

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 SPECIAL MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD AT:**

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

AND BY TELECONFERENCE AT:

**Manchester Grand Hyatt San Diego
Conference Room One
1 Market Place
San Diego, California**

Wednesday, December 3, 2014
Special Closed Session Meeting: 6:30 P.M.
Regular Meeting: 7:00 P.M.

AGENDA

Closed Session Meeting: 6:30 P.M.

A.1 CALL TO ORDER

A.2 ROLL CALL

**A.3 MEET WITH REAL PROPERTY NEGOTIATORS: HEWITT TANK SITE
PROPERTY ACQUISITION** - Property: Proposed Hewitt Tank Site:
Assessor's Parcel Number 509-021-045 et seq.
Proposed agency negotiators: MCSD Proposed Negotiators: Greg
Orsini, General Manager, and Russell Gans (MCSD General Counsel)
Party with Whom Negotiating: Michael D. Nelson (LACO Associates) and
American Hospital Management Corporation
Under negotiation: Price, terms of payment, and subdivision for
proposed site

A.4 CONFERENCE WITH LEGAL COUNSEL – Existing litigation-
McKinleyville Community Services District v County of Humboldt, Board
of Supervisors of the County of Humboldt, Case No. CV110632,
Litigation pursuant to Government Code § 54956.9(a).

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.

A.5.a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Conference with Real Property Negotiator

Property: Proposed Hewitt Tank Site: Assessor's Parcel Number 509-021-045

Agency Negotiators: MCSD Proposed Negotiators: Greg Orsini, General Manager, and Russell Gans (MCSD General Counsel)

Negotiating Parties: For MCSD: Greg Orsini, General Manager, and Russell Gans (MCSD General Counsel)

For LACO Associates: Michael D. Nelson (LACO Associates) and American Hospital Management Corporation

Under negotiation: Price, terms of payment, and subdivision for proposed site

A.5.b. CONFERENCE WITH LEGAL COUNSEL

Existing litigation-McKinleyville Community Services District v County of Humboldt, Board of Supervisors of the County of Humboldt, Case No. CV110632, Litigation pursuant to Government Code § 54956.9(a).

A.6 REPORT OUT OF CLOSED SESSION

Regular Meeting: 7:00 P.M.

A.1 CALL TO ORDER

A.2 ROLL CALL

A.3 PLEDGE OF ALLEGIANCE

A.4 ADDITIONS TO AGENDA

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

A.5 APPROVAL OF THE AGENDA

B. PUBLIC HEARINGS

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

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 minutes of the Board of Directors' Regular Meeting of November 5, 2014 **Pg. 6**
Attachment D.1 – Draft Minutes from November 5, 2014 **Pg. 7**
- D.2 Consider approval of October Treasurer's Report
Attachment D.2 – Treasurer's Monthly Report 10-31-14 **Pg. 10**
- D.3 No DCV Violations this month

E. CONTINUED AND NEW BUSINESS

- E.1 Presentation of Community Builder Award to Humboldt Area Foundation **Pg. 33**
Attachment 1 – HAF Response to MCSD Interview Questions **Pg. 35**
- E.2 Consider Variance for 2250 Mather Road Review Related to Water Leak Adjustment **Pg. 37**
Attachment 1 – Water Leak Adjustment Policy 2011 **Pg. 40**
Attachment 2 – Statement of Jason Patton **Pg. 42**
Attachment 3 – Water Leak Adjustment Worksheet **Pg. 43**
- E.3 Consider appointing Stephanie Hartley as a student member of the Recreation Advisory Committee **Pg. 45**
Attachment 1 – Letter submitted by Stephanie Hartley **Pg. 47**

- E.4 Accept FY2013-14 Audit **Pg. 48**
Attachment 1 - MCSD Draft Financial statements with the report of the independent auditor for the fiscal year ending June 30, 2014 **Pg. 49**
- E.5 Review Board Rotation Schedule, Board Officers and Committee Appointments for 2015 Calendar Year **Pg. 95**
Attachment 1- 2014 Positions, Staff Member Appointments and 2014 Committee Assignments **Pg. 97**
Attachment 2 – Board Rotation Schedule **Pg. 98**
- E.6. Consider travel to the CSDA's Special District Leadership Academy Conference in Napa, CA January 25-28, 201 **Pg. 99**
Attachment 1 – SDLA 2015 Conference Schedule of Events **Pg. 101**
- E.7 Draft #1 Integrated Pest Management Plan Workshop **Pg. 109**
Attachment 1- Draft version 1 Integrated Past Management Plan **Pg. 111**
- E.8 Award Professional Services Agreement for Construction Management and Inspection for the Wastewater Management Facility (WWMF) Improvement Project to Kennedy Jenks as Contract Amendment 7 of the WWMF Design Agreement **Pg. 121**
Attachment 1 - Contract Amendment 7, Construction Services **Pg. 123**

F. REPORTS

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

F.1. ACTIVE COMMITTEE REPORTS

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

F.2. STAFF REPORTS

- a. Support Services Department (Colleen M.R.Trask) **Pg. 138**

b.	Operations Department (James Henry)	Pg. 140
c.	Parks and Recreation Department (Jason Sehon)	Pg. 143
d.	General Manager (Greg Orsini)	Pg. 146
	Attachment 1 – WWMF October 2014	Pg. 148
	Attachment 2 – MCSD WWMF Open House Flyer	Pg. 151

F.3. PRESIDENT'S REPORT

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

G. ADJOURNMENT

Posted 5:00 pm on November 26, 2014

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

December 3, 2014

TYPE OF ITEM: **ACTION**

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

PRESENTED BY: **Becky Schuette, Board Secretary**

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

Recommendation:

Staff recommends that the Board review the draft minutes from the November 5, 2014 Regular Board Meeting, recommend edits and provide staff with direction.

Discussion:

The Draft Minutes are attached for the above listed meetings.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment D.1-Draft Minutes from November 5, 2014 Board Meeting

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

A.1 thru A.2 CALL TO ORDER and ROLL CALL: The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 7:01pm with President Couch, Directors Corbett, Edwards, Mayo and Wheeler present.

David Couch, President
John Corbett, Vice President
Helen Edwards, Director
Dennis Mayo, Director
George Wheeler, Director

Gregory Orsini, General Manager
Colleen M.R. Trask, Finance Director
James Henry, Operations Director
Jason Sehon, Parks & Recreation Director
Becky Schuette, Board Secretary

AGENDA ITEM A.3 CLOSED SESSION DISCUSSION: NO CLOSED SESSION SCHEDULED

A.4 PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by President Couch

A.5 ADDITIONS TO THE AGENDA: There were no additions to the agenda.

A.6 APPROVAL OF THE AGENDA:

MOTION: It was moved to approve the agenda.

Motion: Corbett; Second: Edwards

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

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

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

AGENDA ITEM C PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Couch opened public input and no members of the public spoke.

AGENDA ITEM D CONSENT CALENDAR:

- D.1 Consider approval of the minutes of the Board of Directors' Regular Meeting of September 3, 2014
- D.2 Consider approval of the minutes of the Board of Directors' Special Meeting of September 24, 2014
- D.3 Consider Approval of August 2014 and September 2014 Treasurer's Report
- D.4 DCV Violations this month

MOTION: It was moved to adopt the consent calendar item D.1 through D.4. No objections were made and there was no comment by the public.

Motion: Corbett; Second: Mayo

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

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

AGENDA ITEM E CONTINUED AND NEW BUSINESS:

E.1 Listen to presentation and consider supporting the concept of pursuing a partnership and developing a Memorandum of Understanding (MOU) between MCSD and Boys & Girls Club of the Redwoods related to the Teen & Community Center. McKinleyville Community Services District Recreation Supervisor Leslie Frisbee introduced Liz Smith, Executive Director of the Boys and Girls Club of the Redwood (BGCR) and Chris Nystrom, Program Development Director, also of the BGCR. A power point presentation of Boys and Girls Club national and local history, Teen Center evolution and the vision for the teen center in McKinleyville were all explained. Leslie Frisbee advised that MCSD's collaboration with the BGCR would not change any of the current Parks and Recreation Programs and Chris Nystrom added that both agencies were looking to create a self-sustaining entity that would eventually be able to fund itself. The Directors had questions and comments for the panel and the following members of the public spoke:

1. Jeff Dunk of McKinleyville strongly supports and encourages the Board in the project.
2. Mike Day from Beutler Solar suggested that they consider a "teaming agreement" with Silver Gloves in order to bring a boxing option to the Teen Center

MOTION: It was moved to pursue a partnership and develop an MOU with the Boys and Girls Club of the Redwoods (BGCR).

Motion: Edwards; Second: Mayo

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

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

E.2 Beutler Solar Presentation for continued consideration of photovoltaic at the Wastewater Management Facility (WWMF). A power point presentation was provided by David Houseworth and Mike Day from Beutler Solar. The presentation was followed by a lengthy question and answer period and discussion by the Board, General Manager Orsini and MCSD staff. General Manager Orsini proposed to commit to a "roadmap" from Beutler that contained achievable milestones that should be returned to the agenda in January for continued consideration. Orsini also recommended that the project be added to the Strategic Plan that would also be returning to the agenda in January. The following members of the public spoke:

1. Jeff Dunk recommended that very specific values be provided by Buetler when they return, such as percentage rate increase, interest rate and erosion rate for the PV system.

This was an informational item only, no action was taken.

E.3 CalTRUST Presentation to acquaint the MCSD Board of Directors with their investment opportunities.

Lyle Defenbaugh, Client Relations Director with CalTRUST, Wells Capital Management, provided a power point presentation containing structure, features and investment opportunities for government agencies. There was a question and answer period for the Board members and discussion about these options in comparison to the State sponsored Local Agency Investment Fund (LAIF) and funding currently offered by the Humboldt County Treasurer's Office. There was no public comment. This was an informational item only, no action was taken.

E.4 Biosolids Presentation and Update. Operations Director James Henry provided a power point presentation on the Biosolids Removal Project, for the WWMF upgrade, that was completed in October. There was no public comment. This was an informational item only, no action was taken.

E.5 Presentation and Review of the Strategic Plan FY 2015-16. This item was not presented or discussed at this time; however President Couch requested that everyone look at it.

AGENDA ITEM F REPORTS: There were no committee reports given.

F.2.a SUPPORT SERVICES DEPARTMENT: Finance Director Colleen Trask briefly discussed the Water Curtailment Graph.

F.2.b OPERATIONS DEPARTMENT: Nothing to report

F.2.c PARKS & RECREATION DEPARTMENT: Nothing to report.

F.2.d GENERAL MANAGER: General Manager Orsini advised the Board that employee negotiations would be coming soon and that he and Finance Director Trask were working on a strategy for benefit escalations.

AGENDA ITEM F.3 PRESIDENT'S REPORT: No report given.

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

Director Mayo reported that he would be attending the ACWA Conference and would be phone conferencing in to the December Board Meeting. He will be posting the agenda at the front desk and in conference room 1 at the Manchester Grand Hyatt in San Diego. He will phone in on speaker phone and will be agendaizing information on the December agenda.

Director Corbett provided a report about his attendance at the CSDA Annual Conference in Palm Springs at the end of September. He advised that he attended training in Governance Foundations, Ethics and Liability Pass-through's and the EIR course.

AGENDA ITEM G ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 11:09pm

Motion: Mayo; Second: Edwards

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

MOTION SUMMARY: Motion Passed – 5 Ayes; 0 Nays

Becky Schuette, Board Secretary

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

Table of Contents

Page 2	Investments & Cash Flow Report
Page 3	Consolidated Balance Sheet by Fund
Page 4	Activity Summary by Fund
Page 6	Selected Graphic Comparisons
Page 11	Capital Expenditure Report
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 October 31, 2014

Petty Cash & Change Funds 940.00

Cash

Operating & Money Market - Beginning Balance		555,618.82
Cash Receipts:		
Utility Billings	387,214.35	
Money Market Account Interest	56.32	
Transfers from County Funds #2560, #4240	-	
Other Cash Receipts	91,633.99	
Total Cash Receipts		478,904.66
Cash Disbursements:		
Payroll Related Expenditures	(196,535.28)	
Debt Service	(7,395.83)	
Capital & Other Expenditures	(443,878.83)	
Total Cash Disbursements		(647,809.94)
Operating & Money Market - Ending Balance		386,713.54
Total Cash		387,653.54

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

LAIF - Beginning Balance	128,407.42	
Interest Income	78.24	
LAIF - Ending Balance		128,485.66
Humboldt Co. #2560 - Beginning Balance	986,343.50	
Property Taxes	-	
Transfer to/from Operating Cash	-	
Interest Income	583.59	
Humboldt Co. #2560 - Ending Balance		986,927.09
Humboldt Co. #4240 - Beginning Balance	4,750,875.27	
Property Taxes	-	
Transfer to/from Operating Cash	-	
Interest Income	2,456.59	
Humboldt Co. #4240 - Ending Balance		4,753,331.86
Humboldt Co. #9390 - Beginning Balance	276,190.35	
Reserves Recovery Deposits	23,760.72	
Interest Income	177.47	
Humboldt Co. #9390 - Ending Balance		300,128.54
USDA Bond Reserve Fund - Beginning Balance	115,285.90	
Bond Reserve Payment	-	
Debt Service Payment	-	
Interest Adjustment	2.61	
USDA Bond Reserve Fund - Ending Balance		115,288.51
Market Valuation Account		(180.00)
Umpqua Bank Meas.B Loan Proceeds - Beginning Balance	-	
Net Transfer to/from Loan Cash Holding Acct	1,400,000.00	
Interest Income	2,095.69	
Umpqua Bank Meas.B Loan Proceeds - Ending Balance		1,402,095.69
Total Investments		7,686,077.35
Total Cash & Investments - Current Month		8,073,730.89
Total Cash & Investments - Prior Month		6,813,481.26
Net Change to Cash & Investments This Month		1,260,249.63
<u>Cash & Investment Summary</u>		
Cash & Cash Equivalents		7,201,420.58
Davis-Grunsky Loan Reserve		597,782.63
Waste Water Capital Reserve		99,239.17
USDA Bond Reserve		115,288.51
I-Bank Loan Reserve		60,000.00
Total Cash & Investments		8,073,730.89

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

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Wastewater	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 694,609.68	\$ 137,178.95	\$ (167,277.97)	\$ 1,568,197.34	\$ 3,509,274.85	\$ 5,741,982.85
Accounts receivable	3,313.99	-	103,040.50	321,682.22	206,654.17	634,690.88
Prepaid expenses & other current assets	13,782.82	-	1,712.03	84,690.94	44,671.34	144,857.13
Total Current Assets	711,706.49	137,178.95	(62,525.44)	1,974,570.50	3,760,600.36	6,521,530.86
Noncurrent Assets						
Restricted cash & cash equivalents	176,826.92	-	-	657,782.63	214,527.68	1,049,137.23
Other noncurrent assets	3,076.00	-	-	-	-	3,076.00
Capital assets (net)	-	-	96.58	6,906,232.94	12,212,491.12	19,118,820.64
Total Noncurrent Assets	179,902.92	-	96.58	7,564,015.57	12,427,018.80	20,171,033.87
TOTAL ASSETS	\$ 891,609.41	\$ 137,178.95	\$ (62,428.86)	\$ 9,538,586.07	\$ 16,187,619.16	\$ 26,692,564.73
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 88,076.88	\$ 5,200.00	\$ 395.95	\$ 228,646.09	\$ 312,849.23	\$ 635,168.15
Accrued payroll & related liabilities	86,516.67	-	-	35,172.27	35,172.27	156,861.21
Total Current Liabilities	174,593.55	5,200.00	395.95	263,818.36	348,021.50	792,029.36
Noncurrent Liabilities						
Long-term debt	-	-	-	3,172,721.92	922,961.55	4,095,683.47
Other noncurrent liabilities	3,076.00	1,400,000.00	-	279,671.03	281,819.18	1,964,566.21
Total Noncurrent Liabilities	3,076.00	1,400,000.00	-	3,452,392.95	1,204,780.73	6,060,249.68
TOTAL LIABILITIES	177,669.55	1,405,200.00	395.95	3,716,211.31	1,552,802.23	6,852,279.04
Fund Balance/Net Assets						
Fund balance	41,570.24	(1,268,021.05)	(62,824.81)	-	-	(1,289,275.62)
Net assets	672,369.62	-	-	2,088,863.74	3,345,287.36	6,106,520.72
Investment in capital assets, net of related debt	-	-	-	3,733,511.02	11,289,529.57	15,023,040.59
Total Fund Balance/Net Assets	713,939.86	(1,268,021.05)	(62,824.81)	5,822,374.76	14,634,816.93	19,840,285.69
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 891,609.41	\$ 137,178.95	\$ (62,428.86)	\$ 9,538,586.07	\$ 16,187,619.16	\$ 26,692,564.73
<i>Difference in Reclass from Cap Assets to Net Assets:</i>						
Investment in General Capital Assets	\$ 3,179,069.41					
General Long-term Liabilities						
OPEB Liability	206,637.23					
Accrued Compensated Absences	40,783.04					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 247,420.27					

