined by the type of expenditure. MCSD recognizes the following types of expenditures:

1. **Recurring:** Included are utilities, debt service payments, payroll, payroll taxes and benefits, insurance, postage, postage meter rental, office supplies, etc.
2. **Contract:** Included are formal contracts for goods and services and informal contracts for services.
3. **Travel:** Included is advances and reimbursements for travel, mileage reimbursements for use of personal automobiles and local meals and entertainment expenses.
4. **Petty Cash:** Included are reimbursements of expenditures from the petty cash fund and increases in petty cash or change funds.
5. **Customer Refunds:** Included are refunds of deposits and overpayments to our customers.
6. **Purchase Order:** Included is all purchases of goods which require a purchase order.
7. **Other:** Included are all expenditures which cannot be classified in one of the above categories.

## III. Control System

Expenditures will be controlled in the classifications indicated in section II by the following procedures:

1. **Recurring:** These expenditures will be controlled by the budget. The Board will adopt a budget that will include line items such as electricity and natural gas, telephone, telemetry, payroll, payroll taxes and employee benefits, debt payments, insurances, and other budgeted line items. Such expenditures will not normally require a Purchase Order.

Management will monitor the relationship of year-to-date expenditures in these line items with the adopted budget. If it becomes apparent that there is not sufficient budget to cover the next anticipated expenditure in one of these line items, a budget transfer will be prepared by the Department Head and approved by the General Manager for the increases which are 10% or less cumulatively of the original budgeted amount. If a budgeted line item is projected to require cumulative increases beyond 10% in any year, the Board will approve such increases.

### 2. **Contract:** Contracts fall into three categories.

- a. Construction work for projects expected to cost less than \$1,000 will be classified as Purchase Order Expenditures. Construction work expected to cost \$20,000 or more will require informal bidding procedures as defined in the UPCCAA (see MCSD Rule 66.01 et seq.). Construction work expected to cost \$75,000 or more will require formal bidding procedures as defined in the UPCCAA.
- b. Professional Services (architectural, engineering, environmental, land surveying and construction project management) expected to cost less than \$1,000 will be classified as Purchase Order Expenditures. A Purchase Work Order Contract approved by a Department Director or the General Manager will be required for budgeted projects expected to cost \$1,000, but less than \$20,000. The Board will approve the formal contract required for individual projects expected to cost \$20,000 or more.
- c. Other Services expected to cost less than \$1,000 will be classified as Purchase Order Expenditures. Other Services expected to cost \$1,000 or more will require a Purchase Work Order Contract. The Board will approve the formal contracts for Other Services expected to cost \$20,000 or more.

### 3. **Travel:** All employees will have a travel request form approved by Department Directors within four days before travel (see attachment 2). The General Manager's out of town travel, including travel to association conferences, needs to be approved in advance by the Board President or delegate where such travel exceeds the budget limits originally approved by the Board.

Use of private vehicles by staff for local travel (i.e. within Humboldt County) will be approved in advance by a Department Director (Finance Director, Operations Director or Parks and Recreation Director), and reviewed by the General Manager. Such use by a Department Head will be approved in advance by the General Manager. If emergency use of private vehicles is required, the circumstances will be documented in a memorandum and approved as above as soon as possible after the emergency has passed. All reimbursement for personal automobile use will be made at the currently applicable Federal business mileage rate approved by the Internal Revenue Service. Payment for local private automobile use will be made as reimbursement only – there will be no advances for this type of expense.

Local meals for, or entertainment, by staff will be approved by Department Directors or the General Manager. Local meals for, or entertainment by, the Department Directors will be approved by the General Manager. The Board may

include in the budget a line item for meals and entertainment to be used by the General Manager and Board without prior approval. Any such expenditures beyond the budgeted line item for or by the Board President will be approved in advance by another Board Member.

Travel, meal or entertainment advances may be made no less than three days before the intended activity. Reimbursements for all meals will be done at the Federal per diem rate approved by the Internal Revenue Service.

(<http://www.gsa.gov/portal/category/100120>) Reimbursement requests for any meal charges over the allotted per diem amount must have a written explanation approved by Department Director or General Manager, and receipts for these must be turned in three days after the travel or event.

All receipts for travel expenses (airfare or similar) and lodging must be turned in five (5) days after the travel or event along with a travel expense form (see attachment 3). An accounting must be made for these expenditures and any excess advance returned within three days of the completion of event or activity.

All expenditures described in this section III will require the completion of a "MCSD Travel Approval Form" and /or "MCSD Travel Expense Report" (see attachment 2 and 3). These expenditures will be limited by the budget as described for Recurring Expenditures (section III-4). Travel expenditures do not normally require a Purchase Order.

4. **Petty Cash:** Reimbursement expenditures require only an accounting of petty cash expenditures. Such reimbursements will be approved by the Human Resources Manager or Finance Director. Petty cash will be kept at a balance of \$400; increases in the amount of petty cash or change fund will be approved by the Board. Petty cash will be reconciled and replenished as needed when funds fall below \$100 total. Individual reimbursement requests are to not exceed a total of \$30; amounts in excess of \$30 should be processed through Accounts Payable.

5. **Customer Refunds:** These expenditures are processed as part of the utility billing system. Normally, a closing bill will be printed which shows a balance due to the customer. Such refunds will be approved by the Finance Director during the regular Accounts Payable process. Refunds of Recreation Department are approved by the Parks and Recreation Department Director before the regular Accounts Payable process. Occasionally other types of funds owed will be refunded. These will be approved by the Department Director of the department with which the refunds are associated and will have supporting documents. Customer refunds do not normally require a Purchase Order.

6. **Purchase Order:** The purchase of all non-recurring supplies, materials and capital assets will require a Purchase Order (see attachment 4). Vendors from whom the District purchases from frequently may be offered a blanket purchase order for consideration (see Attachment 5).

Purchases of supplies, materials, or capital assets of \$15,000 or more that are not already included in the approved budget must be approved in advance by the Board. Budgeted purchases expected to be between \$1,000 and \$15,000 will be approved

by the General Manager. Purchases of supplies and equipment expected to be more than \$100 but less than \$1,000 require approval from a Department Director.

All Purchase Orders will be pre-numbered. See section IV for additional information regarding purchase orders.

7. **Other:** All other expenditures will be approved in advance when possible and upon receipts of goods or services otherwise. Approval will be by the Board, General Manager or Department Director in accordance with the limits on approval of purchase orders (see section III-6). Expenditures of \$100 or less will require a voucher only.

#### IV. Purchase Order System Documentation and Implementation

1. **Regular Purchase Orders:** Blank pre-numbered Purchase Orders are kept in the Vault. A group or series of blank pre-numbered Purchase Orders (P.O.) (see Attachment 4) will be issued by the Finance Director to Department Directors at the beginning of the fiscal year or upon request.

Purchase orders will be completed and signed by the General Manager or Department Director in accordance with the limitations in section III-6. The original P.O. (white) is the vendor's copy. The yellow copy will be held by Accounts Payable. The pink copy will be retained by the requesting employee. When goods are received, the requesting employee will mark his/her copy of the P.O. "Received", date and sign it. This copy will then be given to the Accounts Payable to match with the invoice when received. In the case of a partial shipment, a photocopy of the P.O. may be made. The requesting employee will indicate which items were received and forward it to Accounts Payable.

Upon receipt and invoice, Accounts Payable will compare the amounts and descriptions to the "Receiving Copy" of the P.O. If, in total, the invoice is no more than 10% greater than the P.O., the invoice may be entered for payment. If the invoice total is more than 10% greater than the P.O., then the new amounts will be entered on the Accounts Payable copy of the P.O. and the appropriate person will counter-sign and date the corrected P.O.

Department Directors are responsible for P.O.'s issued to their department and for ensuring that total departmental Purchase Order expenditures do not exceed the Board-approved budget line item. To assist with this, the Finance Director will provide a monthly Status Report to the Department Directors and the General Manager.

2. **Blanket Purchase Orders and Charge Accounts:** For vendors from whom numerous regular purchases are made, the District will employ annual Blanket Purchase Orders (attachment 5) or open charge accounts. A list of active blanket purchase orders (BPO's) and charge accounts will be maintained by Accounts Payable and reviewed by the Department Directors on an annual basis for best pricing and any needed changes in vendors. The final list will be reviewed by the Finance Director and signed by the General Manager.

Each BPO and charge account authorization will indicate an annual expiration date, a total monthly dollar limit allowed on that BPO or charge account, a list of employees authorized to make purchases, and the maximum dollar amount for any one purchase. No more than one BPO or charge account may be active at any time for a particular vendor. Department Directors will have copies of active BPO's and charge account authorizations for their departments. All orders or invoices received against a BPO or charge account will be checked and signed by the Department Director before being processed by Accounts Payable.

MCSO Company Credit Cards: For routine irregular purchases too small to warrant regular or blanket purchase orders, but too large for petty cash, and also for facilitating business travel expenditures, Department Directors may be provided with an MCSO credit card. Receipts from credit card purchases must be retained, signed or initialed by the Department Director, and matched to the statement at the end of the month before the statement is paid by Accounts Payable. Statements will be reviewed monthly by the Finance Director and General Manager as part of the payment process (see Section VI – Disbursements).

## V. Voucher System

A Voucher form will be completed by Accounts Payable for each invoice or statement to be paid (see Attachment 1). The classification of expenditure will be clearly indicated on the voucher. The Voucher will indicate all invoices or statements to be paid with one check.

All supporting documents including invoices, Purchase Order, Proof of receipt, packing slip, etc. will be attached to the Voucher. The voucher will be approved in accordance with the chart in the disbursement section and the signers will verify that the documents are internally consistent, that invoices being paid are original, that receipt of goods or services has been acknowledged by the appropriate MCSO employee and that amounts agree between documents.

The check stub will be attached to the voucher when the check is sent to the vendor. All paid vouchers are filed by vendor, separated by the fiscal year in which the payment was made, and retained for 7 years, per District Document Retention Policy.

## VI. Disbursements

The MCSO checking account will require signatures by any two of the following officials:

General Manager  
Finance Director  
Human Resources Manager

Checks will be issued only after the Voucher has been signed indicating approval by the Department Director and Finance Director, with a final review by the General Manager. **Lost checks will be re-issued less the amount of the bank's Stop Payment fee, to cover the cost of the stop payment order for the lost check. (March 2013 – JO, CMRT)**

Checks will be issued as needed to meet deadlines and take advantage of discounts. Except under unusual circumstances check writing will be batched and done at the first part of

each week (Monday or Tuesday). Payroll will be issued on the 10<sup>th</sup> and the 25<sup>th</sup> of each month.

The Finance Director will reconcile the checking account within five (5) working days of receipt of monthly bank statements and verify that all checks were written in accordance with these guidelines.

## VII. Summary

Good control over expenditures depends upon advance authorization and adequate documentation. The use of purchase orders and vouchers provides a basis for such control and documentation.

The success of this system depends upon the understanding and cooperation of all staff. Questions are welcomed and will be promptly answered by the General Manager or Finance Director. Unusual situations should be documented by memorandum or letter. Suggestions for improvement are welcome and will be carefully considered by management.





# **MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS POLICY MANUAL**

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## **PART 1 -- GENERAL RULES**

**Rule 1-1: PURPOSE** - The purpose of this Policy Manual is to provide guidelines for the conduct of the Board of Directors of the McKinleyville Community Services District (MCSD) to help maintain the highest standard of ethics for its Board members. The objectives of this policy are to (1) provide guidance for dealing with ethical issues, (2) heighten awareness of ethics and values as critical elements in Board members' conduct, and (3) improve ethical decision-making and values-based management.

**Rule 1-2: SUSPENSION OF RULES** - Any of the within rules not required by law may be suspended by a majority of the Board.

**Rule 1-3: ALTERATION, AMENDMENT OR REPEAL** - Any rule may be altered, amended or repealed at a duly noticed meeting by a majority vote of the Board.

## **PART 2 -- BASIS OF AUTHORITY**

**Rule 2-1: AUTHORITY OF THE BOARD** - The Board of Directors is the unit of authority within the District. Apart from his/her normal function as a part of this unit, individual Directors may not commit the District to any policy, act or expenditure.

**Rule 2-2: REPRESENTATION** - The Board of Directors as a whole should not represent any factional segment of the community, but rather represent and act for the community as a whole. The proper operation of the District requires decisions and policy to be made within the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with the District remain objective, impartial and responsive to the needs of the public they serve.

**Rule 2-3: GOVERNING LAWS** - Board Members are obligated to uphold the Constitution of the United States and the Constitution of the State of California. Board Members will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government meeting laws. Board Members will strive to work in cooperation with other public officials unless prohibited from so doing by law or officially-recognized confidentiality of their work.

## **PART 3 -- BOARD STRUCTURE**

**Rule 3-1: OFFICERS** - Annually, at the regular January Board Meeting, the Board shall update the rotation schedule for the coming years. Appointment of officers shall be subject to the affirmative vote of the Board with a strong preference for a rotation schedule. The Finance Director shall perform the duties of Treasurer and the General Manager shall select a staff member to serve as Board Secretary.

**Rule 3-2: PRESIDENT** - The President shall perform the duties of presiding officer at all meetings of the Board of Directors and shall carry out the resolutions and orders of the Board of Directors and perform such other duties as the Board of Directors prescribes

including appointment of members to serve on committees of the Board and designation of committee chairs, except for the Recreation Advisory Committee. The Board President is responsible for leadership at public meetings and for exerting every effort to unite the Board into a working, cohesive group by preserving order and decorum. The Board President shall decide questions of order subject to appeal to the Board. This requires the assistance and cooperation of all of the Board Members.

**Rule 3-3: VICE-PRESIDENT** - In the absence of the President, the Vice-President shall perform the President's duties. When the President disqualifies himself/herself from participating in an agenda item or declares himself/herself partisan in the debate on any such item, the Vice-President shall perform the duties of the presiding officer.

**Rule 3-4: COMMITTEES** - Committees of the Board, whether standing or ad hoc, may, from time to time, be established by the President of the Board, subject to confirmation by the Board. Unless authority to perform a duty is expressly delegated by the Board to a committee, committee motions and recommendations shall be advisory to the Board. Committees shall not commit the District to any policy, act or expenditure nor may any committee direct staff to perform specific duties unless authorized by the Board. The Committee Chair is authorized to schedule committee meetings as deemed necessary and to preside at any such meeting.

Where the Board has agreed to designate a Director or Directors to serve on a non-District Committee, the President shall appoint said Directors for Board ratification.

## **PART 4 -- CODE OF ETHICS**

**Rule 4-1: OBJECTIVES** - The Board of Directors of MCSD are committed to providing excellence in legislative leadership that result in the provision of the highest quality services and representation to the District's constituents. In order to assist in the government of the behavior between and among members of the Board of Directors, the following guidelines are recommended:

**4-1A Respect:** The dignity, style, values and opinions of each director shall be respected.

**4-1B Listening:** Responsive and attentive listening during communications is encouraged.

**4-1C Representation:** The needs and desires of the District's constituents shall be a priority of the Board of Directors.

**4-1D Responsibility:** The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to the General Manager of the District.

**4-1E Attitude:** Directors should commit themselves to emphasis of a positive and professional attitude at all times.

**4-1F Issue Orientation:** Directors should commit themselves to focusing on issues and not personal attacks. The presentation of the opinions of others should be encouraged. The formation of voting blocs based on personal relationships rather than the merit of issues must be avoided.

**4-1G Openness:** Different viewpoints are healthy in the decision making process. Individuals have the right to disagree with ideas and opinions. Once the Board of Directors takes action, Directors should support that action regardless of differing opinions.

**4-1H Code of Ethics:** Directors are required by law (AB1234, California Government Code § 53234, et seq.) to receive a minimum of two hours of training every two years in general ethics principals and law. Proof of completion must be provided to the District. If any one Board member is not in compliance the meeting compensation fee will be withheld for all Directors until compliance is met.

**4-1I Conflict of Interest:** Each Director is responsible for completion and submittal of an annual Conflict of Interest (Form 700) to the District Filing Officer. This form is then forwarded to the County Elections Office and is kept on file for public review.

**Rule 4-2: INFORMATION** - Directors should practice the following procedures:

**4-2A Clarification:** In seeking clarification on informational and policy items, Directors should directly approach the General Manager only to obtain information needed to supplement, upgrade or enhance their knowledge to improve legislative decision making.

**4-2B Complaints:** In handling complaints from residents and property owners of the District, said complaints should be referred to the General Manager.

**4-2C Safety:** In handling items related to safety, concerns for safety or hazards should be reported to the General Manager or to the District Office. Emergency situations should be dealt with immediately by seeking appropriate assistance.

**4-2D Policy:** In seeking clarification for administrative policy related concerns, especially those involving personnel, legal action, land acquisition, finances, and programming, said concerns should be directed to the General Manager.

**Rule 4-3: INTERACTION WITH STAFF** - When approached by District personnel concerning specific District policy, Directors should direct inquiries to the General Manager.

**Rule 4-4: TEAM EFFORT** - The smooth working of the District is a team effort. All individuals should try to work together in the collaborative process, assisting each other in conducting the affairs of the District.

**Rule 4-5: CONSTITUENT REQUESTS** - When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions through the GM. The GM will then date stamp, log in the request, delegate to staff for the appropriate response as needed and upon resolution follow up with the Board within fourteen days.

**Rule 4-6: INTERACTION WITH GENERAL MANAGER** - The District's General Manager serves at the pleasure of the Board. The Board will provide policy direction and instructions to the General Manager on matters within the authority of the Board by majority vote of the Board during duly-convened Board and Committee meetings. Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.

**4-6A General Manager Evaluations:** The Board shall conduct performance evaluations for the General Manager. As noted in the Supervisor's Policy Manual, 360 evaluations from Department Heads may also be requested by the Board. These evaluations should be conducted annually on the anniversary of the General Manager's hire date. Please see "Attachment A" for a written procedure.

**Rule 4-7: BOARD AS A WHOLE** - Directors should function as a part of the whole. Issues should be brought by individual Board members to the attention of the Board as a whole, rather than to individual members selectively. The Board of Directors functions collectively, not as individuals and all members should be tolerant of each other's views. Unless the Board, by formal action, delegates responsibility to one or more individual Board members and such delegation is authorized by law, no Director has the legal capacity to act on behalf of the District.

**Rule 4-8: MONITORING PROGRESS** - Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

**Rule 4-9: PREPARATION** - Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. Information may be requested from the General Manager, but contact among Board members concerning District affairs outside of the meeting context, is to be avoided, as such activity may constitute a violation of the State of California open meeting laws.

**Rule 4-10: STAFF NOTES** - Information that is exchanged before the meetings shall be distributed through the Manager, and all Directors will receive all information being distributed.

**Rule 4-11: COURTESY** - Directors shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.

**Rule 4-12: QUESTIONS** - Directors shall defer to the President for conduct of meetings of the Board, but shall be free to question and discuss items on the agenda. All comments should be confined to the matter being discussed by the Board.

#### **Rule 4-13: MINUTES-RECORDING OF INFORMATION**

**4-13A Audio Recording:** Unless directed otherwise by the Board President, all open sessions of the Board meetings shall be audio recorded in their entirety. The recordings will be retained in accordance with the current MCSD records retention policy.

**4-13B Minutes:** Copies of meeting minutes shall be distributed to Directors as part of the information packet for the next regular meeting of the Board, at which time the Board will consider approving the minutes as presented or with modifications. Once approved by the Board, the official minutes shall be kept in the District vault.

**4-13C Action Minutes:** Action minutes shall be taken by the Board Secretary which summarize (a) Action taken, with a recitation of motion noting name of each person making and seconding the motion (b) Action taken, with a recitation of voting by name on each motion where a roll call vote is required (c) Specific information requested by the Board to be entered in the minutes.

**Rule 4-14: CONFLICT OF INTEREST** - Directors shall abstain from participating in consideration on any item involving a legally prohibited conflict of interest and shall declare the nature of that conflict to the Board.

**Rule 4-15: CORRESPONDENCE** - Staff shall date-stamp the original of all correspondence from constituents, responsible agencies, and trustee agencies upon receipt and distribute a copy to each director within one week. Where a response is requested or where the Manager believes a response is needed, the Manager will cause a response to be transmitted to the author with copies to the Board as soon as workloads allow but no later than ten working days following receipt.

**Rule 4-16: DIRECTOR REACTION TO CORRESPONDENCE** - A Director that believes the Board should address an issue raised by the author of correspondence, or by staff's response to correspondence reserves the right to request Board review on a subsequent agenda by submitting a written request to the Manager at least fourteen days prior to that meeting. When a Director submits such a request staff will prepare a draft response for Board edit at the Board Meeting. Where a concern arises within seventeen days of a Board Meeting, the Director with the concern should express his or her concern at the Board meeting and request the inclusion of the issue as an agenda item at a subsequent Board meeting.

#### **PART 5 -- BOARD MEETING PROCEDURES**

**Rule 5-1: REGULAR MEETINGS** - Regular meetings of the Board of Directors shall be held on the first Wednesday of each calendar month at 7:00 PM at either Azalea Hall 1620 Pickett Road or the District Office 1656 Sutter Road as specified by the agenda. The date, time, and place of regular meetings shall be reconsidered annually at the annual organizational meeting of the Board.

**Rule 5-2: SPECIAL MEETINGS (NON-EMERGENCY)** - Special meetings (non-emergency) of the Board of Directors may be called by the President.

**5-2A Notice:** All Directors, the Manager and District Counsel shall be notified of the Special Board Meeting and the purpose or purposes for which it is called. Said notification shall be in writing, delivered to them at least twenty-four (24) hours prior to the meeting.

**5-2B Notification:** Newspapers of general circulation in the District, radio stations and television stations, organizations, and property owners who have requested notice of Special Meetings in accordance with the Ralph M. Brown Act (California Government Code 54950 through 54960) shall be notified by a mailing unless the Special Meeting is called less than one week in advance, in which case, notice, including a description of the business to be transacted, will be given by telephone during business hours as soon after the meeting is scheduled as is practical.

**5-2C Agenda:** An agenda shall be prepared as specified for the Regular Board Meetings and shall be delivered with the notice of the Special Meeting to those specified above.

**5-2D New Business:** Only those items of business listed in the call for the Special Meeting shall be considered at any Special Meeting.

**Rule 5-3: SPECIAL MEETINGS (EMERGENCY)** - In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened immediate disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the twenty-four (24) hour notice required above. An emergency situation means a substantial emergency which severely impairs or threatens public health, safety or both, as determined by the Manager and Board President or Vice President in the Presidents absence.

**5-3A Notification:** Newspapers of general circulation in the District, radio stations and television stations which have requested notice of Special Meetings in accordance with the Ralph M. Brown Act shall be notified by at least one (1) hour prior to the emergency meeting. In the event that telephone services are not working, the notice requirement of one hour is waived, but the Manager, or his/her designee, shall notify such newspapers, radio stations or television stations of the fact of holding the Emergency Special Meeting and of any action taken by the Board, as soon after the meeting as possible.

**5-3B New Business:** No Closed Session may be held during an Emergency Special Meeting, and all other rules governing Special Meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the Emergency Special Meeting, a list of persons the Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such

meeting shall be posted for a minimum of ten (10) days in the District office as soon after the meeting as possible.

**Rule 5-4: ADJOURNED MEETINGS** - A majority vote by the Board of Directors may terminate any Board meeting at any place in the agenda, to any time and place specified in the order of adjournment, except when a quorum is lacking at any Regular or Adjourned Meeting, the members present may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those specified above.

**Rule 5-5: ANNUAL ORGANIZATIONAL MEETING** - The Board of Directors shall hold an annual meeting at its Regular Meeting in December. At this meeting the Board will elect a President and Vice-President from among its members to serve during the coming calendar year, and will appoint the Finance Director as the Board's Treasurer and the General Manager shall select a staff member to serve as the Board's Secretary. The Board is committed to periodically review and adjust rates and charges as needed and appropriate.

**Rule 5-6: ORDER OF AGENDA** - The Presiding Officer of the meeting described herein shall determine the order in which the agenda items shall be considered for discussion and/or action by the Board. Any Director may place an item on a Board Meeting agenda by submitting a letter describing the item to be discussed at least fourteen days prior to the Board Meeting.

**Rule 5-7: MEETING ROOM PREPARATION** - The President and the Manager shall insure that appropriate information is available for the audience at meetings of the Board of Directors, and that physical facilities for said meetings are functional and appropriate.

## **PART 6 -- BOARD MEETING CONDUCT**

**Rule 6-1: CONDUCT GUIDELINES** - Meetings of the Board of Directors shall be conducted by the President in a manner consistent with the policies of the District. The latest edition of Rosenberg's Rules of Order, Revised shall also be used as a general guideline for meeting protocol. District policies shall prevail whenever they are in conflict with Rosenberg's Rules of Order, Revised. Members of the Board of Directors will fully comply with the provisions of the state's open meeting law for public agencies, the Brown Act.

**Rule 6-2: CONDUCT OBJECTIVE** - The conduct of meetings shall to the fullest extent possible, enable Directors to consider problems to be solved; weigh evidence related thereto, and make wise decisions intended to solve the problems; receive, consider and take any needed action with respect to reports of accomplishments of District operations.

**Rule 6-3: PUBLIC INPUT** - Provisions for permitting any individual or group to address the Board concerning items on the agenda of a Special Meeting, or to address the Board at a

Regular Meeting on any subject that lies primarily within the jurisdiction of the Board President and as follows:

**6-3A Time Limits:** The President, unless a majority of the Board objects, may allot a maximum amount of time for each speaker and a maximum amount of time to each subject matter.

**6-3B Disruptive Conduct:** No disruptive, insulting, offensive, threatening, intimidating, demeaning, physically threatening, hostile or violent conduct, actions or speech shall be permitted at any Board meeting. Engaging in such conduct or speech shall be grounds for summary termination, by the President, of the speaker's privilege to address the Board and/or removal of the individual from the meeting.

**Rule 6-4: WILLFUL DISRUPTION** - Willful disruption of any meeting of the Board of Directors shall not be permitted. If the President with the concurrence of the Directors finds that there is in fact willful disruption of any meeting of the Board, he/she may order the room cleared and subsequently conduct the Board's business without the audience present.

**6-4A New Business:** In such an event, only matters appearing on the agenda may be considered in such a session.

**6-4B Re-admittance:** After clearing the room, the President should permit those persons who, in his/her opinion, were not responsible for the willful disruption to re-enter the meeting room before any further business is conducted.

**6-4C Media:** Representatives of the news media, whom the President finds not to have participated in the disruption, shall be admitted to the remainder of the meeting.

**Rule 6-5: QUORUM AND MAJORITY** - Action can only be taken by the vote of the majority of the Board of Directors. Three (3) Directors represent a quorum for the conduct of business. Actions taken at a meeting where only a minimum quorum is present, therefore, require all three (3) votes to be effective.

**Rule 6-6: ABSTENTIONS** - Where a Director abstains in a vote with respect to a potential Conflict of Interest the Director shall be considered to be absent. Where a Director abstains in a vote for any reason other than a potential Conflict of Interest (see Rule 4-14, above), the abstention will be recorded as an abstention which has the same effect as a "NO" vote. Thus, if only three directors are present and one abstains, no action can be taken on the item because a "Majority of the Board" did not vote "YES".

**Rule 6-7: DIRECTIONS** - The Board may give directions which are not formal action. Such directions include the Board's directives and instructions to the General Manager. The President shall determine by consensus a Board directive and shall state it for clarification. Should any two directors challenge the statement of the President, a voice vote may be



requested. A formal motion may be made to resolve a disputed directive, or to take some other action (such as to refer the matter to the General Manager for review and recommendation, etc.). Informal action by the Board is still Board action and shall only occur regarding matters which appear on the agenda for the Board Meeting during which said informal action is taken.

## **PART 7 -- PARLIAMENTARY PROCEDURE**

**Rule 7-1: PARLIAMENTARY DETERMINATIONS** - The Presiding Officer shall preserve order and decorum and shall decide questions of order subject to appeal to the Board.

**Rule 7-2: AUTHORITY OF PRESIDING OFFICER** - The Presiding Officer shall not make motions or second motions but he/she may debate and vote on any matter under consideration. Where the President wishes to make or second a motion he/she should vacate the role of Presiding Officer until that item is resolved. Where the President has vacated the role of Presiding Officer for a particular agenda item, the Vice-President (or another director) shall become the Presiding Officer until all action on that agenda item is completed.

**Rule 7-3: CALL FOR QUESTION** - A "call for question" shall be deemed a non-binding request that the Presiding Officer close debate and bring a motion to an immediate vote. The Presiding Officer may choose to continue discussion of the issue.

**Rule 7-4: MOTION TO CLOSE DEBATE** - The "motion to close debate", if seconded, shall be a non-debatable motion, and shall have precedence over any other motion except for a parliamentary inquiry, or a motion to adjourn. Should the "motion to close debate" pass by a majority vote, the Presiding Officer shall thereafter immediately call the question on the pending motion.

**Rule 7-5: AMENDMENTS TO MOTIONS** - A main motion may only be amended with the consent of the maker and seconder. Without this approval, no amendment to a motion shall be in order without a vote on the principal motion. A "substitute motion" shall be construed as an amendment to the main motion, and shall follow the process described in this rule.

**Rule 7-6: RECONSIDERATION** - Any Director that voted for an approved motion on an agenda item may move to reconsider that item at a subsequent meeting. If seconded by any other Director and passed by a majority vote, the effect of the motion is to nullify the earlier motion so that a new motion may be debated at the subsequent meeting. Normally under no circumstances can such an item be reconsidered at the same meeting. An exception may be made if action is a legal requirement at the meeting in question. If the matter is to be reconsidered at a subsequent meeting, notice of that fact must be stated in the agenda for the subsequent meeting.

**Rule 7-7: RECONSIDERATION (Subsequent to Meeting)** - Any two Directors may request that an item resolved at an earlier meeting be added to the agenda of a subsequent meeting. The Presiding Officer may reject this request if no new information is presented in his/her

opinion to warrant further debate. At the meeting where the item rejected by the President could have been considered a majority of the Board may place an item on a subsequent meeting's agenda.

**Rule 7-8: MOTION TO CONTINUE** - Any Director may move that an item be continued to a specific future Board Meeting even if a main motion is pending consideration. If a motion to continue is seconded and passed all consideration on that item is halted and continued until the subsequent meeting.

**Rule 7-9: MOTION TO TABLE** - Any Director may move that an item be tabled for an indefinite time, even if a main motion is pending consideration. If such a motion is seconded and passed all consideration on that item is halted until a Director requests consideration on a subsequent agenda.

**Rule 7-10: ORDER OF DEBATE (Legislative Matter, Action Items)** - The Presiding Officer shall follow the following order of debate in the consideration of Legislative (Action/Decision) matters:

**7-10A Presentation:** Staff shall present the issue with any recommendations.

**7-10B Questions of Staff by Board:** Through the GM the Board may ask questions of staff to clarify the issue or the recommendation.

**7-10C Audience Input:** Members of the audience may make statements or ask questions regarding the matter. Any person wishing to address the Board, shall, when recognized by the President, step to the rostrum, and give their name to the Board Secretary. All questions of staff from the public shall be addressed to the President. The President may impose reasonable limitations upon the amount of time each person can speak or the number of times any speaker can speak. After affording public comment, he or she may close the public comment period when necessary to allow the Board to complete its business.

**7-10D Board Discussion and Resolution:** Following closure of public input, the Board shall discuss the item and take the action it deems desirable by motion. Individual Directors may ask questions of members of the audience through the President but such questions and answers should not become a debate. All other audience input shall be deemed "out of order" by the Presiding Officer unless the Board determines that additional input is desirable.

**Rule 7-11: ORDER OF DEBATE (Quasi-Judicial)** - The Presiding Officer shall follow the following order of debate in the consideration of quasi-judicial/adjudicative matters:

**7-11A Presentation:** Staff shall present the issue with any recommendations.

**7-11B Questions of Staff by Board:** The Board may ask questions of staff to clarify the issue or the recommendation.

**7-11C Public Hearing:** The Presiding Officer shall open the Public Hearing, call upon the Applicant to make a statement, and then receive any and all input from the public. Any person wishing to address the Board, shall, when recognized by the President, step to the rostrum, and give their name to the Board Secretary. All questions of staff from the public shall be addressed through the President. Following receipt of public comment the applicant shall be given the opportunity to respond to comments received. The President may limit the amount of time each person can speak or the number of times a speaker can speak and may close public comment restricting further discussion to the Board level unless a majority of the Board wishes to hear other testimony. The President shall then close the Public Hearing.

**7-11D Board Discussion and Resolution:** Following closure of public input, the Board shall debate the item and take the action it deems desirable by motion. Individual Directors may ask questions of members of the audience through the President but such questions and answers should not become a debate. All other audience input shall be deemed "out of order" by the Presiding Officer unless the Board determines that additional input is desirable.

#### **Rule 7-12: ORDER OF DEBATE (Non-Legislative Matter, Informational Items)**

**7-12A Presentation:** Staff shall present the issue with any recommendations.

**7-12B Questions of Staff by Board:** The Board may ask questions of staff to clarify the issue or the recommendation.

**7-12C Audience Input:** The Board President may choose to accept input from the audience regarding the matter, however such input is optional and at the Board President's discretion.

**Rule 7-13: EX PARTE CONTACT AND DISCLOSURE** - If a Director talks to or is otherwise contacted by a party in a quasi-judicial/adjudicative matter pending before the Board, that Director must disclose to the Board of Directors that he or she was contacted and disclose the name of the person who contacted them.

### **PART 8 -- REMUNERATION**

**Rule 8-1: BOARD MEETING COMPENSATION** - Directors will be compensated one hundred twenty-five dollars (\$125) per noticed meeting attended up to a maximum of \$750 per month (6 meetings) per Director, with no compensation for Committee Meetings or Ceremonial Meetings, with future meeting fees to be adjusted only upon future Board action in compliance with California Government Code section 61047 and applicable law. 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 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.

**Rule 8-2: BOARD MEMBER EXPENSES** - Board Members that incur expenses for service rendered at the request of the Board shall be reimbursed on the basis established under the District's Expenditure Control Guidelines.

**Rule 8-3: INSURANCE** - Board Members serving continuously prior to December 31, 1995 shall be eligible for the same insurance benefits as afforded regular employees while serving on the Board. These Board Members shall not be eligible for insurance benefits after they stop serving on the Board unless they participate on a self-pay basis. Board Members starting terms on or after January 1, 1996 shall not be eligible for insurance benefits unless the recipient participates on a self-pay basis.

### **PART 9 -- PERSONNEL POLICIES**

**Rule 9-1: SEXUAL HARASSMENT** - The District will not tolerate sexual harassment (which includes harassment based on verbal, physical and visual conduct that creates an

intimidating, offensive, or hostile working environment or that interferes with an employee's work performance) by a Board Member, consultants, clients, customers, members of the public, or visitors. The Board considers sexual harassment to be a major offense which may result in disciplinary action of the offending Director. The District is committed to providing a workplace free of sexual harassment (which includes harassment based on gender, pregnancy, childbirth, or related medical conditions), as well as harassment based on such factors as race, color, creed, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, medical leave status, veteran status, or any other basis protected by federal, state or local laws.

An employee who feels that he/she is being harassed is encouraged to immediately report such incident to the immediate supervisor of the accused individual without fear of reprisal. The Manager shall be informed of all such complaints and will assist in the investigation and resolution of complaints.

**Rule 9-2: WORKPLACE VIOLENCE** - In recognition of the fact that workplace violence is a concern among Boards, employers and employees across the country the District has committed itself to providing a safe, violence-free workplace. In this regard, the District strictly prohibits employees, consultants, clients, customers, members of the public, visitors, or anyone else on MCSD premises or engaging in a District-related activity from behaving in a violent, threatening, intimidating, or hostile manner.

Moreover, the District seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity towards violence even prior to any violent behavior occurring.

The District believes that prevention of workplace violence begins with recognition and awareness of potentially early warning signs and the Board shall respond to any situation that may present the possibility of violence.

Workplace violence includes, but is not limited to, the following:

- Threats of any kind;
- Threatening, physically aggressive, or violent behavior, such as intimidation of or attempts to instill fear in others;
- Other behavior that suggests a propensity toward violence, which can include belligerent speech, excessive arguing or swearing, threats to Board or staff members, sabotage, or threats of sabotage of District property, or a demonstrated pattern of refusal to follow District policies and procedures;
- Defacing District property or causing physical damage to the facilities.

**Rule 9-3: NON-DISCRIMINATION** - The District shall not unlawfully discriminate against qualified employees or job applicants on the basis of sex, race, color, religious creed, national origin, ancestry, age over 40, marital status, physical or mental disability, or Vietnam era veteran status.