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

Department Summaries	October	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	249,257	1,059,160	977,808	81,352	8.32%	Drop in revenue for reduced water use still over conservative budgeted revenue est.
Other Revenues	82,168	202,569	82,714	119,855	144.90%	Includes YTD Capacity Fees of \$92,890
Total Operating Revenues	331,425	1,261,729	1,060,522	201,207	18.97%	
Salaries & Benefits	66,074	258,412	267,370	(8,958)	-3.35%	
Water Purchased	67,346	272,208	287,923	(15,715)	-5.46%	
Other Expenses	32,289	115,931	130,184	(14,253)	-10.95%	Other variable expenses curtailed with lower customer demand
Depreciation	25,300	101,150	110,000	(8,850)	-8.05%	
Total Operating Expenses	191,009	747,701	795,477	(47,776)	-6.01%	
Net Operating Income	140,416	514,028	265,045	153,431		
Interest Income	921	3,196	1,636	1,560	95.36%	Interest rate higher than originally estimated
Interest Expense	(6,396)	(25,693)	(28,333)	(2,640)	-9.32%	
Net Income (Loss)	134,941	491,531	238,348	253,183		
<u>Sewer</u>						
Sewer Service Charges	176,353	707,463	633,333	74,130	11.70%	
Other Revenues	27,205	151,058	98,323	52,735	53.63%	Includes YTD Capacity Fees \$116,922
Total Operating Revenues	203,559	858,521	731,656	126,865	17.34%	
Salaries & Benefits	68,563	271,426	266,560	4,866	1.83%	
Other Expenses	37,528	141,620	183,183	(41,563)	-22.69%	Other variable expenses curtailed with lower customer demand
Depreciation	38,560	154,230	160,000	(5,770)	-3.61%	
Total Operating Expenses	144,650	567,276	609,743	(42,467)	-6.96%	
Net Operating Income	58,908	291,245	121,913	169,332		
Interest Income	1,636	6,587	6,667	(80)	-1.19%	
Interest Expense	(3,297)	(13,520)	(13,840)	(320)	-2.31%	
Net Income (Loss)	57,247	284,312	114,740	169,572		
Enterprise Funds Net Income (Loss)	192,188	775,843	353,088	422,755		

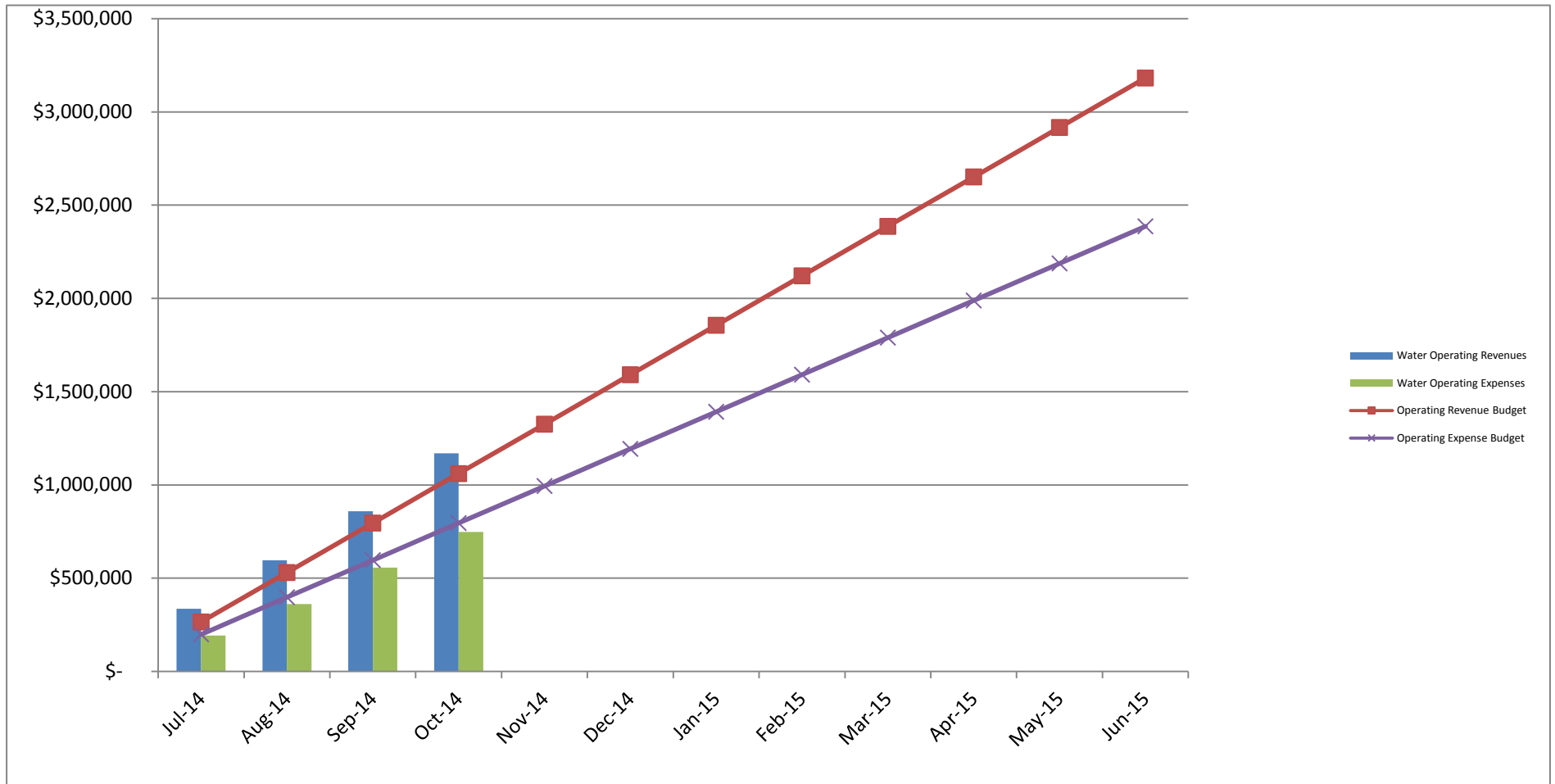
McKinleyville Community Services District
Activity Summary by Fund, Original Budget
October 2014

Department Summaries	October	YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Parks & Recreation</u>						
Program Fees	23,068	96,285	131,013	(34,728)	-26.51%	Budget is spread evenly across 12 months, but actuals vary with programs
Rents & Related Fees	5,872	15,554	29,200	(13,646)	-46.73%	Budget is spread evenly across 12 months, but actuals vary with rentals
Property Taxes	-	-	170,000	(170,000)	-100.00%	County Tax remittance scheduled in December and April
Other Revenues	8,611	38,427	63,267	(24,841)	-39.26%	Budget is spread evenly across 12 months, but actuals vary
Interest Income	644	1,680	1,000	680	67.98%	Interest rate higher than originally estimated
Total Revenues	38,195	151,945	394,480	(242,535)	-61.48%	
Salaries & Benefits	67,077	261,146	283,952	(22,806)	-8.03%	
Other Expenditures	22,021	75,222	71,960	3,262	4.53%	Budget is spread evenly across 12 months, but actuals vary with payments
Capital Expenditures	24,691	57,748	38,333	19,415	50.65%	New mower purchase - included in CIP budget
Total Expenditures	113,789	394,116	394,245	(129)	-0.03%	
Excess (Deficit)	(75,593)	(242,170)	235	(242,405)		
<u>Measure B Assessment</u>						
Total Revenues	71,141	71,215	71,341	(126)	-0.18%	County Tax remittance scheduled in December and April
Salaries & Benefits	8,166	34,217	33,686	531	1.57%	
Other Expenditures	74,211	76,677	2,000	74,677	3733.86%	Loan Issuance costs, set against Loan Proceeds Income
Capital Expenditures	-	24,397	35,000	(10,603)	-30.29%	Teen Center - actuals will vary with project progress
Total Expenditures	82,376	135,291	70,686	64,605	91.40%	
Excess (Deficit)	(11,235)	(64,076)	655	(64,731)		
<u>Street Lights</u>						
Total Revenues	7,837	32,383	29,919	2,464	8.24%	
Salaries & Benefits	3,050	11,310	13,857	(2,547)	-18.38%	Lower utility wages required for LED fixtures
Other Expenditures	3,183	11,401	16,023	(4,622)	-28.85%	Lower utility charges for LED fixtures
Capital Expenditures	-	-	-	-	#DIV/0!	
Total Expenditures	6,233	22,711	29,880	(7,169)	-23.99%	
Excess (Deficit)	1,604	9,672	39	(9,633)		
Governmental Funds Excess (Deficit)	(85,224)	(296,574)	929	(297,503)		

McKinleyville Community Services District

October 2014

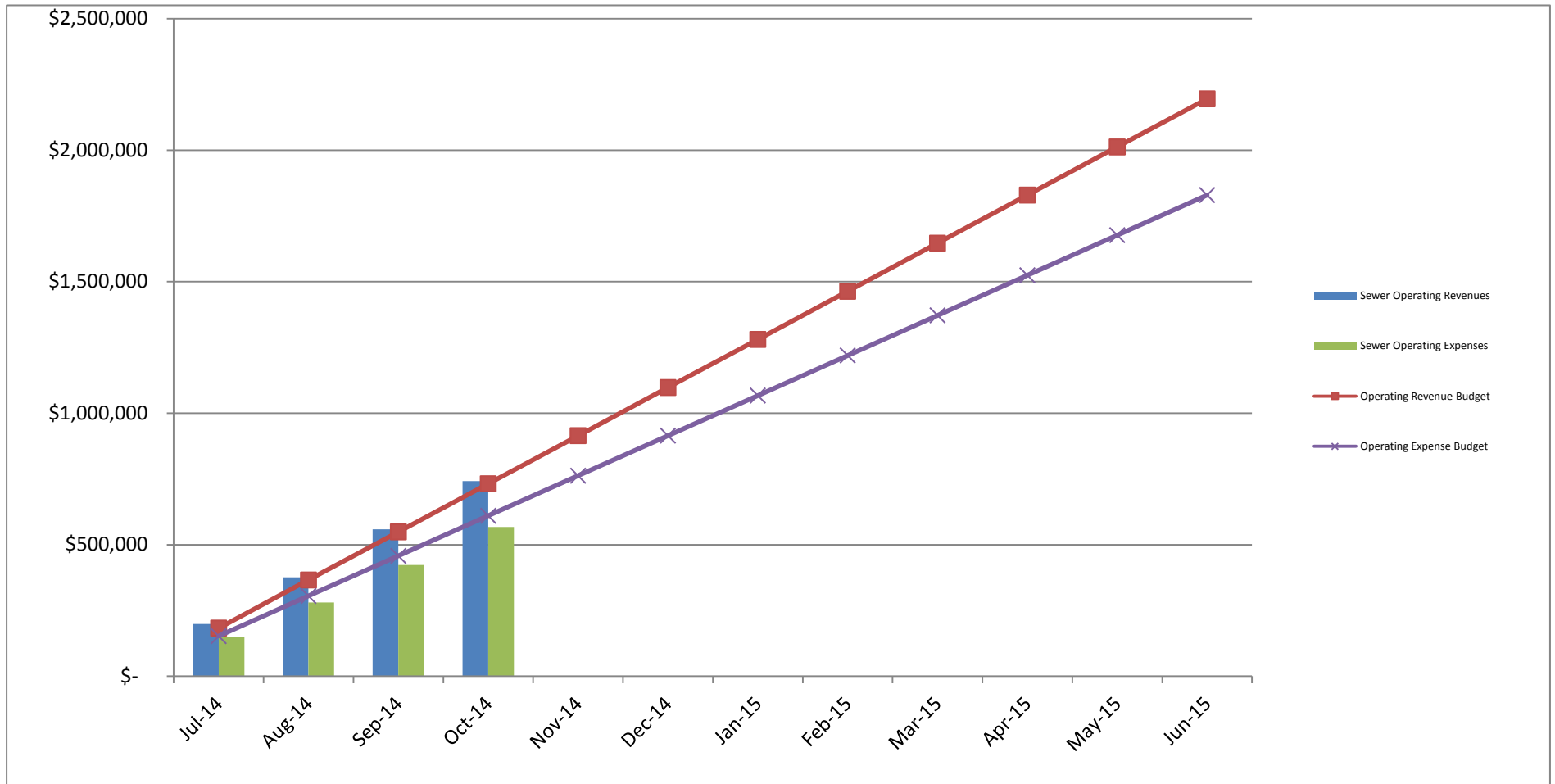
Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

October 2014

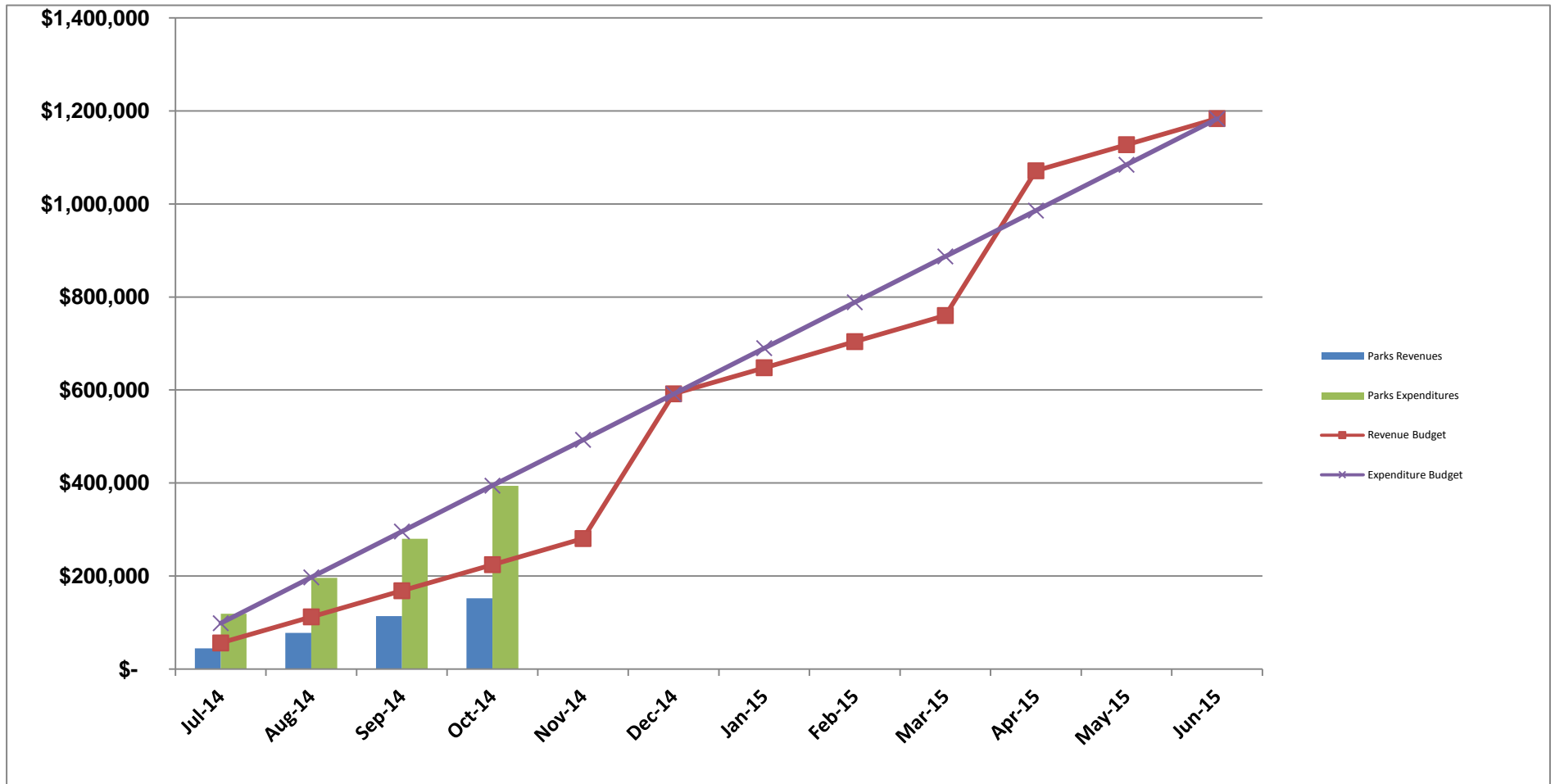
Comparison of Sewer Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

October 2014

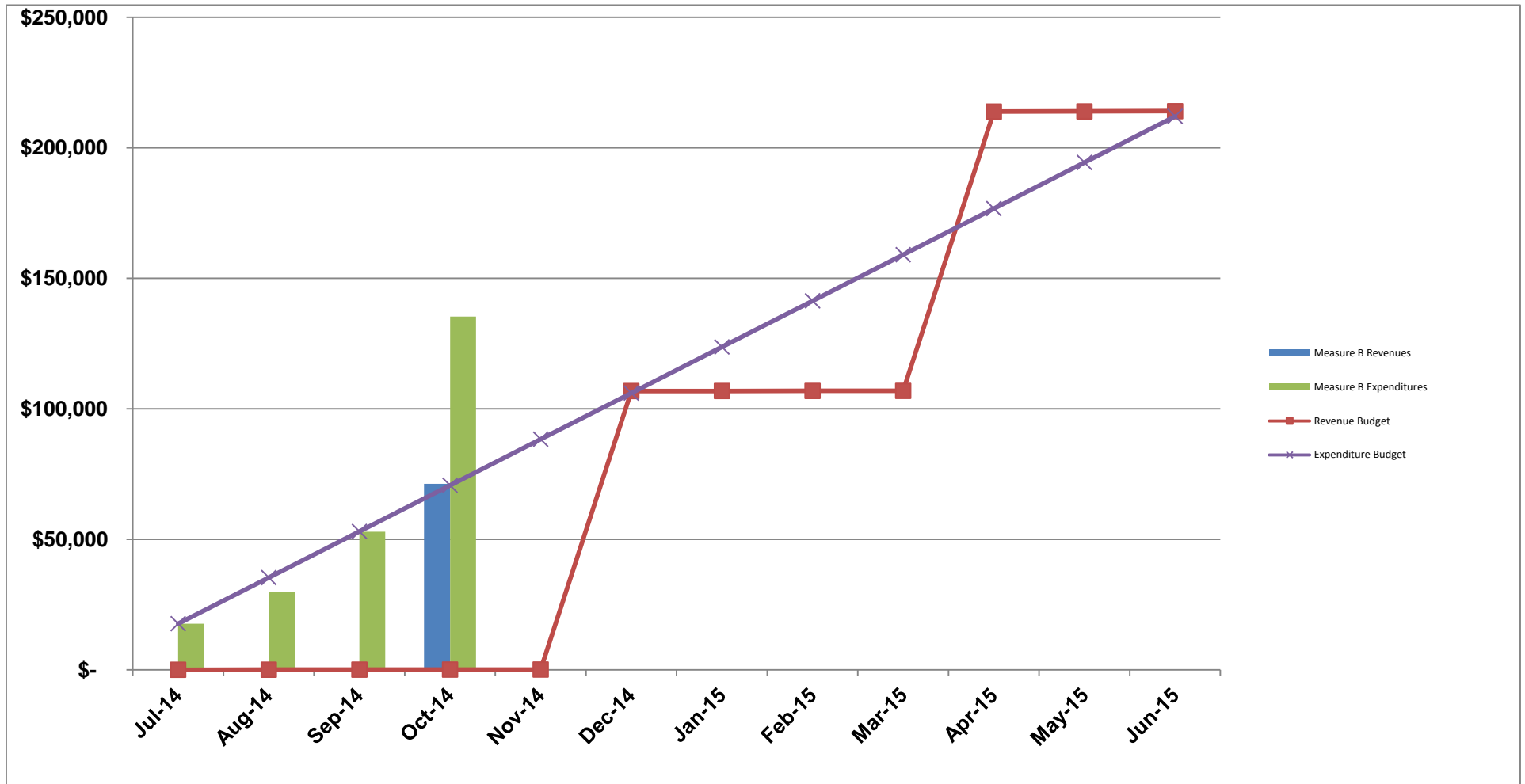
Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