Equal opportunity shall be provided to all qualified employees and applicants in every aspect of personnel policy and practice. The District shall not discriminate against physically or mentally disabled person who, with reasonable accommodation, can perform the essential function of the job in question.

All Directors are expected to carry out their duties in a manner that is free from discriminatory statements or conduct.

**Rule 9-4: REASONABLE ACCOMMODATION** - Pursuant to the Americans with Disabilities Act, MCSD has a duty to reasonably accommodate Directors with known disabilities. This accommodation is not generally required until the person with the disability requests it.

## PART 10 -- DIRECTORS LEGAL LIABILITY

**Rule 10-1: DEFENSE** - The District shall defend and indemnify Board Members from any claim, liability or demand that arises out of a Director's performance of his or her duties as a Board Member or Officer of the District.

**Rule 10-2: LEGAL COUNSEL** - The District Counsel reports to the Board as a whole but is available to each director for consultation regarding legal matters particular to that Board Member's participation in District matters. No Board Member may request a legal opinion of legal counsel without concurrence by the Board except as such requests relate to questions regarding that Member's participation. The determination of legal counsel that the member's legal issue is personal and that they must seek outside legal counsel is final. The Board chair may privately consult with legal counsel based upon credible information of an on-going criminal investigation or criminal wrongdoing or fraud of District management or the Board, provided the allegation is not against the Board chair.

## PART 11 -- ANNUAL BOARD SELF-EVALUATION

**Rule 11-1: POLICY** - The Board is committed to assessing its own performance as a board in order to identify the Board's strengths and areas in which it may improve the Board's functioning. The goals of the self-evaluation are to clarify roles, to enhance harmony and understanding among Board members, and to improve the efficiency and effectiveness of the Board meetings. The ultimate goal is to improve MCSD policies for the benefit of the McKinleyville community and employees of the District.

**Rule 11-2: PROCEDURE** - The Board has established the following procedure for self-evaluation:

- Annually, the Board shall conduct a self-evaluation utilizing the approved assessment form.
- The Board Secretary will distribute the assessment form to all Board members at the first meeting in July each year.
- The completed assessment forms shall be returned to the Secretary of the Board at or before the August meeting.

- The Secretary of the Board shall compile a summary of the results of the assessment which will be distributed at the September meeting and included as an agenda item for review, discussion and appropriate action.

**Rule 11-3: EVALUATIONS** – The evaluation instrument shall incorporate criteria contained in this Board Policy Manual regarding structure, ethics, policies and procedures. The Self-Evaluation Worksheet can be found as Attachment B in this document.

## Attachments

### Attachment A

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

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

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

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

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

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

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

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

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

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

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



# EXHIBIT 1



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

Board Member: \_\_\_\_\_ Date \_\_\_\_\_

### A. BOARD/MANAGER RELATIONSHIP

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

### B. COMMUNITY RELATIONS

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

### C. LEADERSHIP

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

### D. COMMUNICATION

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

### E. MANAGING FINANCIAL AND MATERIAL RESOURCES

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

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

[illegible]

2025

**Rating categories:**

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

PERFORMANCE FACTORS	I	M	E	COMMENTS
1. <b>QUALITY OF WORK:</b> Consider the extent to which completed work is accurate, neat, well-organized, thorough, and effective				
2. <b>RELATIONSHIPS WITH PEOPLE:</b> Consider the extent to which the GM recognizes the needs and desires of other people, treats other with respect and courtesy, and inspires their respect and confidence, etc.				
3. <b>WORK HABITS:</b> Consider the GM's effectiveness in organizing and using work tools and time, in caring for equipment and materials, in following good practices of vehicle and personal safety, etc.				
4. <b>TAKING ACTION INDEPENDENTLY:</b> Consider the extent to which the GM shows initiative in making work improvements, identifying and correcting errors, initiating work activities, etc.				
5. <b>ANALYZING SITUATIONS AND MATERIALS:</b> Consider the extent to which the GM applies consistently good judgment in analyzing work situations and materials, and in drawing sound conclusions.				
6. <b>MEETING WORK COMMITMENTS:</b> Consider the extent to which the GM completes work assignments, meets deadlines, follows established policies and procedures, etc.				

<p><b>7. TECHNICAL AND PRACTICAL KNOWLEDGE OF THE JOB:</b> Extensive knowledge of technical elements of own program and related services; ability to use technical knowledge; viewed as a knowledgeable resource; ability to effectively utilize a variety of resources to resolve administrative and/or program problems.</p>				
<p><b>8. SUPERVISING THE WORK OF OTHERS:</b> Creates an environment in which employees are treated with respect. Employees possess a sense of ownership and satisfaction in the District's activities; influence over how things are done, and an understanding of their personal importance to the MCSD. Provides appropriate control over staff activities. Provides timely performance appraisal of subordinate staff. Inspires continuous learning and development of staff. Recognizes and values the contributions of all members of a diverse work force.</p>				
<p><b>9. LEADERSHIP:</b> Cooperates, inspires, motivates, persuades and guides others toward goal accomplishment; adapts leadership style to a variety of situations; models high standards of honesty, integrity, trust, openness and flexibility; makes sound decisions consistent with District objectives.</p>				
<p><b>10. FISCAL MANAGEMENT:</b> Understands District costs, debt, cash flow and asset management structures and is able to utilize these strategically; Analyzes budget forecasts for accuracy; maintains responsible District costs within Board approved budgets. Timely review and approval of bank reconciliations, journal entries, financial statements, invoices (AP) and payroll.</p>				
<p><b>11. COMMUNICATION:</b> Proactively informs Board of Department and District issues and concerns. Timely collection of information and reports from Departments. Maintains confidentiality of communications.</p>				
<p><b>12. COMPLIANCE:</b> Demonstrates the ability to maintain the District and all departments in compliance with laws, regulations and reporting requirements.</p>				

<p><b>13. CUSTOMER SERVICE:</b> Shows interest in and understanding of the needs, expectations and circumstance of all customers and customers. Explores options and pursues solutions until customers are satisfied. Is responsive, pleasant, professional and easy to do business with. Looks at the organization and its services from the customer's point of view. Seeks and uses customer feedback to improve services. Meets or exceeds internal and external customer expectations.</p>				
<p><b>14. EMPLOYMENT SAFETY:</b> Considers whether the employee maintains and ensures training, safety requirements and compliance for supervised employees (i.e. full time, part-time, seasonal, Cal-works, sub-contractors or visitors).</p>				
<p><b>15. POLICIES &amp; PROCEDURES:</b> Consider the extent to which the employee maintains compliance with All District Policies and Procedures. Ensures staff is aware of Human Resource and EEO Policies.</p>				
<p><b>16. IDP:</b> Develops IDP with supervised employees and ensures employee completes all training requirements.</p>				

**OTHER EVALUATOR COMMENTS:**

SIGNATURE: \_\_\_\_\_ N/A

DATE: \_\_\_\_\_

**GENERAL MANAGERS COMMENTS:**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**Attachment B**

**McKinleyville Community Services District  
Board of Directors Self-Evaluation Worksheet**

Use the following scale, while thinking specifically about **YOU**

1 = Not Sure 2 = Not Satisfied 3 = Somewhat Satisfied 4 = Satisfied 5 = Very Satisfied  
Circle the number that most accurately describes your perception for each item.

**DO YOU or ARE YOU:**

Understand the vision and mission of the McKinleyville Community Services District?	1	2	3	4	5
Support the vision and mission of MCSD?	1	2	3	4	5
Have a good working relationship with the other Board Members?	1	2	3	4	5
Have a good working relationship with the General Manager?	1	2	3	4	5
Knowledgeable about MCSD's major programs and services?	1	2	3	4	5
Follow trends and important developments in the industries and services that MCSD provides?	1	2	3	4	5
Read and understand MCSD's financial statements?	1	2	3	4	5
Act knowledgeably and prudently when making recommendations about MCSD finances and financial policies in consideration of the District as a whole?	1	2	3	4	5
While considering short-term administrative matters, are you also focusing on long-term and significant policy issues and impacts?	1	2	3	4	5

Recommend qualified individuals with relevant skills and experience as possible nominees for the Board and committees?	1	2	3	4	5
Prepare for and participate at Board and committee meetings, as well as other MCSD events?	1	2	3	4	5
Willingly volunteer and use your special skills to further the MCSD vision and mission?	1	2	3	4	5
Complete assignments and responsibilities in a responsible and timely manner?	1	2	3	4	5
Speak for the Board or MCSD only when authorized to do so?	1	2	3	4	5
Take advantage of opportunities to enhance the MCSD public image by periodically speaking to others about the work of the District?	1	2	3	4	5
Respectful to all while conducting District business?	1	2	3	4	5

ADDITIONAL COMMENTS:

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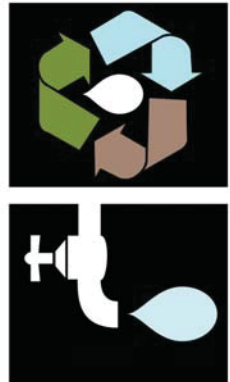
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**COMMUNITY  
SERVICES  
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## INTRODUCTION

This Handbook is intended to help employees get acquainted with MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (hereafter "MCSD" or "the District") and provide information about its employment practices. MCSD shall conduct its business in a professional, courteous, and ethical manner. This Handbook exists to ensure MCSD is sensitive to, and responsible for, the efficient, economical, and legal implementation of its business operations.

The purpose of the Handbook is to emphasize that, as MCSD employees, we have a responsibility to the public, to our stakeholders, partners, and colleagues, and to ourselves to conduct all facets of our business in a professional and ethical manner. It explains some of our philosophies and beliefs, and describes, in general terms, some of our employment policies. Although this Handbook is not intended to be an official policies and procedures manual, we hope that it will serve as a useful reference document for employees throughout their employment. Employees should understand, however, that this Handbook is not intended to be a contract, express or implied, nor is it intended to otherwise create any legally enforceable obligations on the part of MCSD or its employees.

This Handbook supersedes and replaces all previous handbooks, personnel policies, practices, and guidelines.

Because MCSD is a constantly-changing organization, it reserves complete discretion to add to, modify, or delete provisions of this Handbook, or the policies and procedures on which they may be based, at any time without advance notice, with the exception of its at-will employment policy. Employees will be advised of changes that occur.

To obtain information regarding specific employment policies or procedures, whether or not they are contained in this Handbook, employees should contact their supervisor or Department Head.

No one, other than the General Manager, has the authority to enter into any employment or other agreement that modifies District policy. Any such modification must be in writing and signed by the General Manager and the affected employee. This Handbook is the property of MCSD, and it is intended for personal use and reference only by employees of the District. Circulation of this Handbook outside of the workplace requires the prior written approval of the General Manager.

Employees are required to sign the Acknowledgment of Receipt form that will be distributed at the time employees receive this Handbook. This should be returned to your Department Head, the Finance Director or the General Manager as soon as possible. This completed form will be retained in each employee's official personnel file and will provide the District with a record that each employee has received this Handbook.

This Handbook is intended to apply to all employees.

## WELCOME

Welcome to the McKinleyville Community Services District.

### District Government Structure

MCSD was created on April 7, 1970 when McKinleyville citizens voted to form the District. Initially, the District had authority to serve water and treat sewer wastes. In 1972, the voters added street lighting powers. In 1985, the voters added recreational powers, and in 1995, the voters authorized construction of the McKinleyville Library. MCSD's boundaries encompass 12,140 acres ranging from North Bank Road on the south to Patrick Creek on the north.

The District is an independent special district governed by a five-member Board of Directors elected by the McKinleyville voters. The Directors meet on the first Wednesday of each month to set policy, consider projects, and settle disputes. The District office is located at 1656 Sutter Road just east of Central Avenue.

The District's principal activities include water, wastewater, parks, recreation, street lighting, and open space maintenance services. In recent years, the District has dramatically expanded its recreational services by developing community parks (Hiller Park, Pierson Park and Larissa Park) and constructing three state-of-the-art buildings to provide an indoor sports facility (McKinleyville Activity Center), a community activities center (Azalea Hall), and a library (a branch of the Humboldt County Library). The District has just completed the expansion of its wastewater treatment facility at Hiller Park where it is also developing an outdoor sports complex.

### District Mission Statement

The District's mission is: Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner.

### Board of Directors

The Board of Directors is the legislative body of the District. Its members are elected by the community and are the decision makers of the District. The Board of Directors sets policy and approves the District's annual budget.

### General Manager

Overall responsibility for the day-to-day operation of the District is vested in the General Manager. The General Manager is appointed by and serves at the pleasure of the Board of Directors.

### Departments

The District is organized into three separate departments. They are: Operations; Parks and Recreation; and Support Services. Being a small district, each department performs a wide range of services for the citizens of our community.



## I. EMPLOYMENT POLICIES

### A. Employment Policies

McKinleyville Community Services District ("MCSD" or "District") recognizes that most employees are concerned about their job-related rights and responsibilities. In recognition of these concerns, we are explaining basic employment policies that will influence your employment.

We believe in the recognition of your contributions. For that reason, we consider your individual job performance as the single most important factor in decisions affecting salary adjustments, promotions, and job retention. We also believe that, whenever possible, promotions should be made from within MCSD.

### B. Equal Employment

It is the policy of MCSD to provide equal employment opportunity for all applicants and employees. The District does not discriminate on the basis of race, color, creed, religion, sex (including pregnancy, childbirth, or related medical conditions), national origin, ancestry, age, physical or mental disability, legally protected medical condition, including genetic characteristics, family care status, military or veteran status, marital status, sexual orientation, registered domestic partner status or any other basis protected by federal, state or local law. This policy also prohibits discrimination based on the perception that anyone has any of the above-referenced characteristics, or is associated with a person who has or is perceived as having any of these characteristics. All such discrimination is unlawful.

When necessary, MCSD also makes reasonable accommodations for disabled employees and for pregnant employees who request an accommodation, with the advice of their health care providers, for pregnancy, childbirth, or related medical conditions.

MCSD prohibits the harassment of any employee on any of the bases enumerated above. For information concerning the types of conduct that constitute impermissible harassment and the District's internal procedures for addressing complaints of harassment, please refer to MCSD's Policy Against Harassment located in this Handbook.

This policy applies to all areas of employment, including recruitment, hiring, training, promotion, compensation, benefits, transfer, and social and recreational programs. It is the responsibility of every supervisor and employee to conscientiously follow this policy. Employees who have any questions regarding this policy should discuss them with your Department Head, the Finance Director or the General Manager of MCSD.

### C. Verification of Lawful Work Status

The District only employs United States Citizens and aliens who are authorized to work in the United States. In compliance with the Immigration Reform and Control Act of 1986, each employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility prior to commencement of employment.

Required documentation must be presented to the Finance Director prior to the start of employment, which will facilitate proper processing of these documents.

### D. Applicant/Employee Background Checks and Investigations

MCSD seeks to maintain a safe workplace for employees who are honest, trustworthy, and non-violent and who do not otherwise present a risk of harm to their fellow employees, or others in the workplace.

As a result, we reserve the right to investigate, before hiring, an applicant's entire employment history, references, educational background, driving record, and required licenses and/or certifications. Accordingly, all applicants for employment may be requested to sign a request, authorization, and consent for release of information form, and/or a release of claims, and perhaps other similar documents, associated with the disclosure of information requested. Applicants for some positions, including exempt managerial positions, may also be subject to a credit check. Such applicants will be informed in writing of the District's intention to investigate their credit history and will be requested to sign an authorization and consent for release of information form, and/or a release of claims, and perhaps other similar documents, associated with the disclosure of the information requested.

MCSD reserves the right to exclude from consideration any applicant for employment who refuses to sign these forms, consistent with applicable law.

Once MCSD has determined that an applicant meets the minimum employment qualifications as stated in any notice issued for the relevant position, the applicant may be required to undergo a conviction history background check. Such applicants will be informed in writing of the District's intention to investigate their conviction history and will be requested to sign an authorization and consent for release of information form, and/or a release of claims, and perhaps other similar documents, associated with the disclosure of the information requested.

On occasion, MCSD may deem it necessary to investigate current employees. This could occur where, due to behavior or other considerations, legitimate questions are raised concerning work performance, honesty, trustworthiness, reliability, or a potential threat to the safety of fellow employees or others in the workplace. Therefore, an employee's criminal record may be investigated, for example, as well as his/her alcohol and drug use that could affect his or her job performance. In such instances, employees may be requested to sign a request, authorization, and consent for release of information form, and/or a release of claims, and perhaps other similar documents, associated with the disclosure of information requested as required by law. Employees in particular positions, such as exempt managerial employees and several others, may also be subject to a credit check. Employees in those positions will be informed in writing of MCSD's intent to obtain a credit report for employment purposes and will be requested to sign an authorization and consent for release of information form, and/or a release of claims, and perhaps other similar documents, associated with the disclosure of the information requested. Employees who are subject to these background checks and investigations are required to cooperate with MCSD's efforts to obtain such important information. Failure to cooperate may result in discipline, up to and including discharge.

#### E. "At Will" Employment

We sincerely hope that your employment relationship with MCSD will be satisfying and mutually beneficial. We nevertheless believe there are some things you must know. Your employment relationship with MCSD is "at-will." This means that you are entirely free to terminate your employment at any time, either with or without a reason. It also means that MCSD has the very same right as you and can terminate your employment at any time, with or without cause or advance notice.

This represents an integrated agreement with respect to the at-will nature of your employment relationship. No representative or employee of MCSD, other than the General Manager, has the authority to enter into a contrary agreement. Even then, a contrary agreement is enforceable only if it is set forth in a written agreement that is signed by both you and the General Manager.

#### F. Workplace Inspections

A routine check of employees leaving the District's premises with packages or articles may be held periodically without prior announcement. Any supervisor or other District-designated person has the authority to inspect packages or other articles leaving the District's premises in the possession of any employee. If employees desire to avoid such inspections, they should refrain from bringing packages or other articles on the District's premises. The District is not responsible for lost or stolen items brought onto District premises.

The District may provide lockers for the convenience and use of the employees at the District's expense. MCSD may also make available to employees locks at the District's expense for use in connection with any lockers that are issued. Accordingly, employees should not place any other lock on a locker. In addition, some employees may also be provided desks for their use during work. Although lockers and desks are made available for the convenience of employees while at work, employees should remember that all lockers and desks remain the sole property of the District.

In addition, MCSD reserves the right to open and inspect lockers and desks, as well as any contents, effects or articles that are in lockers or desks. Such an inspection can occur at any time, with or without advance notice or consent. **EMPLOYEES HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** An inspection may be conducted before, during or after working hours by any supervisor or other person designated by the District.

Prohibited materials, including weapons, explosives, alcohol and non-prescribed drugs or medications, and hazardous materials, may not be placed in a locker or desk. Perishable items should not be stored in lockers or desks or left for prolonged periods of time. Employees who, if requested, fail to cooperate in any inspection will be subject to disciplinary action, up to and including discharge. MCSD is not responsible for any articles that are placed or left at a locker or desk that are lost, damaged, stolen or destroyed.

#### G. Off-Site Work

The District retains, in its sole discretion, the right to allow some employees to perform work from locations away from the workplace. This is referred to as telecommuting, and

any such arrangement must be approved in writing by the employee's direct supervisor and the General Manager in advance.

Other than the physical location of where your work is performed, telecommuting has no effect on the terms or conditions of your employment as set forth in this handbook. Employees who are allowed to telecommute should be aware that the District reserves, in its sole discretion, the right to change or terminate any telecommuting arrangement at any time, with or without notice or cause.

Employees who are allowed to telecommute are solely responsible for ensuring the safety of the location where their work will be performed.

Because employees performing telecommuting work are covered under the District's workers' compensation insurance, any injuries, no matter how minor, that are experienced while an employee is telecommuting must be reported immediately, pursuant to the policies set forth in this handbook. Any employees who are allowed to telecommute will be required to sign a document, before any work is so performed, setting forth the days and working hours telecommuting will be performed, any equipment to be utilized in connection with this work, the arrangements for how the telecommuter will communicate with the District, and any related information.

Unless otherwise specified in writing, a telecommuting employee's hours and days of work will remain identical to those that would apply in the workplace.

It is understood that MCSD shall not incur any additional costs due to telecommuting work an employee is performing.

#### H. Telephone, Facsimile Machines and Electronic Devices

The use of telephones, facsimile machines, cellular phone units, pagers or other electronic devices at MCSD is limited to official business during working hours, except in the event of an emergency. Personal long-distance calls must be approved in advance by the General Manager and must be reimbursed by the employee.

##### I. Cell Phones

Some employees may be provided a District-issued cell phone. Such employees are authorized to use such cell phones for personal reasons only in the case of an emergency. All other personal use is prohibited. This policy includes all communications on District-issued cell phones, including phone calls and text messages.

##### 1. Driving and Cell Phones

In the interest of safety, employees are expressly forbidden from using cell phones while driving either on District business or during District hours. This includes writing, sending, or reading text-based communications, such as text messages and e-mail.

Failure to comply with this policy may result in discipline, up to and including termination.

##### 2. Cell Phones/Cameras

Employees may bring personal cell phones that are equipped with a camera onto District premises only on condition that no photographs are taken in the workplace,

during working hours or otherwise. Use of cell phones or other cameras in violation of this policy may result in discipline up to and including discharge.

## J. Drug-Free Workplace

### 1. Objective of Policy

It is the intent of MCSD to maintain a workplace that is free of drugs and alcohol to provide a safe, efficient, and productive workplace. Employees who are under the influence of a drug or alcohol on the job compromise the District's interests and endanger their own health and safety as well as the health and safety of others.

Substance abuse in the workplace can also cause a number of other work-related problems, including absenteeism and tardiness, unsatisfactory job performance, increased workloads for co-employees, behavior that is disruptive to other employees, and products or services that are of inferior quality.

To further its interests in avoiding accidents, to promote and maintain safe and efficient working conditions for all employees, and to protect its business, property, equipment and operations, MCSD has established this policy regarding the use of alcohol and drugs. As a condition of continued employment with the District, each employee must abide by this policy. The Finance Director has been designated to administer this policy, monitor the program and make reports as required by law.

### 2. Applicable Definitions

For purposes of this policy, the following definitions will apply:

- (a) "Illegal drugs or other controlled substances" mean any drug or substance that is not legally obtainable, is legally obtainable but has not been legally obtained, or has been legally obtained but is being sold or distributed unlawfully.
- (b) "Legal drug" means any drug including prescription or over-the-counter drugs that have been legally obtained and that are not unlawfully sold or distributed.
- (c) "Abuse of any legal drug" means the use of any legal drug for any purpose other than the purposes for which it was prescribed or manufactured, or in a quantity, frequency, or manner that is inconsistent with the instructions or recommendations of the prescribing physician or manufacturer.
- (d) "Reasonable suspicion" includes a suspicion that is based on specific personal observations such as an employee's manner, disposition, muscular movement, appearance, behavior, speech or breath odor, information provided to management by an employee, by law enforcement officials, by a security service, or by other persons believed to be reliable, or a suspicion that is based on other relevant circumstances.
- (e) "Possession" means that an employee has the substance on his/her person or otherwise under his/her control.

### 3. Prohibited Conduct

The prohibitions set forth in this section apply whenever the interest of the MCSD may be adversely affected, including but not limited to any time an employee is:

- (a) On District premises;
- (b) Conducting or performing District business, regardless of the physical location;

- (c) Operating or responsible for the operation, custody or care of District equipment or other property; or
- (d) Responsible for the safety of others in connection with, or while performing MCSD related business.

### 4. Alcohol

The following acts are prohibited and will subject an employee to discipline up to and including discharge:

- (a) The unauthorized use, possession, purchase, sale, manufacture, distribution, or dispensation of alcohol; or
- (b) Being under the influence of alcohol or otherwise impaired as a result of being under the influence of alcohol.

### 5. Illegal Drugs

The following acts are prohibited and will subject an employee to discipline up to and including discharge:

- (a) The use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drug or other controlled substance; or
- (b) Being under the influence of any illegal drug or other controlled substance or otherwise impaired as a result thereof.

### 6. Legal Drugs

- (a) The abuse of any legal drug;
- (b) The purchase, sale, manufacture, distribution, transportation, dispensation or possession of any legal prescription drug in a manner inconsistent with law; or
- (c) Working while impaired by the use of a legal drug whenever such impairment might:
  - 1. Endanger the safety of the employee or some other person;
  - 2. Pose a risk of significant damage to District property; or
  - 3. Substantially interfere with the employee's job performance or the efficient operation of MCSD business or equipment.

### 7. Drug-Free Awareness

#### (a) Employee Awareness

MCSD has established a Drug-Free Awareness Program that is designed to educate employees about the dangers of drug abuse in the workplace and to help ensure that employees are familiar with this policy and with the disciplinary actions that can result from a violation of it. From time to time, employees will be requested to attend one of the sessions of the Drug-Free Awareness Program. During each such session, employees will be given current information about relevant District policies on this subject.

#### (b) Management Awareness

Managers and supervisors should be attentive to the performance and conduct of those who work with them and should not permit an employee to work in an impaired condition or to otherwise engage in conduct that violates this policy. When any supervisor has reasonable suspicion to believe that an employee or

employees are working in violation of this policy, prompt action is required. If the employee in question performs in a designated safety-sensitive position, such action may include drug testing in accordance with the procedures outlined in this handbook.

**(c) Criminal Convictions**

Employees must notify MCSD of any conviction under a criminal drug statute for a violation occurring in the workplace or during any District-related activity or event. Employees must notify the District within five days after any such conviction. When required by federal law, the District will notify any federal agency with which it has a contract of any employee who has been convicted under a criminal drug statute for a violation occurring in the workplace as required by law.

**8. Legal Drugs**

MCSD recognizes that employees may, from time to time, be prescribed legal drugs that, when taken as prescribed or in accordance with the manufacturer's instructions, may result in impairment. Employees may not work while impaired by the use of legal drugs if the impairment might endanger the employee or someone else, pose a risk of significant damage to District property, or substantially interfere with the employee's job performance. If an employee is so impaired by the appropriate use of legal drugs, he/she may not report to work. To accommodate the absence, the employee may use accrued sick leave or vacation time. The employee may also contact Human Resources to determine whether or not he/she qualifies for an unpaid leave of absence. Nothing in this policy is intended to permit the use of accrued sick leave or vacation time to accommodate absences due to the abuse of legal drugs.

Further, nothing in this policy is intended to diminish the District's commitment to employ and reasonably accommodate qualified disabled individuals. MCSD will reasonably accommodate qualified disabled employees who must take legal drugs because of their disability.

**9. Normal Use of Over-the-Counter Drugs**

Nothing in this policy is intended to prohibit the customary and ordinary purchase, sale, use, possession, or dispensation of over-the-counter drugs, provided that such activity does not violate any law or result in an employee being impaired by the use of such drugs in violation of this policy.

**10. Off-the-Job Activity**

Unless an employee is in a designated safety-sensitive position, this policy is not intended to regulate off-the-job conduct, provided the employee's off-the-job use of alcohol or drugs does not result in the employee being under the influence of or impaired by the use of alcohol or drugs in violation of this policy. If an employee is in a designated safety-sensitive position, he or she will be subject to drug testing as described below in this policy.

**11. Authorized Use of Alcohol**

MCSD may have events or social functions where alcohol for consumption may be made available by others. The District does not support the consumption of alcohol at these events. Further, the consumption of alcohol is at the employee's own risk. However, under no circumstances are employees to become impaired at such events or to be transported to or from such events by third parties who are impaired.

**12. Confidentiality**

Disclosures made by employees to designated supervisors concerning their use of legal drugs will be treated confidentially and will not be revealed to other managers, supervisors, or employees unless there is an important work-related reason to do so in order to determine whether it is advisable for the employee to continue working. Disclosures made by employees to designated supervisors concerning their participation in any drug or alcohol rehabilitation program will be treated confidentially.

**13. Counseling/Employee Assistance**

Employees, who suspect they may have alcohol or drug problems, even if in the preliminary stages, are encouraged to voluntarily seek diagnosis and to follow through with the treatment as prescribed by professionals. Employees who wish to voluntarily enter and participate in an approved alcohol or drug rehabilitation program are encouraged to contact the General Manager, who will determine whether the District can accommodate the employee by providing unpaid leave for the time necessary to complete participation in the program. MCSD will encourage and reasonably accommodate employees with alcohol or drug dependencies to seek treatment and/or rehabilitation unless the employee's absence would place an undue hardship on the District. The employee may use any accrued sick leave or vacation benefits while on leave. However, additional benefits will not be earned during the leave of absence. The leave will be subject to the same provisions and rules that apply to medical leaves of absence.

MCSD is not obligated to continue to employ any person who is unable to perform his/her essential job duties because of drug or alcohol use, nor is MCSD obligated to re-employ any person who has participated in treatment and/or rehabilitation if that person's ability to perform the essential functions of the job remains impaired as a result of dependency. Additionally, employees who are given the opportunity to seek treatment and/or rehabilitation, but fail to successfully overcome their dependency or problem, will not automatically be given a second opportunity to seek treatment and/or rehabilitation. This policy on treatment and rehabilitation is not intended to affect MCSD's treatment of employees who violate the regulations described previously. Rather, rehabilitation is an option for an employee who acknowledges a chemical dependency and voluntarily seeks treatment to end that dependency.

Employees should be aware that participation in a rehabilitation program would not necessarily shield them from discipline for a violation of this policy, especially if discipline is imposed for a violation occurring before the employee seeks assistance.



#### 14. Drug Testing

##### (a) Testing of Applicants for Employment

As part of MCSD's employment screening process, any applicant for a District position, to whom a conditional offer of employment has been made, must pass a pre-employment drug and alcohol test under the procedures described below. The offer of employment is contingent on a negative test result.

#### 15. Testing of Employees in Designated Safety-Sensitive Positions

##### (a) Annual Testing

Employees in safety-sensitive positions may be required to submit to annual drug testing, under the procedures described below. The General Manager will schedule the testing. Safety-sensitive positions include the following:

- Any employee who operates a District vehicle on a regular routine basis as part of their normal work activities;
- Any employee who has a Class A or B driver's license as required by the District;
- Any employee who operates District heavy equipment (i.e. backhoe, dump truck);
- Any employee certified to wear Self Contained Breathing Apparatus (SCBA); and
- Department Directors and Supervisors.

If an employee refuses to cooperate with the administration of a drug test, the refusal will be handled in the same manner as a positive test result.

##### (b) Reasonable Suspicion Testing

If an employee acts in such a manner that his/her supervisor or manager has a reasonable suspicion that the employee is working in an impaired condition or otherwise engaging in conduct that violates this policy, the employee will be asked about any observed behavior and offered an opportunity to give a reasonable explanation. If the employee is unable to satisfactorily explain the behavior, he/she will be requested to take a drug test in accordance with the procedures outlined below.

If the employee refuses to cooperate with the administration of the drug test, the refusal will be handled in the same manner as a positive test result.

##### (c) Random Testing

Employees in safety-sensitive positions only may be subject to random testing as authorized or required by state or federal law or regulation.

#### 16. Testing Procedures

MCSD will refer the applicant or employee to an independent National Institute on Drug Abuse (NIDA)-certified medical clinic or laboratory which will administer the test. The District will pay the cost of the test and the applicant or employee's reasonable transportation costs to the testing facility. The applicant or employee will have the opportunity to alert the clinic or laboratory's personnel of any prescription or non-

prescription drugs that he/she has taken that may affect the outcome of the test. All drug testing will be performed by urinalysis. Initial screening will be done by EMIT II. Positive results will be confirmed by gas chromatography/mass spectrometry.

The clinic or laboratory will inform the District as to whether the applicant or employee passed or failed the drug test.

In the event of a positive test result, the applicant or employee may:

- Submit additional information in writing to the District to try to explain the positive test result, provided that the District must receive the explanation within three working days after the applicant or employee receives notice of the positive test result;
- Request in writing a confirmatory retest of the original sample, at the applicant or employee's own expense, provided that the District must receive the written request for a confirmatory retest within 48 hours after the applicant or employee receives notice of the positive test results. Any confirmatory retest requested and paid for by the applicant or employee must be conducted by a laboratory that is certified to perform drug testing by the National Institute on Drug Abuse (NIDA).

If an employee fails the test, he/she will be considered to be in violation of this policy and will be subject to appropriate discipline, up to and including termination.

#### 17. Acknowledge and Consent

Any applicant or employee subject to testing under this policy will be asked to sign a form acknowledging the procedures governing testing, and consenting to:

- (a) The collection of a urine sample for the purpose of determining the presence of alcohol or drugs; and
- (b) The release to the District of medical information regarding the test results. Refusal to sign the agreement and consent form, or to submit to the drug test, will result in the revocation of an applicant's job offer, or will subject an employee to discipline up to and including discharge.

#### 18. Confidentiality

All drug testing records will be treated as confidential.

### K. Policy Against Harassment

#### 1. Purpose

MCSD is committed to providing a workplace free of sexual harassment (which includes harassment based on gender, pregnancy, childbirth, or related medical conditions), as well as harassment based on such factors as race, color, creed, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, medical leave status, military or veteran status, or any other basis protected by federal, state or local laws.

The District strongly disapproves of and will not tolerate harassment of employees by managers, supervisors, or co-workers. Similarly, MCSD will not tolerate harassment by its employees of non-employees with whom District employees have a business,

service, or professional relationship. The District also will attempt to protect employees from harassment by non-employees in the workplace. All employees are required to attend initial training and participate in periodic additional training. Employees who violate this policy are subject to discipline up to and including termination.

## 2. Definition of Harassment

Harassment includes verbal, physical, and visual conduct that creates an intimidating, offensive, or hostile working environment or that interferes with an employee's work performance. Sexual harassment is defined by the Fair Employment and Housing Commission as "unwanted sexual advances, or visual, verbal or physical conduct of a sexual nature." Sexually harassing conduct can be by a person of either the same or opposite sex and need not be motivated by sexual desire. Such conduct constitutes sexual harassment when:

- Submission to the conduct is made either an explicit or implicit condition of employment;
- Submission or rejection of the conduct is used as the basis for an employment decision; or
- The harassment interferes with an employee's work performance or creates an intimidating, hostile, or offensive working environment.

Unlawful harassment includes, but is not limited to:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted sexual advances, invitations, jokes, or comments;
- Visual conduct such as derogatory posters, photography, cartoons, drawings, or gestures;
- Physical conduct such as assault (unwanted touching), blocking normal movement, or interfering with work directed at an individual because of his or her sex or any other basis;
- Threats and demands to submit to sexual requests in order to keep a job or avoid some other loss, and offers of job benefits in return for sexual favors;
- Retaliation for having reported or threatened to report harassment; or
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, and suggestive or obscene letters, notes, or invitations.

## 3. Reporting and Investigation of Harassment Claims

MCSD understands that victims of harassment are often embarrassed and reluctant to report acts of harassment out of fear of being blamed, concern about being retaliated against, or because it is difficult to discuss sexual matters openly with others. However, no employee should have to endure harassing conduct, and the District therefore encourages employees to promptly report any incidents of harassment so that corrective action may be taken.

On this subject, employees are required to report any behavior they consider to be improper or offensive. Similarly, employees are required to report romantic relationships in the workplace, even if they appear to be consensual, where conduct associated with such relationship causes others to be uncomfortable or offended. This

would include acts of favoritism, where an employee is perceived to receive preferential treatment as a result of a relationship, for example. This is particularly important if it appears preferential treatment involves job-related benefits.

Any incidents of harassment, including work-related harassment by any District personnel or any other person, should be reported to your Department Head, or any other management employee, or the General Manager. An employee is not required to complain to any person who is harassing the employee, but may instead report the harassment to his or her immediate supervisor or any other member of management.

Supervisors who receive complaints or who observe harassing conduct should immediately inform the appropriate Department Head, the General Manager, or other appropriate District officials so that an investigation may be initiated.

Every reported complaint of harassment will be investigated thoroughly and promptly. Typically, the investigation will include the following steps:

- An interview of the employee who initiated the harassment complaint to obtain complete details regarding the alleged harassment;
- Interviews of any employees who may have witnessed, or who may have knowledge of, the alleged harassment. The District official responsible for the investigation will notify the employee who initiated the harassment complaint of the results of the investigation. The investigation will be handled in as confidential a manner as possible consistent with a full, fair, and proper investigation.

In addition to notifying MCSD about harassment or retaliation complaints, affected employees may also direct their complaints to the California Department of Fair Employment and Housing ("DFEH"), which has the authority to investigate and prosecute complaints of harassment. If the DFEH believes that a complaint is valid and settlement efforts fail, the DFEH may file a lawsuit in court. The courts have the authority to award monetary and non-monetary relief in meritorious cases. Employees can contact the nearest DFEH office at the locations listed in the District's DFEH poster or by checking the state government listings in the local telephone directory or online.

## 4. Corrective Action

MCSD will not tolerate retaliation against any employee for making a complaint of harassment or for cooperating in an investigation. If harassment or retaliation is shown to have occurred, the District will take corrective action commensurate with the severity of the offense. This may include, without limitation, training, referral to counseling, or disciplinary action ranging from a verbal or written warning to termination of employment, depending on the circumstances. With regard to acts of harassment by customers or vendors, corrective action will be taken after consultation with the appropriate management personnel.

The District encourages all employees to report any incidents of harassment immediately so that complaints can be quickly and fairly resolved.

## **L. Workplace Violence**

### **1. Summary of Policy**

In recognition of the fact that workplace violence is a concern among employers and employees across the country, the District has committed itself to providing a safe, violence-free workplace. In this regard, the District strictly prohibits employees, consultants, clients, customers, visitors, the public, or anyone else on MCSD premises or engaging in a District- related activity from behaving in a violent or threatening manner.

Moreover, as part of this policy, MCSD seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity towards violence even prior to any violent behavior occurring.

The District believes that prevention of workplace violence begins with recognition and awareness of potentially early warning signs and has established procedures for responding to any situation that presents the possibility of violence.

### **2. Workplace Violence Defined**

Workplace violence includes, but is not limited to the following:

- (a) Threats of any kind;
- (b) Threatening; physically aggressive, or violent behavior, such as intimidation of or attempts to instill fear in others;
- (c) Other behavior that suggests a propensity toward violence, which can include belligerent speech, excessive arguing or swearing, sabotage, or threats of sabotage of District property, or a demonstrated pattern of refusal to follow District policies and procedures;
- (d) Defacing District property or causing physical damage to its facilities; or
- (e) With the exception of security personnel, bringing weapons or firearms of any kind on MCSD premises, in District parking lots, or while conducting District business.

### **3. Reporting**

If any employee observes or becomes aware of any of the above-listed actions or any other actual violence, imminent violence, or threat of imminent violence by an employee, client, customer, consultant, visitor, or anyone else, he or she should immediately notify his/her supervisor, the Department Head, the Finance Director or the General Manager, or any other management employee. If appropriate, the employee should also contact the local law enforcement authorities by dialing 911.

Further, employees should notify the General Manager if any restraining order is in effect, or if a potentially violent, non-work-related situation exists that could result in violence in the workplace. The District will work with the employee-victim to find a reasonable accommodation for workplace safety in accordance with its obligations under the law.

### **4. Investigation**

All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. In appropriate circumstances, MCSD will inform the

reporting individual of the results of the investigation. To the extent possible, the District will maintain the confidentiality of the reporting employee and of the investigation. The District may, however, need to disclose results in appropriate circumstances. For example, this may occur in order to protect individual safety. MCSD will not tolerate retaliation against any employee who reports workplace violence.

### **5. Corrective Action and Discipline**

If MCSD determines that workplace violence has occurred, the District will take appropriate corrective action, and will impose discipline on offending employees. The appropriate discipline will depend on the particular facts but may include written or verbal warnings, probation, and reassignment of responsibilities, suspension, or termination of employment. If the violent behavior is that of a non-employee, MCSD will take appropriate corrective action in an attempt to ensure that such behavior is not repeated.

In situations where it is found appropriate to do so, the District may request that an employee who violates this policy participate in counseling, either voluntarily or as a condition of continued employment.

## **M. Reference Requests**

Employees should not provide any information regarding current or former employees or volunteers to persons, firms, organizations, or institutions who are not employed by or part of MCSD. Any employee who receives a request for any information concerning a past or present employee or volunteer of MCSD should, without any on or "off the record" conversation about the individual, refer the person making the request to the General Manager.

Only the General Manager, or someone designated by the General Manager in writing, is authorized to provide information of any kind regarding current or former employees or volunteers. Requests that should be referred to the General Manager include, but are not limited to, requests for verification of employment, employment references, and requests for comments regarding performance from any outside agency, firm, or organization. Strict observance of this policy is required. Any violation of this policy may result in discipline, up to and including termination of employment.

## **N. Non-Fraternization**

### **1. Managers and Supervisors**

MCSD seeks to avoid misunderstandings, allegations of favoritism, potential claims of sexual harassment, as well as other problems involving employee morale and dissension that can result from personal or social relationships involving managerial and supervisory employees at MCSD. As a result, managers and supervisors are expressly prohibited from dating or pursuing romantic or sexual relationships with employees whom they supervise, directly or indirectly.

### **2. All Employees**

MCSD also seeks to avoid misunderstandings, allegations of favoritism, possible claims of sexual harassment, and potential problems involving morale and dissension that can

result from other relationships between employees. Accordingly, all employees, both management and non-management, are expressly prohibited from fraternizing or becoming romantically involved with other employees when, in the sole discretion of the District, their personal relationships may create a potential conflict of interest, result in disruption, cause a negative or unprofessional working environment, or present concerns regarding supervision, morale, safety, or security.

All employees must be aware that the District maintains a strict policy against unlawful harassment of any kind, including sexual harassment.

#### **O. Nepotism**

MCSD does not maintain a strict policy prohibiting the employment of relatives in all circumstances. For purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

MCSD places significant restrictions on the employment of relatives under some circumstances. For instance, MCSD may refuse to place one spouse under the direct supervision of the other spouse for business-related reasons, including supervision, safety, security or morale. Similarly, MCSD may preclude the placement of relatives in the same department or physical facility if the work may involve potential conflicts of interest, favoritism or hazards that are greater for persons sharing such relationships than they would for other employees.

#### **P. Business Ethics**

Just as MCSD has a responsibility to conduct its business in strict compliance with all applicable laws and regulations, it expects its employees to act in accordance with the highest standards of business ethics both on and off MCSD premises, and to avoid any appearance of impropriety. It is crucial that employees observe all applicable laws and regulations while conducting business on MCSD's behalf.

Employees are expected to abide by the spirit as well as the letter of this policy. Employees are also expected to cooperate with any inquiries or investigations concerning a possible or suspected violation of this policy.

#### **Q. Authorized Disclosures**

Occasionally, employees may be contacted by outside sources requesting information about MCSD matters, including information regarding current or former employees, District projects, or other workplace issues. In order to avoid providing inaccurate or incomplete information to outside sources, and the possible negative exposure that may result from providing information about the District to outside sources, any employee contacted by any outside source regarding the District should immediately contact the General Manager. Employees violating this policy may be subject to discipline, up to and including termination of employment.

##### **1. Media Contacts**

If an employee is contacted by a representative from any media organization, such as television, radio, or newspaper reporters, the employee should immediately refer the

media representative to the General Manager. No employee may communicate with media agents regarding MCSD without prior written authorization from the General Manager.

##### **2. Outside Attorneys and Investigators**

If an employee is contacted by an outside attorney or investigator regarding MCSD business, including information regarding current or former employees, District projects, or other workplace issues, the employee should immediately obtain the individual's name and telephone number without disclosing any information to the individual. The individual's name and telephone number should then be provided to the General Manager.

##### **3. Government Agencies**

No employee, other than the General Manager, is authorized to permit entry to the workplace to any representative of any governmental agency or other organization, including Cal-OSHA. Any inquiries made by Cal-OSHA or other organizations or agencies must be referred immediately to the General Manager.

#### **R. Technology Use**

MCSD provides various technology resources to authorized employees to assist them in performing their duties. Each employee has a responsibility to use MCSD's technology resources in a manner that increases productivity, enhances the District's public image, and is respectful of other employees. Failure to follow MCSD's policies regarding technology resources may result in discipline, up to and including termination of employment. In addition, MCSD reserves the right to inform appropriate legal authorities of any violation of law by an employee.

##### **1. Technology Resources Defined**

Technology resources consist of all electronic devices, software, and any means of electronic communication including, without limitation, the following: personal computers and workstations; laptop computers; mini and main frame computers; computer hardware such as disk drives and tape drives; peripheral equipment such as printers, modems, fax machines and copiers; computer software applications and associated files and data, including software that grants access to external services, such as the Internet; electronic mail; telephones; cellular phones; personal organizers; pagers; and voicemail systems.

##### **2. Authorization**

Access to the District's technology resources is within the sole discretion of MCSD. Generally, employees are given access to MCSD's various technologies based on their job functions. Only employees whose job performance will benefit from the use of MCSD's technology resources will be given access to the necessary technology. Additionally, employees must successfully complete District-approved training before being given access to the District's technology resources.



### 3. Use

MCSD's technology resources are to be used by employees only for the purpose of conducting MCSD business. Employees may, however, use MCSD's technology resources for the following incidental personal use so long as such use does not interfere with the employee's duties, is not done for monetary gain, does not conflict with the business of MCSD, and does not violate any District Policy:

- (a) To send and receive necessary and occasional personal communication;
- (b) To prepare and store incidental personal data (such as personal calendars, personal address books, and similar incidental personal data) in a reasonable manner;
- (c) To use the telephone system for brief and necessary local personal calls; and
- (d) To access the Internet for brief personal searches of inquiries during meal times or other breaks, or outside of work hours, provided that employees adhere to all other usage policies.

MCSD assumes no liability for loss, damage, destruction, alteration, disclosure, or misuse of any personal data or communications transmitted over or stored in the District's technology resources. The District accepts no responsibility or liability for the loss or non-delivery of any personal electronic mail or voicemail communications or any personal data stored on any District property. The District strongly discourages employees from storing any personal data on any of the District's technology resources.

### 4. Improper Use

- (a) Prohibition Against Harassing, Discriminatory and Defamatory Use.

MCSD is aware that employees use electronic mail for correspondence that is less formal than written memoranda. Employees must take care, however, not to let informality degenerate into improper use. As set forth more fully in MCSD's Policy Against Harassment, the District does not tolerate discrimination or harassment based on gender, pregnancy, childbirth (or related medical conditions), race, color, religion, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, family care or medical leave status, military or veteran status, or any other status protected by federal, state, or local law. MCSD's technology resources are governed by the District's Policy Against Harassment and all other policies in this handbook. Under no circumstances may employees use MCSD's technology resources to transmit, receive, or store any information that is discriminatory, harassing, or defamatory in any way, such as sexually explicit or racial messages, jokes, or cartoons.

- (b) MCSD's technology resources may not be used in violation of any applicable copyright, trademark or trade secret laws. Employees must not use MCSD's technology resources to copy, retrieve, forward, or send copyrighted materials unless the employee has the author's permission or is accessing a single copy only for the employee's reference.

- (c) Employees may not use MCSD's technology resources for any illegal purpose, in violation of any District policy, in a manner contrary to the best interests of the District, in any way that discloses confidential or proprietary information of MCSD or third parties, or for personal or monetary gain.

### 5. District Access to Technology Resources

All messages sent and received, including personal messages, and all data and information stored on the District's electronic-mail system, voicemail system, or computer systems are District property regardless of the content. This includes but is not limited to text messages, instant messages, and email communications. As such, MCSD reserves the right to access all of its technology resources including its computers, voicemail, and electronic-mail systems, at any time, in its sole discretion.

### 6. Privacy and Monitoring

On occasion, MCSD may need to access its technology resources, including computer files, electronic-mail messages, and voicemail messages. Employees should understand that they have NO EXPECTATION OF PRIVACY in connection with the use of the District's technology resources, including personal information or messages. All messages created, sent, received or stored in these technology resources are and remain the property of the District.

MCSD may, at its sole discretion, inspect all files or messages on its technology resources at any time for any reason. The District may also monitor its technology resources at any time in order to determine compliance with its policies, for purposes of legal proceedings, to investigate misconduct, to locate information, or for any other business purpose.

### 7. Passwords

Certain District technology resources can be accessed only by entering a password. Passwords are intended to prevent unauthorized access to information. Passwords do not confer any right of privacy upon any employee of the District. Thus, even though an employee may maintain passwords for accessing technology resources, he/she must not expect that any information maintained on technology resources, including electronic mail and voicemail messages, are private. Employees are expected to maintain their passwords as confidential. Employees must not share passwords and must not access co-workers' systems without express authorization.

### 8. Data Collection

The best way to guarantee the privacy of personal information is to refrain from storing or transmitting it on the District's technology resources. To ensure that employees understand the extent to which information is collected and stored, below are examples of information currently maintained by MCSD. The District may, however, in its sole discretion, and at any time, alter the amount and type of information that it retains.

- (a) Telephone Use and Voicemail:

Records are kept of all calls made from and to a given telephone extension. Although voicemail is password protected, an authorized administrator can reset the password and listen to voicemail messages.

- (b) Electronic Mail:

Electronic mail is backed-up and archived. Although electronic mail is password protected, an authorized administrator can reset the password and read electronic mail.

(c) Desktop Facsimile Use:

Copies of all facsimile transmissions sent and received are maintained in the facsimile server.

(d) Document Use:

Each document stored on MCSD computers has a history, which shows which users have accessed the document for any purpose.

(e) Internet Use:

Internet sites visited, the number of times visited, and the total time connected to each site is recorded and periodically monitored.

(f) Deleted Information:

Deleting or erasing information, documents, or messages maintained on MCSD's technology resources is, in most cases, ineffective. All employees should understand that any information kept on the District's technology resources may be electronically recalled or recreated regardless of whether it may have been "deleted" or "erased" by an employee or others. Because MCSD periodically backs-up all files and messages, and because of the way in which computers use file storage space, files and messages may exist that are thought to have been deleted or erased. Therefore, employees who delete or erase information or messages should not assume that such information or messages are confidential.

9. The Internet and On-Line Services

MCSD provides authorized employees access to on-line services such as the Internet. The District expects that employees will use these services in a responsible way and for business-related purposes only. Under no circumstances are employees permitted to use the District's technology resources to access, download, or contribute to Internet sites that contain inappropriate content such as obscene, indecent, or sexually-oriented materials, gambling, or information related to illegal drugs.

Employees are prohibited from accessing Internet sites unnecessary to District business except on personal time.

Additionally, employees may not use MCSD's technology resources to sign "guest books" at websites or to post information to any websites, including posting messages to Internet news groups or discussion groups. These actions will generate junk electronic mail and may expose MCSD to liability or unwanted attention because of comments that employees may make. MCSD strongly encourages employees who wish to access the Internet for non-work-related activities to obtain their own personal Internet access accounts.

MCSD monitors both the amount of time spent using on-line services and the sites visited by individual employees. The District reserves the right to limit such access by any means available to it, including revoking access altogether.

Employees are prohibited from forwarding any non-District related communication to other employees without prior authorization from your supervisor and the intended recipient.

10. Software Use

All software in use on MCSD technology resources is officially licensed software. No software is to be installed or used that has not been duly paid for and licensed appropriately for the use to which it is being put. No employee may load any software on the District's computers, by any means of transmission, unless authorized in writing in advance by the General Manager. Authorization for loading software onto MCSD's computers should not be given until the software to be loaded has been thoroughly scanned for viruses.

11. Software for Home Use

The District endeavors to license its software so that it may be used on portable computers and home computers in addition to office computers. Before transferring or copying any software from a District technology resource to another computer, employees must obtain written permission from the General Manager.

S. Social Media Policy

Social Networking (also known as Social Media or Web 2.0) often blurs the line between work and personal electronic communication. Because many employees participate in some form of Social Networking, such as blogs, micro blogs, link blogs, wikis, bookmark sites, photo sharing sites, video sharing sites, forums, mailing lists, discussion groups, chat rooms, and social network sites (e.g., Facebook), either at work or at home, it is important to be aware of how your Social Networking can impact MCSD, or you personally as an employee of MCSD.

Online, your personal and business personas are likely to intersect. MCSD respects the free speech rights of all of its employees, but you must remember that customers, colleagues and supervisors often have access to the online content you post. Keep this in mind when publishing information online that can be seen by more than friends and family, and know that information originally intended just for friends and family can be forwarded on. Remember NEVER to disclose non-public information of MCSD, its customers, or your coworkers (including confidential information). Think before you post publicly. Use sound judgment and think about reactions to your post before you post it. Remember that whatever you post may live for many years in the Web, even after you delete your copy of it. Remember that as a MCSD employee, you represent MCSD even when you are away from work.

Policies for participation in Social Networking are generally the same as MCSD's policies for other forms of business communication:

- (a) Don't harass, attack, insult or defame anyone;
- (b) Participation at work should be for work purposes only, save personal use for home or for personal time pre-approved by your facilitator;
- (c) Never post confidential or proprietary information; don't post copies of written material without permission from the copywriter;
- (d) Be professional and respectful; do not affiliate MCSD with sites, groups or blogs that include offensive content such as pornography, hate crimes or controversial topics;

- (c) Do not state that MCSD is affiliated with or sponsors any private program or undertaking (charitable or otherwise) without the prior written approval of the General Manager;
- (f) If you make a mistake in a posting, correct it as soon as possible. If someone else makes a mistake in a posting, be tactful and respectful in how you correct them.

Your participating in Social Networking can have a positive impact on MCSD:

- (a) Be a "scout" for compliments and criticism. Though you are not an official online spokesperson for MCSD, you are one of our most vital assets for monitoring the social media landscape. If you come across positive or negative remarks about MCSD online that you believe are important, consider sharing them with a member of management.
- (b) Present MCSD in a positive light and avoid making derogatory comments about MCSD, its products, services, management, or employees. To minimize the risk that your personal post is perceived as an official published MCSD opinion, you should make it clear that you are speaking for yourself and not on behalf of MCSD. Specifically, if you post personally and it has something to do with your work or subjects associated with MCSD, use a disclaimer such as: "This post is my own and does not necessarily represent my employer's positions or opinions." (A blanket disclaimer for an entire set of posts is appropriate, as long as the disclaimer is clearly visible – for example, in a blog sidebar.)

You are responsible for your actions. Anything you post that can potentially tarnish MCSD's image will ultimately be your responsibility. While it is your choice whether to participate in Social Networking, we urge you to do so properly, exercising sound judgment and common sense. All of MCSD's policies, including those covering Prohibited Conduct, Confidentiality, Unlawful Harassment, and Conflicts of Interest, apply to your Social Networking communications that relate to or impact MCSD. Employees who violate these or other policies through their Social Networking may be subject to discipline up to and including termination. Nothing in this section is meant to alter the at-will nature of your employment.

#### **T. District Property, Confidential and Proprietary Information**

The security of MCSD property is of vital importance to the District. District property includes not only tangible property, such as desks and computers, but also intangible property, such as information. All employees are responsible for ensuring that proper security is maintained at all times.

##### **1. Proprietary and Confidential Information**

Proprietary information includes all information relating in any manner to the business of MCSD and its affiliates, consultants, customers, clients, and business associates that is produced or obtained by MCSD employees during the course of their employment. This Handbook, for example, contains proprietary information. All proprietary information that is not known generally to the public or the industry, or is known only through improper means, is confidential information.

Examples of confidential information include, but are not limited to, the following: client/customer lists, client files, personnel files, computer records, financial and

marketing data, compensation information, process descriptions, research plans, formulas, electronic codes, computer programs, trade secrets and pricing information. E-mails may contain confidential and proprietary information as well.

Given the nature of the District's business, protecting proprietary and confidential information is of vital concern to MCSD. This information is one of the District's most important assets. It enhances MCSD's opportunities for future growth and indirectly adds to the job security of all employees.

Therefore, employees must not use or disclose any proprietary or confidential information that they produce or obtain during employment with MCSD, except to the extent such use or disclosure is required by their employment. This obligation remains even after an employee's employment relationship with MCSD ends.

##### **2. Continuing Obligations on Separation**

At the end of an employee's employment, whether that employment ends voluntarily or otherwise, all MCSD documents, computer records, and other tangible District property in the employee's possession or control must be returned to MCSD immediately.

##### **3. Security**

To avoid loss of MCSD property, the District maintains procedures addressing control of entrances, exits, restricted areas, document control and record keeping. Specific regulations concerning the protection of District property, traffic through its facilities, and designation of restricted areas are maintained by the District. In addition, employees are expected to comply with District policies regarding the authorized and secure use of the District's computer technology.

All employees must observe sound security practices. Employees are expected to keep proprietary and confidential information secure from outside visitors and all other persons who do not have legitimate reason to see or use such information. Employees are not to remove District property without authorization. Failure to adhere to District policies regarding proprietary and confidential information will result in discipline, up to and including termination of employment.

##### **U. Use of District Property**

MCSD equipment and property is for your use during regular working hours and authorized overtime. The District expects you to exercise care in using equipment and property, perform required maintenance, follow all operating instructions, safety standards, and guidelines, and to use it only for authorized purposes. You should report any damaged or malfunctioning equipment and/or property to your supervisor to ensure prompt repair. In cases of gross negligence or worse, you may be required to share in the replacement cost of any items you damage or lose. The District may also take all action deemed appropriate to recover or protect its property.

**All District property must be returned on or before your last day of work.**

You should practice discretion in using the District telephones when making personal calls and will be required to reimburse the District for any charges resulting from personal use of the telephone.

The mail system is intended for business purposes and you should not use it for personal use.

Unauthorized personal use of MCSD's facilities, property, including the District's name, supplies and letterhead, or MCSD's equipment will result in discipline, up to and including termination of employment.

In addition, all desks, lockers, offices, work spaces, credenzas, cabinets, e-mail, telephone systems, office systems, computer systems, District vehicles and other areas or items belonging to the District are open to the District and its employees. **EMPLOYEES HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that an employee considers private should not be placed or kept in any of these areas.

#### V. Open Door Policy

Most problems can be resolved simply and fairly, or avoided entirely, if the issue or incident is dealt with through the Open Door Policy. The District's Open Door Policy is informal. If you are having a problem, complaint, or dispute, you need to make every effort to resolve the matter through informal discussion with your immediate supervisor. If the matter remains unresolved, you should speak to your Department Head. If the dispute is not resolved to your satisfaction, you should speak to the General Manager who has final authority on personnel matters.

You may express your concerns or complaints at any time without fear of reprisal. It is always best, however, to resolve problems right away, as small problems tend to turn into big problems if they are not raised as soon as possible.

Nothing in this Open Door Policy is intended to or should be taken to limit the at-will employment relationship between you and the District. Either you or the District can terminate your employment at any time, with or without "cause" and with or without advance notice.

#### W. Conflicts of Interest

Employees are expected to devote their best efforts and attention to the full-time performance of their jobs. Moreover, employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between their personal interests and the interests of the District.

A conflict of interest exists when the employee's loyalties or actions are divided between MCSD's interests and those of another, such as a competitor, supplier, or customer. Both the fact and the appearance of a conflict of interest should be avoided. Employees unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with their immediate supervisor, the Department Head, or the General Manager for clarification. Any exceptions to this policy must be approved in writing by the General Manager.

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common conflicts that employees should avoid include, but are not limited to, the following:

- (a) Accepting personal gifts or entertainment from competitors, customers, clients, suppliers, or potential suppliers;
- (b) Working for a competitor, supplier, customer or client;
- (c) Engaging in self-employment in competition with the District, or any outside employment or side work that detracts from the employee's work for MCSD;
- (d) Using proprietary or confidential District information for personal gain or to the District's detriment;
- (e) Having a direct or indirect financial interest in or relationship with a competitor, customer, client, or supplier;
- (f) Using MCSD property or labor for personal use;
- (g) Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to MCSD;
- (h) Committing MCSD to give its financial or other support to any outside activity or organization; or
- (i) Developing a personal relationship with a subordinate employee of the District or with an employee of a competitor, supplier, customer or client that might interfere with the exercise of impartial judgment in decisions affecting MCSD or any employee of the District.

If an employee or someone with whom an employee has a close relationship, such as a family member or a close friend or companion, has a financial or employment relationship with a competitor, customer, client, supplier, or potential supplier, the employee must disclose this fact in writing to the General Manager. Employees should be aware that if they enter into a personal relationship with a subordinate employee or with an employee of a competitor, supplier, customer or client, a conflict of interest may exist, which requires full disclosure to the District.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, may result in discipline, up to and including termination of employment.

#### X. Outside Employment

An employee may only hold an outside job if the job does not conflict with the interests of the District or interfere with the employee's ability to adequately perform his or her job with the District. Employees must disclose such employment and get written approval from their immediate supervisor. Employees may not perform outside work or solicit outside business on the District's premises, or while working on the District's time. Employees are not permitted to use any District equipment or property (such as telephones, fax machines, copiers, office supplies or proprietary information) for outside work or business. If the District determines that an employee's outside work interferes with his or her performance, the employee may be required to terminate the outside employment.



## II. WAGE AND SALARY POLICIES

### A. Employment Classification

The District has the following job classifications that determine benefits and eligibility for leaves:

**Regular, Full-Time:** Employees who are regularly scheduled to work 40 or more hours per week.

**Regular, Part-Time:** Employees who are regularly scheduled to work less than 40 hours per week, but not to exceed 1,000 hours per Fiscal Year (i.e., July 1 – June 30).

**Seasonal, Full-Time:** Employees hired to perform work for the District, but whose employment is not expected to exceed six months and who normally work 20 or more hours per week, but less than 1,000 hours per Fiscal Year.

**Seasonal, Part-Time:** Employees hired to perform work for the District, but whose employment is not expected to exceed six months and who normally work less than 20 hours per week.

**Temporary:** Employees who are hired to work on special assignments for the District with the understanding that this work will be completed within a specified period of time. As needed, the District will hire employees for a temporary period or use a temporary contract service or agency independent of the District. Temporary employees do not become regular employees as a result of the passage of time.

**Retired Annuitant:** Employees hired to perform duties whose employment is not to exceed 960 hours in the calendar year due to PERS restriction.

**Introductory:** Employees who are not temporary employees but who have not yet completed their first 12 months of employment ("Introductory Period"). Certain benefits, as identified throughout this handbook, will be available to the employee only once the employee successfully completes his or her Introductory Period.

The employment classification of employees always remains the same, unless employees are provided with written notification that their employment classification has changed. Employment categories may be changed at MCSD's discretion, but only in writing.

### B. Introductory Period

MCSD attempts to hire the most-qualified employees for each position in the District. To ensure this, MCSD provides for an Introductory Period of employment for the employee to assess the District and the job requirements, and for MCSD to evaluate the new employee and his or her job performance.

All new employees must complete, to the District's satisfaction, a 12-month Introductory Period beginning with the date of initial employment. At any time during or after the Introductory Period, either the employee or MCSD can terminate the employment relationship at any time, for any reason, and without advance notice.

At MCSD's discretion, an employee's Introductory Period may be extended. Upon successful completion of the Introductory Period, and upon written notice from MCSD to the

employee, an employee will become a Full-Time or Part-Time Regular employee, as defined above, and will be entitled to certain benefits as set forth in this Handbook. Successful completion of the Introductory Period does not, however, guarantee employment for any specific duration, or change the at-will status of the employment relationship.

### C. Compensation

It is the District's policy to establish salaries and wages that are competitive with those paid in the area for similar work. Rate of pay for each position is based on an evaluation of many factors, including experience, skills, and responsibilities.

### D. Attendance

Regular attendance at work is as important to the employee as it is to MCSD. Being at work on time will ensure the employee receives a full paycheck each payday and will influence the employee's opportunities for advancement. Each employee is expected to perform his/her share of the work. Absences place an unfair burden on other employees and affect the District's overall performance. Employees are expected to be at work each scheduled workday unless he/she is excused by MCSD. Otherwise, an absence is unexcused.

MCSD realizes that, due to illness or other compelling reasons, it may be necessary for an employee to be absent on occasion. If this happens, the employee is required to notify his/her direct supervisor by calling as soon as possible before his/her scheduled starting time. If the employee is unable to notify MCSD of his/her absence, a member of the employee's family or a friend may do so for him/her.

MCSD may require certification of a licensed physician to verify the legitimacy of any absence based on illness or medical circumstances. Specifically, MCSD may, in its sole discretion, require the written statement of a licensed physician whenever an employee misses work as a result of injury or illness. This statement must verify the existence of an injury or illness and the date such injury or illness commenced and ended. This written statement must also indicate the employee's ability to return to work and that such return will not present an immediate and significant risk to the employee's health or safety, or the health or safety of coworkers or customers.

Absences are noted on an employee's time and attendance records, which are reviewed periodically. Please note that if an employee is absent for three or more consecutive workdays and fails to notify the District, MCSD may assume the employee has abandoned his/her job and he/she will be considered to have voluntarily resigned.

### E. Tardiness

Tardiness creates an unnecessary burden on co-workers and supervisors. If you are unable to report for work at your scheduled starting time, you must notify your direct supervisor by calling as soon as you become aware you will be late.

If you are late for work, check in immediately with your supervisor to avoid any misunderstanding or error in your paycheck. Tardiness is noted in your personnel file and records. These are reviewed periodically and, of course, are a factor in determining pay increases and promotions. Tardiness may also result in discipline, up to and including termination of employment.

## **F. Personnel Records**

The information in an employee's personnel file is confidential and must be kept up to date. Employees should inform the Human Resources Manager immediately whenever there are changes in personal data such as address, telephone number, and person(s) to notify in case of an emergency. If an employee's marital status or dependents change, he or she may have to change the number of exemptions claimed for income tax withholding purposes and change dependent status with insurance plans. Please report any changes to the Human Resources Manager.

Employees have the right to inspect their personnel files at reasonable times, and on reasonable notice. In addition, employees have the right to receive a copy of the contents of their personnel file upon request. Such requests should be submitted to the Human Resources Manager, either verbally or in writing. Employees may obtain a form that can be used to make a request for an inspection or a copy of his/her personnel file from the Human Resources Manager. An employee may also designate a representative to conduct the inspection or to receive a copy of his/her personnel file, if done in writing. Requests for inspection or a copy of an employee's personnel file will be honored within 30 days of the date the request is received. Any inspection of an employee's personnel file must take place in the presence of the Human Resources Manager. The District reserves the right to charge an employee the actual cost of copying the contents of his/her personnel file.

Personnel files are the property of MCSD and may not be removed from the District's premises without written authorization from the General Manager.

## **G. Payroll Records**

Employees also have the right to inspect and copy certain MCSD payroll records regarding their compensation, and deductions from their compensation, upon reasonable request to the District. Employees wishing to review or copy payroll records should notify the Finance Director, either verbally or in writing. The Finance Director will honor the request within 21 days of the date it is received.

## **H. Employee Resignation**

Employees are encouraged to provide MCSD with as much advance notice as possible of a decision to resign, given the circumstances involved. Although employees have the same right as the District to terminate the employment relationship at-will, at any time, the District would appreciate at least two weeks' notice of an intention to resign whenever this is possible.

MCSD will consider an employee to have voluntarily resigned his/her employment if he/she engages in any of the following acts:

- (a) Elects to resign from MCSD;
- (b) Fails to return from an approved leave of absence on the date specified by the District; or
- (c) Fails to report for work without notice to MCSD for three or more consecutive days.

Employees should be aware that circumstances may occur which causes MCSD to exercise its right to accept a resignation and to accelerate the final date of employment. The District expressly reserves the right to accept a resignation and recognize the termination date as

any date it chooses, between the date the resignation is submitted and the date designated by the employee as the last date of employment. In such cases, MCSD will continue the employee's compensation for the full period that the employee would have worked pursuant to his or her notice of resignation.

Whether the employee's last day of employment ultimately proves to be that chosen by the employee, or that designated by the District, the resigning employee's personnel records will typically reflect that the employee voluntarily resigned his/her employment.

## **I. Time Records**

With regard to all employees, time records must accurately reflect the hours worked each day. An employee is allowed to record time only on his/her own time record, which must be completed daily. Completing another employee's time record or falsifying any time record will not be tolerated and may result in immediate termination of employment.

An employee's time record is strictly confidential. Viewing another employee's time record is prohibited.

Employees are required to verify the accuracy of their pay upon receipt of their check. MCSD wants to be sure you have been paid all amounts earned. Accordingly, if you disagree with the amount of your check, you are required to bring any concerns about the accuracy of your paycheck to the Human Resources Manager's attention without delay. This includes any discrepancies; unrecorded hours worked, or missed meal or rest periods.

## **J. Pay Ranges and Performance Evaluations**

General pay ranges have been established for each position within MCSD. These are the result of an analysis of the work you will be required to do, and emphasize skills and responsibilities required in the performance of each job.

MCSD will attempt to conduct periodic performance evaluations for employees, and these will normally occur once a year. The purpose of the performance evaluation is to determine each employee's current level of performance, to examine the progress made since the last review, and to establish goals for the employee's next evaluation. During their performance evaluations, employees are encouraged to discuss any issues raised, as well as any opportunities for advancement or career development within the District. After receiving a performance evaluation, employees are required to sign the evaluation acknowledging that they have received it, and are aware of its contents. A copy of the performance evaluation will then be placed in the employee's personnel file.

Satisfactory performance evaluations will not necessarily result in pay increases, just as unsatisfactory performance evaluations typically do not result in wage reductions. Annual salary adjustments and step increases are not automatic. Instead, wage adjustments are based on merit and performance and may be made at any time, in the sole discretion of MCSD, and are the product of various factors, including performance. MCSD may elect to accelerate or defer the scheduling of employee performance evaluation, annual salary adjustment or step increases as, in its sole discretion, it deems appropriate.

## K. Hours of Work, Overtime, and Payday

### 1. Hours of Work

MCSD work hours are from 8:00 a.m. to 5:00 p.m. for most employees. The work week is defined as starting on Monday at 12:00 a.m. and ending on Sunday at 11:59 p.m. Hours worked will be computed on actual minutes worked, adjusted to the nearest 15-minute increment.

The normal workday for regular, full-time employees is as described above. Other considerations, such as workloads, operational efficiency, and staffing needs, could require that starting and quitting times and total hours worked each day or each week be varied. Accordingly, MCSD reserves the right to modify employees' starting and quitting times and the number of hours worked.

MCSD reserves the right to require employees to perform jobs other than their usual assignments when it deems this appropriate. MCSD may also require employees to work overtime or hours other than those normally scheduled whenever it deems this necessary.

### 2. Lunches and Rest Breaks

Non-exempt employees who work 5 hours or more in a workday must take an unpaid one-hour meal period no later than the end of the fifth hour of work. Non-exempt employees who work more than 10 hours during a workday must take a second unpaid 30-minute meal period no later than the end of the tenth hour of work; however, if the workday is no more than 12 hours, the second meal period may be waived in writing by mutual agreement of the employee and MCSD (as authorized by the employee's supervisor or Department Head) so long as the employee took her/her first meal period. All meal periods must be documented by the employee on his/her timescard. Employees are relieved of all duties during the meal period(s) and may leave the premises.

Non-exempt employees also receive a 15-minute rest period for every four hours of work or major portion thereof. For example, non-exempt employees are entitled to one 15-minute rest period for shifts between 3.5 and 6 hours, two 15-minute rest periods for shifts between 6 and 10 hours, three 15-minute rest periods for shifts between 10 and 14 hours, and so on. Rest breaks cannot be consolidated and should be taken in the middle of each four-hour work period.

An employee who fails to comply with this policy is subject to discipline up to and including termination of employment.

### 3. Overtime Compensation

The District pays overtime for non-exempt employees at time and one-half for any hours worked in excess of 40 hours per week or 8 hours per day and for the first 8 hours worked on the seventh consecutive workday of a workweek, and at double time for any hours worked in excess of 12 hours per day or beyond 8 hours on the seventh consecutive workday of a workweek.

Only those hours that are actually worked are counted to determine an employee's overtime pay. "Hours worked" means time actually spent on the job. It does not include an unpaid meal period, makeup time, premium payments for meal and rest breaks not provided, or hours away from work due to vacation, sickness, holiday, jury duty, or other absences from work. Exempt employees are not paid overtime, even if their hours exceed the normal work schedule.

A non-exempt employee may not work overtime without the express written documented prior approval of his/her supervisor. An employee who fails to comply with this policy is subject to discipline up to and including termination of employment.

### 4. Time Spent Reviewing or Answering E-Mails and Test Messages After Hours

Employees are not required or expected to review or answer work-related messages after work hours. Under certain circumstances, a supervisor or Department Head may request that an employee tend to certain situations after the normal workday is completed. In these cases, any non-exempt employee is expected to track and report any time spent on work-related business when answering calls, e-mails or test messages. This time spent working after hours must be reported so that the supervisor or Department Head can enter the time in the time-keeping system and so that any time worked will be paid with the current payroll period.

### 5. Makeup Time

Non-exempt employees may make up work time that is or would be lost as a result of personal obligations, if the time is made up during the same workweek in which the work time is lost. A non-exempt employee will only be permitted to make up work time if the employee submits a signed written request to make up the lost time and the employee's Department Head approves the request *before* the makeup time is worked. It is within the supervisor's discretion to grant the request. A non-exempt employee will not be paid overtime for performing make-up work unless the employee works more than 11 hours in the workday or more than 40 hours in the workweek and such work is approved in accordance with this makeup time policy and the District's overtime compensation policy.