McKinleyville Community Services District

October 2014

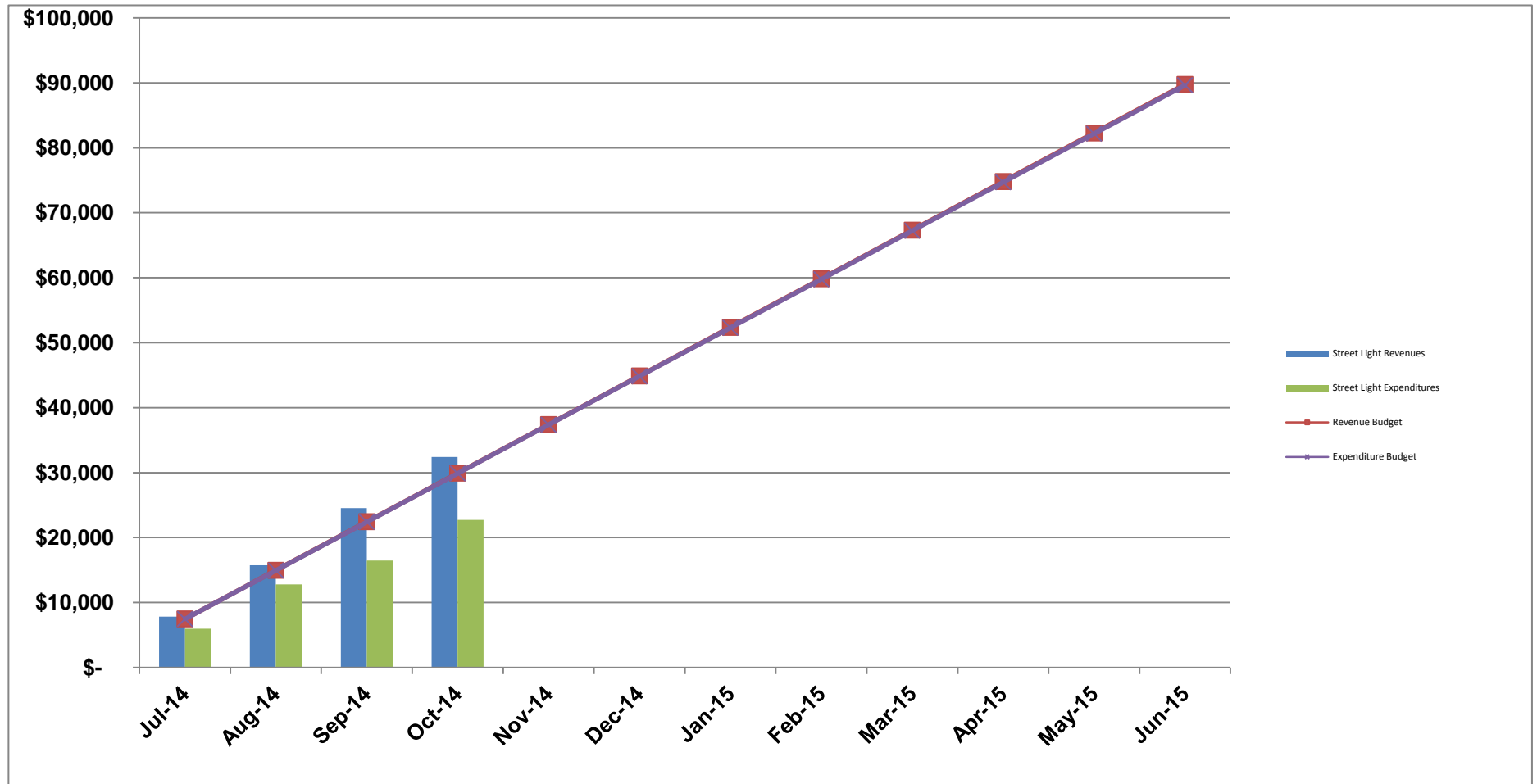
Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District

October 2014

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



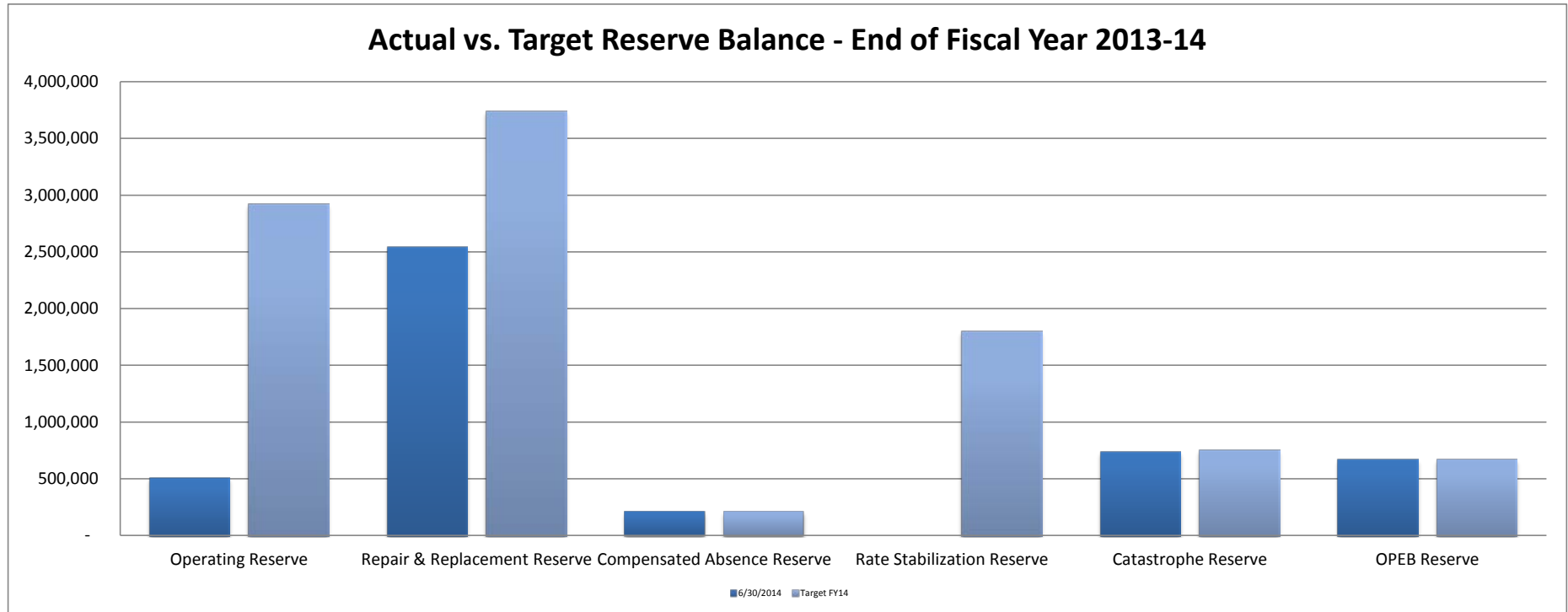
McKinleyville Community Services District
Capital Expenditure Report
As of October 31, 2014

	October	YTD Total	FY 14-15 Budget	Remaining		
				Budget \$	Budget %	Notes
Water Department						
Ramey Pump Upgrades	-	-	-	-	#DIV/0!	
Emergency Water Line River Crossing	-	1,404	150,000	148,596	99%	Emergency Line Intertie Proj
Water Tank Upgrade	-	-	350,000	350,000	100%	Tank Painting
Emergency Water Supply	-	1,240	100,000	98,760	99%	Emergency Water Supply
Fire Hydrant System Upgrade	-	-	9,000	9,000	100%	Fire Hydrant System Upgrade
Customer Radio Meter Replacements	-	240	90,000	89,760	100%	Radio meters purch/install
Water Main Rehab & Replacement	-	-	20,000	20,000	100%	Water Main Rehab
Property Purchase & Improvements	-	-	185,000	185,000	100%	Property Purch/Improvements
Subtotal	-	2,884	904,000	901,116	100%	
Sewer Department						
Sewer Main Rehab & Replacement	-	-	50,000	50,000	100%	Sewer Main Rehab
WWMF Biosolids Project	277,719	280,796	900,000	619,204	69%	Biosolids Project
WWMF & Fischer Lift Stn Grinder Upgrade	-	-	20,000	20,000	100%	WWMF/Fischer Lift Stn Grinder
WWMF Upgrade/CEQA/Permitting	125,791	287,582	5,000,000	4,712,418	94%	WWMF design & start construction
Radio Telemetry Upgrade	-	-	45,000	45,000	100%	Radio Telemetry upgrade
Customer Radio Meter Replacements	-	-	90,000	90,000	100%	Radio meters purch/install
Underground Locator Pipe & Camera	-	-	5,000	5,000	100%	
Subtotal	403,510	568,378	6,110,000	5,541,622	91%	
Water & Sewer Operations						
Heavy Equipment	-	-	100,000	100,000	100%	Dump Truck, Tractor attachmts
Utility Vehicles	-	-	60,000	60,000	100%	Car, 3/4 or 1-ton Pickup Truck
Office, Corporate Yard & Shops	-	-	20,000	20,000	100%	Facilities upgrade/sealcoat
Computers & Software	4,536	10,198	14,000	3,802	27%	File Server Upgrade
GIS/SEMS/CADD Equipment/Software	-	-	10,000	10,000	100%	SCADA, AutoCAD, GIS computers
Fischer Ranch -Disposal Site Upgrade	-	-	1,000,000	1,000,000	100%	Disposal Site Upgrade
Small Equipment & Other	-	-	20,000	20,000	100%	Ops Office Eq./Emergency Eqp
Subtotal	4,536	10,198	1,224,000	1,213,802	99%	
Enterprise Funds Total	408,046	581,460	8,238,000	7,656,540	93%	
Parks & Recreation Department						
Pierson Park Upgrades	-	-	-	-	#DIV/0!	
Azalea Hall Projects	-	-	-	-	#DIV/0!	
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	
Projects Funded by Quimby/Other Funds	19,569	22,389	75,000	52,611	70%	Covered Picnic Area
Projects Funded by Measure B Renewal	5,366	36,145	105,000	68,855	66%	Teen Center Project
Other Parks Projects & Equipment	-	23,855	40,000	16,145	40%	New Pk Improvmt, mower,truck
Subtotal	24,935	82,389	220,000	137,611	63%	
Streetlights						
LED	-	-	-	-	#DIV/0!	
Subtotal	-	-	-	-	#DIV/0!	
Governmental Funds Total	24,935	82,389	220,000	137,611	63%	
All Funds Total	432,981	663,850	8,458,000	7,794,150	92%	

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

				Principal Maturities and Scheduled Interest				
		Maturity		Balance - Sept	Balance - Oct			
		%	Date	30, 2014	31, 2014	FY-15	FY-16	Thereafter
Water Fund:								
I-Bank		8/1/30	P	842,084.87	842,084.87	-	40,571.37	801,513.53
Interest	3.37%		I			14,189.13	27,694.63	219,225.52
State of CA Energy Commission (ARRA)		12/22/26	P	145,951.27	145,951.27	10,964.84	11,125.84	123,806.70
Interest	1.0%		I			1,425.12	1,325.20	6,926.83
State of CA (Davis Grunsky)		1/1/33	P	1,861,023.85	1,861,023.85	77,717.50	79,660.44	1,703,645.91
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P	323,661.93	323,661.93	17,035.12	17,035.12	289,591.69
Interest	2.5%		I			46,525.60	44,582.66	408,486.72
Total Water Fund-Principal				3,172,721.92	3,172,721.92	105,717.46	148,392.77	2,918,557.83
Total Water Fund-Interest						62,139.85	73,602.49	634,639.07
Total Water Fund				3,172,721.92	3,172,721.92	167,857.31	221,995.26	3,553,196.90
Sewer Fund:								
State of CA WRCB (SCEP I)		4/15/16	P	81,840.20	81,840.20	40,920.10	40,920.10	-
Interest	0.0%		I			-	-	
State of CA WRCB (SCEP II)		3/27/18	P	104,695.51	104,695.51	25,184.26	25,838.70	53,686.60
Interest	2.6%		I			2,722.08	2,067.64	2,102.41
Umpqua Bank		12/4/17	P	165,314.88	161,425.84	31,712.37	49,848.42	79,721.79
Interest	5.5%		I			5,443.47	5,885.34	3,506.57
USDA (Sewer Bond)		8/1/22	P	575,000.00	575,000.00	-	60,000.00	515,000.00
Interest	5.0%		I			15,125.00	27,250.00	90,875.00
Total Sewer Fund-Principal				926,850.59	922,961.55	97,816.73	176,607.22	648,408.39
Total Sewer Fund-Interest						23,290.55	35,202.98	96,483.98
Total Sewer Fund				926,850.59	922,961.55	121,107.28	211,810.20	744,892.37
Total Principal				4,099,572.51	4,095,683.47	203,534.19	324,999.99	3,566,966.22
Total Interest						85,430.40	108,805.47	731,123.05
Total				4,099,572.51	4,095,683.47	288,964.59	433,805.46	4,298,089.27

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



- Utility Accounts Receivable Turnover Days As of October 31, 2014 14.6 Days
- YTD Breakeven Revenue, Water Fund: 639,967.01 - YTD Actual Water Sales: 1,059,160.48
- Days of Cash on Hand - Operations Checking Account 29.6 Days

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
28678	10/6/2014	*0017	AZALEA HALL DEPOSIT REFUND DE	100.00	B41001	AZALEA HALL DEPOSIT REFUND DE
28680	10/6/2014	10101	101 THINGS TO DO PUBLICATION	419.00	14kd029	KIDS DIGEST ADVERTISEMENT
28681	10/6/2014	ADV01	ADVANCED SECURITY SYSTEM	450.00	277376	SECURITY SYSTEMS
28682	10/6/2014	AGB01	AMERICAN GEOPHYSICAL	1,330.00	M14-1545	PROFESSIONAL SERVICES
28683	10/6/2014	AJI01	HAIDER AJINA	30.00	B41002	CONTRACTED REFEREE
28684	10/6/2014	BON02	BONNIE L. OLIVER	-	12u	Ck# 028684 Reversed
28685	10/6/2014	BRI04	BRIAN'S SMOG BRAKE & TUNE	55.00	3284	SMOG CHECK ON UNIT 10
28686	10/6/2014	CAS01	CASH	256.86	B41002	REPLENISH PETTY CASH
28687	10/6/2014	COA01	COASTAL BUSINESS SYSTEMS	328.46	15877844	SHARP MONTHLY PAYMENT
28688	10/6/2014	COR07	JOHN W. CORBETT	125.00	B41001	MEETING OF 09/03/2014
28689	10/6/2014	COS02	COSTCO MEMBERSHIP	275.00	B41003	RENEWAL OF DISTRICT CARD
28690	10/6/2014	COU02	HUMBOLDT COUNTY ASSESSOR	15.50	B41002	MEASURE B MAPS
28691	10/6/2014	COU09	DAVID R. COUCH	250.00	B41001	MTG OF 09/03/14 & 09/24/1
28692	10/6/2014	EDW01	HELEN L. EDWARDS	125.00	B41001	MTG OF 09/03/2014
28693	10/6/2014	FRI05	LESLEY FRISBEE	57.95	B41002	REC PROGRAM SUPPLIES
28694	10/6/2014	HAR03	HARVEY M. HARPER CO.	818.52	B41002	VEHICLE REPAIRS

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28695	10/6/2014	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTR	69,858.76	B41002	WATER PURCHASED FOR SEPT
28696	10/6/2014	KEN02	KENNEDY/JENKS CONSULTANTS	99,844.56	85669	WWMF UPGRADE
28697	10/6/2014	MAY02	DENNIS MAYO	250.00	B41001	MTG OF 09/03/2014 & 09/24
28698	10/6/2014	MCK03	MCKINLEYVILLE OFFICE SUPPLIES	40.44	46364	TEEN CENTER SHIPMENT
28699	10/6/2014	MCS01	MCSD C/O HUMBOLDT COUNTY	23,757.06	B41006	RESERVES RECOVERY REIMB
28700	10/6/2014	NEC01	NEC FINANCIAL SERVICES, LLC	575.12	B41006	PHONE SYSTEMS
28701	10/6/2014	NYL01	NYLEX.NET	3,300.00	B41006	SERVER UPGRADE
28702	10/6/2014	OCC01	OCCUPATIONAL HEALTH	205.00	523*08-14	PROFESSIONAL SERVICES
28703	10/6/2014	PGE01	PG & E (Office & Field)	17,944.24	B41006	GAS & ELECTRIC
28704	10/6/2014	PRO01	PROFESSIONAL CREDIT SERVICES	50.72	B41006	RECOVERY OF BAD DEBT
28705	10/6/2014	SAL01	MICHAEL SALMON	475.00	B41006	CONTRACTED SOFTBALL UMPIRE
28706	10/6/2014	SUD01	SUDDENLINK	135.05	B41006	INTERNET SERVICES
28707	10/6/2014	UMP03	UMPQUA BANK--VISA	28.77	SEPT-01	OFFICE SUPPLIES/ LATE FEE
				42.00	SEPT-02	TRAVEL/ MEALS/ LATE FEES
				31.00	SEPT-03	LATE FEES
				113.70	SEPT-04	OFFICE SUPPLIES/ LATE FEE
			Check Total:	<u>215.47</u>		
28708	10/6/2014	USB01	U.S. BANK TRUST N.A.	7,395.83	B40924	SEWER BOND PAYMENT
28709	10/6/2014	VER01	VERIZON WIRELESS	111.37	B41006	CELL PHONES FOR SEPT 2014

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28710	10/6/2014	WHE02	GEORGE A. WHEELER JR.	250.00	B41001	MTG OF 09/03/2014 & 09/24
28711	10/6/2014	\B001	MQ CUSTOMER REFUND FOR BU	90.76	000B41001	MQ CUSTOMER REFUND FOR BU
28712	10/6/2014	\C003	MQ CUSTOMER REFUND FOR CA	88.68	000B41001	MQ CUSTOMER REFUND FOR CA
28713	10/6/2014	\C024	MQ CUSTOMER REFUND FOR CE	78.70	000B41001	MQ CUSTOMER REFUND FOR CE
28714	10/6/2014	\D017	MQ CUSTOMER REFUND FOR DE	38.64	000B41001	MQ CUSTOMER REFUND FOR DE
28715	10/6/2014	\F012	MQ CUSTOMER REFUND FOR FU	72.63	000B41001	MQ CUSTOMER REFUND FOR FU
28716	10/6/2014	\H002	MQ CUSTOMER REFUND FOR HO	251.20	000B41001	MQ CUSTOMER REFUND FOR HO
28717	10/6/2014	\L029	MQ CUSTOMER REFUND FOR LE	65.59	000B41001	MQ CUSTOMER REFUND FOR LE
28718	10/6/2014	\M037	MQ CUSTOMER REFUND FOR MA	36.31	000B41001	MQ CUSTOMER REFUND FOR MA
28719	10/6/2014	\M038	MQ CUSTOMER REFUND FOR MC	125.93	000B41001	MQ CUSTOMER REFUND FOR MC
28720	10/6/2014	\O001	MQ CUSTOMER REFUND FOR OL	59.16	000B41001	MQ CUSTOMER REFUND FOR OL
28721	10/6/2014	\R018	MQ CUSTOMER REFUND FOR RI	48.17	000B41001	MQ CUSTOMER REFUND FOR RI
28722	10/6/2014	\R020	MQ CUSTOMER REFUND FOR RO	32.22	000B41001	MQ CUSTOMER REFUND FOR RO
28723	10/6/2014	\R021	MQ CUSTOMER REFUND FOR RO	52.74	000B41001	MQ CUSTOMER REFUND FOR RO
28724	10/6/2014	\S011	MQ CUSTOMER REFUND FOR SM	23.08	000B41001	MQ CUSTOMER REFUND FOR SM
28725	10/6/2014	\V009	MQ CUSTOMER REFUND FOR VA	7.37	000B41001	MQ CUSTOMER REFUND FOR VA
28726	10/6/2014	\W005	MQ CUSTOMER REFUND FOR WE	40.51	000B41001	MQ CUSTOMER REFUND FOR WE
28727	10/14/2014	A&L02	A & L FEED	27.93	B41009	REPAIRS/ SUPPLIES

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28728	10/14/2014	ACW01	CB&T/ACWA-JPIA	8,870.18	B41014	GRP. HEALTH INS
28729	10/14/2014	ADV04	ADVANCED DISPLAY AND SIGN	207.41	510738	REPAIRS/SUPPLIES
28730	10/14/2014	AIR01	AIRGAS USA, LLC.	190.22	903155585	SAFETY SUPPLIES
28731	10/14/2014	ARC02	Arcata Stationers	19.03	B41009	OFFICE SUPPLIES
28732	10/14/2014	BAL01	DAVID BALDOSSER	450.36	B41014	AFLAC FLEX SPENDING REIMB
28733	10/14/2014	BAS01	BASIC LABORATORY INC.	1,115.00	1409090	LAB TESTING
28734	10/14/2014	CAP02	CAPITOL ENGINEERING LABS	957.08	34906	PROFESSIONAL SERVICES
28735	10/14/2014	CDW01	CDW GOVERNMENT, INC.	1,800.01	PF57028	SERVER UPGRADE
28736	10/14/2014	COR01	CORBIN WILLITS SYSTEMS, INC	858.42	B40915	MOMS MONTHLY PAYMENT
28737	10/14/2014	CRO03	CROWN TROPHY PETALUMA	100.67	20362	REC PROGRAM SUPPLIES
28738	10/14/2014	DAV02	DAVIDSON BROTHERS LOCK & ALARM	32.48	60128	ACTIVITY CENTER REPAIRS/
28739	10/14/2014	EIC01	JENNIFER EICHSTEDT	780.00	B41014	CONTRACTED INSTRUCTOR
28740	10/14/2014	GAN01	GAN CONFERENCING	8.56	19878	AUDIO CONFERENCES
28741	10/14/2014	GAY01	GAYNOR TELESYSTEMS, INC	69.00	27238	PROFESSIONAL SERVICES
28742	10/14/2014	GHD01	GHD	2,463.75	B41009	WWMF UPGRADE
28743	10/14/2014	HUC01	DELILAH HUCK	438.75	B41014	CONTRACTED INSTRUCTOR
28744	10/14/2014	HUM41	HUMBOLDT WASTE	4,110.00	B41009	HAZARDOUS WASTE COLLECTION

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28745	10/14/2014	IND02	Industrial Electric Serv	102.97	B41009	REPAIRS/SUPPLY
28746	10/14/2014	MCK04	MCK ACE HARDWARE	688.53	B41009	REPAIRS/SUPPLY
28747	10/14/2014	MIL01	Miller Farms Nursery	654.46	B41002	REPAIRS/SUPPLY
28748	10/14/2014	MIL03	THE MILL YARD	756.84	B41002	PIERSON PARK COVERED PICNIC AREA
28749	10/14/2014	MIT01	Mitchell, Brisso, Delaney	1,079.00	35163	LEGAL SERVICES
				750.84	B41009	LEGAL SERVICES
			Check Total:	<u>1,829.84</u>		
28750	10/14/2014	NAP02	NAPA AUTO PARTS	41.88	B41009	REPAIRS/ SUPPLIES
28751	10/14/2014	NAT06	NATIONAL METER & AUTOMATION	13,059.84	S1055918	SUPPLIES-METERS PURCHASED
28752	10/14/2014	NOR01	NORTH COAST LABORATORIES	4,395.00	B41009	LAB TESTS
28753	10/14/2014	NOR13	NOR CAL SAFETY CONSORTIUM	80.00	20773	SAFETY TRAINING
28754	10/14/2014	NOR35	NORTHERN HUMBOLDT	708.00	B41002	OPEN SPACE MAINTENANCE
28755	10/14/2014	NYL01	NYLEX.NET	48.00	76136	PROFESSIONAL SERVICES
28756	10/14/2014	ORI01	ORIENTAL TRADING CO. INC.	397.40	665572359	REC PROGRAM SUPPLIES
28757	10/14/2014	PRE08	PRECISION INTERMEDIA	23.75	14-2782	PROFESSIONAL SERVICES
28758	10/14/2014	REN01	RENNER PETROLEUM	3,319.05	B41009	GAS/OIL/LUBE
28759	10/14/2014	RES05	RESERVE ACCOUNT	1,500.00	B41009	POSTAGE FOR METER
28760	10/14/2014	SAF04	SAFEWAY INC. FILE # 72905	116.55	B41009	REC PROGRAM SUPPLIES/ OFFC SUPPL
28761	10/14/2014	SOC01	SOCCER ONE	62.68	327626	REC PROGRAM SUPPLIES

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28762	10/14/2014	THO02	Thomas Home Center	330.23	B41009	REPAIRS/SUPPLY
28763	10/14/2014	THR01	THRIFTY SUPPLY COMPANY	2,824.66	B41009	REPAIRS/ SUPPLIES
28764	10/14/2014	USP02	USPS: ARCATA BMEU	1,500.00	B41009	REFILL PERMIT 202 BULK MA
28765	10/14/2014	ROA01	PAUL L. ROACH	625.00	B41014	CONTRACTED UMPIRE PAYMENT
28766	10/14/2014	UMP03	UMPQUA BANK--VISA	147.53	B41014	REC PROGRAM SUPPLIES/ TRAVEL
28767	10/20/2014	*0018	AZALEA HALL DEPOSIT REFUND FG	100.00	B41020	AZALEA HALL DEPOSIT REFUND FG
28768	10/20/2014	ADV04	ADVANCED DISPLAY AND SIGN	75.27	510735	REPAIRS/ SUPPLIES
28769	10/20/2014	ANS02	BRIAN ANSPACH	64.49	B41020	EMPLOYEE REIMBURSEMENT
28770	10/20/2014	APP01	APPLIED INDUST. TECH.	599.95	B41002	REPAIRS/ SUPPLIES
28771	10/20/2014	ATT01	AT&T	574.71	B41020	PHONE SERVICES
28772	10/20/2014	COA01	COASTAL BUSINESS SYSTEMS	884.10	B41020	SHARP COPIER LEASE PAYMENT
28773	10/20/2014	COS03	COSTCO WHOLESALE	238.95	B41020	SUPPLIES PURCHASED IN SEP
28774	10/20/2014	DEP03	DEPT OF HEALTH SERVICES	60.00	B41020	CERTIFICATE RENEWAL
28775	10/20/2014	GRA02	GRAINGER	127.71	954553899	SAFETY SUPPLIES
28776	10/20/2014	HUM08	HUMBOLDT SANITATION	1,005.30	B41020	TRASH SERVICE
28777	10/20/2014	JAC04	JACKSON & EKLUND, INC.	5,032.00	180555	PROFESSIONAL SERVICES
28778	10/20/2014	MEN01	MENDES SUPPLY CO.	1,194.81	B41009	REPAIRS/SUPPLY

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28779	10/20/2014	ROU01	ROUND TABLE DEVELOPMENT CORP	106.16	B41020	REC PROGRAM SUPPLIES
28780	10/20/2014	SDR01	SDRMA	1,208.90	48952	PROPERTY/LIABILITY INSURANCE
28781	10/20/2014	STA11	STAPLES CREDIT PLAN	880.92	B41020	OFFICE SUPPLIES
28782	10/20/2014	SWR02	SWRCB FEES	4,041.00	LW 146006	WATER SYSTEM FEES
28783	10/20/2014	THR02	THREE G'S HAY & GRAIN	399.69	102559	REPAIRS/ SUPPLIES
28784	10/20/2014	UPS01	UPS	41.59	B41020	LAB SHIPMENT
28785	10/27/2014	*0001	REC PROGRAM REFUND EC	35.00	B41023	REC PROGRAM REFUND EC
28786	10/27/2014	*0002	REC PROGRAM REFUND SN	75.00	B41023	REC PROGRAM REFUND SN
28787	10/27/2014	*0003	AZALEA HALL DEPOSIT REFUND CM	100.00	B41023	AZALEA HALL DEPOSIT REFUND CM
28788	10/27/2014	APP01	APPLIED INDUST. TECH.	258.86	700340717	REPAIRS/ SUPPLIES
28789	10/27/2014	BAS01	BASIC LABORATORY INC.	188.50	1409740	LAB TESTING
28790	10/27/2014	BON02	BONNIE L. OLIVER	224.82	B41022	PIERSON PARK NEW PICNIC PAVILION
28791	10/27/2014	BUT03	DEVIN BUTOR	552.18	B41024	CONTRACT INSTRUCTOR PAYMENT
28792	10/27/2014	CSD01	CSDA	5,691.00	B41024	MEMBERSHIP RENEWAL
28793	10/27/2014	DEL02	DELFINO, MADDEN, O'MALLEY	1,680.00	1986	LEGAL SERVICES
28794	10/27/2014	EUR05	Eureka Oxygen Co	59.99	A 497907	REPAIRS/ SUPPLIES
28795	10/27/2014	FRE07	FRESHWATER ENVIRONMENTAL	960.00	851 850	PROFESSIONAL SERVICES
28796	10/27/2014	HUM02	HUMBOLDT CSD	750.00	3181	UWMP ADVERTISEMENT

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
28797	10/27/2014	IND01	INDEPENDENT BUS. FORMS	30.39	B41024	OFFICE SUPPLIES
28798	10/27/2014	KEN02	KENNEDY/JENKS CONSULTANTS	125,397.69	0	WWMF UPGRADE
28799	10/27/2014	LDA01	LDA PARTNERS	2,138.68	21/635-1-	MCK TEEN CENTER
28800	10/27/2014	MAD01	MAD RIVER ROTARY	175.00	18	ANNUAL DUES
28801	10/27/2014	MAR01	ERIC MARTIN	194.84	B41027	STEEL TOED BOOTS/EMPLOYEE REIMB
28802	10/27/2014	MCM01	McMaster-Carr Supply Co.	110.52	13734617	REPAIRS/ SUPPLIES
28803	10/27/2014	MUN02	MUNICIPAL MAINTENANCE	355.54	95384	CONSTRUCTION EQUIPMENT
28804	10/27/2014	NAT06	NATIONAL METER & AUTOMATION	1,030.91	S1056608	REPAIRS/ SUPPLIES
28805	10/27/2014	NOR35	NORTHERN HUMBOLDT	493.11	B41024	CENTRAL AVE/ P. PARK MAIN
28806	10/27/2014	PAC02	PACIFIC TELEMAGEMENT SERVICES	50.00	686126	PAYPHONE AT THE MAC
28807	10/27/2014	PGE02	PACIFIC GAS & ELECTRIC	1,851.03	B41023	GAS & ELECTRIC
28808	10/27/2014	PRE08	PRECISION INTERMEDIA	23.75	14-2875	PROFESSIONAL SERVICES
28809	10/27/2014	REM01	REMY, MOOSE AND MANLEY,LLC	1,025.00	99108	LEGAL SERVICES
28810	10/27/2014	SEQ01	Sequoia Gas Co.	60.61	B41020	HILLER SPORTS SITE FUEL
28811	10/27/2014	TRA01	COLLEEN TRASK	25.00	B41023	TRAVEL/MEALS, CSDA ANNUAL CONF
				446,040.63		
Total Disbursements, Accounts Payable:				446,040.63		

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Payroll Related Disbursements						
12256-12285	10/9/2014		Various Employees	16,923.08		Payroll Checks
12286	10/9/2014	CAL12	CalPERS 457 Plan	4,890.32	B41009	RETIREMENT
				240.71	1B41009	PERS 457 LOAN PMT
			Check Total:	<u>5,131.03</u>		
12287	10/9/2014	DIR01	DIRECT DEPOSIT VENDOR- US	26,875.67	B41009	Direct Deposit
12288	10/9/2014	EMP01	Employment Development	1,648.35	B41009	STATE INCOME TAX
				596.79	1B41009	SDI
			Check Total:	<u>2,245.14</u>		
12289	10/9/2014	EMP02	Employment Dev Department	2,260.24	B40930	SUI
12290	10/9/2014	HUM29	UMPQUA BANK--PAYROLL DEP.	5,439.42	B41009	FEDERAL INCOME TAX
				7,411.78	1B41009	FICA
				1,733.46	2B41009	MEDICARE
			Check Total:	<u>14,584.66</u>		
12291	10/9/2014	ACW01	CB&T/ACWA-JPIA	46,211.99	B40930	MED & DENTAL INSUR
12292	10/9/2014	AFL01	AFLAC	43.30	B40930	AFLAC (PRE-TAX)
12293	10/9/2014	PUB01	Public Employees PERS	18,098.46	B40930	PERS PAYROLL REMITTANCE
12294-12320	10/23/2014		Various Employees	16,439.49		Payroll Checks
12321	10/23/2014	CAL12	CalPERS 457 Plan	4,866.82	B41023	RETIREMENT
				259.96	1B41023	PERS 457 LOAN PMT
			Check Total:	<u>5,126.78</u>		

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

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
12322	10/23/2014	DIR01	DIRECT DEPOSIT VENDOR- US	26,262.43	B41023	Direct Deposit
12323	10/23/2014	EMP01	Employment Development	1,603.19	B41023	STATE INCOME TAX
				583.52	1B41023	SDI
			Check Total:	<u>2,186.71</u>		
12324	10/23/2014	HUM29	UMPQUA BANK--PAYROLL DEP.	5,227.48	B41023	FEDERAL INCOME TAX
				7,228.32	1B41023	FICA
				1,690.50	2B41023	MEDICARE
			Check Total:	<u>14,146.30</u>		
				196,535.28		
			Total Disbursements, Payroll:	<u>196,535.28</u>		
			Total Check Disbursements:	642,575.91		

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1 **Presentation of Community Builder Award to Humboldt Area Foundation**

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

TYPE OF ACTION: **Information**

Recommendation:

Staff recommends that the Board listen to staff's presentation, air questions, take public comment and present the Community Builder Award to the Humboldt Area Foundation.

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 the Humboldt Area Foundation (HAF) as a worthy entity to receive the award.

The HAF has a long history of providing support to a variety of organizations in McKinleyville. The HAF's mission is "To serve as an independent staging ground for residents, individually and in concert, to build social, economic and environmental prosperity on California's North Coast."

The HAF has been extremely supportive to MCSD's parks & recreation department for many years. Most recently, they awarded MCSD with a grant in the amount of \$9,000.00 to support the teen & community center. The funds will be used to help purchase audio and visual equipment for the new facility.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1-HAF response to interview questions

COMMUNITY BUILDER AWARD CRITERIA:

The award will be presented monthly 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.