### 6. Pay Periods and Paydays

Pay periods end on the 15th and last day of the month. Paydays are on the 10th and the 25th of the month following the end of the pay period.

Employees must complete their timecards in a timely manner in order to ensure that they are paid for all hours worked. If a payday falls on a holiday, paychecks will be distributed on the preceding workday. If the employee is absent on payday, the employee may claim the paycheck when the employee returns.

Upon termination or resignation, employees will be promptly paid all amounts due in accordance with applicable law. The final paycheck for employees who resign with at least 72 hours advance notice will be provided on their last day of work. Employees who resign without providing at least 72 hours advance notice, however, will receive their final paycheck within 72 hours of resignation. Employees who are involuntarily terminated will be paid their final paycheck on their last day of work.



Terminated or resigning employees who will be paid their final check at the time of discharge should present themselves to the General Manager or the Finance Director for receipt of their final check.

#### **L. On-Call Duty and Call-Back Pay**

All field employees, and others as may be designated by the General Manager, shall share on an equitable basis "on-call duty." This requires an employee to be on-call and available for one week during all off-duty hours (between 5:00 p.m. and 8:00 a.m. weekdays and 24 hours on weekends and holidays). Employees will be compensated at the rate of eight hours' pay for one week of on-call duty. There is a 20-minute response time required for employees on "on-call duty."

"Call-back pay" will be paid when an employee is called to duty during normal off-duty hours, for less than two hours at a time. The employee will be paid two hours' pay. There will be a maximum of four such payments within a 24-hour period (beginning at 8:00 a.m.). If an employee is called back for a period exceeding two hours in duration, then the employee will be paid for all time worked.

#### **M. Pay Advances**

Pay advances may be granted, in the sole discretion of MCSD, and only in cases of extreme emergency or personal hardship. Such advances shall be limited to twice per fiscal year, unless an exception is approved by the General Manager. Employees requesting payment of wages in advance of regular pay days, as defined above, shall submit such request to the General Manager or the Finance Director, who must approve all pay advances. The General Manager and the Finance Director may authorize the requested advancement of wages if the amount requested does not exceed the wages accrued (excluding applicable deductions) by the employee to the date of said request.

Pay advances are always considered early payment of wages for future work performed by an employee and are not to be considered a loan made to the employee by the District. Before an advance can be provided, a "Pay Advance and Payroll Deduction Authorization Form" must be signed by the employee, indicating the amount to be advanced, the reason for the request, and the payback date. Advances not repaid will be considered part of an employee's final wages on separation from employment.

Advancement of wages prior to a regular payday is not a privilege that an employee may use at his/her discretion, but may be authorized by the General Manager or the Finance Director at his/her discretion in case of employee necessity and/or personal financial emergency. Frequent requests may serve as grounds for denial.

#### **N. Payroll Deductions**

MCSD makes certain deductions from every employee's paycheck as permitted by law. Among these are applicable federal and state income taxes and social security taxes.

If there is a change in your marital status and/or you want to change the number of your exemptions for federal or state income tax withholding purposes, complete the appropriate form, which will be provided by the District upon request.

#### **O. Garnishments**

Employees are expected to meet their personal financial obligations without involving MCSD. Wage garnishments against an employee's pay can be a costly administrative burden for the District and therefore are looked upon with disfavor.

If MCSD receives a court order to garnish an employee's wages, however, the District must comply with that order. A garnishment will reduce the employee's take-home pay.

#### **P. Travel**

All out of town travel must be approved in advance by the General Manager and requires the submission of a "MCSD Travel Approval" form prior to the trip and a "MCSD Travel Expense Report" form at the completion of the trip. MCSD will reimburse employees for reasonable job-related travel expenses in accordance with Expenditure Control Guidelines. Local job-related travel in the employee's private car must be approved in advance by the employee's Department Head and will be reimbursed in accordance with applicable reimbursement rates as discussed below.

#### **Q. Mileage Reimbursement**

Employees are required to use a District-owned vehicle ("District vehicle") for purposes of conducting District-related business, if available. Such employees will be provided access to the District's gas card if it becomes necessary for the employee to re-fuel the District vehicle while using it for District-related business, or as otherwise authorized.

Employees must obtain prior approval from their supervisor in order to use the employee's personal vehicle for purposes of conducting District-related business. If a District vehicle is available and an employee chooses to use his/her personal vehicle for purposes of conducting District-related business, MCSD will reimburse the employee for the cost of fuel only, which represents the expenses related to the employee's use of the vehicle.

If a District vehicle is unavailable for an employee's use, MCSD will reimburse the employee who uses his/her own vehicle for District-related business at the IRS-approved rate per mile in effect at the time of travel. Subject to a few limited exceptions, which will be evaluated on a case-by-case basis, commuting mileage from home to work and work to home is not eligible for reimbursement.

Any fines incurred as a result of driving or parking violations are the driver's sole responsibility.

When using your vehicle on MCSD business, you must possess a valid driver's license, vehicle registration, and an insurance policy with at least \$100,000/\$300,000 coverage. Employees who regularly drive their vehicles on behalf of the District must provide the District with proof of insurance. Further, all employees must operate their vehicles in conformance with local, state and federal laws when performing business on behalf of the District. At the discretion of the District, and at the District's expense, the employee may also be required to provide a satisfactory driving history from the Department of Motor Vehicles.

#### **R. Administrative Pay**

Each Fiscal Year, Exempt Department Heads are permitted to receive up to a maximum of 40 hours of pay at the employee's regular rate of pay (i.e., "Administrative Pay") to attend to District obligations outside of normal business hours, including but not limited to attendance at Board Meetings, approved job-related trainings, etc. Likewise, exempt supervisors are permitted to receive up to a maximum of 20 hours of Administrative Pay to attend to District obligations outside of normal business hours, including but not limited to attendance at Board Meetings, approved job-related trainings, etc. Hours will be prorated based upon the employee's length of employment during the Fiscal Year.

Administrative Pay is intended to compensate exempt full-time employees for those instances where the employee is required to work over 8 hours in a day or over 40 hours in a week as it is assumed that each such employee will work beyond their regularly scheduled hours within the Fiscal Year. Employees must use available Administrative Pay before using Floating Personal Holiday or Vacation Pay for personal time off. Employees must also use available Administrative Pay for any work schedule adjustments where the employee works less than 8 hours in a day or 40 hours in a week. Once the employee has documented 40 or 20 hours of Administrative Pay, respectively, and exhausted his or her Administrative Pay for the Fiscal Year, the employee must use Personal Holiday or Vacation Pay to be compensated for personal time off. MCSD has no obligation to allow exempt employees to make schedule adjustments in exchange for time worked over 40 hours. Such adjustments will be granted at the sole discretion of the employee's direct supervisor.

### **III. EMPLOYEE BENEFITS**

#### **A. Benefits Generally**

MCSD is pleased to offer eligible employees several benefits. The District reserves the right to unilaterally modify or discontinue any benefit as it, in its sole discretion, deems appropriate, consistent with applicable law.

Certain sections of the Handbook are intended to familiarize you with some of MCSD's benefit programs. Please keep in mind that plan documents and insurance policies governing these plans control over the provisions of this Handbook and provide more detailed information about particular benefits. Any conflicts, real or apparent, between the brief summaries in this Handbook and the provisions of official plan documents will result in the provisions of the official plan documents controlling. If you would like to inspect these documents, please make an appointment with the Finance Director for that purpose.

Further, the Plan Administrator of MCSD's employee benefit plans, or any representative chosen by the Plan Administrator to assist him/her in carrying out the plans, will have as much discretionary authority as provided by law to:

1. interpret, construe, and administer the plans;
2. make decisions regarding plan participation, enrollment, and benefit eligibility;
3. evaluate and make decisions concerning the validity of benefit claims; and/or
4. resolve disputes regarding the rights of employees to participate in the plans or to receive benefits and payments under them.

The Plan Administrator's decisions, and those of his/her representatives, will be entitled to as much deference as the law allows.

#### **B. Medical and Dental Insurance**

All eligible employees who regularly work at least 30 hours per week or 130 hours per calendar month, and their eligible dependents, may participate in the MCSD group medical and dental plan as of the first day of the month following the first 30 days of full-time employment. Eligibility requirements for specific plans and additional information describing insurance benefits under this policy are set forth in detail in the Summary Plan Description.

Eligible employees are responsible for any necessary co-payments associated with coverage for the employee or eligible dependents.

You should verify your eligibility for coverage before requesting or undergoing treatment as a means of ensuring that the treatment contemplated is covered. To verify your insurance coverage for medical or dental treatment, or to obtain claim forms, please contact the Plan Administrator.

You are required to inform the Plan Administrator if your address changes, if you get married or divorced, or if the number of your dependents changes.

MCSD reserves the right to change, amend, or discontinue the benefits it offers to its employees at any time. MCSD's right to make these changes is not limited by your length of

service, or by your reliance on the availability of these benefits in deciding whether to accept, continue, or retire from employment at MCSD.

Upon separation or other events resulting in a reduction of work hours, an eligible employee's continued participation in the group medical and dental plan may be terminated.

#### **C. Life Insurance and Retirement Plans**

Introductory and Regular, Full-Time employees may be eligible to participate in the life insurance, the accidental death and dismemberment plan, as well as the PERS retirement program as of the first day of the month following the first 30 days of full-time employment. Employees should consult the individual plan for details.

Introductory and Regular, Part-Time employees may be eligible to participate in the PERS 457 Deferred Compensation Program after completing 90 days of part-time employment with the District.

Information regarding these plans is available to eligible employees after the date of hire.

#### **D. Short-Term Disability Insurance**

All eligible employees who have completed the Introductory Period are offered short-term disability insurance through State 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 jobs.

Claim forms are available through the District's Business Office. Employees must file a claim to receive short-term disability insurance benefits.

#### **E. Workers Compensation Insurance**

MCSD provides workers' compensation insurance coverage for all employees and pays the full cost of the coverage. This program covers any injury or illness sustained in the course of employment that requires medical, surgical or hospital treatment, in addition to payment for loss of earnings that result from work-related injuries. Workers' compensation benefits begin from the first day of an employee's hospitalization or after the third day following the injury if an employee is not hospitalized.

Employees who sustain work-related injuries or illnesses must inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported and recorded immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

#### **F. Unemployment Insurance**

If your employment terminates, you may be eligible to receive unemployment insurance benefits. In most cases, you must file a claim in order to collect this benefit. Should such a situation occur, you should inquire about unemployment benefits at the time of separation from the District.

#### **G. Social Security**

MCSD employees are covered under the provisions of the Federal Insurance Contributions Act (FICA). The District matches the amount of deduction from your wages for Social

Security taxes. The total contribution by you and the District is credited toward your Social Security benefits, which may be available at the time you are eligible to retire. In addition, disability and survivor's benefits are financed through Social Security deductions.

#### **H. Education, Training, and Certification Reimbursement**

Subject to prior approval of the General Manager, MCSD may reimburse employees for job-related educational programs, fees, certifications, books, and other expenses. Employees must complete all coursework and pass any tests administered at the completion of the course to be eligible for reimbursement.

#### **I. Vacation**

The District provides paid vacation benefits to eligible employees, as a means of enabling them to take time off for rest and relaxation. It is our philosophy that this time is important to employees in that it enhances productivity and the work experience of employees. The District provides long-term employees with additional vacation benefits.

All Regular, Full-Time employees begin to accrue paid vacation benefits beginning on their first day of employment. However, such employees may not begin to utilize vacation benefits until after the employee successfully completes his or her Introductory Period.

Part-time employees and other employees who are not classified by the District as Regular, Full-Time employees are not eligible for vacation benefits.

During the first year of continuous employment, eligible employees will accrue five days of paid vacation benefits at their straight-time rate of pay.

During the second through fourth years of continuous employment, eligible employees will accrue 10 days of paid vacation benefits at their straight-time rate of pay.

During the fifth year of continuous employment, eligible employees will accrue 15 days of paid vacation benefits at their straight-time rate of pay.

During the sixth through the 20th years of continuous employment, eligible employees will accrue one additional day of paid vacation benefits per year at their straight-time rate of pay. For example, during the sixth year of continuous employment, eligible employees will accrue 16 days of paid vacation benefits at their straight-time rate of pay. That same employee will accrue 17 days of paid vacation benefits at their straight-time rate of pay during his or her seventh year of employment.

Beginning with the 21st year and each year thereafter of continuous employment, eligible employees will accrue 30 days of paid vacation benefits per year at their straight-time rate of pay.

Vacation benefits may be accumulated up to a maximum of 60 days. Employees entitled to vacation benefits shall not accrue additional vacation benefits over 60 days until they have taken vacation and fall below the maximum accrual level. Upon separation, employees will be compensated for all accrued but unused vacation benefits. Employees may request to receive compensation for up to 60 percent of their accrued vacation benefits in excess of

five days in lieu of taking time off subject to the General Manager's approval. Requests for cash in lieu of vacation time may not be made more than twice per Fiscal Year. At the time of such request, the vacation buyout form must be completed and the balance of accrued vacation time must be scheduled so that such time will be used only as vacation time off.

MCSD reserves the right to restrict when vacation benefits are utilized in accordance with business necessity, as determined by MCSD, in its sole discretion. A holiday that falls during a vacation period will be treated as a holiday, and not as a day of vacation taken.

If illness occurs during a vacation, sick leave benefits may be taken in lieu of some portion of the planned vacation pay upon presentation of medical documentation, at the sole discretion of the General Manager.

Vacation benefits cannot be used before they are earned. Due to scheduling considerations, and upon approval of the General Manager after written request, employees under some circumstances may be permitted take additional time off without pay.

Employees who request family care or medical leave pursuant to the District's Family Care/Medical Leave policy must apply any available accrued but unused vacation benefits to their family care/medical leave except for disability caused by pregnancy. If an employee takes an FMLA leave due to a disability caused by pregnancy, the employee will not be required to use accrued vacation, but may choose to do so.

If you take an unpaid leave of absence, you will not earn vacation benefits during the leave. Vacation benefits accrual will recommence upon return to work.

#### **J. Sick Leave (Full-Time Employees)**

All Regular, Full-Time employees begin to accrue paid sick leave benefits beginning on their first day of employment. However, such employees may not begin to utilize sick leave benefits until after completion of 90 days of employment. Eligible employees accrue one day of paid sick leave benefits for each full calendar month of employment. If employment begins on or before the 15th day of the calendar month, eligible employees will accrue one day of sick leave benefits for that month.

Sick leave benefits will be provided under the following circumstances:

1. Personal medical condition, illness or injury of the employee;
2. To accommodate medical or dental diagnosis or treatment of the employee; or
3. Other medical reasons of the employee, such as pregnancy or obtaining a physical examination.

An employee may use up to one-half of his or her annual accrued sick leave for illnesses of the employee's family members, including spouse, children and step-children, parents and step-parents, or registered domestic partner. To receive paid sick leave benefits, the employee must notify and receive confirmation from his/her Department Head of any absence within the first two working hours, unless the employee can establish this was impossible due to reasons beyond the employee's control, as determined by MCSD, in its sole discretion. If sick leave exceeds one day, the employee claiming benefits is required to keep his/her Department Head informed as to the anticipated return date.

Eligible employees will receive sick leave benefits at their normal base rate of pay for any sick leave taken. Employees are required to secure the approval of their immediate supervisor prior to taking sick leave, whenever possible. For example, this requirement would apply to previously scheduled doctors' or dentists' appointments. If prior approval is not possible, employees are required to notify their immediate supervisor as soon as possible.

MCSD may require certification of a licensed physician to verify the legitimacy of any absence. Specifically, MCSD may, in its sole discretion, require the written statement of a licensed physician whenever an employee misses work as a result of injury or illness. Please refer to the Attendance Policy for the information to be included in this written certification. Sick leave benefits may be denied if a satisfactory certification is not provided, upon request.

Employees will not receive pay in lieu of accrued but unused sick leave benefits under any circumstances, and employees will not receive pay for accrued but unused sick leave benefits on separation of employment, subject to the exceptions set forth in this paragraph. After five years of continuous employment or five years of continuous CalPERS service and upon separation of employment, whether voluntary or involuntary, retirement, or death, employees or their heirs will be provided accrued, but unused sick leave benefits as follows. Such employees will be provided 50% percent of unused but accrued sick leave benefits at the employee's final straight-time rate of pay upon separation of employment. Except as otherwise provided under the CalPERS conversion of sick leave retirement credit benefit (California Government Code Section 20965), all remaining accrued sick leave shall be cancelled upon separation of employment.

If you take an unpaid leave of absence, you will not earn sick leave benefits during the leave. Sick leave benefits accrual will recommence upon return to work.

Eligible employees will accrue sick leave benefits while on a paid leave of absence.

#### **K. Sick Leave (Part-Time, Seasonal and Temporary Employees)**

Sick leave may be used to recover from an injury, illness, or to care for the illness of an immediate family member or dependent. Sick time may not be used for personal absences or vacation time. Time off for medical and dental appointments will be treated as sick leave. Employees must give notice and receive confirmation from his/her Supervisor of the need for sick leave as soon as practicable. If the need for sick leave is foreseeable, reasonable advance notice is required.

Part-Time, Seasonal, and Temporary employees receive 24 hours (3 days) of sick leave benefits each Fiscal Year (i.e., July 1 – June 30) beginning with their first date of employment. The smallest increment of time that can be used for such leave is two (2) hours. Sick leave will be paid at the employee's regular hourly rate of pay at the time sick leave is taken. Sick leave cannot be used until after the employee's 90th day of employment with MCSD.

Any unused sick leave will not carry over to the next year; however, 24 hours (3 days) automatically become available in the employee's sick leave "bank" as of July 1st of each year. Unused accrued sick leave is not paid upon employment separation. However,

employees who terminate from MCSD and who are rehired within one year of termination shall have their accrued sick leave balance restored. Use of sick leave will still be subject to the requirements of 90 days of employment from the original hire date.

MCSD may require certification of a licensed physician to verify the legitimacy of any absence. Specifically, MCSD may, in its sole discretion, require the written statement of a licensed physician whenever an employee misses work as a result of injury or illness. When required, this statement must verify the existence of an injury or illness and the date such injury or illness commenced and ended (without disclosing the nature of the injury or illness). The statement must also indicate that the employee is fit to return to work. MCSD does not tolerate the abuse of sick time leave benefits and employees found to be in violation of this policy will be subject to disciplinary action up to an including termination.

#### **L. Holidays**

All Regular, Full-Time employees are eligible for 13.5 paid holidays each year. The 13.5 paid holidays provided are:

- New Year's Day
- Presidents' Day
- Memorial Day
- Independence Day (4th of July)
- Labor Day
- Columbus Day
- Veterans Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Eve
- Christmas Day
- New Year's Eve Afternoon (half day)
- Two Floating Personal Holidays. (The floating personal holidays are available to eligible employees starting on the first day of MCSD's Fiscal Year. The scheduling of these days must be coordinated with your Department Head. Employees must use available Floating Personal Holidays prior to use of any accrued Vacation Pay. MCSD reserves the right to cash out any unused Floating Personal Holidays at the end of the Fiscal Year.)

When a holiday falls on a Saturday, it will be observed on the Friday proceeding it, and if the holiday falls on Sunday, it will be observed on the following Monday.

To receive pay for any holiday, Regular, Full-Time employees must work their scheduled shift before and after the holiday, unless the employee is on vacation or the absence is approved. If a Regular, Full-Time employee takes a leave of absence, he/she will not be entitled to paid holiday benefits during the leave. Holiday benefits will recommence upon return to work.

All other employees will receive a day off on each of the above-enumerated holidays on an unpaid basis.

#### **1. Pay in Lieu of Time Off**

MCSD may, in its sole discretion, require some or all employees to work on MCSD observed holidays. In such a case, MCSD will pay employees in lieu of time off as set forth herein.

#### **2. Rate of Pay**

Non-exempt employees required to work on a MCSD-observed holiday will be paid at their normal base rate for the first eight hours worked, plus eight hours' straight-time pay for the holiday. If an employee works overtime during a holiday, he/she will receive overtime pay in accordance with the District's Overtime Compensation policy.

Thus, time and one-half the employee's normal base rate will be paid for hours over eight hours up to twelve hours on a holiday, in addition to the eight hours of straight time pay for the holiday. Double time will be paid for all hours worked in excess of 12 hours on a holiday, in addition to the eight hours' straight-time pay for the holiday.



## IV. LEAVES OF ABSENCE AND OTHER TIME OFF

### A. Leaves of Absence Generally

MCSD may grant a leave of absence in certain circumstances. You should notify your supervisor or Department Head in writing as soon as you become aware that you may need a leave of absence. MCSD will consider your request in accordance with applicable law and MCSD's leave policies. You will be notified whether your leave request is granted or denied. If you are granted leave, you must comply with the terms and conditions of the leave, including staying in contact with your supervisor or Department Head during your leave and giving prompt notice if there is any change in your return date.

You must not accept other employment or apply for unemployment insurance while you are on a leave of absence. Acceptance of other employment while on leave will be treated as a voluntary resignation from employment at MCSD. Benefits, such as vacation, sick leave, and holidays, will not accrue while you are on an unpaid leave of absence.

You may be required to use accrued vacation or sick leave concurrently with an unpaid leave of absence, depending on the type of leave taken. Any vacation or sick leave payments will be coordinated with any state disability, workers' compensation, or other wage reimbursement benefits for which you may be eligible so that you will not be paid more than your regular compensation at any time.

MCSD may hold in abeyance or proceed with any counseling, performance review, or disciplinary action, including discharge, that was contemplated prior to any employee's request for or receipt of a leave of absence or that has come to MCSD's attention during the leave. If any action is held in abeyance during the leave of absence, MCSD reserves the right to proceed with the action upon the employee's return. Requesting or receiving a leave of absence does not relieve employees of their obligation while on the job to perform their job responsibilities capably and up to MCSD's expectations and to observe all MCSD policies, rules, and procedures.

### B. Pregnancy Leave

The District recognizes that female employees may be unable to work for temporary, but extended periods of time due to pregnancy, childbirth, or related medical conditions ("pregnancy-disability"). Accordingly, for any employee who is disabled on account of pregnancy, childbirth, or related medical conditions, the District provides pregnancy-disability leave for the period of actual disability, up to a maximum of four months. An employee is "disabled by pregnancy" if she is unable because of pregnancy to work at all, or is unable to perform the essential functions of her job, or to perform these functions without undue risk to the employee, to successful completion of her pregnancy, or to other persons.

Pregnancy-disability leave may be taken intermittently or on a reduced-hours schedule when medically advisable, as determined by an employee's health care provider.

Moreover, an employee is entitled to a reasonable accommodation for pregnancy, childbirth, or related medical conditions if she so requests and provides the District with medical certification from her health care provider. In addition to other forms of

reasonable accommodation, a pregnant employee is entitled to transfer temporarily to a less strenuous or hazardous position or to less hazardous or strenuous duties if she so requests; the transfer request is supported by a proper medical certification, and the transfer is a reasonable accommodation.

### 1. Procedure for Requesting Leave

Whenever possible, an employee should submit a written request for pregnancy disability leave or pregnancy disability transfer to the Department Head as soon as she is aware of the need for such leave or transfer. If the leave or transfer is foreseeable, the employee must provide 30 calendar days' advance notice to the District of the need for pregnancy disability leave or transfer. If it is not practicable for the employee to give 30 calendar days' advance notice of the need for leave or transfer, the employee must notify the District as soon as practicable after she learns of the need for the pregnancy disability leave or transfer.

If an employee fails to provide the requisite 30 days' advance notice for foreseeable need for leave or transfer, without any reasonable excuse for the delay, the District reserves the right to delay the taking of the leave until at least 30 days after the date the employee provides notice of the need for the leave or transfer.

Any request for a pregnancy disability leave must be supported by medical certification from a health care provider, which shall provide the following information:

- The date on which the employee became disabled due to pregnancy;
- The probable duration of the period or periods of disability; and
- An explanatory statement that, due to the disability, the employee is unable to work at all or is unable to perform any one or more of the essential functions of her position without undue risk to herself, her pregnancy, or to other persons.

In the case of a pregnancy-disability transfer, the medical certification must provide the following information:

- The date on which the need to transfer became medically advisable;
- The probable duration of the period or periods of the need to transfer; and
- An explanatory statement that, due to the employee's pregnancy, the transfer is medically advisable.

Upon expiration of the time period for the leave or transfer estimated by the health care provider, the District may require the employee to provide another medical certification if additional time is requested for leave or transfer. Any request for a leave of absence after disability has ended will be treated as a request for family care leave which will run consecutively with pregnancy disability leave.

### 2. Substitution of Paid Leave for Pregnancy-Related Disability Leave/Integration with other Benefits

A pregnancy disability leave is unpaid, but employees must use any accrued sick pay during the leave and may, at their option, elect to use any accrued vacation time during the leave. Sick leave and vacation will supplement any State Disability or Paid Family Leave Insurance benefits. The District will maintain group health benefits during a pregnancy disability leave as required by law. The substitution of paid leave for pregnancy-related disability leave does not extend the total duration of the leave to

which an employee is entitled. No additional vacation, sick leave, or holiday pay will accrue during the unpaid portion of the leave.

### 3. Reinstatement

Unless the District and the employee have already agreed upon the employee's return date, an employee who has taken a pregnancy-disability leave or transfer must notify the Department Head at least two business days before her scheduled return to work or, as applicable, transfer back to her former position. The District will reinstate the employee to her position unless:

- (a) The employee's job has ceased to exist for legitimate business reasons;
- (b) The employee has directly or indirectly indicated her intention not to return;
- (c) The employee is no longer able to perform the essential functions of the job with or without reasonable accommodation;
- (d) The employee has exceeded the length of the approved leave; or
- (e) The employee is no longer qualified for the job.

If the District cannot reinstate the employee to the position she held before the pregnancy disability leave began, the District will offer the employee a comparable position, provided that a comparable position exists and is available. If no comparable position is available upon the employee's return, the District will provide the employee with notice of available positions that she would be qualified for within 60 days thereof.

Before returning to work, each employee who has taken a pregnancy-disability leave or transfer must be released by her doctor to return to work certifying that she is able to safely perform all of the essential functions of her position with or without reasonable accommodation. The release should be in writing and submitted to the Department Head on or before the employee's return from a pregnancy-disability leave or transfer.

## C. Family Care/Medical Leave

### 1. Eligibility and Terms of the Leave

Employees who have worked at least 12 months, who have worked at least 1250 hour in the previous 12 months, and are employed at a work site where there are 50 or more employees within a 75-mile radius are eligible to take a family care and medical leave of absence under the Family and Medical Leave Act ("FMLA") and the California Family Rights Act ("CFRA") (collectively, "FMLA leave") of up to a total of 12 workweeks in a 12-month period. This rolling 12-month period begins on the date the employee's FMLA leave begins, and ends 12 months after that date. However, if the employee's FMLA leave is due to the serious illness or injury of a spouse, child, parent, next of kin, or registered domestic partner sustained while in the line of duty on active duty, then the employee is entitled up to **26 work weeks** of unpaid leave in a 12-month period – the 26 weeks of leave is based on a per-covered service member, per-injury basis.

Eligible employees may take an FMLA leave for any one of the following reasons:

- (a) The birth of a child, in order to care for the child;
- (b) The placement of a child with the employee for adoption or foster care;
- (c) To care for the employee's child, parent, spouse or registered domestic partner who has a serious health condition;

- (d) To care for the employee's own serious health condition;
- (e) A "qualifying exigency" (as defined by federal regulation) because the employee is the spouse, son, daughter, or parent of an individual on active military duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation (FMLA only); or
- (f) The employee is the spouse, son, daughter, parent, or next of kin of a covered service member and needs leave to care for the service member suffering a serious injury or illness that occurred while in the line of duty on active duty (FMLA only).

If the FMLA leave is needed for a foreseeable planned medical procedure, MCS&D and the employee will work together to schedule the procedure so as not to unduly disrupt MCS&D operations, subject to the approval of the health care provider. Leave to care for a newborn or a newly placed child must be concluded within one year of the birth or placement of the child. Where both parents are employed by MCS&D, they are entitled to a combined total of 12 work weeks of FMLA leave in order to care for the newborn child or newly placed child.

### 2. Applying for Leave

If possible, an employee should give at least 30 days' notice before beginning an FMLA leave. This notice must include a written certification from a health care provider which includes the following information:

- (a) The date on which the serious health condition began;
- (b) The probable duration of the condition;
- (c) If the leave is for the care of the employee's child, parent, spouse or registered domestic partner, the estimated amount of time the health care provider believes the employee needs in order to care for the child, parent, spouse or registered domestic partner and a statement that the serious health condition warrants the participation of the employee;
- (d) If the leave is for the employee, a statement by the health care provider that the employee is unable to perform one or more of the essential functions of the job, due to the employee's serious health condition;
- (e) If the leave is needed to care for a child, spouse, registered domestic partner, next of kin, or parent, for a serious injury or illness he/she suffered while in the line of duty on active duty, the estimated amount of time the health care provider believes the employee needs in order to care for the child, spouse, registered domestic partner, next of kin, or parent and a statement that the serious injury or illness warrants the participation of the employee.

### 3. Return to Work

When an employee is ready to return to work after an FMLA leave (other than pregnancy), the employee must provide certification from the employee's health care provider that he or she is able to safely perform all of the essential functions of his or her position with or without reasonable accommodation. Except as otherwise allowed by law, an employee is entitled, upon return from leave, to be reinstated in the position he or she held before the FMLA leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.



#### 4. Integration With Other Benefits

FMLA leave is unpaid. Employees are required to use accrued vacation for all FMLA leaves except for disability caused by pregnancy. If an employee takes an FMLA leave due to a disability caused by pregnancy, the employee will not be required to use accrued vacation, but may choose to do so. Employees are required to use accrued sick leave for FMLA leaves for the employee's own condition, including disability caused by pregnancy. Employees may elect to use up to half of the sick leave they accrue on an annual basis for FMLA leaves for illnesses of their child, parent, spouse, next of kin, or registered domestic partner. Sick leave pay and vacation pay will supplement any State Disability, Workers' Compensation or Paid Family Leave Insurance benefits. The District will maintain group health benefits during an FMLA leave as may be required by law. However, the District may recover any premium it has paid for maintaining group health care coverage during any unpaid part of the FMLA leave if the employee fails to return from the leave, provided that the failure to return is for a reason other than the continuation, recurrence, or onset of a serious health condition, or other circumstances beyond the control of the employee. Employees will not accrue vacation or sick leave, nor be paid for holidays, during the unpaid portions of FMLA leave.

#### 5. Relationship with Pregnancy Disability Leave

The provisions of this FMLA leave policy are separate and distinct from those of the pregnancy disability leave to which an employee may also be entitled.

#### 6. Other Disability Leaves

In addition to family, medical or pregnancy-related disability leave described above, employees may take a temporary disability leave of absence if necessary to reasonably accommodate a workplace injury or a disability of the employee under the ADA or the FEHA. Any disability leave under this section will run concurrently with any medical leave to which the employee is entitled as described above in this policy.

Disability leaves under this section will be unpaid. Employees taking disability leave must comply with the family care and medical leave provisions regarding substitution of paid leaves, notice, and medical certification. For purposes of applying these provisions, a disability leave will be considered to be a medical leave.

If a disability leave under this section extends beyond 12 weeks in a 12-month period, the employee will not be entitled to any continued District contributions toward any employee benefit plan unless otherwise required by law. An employee, however, may elect to continue participating in such benefit plans, at the employee's own expense, to the extent permitted by such plans.

The duration of a leave under this section shall be consistent with applicable law, but in no event shall the leave extend past the date on which the employee becomes capable of performing the essential functions of his or her position, with or without reasonable accommodation. For a full explanation of leave duration and reinstatement rights, employees should contact the Human Resources Manager.

#### D. Workers Compensation Leave

An employee must report all accidents, injuries and illnesses occurring on the job, no matter how small, to his or her supervisor. MCSD carries workers' compensation insurance coverage to protect employees who are injured on the job. If an employee is injured at work and is temporarily unable to perform his or her usual and customary work, the employee will be eligible to receive workers' compensation benefits. The employee must provide MCSD with the certification from a recognized medical professional confirming the necessity of the leave within 14 days after the leave begins.

The leave will continue until:

1. A recognized medical professional certifies that the employee is capable of resuming all of the duties of the employee's former position, with or without reasonable accommodation;
2. A recognized medical professional certifies that the employee is permanently precluded from returning to work in his or her prior position or performing some portion of his or her prior job (i.e., the medical condition is permanent and stationary);
3. The employee resigns, quits, accepts employment with another business, refuses to return to work after being released for full or partial work, or otherwise indicates that he or she is not going to return to work; or
4. One year has passed and the employee is still not able to return to work in his or her prior position.

An employee on a workers' compensation leave which exceeds 30 days must update MCSD on at least a monthly basis and provide information concerning his or her health status, anticipated date of return to work and continued intent to return to work. IF AN EMPLOYEE DOES NOT COMPLY WITH THIS REPORTING REQUIREMENT, MCSD MAY TERMINATE THE EMPLOYMENT. Workers' compensation disability leave is unpaid, but an employee may apply accrued vacation and sick leave to the workers' compensation disability leave. Accrued vacation and sick leave pay will supplement any workers' compensation or other wage benefits the employee receives. MCSD will maintain an employee's group health benefits during the period of leave as required by law.

MCSD will maintain an employee's group health benefits for that portion of leave that the employee is paid by MCSD. For example, if an employee applies accrued vacation to supplement any workers' compensation or other wage benefits the employee receives, MCSD will maintain an employee's group health benefits during the time MCSD pays the employee for accrued vacation. However, consistent with MCSD's group health benefits, MCSD will not maintain an employee's group health benefits during an unpaid leave unless otherwise required by law. Therefore, once an employee on leave has exhausted his or her accrued vacation, the employee will no longer be eligible for group health benefits. An employee may be eligible for continuation health care coverage under COBRA, at his or her cost.

An employee may return to work only after he or she provides MCSD with a release to work from the employee's physician. If the employee has been released without limitation, or is capable of performing the essential functions of his or her job with reasonable accommodation, the employee will be offered the same position he or she held prior to the leave, unless that job no longer exists or has been filled in order for MCSD to operate

safely and efficiently. In this event, the employee will be offered a substantially similar position if one is available. If MCSD receives medical evidence satisfactory to it that an employee will be permanently unable to resume safely all of the essential functions of his or her job, with or without reasonable accommodation, and if reassignment to a vacant position is not possible, the employee's employment will be terminated.

#### **E. Organ and Bone Marrow Donor Leave**

MCSD has a policy intended to comply with the Maykin Memorial Donation Protection Act. This policy entitles eligible employees to paid leave for the purpose of donating organ(s) and/or bone marrow. Under this policy, MCSD provides eligible employees up to thirty (30) business days of paid leave, in any one-year period, for the purpose of donating his/her organ(s) to another person and up to five (5) days of paid leave, in any one-year period, for the purpose of donating his/her bone marrow to another person. The one-year period is measured from the date the employee's eligible organ/bone marrow leave begins.

Prior to receiving this leave, an employee must provide MCSD with written verification, from a licensed physician or other qualified professional, that:

1. The employee is an organ or bone marrow donor; and
2. There is a medical necessity for the donation of the organ or bone marrow.

During this leave, MCSD will maintain the employee's health benefits as required by law. This leave does not constitute a break of employment for purposes of the employee's right to salary adjustments, paid time off, sick leave, vacation, or length of service. This leave will not be taken concurrently with FMLA or CFRA leave.

An employee is required to use two (2) weeks of accrued vacation leave or sick leave towards his or her organ donor leave and/or five (5) days of accrued vacation leave or sick leave for his or her bone marrow donor leave.

Upon expiration of his or her organ/bone marrow donor leave, MCSD will make every effort to restore an employee to the position he or she held when the leave began or to an equivalent position. MCSD will only decline to restore an employee to his or her former position (or an equivalent position) if conditions, unrelated to the employee's organ/bone marrow donor leave, make it impossible to do so.

#### **F. Other Leaves of Absence**

MCSD also grants eligible employees leaves of absence for military leave, jury or witness duty, certain court appearances, appearances at school, daycare activities by a parent, emergency duty as a volunteer firefighter, to vote for a statewide election, for bereavement leave, for leave related to domestic violence, or crime victims' leave. Unless otherwise required by law, or by the policies in this Handbook, employees will not be paid for such leaves of absence.

Employees wishing to take a leave of absence for one of these reasons should refer to the procedures outlined below, or contact the General Manager or his designee.

#### **G. Bereavement Leave**

This policy shall apply to full-time employees in all classifications. In the event of a death in the immediate family, an employee may be granted a paid leave of absence not to exceed

three days, upon written approval of the employee's supervisor and the General Manager. This is in addition to regular sick leave and vacation time. The employee's supervisor or the General Manager may require verification.

If an employee requires more than three days off for bereavement leave, the employee may request additional unpaid leave or may request an opportunity to use any accrued sick leave or vacation time. Approval of such request is at the District's sole discretion.

Employees who are not eligible for paid bereavement leave benefits may receive necessary time off without pay, subject to the District's prior approval.

"Immediate Family" is defined as being the employee's spouse, parents, children, brother, sister, grandparents, father-in-law, mother-in-law, sister-in-law, brother-in-law or any other person who is a legal dependent of the employee. The term "spouse" includes registered domestic partner.

#### **H. Military Leave of Absence**

Regular, Full-Time employees whose participation in the uniform services or other military duty is mandatory will be granted time off without pay, consistent with applicable law. Part-time employees will be granted time off without pay. Employees may request to apply any accrued vacation benefits toward military leave.

Employees must notify their immediate supervisor as soon as they know the required dates of service and, if requested, furnish the supervisor with a copy of the official orders or instructions. Upon return from an excused military leave, the employee will be reinstated to his or her former position, or another position, to the extent required by applicable law. In order to be eligible for reinstatement, the employee must report to the District or submit an application for employment within the period required by federal and state law. Further, the employee must provide a certificate of satisfactory completion of service, as well as appropriate documentation to establish that the employee is eligible for reinstatement.

Vacation and sick leave benefits do not accrue during any unpaid portion of military leave. Employees on military leave accrue employment benefits such as sick leave and vacation benefits only when paid leave is being substituted for unpaid leave and only if the employee would otherwise be entitled to such accrual.

MCSD will comply with all state and federal regulations governing military leaves. The specific terms of the absence and of rights to reinstatement, seniority, benefits, and compensation after a military leave are governed by law. Please contact the Human Resources Manager for more information about the specific terms and conditions of military leave.

#### **I. Military Spouse Leave**

Employees who work more than 20 hours per week on average and have a spouse in the Armed Forces, National Guard or Reserves who has been deployed during a period of military conflict are eligible for up to 10 unpaid days off when their spouse is on leave from military deployment.

Employees must request this leave in writing to the Department Head within two business days of receiving official notice that their spouse will be on leave. Employees requesting this leave are required to attach to the leave request written documentation certifying that their spouse will be on leave from deployment.

#### **J. Jury and Witness Duty**

When an employee receives a jury summons, the employee must notify his or her supervisor as soon as possible and submit a copy of the jury summons. An employee is permitted to take time off for each full or partial working day he or she serves on jury duty. The employee must report to work on days or parts of days when he or she is not required to serve on jury duty. An exempt employee will be paid his or her regular salary (less amounts received by the employee for jury duty pay) during the time the employee serves on jury duty unless the employee does not perform any District work during an entire week. A nonexempt employee will be paid his or her regular wages (less amounts received by the employee for jury duty pay) while serving on jury duty up to a maximum of 40 hours each calendar year. Any funds received for the initial paid 40-hour period of service is to be reimbursed to the District.

The District will also provide employees with unpaid time off to appear in court or other judicial proceedings as a witness to comply with a valid subpoena or other court order. An employee must give reasonable advance notice that he or she needs time off to appear as a witness.

#### **K. Leave for Educational/Daycare Purposes**

Under certain circumstances, eligible employees may be allowed to take time off to participate in activities of their child's schools or licensed daycare facility. Such activities include but are not limited to parent-teacher conferences, graduations, and school field trips. In order to take time off under this policy, employees must be a parent, guardian or grandparent of a child who is presently in kindergarten or grades 1 through 12, inclusive, or attending a licensed child daycare facility.

In addition, the requesting employee must provide reasonable notice of the planned absence to his or her supervisor or their Department Head before taking the time off. The employee may not take more than 40 hours off for this purpose in any single year or more than eight hours off in any calendar month of the year.

If both parents of a child are employed by the District at the same worksite, only one parent will be allowed time off under this policy at a time. The parent who first gives appropriate notice of the need for time off under this policy will be given preference. In some instances, MCSD may agree to provide both parents the opportunity to take time off at the same time. However, this may occur only with the advance written approval of the General Manager.

Any employee who takes time off under this policy must utilize vacation or floating holiday pay for the absence. If the requesting employee does not have any vacation or floating holiday pay available at the time of the requested absence, or does not have enough vacation or floating holiday pay to cover the requested absence, the time off will be taken without pay if the employee is non-exempt. If the employee requesting the leave is exempt, and takes a full day off, the leave will similarly be without pay. The salary of an exempt

employee will not be affected if the employee misses a portion of a day of work under this policy.

Any employee who takes time off under this policy must provide documentation from the child's school or licensed daycare facility to substantiate the fact that the employee participated in a school activity or a daycare facility activity. This documentation must verify that the employee participated in the activity on a specific date and at a particular time.

If an employee is the parent or guardian of a child who has been suspended from school and the employee receives a notice from the child's school requesting that the employee attend a portion of a school day in the child's classroom, the employee may take unpaid time off to appear at the school. In such an event, an employee must provide reasonable advance notice of his or her planned absence to his or her supervisor.

#### **L. Time Off to Vote**

If an employee does not have sufficient time outside of his/her regular working hours to vote in a statewide election he/she may request time off to vote, consistent with applicable law. If possible, employees should make their request at least two days in advance of the election. Up to two hours of paid time off will be provided, at the beginning or end of the employee's regular shift, whichever will allow the most free time for voting, and the least time off work.

#### **M. Domestic Violence Leave/Accommodation**

Consistent with applicable law, MCSD will provide time off to an employee who has been the victim of domestic violence or whose child has been a victim of domestic violence to help ensure the health, safety, or welfare of the domestic violence victim. This includes time off for court proceedings, counseling, medical attention, and participation in safety planning programs. The District requires reasonable advance notice of the leave when feasible. If time off is taken due to an emergency, the employee must, within 15 days of the absence or within a reasonable period of time, provide the District with certification of the need for the leave such as a police report, court order, or documentation from a health care provider. Leave granted pursuant to this policy is unpaid.

In accordance with its obligations under the law, MCSD will also reasonably accommodate an employee whose status as a victim of domestic violence, sexual assault, or stalking is made known to the District. An employee requesting an accommodation will be required to provide written certification that the accommodation is related to the employee's status as a victim.

#### **N. Drug/Alcohol Rehabilitation**

Employees being medically treated for acute drug-induced illness or acute alcoholism who enroll in a rehabilitation treatment program may take up to 45 days of unpaid time off to participate in the program, consistent with applicable law. Reasonable notice must be given to the Finance Director or the General Manager before taking time off, preferably at least two weeks' notice. A physician's certificate of participation in a treatment program is required. Accrued, unused vacation time or unpaid time off may be used for this purpose.

## **O. Emergency Duty**

Employees who act in the capacity of volunteer emergency rescue personnel (e.g., reserve peace officers, volunteer firefighters, or other emergency service providers) may take unpaid time off to perform emergency rescue duty. In addition, these employees who act in the capacity of volunteer emergency rescue personnel may take up to 14 days per calendar year of unpaid time off to engage in training. Employees may also use any accrued, unused vacation time for this purpose. Reasonable notice must be given to the Finance Director or the General Manager before taking time off, preferably at least two working days' notice.

## **P. Crime Victims' Leave**

The District takes threats and actions of crime against its employees and their families very seriously. Consistent with applicable law, MCSDD will provide time off to an employee to attend judicial proceedings related to a serious crime, if that employee is a victim of a serious crime, an immediate family member of a victim, a registered domestic partner of a victim, or the child of a registered domestic partner of a victim. The District requires that, where feasible, in advance of taking leave, the employee provide it with a copy of the notice of each scheduled proceeding that is provided to the victim by the agency responsible for providing notice. If advance notice is not possible, the employee is required to provide the District with notice within a reasonable time. If an employee needs to take time off to ensure personal safety, seek medical treatment or receive counseling as a result of domestic violence or sexual assault, the employee should contact his or her supervisor immediately.

## **V. STANDARDS OF CONDUCT**

### **A. Termination, Discipline and Rules of Conduct**

#### **1. Termination**

##### **(a) Voluntary Termination**

MCSDD will consider an employee to have voluntarily terminated his or her employment if an employee does any of the following:

- (1) Elects to resign from the District
- (2) Fails to return from an approved leave of absence on the date specified by the District; or
- (3) Fails to report for work without notice to the District for three consecutive days.

##### **(b) Involuntary Termination**

An employee may be terminated involuntarily for reasons that may include poor performance, misconduct, violations of any policies contained in this Handbook, or other violations of MCSDD's rules of conduct as set forth below. Notwithstanding this list of rules, the District reserves the right to discharge or demote any employee with or without "cause" and with or without prior notice.

##### **(c) Termination Due to Reorganizations, Economics, or Lack of Work**

From time to time, MCSDD may need to terminate an employee as a result of reorganizations, job eliminations, economic downturns in business, or lack of work. Should the District consider such terminations necessary, it will attempt to provide all affected employees with advance notice when practical, or when required by law.

#### **2. Discipline and Rules of Conduct**

##### **(a) Policy**

Employees are expected to observe certain standards of job performance and good conduct. When performance or conduct does not meet District standards, MCSDD will endeavor, when it deems appropriate, to provide the employee a reasonable opportunity to correct the deficiency. If, however, the employee fails to make the correction, he or she will be subject to discipline, up to and including discharge. Further, this policy does not alter the at-will nature of each employee's employment.

The rules set forth below are intended to provide employees with fair notice of what is expected of them. However, such rules cannot identify every type of unacceptable conduct and performance. Therefore, employees should be aware that conduct not specifically listed below but which adversely affects or is otherwise detrimental to the interests of MCSDD, other employees, clients or customers (or other third parties), may also result in disciplinary action, up to and including termination.

##### **(b) Performance**

Employees may be disciplined for poor job performance, including but not limited to the following:

- (1) Unsatisfactory work in terms of quality or quantity;
- (2) Rudeness, lack of cooperation, or similar conduct;
- (3) Excessive absenteeism, tardiness, or abuse of break and lunch privileges;
- (4) Failure to follow instructions or District procedures; or
- (5) Failure to follow established safety regulations.

(c) Misconduct

Employees may be disciplined for misconduct, including but not limited to the following:

- (1) Insubordination;
- (2) Dishonesty;
- (3) Theft;
- (4) Discourtesy;
- (5) Misusing or destroying MCSD property or the property of another on District premises;
- (6) Violating conflict of interest rules;
- (7) Disclosing or using confidential or proprietary information without authorization;
- (8) Falsifying or altering District records, including application for employment;
- (9) Interfering with the work performance of others;
- (10) Altercations;
- (11) Harassing, including sexually harassing, employees, clients or customers (or other third parties);
- (12) Being under the influence of, manufacturing, dispensing, distributing, using, or possessing alcohol or illegal or controlled substances on MCSD property or while conducting District business;
- (13) Gambling on MCSD premises or while conducting District business;
- (14) Sleeping on the job or leaving work without authorization;
- (15) Possessing a firearm or other dangerous weapon on MCSD property or while conducting District business;
- (16) Being convicted of a crime that indicates unfitness for the job or raises a threat to the safety or well-being of the District, its employees, clients, customers (or other third parties) or property; or
- (17) Failing to report to the District, within five days, any conviction under any criminal drug statute for a violation occurring in the workplace.

(d) Attendance

In addition to the general rules stated above, employees may be disciplined for failing to observe the following specific requirements relating to attendance:

- (1) Reporting to work on time, adhering to established work schedules, observing the time limits for rest and meal periods, and obtaining approval to leave work early; and
- (2) Notifying the supervisor in advance of anticipated tardiness or absence.

(e) Discipline Procedure

Although discharge or demotion for poor performance may be preceded by an oral warning and/or a written warning, MCSD reserves the right to proceed directly to a written warning, demotion, suspension or immediate termination for misconduct or performance deficiency, without resort to prior disciplinary steps, when the District, in its sole discretion, deems such action appropriate.

(f) Disciplinary Action

(1) Conduct Resulting in Discharge

MCSD reserves the right to impose any level of discipline it determines is appropriate under the circumstances, and this policy does not change the at-will employment relationship. However, a non-exhaustive list of conduct where a single violation of this policy will result in immediate discharge is as follows:

- a. Fighting or causing injury to the employee or any other person, or, in the sole opinion of management, endangered the safety of the employee or any other person;
- b. Results in significant damage to MCSD property or equipment, or, in the sole opinion of management, posed a risk of significant damage;
- c. Involved the sale or manufacture of illegal drugs or other controlled substances;
- d. Involved the possession, distribution, or dispensation of illegal drugs or other controlled substances or alcohol;
- e. Involved the failure of an employee to report a criminal conviction, as identified in "f." below;
- f. Conviction under a criminal drug statute for a violation occurring in the workplace or during any MCSD-related activity or event;
- g. Insubordination an outspoken or mutinous attitude toward those in charge or a flaunting disregard of the authority of the supervisor or willful disobedience;
- h. Inexcusable absence without leave;
- i. Possession of a firearm on District property;
- j. Inexcusable neglect of duty;
- k. Dishonesty; or
- l. Willful disobedience.

3. Exit Interview

Employees who leave MCSD for any reason may be asked to participate in an exit interview. This interview is intended to permit departing employees the opportunity to communicate their views regarding their work with the District, including job duties, job training, job supervision, and job benefits.

At the time of the interview, or as otherwise specified by the District, employees are expected to return all District-furnished property, such as uniforms, tools, equipment, I.D. cards, keys, credit cards, documents, and handbooks. Arrangements for clearing any outstanding debts with MCSD and for receiving final pay also will be made at this time.



#### **4. Employment At-Will**

Nothing in this guideline is intended to alter the at-will status of employment with MCSD. Either the District or you may terminate the employment relationship at any time, with or without cause, and with or without prior notice. The District reserves the right to terminate any employment relationship, to demote, or to otherwise discipline an employee without resort to the above disciplinary procedures.

#### **B. Solicitations and Distribution of Literature**

If a person soliciting business from outside the District approaches you on District premises, you should politely tell the solicitor that District policy prohibits outside solicitations on the premises. Solicitations and distribution of literature by District employees should be controlled by standards of good taste and conduct. Solicitations should be limited to meal and rest breaks and literature should be restricted to an internal employee bulletin board. An employee who finds any internal solicitation offensive should notify his/her supervisor or the General Manager, immediately.

#### **C. Workplace Security**

All employees are responsible for helping to maintain and protect the District's premises, equipment, files and supplies. Permanent MCSD records may not be removed from the office. Any employee who has reason to believe that the security and/or safety of personnel, equipment or files is in question must take reasonable action to maintain security and/or safety and must immediately report the situation to his or her supervisor.

#### **D. Smoking**

Smoking is prohibited in all enclosed areas on MCSD premises, including District vehicles. Smoking will be allowed in certain designated outdoor areas. However, even in designated smoking areas, all employees are responsible for observing the rights of non-smokers to a smoke-free and litter-free environment. The cooperation of all smokers is appreciated.

#### **E. Recycling**

MCSD supports environmental awareness by encouraging recycling and waste management in its business practices and operating procedures. This support includes a commitment to the purchase, use, and disposal of products and materials in a manner that will best utilize natural resources and minimize negative impact on the earth's environment.

Employees are encouraged to purchase products for the workplace that contain recycled or easily recyclable materials. Buying recycled products supports recycling and increases the markets for recyclable material.

#### **F. Housekeeping**

All employees are expected to keep their work areas clean and organized and also assist in maintaining an overall clean work environment. Employees using common areas such as lunch rooms and restrooms or equipment are expected to keep them clean and sanitary. Employees are requested to clean up after meals and dispose of trash properly.

#### **G. Personal Appearance**

The presentation of MCSD's image to customers, suppliers, and the general public is viewed as extremely important. Since MCSD's product includes service, and customer service can only be provided by the District's employees, employees are required to not only perform well, but also to observe high standards in their personal appearance.

Accordingly, all employees are expected to dress in a manner consistent with good hygiene, safety, and good taste. Employees who are required to have direct contact with customers, suppliers, or the general public are expected to wear apparel MCSD deems appropriate for that purpose. Employees who appear for work inappropriately dressed will be sent home and directed to return to work in proper attire.

Field crew and designated Park and Recreation employees are required to wear District-provided uniform shirts. The District may make available to other employees District uniforms, which such employees may, but are not required to, wear.

Employees are expected to exercise common sense with respect to the way they dress and their appearance generally. Employees are always expected to maintain a professional appearance and to dress in a manner consistent with their responsibilities.

If you have questions about the appropriateness of your dress, contact your supervisor for guidance concerning proper standards relative to your position.

#### **H. Use of District Equipment and Vehicles**

Equipment and vehicles used in accomplishing job duties are expensive and may be difficult to replace. When using District property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

The General Manager, Operations Director and specified full-time employees of the Operations Department are required to drive vehicles to and from work in order to respond to emergency situations, unless the General Manager approves other arrangements.

Some other employees may be provided vehicles upon occasions due to work related meetings or business. These are to be used primarily by such employees to commute to and from work and for District business. The value of using these vehicles for commute purposes will be charged to employees in accordance with applicable IRS regulations.

Please notify your supervisor if any equipment, machines, tools or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment. A valid California driver's license must be in your possession while operating a vehicle off or on MCSD property.

#### **I. Visitors in the Workplace**

To provide for the safety and security of visitors, employees, and the facilities of MCSD, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors.

If an unauthorized individual is observed on MCSD's premises, employees should greet them in a friendly manner, and immediately notify their supervisor.

#### **J. Employee Assistance During Response to Emergency Situations**

Employees are to be trained to handle emergencies in the field or at District facilities as the purposes of such activities are to improve District operation and safeguard the value of District assets. Hence, employees often work under adverse conditions and under stress at times to the degree that is beneficial to the District.

Employees working in the field or at District facilities may be required to work unusual hours and shifts, including nights and weekends. Due to these unusual hours, emergency situations involving the employee or his/her family may occur while working. Employees are trained and are to be prepared for such incidents.

It is the policy of the District to provide a safe and environmentally friendly working experience. Employees may be subject to injury or to notifications that members of their families are in need of assistance. It is the policy of the District to assist employees in these situations as much as possible to minimize the mental and emotional impacts upon them.

An employee who experiences an injury on the job is to inform his/her supervisor or another management employee as soon as reasonably possible by phone or in person. In case of injury beyond first aid level, the employee is to be transported to the designated first aid treatment facility. The nature of the injury or incident and any actions needed to be taken shall be reported. If involving a criminal act or an equipment accident, an accident report shall be completed as soon as possible and within 24 hours.

In cases where an employee's family member is involved in an emergency situation and the employee believes that he/she must leave the job to respond, the employee shall inform his/her supervisor or another management employee immediately and before leaving the work site. If no response is required, the employee is encouraged to inform his/her supervisor in order to have them aware of the situation and to provide supportive assistance in an appropriate manner. An Employee Assistance Program (EAP) may be available and the employee is encouraged to contact the identified agency or the Human Resources Department for assistance.

Expenses to the District for an EAP may be provided by the District for initial administrative services. Specific services available to the employee shall be identified and appropriate expense information made known by the EAP provider.

Absences from work due to injury or emergencies of close family members may be covered by either workers' compensation, sick leave, or the FMLA regulations described above. The employee shall consult with the Human Resources Department as soon as practical to determine what applicable leave provisions or laws apply to his or her situation. A doctor's certification may be required for use of leaves and for returning to work in some cases.

Employees, supervisors, and managers shall be provided training and information on dealing with injury, emergencies, and trauma on the job in order to prepare them for unusual situations. Such training is not to be viewed as for personal safety and security but for handling sensitive and emergency situations until additional assistance may be obtained.



## ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

I acknowledge that I have received a copy of the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (hereafter "the District" or "MCSD") Employee Handbook dated June 22, 2015 (the "Employee Handbook"). I have read and understand my rights to and responsibilities for fostering a safe, professional, and discrimination-free work environment as set forth in the Employee Handbook. In particular, I have read the Policy Against Harassment as well as the Drug-Free Workplace policy. I agree to abide by these policies, as well as the other policies contained in the Employee Handbook. I have also had an opportunity to discuss any questions with my supervisor or Department Head.

I agree and understand that my relationship with the District is "at-will," which means that my employment is for no definite period and may be terminated by the District or me at any time for any reason, with or without cause or advance notice. I understand that only the General Manager may change this at-will employment relationship, and then only if it is in writing.

Lastly, I understand and agree that, except for employment-at-will status, the Company can change any and all policies or practices at any time. This Employee Handbook supersedes all previous agreements, whether written or oral, express or implied, concerning my employment with MCSD.

\_\_\_\_\_  
Employee Name (Printed)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**RESOLUTION 2017 - 01****APPROVE RESOLUTION 2017-01 TO APPROVE WITHOUT AMENDMENTS THE MCSD POLICIES AND PROCEDURES RELATED TO GOVERNANCE, ETHICS, BOARD CONDUCT, REIMBURSEMENT/COMPENSATION, DISTRICT FINANCES, AND RESERVES AS RELATED TO DISTRICT OF DISTINCTION REACCREDITATION PROCESS**

**A RESOLUTION PROCLAIMING** that the McKinleyville Community Services District Board of Directors review and approve its policies and procedures related to governance, ethics, board conduct, reimbursement/compensation, district finances, and reserves.

**WHEREAS**, the Special District Leadership Foundation (SDLF), District of Distinction accreditation is designed as a way for Districts to highlight their prudent fiscal practices along with other areas important to effectively operate and govern a Special District, and

**WHEREAS**, McKinleyville Community Services District is due for a reaccreditation under SDLF's District of Distinction program, and

**WHEREAS**, McKinleyville Community Services District is in the final stages of completion of the District of Distinction requirement processes for reaccreditation, and

**WHEREAS**, a requirement for submission is the Districts ability to demonstrate that their operations conform to all statues and regulations under state law as reflected in a policies and procedures manual, and

**WHEREAS**, the requirements also include that the policies and procedures focus on governance, ethics, board conduct, reimbursement/compensation, district finances, and reserves, and

**WHEREAS**, in order to meet the requirement, it must be shown that these documents have been passed or reviewed within the past year,

**NOW, THEREFORE, BE IT RESOLVED** that the McKinleyville Community Services District Board of Directors has reviewed and approved, without amendment, its policies and procedures related to governance, ethics, board conduct, reimbursement/compensation, district finances, and reserves.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on January 4, 2017 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Dennis Mayo, Board President

Attest:

\_\_\_\_\_  
Emily Abfalter, Board Secretary

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATIONAL**

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**ITEM: E.7**                      **Review Information Pertaining to the Agreement with the American Red Cross for the Provision of an Emergency Disaster Shelter at the McKinleyville Activity Center**

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

**TYPE OF ACTION:**          **None**

### **Recommendation:**

Staff recommends that the Board review the information provided, air questions and take public comment.

### **Discussion:**

As part of the Strategic Plan 1997-2002 the District implemented a strategy to prepare for possible “disasters” that could affect the community. Part of that preparation was the execution of an agreement with the American Red Cross for the provision of an Emergency Disaster Shelter at Azalea Hall, the McKinleyville Activity Center and Pierson Park.

On May 2, 1997, MCSD’s General Manager, Bruce Buel, requested that the MCSD Board of Directors authorize the execution of an agreement for the use of Azalea Hall, the McKinleyville Activity Center, and Pierson Park as an Emergency Shelter in the event of a “declared disaster” in the community. The request was approved unanimously by the Board. The original agreement was executed in July 1997.

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

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

Recently the local office of the American Red Cross reached out to staff at MCSD in order to coordinate an “Emergency Disaster Sheltering Drill.” The Red Cross has requested use of MCSD facilities for one afternoon and night spanning April 28-29, 2017 for the drill. It will be an opportunity for hands on training of

Red Cross volunteers. All shelter participants for the drill will be obtained through invitation only and will be friends and family of existing Red Cross employees and volunteers. This event will take place at Azalea Hall due to the Activity Center being unavailable for the dates requested by the Red Cross.

Staff from the Red Cross will be brought before the Board before the drill in April to provide a presentation on the activities and events that will take place during the drill exercise.

**Alternatives:**

Take Action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Shelter Agreement with American Red Cross
- Attachment 2 – Resolution 2002-6



**RECEIVED**

MAR 16 2016

**McK. C.S.D.****American Red Cross  
Shelter Agreement**

The American National Red Cross ("Red Cross"), a not-for-profit corporation chartered by the United States Congress, provides services to individuals, families and communities when disaster strikes. The disaster relief activities of the Red Cross are made possible by the American public, as the organization is supported by private donations and facility owners who permit their buildings to be used as a temporary refuge for disaster victims. This agreement is between the Red Cross and a facility owner ("Owner") so the Red Cross can use the facility as an emergency shelter during a disaster.

DR#: \_\_\_\_\_ Facility: McKinleyville Activity Center

**Parties and Facility**Owner:

Legal name: McKinleyville Community Services District  
 Chapter: \_\_\_\_\_  
 24-Hour Point of Contact:  
     Name and title: James Henry, Operations Director  
     Work phone: 707-839-1351 Cell phone/pager: 707-496-2295  
 Address for Legal Notices:  
     1656 Sutter Road  
     McKinleyville, CA 95519  
 \_\_\_\_\_  
 \_\_\_\_\_

Red Cross:

Legal name: The American National Red Cross  
 Chapter: \_\_\_\_\_  
 24-Hour Point of Contact:  
     Name and title: \_\_\_\_\_  
     Work phone: \_\_\_\_\_ Cell phone/pager: \_\_\_\_\_  
 Address for Legal Notices:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Copies of legal notices must also be sent to:*

The American National Red Cross, Office of the General Counsel,  
 2025 E Street, NW, Washington DC 20006

and

The American National Red Cross, Disaster Operations,  
 2025 E Street NW, Washington, DC 20006.

Shelter Facility:

(Insert name and complete street address of building or, if multiple buildings, write "See attached Facility List" and attach Facility List including complete street address of each building that is part of this Agreement).

McKinleyville Activity Center

1705 Gwin Road

McKinleyville, CA 95519  
 \_\_\_\_\_  
 \_\_\_\_\_



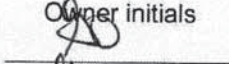
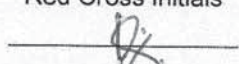


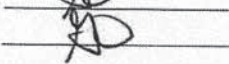
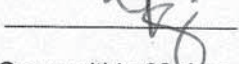
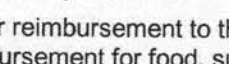
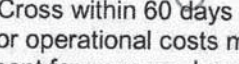
## **Terms and Conditions**

1. Use of Facility: Upon request and if feasible, the Owner will permit the Red Cross to use the Facility on a temporary basis as an emergency public shelter.
2. Shelter Management: The Red Cross will have primary responsibility for the operation of the shelter and will designate a Red Cross official, the Shelter Manager, to manage the sheltering activities. The Owner will designate a Facility Coordinator to coordinate with the Shelter Manager regarding the use of the Facility by the Red Cross.
3. Condition of Facility: The Facility Coordinator and Shelter Manager (or designee) will jointly conduct a pre-occupancy survey of the Facility before it is turned over to the Red Cross. They will use the first page of the Facility/Shelter Opening/Closing Form, available on CrossNet, to record any existing damage or conditions. The Facility Coordinator will identify and secure all equipment that the Red Cross should not use while sheltering in the Facility. The Red Cross will exercise reasonable care while using the Facility as a shelter and will make no modifications to the Facility without the express written approval of the Owner.
4. Food Services: Upon request by the Red Cross, and if such resources exist and are available, the Owner will make the food service resources of the Facility, including food, supplies, equipment and food service workers, available to feed the shelter occupants. The Facility Coordinator will designate a Food Service Manager to coordinate the provision of meals at the direction of and in cooperation with the Shelter Manager. The Food Service Manager will establish a feeding schedule, determine food service inventory and needs, and supervise meal planning and preparation. The Food Service Manager and Shelter Manager will jointly conduct a pre-occupancy inventory of the food and food service supplies in the Facility before it is turned over to the Red Cross.
5. Custodial Services: Upon request by the Red Cross and if such resources exist and are available, the Owner will make its custodial resources, including supplies and custodial workers, available to provide cleaning and sanitation services at the shelter. The Facility Coordinator will designate a Facility Custodian to coordinate the provision of cleaning and sanitation services at the direction of and in cooperation with the Shelter Manager.
6. Security: In coordination with the Facility Coordinator; the Shelter Manager, as he or she deems necessary and appropriate, will coordinate with law enforcement regarding any public safety issues at the Shelter.
7. Signage and Publicity: The Red Cross may post signs identifying the shelter as a Red Cross shelter in locations approved by the Facility Coordinator and will remove such signs when the shelter is closed. The Owner will not issue press releases or other publicity concerning the shelter without the express written consent of the Shelter Manager. The Owner will refer all media questions about the shelter to the Shelter Manager.
8. Closing the Shelter: The Red Cross will notify the Owner or Facility Coordinator of the closing date for the shelter. Before the Red Cross vacates the Facility, the Shelter Manager and Facility Coordinator will jointly conduct a post-occupancy survey, using the second page of the Shelter/Facility Opening/Closing Form to record any damage or conditions. The Shelter Manager and Facility Coordinator or Food Service Manager will conduct a post-occupancy inventory of the food and supplies used during the shelter operation.
9. Reimbursement: The Red Cross will reimburse the Owner for the following:
  - a. *Damage to the Facility or other property of Owner, reasonable wear and tear excepted, resulting from the operations of the Red Cross. Reimbursement for facility damage will be based on replacement at actual cash value. The Red Cross will select from among*



bids from at least three reputable contractors. The Red Cross is not responsible for storm damage or other damage caused by the disaster.

- b. *Reasonable costs associated with custodial and food service personnel* which would not have been incurred but for the Red Cross's use of the Facility for sheltering. The Red Cross will reimburse at per-hour, straight-time rate for wages actually incurred but will not reimburse for (i) overtime or (ii) costs of salaried staff.
- c. *Reasonable, actual, out-of-pocket operational costs*, including the costs of the utilities indicated below, to the extent that such costs would not have been incurred but for the Red Cross's use of the Premises (both parties must initial all utilities to be reimbursed by the Red Cross):

	Owner initials	Red Cross initials
Water		
Gas		
Electricity		
Waste Disposal		

The Owner will submit any request for reimbursement to the Red Cross within 60 days after the shelter closes. Any request for reimbursement for food, supplies or operational costs must be accompanied by supporting invoices. Any request for reimbursement for personnel costs must be accompanied by a list of the personnel with the dates and hours worked at the shelter.


10. Insurance: The Red Cross shall carry insurance coverage in the amounts of at least \$1,000,000 per occurrence for Commercial General Liability and Automobile Liability. The Red Cross shall also carry Workers' Compensation coverage with statutory limits for the jurisdiction within which the facility is located and \$1,000,000 in Employers' Liability.

11. Indemnification: The Red Cross shall defend, hold harmless, and indemnify Owner against any legal liability, including reasonable attorney fees, in respect to bodily injury, death and property damage arising from the negligence of the Red Cross during the use of the Premises.

12. Term: The term of this agreement begins on the date of the last signature below and ends 30 days after written notice by either party.

Owner (legal name)  
McKinleyville Community Services District

By (signature)

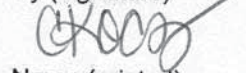
  
Name (printed)  
Gregory Orsini

Title  
General Manager

Date 18 FEB 2016

THE AMERICAN NATIONAL RED CROSS  
(legal name)

By (signature)

  
Name (printed)  
Christina Jones Koczera

Title  
+ disaster program manager

Date 26 Feb 2016





# Shelter Facility Survey

## BASIC SHELTER INFORMATION

Site Name/ School District McKinleyville Community Services District NSS ID# \_\_\_\_\_ Date \_\_\_\_\_

Name of building McKinleyville Activity Center Building # \_\_\_\_\_ of \_\_\_\_\_

Phone # 707-839-1351 Fax # 707-839-8456 Website www.mckinleyvillecsd.com

Shelter address 1705 Gwin Road

Town/ City McKinleyville County/ Parish Humboldt State CA Zip Code 95519

Mailing Address (if different) 1656 Sutter Road

Town/ City McKinleyville County/ Parish Humboldt State CA Zip Code 95519

Agency operating shelter (check one) ☒ Red Cross ☐ FEMA ☐ DHS ☐ TSA ☐ SBC ☐ Other \_\_\_\_\_

Shelter agency type (check one) ☐ Red Cross managed ☐ Red Cross partner ☐ Red Cross supported ☒ Independent \_\_\_\_\_

Shelter type (check all that apply) ☒ Evacuation ☒ General ☐ Medical ☒ Other \_\_\_\_\_

General facility notes \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Shelter Capacity

Use the calculations to calculate the capacity for sleeping space.

Total sq feet 10,000 ☐ Evacuation \_\_\_\_\_ usable sq ft + 20 sq ft/person = \_\_\_\_\_ person capacity  
☐ Post Impact \_\_\_\_\_ usable sq ft + 40 sq ft/person = \_\_\_\_\_ person capacity  
Sq feet usable for sleeping space 7,000 ☐ Other \_\_\_\_\_ usable sq ft + \_\_\_\_\_ sq ft/person = \_\_\_\_\_ person capacity

## Geographic Information

Use major landmarks (e.g. highways, intersections, rivers, railroad crossings, etc.) that will be easily recognizable in a disaster. Latitude and longitude coordinates can be found at online web sites, using a global positioning system device, or will auto populate when the address is entered into the National Shelter System.

Latitude 40°56'34.72"N Longitude 124°05'53.69"W Elevation 153'

In storm surge/ evacuation ☐ Yes Hurricane category or evacuation area \_\_\_\_\_ ☐ No In flood plain ☐ Yes year flood impact ☐ No

Directions to facility Cross Street Central Avenue

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## Shelter Facility Survey

### Point of Contact to Authorize Use of Facility

Name James Henry Title Operations Director Phone # 707-839-1351

24 hour # 707-496-2295 Fax # 707-839-8456 Email jhenry@mckinleyvillecsd.com

Contact notes If no contact, call Maintenance Supervisor Brad Hayman

### Point of Contact to Open Facility

Name Same as above Title \_\_\_\_\_ Phone # \_\_\_\_\_

24 hour # \_\_\_\_\_ Fax # \_\_\_\_\_ Email \_\_\_\_\_

Contact notes \_\_\_\_\_

### Alternate Point of Contact

Name Brad Hayman Title Maintenance Supervisor Phone # 707-599-9355

24 hour # 707-599-9355 Fax # 707-839-8456 Email parkmaintenance@mckinleyvillecsd.com

Contact notes \_\_\_\_\_

### Pet Shelter

Pet shelter space available on site ☐ Yes *answer questions below* ☒ No *nearest location*

Separate ventilation system ☐ Yes ☐ No

Cement or tile floors with drains ☐ Yes ☐ No

Outdoor space to relieve pets ☐ Yes ☐ No

Agency that will operate the pet shelter \_\_\_\_\_

Phone # \_\_\_\_\_

24 hour # \_\_\_\_\_

### ADDITIONAL INFORMATION

Shelter agreement signed ☐ Yes ☒ No Date signed \_\_\_\_\_ Notes \_\_\_\_\_

Pre-designated shelter team assigned ☐ Yes Team name \_\_\_\_\_ ☐ No

Current facility floor plans available ☒ Yes Location of copies \_\_\_\_\_ ☐ No

International Association of Venue Managers (IAVM) facility ☐ Yes ☒ No

*Use the Standards for Selection of Hurricane Evacuation Shelters to select hurricane evacuation shelters. In this document, you will find a planning process that involves many factors (e.g. technical information for storm surge and flood mapping). This process requires close coordination with local officials for technical information to make decisions about hurricane shelter suitability. Use the Facility Construction section to assist with determining whether this can be a hurricane evacuation shelter.*

Shelter can be a hurricane evacuation shelter ☐ Yes ☒ No Notes \_\_\_\_\_



## Survey Conductors *(List all who participated in the survey)*

Name	Title	Organization	Phone #
James Henry	Operations Director	McKinleyville CSD	707-839-3251
Gregory Orsini	General Manager	McKinleyville CSD	707-839-3251

## LIMITATIONS OF FACILITY USE

Check one ☒ This facility will be available for use at any time during the year ☐ This facility is only available for use during the time periods listed below ☐ This facility is not available for use during the time periods listed below

Dates (mm/dd/yyyy) Times (hh:mm)

Dates (mm/dd/yyyy) Times (hh:mm)

From \_\_\_\_\_ ☐ AM ☐ PM From \_\_\_\_\_ ☐ AM ☐ PM  
 To \_\_\_\_\_ ☐ AM ☐ PM To \_\_\_\_\_ ☐ AM ☐ PM

List any recurring dates that the facility is not available (e.g. every sunday) \_\_\_\_\_ Any day if emergency \_\_\_\_\_

Areas of the facility that are restricted during use \_\_\_\_\_

## FACILITY CONSTRUCTION & SAFETY

### Facility Construction

Construction material ☐ Wood ☒ Masonry/Brick ☒ Pre-fab ☐ Bungalow ☒ Concrete ☒ Metal ☐ Trailer ☐ Pod ☐ Other \_\_\_\_\_

# stories/floors One \_\_\_\_\_ Notes \_\_\_\_\_

Elevator ☐ Yes Location \_\_\_\_\_ ☒ No Notes \_\_\_\_\_

Open roof-spans (see *Standards for Selection of Hurricane Evacuation Shelters* for current standards) ☐ Yes Length \_\_\_\_\_ ☒ No

Windows in sleep area ☐ Yes ☒ No If yes, shatter protected ☐ Yes ☐ No If yes, protected with shutter ☐ Yes ☐ No

### Fire & AED Safety

Some facilities may not meet fire codes based on building capacity. The questions below are a general reference. Contact your local fire department with questions or for more information.