“Community Builder Award” Interview Questions

Award recipient: Humboldt Area Foundation

Interview question answers were submitted by Patrick Cleary, Executive Director of HAF

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

Humboldt Area Foundation has been around for 42 years, and McKinleyville is a big focus of our activities. I personally have lived in McKinleyville for over ten years.

2. What do you like best about McKinleyville?

There is so much to like – the parks, the access to the ocean, the Hammond Trail. I like that it is an affordable place for working families to live. My wife loves the McKinleyville arena. I am very excited about the new park space on North Bank Road.

3. What do you like about McKinleyville Community Services District?

The CSD is extremely well run and helpful. I have never experienced another water district call to tell us our water bill was high and perhaps we have a leak. I appreciate the focus on the future.

4. Why do you feel recreation opportunities and park facilities are important for our community?

Recreation activities help build a sense of community – I know many people who have built strong friendships from attending their children's sporting events. . Hiller Park is truly amazing. I like that all the parks help keep our children (and

ourselves) healthy. And my dogs love the dog park, It helps make them better socialized too.

5. Do you have a future vision for McKinleyville Community Services District?

I am very pleased the board and staff are looking ahead to the future, and considering such things as solar energy. I have often wished other CSD's were thinking as far ahead as McKinleyville.

I hope the District continues to press the County to make McKinleyville more walkable.

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

I think the work that Humboldt Area Foundation does through the McKinleyville Area Fund has made a real difference to many people. We offer many scholarships to McKinleyville High graduates to help them make college a reality. We have been big supporters of the Family Resource Center and appreciate the work they do to help families in need.

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

We greatly appreciate the recognition from the CSD, and we appreciate the long days of service the board members put in to make this a better community.

And I would like to thank all the volunteers who help with the McKinleyville Area Fund, especially John Kulstad. They are the ones who do the hard work of evaluating the applications making the funding decisions.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.2 **Consider Variance for 2250 Mather Road Review
Related to Water Leak Adjustment**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that Board review the information provided, allow customer time to testify, take public comment and consider request for variance of the maximum water leak adjustment.

Discussion:

This item has been brought to the Board by request of Ms. ORourke to seek a variance of Board policy.

In accordance with the Water Leak Adjustment Policy revised in May of 2011 by Board action here in as Attachment 1, the General Manager may authorize forgiveness for consumption of water by MCSD customers up to \$500 if it is the result of a leak and the leak has been properly repaired and proof provided.

Ms. ORourke was informed at her place of business by Support Services of a leak in late September via telephone after their usage was determined to be significantly higher than normal. Staff statement of communications with Ms. ORourke here in as Attachment 2

Approximately one month later during meter reading the meter reader informed Support Services by radio that the meter read showed excessive use. Contact was again initiated by staff to Ms. ORourke after which time the leak was located and repaired.

Ms. ORourke inquired as to the process for a leak reimbursement and was walked through the process by staff. At that point she voiced her concerns that she would still owe a significant amount of money. She was directed to the General Manager and was informed that her only recourse was to request a variance from the Board.

The meter is in a remote location and a great distance of service pipe is required to connect the house to the meter making it difficult to locate a leak.

The specific language from MCSD Rule and Regulations pertaining to variances are enclosed in quotations:

“The MCSD Rules and Regulations 63.01 Variances states:

The Board may, in specific cases, grant a variance from any provision of the standards incorporated into these Rules and Regulations whenever it finds:

- (A) that special circumstances exist in a particular case, and
- (B) that practical difficulties or unnecessary hardship would result from strict interpretation and enforcement of any standard, and
- (C) that the granting of such a variance would not tend to defeat the purposes of these Rules and Regulations. The Board may place conditions upon such variances.”

Alternatives:

Staff’s analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Kyra O'Rourke Customer	
Service address 2250 and 2260 Mather Road	
CCF = hundred cubic fee of water/748 gallons CCF	
October 28, 2014 meter read:	2686
September 23, 2014 meter read:	1916
Billed water use:	770
Meter Base Rate for 1 inch meter:	\$30.09
MCSD Costs	
Transmission Cost per ccf	
8 ccf @ \$1.04/ccf	\$8.32
Each additional unit @ \$2.59/ccf	\$1,973.58
Total Transmission Cost	\$1,981.90
Wholesale cost for water \$1.29/ccf	
	\$993.30
Total bill for October 2014 statement	
	\$3,005.29
Total charges based on volume:	
	\$2,975.20

MCSD's Cost for water from HBMWD is \$993.30

Calculation for reimbursement if there was not \$500 maximum is \$1447.24
herein as Attachment 3 Page 2

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 – Water Leak Adjustment Policy 2011
- Attachment 2 – Statement of Jason Patton
- Attachment 3 – Water Leak Adjustment Worksheet

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

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

PARKS & RECREATION OFFICE:

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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

WATER LEAK ADJUSTMENT POLICY

In order to promote water conservation, The General Manager or designee is authorized to consider a potential adjustment to a customer's water and sewer bill one month out of any 24-month period where the customer proves that excess usage occurred as a result of a water leak and that the leak has been repaired. Listed below are the conditions required to be eligible for an adjustment:

1. Customers may apply for a water leak adjustment by completing a Water Leak Adjustment Request Form available at the MCSD office, 1656 Sutter Road, McKinleyville.
2. Customers will provide receipts for parts or a copy of the plumber's bill if available. If no receipts are provided, the District may wait until the next scheduled meter read date to verify that the leak has been repaired.
3. The adjustment may be calculated as up to 50% of the difference between the actual water charge for the month of the leak and the average monthly charge based on the previous 12 month use or the longest period of the customer's use, if less than 12 months.
4. The maximum amount of any single adjustment by the General Manager shall not exceed \$500.00.
5. The decision of the General Manager shall be final unless the Board Chairman finds there would be good cause for a Board hearing or appeal.

Attachment: Water Leak Adjustment Form

Revised May 18, 2011 by Board action

McKinleyville Community Services District
1656 Sutter Road
McKinleyville, Ca 95519
(707) 839-3251

Water Leak Adjustment Request

Date: _____

Name: _____ Phone Number: _____

Service Address: _____

Explanation of leak and/or repair: _____

Date repaired: _____

If available, please provide receipts for parts or a copy of the plumber's bill. IF NO RECEIPTS ARE PROVIDED, THE DISTRICT MAY WAIT UNTIL THE NEXT SCHEDULED METER READ DATE TO VERIFY THAT THE LEAK HAS BEEN REPAIRED.

IF THIS ADJUSTMENT IS ACCEPTED, YOU WOULD NOT BE ELIGIBLE FOR ANOTHER ADJUSTMENT FOR 2 YEARS.

Signature: _____

FOR OFFICE USE ONLY

Customer # _____

Rte/Svc _____

Customer Notified _____

Water Credit \$ _____

Listed In File _____

Sewer Credit \$ _____

Line 11 Noted _____

Total Credit \$ _____

Adjustment Done _____

Supervisor Approval _____

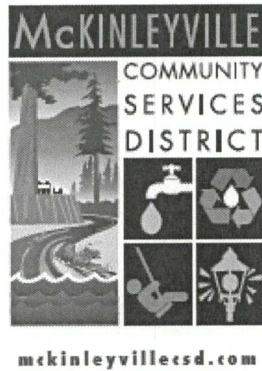
District Manager Approval _____

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

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

PARKS & RECREATION OFFICE:

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

On approximately September 26th, during normal billing it was noted that account ORO0006 used 56 CCF. I called and advised Frances from Cottage Realty that there was a possible leak at the 2250/2260 Mather Road.

On October 28th, during normal meter reading, we were notified by meter reader that usage at 2250/2260 Mather Road was in excess of 700CCF. I called the owner of the house Kyra O'Rourke to notify her. While talking about the leak, I told her that her mother (who had owned house previously) had had a bad leak near the road and that I would look in that area.

The meter in question is a difficult meter to locate because there is no line of sight from the house to the meter. So the following day I created a service order to show customer where meter was located by service man. Sometime later Kyra called and notified me that they had located the leak underneath Mather Road.

I advised Kyra that she could apply for a water leak adjustment, however, the maximum we could forgive is \$500.00. She asked what would be the next step she could do, I advised her that she would need to go to the Board of Directors to ask for additional assistance.

Jason Patton

McKinleyville CSD

McKinleyville Community Services District
1656 Sutter Road
McKinleyville, Ca 95519
(707) 839-3251

RECEIVED
OCT 30 2014
McK. C.S.D.

Water Leak Adjustment Request

Date: 10/30/14
Name: Kyra O'Rourke Phone Number: (707) 834-1172
Service Address: 2250 Mather Road, MCK
Explanation of leak and/or repair: Broken pipe in
bushes on side of Road.
Repaired 10/28/14.

Date repaired: 10/28/2014 - Roto Rooter

If available, please provide receipts for parts or a copy of the plumber's bill. IF NO RECEIPTS ARE PROVIDED, THE DISTRICT MAY WAIT UNTIL THE NEXT SCHEDULED METER READ DATE TO VERIFY THAT THE LEAK HAS BEEN REPAIRED.

IF THIS ADJUSTMENT IS ACCEPTED, YOU WOULD NOT BE ELIGIBLE FOR ANOTHER ADJUSTMENT FOR 2 YEARS.

Signature: Kyra O'Rourke

FOR OFFICE USE ONLY

Customer # _____

Rte/Svc 019/0770

Customer Notified _____

Water Credit \$ 500⁰⁰

Listed In File _____

Sewer Credit \$ 0

Line 11 Noted _____

Total Credit \$ 500⁰⁰

Adjustment Done _____

Supervisor Approval [Signature]

District Manager Approval [Signature]

11-05-2014 10:16

Water Leak Adjustment

Leak Month: 10/2014
 Leak Credit Date: 10/2014
 # of Units: 1

Water Use in leak month	770.00	ccf
Average Water Use Prior 12 months	24	ccf

		Month 0	770.0
Total Water Charge	\$2,975.20	Month -1	13.0
Total Water Charge Prior 12 Months Average Use	\$80.72	Month -2	13.0
		Month -3	14.0
Excess Water Use Charges	\$2,894.48	Month -4	14.0
	x 50%	Month -5	10.0
		Month -6	15.0
Water Leak Adjustment	\$1,447.24	Month -7	20.0
		Month -8	29.0
		Month -9	28.0
		Month -10	41.0
		Month -11	38.0
Sewer Leak Credit	\$0.00	Month -12	56.0
Total Excess Charges	\$1,447.24	Total	291.0
		Average	24

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Consider appointing Stephanie Hartley as a student member of the Recreation Advisory Committee**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board listen to staff's presentation, air questions, take public comment and consider appointing Stephanie Hartley as a student member of the Recreation Advisory Committee.

Discussion:

The Recreation Advisory Committee (RAC) has one opening for a high school student member. Haleigh Dunk resigned from the RAC as a student member in July so that she could attend college in Portland. Haleigh was a valuable asset and a great addition to the RAC. Haleigh shared many great ideas with Committee Members and proved to be a great representative not only for McKinleyville High School but for our community as well.

There is currently an opening on the RAC for a student member, an adult member and an alternate member (adult). The District has posted sufficient notice through local media and at District facilities of an upcoming vacancy for the RAC. If appointed, this high school student position would be elected to a two-year term ending in December 2016.

I have received a letter of interest from Stephanie Hartley, who would like to serve as a student member on the RAC. Stephanie is currently a sophomore at McKinleyville High School. She is very outgoing and enjoys playing volleyball and being involved in a variety of activities inside and outside of school. Stephanie says she has an interest in the choices and changes in our community and that she would like to be a part of these changes and new ideas.

Stephanie has attended and participated in the last couple RAC meetings. It is staff's opinion that Stephanie would be a great addition to the RAC.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 - Letter submitted by Stephanie Hartley

RECEIVED

Attachment 1

OCT 29 2014

McK. C.S.D.

Stephanie Hartley
10/5/14

Jason Sehon,

My name is Stephanie Hartley, I am currently a sophomore at McKinleyville High School, and I would like to apply for the student position on the Recreation Advisory Committee. My qualifications for this position are that I am a very responsible and an outgoing person, I am not scared to give my opinion on a subject, and I am not afraid to ask questions. Furthermore, I have very good leadership abilities, which I have shown when I organized a fundraiser for the Red Cross in 8th grade, or in my classes at school.

My interests are to play volleyball, club volleyball, and to be involved in school and out of school activities for our community or other communities in need. Also, this will be my second year of being involved with McKinleyville High School's ASB committee and my own classes activities. This makes it very easy for me to get an idea or an opinion of my peers quickly, and bring it back to a meeting. I would be a good choice for this position because I have an interest in the choices and changes of my community, and I would like to be a part of those changes and new ideas.

Thank you for taking your time to evaluate my application.

Sincerely,

Stephanie Hartley

A handwritten signature in cursive script that reads "Stephanie Hartley". The signature is written in dark ink and includes a long horizontal flourish at the end.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.4. Accept FY2013-14 Audit

PRESENTED BY: Colleen M. R. Trask

TYPE OF ACTION: Roll Call Vote

Recommendation:

Staff recommends that the Board accept the District's audited financial statements for the fiscal year ending June 30, 2014

Discussion:

The District's annual audit for the fiscal year ending June 30, 2014 is complete and was presented and discussed with the MCSD Audit committee and staff.

The Audit Committee has reviewed and accepted the auditor's report.

The Draft Financial Statements have been included as an attachment. Once the Board accepts them, the audit will be marked "Final." The Board will be provided with bound copies of the finalized audit and an electronic copy of the audit will be posted to the MCSD website.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 - MCSD Draft Financial statements with the report of the independent auditor for the fiscal year ending June 30, 2014.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

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, 2014. 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 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 Funding Progress – Defined Benefit Pension Plan and 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 and liabilities, with the difference between the two 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, and law enforcement facility), Hiller Park (sports fields, playgrounds, dog park, etc.), Larissa Park, trails and open spaces. These activities are funded by property taxes, the Measure B Assessments (for recreational facility development and maintenance), zone assessments, grants, donations, and user fees.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

- **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 utility fund, and (5) wastewater utility fund. Additionally, the proprietary fund financial statements provide cash flow information for the District's water and wastewater funds. The District's fund financial statements encompass two fund types as follows:

- **Governmental Funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term 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 \$297,000 or 5.8% in comparison to the prior year while capital assets and other non-current assets increased by approximately \$945,000 or 4.1%.
- Current liabilities increased by approximately \$243,000 or 32.3% in comparison to the prior year while long-term liabilities increased by approximately \$4,000 or 0.1%.
- Overall, the District's net position increased by approximately \$995,000 or 4.3% as a result of this year's operations.
- Total program revenues increased by approximately \$1,350,000 or 30.1% over the prior year while program expenses increased by approximately \$108,000 or 2.0%.
- The District's general revenues increased by approximately \$5,000 over the prior year or 0.8%.

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, 2014**

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

	Fiscal Year Ended June 30,		
	2014	2013	Change
Assets			
Current	\$ 1,135,252	\$ 1,101,931	\$ 33,321
Non-Current			
Net Capital Assets	3,410,403	3,154,699	255,704
Other	184,238	307,247	(123,009)
Total Assets	4,729,893	4,563,877	166,016
Liabilities			
Current	198,074	120,538	77,536
Non-Current	313,681	155,508	158,173
Total Liabilities	511,755	276,046	235,709
Net Position			
Net Investment in Capital Assets	3,312,222	3,154,699	157,523
Restricted	176,827	300,396	(123,569)
Unrestricted	729,089	832,736	(103,647)
Total Net Position	\$ 4,218,138	\$ 4,287,831	\$ (69,693)

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

	Fiscal Year Ended June 30,		
	2014	2013	Change
Assets			
Current	\$ 4,292,961	\$ 4,028,796	\$ 264,165
Non-Current			
Net Capital Assets	18,750,640	18,555,388	195,252
Other	1,875,808	1,259,022	616,786
Total Assets	24,919,409	23,843,206	1,076,203
Liabilities			
Current	797,551	632,336	165,215
Non-Current	4,440,511	4,594,299	(153,788)
Total Liabilities	5,238,062	5,226,635	11,427
Net Position			
Net Investment in Capital Assets	14,540,233	14,033,103	507,130
Restricted	1,777,362	1,170,470	606,892
Unrestricted	3,363,752	3,412,998	(49,246)
Total Net Position	\$19,681,347	\$18,616,571	\$ 1,064,776

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

As can be seen from Table 1 (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 \$89,688 or 6.4%;
- Net capital assets increased by \$255,704 or 8.1%;
- Total liabilities increased by \$235,709 or 85.4%;
- Net investment in capital assets increased by \$157,523 or 5.0%;
- Restricted net position decreased by \$123,569 or 41.1%;
- Unrestricted net position decreased by \$103,647 or 14.2%.

As can be seen from Table 2 (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 \$880,951 or 16.7%;
- Net capital assets increased by \$195,252 or 10.5%;
- Total liabilities increased by \$11,427 or 0.2%;
- Net investment in capital assets increased by \$507,130 or 3.6%;
- Restricted net position increased by \$606,892 or 51.9%;
- Unrestricted net position decreased by \$49,246 or 0.1%.

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

	Fiscal Year Ended June 30,		Change
	2014	2013	
Revenues			
Program			
Charges for Services and Facilities	\$ 777,963	\$ 753,362	\$ 24,601
Operating Grants and Contributions	33,252	22,315	10,937
General			
Property Taxes	516,221	521,120	(4,899)
Other Income	25,735	18,039	7,696
Unrestricted Investment Earnings	6,755	3,215	3,540
Total Revenues	1,359,926	1,318,051	41,875
Expenses			
Recreation, Parks, Open Space, Facilities, and Other Activities	1,332,874	1,291,644	41,230
Streetlighting	96,745	95,106	1,639
Total Expenses	1,429,619	1,386,750	42,869
Change in Net Position	(69,693)	(68,699)	(994)
Net Position - Beginning of Year	4,287,831	4,356,530	(68,699)
Net Position - End of Year	\$ 4,218,138	\$ 4,287,831	\$ (69,693)

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

As can be seen from Table 3 (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 \$41,875 or 3.2%;
- Total expenses increased by \$42,869 or 3.1%;
- Net position decreased by \$69,693 or 1.6%.

As can be seen from Table 4 (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 \$1,313,388 or 34.5%;
- Total expenses increased by \$64,693 or 1.6%;
- Net position increased by \$1,064,776 or 5.7%.

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

	Fiscal Year Ended June 30,		Change
	2014	2013	
Revenues			
Program			
Charges for Services - Water	\$ 2,359,812	\$ 1,771,344	\$ 588,468
Charges for Services - Wastewater	1,824,744	1,541,957	282,787
Capital Grants and Contributions - Water	411,611	159,828	251,783
Capital Grants and Contributions - Wastewater	435,099	243,336	191,763
General			
Other Income	59,976	54,659	5,317
Gain (Loss) on Sale of Asset	1,124	7,500	(6,376)
Unrestricted Investment Earnings	30,912	31,266	(354)
Total Revenues	<u>5,123,278</u>	<u>3,809,890</u>	<u>1,313,388</u>
Expenses			
Water	2,270,950	2,171,265	99,685
Wastewater	1,787,552	1,822,544	(34,992)
Total Expenses	<u>4,058,502</u>	<u>3,993,809</u>	<u>64,693</u>
Change in Net Position	1,064,776	(183,919)	1,248,695
Net Position - Beginning of Year	18,616,571	18,800,490	(183,919)
Net Position - End of Year	<u>\$ 19,681,347</u>	<u>\$ 18,616,571</u>	<u>\$ 1,064,776</u>

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

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

basic financial statements. The following can be noted when comparing the current governmental fund financial statements to the prior year:

- Total assets increased by \$10,239 or 0.7%;
- Total liabilities increased by \$171,920 or 99.4%;
- Total fund balance decreased by \$161,681 or 12.3%;
- Total revenues decreased by \$1,904 or 0.1%;
- Total expenditures increased by \$347,374 or 27.4%;
- Total other financing sources increased by \$98,181 or 100.0%.

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 \$540,460 or 6.3%;
- Total wastewater fund assets increased by \$535,743 or 3.5%;
- Total water fund liabilities increased by \$9,173 or 0.2%;
- Total wastewater fund liabilities increased by \$2,254 or 0.2%;
- Total water fund net position increased by \$531,247 or 11.1%;
- Total wastewater fund net position increased by \$533,489 or 3.9%;
- Total water fund operating revenues increased by \$588,468 or 33.2% while operating expenses increased by \$104,157 or 5.0%;
- Total wastewater fund operating revenues increased by \$282,787 or 18.4% while operating expenses decreased by \$30,586 or 1.7%.

General Fund Budgetary Highlights

Actual revenues were lower than budgetary estimates by approximately \$66,000 primarily due to lower than anticipated Quimby fees. Actual expenditures were higher than budgetary estimates by approximately \$86,000 primarily due to capital outlays related to the purchase of the Washington Avenue property and Pierson Park improvements.

Capital Assets

As of June 30, 2014, the District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities equaled \$3,410,403 and \$18,750,640, respectively. Detailed information about the components of capital assets is included in Note 3 to the basic financial statements. Net capital assets increased by \$255,704 (8.1%) for governmental activities as capital asset purchases exceeded depreciation. Similarly, net capital assets increased by \$195,252 (10.5%) for business-type activities capital asset purchases exceeded depreciation.

Debt

As of June 30, 2014, the District's debt for its governmental and business-type activities totaled \$98,181 and \$4,210,407, respectively. Overall, the District experienced a net decrease in its debt balance from the prior year equal to \$311,890 (6.9%). The decrease was the result of principal repayment exceeding new debt. Detailed information about the components of debt is included in Note 4 to the basic financial statements.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

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 is working with its wholesale water supplier, Humboldt Bay Municipal Water District, on a grant-funded project to complete an emergency water supply pipeline installed under the Mad River Bridge. This project will provide emergency backup for the District's water supply in the event that its main water supply pipeline (running under the Mad River) is disrupted by an earthquake or other natural disaster. The value of the project, including connections on both the north and south ends of the bridge, will significantly add value to the District's infrastructure when it is conveyed to the District upon completion of the project. Additionally, the District is in the design phase of a major upgrade to its Wastewater Management Facility. This upgrade will be 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. The project will be funded through reserves, grants, and debt. The upgraded facility's increased operating costs and debt service will affect both the District's financial position and results of operations.
- With the completion of the Streetlighting LED Project, the District expects to realize a full year of reduced energy costs for its Streetlighting Fund in fiscal year 2014-15.
- The District expects continued increases in its water and wastewater revenues as it continues to implement phased water and wastewater rate increases.
- Purchased water costs are expected to continue to increase as the District's wholesale water supplier continues to raise rates.
- The Affordable Care Act has significantly raised rates for all health insurance policies that did not meet the new Federal minimum coverage requirements. However, the District's current insurance plans already meet or exceed these minimum requirements, so while health insurance rates overall are expected to rise sharply, the District does not anticipate the level of increase that many organizations will experience.
- CalPERS pension costs are expected to increase significantly in the next three years as it seeks to achieve fully funded status statewide. CalPERS new cost model will adjust employer costs upwards to offset fluctuations in the stock market. This is expected to have a materially adverse affect on the District's financial position and result of operations, but the level of affect will not be known until CalPERS provides more information.
- Forthcoming changes in rules for reporting certain long-term pension liabilities have been approved by the Government Accounting Standards Board (GASB), and will affect the District's financial reporting starting in fiscal year 2014-15.

Contacting the District

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

McKinleyville Community Services District
Attention: Finance Director
PO Box 2037
McKinleyville, CA 95519

BASIC FINANCIAL STATEMENTS

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,009,247	\$ 3,698,403	\$ 4,707,650
Accounts Receivable	26,347	419,861	446,208
State Grants Receivable	-	79,575	79,575
Interest Receivable	1,477	7,038	8,515
Loan Proceeds Receivable	98,181	-	98,181
Inventory	-	88,084	88,084
Total Current Assets	1,135,252	4,292,961	5,428,213
Non-Current Assets			
Restricted Cash and Cash Equivalents	184,238	1,875,808	2,060,046
Net Capital Assets	3,410,403	18,750,640	22,161,043
Total Non-Current Assets	3,594,641	20,626,448	24,221,089
Total Assets	4,729,893	24,919,409	29,649,302
LIABILITIES			
Current Liabilities			
Accounts Payable	79,376	270,863	350,239
Accrued Liabilities	79,367	-	79,367
Customer Deposits	7,411	98,446	105,857
Interest Payable	-	26,512	26,512
Compensated Absences, Due Within One Year	21,960	83,450	105,410
Bonds and Loans, Due Within One Year	9,960	318,280	328,240
Total Current Liabilities	198,074	797,551	995,625
Non-Current Liabilities			
Compensated Absences, Due Beyond One Year	18,823	84,940	103,763
Revenue Bonds, Due Beyond One Year	-	575,000	575,000
Loans, Due Beyond One Year	88,221	3,317,127	3,405,348
Net Other Post Employment Benefit Obligation	206,637	463,444	670,081
Total Non-Current Liabilities	313,681	4,440,511	4,754,192
Total Liabilities	511,755	5,238,062	5,749,817
NET POSITION			
Net Investment in Capital Assets	3,312,222	14,540,233	17,852,455
Restricted for:			
Capital Outlay	176,827	958,762	1,135,589
Debt Service	-	818,600	818,600
Unrestricted	729,089	3,363,752	4,092,841
Total Net Position	\$ 4,218,138	\$ 19,681,347	\$ 23,899,485

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

		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
Functions/Programs	Expenses						
Governmental Activities							
Parks and Recreation Services	\$ 1,244,604	\$ 482,205	\$ 30,252	\$ -	\$ (732,147)	\$ -	\$ (732,147)
Measure B	88,270	206,270	3,000	-	121,000	-	121,000
Streetlighting	96,745	89,488	-	-	(7,257)	-	(7,257)
Total Governmental Activities	1,429,619	777,963	33,252	-	(618,404)	-	(618,404)
Business-Type Activities							
Water	2,270,950	2,359,812	-	411,611	-	500,473	500,473
Wastewater	1,787,552	1,824,744	-	435,099	-	472,291	472,291
Total Business-Type Activities	4,058,502	4,184,556	-	846,710	-	972,764	972,764
Total	\$ 5,488,121	\$ 4,962,519	\$ 33,252	\$ 846,710	(618,404)	972,764	354,360
General Revenues							
Property Taxes					516,221	-	516,221
Other Income					25,735	59,976	85,711
Gain on Sale of Capital Assets					-	1,124	1,124
Unrestricted Investment Earnings					6,755	30,912	37,667
Total General Revenues					548,711	92,012	640,723
Change in Net Position					(69,693)	1,064,776	995,083
Net Position - Beginning of Year					4,287,831	18,616,571	22,904,402
Net Position - End of Year					\$ 4,218,138	\$ 19,681,347	\$ 23,899,485

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 742,579	\$ 266,668	\$ -	\$ 1,009,247
Accounts Receivable	22,186	-	4,161	26,347
Due From Other Funds	174,284	-	-	174,284
Interest Receivable	1,477	-	-	1,477
Loan Proceeds Receivable	-	-	98,181	98,181
Restricted Cash and Cash Equivalents	184,238	-	-	184,238
Total Assets	\$ 1,124,764	\$ 266,668	\$ 102,342	\$ 1,493,774
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 77,138	\$ 1,684	\$ 554	\$ 79,376
Due to Other Funds	-	-	174,284	174,284
Accrued Liabilities	79,367	-	-	79,367
Customer Deposits	7,411	-	-	7,411
Unearned Revenues	4,454	-	-	4,454
Total Liabilities	168,370	1,684	174,838	344,892
Fund Balance				
Restricted for:				
Capital Outlay	176,827	-	-	176,827
Committed	779,567	-	-	779,567
Assigned	-	264,984	-	264,984
Unassigned	-	-	(72,496)	(72,496)
Total Fund Balance	956,394	264,984	(72,496)	1,148,882
Total Liabilities and Fund Balance	\$ 1,124,764	\$ 266,668	\$ 102,342	\$ 1,493,774

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2014**

Total Fund Balance - Governmental Funds (page 12)	\$ 1,148,882
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Amounts reported for governmental activities in the statement of net position (page 10) are different because:

Receivables that are not available to provide current financial resources and, therefore, are reported as unearned revenues in the governmental funds.	4,454
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet but are reported in the governmental activities in the statement of net position. In the current period, these amounts were as follows:

Capital Assets	6,120,342
Accumulated Depreciation	(2,709,939)

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:

Other Postemployment Benefit Obligation	(206,637)
Loan Payable	(98,181)
Compensated Absences	(40,783)

Net Position - Governmental Activities (page 10)	\$ <u>4,218,138</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, 2014**

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Funds
REVENUES				
General Revenues				
Property Taxes	\$ 516,221	\$ -	\$ -	\$ 516,221
Special Assessments	-	206,270	-	206,270
Total General Revenues	516,221	206,270	-	722,491
Charges for Services and Facilities	482,205	-	89,488	571,693
Grants and Contributions	30,252	3,000	-	33,252
Other Income	5,781	-	15,500	21,281
Unrestricted Investment Earnings	6,420	335	-	6,755
Total Revenues	<u>1,040,879</u>	<u>209,605</u>	<u>104,988</u>	<u>1,355,472</u>
EXPENDITURES				
Current				
Recreation Programs, Parks, Open Space, Facilities, and Other Cultural Activities	1,015,687	88,270	80,604	1,184,561
Capital Outlay	177,463	129,360	123,950	430,773
Total Expenditures	<u>1,193,150</u>	<u>217,630</u>	<u>204,554</u>	<u>1,615,334</u>
Excess (Deficiency) of Expenditures over Revenues	<u>(152,271)</u>	<u>(8,025)</u>	<u>(99,566)</u>	<u>(259,862)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	98,181	98,181
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>98,181</u>	<u>98,181</u>
Net Change in Fund Balance	<u>(152,271)</u>	<u>(8,025)</u>	<u>(1,385)</u>	<u>(161,681)</u>
Fund Balance - Beginning of Year	<u>1,108,665</u>	<u>273,009</u>	<u>(71,111)</u>	<u>1,310,563</u>
Fund Balance - End of Year	<u>\$ 956,394</u>	<u>\$ 264,984</u>	<u>\$ (72,496)</u>	<u>\$ 1,148,882</u>

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, 2014**

Change in Fund Balance - Governmental Funds (page 14)	\$ (161,681)
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Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.	4,454
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Proceeds from long-term debt provides current financial resources and, therefore, are reported as other financing sources in governmental funds. Conversely, the proceeds from long-term debt have no impact on net position.	(98,181)
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Governmental funds report capital outlays as expenditures since they consume the current financial resources of governmental funds. Conversely, in the government-wide 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 were less than depreciation in the current period.	255,704
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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 the governmental funds. In the current period, these expenses are as follows:

Other Postemployment Benefit Obligation	(58,854)
Compensated Absences	<u>(11,135)</u>

Change in Net Position - Governmental Activities (page 11)	<u><u>\$ (69,693)</u></u>
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See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 747,834	\$ 2,950,569	\$ 3,698,403
Accounts Receivable	241,640	178,221	419,861
State Grants Receivable	79,575	-	79,575
Interest Receivable	3,245	3,793	7,038
Inventory	64,326	23,758	88,084
Total Current Assets	<u>1,136,620</u>	<u>3,156,341</u>	<u>4,292,961</u>
Non-Current Assets			
Restricted Cash and Cash Equivalents	1,025,832	849,976	1,875,808
Net Capital Assets	6,953,633	11,797,007	18,750,640
Total Non-Current Assets	<u>7,979,465</u>	<u>12,646,983</u>	<u>20,626,448</u>
Total Assets	<u>9,116,085</u>	<u>15,803,324</u>	<u>24,919,409</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	147,604	123,259	270,863
Customer Deposits	98,446	-	98,446
Interest Payable	12,375	14,137	26,512
Compensated Absences, Due Within One Year	41,725	41,725	83,450
Bonds and Loans, Due Within One Year	145,021	173,259	318,280
Total Current Liabilities	<u>445,171</u>	<u>352,380</u>	<u>797,551</u>
Non-Current Liabilities			
Compensated Absences, Due Beyond One Year	42,470	42,470	84,940
Revenue Bonds, Due Beyond One Year	-	575,000	575,000
Loans, Due Beyond One Year	3,066,950	250,177	3,317,127
Net Other Post Employment Benefit Obligation	230,648	232,796	463,444
Total Non-Current Liabilities	<u>3,340,068</u>	<u>1,100,443</u>	<u>4,440,511</u>
Total Liabilities	<u>3,785,239</u>	<u>1,452,823</u>	<u>5,238,062</u>
NET POSITION			
Net Investment in Capital Assets	3,741,662	10,798,571	14,540,233
Restricted for:			
Capital Outlay	269,603	689,159	958,762
Debt Service	657,783	160,817	818,600
Unrestricted	661,798	2,701,954	3,363,752
Total Net Position	<u>\$ 5,330,846</u>	<u>\$ 14,350,501</u>	<u>\$ 19,681,347</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Operating Revenues			
Sale of Water	\$ 2,229,197	\$ -	\$ 2,229,197
Sewer Charges	-	1,765,837	1,765,837
Other Operating Revenue	130,615	58,907	189,522
Total Operating Revenues	<u>2,359,812</u>	<u>1,824,744</u>	<u>4,184,556</u>
Operating Expenses			
Personnel Services	766,824	843,382	1,610,206
Purchased Water	801,270	-	801,270
Contracted Services	74,439	61,804	136,243
Utilities	49,136	110,316	159,452
Insurance	26,668	26,168	52,836
Repairs, Supplies, and Other Expenses	167,440	236,540	403,980
Depreciation and Amortization	303,585	462,621	766,206
Total Operating Expenses	<u>2,189,362</u>	<u>1,740,831</u>	<u>3,930,193</u>
Operating Income (Loss)	<u>170,450</u>	<u>83,913</u>	<u>254,363</u>
Non-Operating Revenues (Expenses)			
Interest Expense	(81,588)	(46,721)	(128,309)
Unrestricted Investment Earnings	11,079	19,833	30,912
Gain on Sale of Capital Assets	562	562	1,124
State Grants	79,575	-	79,575
Other Income	19,173	40,803	59,976
Total Non-Operating Revenues (Expenses)	<u>28,801</u>	<u>14,477</u>	<u>43,278</u>
Income (Loss) Before Capital Contributions and Transfers	<u>199,251</u>	<u>98,390</u>	<u>297,641</u>
Transfers and Capital Contributions			
Capital Contributions - Capacity Fees	150,221	228,519	378,740
Capital Contributions - Infrastructure	181,815	206,580	388,395
Total Transfers and Capital Contributions	<u>332,036</u>	<u>435,099</u>	<u>767,135</u>
Change in Net Position	<u>531,287</u>	<u>533,489</u>	<u>1,064,776</u>
Net Position - Beginning of Year	<u>4,799,559</u>	<u>13,817,012</u>	<u>18,616,571</u>
Net Position - End of Year	<u><u>\$ 5,330,846</u></u>	<u><u>\$ 14,350,501</u></u>	<u><u>\$ 19,681,347</u></u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Receipts from Customers	\$ 2,271,100	\$ 1,813,776	\$ 4,084,876
Cash Received from Interfund Services	21,442	-	21,442
Cash Paid to Suppliers of Goods and Services	(1,068,081)	(337,717)	(1,405,798)
Cash Paid to Employees for Services	(692,474)	(768,340)	(1,460,814)
Cash Paid for Interfund Services	-	(14,129)	(14,129)
Net Cash Provided (Used) by Operating Activities	<u>531,987</u>	<u>693,590</u>	<u>1,225,577</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions - Capacity Fees	150,221	228,519	378,740
Proceeds from Sale of Equipment	562	562	1,124
Principal Paid on Long-Term Debt	(141,736)	(170,098)	(311,834)
Acquisition and Construction of Capital Assets	(101,953)	(439,784)	(541,737)
Interest and Fees Paid on Long-Term Debt	(82,122)	(46,811)	(128,933)
Net Cash Provided (Used) in Capital Financing Activities	<u>(175,028)</u>	<u>(427,612)</u>	<u>(602,640)</u>
Cash Flows from Non-Operating Activities			
Receipts from Other Income	19,173	40,803	59,976
Net Cash Provided (Used) by Non-Operating Activities	<u>19,173</u>	<u>40,803</u>	<u>59,976</u>
Cash Flows from Investing Activities			
Proceeds from Investment Earnings	10,345	19,246	29,591
Net Cash Provided (Used) by Investing Activities	<u>10,345</u>	<u>19,246</u>	<u>29,591</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>386,477</u>	<u>326,027</u>	<u>712,504</u>
Unrestricted Cash - Beginning of Year	522,311	3,080,374	3,602,685
Restricted Cash - Beginning of Year	864,878	394,144	1,259,022
Total Restricted and Unrestricted Cash and Cash Equivalents - Beginning of Year	<u>1,387,189</u>	<u>3,474,518</u>	<u>4,861,707</u>
Unrestricted Cash - End of Year	747,834	2,950,569	3,698,403
Restricted Cash - End of Year	1,025,832	849,976	1,875,808
Total Restricted and Unrestricted Cash and Cash Equivalents - End of Year	<u>\$ 1,773,666</u>	<u>\$ 3,800,545</u>	<u>\$ 5,574,211</u>
Reconciliation of Operating Loss to Net Cash			
Flows from Operating Activities			
Operating Income (Loss)	\$ 170,450	\$ 83,913	\$ 254,363
Adjustments to Reconcile Operating Loss to Net Cash			
Flows Provided by Operating Activities:			
Depreciation	303,585	462,621	766,206
(Increase) Decrease in Accounts Receivable	(77,164)	(10,968)	(88,132)
(Increase) Decrease in Inventory	(636)	1,217	581
Increase (Decrease) in Accounts Payable	51,508	81,765	133,273
Increase (Decrease) in Customer Deposits	9,894	-	9,894
Increase (Decrease) in Payroll Related Liabilities	74,350	75,042	149,392
Net Cash Flows from Operating Activities	<u>\$ 531,987</u>	<u>\$ 693,590</u>	<u>\$ 1,225,577</u>
Noncash Capital and Related Financing Activities			
Contribution of Capital Assets	\$ 181,815	\$ 206,580	\$ 388,395
Purchase of Capital Assets on Account	15,691	15,691	31,382