Fire alarms & systems (check all that apply) ☒ Working smoke detectors ☒ Inspected fire alarm system ☒ Functional sprinkler system ☒ Functional direct fire department alert

Comments from fire department \_\_\_\_\_

AED(s) on site ☐ Yes Location \_\_\_\_\_ ☐ No





# Shelter Facility Survey

## Facility Inspection Point of Contact

If requested, who would inspect this facility post-impact to determine it is safe to occupy?

Name \_\_\_\_\_ Title \_\_\_\_\_ Phone # \_\_\_\_\_

24 hour # \_\_\_\_\_ Fax # \_\_\_\_\_ Email \_\_\_\_\_

Contact notes \_\_\_\_\_

## SANITATION, FEEDING & UTILITIES

### Sanitation, Utilities & Power

The recommended ratio for toilet facilities is a minimum of 1 toilet for 20 people. The optimum scenario for showers is 1 shower for every 25 residents. Count all facilities that will be available to shelter residents and staff.

Showers available ☐ Yes # of showers \_\_\_\_\_ ☒ No Toilets available ☒ Yes # of toilets 7 ☐ No

Check all that apply Heating ☒ Electric ☐ Natural Gas ☐ Propane ☐ Fuel Oil Cooling ☐ Electric ☐ Natural Gas ☐ Propane

Check all that apply Cooking ☐ Electric ☐ Natural Gas ☐ Propane Water ☒ Municipal ☐ Well(s) ☐ Trapped

Self-sufficient power ☐ Yes Type \_\_\_\_\_ ☒ No

Note fuel requirements, generator capacity, facility areas supported by generator(s), and other relevant information.

Emergency generator on site ☒ Yes ☐ No Notes \_\_\_\_\_

### Feeding

Food Prep (check all that apply) ☐ Warming oven kitchen ☐ Full service ☐ Central kitchen (delivery)

Food stock stored on site ☐ Yes # meal can be served \_\_\_\_\_ ☒ No Refrigeration units on site ☐ Yes # units \_\_\_\_\_ ☒ No

Seating capacity ☐ Cafeteria ☐ Snack Bar ☒ Other indoor seating \_\_\_\_\_ Total estimated seating capacity for eating 300

Notes on feeding \_\_\_\_\_

## ACCESSIBILITY

See accompanying Shelter Facility Survey-Accessibility Instructions.

### Facility Construction

Facility built in 1993 or later, or extensively altered in 1992 or later. ☒ Yes ☐ No

### Parking Areas

Parking available. ☒ Yes ☐ No

Answer below if parking is available

Accessible parking space(s) ☒ Yes ☐ No Notes \_\_\_\_\_

Van accessible parking space(s) ☒ Yes ☐ No Notes \_\_\_\_\_

### Drop-off/Loading Area

Permanent drop-off area/loading zone with marked access aisle or space available to designate as temporary drop-off area/loading zone. ☒ Yes ☐ No



## Facility Entrance

- Sidewalk connects parking area and any drop-off area to at least one facility entrance. ☒ Yes ☐ No
- Route from accessible parking spaces and any drop-off area/loading zone to at least one facility entrance has no steps or curbs without curb cuts. ☒ Yes ☐ No
- Where route crosses curb, curb cuts are at least 36" wide. ☒ Yes ☐ No
- Automatic doors or doors without knob hardware. ☐ Yes ☒ No
- Doorways at least 32" wide when door is open. ☒ Yes ☐ No
- Level landings on interior and exterior sides of entry door. ☒ Yes ☐ No
- No objects protrude from the side more than four inches into the route to the facility entrance. ☒ Yes ☐ No
- If the main facility entrance does not appear to be accessible, another entry is accessible. ☒ Yes ☐ No
- A sign identifies the location of the accessible entrance. ☒ Yes ☐ No

## Routes to Service Delivery Areas

- A route without steps is available to access each service delivery area, as well as restrooms and showers or service can be provided in area that can be accessed by route with no steps. ☒ Yes ☐ No
- Using a yard stick held horizontally at your waist level, walk from the facility entrance to each service delivery area, as well as restrooms and showers. Except at doorways (which must be only 32" wide), no part of the route is less than 36" wide. ☒ Yes ☐ No
- Route has vertical clearance of at least 80". ☒ Yes ☐ No
- No objects protrude from the side more than 4" into the routes to the various service delivery areas. ☒ Yes ☐ No
- Automatic doors or doors without knob hardware. ☐ Yes ☒ No
- Doorways at least 32" wide when door is open along routes to each service. ☒ Yes ☐ No
- If a service delivery area is accessible only by elevator, there is back-up power for the elevator(s). ☐ Yes ☐ No

## Ramps

- Ramps are at least 36" wide, have handrails on both sides 34"-38" above the ramp surface, and have level landings at least 60" long. ☐ Yes ☐ No
- If yes, type of ramp ☐ Fixed ☐ Portable ☐ Not provided
- If ramps are longer than 30 feet, a level landing at least 60" long is provided every 30 feet. ☐ Yes ☐ No

## Restrooms

- Area where person in a wheelchair can turn around (60-inch diameter circle or T-shape turn area). ☒ Yes ☐ No
- Doorways at least 32" wide when door is open. ☒ Yes ☐ No
- Doors without knob hardware. ☒ Yes ☐ No
- Toilet seat is 17"-19" high. Flush control is automatic or manual control on the open side of the toilet and no higher than 48". ☒ Yes ☐ No
- Toilet's centerline is 16"-18" from the nearest side wall. ☒ Yes ☐ No
- Stall at least 60" wide and 56" deep (wall-mounted toilet) or 59" deep for (floor mounted toilet). ☒ Yes ☐ No
- Space at least 9" high is provided beneath the front and one side of the stall. ☒ Yes ☐ No
- Appropriate grab bars. ☒ Yes ☐ No
- Toilet paper dispenser is within 36" of the rear wall. ☒ Yes ☐ No
- At least one accessible sink. ☒ Yes ☐ No



## Showers

Showers available.

☐ Yes ☒ No

*Answer below if showers are available*

At least one accessible shower stall with appropriate grab bars.

☐ Yes ☐ No

**Stall type** ☐ Transfer stall ☐ Roll-in shower ☐ Not provided

Shower seat 17"-19" high. If in transfer stall, seat is on the wall opposite the shower controls. If in roll-in shower, seat is on wall adjacent to the shower controls.

☐ Yes ☐ No

Hand-held shower spray with ability to mount at 48" (typically via a mount that can be adjusted along a fixed vertical bar), or alternatively a fixed shower head at 48".

☐ Yes ☐ No

Controls do not require tight grasping, pinching or twisting and are mounted 38"-48" high and no more than 18" from the front of the shower.

☐ Yes ☐ No

## Eating areas

At least some tables have tops 28"-34" high and space underneath at least 27" high, 30" wide and 19" deep.

☒ Yes ☐ No

Serving line or counter no higher than 34".

☐ Yes ☒ No

## Assessment

Relevant areas of the facility are accessible to people with disabilities without adjustments.

☒ Yes ☐ No

Facility has at least one accessible entrance and one accessible restroom, and otherwise is capable of being made accessible during a disaster with minor adjustments.

☒ Yes ☐ No

Facility would require extensive adjustments to be accessible during a disaster.

☐ Yes ☒ No

**Adjustments for Accessibility** (Identify any adjustments or enhancements that should be made to make the relevant areas of the facility accessible during a disaster)

## OTHER CONSIDERATIONS

### Additional Facilities & Space

Isolated care areas

☐ Yes ☒ No

**Type of area**

☐ Rooms

☐ Shelter area

☐ Separate facility/area

**Shelter registration area**

☐ Yes ☒ No

Laundry facilities

☐ Yes ☒ No

**# of washers**

\_\_\_\_\_

**# of dryers**

\_\_\_\_\_

**Who can access the laundry facilities**

☐ Shelter workers

☐ Shelter residents

Special conditions or restrictions for laundry

### Available Materials

One cot and two blankets per shelter resident is recommended. Note all available materials for shelter use in the notes section.

**Cots**

available

☐ Yes

**# of cots**

☒ No **Location**

**Blankets**

available

☐ Yes

**# of blankets**

☒ No **Location**

**Children's supplies** (e.g. cribs & changing table)

☐ Yes

☒ No

**Chairs & tables available**

☒ Yes

**# of chairs**

\_\_\_\_\_

**# of tables**

\_\_\_\_\_

☐ No

**Notes**



**Facility Ownership & Proximity Considerations**Does the entity that plans to manage the shelter own the building? ☐ Yes ☒ NoIf no, is there a current written plan? ☐ Yes ☒ NoIs this facility within five miles of an evacuation route? ☒ Yes ☐ NoIs this facility within ten miles of a nuclear power plant? ☐ Yes ☒ No**Groups Associated with the Facility & Training**Facility staff required when using facility? ☒ Yes ☐ NoPaid feeding staff required when using facility? ☒ Yes ☐ NoChurch auxiliary required when using facility? ☐ Yes ☒ NoFire auxiliary required when using facility? ☐ Yes ☒ NoOther required? ☐ Yes ☒ No Other \_\_\_\_\_Will any of the above groups be trained or experienced in Red Cross shelter operations or support? ☐ Yes ☒ No

If yes, describe capabilities \_\_\_\_\_

Has the facility been trained in Red Cross sheltering (if not Red Cross managed)? ☐ Yes ☐ No

If yes, describe capabilities \_\_\_\_\_

Training requested by facility or group ☒ Yes # of staff to be trained 3 ☐ No**ADDITIONAL NOTES & INFORMATION**



[illegible]

Chapter Category / Priority of Use: Designated by chapter leadership after the survey is completed.

☐ General population

☐ Evacuation Center

**Shelter cannot be used for**  
(check all that apply)

□ General population

☐ Evacuation Center

**following events** (check all that apply) ☐ Hurricane ☐ Earthquake ☐ Large Scale Fire / Flood /



# **MCKINLEYVILLE**

## **COMMUNITY SERVICES DISTRICT**

**P.O. BOX 2037 • MCKINLEYVILLE, CA 95519 • (707) 839-3251**

### **RESOLUTION 2002-6**

#### **A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT TO SUPPORT THE HUMBOLDT COUNTY RED CROSS WITH A PROCLAMATION**

- WHEREAS, The McKinleyville Community Services District is part of a community effort to prepare for local and state disasters; and
- WHEREAS, March is American Red Cross and Disaster Preparedness month to bring awareness in Humboldt County; and
- WHEREAS, The disaster on September 11, 2001 has affected thousand of citizens in our county, including local citizens; and
- WHEREAS, The U.S. Congress mandates the organization of the American Red Cross to provide disaster relief, all monies and in-kind good and services supporting these services are by donations of the American people and of other countries; and
- WHEREAS, Our local chapter of the American Red Cross, established 1917, is funded by local donations and contributions is for disasters, large and small; and
- WHEREAS, Our military men and women join in the effort to fight terrorism and the Red Cross works to keeps them in communication with their families providing comfort and assistance; and
- WHEREAS, The Local Red Cross provide local programs for safety and emergency preparedness; and
- WHEREAS, We stand by our mission that we care for our community, encourage volunteerism to assist in the mission and thank those who do offer their services and time to the benefit of others; and

NOW THEREFORE BE IT RESOLVED, that the McKinleyville Community Services District declares the Month of March as American Red Cross and Disaster preparedness month in our community. The MCSD call upon all Humboldt County citizens, governmental agencies, public and private institutions, businesses and schools to commit our community to increasing awareness and involvement in Disaster Preparedness and the need for more volunteers, donations and services through our local Humboldt County Chapter of the American Red Cross.

Passed by the Board of Directors of the McKinleyville Community Services District this 20<sup>th</sup> day of March, 2002 by the following polled vote:

AYES: FLEURY, MURPHY, REID, WENNERHOLM, TREPANIER

NOES: NONE

ABSTAIN: NONE

ATTEST:

  
Sharon Dennison, Secretary  
To the Board of Directors

  
Paul Trepanier, President of the Board

Save as: c:/my documents/resolution/2002\_6 RedCross



# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.8**                      **Advise Staff on Policy Considerations to Authorize the Placement of Decorations within the County of Humboldt's Right of Way within the Central Avenue Open Space Maintenance Zone (OSMZ)**

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

**TYPE OF ACTION:**              **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment and direct staff to communicate to the parties involved that McKinleyville Community Services District (MCSD) will not solely grant or authorize permission to modify, including the placement of decorations, within any right of way owned by the County of Humboldt.

### **Discussion:**

During the May 2016 MCSD Board of Directors Meeting, Heather Vina of the McKinleyville Chamber of Commerce (Chamber) presented a concept to the MCSD Board to beautify Central Ave. within the downtown area. The concept involves hanging flower baskets from our streetlight poles and solar powered lights on the trees, **Attachments 1 & 2**.

At that time the Board approved:

- For a period of six months, the test strip from Nursery to Heartwood for both flower baskets and lights contingent upon permitting by Humboldt County Public Works;
- During the six-month period MCSD Board and staff will evaluate the viability of the concept; and
- If favorable direct staff to draft a Memorandum of Understanding (MOU) between the Chamber of Commerce and MCSD for the implementation as proposed.

Initially, the MCSD Board determined it would be necessary for the Chamber to receive permission from the Department of Public Works (Public Works or DWP) for access to the right of way to conduct the field test for a few baskets.

Considering the proposed decorations are within the Humboldt County Right of Way, staff thought it was appropriate to seek assurance that Public Works was aware and amicable with the project.

After an initial two baskets were hung, the Chamber returned to MCSD and requested staff consider proceeding with the steps necessary to allow the installation of the flower baskets and lighting. In December of 2016, staff met with Bob Bronkall, Public Works and Heather Vina, Chamber to discuss the project in more detail. During that meeting we were unable to reach consensus with Public Works on a requirement that any third party would be obligated to obtain an encroachment permit or some form of written authorization from Public Works to make modifications within their right of way.

Mr. Bronkall suggested verbiage be included in the MOU between MCSD and the Chamber authorizing MCSD to determine what decorations would be acceptable in the County Right of Way. Two proposed modifications to the MOU were suggested by Mr. Bronkall:

**Option 1:**

*Section A, Item 6:* MCSD has authority to design, construct, install, maintain, remove, and replace hanging pots from street lights and decorative lighting on trees within the landscape area and bridle path on the Central Avenue OSMZ. MCSD agrees to coordinate with DPW to ensure that any such features are installed and maintained in such a manner as not to pose a hazard to persons using the public right of way for Central Avenue.

*Section B, Item 6:* DPW gives MCSD authority to design, construct, install, maintain, remove, and replace hanging pots from street lights and decorative lighting on trees within the landscape area and bridle path on the Central Avenue OSMZ. At the request of MCSD, DPW agrees to coordinate with MCSD to review that any such features are installed and maintained in such a manner as not to pose a hazard to persons using the public right of way for Central Avenue.

**Option 2:**

*Section A, Item 6:* MCSD has authority to design, construct, install, maintain, remove, and replace landscaping, art installations, decorative lighting, hardscaping, mow strips, irrigation systems, and other appurtenances within the landscape area and bridle path on the Central Avenue OSMZ. MCSD agrees to coordinate with DPW to ensure that any such features are installed and maintained in such a manner as not to pose a hazard to persons using the public right of way for Central Avenue.

*Section B, Item 6:* DPW gives MCSD the authority to design, construct, install, maintain, remove, and replace landscaping, art installations,

decorative lighting, hardscaping, mow strips, irrigation systems, and other appurtenances within the landscape area and bridle path on the Central Avenue OSMZ. At the request of MCSD, DPW agrees to coordinate with MCSD to review that any such features are installed and maintained in such a manner as not to pose a hazard to persons using the public right of way for Central Avenue.

Staff requested an opinion from MCSD General Counsel related to this matter and it was Mr. Gans' opinion that any modification by a third party not directly related to the maintenance of the Central Ave. OSMZ should be authorized by the owner of the right of way. Staff might add that, MCSD granting authority to any third party to modify the County Right of Way along Central Ave. exposes MCSD to a potential liability and is a departure from previous Board policy, the MOU between MCSD and Public Works, specifically the removal of trees within the OSMZ. See Section B.4 of the MOU between MCSD and Public Works for the Central Ave OSMZ, **Attachment 3**.

The draft MOU between MCSD and the Chamber was included for review by the board for discussion purposes only and approval will not be sought at this time, **Attachment 4**.

**Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – McK Chamber Proposal for Lighting and Flower Pots
- Attachment 2 – Flower Pot Specifications
- Attachment 3 – Executed MOU Between Humboldt County Public Works and MCSD for Central Ave. OSMZ July 1, 2016
- Attachment 4 – Draft MOU Between MCSD and McK Chamber of Commerce



## McKinleyville Chamber of Commerce McKinleyville Improvement Committee

**Proposal:** add flower pots to light posts and lighting to trees down Central Ave. from School Road to Railroad Ave.

The McKinleyville Chamber of Commerce has spent the last few years talking with local businesses about their needs and wishes to help their businesses grow. The request that we have heard the most is to make McKinleyville more attractive and inviting to help bring people to our town. Many suggestions were made and this proposal is the response from the chamber to these requests and suggestions.

### **Flower Pots on light polls down Central Ave.**

Location: There are 33 polls from School Road to Railroad Ave.

Details:

- two 18-20" pots hanging from brackets at each poll (see picture A)
- brackets are held in place by tension (please see attached spec sheet)
- weight of flower pots in full bloom would be approximately 50# each

Timeline: Pots would be put up the end of May (prior to Pony Express Days) and maintained thru September (beer and wine walk)

Maintenance: The contact person for the MCSD would be Heather Vina at the Chamber, but the maintenance would be contracted out through Miller Farms Nursery.

Responsibility: The McKinleyville Chamber would be responsible for all costs to purchase and maintain the flowers and required supplies as well as the contracted party for maintenance.

Goal: The chamber's goal is to do a test strip this season on the block from Nursery Way to Heartwood in order to get a feel for what is required for the maintenance. We would proceed to cover the area down Central Avenue from School Road to Railroad Avenue.

### **Solar Lights on Trees Down Central Ave.**

Location: placed on specific trees down Central Ave. from School Road to Railroad Ave. at intervals as to be aesthetically pleasing.

Details: strands of LED lights that are solar powered (see picture B)

Maintenance and Responsibility: The McKinleyville Chamber would be responsible for costs to purchase and maintain the lights as well as contracting for the upkeep. Heather Vina would be the contact person.

Timeline: these lights would be kept up year round

Goal: To obtain approval from MCSD as well as permitting through the county and have them up as soon as funding was obtained, starting with

the test strip in the same area as the flower pots, then expanding the area to cover Central Avenue from School Road to Railroad Avenue.

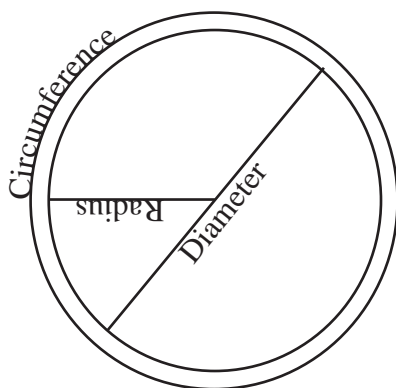
Picture A



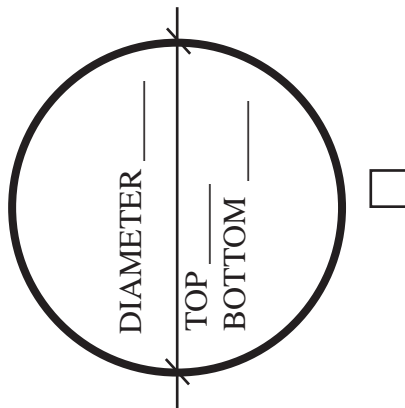
Picture B



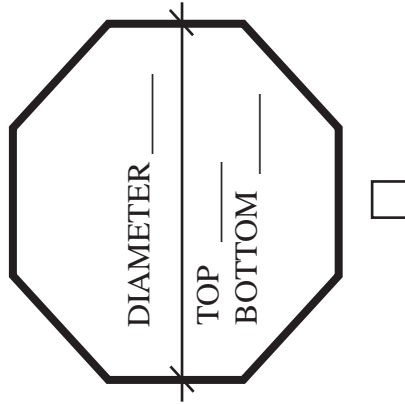
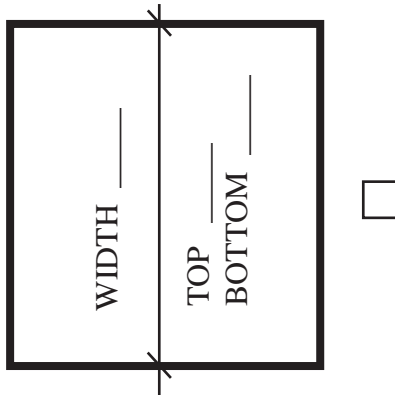
Circumference is measured around the edge of the Post



CHECK POST SHAPE



TAPERED POST? YES / NO (Please Circle)



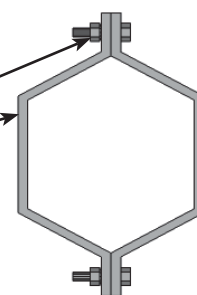
If your post is a different shape than shown on this drawing please note the shape and diameter here: \_\_\_\_\_

Bracket Clamps may differ in shape than your post. They are designed to use tension to stay in place



**3/8" Dia Holes**

**1"W x 1/4"Thk Flat Bar**



**15"**

PLEASE MEASURE AT THE HEIGHT/LOCATION THE BRACKET WILL BE MOUNTED ON POST

Date: \_\_\_\_\_  
Scale: NTS  
DB: JL  
CB: \_\_\_\_\_  
Rep: \_\_\_\_\_  
Order#: \_\_\_\_\_

Content: Two-Way Scroll Arm Pole Mount Bracket

PN: \_\_\_\_\_

Color/Finish: Black Powder Coat

Customer Approval: \_\_\_\_\_

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**FILE**

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
McKINLEYVILLE COMMUNITY SERVICES DISTRICT and  
THE COUNTY OF HUMBOLDT DEPARTMENT OF PUBLIC WORKS**

**FOR LANDSCAPE MAINTENANCE WITHIN THE COUNTY RIGHT OF WAY ALONG  
CENTRAL AVENUE IN McKINLEYVILLE, CA**

This Memorandum of Understanding (MOU) is entered into effective July 1, 2016, by and between the McKinleyville Community Services District, herein referred to as (MCSD), the County of Humboldt Department of Public Works herein referred to as (DPW).

The term of this agreement shall commence on the above date and shall terminate on June 30, 2021.

**Purpose and Background:**

The purpose of this MOU is to establish MCSD and DPW respective roles, duties and responsibilities that each party hereby agrees to perform and undertake with respect to maintaining and landscaping the Central Avenue Open Space Maintenance Zone (OSMZ), located along Central Avenue, a County right of way.

This cooperation serves the mutual interest of both parties and the public.

The Central Ave OSMZ extends north along Central Avenue, a County right of way, from the intersection of Central Avenue and Anna Sparks Way to the intersection of Central Avenue and 110 feet north of Bates Avenue. Located within the Central Avenue OSMZ are 77 parcels that front Central Avenue. (See Exhibit A for the site map).

Historically and currently, the maintenance and landscaping of the Central Avenue OSMZ is accomplished through a cooperation of MCSD and DPW.

MCSD and DPW hereby wish to continue this cooperative relationship under the terms and conditions set forth below.

Nothing in this MOU shall alter, amend, or otherwise affect the rights and responsibility of those property owners owning property that fronts Central Avenue within the Central

Avenue OSMZ. Those property owners remain responsible for maintaining the condition of the sidewalk along the linear footage of their respective properties.

**Respective Roles, Duties and Responsibilities of MCSD and DPW:**

**Section A: As to MCSD:**

1. MCSD agrees to initiate and complete proceedings pursuant to the Landscape and Lighting Act of 1972 for the levy of a real property assessment for the maintenance and landscaping of the Central Avenue OSMZ.
2. MCSD agrees to coordinate with the Sheriff's Department for the scheduling of Sheriff's Work Alternative Crews ("SWAP"). Under this agreement with the Sheriff's Department the Sheriff's Department agrees to provide to MCSD a SWAP crew on a monthly basis to assist with maintenance and landscaping as set forth more particularly below.
3. MCSD agrees to coordinate with the DPW for the removal of green waste from the Babler Road site. MCSD shall provide the County with at least 2 weeks' notice of when assistance is required.
4. MCSD agrees to provide landscape maintenance within the Central Avenue OSMZ, including weeding, pruning, planting, mulching, and trail repair on an as needed basis.
5. MCSD agrees to hang and remove Central Avenue banners twice annually.

**Section B: As to the DPW:**

1. The DPW agrees to reimburse MCSD up to \$10,000 annually for costs incurred by MCSD to provide landscape maintenance as set forth in Section A above. This reimbursement includes, but is not limited to, landscape materials for the Central Avenue OSMZ, including without limitation, replacement plantings, shrubbery, and trees as required. Funds may also be used to hire private contract labor if SWAP labor is not available.
2. MCSD shall submit periodic invoices to the DPW for payment and the DPW agrees to promptly tender payment to MCSD. The DPW agrees to increase the \$10,000 maximum reimbursement limit annually based upon the Consumer Price Index prepared by the United States Department of Labor, Bureau of Labor



Statistics using the weighted average of Consumer Price Indexes (All Urban Consumers for the State of California) for the period of April of the prior year to April of the current year.

3. The DPW agrees to provide personnel, equipment and dump trucks to haul green waste away from Babler Road upon request from MCSD twice per year. MCSD shall provide the County with at least 2 weeks' notice of when assistance is required.
4. The DPW agrees to maintain its Central Avenue right of way and control the issuance of encroachment permits authorizing the removal of trees and shrubs.
5. DPW agrees to provide to MCSD a SWAP crew on a monthly basis, as available, to assist with maintenance and landscaping of the Central Avenue Open Space Maintenance Zone.

**Section D: MCSD, DPW Further Agree and Acknowledge that:**

1. This MOU and the rights, duties, and responsibilities set forth herein are contingent and conditioned upon successful completion of proceedings pursuant to the Landscape and Lighting Act of 1972 for the levy of an assessment and the continued approval of the Central Avenue OSMZ by the affected property owners.
2. This MOU shall remain effective unless and until the Central Avenue OSMZ is dissolved. The County and MCSD acknowledge that MCSD will seek reauthorization to continue the Central Avenue OSMZ every five (5) years from the affected property owners.
3. The General Manager of MCSD and the Director of Public Works of the County agree to review the status of this MOU every five (5) years, within one (1) month of the affected property owners' re-authorizing the Central Avenue OSMZ.
4. This MOU may be revised or modified only with the written consent of both parties.



**SIGNATURES**

By:  Date: June 7, 2016  
George Wheeler, Board President  
McKinleyville Community Services District

By:  Date: 7/5/16  
Thomas K. Mattson, Director of Public Works  
Humboldt County

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
McKINLEYVILLE COMMUNITY SERVICES DISTRICT and  
THE MCKINLEYVILLE CHAMBER OF COMMERCE**

**FOR BEAUTIFICATION AND DECORATION WITHIN THE COUNTY RIGHT OF WAY  
ALONG CENTRAL AVENUE IN McKINLEYVILLE, CA**

This Memorandum of Understanding (MOU) is entered into effective \_\_\_\_\_, by and between the McKinleyville Community Services District, herein referred to as (MCSD), the McKinleyville Chamber of Commerce herein referred to as (CHAMBER).

The term of this agreement shall commence on the above date and shall terminate on \_\_\_\_\_.  
\_\_\_\_\_.

**Purpose and Background:**

The purpose of this MOU is to establish MCSD and CHAMBER respective roles, duties and responsibilities that each party hereby agrees to perform and undertake with respect to beautification and decoration within the Central Avenue Open Space Maintenance Zone (OSMZ), located along Central Avenue, a County right of way.

This cooperation serves the mutual interest of both parties and the public.

The Central Ave OSMZ extends north along Central Avenue, a County right of way, from the intersection of Central Avenue and Anna Sparks Way to the intersection of Central Avenue and 110 feet north of Bates Avenue. Located within the Central Avenue OSMZ are 77 parcels that front Central Avenue. The CHAMBER wishes to hang flower baskets on a select number of poles and to string solar powered lights on a select number of trees within the Central Ave. OSMZ. (See Attachment 1 for the map delineating selected poles and trees).

MCSD and CHAMBER hereby wish to establish a cooperative relationship under the terms and conditions set forth below.

Nothing in this MOU shall alter, amend, or otherwise affect the rights and responsibility of those property owners owning property that fronts Central Avenue within the Central Avenue OSMZ. Those property owners remain responsible for maintaining the condition of the sidewalk along the linear footage of their respective properties.

## **Respective Roles, Duties and Responsibilities of MCSD and CHAMBER:**

### **Section A: As to CHAMBER:**

1. CHAMBER agrees to assume responsibility for all labor, equipment and materials required for the hanging of flower baskets on light polls, and for the stringing of solar powered lights on trees within the Central Ave. OSMZ.
2. CHAMBER agrees to assume responsibility for all maintenance related to the flower baskets and lighting on trees.
3. CHAMBER agrees to provide proof of Worker's Compensation coverage for all labor performed on behalf of the CHAMBER within the Central Ave. OSMZ.
4. CHAMBER agrees to not allow the hanging, removal, maintenance or any other activity related to the flower baskets and/or lights, to interfere with the open space maintenance responsibilities of MCSD.
5. CHAMBER agrees to coordinate with MCSD in the scheduling of the installation and removal of flower baskets and/or lights to ensure said activities do not interfere with MCSD's scheduled maintenance of the Central Ave. OSMZ.
  - a. Scheduling of the annual installation and removal of flower baskets will be as follows:
    - i. Baskets will be hung within the last two weeks of May, prior to Pony Express Days celebrations and removed by the end of September each year.
6. CHAMBER agrees to obtain and maintain throughout the term of this agreement, comprehensive general public liability insurance issued by an insurance carrier acceptable to MCSD naming the CHAMBER as insured and MCSD as additionally insured against any injuries or damages to persons or property caused by or arising out of the CHAMBERS occupation and/or activities within the Central Ave. OSMZ under this agreement in amounts of not less than \$1,000,000 for any individual claimant and \$2,000,000 per occurrence.

### **Section B: As to MCSD:**

1. MCSD agrees to grant CHAMBER access to requested areas within the Central Ave. OSMZ for the purposes of hanging flower baskets, installing solar powered string lights on trees and the maintenance and/or removal of said amenities.

2. MCSD agrees to coordinate maintenance scheduling of the Central Ave. OSMZ in order to facilitate the CHAMBER's access to areas as requested by the CHAMBER.

**Section C: CHAMBER, MCSD Further Agree and Acknowledge that:**

1. MCSD and CHAMBER agree to mutually hold harmless, indemnify and defend the other party from and against any and all claims for personal injuries or property damages which arise out of the indemnifying party's performance of the terms of this agreement.
2. This MOU and the rights, duties, and responsibilities set forth herein are contingent upon the CHAMBER successfully acquiring a Right of Way Encroachment Permit from the County of Humboldt Department of Public Works for access to the Central Ave. right of way.
3. This MOU and the rights, duties, and responsibilities set forth herein are contingent and conditioned upon the continued approval of the affected property owners within the Central Avenue OSMZ.
4. This MOU shall remain effective and renew annually unless and until the Central Avenue OSMZ is dissolved. MCSD acknowledge that MCSD will seek reauthorization to continue the Central Avenue OSMZ every five (5) years from the affected property owners.
5. The General Manager of MCSD, the Executive Director of the CHAMBER agree to review the status of this MOU every year, within two (2) months of the annual renewal date
6. This MOU may be revised or modified only with the written consent of both parties.

## SIGNATURES

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Dennis Mayo, Board President  
McKinleyville Community Services District

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Heather Vina, Executive Director  
McKinleyville Chamber of Commerce



# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **ACTION**

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**ITEM: E.9**                      **Approve Resolution 2017-02 Authorizing the Acceptance and Recordation of a Quitclaim Deed for Real Property Located in McKinleyville, CA (APN 507-141-021)**

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

**TYPE OF ACTION:**              **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board listen to the information provided, discuss, take public comment and adopt Resolution 2017-02 to authorize the acceptance and recordation of the Quitclaim Deed for the transfer of APN 507-141-021 for access to the River Property APN 507-141-017.

### **Discussion:**

In April 2012, the MCSD Board of Directors approved Resolution 2012-14, authorizing the Board President to sign a purchase agreement for the purchase of approximately thirty-three acres of property, the River Property (APN 507-141-017), along North Bank Road near Azalea Avenue.

Since finalization of the sale, staff worked to gain access to the property through property (APN 507-141-021) owned by the County of Humboldt, adjacent to North Bank Road.

In June 2016, the MCSD Board of Directors approved the Board President to execute the Transfer Agreement with the County of Humboldt for the transfer of two and a half acres, APN 507-141-021. Acquiring APN 507-141-021 will give MCSD direct access to the River Property.

Negotiations for the property have been in process for two years and upon adoption of Resolution 2017-02 (**Attachment 3**) and signing the Certificate of Acceptance (**Attachment 2**) the County Clerk will be able to finalize the transfer.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

The purchase price of the property is \$0 but transfer fees and title fees are to be determined.

**Environmental Requirements:**

Acquisition of the property for park, recreation and open space is deemed categorically exempt under California Environmental Quality Act, California Public Resources Code § 21000, et seq. (CEQA), pursuant to Title 14, Article 19, § 15325(f), of the California Code of Regulations (CEQA Categorical Exemptions).

**Exhibits/Attachments:**

- Attachment 1 – Map designating parcel APN 507-141-021
- Attachment 2 – Certificate of Acceptance APN 507-141-021
- Attachment 3 – Resolution 2017-02



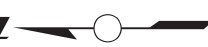


 MCK\_Parcels\_2015

# MCSD and County of Humboldt Property Transfer APN 507-141-021

This map was created with  
McKinleyville Community Services District 239  
GIS data 2014

1 inch = 250 feet





Recording Request By:

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT**

And When Recorded Return To:

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT**

1656 Sutter Road

McKinleyville, CA 95519

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APN: 507-141-021

Space above this line for Recorder's Use

**CERTIFICATE OF ACCEPTANCE OF AN INTEREST IN REAL PROPERTY BY THE**  
**McKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
(Government Code § 27281)

This is to certify that the interest in real property conveyed by the Quitclaim Deed dated November 22, 2016, from the County of Humboldt, a political subdivision of the State of California, to McKinleyville Community Services District, a special district of the State of California, is hereby accepted by the undersigned officer on behalf of the Board of Directors pursuant to authority conferred by resolution of said Board of Directors and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

ACCEPTED:

\_\_\_\_\_  
Dennis Mayo, Board President

**RESOLUTION 2017 – 02**

**A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
AUTHORIZING THE ACCEPTANCE AND RECORDATION OF A QUITCLAIM DEED TO  
REAL PROPERTY LOCATED IN MCKINLEYVILLE, CA (APN 507-141-021)**

**WHEREAS**, The County of Humboldt (“Owner”), owns certain real property in the unincorporated area of the County of Humboldt, at/near the community of McKinleyville, California (APN 507-141-021) (“Property”);

**WHEREAS**, Owner and McKinleyville Community Services District (MCSD) have prepared, negotiated and executed a Transfer Agreement for the transfer of the Property from Owner to MCSD, a copy of which is attached hereto as “**Exhibit A**”;

**WHEREAS**, Owner has executed a Quitclaim Deed conveying the Property to MCSD, a copy of which is attached hereto as “**Exhibit B**”, and MCSD agrees to accept the Quitclaim Deed from Owner, subject to the terms and conditions set forth in the Transfer Agreement and Quitclaim Deed;

**WHEREAS**, The Property will be used for the purpose of providing recreation, fishing access to the Mad River and to facilitate parking for park and recreation purpose on the Property and adjacent lands owned by MCSD;

**WHEREAS**, Acquisition of the Property for park, recreation and open space is deemed categorically exempt under the California Environmental Quality Act, California Public Resources Code § 21000, et seq. (“CEQA”), pursuant to Title 14, Article 19, § 15325(f), of the California Code of Regulations (“CEQA Categorical Exemptions”).