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 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 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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

The Wastewater Utility 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 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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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. 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, and the Humboldt County Treasurer's Investment Fund.

Investments in the Humboldt County Treasurer's Investment Fund and the State of California LAIF are carried at cost as this approximates fair value. Investments in money market accounts are carried at cost and all other investments are carried at fair value based on quoted market information obtained from fiscal agents or other sources.

Receivables

Receivables at year-end consist of revenues earned but not yet received as well as loan obligations for which proceeds have not yet been received. Major receivable balances include accounts receivable from customers, loan proceeds receivable from lender, 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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

The due to/from other funds account balance, as presented in the governmental funds balance sheet, resulted from interfund loans to eliminate cash deficits at June 30, 2014, 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.

Restricted Cash and Cash Equivalents

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), or (3) to satisfy deposits held on behalf of District customers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the District is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003, the date these new financial reporting standards were implemented; and the District has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Property, plant, and equipment of the District 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

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 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.

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 fund 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).

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary 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 fund financial statements and it is called "fund balance" in the governmental fund financial statements.

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

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.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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.

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

Nonspendable 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.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds including capital projects. Appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, function, and department. The 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 governmental funds.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The General Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public hearings are conducted to obtain taxpayer and ratepayer comments. A final budget is legally adopted on or before June 30.

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

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. 66, *Technical Corrections – 2012: An Amendment of GASB Statements No. 10 and No. 62*, which is intended to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. Adoption of GASB No. 66 had no impact on the basic financial statements of the District.

Upcoming Governmental Accounting Standards Implementation

GASB Statement No. 68, Accounting and Financial Reporting for Pensions (as amended by *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*) improves accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The requirements of GASB No. 68 would require the District to recognize a liability for its proportionate share of the collective net pension liability related to its CalPERS pension plan. The requirements for GASB No. 68 are effective for fiscal year 2014-15.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2014, consisted of the following:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash on Hand	\$ -	\$ 759	\$ 759
Checking Accounts	-	234,040	234,040
Investment in Money Market Accounts	160,817	183,277	344,094
Investment in Humboldt County Treasurer's Fund	1,899,229	4,161,237	6,060,466
Investment in State of California LAIF	-	128,337	128,337
	<u> </u>	<u> </u>	<u> </u>
Total Cash and Cash Equivalents	<u>\$ 2,060,046</u>	<u>\$ 4,707,650</u>	<u>\$ 6,767,696</u>

At June 30, 2014, cash and cash equivalent balances for governmental and business-type activities were restricted, reserved in accordance with District policy, or unrestricted as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Restricted for:			
Customer Deposits	\$ 7,411	\$ 98,446	\$ 105,857
Capital Outlay	176,827	958,762	1,135,589
Debt Service	-	818,600	818,600
	<u> </u>	<u> </u>	<u> </u>
Total Restricted Cash	<u>\$ 184,238</u>	<u>\$ 1,875,808</u>	<u>\$ 2,060,046</u>
Unrestricted:			
Petty Cash	\$ 220	\$ 539	\$ 759
Measure B	266,668	-	266,668
Reserved for:			
Operations	10,374	269,170	279,544
Capital Asset Repair and Replacement	403,804	2,139,385	2,543,189
Catastrophe	80,761	657,475	738,236
Compensated Absences	40,783	168,390	209,173
Other Postemployment Benefits	206,637	463,444	670,081
	<u> </u>	<u> </u>	<u> </u>
Total Unrestricted Cash	<u>\$ 1,009,247</u>	<u>\$ 3,698,403</u>	<u>\$ 4,707,650</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, 2014, 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. The value of the pool shares, which may be withdrawn at anytime, is determined on an amortized cost basis. At June 30, 2014, the District reported its investment in the pool at cost which approximated fair value.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the State in addition to those deposited in LAIF. All PMIA funds are 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. The Board consists of five members designated by State statute. The value of the pool shares, which may be withdrawn at anytime, is determined on an amortized cost basis. At June 30, 2014, the District reported its investment in the pool at cost which approximated fair value.

At June 30, 2014, the District had the following investments:

	<u>Cost</u>	<u>Fair Value</u>	<u>Maturities</u>
Investment in Money Market Accounts	\$ 344,094	\$ 344,094	N/A
Investment in Humboldt County Treasurer's Fund	6,060,466	6,060,466	Average 1,004 Days
Investment in State of California LAIF	<u>128,337</u>	<u>128,337</u>	Average 232 Days
Total Investments	<u>\$ 6,532,897</u>	<u>\$ 6,532,897</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, 2014, the District's cash in bank had a carrying balance of \$578,134 and a bank balance of \$593,973. 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 two external investment pools: the Humboldt County Treasurer's Investment Fund and LAIF. 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 receiving less than optimal interest earnings, or a decline in market value of securities held, due to fluctuations in interest rates. 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 security. In mitigation of this risk, the District requires investment in high grade securities. The Humboldt County Treasurer's Investment Fund and LAIF are unrated.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 CAPITAL ASSETS

The change in the governmental activities capital assets for the year ended June 30, 2014, is as follows:

	Balance 6/30/2013	Additions	Dispositions	Transfers	Balance 6/30/2014
Capital Assets Not Depreciated					
Land	\$ 1,416,723	\$ 137,008	\$ -	\$ -	\$ 1,553,731
Construction in Progress	44,904	145,523	-	-	190,427
Total Capital Assets Not Depreciated	<u>1,461,627</u>	<u>282,531</u>	<u>-</u>	<u>-</u>	<u>1,744,158</u>
Capital Assets Being Depreciated					
Buildings and Parking Lots	2,352,538	-	-	-	2,352,538
Furniture and Equipment	241,671	-	-	-	241,671
Park Improvements	1,208,024	24,294	-	-	1,232,318
Vehicles	60,306	-	(17,248)	-	43,058
Streetlighting	382,648	123,950	-	-	506,598
Total Capital Assets Being Depreciated	<u>4,245,187</u>	<u>148,244</u>	<u>(17,248)</u>	<u>-</u>	<u>4,376,183</u>
Accumulated Depreciation	(2,552,115)	(175,071)	17,248	-	(2,709,938)
Capital Assets Being Depreciated, Net	<u>1,693,072</u>	<u>(26,827)</u>	<u>-</u>	<u>-</u>	<u>1,666,245</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,154,699</u>	<u>\$ 255,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,410,403</u>

The change in business-type activities capital assets for the year ended June 30, 2014, is as follows:

	Balance 6/30/2013	Additions	Dispositions	Transfers	Balance 6/30/2014
Capital Assets Not Depreciated					
Land, Easements, and Water Rights	\$ 3,400,386	\$ 10,545	\$ -	\$ -	\$ 3,410,931
Construction in Progress	603,066	473,891	-	(71,141)	1,005,816
Total Capital Assets Not Depreciated	<u>4,003,452</u>	<u>484,436</u>	<u>-</u>	<u>(71,141)</u>	<u>4,416,747</u>
Capital Assets Being Depreciated					
Buildings and Parking Lots	467,095	-	-	-	467,095
Water Infrastructure	11,458,604	180,215	-	71,141	11,709,960
Wastewater Infrastructure	17,620,412	223,429	-	-	17,843,841
Tools and Equipment	1,033,142	41,996	(24,053)	-	1,051,085
Vehicles	764,596	31,382	-	-	795,978
Total Capital Assets Being Depreciated	<u>31,343,849</u>	<u>477,022</u>	<u>(24,053)</u>	<u>71,141</u>	<u>31,867,959</u>
Accumulated Depreciation	(16,791,913)	(766,206)	24,053	-	(17,534,066)
Capital Assets Being Depreciated, Net	<u>14,551,936</u>	<u>(289,184)</u>	<u>-</u>	<u>71,141</u>	<u>14,333,893</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,555,388</u>	<u>\$ 195,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,750,640</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Governmental Activities	
Parks and Recreation	\$ 158,930
Streetlighting	16,141
Total Depreciation	<u>\$ 175,071</u>
Business-Type Activities	
Water	\$ 303,585
Wastewater	462,621
Total Depreciation	<u>\$ 766,206</u>

NOTE 4 LONG-TERM LIABILITIES

Governmental Activities – Streetlighting Fund

PG&E Loan

The District, in 2014, entered into a loan agreement with the Pacific Gas and Electric Company to finance improvements to the District's streetlights. The original loan amount was \$98,181 and bears no interest. Principal payments of \$1,423 are due monthly and are expected to begin in December 2014 and continue through August 2020. Future debt service on the loan is as follows:

Year Ending				
June 30	Principal	Interest	Total	
2015	\$ 9,960	\$ -	\$ 9,960	
2016	17,075	-	17,075	
2017	17,075	-	17,075	
2018	17,075	-	17,075	
2019	17,075	-	17,075	
2020	17,075	-	17,075	
2021	2,846	-	2,846	
Total	<u>98,181</u>	<u>-</u>	<u>98,181</u>	
Due Within One Year	(9,960)	-	(9,960)	
Due Beyond One Year	<u>\$ 88,221</u>	<u>\$ -</u>	<u>\$ 88,221</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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 94,753	\$ 46,525	\$ 141,278
2016	96,695	44,583	141,278
2017	98,687	42,591	141,278
2018	100,728	40,550	141,278
2019	102,821	38,457	141,278
2020- 2024	547,366	159,024	706,390
2025 - 2029	608,102	98,288	706,390
2030 - 2033	535,534	29,577	565,111
Total	2,184,686	499,595	2,684,281
Due Within One Year	(94,753)	(46,525)	(141,278)
Due Beyond One Year	<u>\$ 2,089,933</u>	<u>\$ 453,070</u>	<u>\$ 2,543,003</u>

ARRA Loan

The District, in 2011, entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the purpose of financing water system improvements. The 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:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 11,019	\$ 1,432	\$ 12,451
2016	11,126	1,325	12,451
2017	11,241	1,210	12,451
2018	11,353	1,098	12,451
2019	11,467	984	12,451
2020 - 2024	59,080	3,175	62,255
2025 - 2027	30,665	461	31,126
Total	145,951	9,685	155,636
Due Within One Year	(11,019)	(1,432)	(12,451)
Due Beyond One Year	<u>\$ 134,932</u>	<u>\$ 8,253</u>	<u>\$ 143,185</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 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:

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 39,249	\$ 31,683	\$ 70,932
2016	40,571	30,221	70,792
2017	41,939	28,709	70,648
2018	43,352	27,146	70,498
2019	44,813	25,530	70,343
2020 - 2024	247,761	101,446	349,207
2025 - 2029	292,420	52,060	344,480
2030 - 2031	131,229	5,052	136,281
Total	881,334	301,847	1,183,181
Due Within One Year	(39,249)	(31,683)	(70,932)
Due Beyond One Year	<u>\$ 842,085</u>	<u>\$ 270,164</u>	<u>\$ 1,112,249</u>

Business-Type Activities - Wastewater Fund

State Revolving Fund Loans

The District, in 1996, entered into a loan agreement with the State Water Resources Control Board for the purpose of financing wastewater treatment plant improvements. The original loan was \$810,628 and bears no interest. Annual principal payments are due each April and continue through April 2016. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments for the repayment of this loan should it not have other revenues available for repayment of this obligation. Future debt service on the loan is as follows:

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 40,920	\$ -	\$ 40,920
2016	40,920	-	40,920
Total	81,840	-	81,840
Due Within One Year	(40,920)	-	(40,920)
Due Beyond One Year	<u>\$ 40,920</u>	<u>\$ -</u>	<u>\$ 40,920</u>

The District, in 1998, entered into a second 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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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:

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 25,184	\$ 2,722	\$ 27,906
2016	25,839	2,067	27,906
2017	26,510	1,396	27,906
2018	27,163	719	27,882
Total	104,696	6,904	111,600
Due Within One Year	(25,184)	(2,722)	(27,906)
Due Beyond One Year	<u>\$ 79,512</u>	<u>\$ 4,182</u>	<u>\$ 83,694</u>

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 was to construct 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 on the loan is as follows:

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 60,000	\$ 31,750	\$ 91,750
2016	60,000	28,750	88,750
2017	70,000	25,750	95,750
2018	70,000	22,250	92,250
2019	70,000	18,750	88,750
2020 - 2023	305,000	37,000	342,000
Total	635,000	164,250	799,250
Due Within One Year	(60,000)	(31,750)	(91,750)
Due Beyond One Year	<u>\$ 575,000</u>	<u>\$ 132,500</u>	<u>\$ 707,500</u>

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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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:

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 47,155	\$ 8,579	\$ 55,734
2016	49,806	5,928	55,734
2017	52,664	3,070	55,734
2018	27,275	576	27,851
Total	176,900	18,153	195,053
Due Within One Year	(47,155)	(8,579)	(55,734)
Due Beyond One Year	\$ 129,745	\$ 9,574	\$ 139,319

Long-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014	Due Within One Year
<u>Governmental Activities</u>					
Streetlighting Fund					
PG&E Loan	\$ -	\$ 98,181	\$ -	\$ 98,181	\$ 9,960
Due Within One Year				(9,960)	
Due Beyond One Year				\$ 88,221	
<u>Business-Type Activities</u>					
Water Fund					
Davis-Grunsky Act Loan	\$ 2,277,543	\$ -	\$ (92,857)	\$ 2,184,686	\$ 94,753
ARRA Loan	156,861	-	(10,910)	145,951	11,019
I-Bank Loan	919,303	-	(37,969)	881,334	39,249
Total Water Fund	3,353,707	-	(141,736)	3,211,971	145,021
Wastewater Fund					
State Revolving Fund Loan #1	122,760	-	(40,920)	81,840	40,920
State Revolving Fund Loan #2	129,242	-	(24,546)	104,696	25,184
USDA Revenue Bonds	695,000	-	(60,000)	635,000	60,000
Umpqua Bank Loan	221,588	-	(44,688)	176,900	47,155
Total Wastewater Fund	1,168,590	-	(170,154)	998,436	173,259
Total Business-Type Activities	\$ 4,522,297	\$ -	\$ (311,890)	4,210,407	\$ 318,280
Due Within One Year				(318,280)	
Due Beyond One Year				\$ 3,892,127	

Interest expense included in the direct functional expenses of business-type activities was \$128,309.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Other long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014	Due Within One Year
<u>Governmental Activities</u>					
Compensated Absences	\$ 29,648	\$ 11,135	\$ -	\$ 40,783	\$ 21,960
OPEB	147,783	58,854	-	206,637	-
Total	<u>\$ 177,431</u>	<u>\$ 69,989</u>	<u>\$ -</u>	<u>\$ 247,420</u>	<u>\$ 21,960</u>
<u>Business-Type Activities</u>					
Compensated Absences					
Water	\$ 68,734	\$ 15,461	\$ -	\$ 84,195	\$ 41,725
Wastewater	68,734	15,461	-	84,195	41,725
Total	<u>\$ 137,468</u>	<u>\$ 30,922</u>	<u>\$ -</u>	<u>\$ 168,390</u>	<u>\$ 83,450</u>
OPEB					
Water	\$ 171,759	\$ 58,889	\$ -	\$ 230,648	\$ -
Wastewater	173,215	59,581	-	232,796	-
Total	<u>\$ 344,974</u>	<u>\$ 118,470</u>	<u>\$ -</u>	<u>\$ 463,444</u>	<u>\$ -</u>

NOTE 5 FUND BALANCE

Restricted Fund Balance

At June 30, 2014, 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 follows:

	Balance
Park & Recreation Capital Projects - Coastal	\$ 41,067
Park & Recreation Capital Projects - Inland	135,760
Total Restricted Fund Balance	<u>\$ 176,827</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Committed Fund Balance

At June 30, 2014, 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:

<u>Reserve Description</u>	<u>Target Reserve Balance</u>	<u>Reserve Balance</u>
Operations	180 Days of Operating Expenses	\$ 47,582
Capital Asset Repair and Replacement	10% of Capital Asset Replacement Cost	403,804
Catastrophe	2% of Capital Assets	80,761
Compensated Absences	Equal to Compensated Absences Liability	40,783
Other Postemployment Benefits (OPEB)	Equal to OPEB Liability	206,637
Total Committed Fund Balance		<u>\$ 779,567</u>

NOTE 6 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

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

Funding Policy

Employer contribution rates are dependent upon the experience of each risk pool with additional consideration for each employer's side fund amortization as well as an adjustment to phase out the difference between the risk pool's normal cost and the employer's normal cost at the time of joining the pool. Side funds were established for each employer plan in order to reflect the excess assets or unfunded liabilities present at the time participation in the risk pool began. Amortization of the side fund began over a closed period of ten years with any subsequent plan amendments being amortized as a level percentage of pay over a closed twenty-year period. The District's side fund (unfunded liability) as of the most recent actuarial valuation (June 30, 2012) was \$20,167.