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the McKinleyville Community Services District does hereby adopt the recitals and findings stated above and authorizes and directs the board president to accept the quitclaim deed appended to this Resolution from the owner and cause it to be recorded in the official records of Humboldt County, California.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on January 4, 2017 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Dennis Mayo, Board President

Attest:

\_\_\_\_\_  
Emily Abfalter, Board Secretary



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

LAND TRANSFER FROM COUNTY OF HUMBOLDT TO  
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

TRANSFER AGREEMENT

This Transfer Agreement, hereinafter referred to as AGREEMENT, dated this 22 day of November, 2016, between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as COUNTY, and MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, a special district of the State of California, hereinafter referred to as MCSD;

WITNESSETH:

WHEREAS, COUNTY represents and warrants that it is the owner in fee of a parcel of land situated in the West Half of Section 9 and the East Half of Section 8 in Township 6 North, Range 1 East of the Humboldt Meridian, and is identified as Assessor's Parcel Number 507-141-021. As such, COUNTY has the exclusive right to enter into the AGREEMENT; and

WHEREAS, COUNTY obtained the parcel with the intent that it would be used as fishing access to the Mad River, and has retained the parcel as unimproved park property; and

WHEREAS, MCSD was established and duly organized through COUNTY'S Board of Supervisors Resolution 70-36 for the purpose of supplying the residents of its district with, amongst other things, recreation; and

WHEREAS, MCSD would like to own and maintain the parcel described herein for the purpose of providing recreation, fishing access to the Mad River, and to facilitate parking for park and recreation purpose on the property and adjacent lands owned by MCSD; and

WHEREAS, MCSD has requested COUNTY to sign and deliver to MCSD a quitclaim deed, subject to conditions herein, for said property.

NOW, THEREFORE, it is mutually agreed as follows:

1. COUNTY, as requested, shall execute and deliver to MCSD a quitclaim deed for the conveyance of all rights to the real estate of the parcel, subject to the conditions of transfer herein and as defined by law. Parcel is shown outlined in a red color, on Exhibit A, attached hereto and made a part hereof. Delivery of said quitclaim deed for the parcel made expressly subject to the terms and conditions set forth herein.
2. MCSD shall pay to the order of COUNTY the sum of Zero Dollars (\$0.00) as just compensation for the property rights conveyed in this transaction. COUNTY and MCSD

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

understand that valuation of the property is not necessary unless MCSD fails to uphold the conditions of the transfer of the property.

3. MCSD agrees that it will use the property solely for the express purpose as a park, pursuant to Government Code Section 25581.
4. MCSD agrees that, should it use the parcel for any non-park purposes, MCSD shall pay COUNTY for the value of the land, valued by fair market comparison at the time of the repurposing, or transfer to COUNTY its own sufficient, equivalent and unsullied land for COUNTY to enable the replacement of park land for the general public's right to use, pursuant to Public Resources Code Section 5401.
5. MCSD agrees to pay all title report, escrow fees and deed issuance fees associated with the transfer of the property.
6. COUNTY agrees to pay all recording fees in conjunction with this transaction.
7. MCSD shall defend, indemnify, and hold harmless COUNTY from all loss, damage, expense, and liability resulting from injury to or death of any person or damage to or destruction of any property actually resulting from any grossly negligent act, error, or omission by MCSD, its employees, agents, and contractors in the performance of this AGREEMENT.
8. The term of this AGREEMENT, shall commence upon execution of this AGREEMENT by both parties and shall terminate upon completion of said project.
9. No obligation other than those set forth herein will be recognized.

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TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

IN WITNESS WHEREOF, this AGREEMENT has been executed in duplicate.

COUNTY:

MCKINLEYVILLE COMMUNITY  
SERVICES DISTRICT:

By: 

CHAIRPERSON  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT

By: 

PRESIDENT  
BOARD OF DIRECTORS  
MCKINLEYVILLE COMMUNITY  
SERVICES DISTRICT

ATTEST:  
(SEAL)

ATTEST:  
(SEAL)

By: 

CLERK  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT

By: 

CLERK  
BOARD OF DIRECTORS  
MCKINLEYVILLE COMMUNITY  
SERVICES DISTRICT



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

EXHIBIT A

SHEET 1: REGIONAL LOCATION



# TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS

## APN 507-141-021

### EXHIBIT A

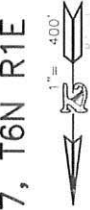
### SHEET 2

Assessor's Map Bk. 507, Pg. 14 PTN SECS 8,9,16 & 17, T6N R1E  
County of Humboldt, CA.

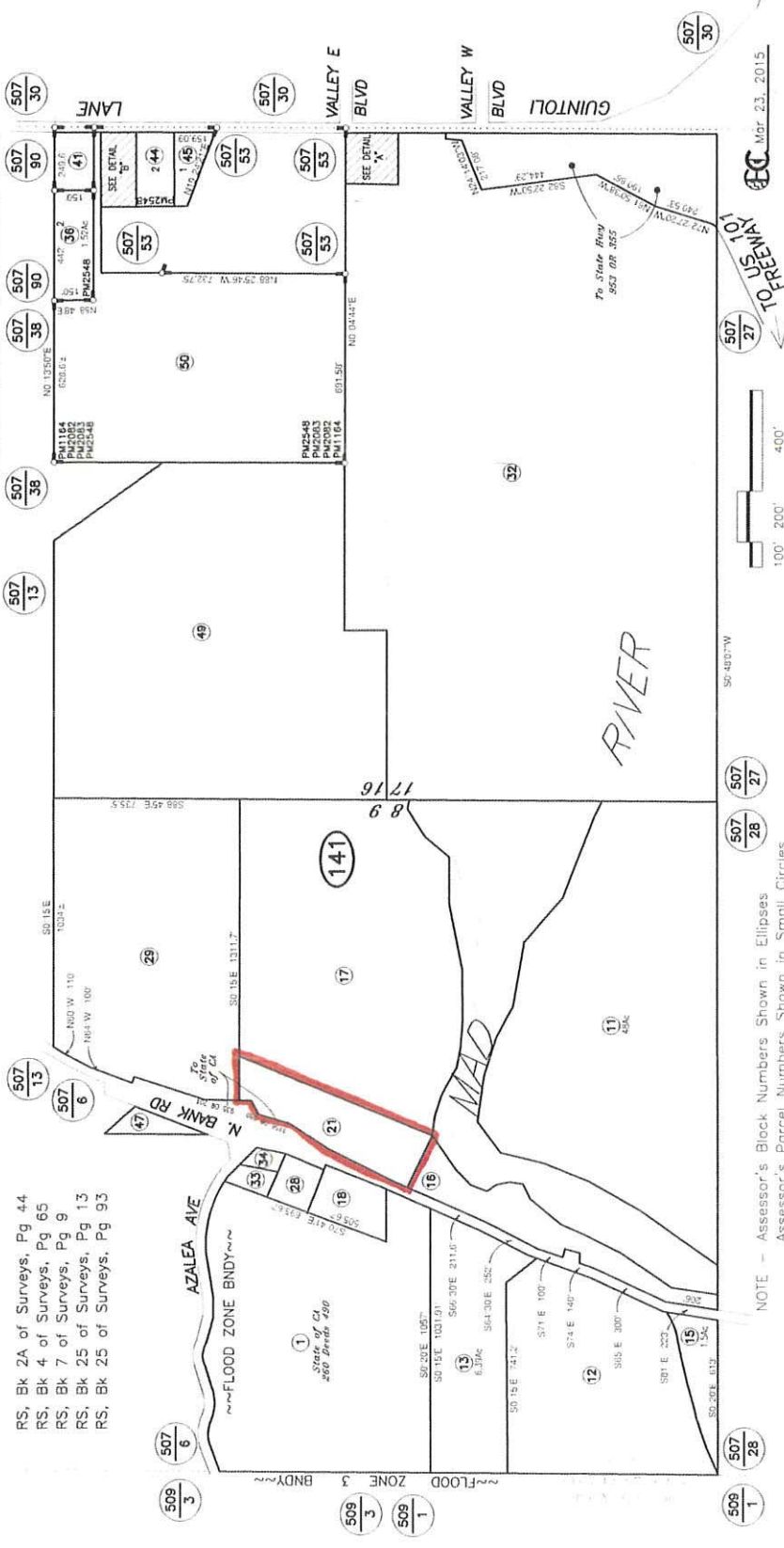
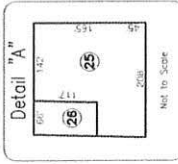
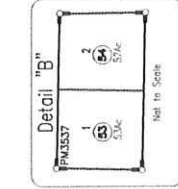
**ASSESSOR'S PARCEL MAP**  
1. THIS MAP WAS PREPARED FOR  
ASSESSMENT PURPOSES ONLY.  
2. THE ACCURACY OF THE DATA SHOWN  
ON THIS MAP IS NOT GUARANTEED.  
3. ASSessor's PARCELS MAY NOT  
BE BUILDING SITE ORIGINALLY.

PM1164, Bk 10 of Parcel Maps, Pgs 70-71  
PM2082, Bk 18 of Parcel Maps, Pgs 74-75  
PM2083, Bk 18 of Parcel Maps, Pgs 76-77  
PM2548, Bk 22 of Parcel Maps, Pgs 145-147  
PM3537, Bk 35 of Parcel Maps, Pgs 3-5

RS, Bk 2A of Surveys, Pg 44  
RS, Bk 4 of Surveys, Pg 65  
RS, Bk 7 of Surveys, Pg 9  
RS, Bk 25 of Surveys, Pg 13  
RS, Bk 25 of Surveys, Pg 93



507-14





TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

ESCROW INSTRUCTIONS

Prepared on: \_\_\_\_\_ day of \_\_\_\_\_, 2016

1. OFFER

A. THIS IS AN OFFER FROM McKinleyville Community Services District, a special district of the State of California ("Buyer"), made to the County of Humboldt, a political subdivision of the State of California ("Seller").

B. THE REAL PROPERTY to be acquired is situated in an unincorporated area of Humboldt County, California, 95519, Assessor's Parcel Number 507-141-021 ("Property").

C. THE PURCHASE PRICE is Zero Dollars and Zero Cents (\$0.00)

D. CLOSE OF ESCROW shall occur upon \_\_\_\_ day of \_\_\_\_\_, 2016.

E. Buyer and Seller are referred to herein as the "Parties."

2. FINANCE TERMS: Buyer represents that any funds associated with the transfer of Property will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Monetary deposit shall be waived for transfer of Property. In lieu of any deposit, Buyer shall provide Seller with a copy of Property's current Title Report which Buyer has obtained using its own funds.

B. TOTAL PURCHASE PRICE: \$0.00

C. VERIFICATION OF DEPOSIT AND CLOSING COSTS: Buyer shall deliver to Seller its copy of Property's Title Report and written verification of Buyer's closing costs. ( ☐ Verification attached.)

D. APPRAISAL CONTINGENCY: This Agreement is NOT contingent upon a written appraisal of the Property by a licensed or certified appraiser, unless Buyer repurposes the Property as defined in Section 3B of these Instructions.

3. TRANSFER OF PROPERTY:

A. This Agreement is contingent upon the Buyer's continued use of the Property for park and recreation use, including establishing vehicle parking for residents

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

ESCROW INSTRUCTIONS

participating in recreation at Property or Buyer's adjacent property, pursuant to Government Code Section 25581.

B. At any time following the transfer of Property to Buyer, any repurposing of the Property for any non-park purpose shall cause the Buyer to pay Seller for the value of the Property as determined by fair market valuation methods at the time of repurposing, or Buyer shall transfer to Seller its own sufficient, equivalent and unsullied land for Seller to enable the replacement of park land for the general public's right to use, pursuant to Public Resources Code Section 5401.

4. ALLOCATION OF COSTS:

A. ESCROW AND TITLE:

1. Buyer shall pay escrow fee.
2. Buyer shall pay for Seller's title insurance policy. Seller's title policy to be issued by Fidelity National Title.

B. ENVIRONMENTAL HAZARD INSPECTIONS: Buyer may perform an Environmental Hazard Inspection of the property. Buyer shall pay for costs associated with Inspection, including any soils testing, chemical laboratory testing and/or analysis pertaining to potential hazards found during Inspection of Property. Buyer shall deliver Inspection Report, upon its completion, to Seller.

5. CLOSING AND POSSESSION:

A. Buyer intends to occupy the Property as a park and recreation site open to the general public for the purpose of recreation.

B. Seller's Vacant Property: Possession shall be delivered to Buyer upon index ordered recordation of County of Humboldt Board of Supervisors' Resolution to convey property to McKinleyville Community Services District; Quitclaim Deed granted from County of Humboldt to McKinleyville Community Services District; and McKinleyville Community Services District Board of Directors' Resolution of Acceptance of property conveyed from County of Humboldt.

6. DISCLOSURES

A. Seller shall deliver to Buyer a fully completed Natural Hazard Disclosure Statement and Real Estate Transfer Disclosure Statement.

B. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

ESCROW INSTRUCTIONS

transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Website.

7. CONDITION OF PROPERTY: Unless otherwise agreed in writing: (i) the Property is a sold "AS-IS" in its PRESENT physical condition as of the date of Acceptance and b) subject to Buyer's Investigation rights. Buyer is advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property. Seller has not made improvements to the Property; any improvements that may exist on the Property have been made without Seller's permission or acknowledgement and may not have permits issued.

8. BUYER'S INVESTIGATION OF PROPERTY:

A. Buyer shall have the right at its own expense to conduct inspections, investigations, tests, surveys and other studies ("Investigations"), as Buyer deems necessary. Buyer shall provide Seller with complete copies of any Investigation reports produced from said Investigations.

B. Seller shall not restrict Buyer from entering Property to perform Investigations.

9. TITLE AND VESTING:

A. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Recordation of documents as listed in Section 5 of these Instructions.

B. At close of escrow, Buyer shall receive a Quitclaim deed, attached hereto, conveying title and any oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions.

C. Buyer may obtain, at its own cost, CLTA Owner's Policy of Title Insurance, as applicable to Property and Buyer.

10. CLOSE OF ESCROW:

A. The CLOSE OF ESCROW for this Agreement shall occur upon accomplishment, in the Escrow, of all of the following in the order stated:

1. Execution and deposit in Escrow of this Agreement, Quitclaim Deed and accompanying authorizations by the Parties.

2. Fulfillment of all other conditions precedent to closing and passage of title contained within this Agreement and compliance with any additional escrow instructions duly submitted by the Parties.

3. Ordered recordation of the documents, in the following order:

- a) Complete Preliminary Change of Ownership Report
- b) Fully executed Quitclaim deed conveying Property to Buyer.

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

ESCROW INSTRUCTIONS

c) Fully executed McKinleyville Community Services District Certificate of Acceptance.

B. If the CLOSE OF ESCROW has not occurred by December 31, 2016 then Escrow may be terminated at the discretion of either Party upon thirty (30) days written notice to the other Party, and the provisions of this Agreement shall be null and void. Alternatively, the Parties may agree to extend the CLOSE OF ESCROW to a subsequent date but no later than June 30, 2017.

11. JOINT INSTRUCTIONS TO ESCROW HOLDER: This Agreement constitutes the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related addenda and additional mutual instructions to close escrow. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

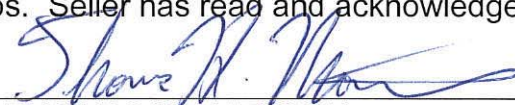
12. ASSIGNMENT: Parties shall not assign any part of or the entire interest subject of this Agreement.

13. ADDENDA

- A. Verification of Buyer's closing costs
- B. Natural Hazard Disclosure Statement
- C. Real Estate Transfer Disclosure Statement
- D. Quitclaim Deed

14. ACCEPTANCE OF OFFER: Seller's representative warrants that Seller is the owner of the Property and has authority to execute this Agreement. Seller agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of relationships. Seller has read and acknowledges receipt of a Copy of this Agreement.

SELLER



THOMAS K. MATTSON  
DIRECTOR, PUBLIC WORKS  
COUNTY OF HUMBOLDT

DATE

10/17/16

ESCROW HOLDER ACKNOWLEDGMENT:

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

ESCROW INSTRUCTIONS

Escrow Holder acknowledges receipt of a Copy of this Agreement, Buyer's deposit or authorized purchase order, and agrees to act as Escrow Holder subject to this Agreement and any supplemental instructions.

Escrow Holder: \_\_\_\_\_ Escrow #: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

License #: \_\_\_\_\_ License Issued By: \_\_\_\_\_



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

VERIFICATION OF BUYERS CLOSING COSTS

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

NATURAL HAZARD DISCLOSURE STATEMENT

This statement applies to the following property: APN 507-141-021.

The transferor and his or her agent(s) or a third-party consultant disclose the following information with the knowledge that even though this is not a warranty, prospective transferees may rely on this information in deciding whether and on what terms to purchase the subject property. Transferor hereby authorizes any agent(s) representing any principal(s) in this action to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property. The following are representations made by the transferor and his or her agent(s) based on their knowledge and maps drawn by the state and federal governments. This information is a disclosure and is not intended to be part of any contract between the transferee and transferor.

THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S): A SPECIAL FLOOD HAZARD AREA (Any type Zone "A" or "V") designated by the Federal Emergency Management Agency. Yes ☒ No ☐ Do not know and information not available from local jurisdiction ☐

AN AREA OF POTENTIAL FLOODING shown on a dam failure inundation map pursuant to Section 8589.5 of the Government Code. Yes ☒ No ☐ Do not know and information not available from local jurisdiction ☐

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code. Yes ☐ No ☒

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code. Yes ☐ No ☒

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code. Yes ☒ No ☐

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

NATURAL HAZARD DISCLOSURE STATEMENT

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.

Yes (Landslide Zone) \_\_\_\_\_ No   x   Map not yet released by state \_\_\_\_\_

Yes (Liquefaction Zone)   x   No \_\_\_\_\_ Map not yet released by state \_\_\_\_\_

THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER.

Transferee(s) AND Transferor(s) MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY.

TRANSFEROR:



THOMAS K. MATTSON  
DIRECTOR, PUBLIC WORKS  
COUNTY OF HUMBOLDT

DATE

10/17/16

Check only one of the following:

  X   Transferor(s) and their agent(s) represent that the information herein is true and correct to the best of their knowledge as of the date signed by the transferor(s) and agent(s).

       Transferor(s) and their agent(s) acknowledge that they have exercised good faith in the selection of a third-party report provider as required in Civil Code Section 1103.7, and that the representations made in this Natural Hazard Disclosure Statement are based upon information provided by the independent third-party disclosure provider as a substituted disclosure pursuant to Civil Code Section 1103.4.

       Neither transferor(s) nor their agent(s) (1) has independently verified the information contained in this statement and report or (2) is personally aware of any errors or inaccuracies in the information contained on the statement. This statement was prepared by the provider below:


Third-Party Disclosure Provider(s) \_\_\_\_\_ Date: \_\_\_\_\_


TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

NATURAL HAZARD DISCLOSURE STATEMENT

Transferee represents that he or she has read and understands this document.  
Pursuant to Civil Code Section 1103.8, the representations made in this Natural Hazard  
Disclosure Statement do not constitute all of the transferor's or agent's disclosure  
obligations in this transaction.

TRANSFEE:

  
\_\_\_\_\_  
GEORGE WHEELER  
PRESIDENT, BOARD OF DIRECTORS  
MCKINLEYVILLE COMMUNITY  
SERVICES DISTRICT

  
\_\_\_\_\_  
DATE



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

(California Civil Code § 1102, et seq.)

This disclosure statement concerns the real property situated in the unincorporated portion of the County of Humboldt, state of California, described as APN 507-141-021.

This statement is a disclosure of the condition of the above-described property in compliance with Section 1102 of the Civil Code as of the \_\_\_\_ day of \_\_\_\_\_, 2016. It is not a warranty of any kind by the seller(s) or any agent(s) representing any principal(s) in this transaction, and it is not a substitute for any inspections or warranties the principal(s) may wish to obtain.

**I. Coordination with Other Disclosure Forms**

This Real Estate Transfer Disclosure Statement is made pursuant to Section 1102 of the Civil Code. Other statutes require disclosures, depending upon the details of the particular real estate transaction (for example: special study zone and purchase-money liens on residential property).

**Substituted Disclosures:** The following disclosures and other disclosures required by law, including the Natural Hazard Disclosure Report/Statement that may include airport annoyances, earthquake, fire, flood, or special assessment information, have or will be made in connection with this real estate transfer, and are intended to satisfy the disclosure obligations on this form, where the subject matter is the same: Inspection reports completed pursuant to the contract of sale or receipt for deposit.

Additional inspection reports or disclosures:

(List all substituted disclosure forms to be used in connection with this transaction.)

**II. Seller's Information**

The Seller discloses the following information with the knowledge that even though this is not a warranty, prospective Buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property.

THE FOLLOWING ARE REPRESENTATIONS MADE BY THE SELLER(S) AND ARE NOT THE REPRESENTATIONS OF THE AGENT(S), IF ANY. THIS INFORMATION IS A DISCLOSURE AND IT IS NOT INTENDED TO BE PART OF ANY CONTRACT BETWEEN THE BUYER AND SELLER.

- A. Seller is not occupying the property.
- B. The subject property has no improvements.
- C. Are you (Seller) aware of any of the following:



TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

1.	Substances, materials, or products that may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, mold, fuel or chemical storage tanks, and contaminated soil or water on the subject property.	Yes	No X
2.	Features of the property shared in common with adjoining landowners, such as walls, fences, and driveways, whose use or responsibility for maintenance may have an effect on the subject property.	Yes	No X
3.	Any encroachments, easements, or similar matters that may affect your interest in the subject property.	Yes X	No
4.	Room additions, structural modifications, or other alterations or repairs made without necessary permits.	Yes	No X
5.	Room additions, structural modifications, or other alterations or repairs not in compliance with building codes.	Yes	No X
6.	Fill (compacted or otherwise) on the property or any portion thereof.	Yes	No X
7.	Any settling from any cause, or slippage, sliding, or other soil problems.	Yes	No X
8.	Flooding, drainage, or grading problems.	Yes	No X
9.	Major damage to the property or any other structures from fire, earthquake, floods, or landslides	Yes	No X
10.	Any zoning violations, nonconforming uses, or violations of "setback" requirements	Yes	No X
11.	Neighborhood noise problems or other nuisances.	Yes	No X
12.	CC&Rs or other deed restrictions or obligations	Yes X	No
13.	Homeowners' association that has any authority over the subject property.	Yes	No X
14.	Any "common area" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others).	Yes	No X
15.	Any notices of abatement or citations against the property.	Yes	No X
16.	Any lawsuits by or against the Seller threatening to or affecting this real property, including any lawsuits alleging a defect or deficiency in this real property or "common areas" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others).	Yes	No X

*If the answer to any of these is yes, explain:*

(3.) State right of way easement; (12.) Land use restrictions pursuant to Government Code Section 25581 and Public Resources Code Section 5401.

TRANSFER AGREEMENT AND ESCROW INSTRUCTIONS  
APN 507-141-021

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

Seller certifies that the information herein is true and correct to the best of the Seller's knowledge as of the date signed by the Seller.

SELLER:



THOMAS K. MATTSON  
DIRECTOR, PUBLIC WORKS  
COUNTY OF HUMBOLDT

DATE

10/17/16

Buyer(s) and Seller(s) may wish to obtain professional advice and/or inspections of the property and to provide for appropriate provisions in a contract between buyer(s) and seller(s) with respect to any advice/inspection/defects. I/We Acknowledge Receipt of a Copy of this Statement.

SELLER:



THOMAS K. MATTSON  
DIRECTOR, PUBLIC WORKS  
COUNTY OF HUMBOLDT

DATE

10/17/16

BUYER:



GEORGE WHEELER  
BOARD PRESIDENT  
MCKINLEYVILLE COMMUNITY  
SERVICES DISTRICT

DATE

June 2, 2016

AFTER RECORDING RETURN TO  
DEPARTMENT OF PUBLIC WORKS  
3033 H STREET  
EUREKA CA 95501

This instrument is for the benefit of  
the County of Humboldt and is  
entitled to be recorded without fee.

(Govt. Code 27383)

Above space for Recorder's use

APN: 507-141-021

### QUITCLAIM DEED

The COUNTY OF HUMBOLDT, a political subdivision of the State of California, does hereby release, remise and quitclaim forever to the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, a special district of the State of California, all of its right, title and interest in and to that certain real property situated in the County of Humboldt, State of California, acquired by the County of Humboldt by deed recorded September 13, 1972 in Book 1156 of Official Records page 280, Humboldt County Records, described as follows:

Those certain parcels of land conveyed to the State of California by deed recorded October 17, 1967 in Book 938 of Official Records page 166, Humboldt County Records.

Excepting therefrom, that portion thereof, lying northerly of and adjacent to the following described line:

Commencing at the west quarter corner of Section 9, Township 6 North, Range 1 East, Humboldt Base and Meridian; thence, S. 23° 12' 32" E. (=S. 24° 34' 09" E. True Meridian), 1576.62 feet to a point that bears S. 20° 55' 54" W., 40.00 feet from Engineer's Station 5+00.00 P.O.T. of the Department of Public Works' Survey between 0.8 mile and 1.0 mile east of Route 101 (State highway 01-Hum-200), said point being the TRUE POINT OF BEGINNING; thence, N. 86° 48' 53" W., 131.23 feet; thence, N. 27° 25' 55" W., 60.21 feet; thence, N. 73° 16' 40" W., 131.40 feet; thence, N. 57° 08' 43" W., 179.52 feet; thence, N. 64° 35' 40" W., 308.46 feet to the southeasterly terminus of the course described as having a bearing and length of N. 66° 30' W., 310.00 feet in the deed to the State of California recorded February 14, 1945 in Book 272 of Deeds, page 41, said County Records; (said terminus being on the southerly line of the existing State highway).

The bearings and distances used in the above description are on the California Coordinate System, Zone 1. Multiply distances shown by 1.0001045 to obtain ground distances.

Said parcel is subject to special assessments if any, restrictions, reservations and easements of record.

Said parcel is subject to land use solely for the express purpose as a park, pursuant to Government Code Section 25581.

APN 507-141-021

The use of said parcel for any non-park purpose is subject to Public Resources Code Section 5401, requiring payment of sufficient compensation to the grantor for replacement of park land for the general public's right to use.

This Conveyance is executed pursuant to the authority vested in the Board of Supervisors by Government Code Section 25365.

Executed this 22 day of November, 2016.

**COUNTY OF HUMBOLDT:**

By:   
Chairman, Board Supervisors Mark Lovelace  
County of Humboldt  
State of California

## CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

STATE OF CALIFORNIA  
COUNTY OF HUMBOLDT

On November 22, 2016 before me, Catherine Whitman Munsee  
(date appeared) (insert name of officer)

a Notary Public in and for said County and State personally appeared

Mark Lovelace

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument of the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal:

Catherine Whitman Munsee

Notary Public, State of California  
County of Humboldt





PLACE HOLDER FOR MCSD CERTIFICATE OF ACCEPTANCE

## McKinleyville Community Services District

### BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.2.A**                      **Support Services - December 2016 Report**

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

**TYPE OF ACTION:**              **None**

### **FINANCIAL, AUDIT, & BUDGET INFORMATION**

The District has deposited \$790,554.51 to date into the Trust Account for reserves recovery as of November 30, 2016. This represents 72.7% of the \$1,087,684.00 total reserve that need to be recovered.

The District has \$262,481.93 to date in the Trust Account for the next Biosolids Disposal project.

Audit Update: Audited Financial Statements are complete and have been reviewed by the Audit Committee. The statements are included in the Board packet for review and acceptance by the full Board at this meeting. Once accepted, they will be posted on the District's website.

Treasurer's Report Highlights: Water Fund capacity fees collected during November total \$11,580.00 (p.4) Wastewater Fund capacity fees total \$19,904.00. Neither Capital Contributions nor Capacity fees will be included in the income vs. expenses graphs of the Treasurer's Report.

The Activity Summaries by Fund provides information on revenues and expenses or expenditures for each Fund, both current month and year-to-date. There is also a column showing the year-to-date budget and amounts and percentages over or under. Lines that deviate from the calculated budget by more than 10% have an explanatory note. Often, this is no more than a reminder that, while the budget is divided evenly across twelve months, actual expenses often do not follow the same pattern. Other time, there are specific reasons for a deviation, such as contributed construction or the collection of unexpected capacity fees.

The Water and Wastewater Funds are listed first, followed by the graphs showing revenue versus expenses versus budgets. Parks, Measure B, and Streetlights information is given next, with accompanying graphs for each.

## **OTHER UPDATES**

The sixth disbursement request to the State Revolving Fund loan for construction costs related to the new Wastewater Management Facility has been approved for payment, which is expected to be received sometime in January. Disbursement request #07 has been generated, reviewed, and forwarded to the State Revolving Fund. On the Debt page of the Treasurer's Report, the loan principal amounts will be accumulated until the SRF provides a final loan amount after construction is finished in FY2017-18.

The Board-approved increase to Water base rates and variable use rates has been updated in the utility billing system for the January 2017 billing cycle. The open space zone maintenance charges for Central Avenue have likewise been updated, per the action taken by the Board at the December meeting.

The deadline for submitting financial information to the State Controller's Office has been changed to "seven months after the close of the fiscal year." For our District, that means our deadline to file is January 31, 2017.

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.2.B**                      **Operations Department – November 2016 Report**

**PRESENTED BY:**              **James Henry, Operations Director**

**TYPE OF ACTION:**              **None**

### **Water Department:**

#### **Water Statistics:**

The district pumped 33.6 million gallons of water in November.  
Six water quality complaints were investigated and rectified.  
Daily, weekly and monthly inspections of all water facilities were conducted.  
One new water service was installed.

#### **Double Check Valve Testing:**

Annual routine testing was conducted in Route 19 along with a minimal number of retests. Customers with failed DCV's were notified to make repairs and call the office to schedule a retest.

#### **Average and Maximum Water Usage:**

The maximum water usage day was 1.4 million gallons and the average usage per day was 1.1 million gallons.

#### **Water Distribution Maintenance:**

Weekly Bacteria Samples were collected on Schedules 2, 3, 4, and 5 which represent different locations in the water system. The schedules are made up of a sample taken in each pressure zone. Two services were relocated to make it more accessible for reading. A water service leak was repaired due to a tree root cracking the pipe. Another water service leak was repaired on Sutter due to an old crimp. Two valve leaks were repaired due to the threaded pvc fitting cracking. Customers were notified in advance letting them know there would be a main shut-down. Customers were only out of water for 2 hours. Valves were exercised as part of the Valve Exercise Program. A report is filled out for each valve when completed. Any issues found in the field are flagged for repairs.

#### **Water Station Maintenance:**

The Cochran Road 1.5 Million Gallon Tank Painting Project is in process. At this point, the ceiling and the shell is painted and the contractor is in the process of painting the floor. A painting inspector is on site to verify their work is adequate. The goat house was repaired and modified at the Norton Tank site.

As of July 2014, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the Board updated each month using the Table below.

### Water Usage Comparison in Million Gallons

	<b>2013</b>	<b>2015</b>	<b>% Reduction</b>	<b>2015 Recycled</b>	R- GPCD
<b>September</b>	45.702	41.670	9	15.7	69
<b>October</b>	39.439	37.320	6	12.3	59
<b>November</b>	34.879	28.939	17	9.6	52
<b>December</b>	35.203	29.937	15	5.2	50
	<b>2013</b>	<b>2016</b>	<b>% Reduction</b>	<b>2016 Recycled</b>	R- GPCD
<b>January</b>	38.241	33.054	14	0	49
<b>February</b>	33.751	31.319	9	0	51
<b>March</b>	36.244	33.761	7	0	49
<b>April</b>	39.755	34.892	13	0	51
<b>May</b>	49.407	36.635	26	11.3	53
<b>June</b>	51.337	44.589	14	22	61
<b>July</b>	54.757	47.992	13	14.7	61
<b>August</b>	55.908	46.442	17	16.1	64
<b>September</b>	45.702	45.201	2	6	69
<b>October</b>	39.439	36.613	8	14.7	59
<b>November</b>	34.879	33.224	5	0	50

\*Recycled water is reclaimed water that is used for irrigating crops.

### New Construction Inspections:

Central Estates Phase 2D; All water main and services have been installed. All sewer mains and laterals have been installed. Testing will take place after PG&E have completed their underground work. McKinleyville BMW Expansion; A 4" fire service was



tapped and installed. Five existing sewer laterals were capped back at the property line and inspected with the push camera. DCV and sampling still remains on the check list. Fire Department Remodel; 4" Hot tap was installed for the fire service. The flushing and testing are completed and it is now on-line. Grocery Outlet; A pressure sewer tank and lateral were installed for the remaining house. Existing laterals are being abandoned at this time.

## **Sewer Department:**

### **Waste Water Statistics:**

28 million gallons of wastewater were collected and pumped to the W.W.M.F. 43.5 million gallons of wastewater were treated and discharged to land disposal or reclamation in November.

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

### **Sewer Station Maintenance:**

The Fischer sewer lift station was tagged with spray paint. Staff removed the graffiti and found how the vandals got access to the building. Modifications were made at the facility to prevent vandals from getting access to the roof top. During the daily inspection, it was noted that the Hiller station pump 2 had high hours. Staff opened up the pump and removed rags from the impeller. Pump returned to normal operating parameters.

### **Sewer Collection System:**

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule. The quarterly hydro-cleaning was completed using 3000 psi of water thru a spinning nozzle. 8,200 feet of sewer main were cleaned during this task. These routes are made up of problem areas that have caused sewer overflows in the past. The quarterly hydro-cleaning was also conducted which includes 13,000 feet of sewer main. This schedule is made up of areas that have been identified as having grease build up and bellies in the main. Customers are notified in advance by door hangers and using the IVR phone system. The flow totalizer was installed in selected manholes to collect wet weather flow. This data will be used against dry weather flow to help located inflow and infiltration. This process will take approximately 2 months to complete.

### **Wastewater Management Facility:**

The Chlorine Contact Basin was drained and cleaned with fire hoses. The flow meter at the contact chamber failed. Staff found that a resistor had corroded and needed replacement. Flow meter was back in operation after a new resistor was installed. The chlorine analyzer pump was replaced due to the analyzer giving a false read. Rags were removed from an aerator in Pond B due to staff noticing that it wasn't operating sufficient.

**Daily Irrigation and Observation of Reclamation Sites:**

Weekly well monitoring was conducted along with the Fischer Ranch tree farm as part of the tree farm pilot study. An irrigation plan is still pending. Wells will be used to monitor the uptake of each tree species.

**Street Light Department:**

No streetlight complaints were reported in November.

**Promote Staff Training and Advancement:**

Weekly tailgate meetings and training associated with job requirements. Staff attended 8 hour HAZWOPER refresher training.

**Special Notes:**

Interviewed engineers for the water and sewer mainline rehabilitation RFQ.  
Tractors, Dump Truck and Vac-con were greased and lubed to prevent wear.  
Monthly river samples were completed.  
Monthly Self Monitoring Reports (DMR/SMR) were submitted.  
Quarterly Self Monitoring Reports (DMR/SMR) were submitted.  
Public Water Monthly Monitoring report was submitted.  
Monthly Water Quality report was sent to the Dept. of Health.  
Monthly Pesticide applicator report was submitted to Department of Agriculture.  
IPM group held a couple meetings to work on the Matrix.  
Staff completed design for the new camera trailer and placed the order.  
A new Vac-con demo truck was brought in to show new technology.  
Acute and Chronic samples were collected and sent to the lab.  
Staff met to discuss and update the Strategic Plan.

**WWMF upgrade status:**

The Clarifiers have been water tested and backfilled around the exterior walls. The maintenance building, Vac-con dump area and headworks are under construction. Contractors have been installing a majority of the underground piping. The contractors have been dealing with wet weather and trying to keep the site manageable. The time lapse camera footage is still being collected and will continue through the construction phase. Weekly meetings have been held to discuss progress and scheduling.

**Parks:**

Several open space zones received mowing, hedging and maintenance as part of the Open Space Maintenance Zone agreements. The Facilities were mowed and cleaned as part of the weekly schedule along with rental events. Staff completed the Teen Center landscaping and irrigation system. Top soil was added along with planting grass seed. The Score Board and heater blower were repaired at the Activity Center by staff resulting in a huge cost savings. Holiday banners were hung along Central Avenue. The Cal Trans crew was used to remove trees that were growing in two detention basins.

**GIS:**

Management Plans:

Updated Plans and Programs binder to reflect added plans to binder and recent safety meeting trainings.

Created spreadsheet for Plans and Program recent/required/needed trainings.  
Created Calendar to track necessary trainings for MCSD programs/plans.  
Added recent safety meeting logs to respective management plan binders.  
Created binder to track plans requiring training 'upon initial assignment'.  
Posted Hearing Conservation Plan code in MCSD Operations break room.  
Continued research for development of Respiratory Protection Plan.  
Created template for MCSD Respiratory Protection Plan.

Maps Completed:

Created multiple maps for USAN.  
Created Map for MCSD customer for parcel # 510-42-050.  
Calculated square footage for landscaping OSMZ.

Misc. Work Completed:

Trained on how to complete USAN in field.  
Trained on station checks.  
Completed MCSD GPS training using waypoints collected with Brian.  
Vehicle inspections  
Service Orders

# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2016

TYPE OF ITEM: **INFORMATION**

**ITEM: F.2.C Parks & Recreation Director's Report for December 2016**

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

**TYPE OF ACTION: None**

### TEEN & COMMUNITY CENTER:

To date, the following funding has been secured for the Teen & Community Center:

Organization	Amount	Purpose
Mad River Rotary-Donation	\$25,000	Commercial Kitchen
Mad River Rotary-Grant (2015)	\$2,000	Commercial Kitchen
Mad River Rotary-Grant (2016)	\$3,000	Music equipment
McKinleyville Area Fund (2014)	\$3,000	Audio-Sound System
McKinleyville Area Fund (2016)	\$2,500	TV's and Blue Ray player
Humboldt Area Foundation	\$10,000	Tables & Chairs for Classrooms
McKinleyville Kiwanis Club	\$2,000	Computer equipment
Legacy Path & Giving Tree donations	\$21,595	Unrestricted
Karaoke Night event	\$593	Unrestricted
Pints for Non-Profits	\$743	Unrestricted
Umpqua Bank	\$1,200	Landscaping
<b>TOTAL:</b>	<b>\$71,631</b>	

Boys & Girls Club of the Redwoods began programming on August 22, 2016. As of the writing of this report BGCR membership at the McKinleyville Teen Center had reached 160 members. Staff has established a monthly meeting schedule with Boys & Girls Club program staff to discuss programming information and shared facility use.

The Cornerstone committee had to cancel their meeting this month due to the Liz Smith's having to take an unexpected leave of absence. Meetings will resume in January and the planning of a collaborative fundraising event will continue.

The kitchen installation is 95% complete. The hood and fire suppression system is the last thing to be installed and that will be done in January. The fabrication of the hood system took longer than anticipated.

MCSD and BGCR will be co-hosting a McKinleyville Chamber Mixer on Thursday, January 26, 2017 at the McKinleyville Teen & Community Center. Brick and leaf sales will be pushed through the end of the month and the next order of bricks will be made in February so that they can be placed in the ground by April. Staff plans reach out to the

local schools' metal and wood working programs to see if the Giving Tree is a project that can be designed and executed by local students.

#### **RECREATION ADVISORY COMMITTEE:**

The Recreation Advisory Committee met on Thursday, December 15, 2016. The notes from the meeting are attached as **Attachment 1**.

#### **RECREATION PROGRAM UPDATES:**

- *Kids' Club After School Program*-the program at Dows Prairie is full Monday-Thursday. We are currently hiring for program staff as there has been some staff turnover with the coming semester transition.
- *Playgroup*-We recently hired a new leader for playgroup. The program continues to have regular participation of 20-30 families per day.
- *Jiu Jitsu-Jiu Jitsu* will resume in January on Tues & Thurs in the Activity Center. Staff is also working with the instructor to schedule a weekend class for adults
- *Youth Basketball League*-Enrollment for the league is at 185 participants, however school team tryouts finished this week and we expect more enrollment over the next two weeks.
- *Fit to Win Basketball Camp*-32 participants in the camp this year held on December 11<sup>th</sup>. Participation doubled from 2015.
- *Drop in Pickleball*-Continues to have steady participation on Friday evenings and Wednesday mornings.
- *Drop in Basketball*-the program continues to host 25-30 participants each Sunday evening.
- *Party Program*-We hosted several parties in the month of November. Due to facility maintenance in December the facility is less available and we have fewer parties this month. Overall this year there has been an increase in the number of parties sold.
- *Activity Center*-Scoreboard repaired; Heater serviced and blower repaired.

#### **OTHER UPDATES:**

- Staff has completed the Community Survey Questionnaire for the 2017 Parks & Recreation Master Plan Update, and is outlining an implementation plan for conducting the survey as well as hosting a variety of focus group meetings to gather further information for the update. The survey can be reviewed in **Attachment 2**.
- Staff has continued to fine tune details on the new website.
- Staff has been updating the McKinleyville Parks & Recreation data in the National Park & Recreation Parks Metrics community assessment tool. This tool allows communities to compare services, amenities and related costs and revenues to other communities within the state and/or across the country.

#### **Exhibits/Attachments**

- Attachment 1 – RAC Meeting Notes 12-15-16
- Attachment 2 – Community Survey Questionnaire



**Thursday, December 15, 2016**

**6:30pm**

Recreation Advisory Committee Meeting

NOTES

**Members Present:** John Kulstad, Bill Prescott, George Wheeler, Chad Sefcik, Charlie Caldwell, Mary Burke, Jeff Dunk, Johnny Calkins, Kevin Collins

**Members Absent:** Greg Moss, David Coelho, Addison O'Hanen

**Guest/Public:** Dennis Mayo

**Meeting Notes:**

Communications:

- Staff informed the RAC members that MCSD and BGCR will be co-hosting a Chamber Mixer at the McKinleyville Teen & Community Center on Thursday, January 26, 2017 5:30pm-7:00pm
- Staff also reported that the Mad River Steelhead Days culminating event will be held at Pierson Park & the McKinleyville Teen & Community Center on Saturday, April 1, 2017.
  - Steelhead Days is a 3 month event with river and fishing related activities taking place in various communities throughout Humboldt County. This is its 4<sup>th</sup> year and the first time an activity will be hosted in McKinleyville.
- Mary Burke requested a moment of silence for the teenage girl who was hit and killed while walking along Central Ave. at Anna Sparks Way. Noting the importance of safe pedestrian corridors in our community.
- Mary Burke announced that she has filed to run for the vacant seat on the MCSD Board of Directors.

Draft Community Survey for the Parks & Recreation Master Plan Update:

- A second review of the DRAFT Community Survey for the Parks & Recreation Master Plan Update took place. RAC members felt the second draft of the survey was well done. Members made a few small suggestions for improving clarity in some of the questions.
- Staff noted the suggestions and will incorporate them into the final Draft. The survey will be ready for distribution by Mid-January 2017.

Review of MCSD Interactive Map and the DRAFT McKinleyville Land Trust Interactive Map:

- Members reviewed the Interactive Map on the MCSD website. The comment was made that it would be nice if the map included not only recreation opportunities that were owned and managed by MCSD, but rather all the opportunities within the community.
  - The map should reflect the information that is included in the Parks & Recreation Master Plan.
- Members then reviewed the DRAFT Interactive Map created by HSU GIS students as part of a project for the McKinleyville Land Trust. The map has multiple layers and includes not only existing recreation opportunities, but also future opportunities as outlined in the Humboldt County General Plan and the McKinleyville Community Plan.
  - Members suggested that it would be nice to see trails labeled for use. Ex. Horse trail vs. Bike trail.
  - This Map will become available for use by public entities when it is finalized.

#### Recreation Program Updates:

- *Kids' Club After School Program*-the program at Dows Prairie is full Monday-Thursday. We are currently hiring for program staff as there has been some staff turnover with the coming semester transition.
- *Playgroup*-We recently hired a new leader for playgroup. The program continues to have regular participation of 20-30 families per day.
- *Jiu Jitsu-Jiu Jitsu* will resume in January on Tues & Thurs in the Activity Center. Staff is also working with the instructor to schedule a weekend class for adults
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- *Party Program*-We hosted several parties in the month of November. Due to facility maintenance in December the facility is less available and we have fewer parties this month. Overall this year there has been an increase in the number of parties sold.
- *Activity Center*-Scoreboard repaired; Heater serviced and blower repaired.

#### Ad Hoc Committee Reports:

- Skate Park Committee—C. Caldwell reported that he recently spoke to a group in Willow Creek, where the local Labor Union has expressed interest in volunteering to construct a skate park there. If that strategy works for Willow Creek, it might be a viable strategy for McKinleyville. It is something C. Caldwell and the Humboldt Skate Park Collaborative will be researching.
  - C. Caldwell also reported that he will be scheduling meeting time in January with MCSD General manager and Staff to discuss best next steps for the Humboldt Skate Park Collaborative in McKinleyville.
- Fischer Ranch Estuary Project—Design analysis in hydro-dynamic model is in process.
  - Project has received a 6 month extension on grant funding.
  - D. Mayo asked several questions relating to the project design and the hydro dynamic model analysis, specifically regarding the movement of the mouth of the Mad River and how that is accounted for in the design analysis and testing.
    - M. Burke gave some information regarding the use of models and informed decision making. She also stated that the Design Engineers for the project would be better equipped to answer Mr. Mayo's questions.
- BMX—C. Caldwell has met with the Eureka BMX group and is currently gathering information on what it takes to build a sanctioned BMX track.

#### Agenda Topics for January:

- Ad Hoc Committee Review, Selection and Assignments

- Election of Officers
- Conflict of Interest Forms

Adjournment:

- Moved by J. Dunk, second by J. Calkins
- Adjourned at 7:48pm

## Community Survey for McKinleyville Parks and Recreation Department:

### Usage:

1. How often would you say you and/or, the members of your household use the following parks and recreation FACILITIES in McKinleyville?

	Daily	Weekly	Monthly	Annually	Never
<b>Hiller Park</b>					
<b>Pierson Park</b>					
<b>Larissa Park</b>					
<b>Hiller Sports Complex</b>					
<b>Trails</b>					

2. How often would you say you and/or, the members of your household use the following parks and recreation PROGRAMS in McKinleyville?

<b>PROGRAMS</b>	Daily	Weekly	Monthly	Annually	Never
<b>Toddler Programs</b> (Kinder Sports, Kinder Sports Jr., Playgroup)					
<b>Youth Programs</b> (Youth Sports, Kids Club Afterschool Program, KidsCamp, Breakout Day Camp)					
<b>Teen Programs</b> (Youth Driven, Jr. High School Dances, LIT Programs, 3 on 3 Basketball)					
<b>Adult Programs</b> (Sports League, Drop-In Sports)					
<b>Leisure Classes</b> (Simply Fit Fitness Program, Delilah's Top Dog Puppy & Dog Training Classes, North Coast Agility & Dog Training Classes)					
<b>Party Program</b>					

3. If you rarely or never utilize park or recreation opportunities in McKinleyville what is the main reason you do not take advantage of the parks and recreation opportunities? Circle all that apply.

- a. Nothing of Interest offered
- b. Cost of Participation
- c. Lack of Transportation
- d. Unaware opportunities exist
- e. Other (please describe): \_\_\_\_\_

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4. What are your priority uses for Parks and Recreation? What types of facilities and programs you use most often? Circle your top 2 in **each** category.

Who	What
Children age 0-5	Park-Playgrounds
School Age children 5-12	Sport fields-facilities
Teen age youth 13-18	Nature/Scenery (hiking/biking/trails)
Adults age 18-50	Dog Park
Adults age 50-65	Senior Center
Seniors age 65	Library

5a. Below is a list of leisure activities that you may or may not engage in. Regardless of where you do it, please check those activities that you participated in at least five times during the last year?

Walking or Hiking	Jogging	Bicycling	Swimming
Fishing	Boating/Kayaking	Paddle Boarding	Birdwatching
Basketball	Soccer	Softball/Baseball	Dance
Martial Arts	Volleyball	Surfing	Tennis
Skateboarding	Roller Skating	Hunting	Golfing
Bingo	Drawing/painting	Photography	Zumba
Horseback Riding	Gymnastics	Lawn Games	Scrapbooking
Picnics/BBQ's at a park	Gardening	Tai Chi	Disc Golf
Knitting/crocheting	Pickle ball	Yoga/Pilates	Cross Fit
Trips/travel	Live Theater	Live Music	BMX
Other:			

5b. Are there any activities on the above list that you'd like to do more of if there were adequate opportunities? Please list below

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#### Level of Satisfaction:

Just like in school, use the grading system A, B, C, D, or F for the following questions. ("A" means excellent and "F" means failure.) If you're not sure, that's okay too, select "not applicable" (N/A).

6a. Please assign a grade to the below listed functions/services performed by McKinleyville Community Services District, Parks & Recreation Dept.

Providing places for the enjoyment of active sports	A	B	C	D	F	N/A
Operating parks and facilities that are safe	A	B	C	D	F	N/A
Providing places for indoor recreation and fitness activities	A	B	C	D	F	N/A
Operating parks and facilities that are clean/well maintained	A	B	C	D	F	N/A



Providing recreational programs for youth	A	B	C	D	F	N/A
Providing recreational programs for Adults	A	B	C	D	F	N/A
Providing recreational programs for Seniors	A	B	C	D	F	N/A
Other:	A	B	C	D	F	N/A

6b. If you assigned a poor grade ("D" or "F") to any of the performances of the functions/services listed above, please share your recommendations for our improvement in the space below.

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7. Please assign a grade to the below listed community qualities and characteristics.

Safe and nurturing environment for families	A	B	C	D	F	N/A
McKinleyville's Image to outsiders	A	B	C	D	F	N/A
Opportunities for recreation and leisure	A	B	C	D	F	N/A
Attractiveness of neighborhoods	A	B	C	D	F	N/A
Access to nature and wildlife viewing	A	B	C	D	F	N/A
Friendliness amongst and between community members	A	B	C	D	F	N/A
Ease of getting around town	A	B	C	D	F	N/A
Accessibility to open spaces	A	B	C	D	F	N/A
Accessibility to trails	A	B	C	D	F	N/A
Fiscal oversight of public funds by the District	A	B	C	D	F	N/A
Fiscal oversight of public funds by the County	A	B	C	D	F	N/A

Comment: \_\_\_\_\_

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8a. MCSD currently owns 3 undeveloped properties that are reserved for park and recreation developments. In your opinion how should the development of these properties be prioritized? Please assign a priority to each property and list what kind of park or recreation opportunity you most wish to see developed at the property.

	HIGH	MED	LOW	What kind of recreation development?
3.1 Acres at School Rd. & Washington Ave.				
33 Acres on North Bank Rd. along the Mad River				
14 Acres of forest land between Cochran Rd. and Bryan Ln.				

8b. Soap Box: If you could see the McKinleyville Parks & Recreation department direct future funding toward one thing, what would it be?

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**Accessibility and Communication:**

9. Where in McKinleyville do you live? See the map below that divides McKinleyville into the following areas.

- a. North of Hiller Road and West of Central Avenue
- b. South of Hiller Road and West of Central Avenue
- c. North of Hiller Road and East of Central Avenue
- d. South of Hiller Road and East of Central Avenue



10a. Please rank the following McKinleyville amenities in terms of their accessibility to YOU and those in YOUR household. Just like in school rank your level of access on a letter grade scale where ("A" means easy access and "F" means very difficult to access) If you're not sure, that's okay too, select "not applicable" (N/A).

Access to the beach and ocean	A	B	C	D	F	N/A
Access to biking trails	A	B	C	D	F	N/A
Access to hiking trails	A	B	C	D	F	N/A
Access to horse trails	A	B	C	D	F	N/A
Access to parks	A	B	C	D	F	N/A
Access to playgrounds	A	B	C	D	F	N/A
Access to athletic fields	A	B	C	D	F	N/A
Access to dog parks or dog friendly spaces	A	B	C	D	F	N/A
Access to the community center	A	B	C	D	F	N/A

10b. Overall, would you say you have any challenges with access to recreation and leisure activities that are important to you?

☐ Yes

☐ No

10c. If you selected yes, please let us know why – select all that apply

☐ Lack of transportation

☐ Cost

☐ Programs are too far away

☐ No available programs of interest

☐ Unaware of available programs

☐ Other (specify) \_\_\_\_\_

11. Which modes of transportation do you use to get to the events, amenities, and services offered by the McKinleyville Parks & Recreation Department?

☐ Car

☐ Bus

☐ Bicycle

☐ Walking

☐ Other: \_\_\_\_\_

12. Please rank your level of satisfaction with the following elements of the community's parks and recreation program?

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	I don't know
a. Public transportation to McKinleyville Parks & Recreation facilities						
b. Disability access at McKinleyville Parks & Recreation facilities, programs, and events						
c. Availability of information regarding McKinleyville Parks & Recreation Department events, amenities, and services?						
d. The level of public involvement in Parks & Recreation decisions about programs and facilities						

13. Parks and recreation managers would like to know how people learn about programs and services so that they can improve the quality of information. Please choose your top two information sources.

- ( ) Personal experience
- ( ) Friends or relatives
- ( ) Magazine articles
- ( ) Newspaper articles
- ( ) Maps
- ( ) Social Media
- ( ) Community board
- ( ) McKinleyville Community Services District Newsletter and Activity Guide
- ( ) McKinleyville Parks & Recreation Department website
- ( ) Other\_\_\_\_\_

14. How would you like to receive information about events, amenities, and services offered by the McKinleyville Parks & Recreation Department? Choose your top two preferences.

☐ McKinleyville Community Services District Newsletter & Activity Guide via USPS mail

☐ Local newspapers

☐ Facebook

☐ Twitter

☐ Email

☐ In Person

☐ Phone

☐ Website

☐ Mail

☐ Other \_\_\_\_\_

If by email provide email address \_\_\_\_\_

15. How do you feel the public could be more involved in parks and recreation decisions?

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**Demographic Questions:**

16. What is your gender?

☐ Male

☐ Female

☐ Other/Prefer not to answer

17. Please select your age range.

☐ 18-25

☐ 26-35

☐ 36-55

☐ 56-70

☐ 71 or older

18. How long have you lived in McKinleyville?

☐ less than 1 year

☐ 1-5 years

☐ 6-10 years

☐ 11-15 years

☐ greater than 16 years

19. Do you rent or own your current residence?

☐ Rent

☐ Own



20. What is your current type of residence?

- ☐ Single-Family
- ☐ Multi-family
- ☐ Apartment

21. Are you a member of any local community organizations?

- ☐ Yes
- ☐ No

If yes, please list the organization(s) in which you participate:

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22. What is your employment status?

- ☐ Employed full-time
- ☐ Employed part-time
- ☐ Unemployed
- ☐ Student
- ☐ Retired

23. What is your race/ethnicity? Check all that apply.

- ☐ White
- ☐ Hispanic or Latino
- ☐ Black or African American
- ☐ American Indian or Alaskan native
- ☐ Asian or Pacific Islander
- ☐ Other \_\_\_\_\_

24. How many children under the age of 18 live in your home?

\_\_\_\_\_

25. How many adults over the age of 18 live in your home?

\_\_\_\_\_

27. What is your individual income level?

- ☐ Less than \$10,000
- ☐ \$10,000- \$30,000
- ☐ \$30,000-\$60,000
- ☐ \$60,000-\$100,000
- ☐ greater than \$100,000

28. What is the highest level of education you completed?

- ☐ Elementary School
- ☐ Middle School
- ☐ High School
- ☐ College
- ☐ Post-graduate

29. Is there anything we should have asked on this survey but did not?

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

January 4, 2017

TYPE OF ITEM: **INFORMATION**

**ITEM: F.2.D General Manager's Report for January 2017 Meeting**

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

**TYPE OF ACTION: Information Only**

### **A summary of activity for the month of December 2016**

**Cost Savings Related to District Activities** – The following is a review of some of the recent cost savings opportunities District staff identified for the previous month:

• Accountant Discount	\$1,206
• Office Supply Discount	\$79
• Repaired Activity Center Score Board Opposed to Purchase of New Circuit Board	\$4,000
• Other Assorted Electrical and Electronic Repairs	\$470
• Fabricated and Installed Security Guard at Station to Prevent Roof Access	\$240
• Contributed Labor on Teen Center Kitchen Equipment Installation	\$560
• Humboldt County Inmate Crew	\$4,176
• SWAP	\$7,656
• Community Service Workers	\$1,403
• Northern Humboldt Employment Services	\$2,461
Total cost savings for <b>December</b> are \$22,251	

***The cumulative cost savings to the District to date from July 1, 2016 is \$113,391***

District staff are recognized and commended for their continued efforts in looking for cost savings, the use of internal labor and grant opportunities that result in real savings for the District, rate payers, and the community.

**Water and Wastewater Mainline Upgrade, Replacement and Rehabilitation Facility Plan** – In person interviews were conducted in December and staff has determined the most qualified consulting firm. Due to reduced working schedule because of holidays but regular work flow, staff has yet to meet to initiate negotiations for scope and effort.

**Potential Alternative Energy Considerations and WWMF .68 megawatt System –** A 32kW system is being considered to provide power for the administrative offices and shops in the Corporation Yard. Staff has gathered the costs for the hardware and labor necessary and is now in the process of getting planning, permitting and design costs. Another consideration is an assessment for whether any of our buildings will be able to bear the extra loads without significant modifications and if structural changes have to be made what those costs will be. As this information becomes available it will be presented to the Board.

**Recoating of Tank 1A –** Staff was informed that the Tank Project is behind schedule and is likely to fall further behind. Difficulties with weather, equipment and methods have cost the painting contractor almost a month in delays. During interior wash down after completion of coating but prior to disinfection a film/ particulate buildup was not detaching without light scrubbing. This will require the painting contractor to construct an elevated work platform to address the defect. Another complication are the restrictions on preparations and coating of the exterior. These activities are weather and temperature dependent and require several days that are within the specifications to accomplish the work.

**Integrated Pest Management Plan –**MCSD IPM Control Alternatives & Cost Assumptions matrix is under development at this time. Devising a spreadsheet that can be updated with minimal amount of effort is causing some difficulty. The number of fields that will have to be updated makes automation a necessity.

**Teen Center –** The planter and turf areas are completed and the seed has been spread but the seed is sprouting slowly due to the low temperatures. Due to an unavoidable delay the kitchen contractor has not completed the installation of the hood and fire suppression system but it is scheduled for January.

**Camino Way OSMZ –** Staff is in the process of producing a survey to gauge the interest in reassessing the OSMZ to collect enough revenue to allow MCSD to maintain the entire landscape strip. Two other alternatives will be maintaining the status quo or dissolution of the zone. Once we determine what course of action the neighbors are supportive of this item will be brought back to the Board for action.

**WWMF Improvements –** Weekly construction meetings are attended by staff to discuss the three-week rolling schedule, submittals for materials, requests for information and progress to that point. Due to the seasonally high precipitation rates, work has been impacted significantly. The contractor has determined that the higher than normal rain in October and November have set the project back by approximately 16 days. A change order for the schedule is expected in January. The control building exterior is nearing completion and framing has begun for furring out the walls to allow for insulation and sheetrock. The interior of the clarifiers is nearing completion and the mechanical components are scheduled for installation in January. The schedule indicated that fill in hauling and compaction should be completed in January. Digital and Supervisory Control portion of the project are not without minor glitches but to date all have been managed.

**Emergency Water Supply** – Consistent with the Strategic Plan, staff continues to explore alternative sources for water due in part to our sole source of domestic water and our Mad River crossing. The most recent exploration was an area identified as the Mather Track. This piece of property is located at the end of Baird Rd. and is owned by Green Diamond. Initial exploration and evaluation identified this area as promising but upon a more detailed examination and field work this area was determined to not produce sufficient amounts of water during the summer months. For more in depth information, MCSD is in possession of a Memorandum for Potential Supply of Domestic Water and interested parties may request review.

**Total Compensation Survey** – Consistent with the Strategic Plan, MCSD has secured the services of a firm that specializes in wage surveys. A Request for Qualifications was circulated and one firm was determined to be qualified to provide the services necessary to evaluate total compensation of all full time benefitted employees. The GM, Finance Director and HR person will review the information provided from a survey of ten agencies that match MCSD's budget, fulltime staffing levels and/ or levels of service. Upon completion of the Study staff will invite the board Employee Negotiation Committee to review the information and provide guidance.

**Strategic Plan Update for 2017** – The GM, Department Heads and Board Secretary met on several occasions and worked independently to update the plan for the coming year. 2018 will be the final update for the existing plan and the Board should consider renewing the plan, including public input meetings.

**Meetings** – The General Manager attended various meetings this month including the final CSDA Executive Committee Meeting in Sacramento and training for eight-hour Hazardous Waste Operations and Emergency Response refresher course.

#### **Exhibits/Attachments**

- Attachment 1 – WWMF Monthly Self Monitoring Report



**PHYSICAL ADDRESS:**

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McKINLEYVILLE, CA 95519

**MAILING ADDRESS:**

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McKINLEYVILLE, CA 95519

**MAIN OFFICE:**

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**PARKS & RECREATION OFFICE:**

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FAX: (707) 839-5964

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

December 20, 2016

**RE: MONTHLY MONITORING REPORT**

Dear Justin:

Enclosed is the Monthly Monitoring Report for November 2016 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 29 days to Discharge Point 001. The required monitoring and water quality constituents that were tested and reported were in compliance in November.

The requirement for BOD is 45 mg/L, 604 lbs/day and 65% removal for the monthly average with four weekly tests in November that represent eleven criteria. The BOD results for November are in compliance.

The requirement for TSS is 83 mg/L, 1108 lbs/day and 65% removal for the monthly average with four weekly tests in November which represent three criteria. The TSS 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.

Acute testing for November was conducted using Rainbow Trout and C.Dubia. Rainbow Trout had a 95% survival and C.Dubia had a 100% survival.

Chronic Toxicity testing was completed which did not pass. An email was sent to Justin regarding the results and asking to forgo accelerated monitoring.

Semi-annual Pollutants of Concern and Quarterly Disinfection Byproducts were conducted in November.

WWMF Upgrade Status: Clarifier "A" and "B" were water tested and passed. The headworks and maintenance building are 65% completed. The aeration basins 1 is completed and lined. Aeration basin 2 is still under construction. The biosolids basin is lined. The rain has slowed the project down a little. Backfilling around the clarifiers is in process. Weekly meeting have been conducted with District staff, contractors, engineers and the project manager. Contractors have 521 days to complete the project. They have projected to be completed by June 2017.



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

**NOVEMBER 2016**

Discharge Monitoring	M-INF	M-001		002 M-003	002 M-003	004 M-005	003 M-004	006 M-007	005 M-006		001 M-002
DATE	INFLUENT MGD	EFFLUENT MGD	MAXIMUM GPM	N.POND MGD	S.POND MGD	FISCHER MGD UPPER	FISCHER MGD LOWER	PIALORSI MGD	HILLER MGD	IRRGATE TOTAL MGD	RIVER MGD
1	0.930	0.000	0		Washed CCB					0.000	0.000
2	0.894	1.034	1354							0.000	1.034
3	0.858	1.529	1395							0.000	1.529
4	0.825	1.664	1486							0.000	1.664
5	0.903	2.130	1494							0.000	2.130
6	0.894	1.650	1470							0.000	1.650
7	0.882	0.882	618							0.000	0.882
8	0.837	0.882	620							0.000	0.882
9	0.844	0.880	615							0.000	0.880
10	0.822	0.879	616							0.000	0.879
11	0.855	1.512	1536							0.000	1.512
12	0.882	2.186	1538							0.000	2.186
13	0.924	2.176	1531							0.000	2.176
14	0.849	2.015	1520							0.000	2.015
15	0.948	1.955	1323							0.000	1.955
16	0.912	1.416	1313							0.000	1.416
17	0.888	1.162	825							0.000	1.162
18	0.854	1.174	831							0.000	1.174
19	0.924	1.136	799							0.000	1.136
20	1.033	1.129	789							0.000	1.129
21	1.050	1.258	999							0.000	1.258
22	1.032	1.435	1012							0.000	1.435
23	1.101	1.558	1204							0.000	1.558
24	1.034	1.758	1246							0.000	1.758
25	0.974	1.817	1283							0.000	1.817
26	1.080	1.824	1279							0.000	1.824
27	1.218	1.787	1250							0.000	1.787
28	1.159	1.686	1250							0.000	1.686
29	1.096	1.528	1071							0.000	1.528
30	1.052	1.533	1076							0.000	1.533
TOTAL	28.554	43.575		0.000	0.000	0.000	0.000	0.000	0.000	0.000	43.575
AVERAGE	0.952	1.453	1111	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.453
MAXIMUM	1.218	2.186	1538	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.186
MINIMUM	0.822	0.000	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DAYS	30	29		0	0	0	0	0	0	0	29
DAYS WITH NO DISCHARGE = 1											



McKINLEYVILLE COMMUNITY SERVICES DISTRICT

WASTEWATER MANAGEMENT FACILITY

RIVER CFS - EFFLUENT FLOWS -

M-004

RIVER DILUTION

M-005

M-006

NOVEMBER 2016

DATE	M-INF INFLUENT MGD	M-001 EFFLUENT MGD	EFFLUENT MAXIMUM GPM	M-003 PERK PONDS MGD	M-007 IRRIGATE MGD	M-002 RIVER MGD	RIVER DILUTION 100:1	MAXIMUM G.P.M. DISCHARGE FOR 100:1	RIVER FLOW IN CFS	RIVER FLOW IN GPS
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1	0.930	0.000	0			0.000	0	17236	3840	28727
2	0.894	1.034	1354			1.034	623	8439	1880	14064
3	0.858	1.529	1395			1.529	386	5386	1200	8977
4	0.825	1.664	1486			1.664	254	3770	840	6284
5	0.903	2.130	1494			2.130	205	3066	683	5110
6	0.894	1.650	1470			1.650	318	4668	1040	7780
7	0.882	0.882	618			0.882	691	4273	952	7122
8	0.837	0.882	620			0.882	547	3393	756	5656
9	0.844	0.880	615			0.880	494	3039	677	5065
10	0.822	0.879	616			0.879	452	2783	620	4638
11	0.855	1.512	1536			1.512	170	2608	581	4346
12	0.882	2.186	1538			2.186	156	2397	534	3995
13	0.924	2.176	1531			2.176	162	2473	551	4122
14	0.849	2.015	1520			2.015	151	2303	513	3838
15	0.948	1.955	1323			1.955	190	2509	559	4182
16	0.912	1.416	1313			1.416	485	6374	1420	10623
17	0.888	1.162	825			1.162	540	4453	992	7421
18	0.854	1.174	831			1.174	412	3420	762	5701
19	0.924	1.136	799			1.136	378	3016	672	5027
20	1.033	1.129	789			1.129	876	6912	1540	11521
21	1.050	1.258	999			1.258	1379	13780	3070	22967
22	1.032	1.435	1012			1.435	1082	10952	2440	18254
23	1.101	1.558	1204			1.558	1361	16383	3650	27306
24	1.034	1.758	1246			1.758	1120	13960	3110	23266
25	0.974	1.817	1283			1.817	836	10728	2390	17880
26	1.080	1.824	1279			1.824	997	12748	2840	21246
27	1.218	1.787	1250			1.787	2984	37300	8310	62167
28	1.159	1.686	1250			1.686	2438	30478	6790	50796
29	1.096	1.528	1071			1.528	2112	22623	5040	37704
30	1.052	1.533	1076			1.533	1523	16383	3650	27306

TOTAL	28.554	43.575		0.000	0.000	43.575				
AVERAGE	0.952	1.453	1111	#DIV/0!	#DIV/0!	1.453	804	9262	2063	15436
MAXIMUM	1.218	2.186	1538	0.000	0.000	2.186	2984	37300	8310	62167
MINIMUM	0.822	0.000	0	0.000	0.000	0.000	151	2303	513	3838
DAYS	30	29	29	0	0					

DAYS WITH NO DISCHARGE TO THE MAD RIVER = 1



McKINLEYVILLE COMMUNITY SERVICES DISTRICT  
WASTEWATER MANAGEMENT FACILITY  
MONITORING DATA

MONTH: NOVEMBER

YEAR: 2016

DATE	INFLUENT FLOW M.G.D.		EFFLUENT FLOW M.G.D.		EFFLUENT MAXIMUM GPM		RIVER CFS		INFLUENT MONITORING		EFFLUENT MONITORING						3X5 TOTAL COLIFORM			
									B.O.D. mg/L	N.F.R. mg/L	pH	(C°) TEMP	B.O.D. mg/L	NFR mg/L	AMMONIA	CL₂ RES.	RIVER CL₂ RES	SETTLABLE SOLIDS		
1	0.930		0.000		0		3840					Washed CCB								
2	0.894		1.034		1354		1880				6.8	14.5			28	1.5	0.00			
3	0.858		1.529		1395		1200				6.8	15.2			26	2.1	0.00			
4	0.825		1.664		1486		840	400		220	6.7	15.1	20	29	32	1.4	0.00	<0.1		
5	0.903		2.130		1494		683				6.9	15.4				5.1	0.00			
6	0.894		1.650		1470		1040				7.0	15.3				4.9	0.00			
7	0.882		0.882		618		952				6.8	15.0			30	0.6	0.00		<1.8	
8	0.837		0.882		620		756				6.7	15.6			30	1.9	0.00			
9	0.844		0.880		615		677				6.8	15.7			28	2.3	0.00			
10	0.822		0.879		616		620	220		140	6.7	15.5	15	17	32	1.4	0.00	<0.1		
11	0.855		1.512		1536		581				6.8	15.6			30	1.9	0.00			
12	0.882		2.186		1538		534				7.0	15.6				4.3	0.00			
13	0.924		2.176		1531		551				6.9	15.6				5.0	0.00			
14	0.849		2.015		1520		513				7.0	15.8			32	3.0	0.00		<1.8	
15	0.948		1.955		1323		559				6.9	15.8			30	2.2	0.00			
16	0.912		1.416		1313		1420				7.0	15.0			28	3.7	0.00			
17	0.888		1.162		825		992				7.0	14.3			34	4.3	0.00			
18	0.854		1.174		831		762	290		230	7.2	14.3	22	40	36	3.0	0.00	<0.1		
19	0.924		1.136		799		672				6.9	14.0				2.9	0.00			
20	1.033		1.129		789		1540				6.9	14.3				2.1	0.00			
21	1.050		1.258		999		3070				6.9	14.1			32	2.2	0.00		<1.8	
22	1.032		1.435		1012		2440				7.0	13.6			34	1.4	0.00			
23	1.101		1.558		1204		3650	170		130	6.9	13.8	16	34	32	3.1	0.00	<0.1		
24	1.034		1.758		1246		3110				6.9	13.1				2.5	0.00			
25	0.974		1.817		1283		2390				6.9	13.1				3.1	0.00			
26	1.080		1.824		1279		2840				6.9	12.7				3.2	0.00			
27	1.218		1.787		1250		8310				7.0	12.4				3.4	0.00			
28	1.159		1.686		1250		6790				6.9	12.3			32	3.6	0.00		<1.8	
29	1.096		1.528		1071		5040				7.0	11.6			32	4.4	0.00			
30	1.052		1.533		1076		3650				7.0	11.8			32	3.1	0.00			

SPILLS:

None to report

DATE	MONTHLY TESTS			BORON
	TDS	AMMONIA	NITRATE	
11/10/2016	270	31.0	ND	230

Semi-Annual Tests		Value in ug/l
Bis phthalate		DNQ
alpha-BHC		ND
4,4'-DDT		ND
carbon tetrachloride		ND

Quarterly Tests		Value in ug/l
Dichlorobromomethane		N/A
Bromoform		N/A
Chlorodibromomethane		N/A
Chloroform		N/A

30 DAY AVERAGE

BOD mg/L	BOD LBS/DAY	BOD % Removal	NFR mg/L	NFR LBS/DAY	NFR % Removal
18	203	93	30	340	83

ACUTE TOXICITY

DATE	% Survival
11/8/2016	95%
11/8/2016	100%

Rainbow Trout  
C. dubia

CHRONIC TOXICITY

TESTED	SURVIVAL
Minnow	2.0
C. Dubia	1.0
Algae	1.3
	TUC

SIGNATURE: \_\_\_\_\_

REMARKS: Chronic test failed. Notified R.W. Q.C.B. Indicates Permit Exceedance

Total Coliform	
Monthly	
MEDIAN	<1.8
Daily	
Maximum	<1.8