Plan participants are required to contribute 7% of their annual covered salary while the District is required to contribute at an actuarially determined rate of annual covered payroll. The

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

District's required contribution rate for fiscal year 2013-14 was 9.690% and will increase to 10.432% for fiscal year 2014-15.

Annual Pension Cost and Funded Status

For the fiscal year ended June 30, 2014, the District's annual pension cost was \$190,981. The annual pension cost exceeded the District's required contribution due to its election to fund the employees' 7% required contribution. The District's required contribution rate was determined as part of a June 30, 2011, risk pool actuarial valuation. A summary of the principal assumptions and methods used to determine the contractually required contribution is as follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	(1) 7.50% investment rate of return (net of administrative expenses), (2) 3.30% to 14.20% projected annual salary increases depending on category, entry age, and duration of service, (3) overall payroll growth of 3.00%, and (4) 2.75% annual compounded rate of inflation

SCHEDULE OF CALPERS EMPLOYER CONTRIBUTIONS (THREE-YEAR TREND)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/12	\$ 178,113	100%	\$ -
06/30/13	\$ 186,934	100%	\$ -
06/30/14	\$ 190,981	100%	\$ -

A schedule of funding progress for the three most recent actuarial valuations of the Miscellaneous 2% at 55 Risk Pool is presented as required supplementary information following the notes to the financial statements.

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 committed funds in accordance with its reserve policy equal to its OPEB liability at June 30, 2014 (\$670,081).

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014, the District contributed \$98,361 of its annual required contribution of \$275,685. As a result, the net OPEB liability increased by \$177,324 during the fiscal year.

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)	\$ 272,873
Interest on Net OPEB Obligation	24,638
Adjustments to the ARC	<u>(21,826)</u>
Annual OPEB Cost	275,685
Contributions Made	<u>(98,361)</u>
Change in Net OPEB Obligation	177,324
Net OPEB Obligation - Beginning of Year	<u>492,757</u>
Net OPEB Obligation - End of Year	<u><u>\$ 670,081</u></u>

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, 2014, and the two preceding fiscal years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/12	\$ 181,558	41.9%	\$ 336,064
06/30/13	\$ 251,047	37.6%	\$ 492,757
06/30/14	\$ 275,685	35.7%	\$ 670,081

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Funded Status

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

			(C)			(F)
	(A)	(B)	Excess	(D)	(E)	Unfunded
Actuarial	Actuarial	Entry Age	Assets/	Funded	Annual	Actuarial Accrued
Valuation	Value of	Actuarial	(Unfunded	Ratio	Covered	Liability as a
Date	Assets	Accrued	Liability) [(A)	[(A)/(B)]	Payroll	Percentage of
		Liability	- (B)]			Covered Payroll
						[(C)/(E)]
06/01/13	\$ -	\$ 2,692,157	\$ (2,692,157)	0.0%	\$ 1,249,028	215.5%

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. In the June 1, 2013, valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, a 3.0% rate of inflation, annual healthcare trend rate of 4%, and a 3% payroll increase. There were no plan assets at 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. Assessed values as of the preceding January 1 become a lien on real property as of January 1. Property taxes 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

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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. 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.

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, 2014

Below is a summary of the District's insurance coverage for the year ended June 30, 2014:

<u>Type of Coverage</u>	<u>Coverage per Occurrence</u>
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 Dishonesty Coverage	400,000
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, 2014.

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 November 18, 2014, which is the date the financial statements were available to be issued, and concluded that no additional adjustments to the financial statements or disclosures are required.

REQUIRED SUPPLEMENTARY INFORMATION

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (PARKS AND RECREATION)
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Fund Balance - July 1	\$ 1,108,665	\$ 1,108,665	\$ 1,108,665	\$ -
Resources (Inflows)				
Property Taxes	510,000	510,000	516,221	6,221
Program Fees	334,300	334,300	328,129	(6,171)
Facility and Open Space Fees	143,330	143,330	154,076	10,746
Other Revenues	116,400	116,400	36,033	(80,367)
Unrestricted Investment Earnings	3,150	3,150	6,420	3,270
Amounts Available for Appropriations	<u>2,215,845</u>	<u>2,215,845</u>	<u>2,149,544</u>	<u>(66,301)</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	777,122	777,122	763,967	(13,155)
Other Expenditures	227,040	227,040	251,720	24,680
Capital Outlay	103,000	103,000	177,463	74,463
Total Charges to Appropriations	<u>1,107,162</u>	<u>1,107,162</u>	<u>1,193,150</u>	<u>85,988</u>
Fund Balance - June 30	<u>\$ 1,108,683</u>	<u>\$ 1,108,683</u>	<u>\$ 956,394</u>	<u>\$ (152,289)</u>

Note 1 - 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	\$ 2,149,544
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	(1,108,665)
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,040,879

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,193,150
Net Change in Fund Balance	<u>\$ (152,271)</u>

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
MEASURE B FUND
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Fund Balance - July 1	\$ 273,009	\$ 273,009	\$ 273,009	\$ -
Resources (Inflows)				
Special Assessments	209,000	209,000	206,270	(2,730)
Grants and Contributions	-	-	3,000	3,000
Unrestricted Investment Earnings	125	125	335	210
Amounts Available for Appropriations	<u>482,134</u>	<u>482,134</u>	<u>482,614</u>	<u>480</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	95,958	95,958	85,221	(10,737)
Other Expenditures	8,500	8,500	3,049	(5,451)
Capital Outlay	103,822	103,822	129,360	25,538
Total Charges to Appropriations	<u>208,280</u>	<u>208,280</u>	<u>217,630</u>	<u>9,350</u>
Fund Balance - June 30	<u>\$ 273,854</u>	<u>\$ 273,854</u>	<u>\$ 264,984</u>	<u>\$ (8,870)</u>

Note 1 - 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	\$ 482,614
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>(273,009)</u>
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	209,605

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>217,630</u>
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Net Change in Fund Balance	<u><u>\$ (8,025)</u></u>
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See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
STREETLIGHTING FUND
For the Fiscal Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Fund Balance - July 1	\$ (71,111)	\$ (71,111)	\$ (71,111)	\$ -
Resources (Inflows)				
Streetlight Charges & Fees	72,000	72,000	89,488	17,488
Proceeds from Long-Term Debt	100,000	100,000	98,181	(1,819)
Other Revenues	16,300	16,300	15,500	(800)
Unrestricted Investment Earnings	100	100	-	(100)
Amounts Available for Appropriations	117,289	117,289	132,058	14,769
Charges to Appropriations (Outflows)				
Salaries and Benefits	39,799	39,799	37,305	(2,494)
Electricity	26,335	26,335	26,103	(232)
Other Expenditures	17,675	17,675	17,196	(479)
Capital Outlay	100,000	100,000	123,950	23,950
Total Charges to Appropriations	183,809	183,809	204,554	20,745
Fund Balance - June 30	\$ (66,520)	\$ (66,520)	\$ (72,496)	\$ (5,976)

Note 1 - 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	\$ 132,058
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	71,111
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	203,169

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	204,554
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Net Change in Fund Balance	\$ (1,385)
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See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2014

1. DEFINED BENEFIT PENSION PLAN

The District contributes to the California Public Employees Retirement System, a cost-sharing, multiple-employer, public employee, defined benefit pension plan. The District participates in the Miscellaneous 2% at 55 Risk Pool. The following schedule of funding progress presents information for the three most recent risk pool actuarial valuations (in thousands) about whether the actuarial value of the plan assets (of the risk pool) is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (of the risk pool).

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Excess Assets/ (Unfunded Liability)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
06/30/10	\$ 2,946,408	\$ 3,309,065	\$ (362,657)	89.0%	\$ 748,401	48.5%
06/30/11	\$ 3,203,215	\$ 3,619,836	\$ (416,621)	88.5%	\$ 759,264	54.9%
06/30/12	\$ 3,686,598	\$ 4,175,139	\$ (488,541)	88.3%	\$ 757,046	64.5%

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 each of the above actuarial valuations may be obtained from CalPERS Executive Office, 400 P Street, Sacramento, California, 95814 or on-line at www.calpers.ca.gov. The June 30, 2013 actuarial valuation was not available at the time the financial statements were issued.

2. OTHER POSTEMPLOYMENT BENEFITS

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 following schedule presents information about the funded status for the Plan's two actuarial valuations as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Excess Assets/ (Unfunded Liability)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
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%

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 above actuarial valuation can be found in Note 7 to the basic financial statements. The next actuarial valuation will be performed during fiscal year 2015-16.

See accompanying notes.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **Information**

ITEM: E.5 **Review Board Rotation Schedule, Board Officers and Committee Appointments for 2015 Calendar Year**

PRESENTED BY: **Becky Schuette**

TYPE OF ACTION: **None- Information**

Recommendation:

Staff recommends the Board of Directors review, discuss and consider the attached MCSD Board Rotation Schedule and 2014 Roster and Committee Assignments. At the January meeting, in accordance with the Board Policy Manual, the Board shall update the rotation schedule for the coming years and the President shall appoint committee assignments for the 2015 Calendar Year.

Discussion:

The McKinleyville Community Services District Board Policy Manual directs the Board to annually update the President and Vice-President rotation schedule. In addition to officer appointments the policy states that the Finance Director shall perform the duties of Treasurer and the General Manager shall select a staff member to serve as Board Secretary.

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.

Following the update of the officers the Board President shall appoint committee assignments for the 2015 Calendar Year as stated in the Board Policy Manual.

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.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1- 2014 Positions, Staff Member Appointments and 2014 Committee Assignments
- Attachment 2 – Board Rotation Schedule
-

2014 ROSTER for MCSD

2014 Board positions are as follows:

1. President David Couch
2. Vice-President John Corbett

Directors: Helen Edwards, Dennis Mayo and George Wheeler

Staff Members Appointed as Board Officers:

1. Treasurer Finance Director, Colleen M.R. Trask
2. Secretary Becky Schuette

2014 Committee Assignments are as follows:

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

BOARD ROTATION SCHEDULE FOR CHAIR AND VICE CHAIR

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Term Expiration												
Corbett	VC	C										
Edwards												
Mayo												
Couch	C											
Wheeler		VC	C									

C = Chair VC = Vice-Chair

EXPERIENCE/YEARS SERVED ON BOARD OF DIRECTORS

John Corbett - 11 years

Assumed Office 8.21.2002 (To fill in vacancy created when Fluery left until General Election in November 2003)

Served 14 months from 2002 to 2003

Elected 2003 to 2007 (4 yr term)

Re-Elected 2007 to 2011 (4 yr term)

Re-Elected 2011 to 2015 (4 yr term)

Helen Edwards - 6 years

Assumed Office 12.19.2007

Elected 2007 to 2011 (4 yr term)

Re-Elected 2011 to 2015 (4 yr term)

Dennis Mayo - 5 years

Assumed Office 9.17.2008 (To fill in vacancy created when Reid left until General Election in November 2009)

Served 13 months from 2008 to 2009

Elected 2009 to 2013 (4 yr term)

Re-Elected 2013 to 2017 (4 yr term)

David Couch - 4 years

Assumed Office 12.13.2009

Elected 2009 to 2013 (4 yr term)

Re-Elected 2013 to 2017 (4 yr term)

George Wheeler - Installation/Oath January 8, 2014

Assumed Office 1.8.2014

Elected 2013 to 2017 (4 yr term)

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.6 **Consider travel to the CSDA's Special District Leadership Academy Conference in Napa, CA, January 25-28, 2015**

PRESENTED BY: **Becky Schuette, Board Secretary**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided for the California Special Districts Association (CSDA) Special District Leadership Academy Conference in Napa, CA, January 25-28, 2015, take public comment and consider authorization for interested Board Members to attend this training.

Discussion:

General Manager Orsini will be attending this training in January in order to fulfill the Boards Strategic Plan requirement to attain the District of Distinction (DOD) awarded by Special Districts Leadership Foundations (SDLF).

In January, Director Edwards Governance Foundations training will expire. She too is required to maintain the Governance Foundations training in accordance with the Strategic Plan. Approving her attendance will maintain her certificate for an additional five years. Additionally, by approving attendance for the complete conference, she and General Manager Orsini will not only earn their Governance Foundations Certificates, but also a certificate of completion for the entire CSDA Special Leadership Academy, which currently only Director Mayo holds.

Board Members require authorization for travel to conferences via motion and majority vote at a public meeting of the board.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The cost for early conference registration is \$600 which includes 2.5 days of education and materials, 2 luncheons and 2 receptions.

Special hotel rates include three nights at the Embassy Suites Napa Valley at a rate of \$139 per night for a total of \$475.67 including taxes.

Per diem rate for four days in Napa is \$264 at the 2015 rates.

An approximate total cost for travel and attendance to the conference is \$1340 per attendee if the District vehicle is utilized.

Additional costs for vehicle expenses may apply, however the District vehicle will be providing transportation for General Manager Orsini. An approximate rate for fuel reimbursement at the 2014 rate round trip is \$304.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 – SDLA 2015 Conference Schedule of Events



JANUARY 25-28, 2015 - EMBASSY SUITES NAPA VALLEY

SPECIAL DISTRICT LEADERSHIP ACADEMY CONFERENCE



*A Comprehensive Governance Conference
for Elected and Appointed Directors/Trustees.*



*presented by
CSDA and
co-sponsored
by SDRMA*

SDLA

Participate in the **Special District Leadership Academy Conference** and complete all four modules of the Academy during the course of two and a half days.

This conference content is based on CSDA's Special District Leadership Academy (SDLA) groundbreaking, curriculum-based continuing education program, which recognizes the necessity for the board and general manager to work closely toward a common goal. SDLA provides the knowledge base to perform essential governance responsibilities.

CSDA has created this conference to provide new board members with immediate training, to offer newly elected board presidents the training they need to lead effectively, and to provide experienced board members with current practices and information about the key concerns facing special districts.

Whether you are new to the board or someone who has served for many years, this conference provides essential tools and information to effectively govern your district!



SDRMA Credit Incentive Points

Special District Risk Management Authority (SDRMA) is committed to establishing a strategic partnership with our members to provide maximum protection, help control losses and positively impact the overall cost of property/liability and workers' compensation coverage through the Credit Incentive Program. Credit incentive points can be earned based on an agency's attendance at the Special District Leadership Academy Conference reducing SDRMA member's annual contribution amount.

“Regardless of tenure, a board member needs to serve their district based upon the best knowledge and understanding available. I have found the Leadership Academy to be an essential tool in accomplishing that duty.”

– Albert Morrisette, Director, Phelan Pinon Hills CSD

Why Attend CSDA's Special District Leadership Academy Conference?

Local boards are the reason, and really the only reason, why local control is local. Special district boards are the voices of the community. The truth is that every elected or appointed public official needs to worry about governance; governance is what boards do. It's what they bring to the table. Governance is taking the wishes, needs and desires of the community and transforming them into policies that govern the district. Survival of special districts depends in large part on how well we do our jobs as boards.

Attendees will learn:

- Working as a team: The roles of the board and staff.
- Attributes and characteristics of highly effective boards.
- How culture, norms, values and operating style influence the district.
- Specific jobs the board must perform.
- How individual values, skills and knowledge help shape how effective boards operate.
- The importance of moving from “I” to “we” as the governance team.
- The board's role in setting direction for the district.
- The board's role in finance and fiscal accountability.
- Much more!

Where to stay

Room Reservations

Room reservations are available by calling 1-800-EMBASSY and requesting the California Special Districts Association rate of \$139 single/double plus tax.

Please refer to our group code SDL. All reservations must be accompanied by a first night room deposit and guaranteed with a major credit card. Reservations must be received by January 6, 2015. However, room quantities are limited and may sell out before that date. The first night room and tax becomes non-refundable if a reservation is cancelled after the above cut-off date.

Embassy Suites Napa Valley

1075 California Blvd.
Napa, CA 94559



SDLF



SPECIAL DISTRICT LEADERSHIP FOUNDATION



SHOWCASE YOUR COMMITMENT TO EXCELLENCE
**Districts of Distinction
Accreditation**

Completion of any of the four modules of the Special District Leadership Academy qualifies attendees for the six hours of governance training required for the Special District Leadership Foundation's District of Distinction Designation.



FOR DIRECTORS AND TRUSTEES
**Recognition in Special
District Governance**

Completion of all four modules of the Special District Leadership Academy form the basis for the Recognition in Special District Governance, after an additional 10 hours of continuing education are completed.

If you have not completed all four modules of the Special District Leadership Academy, this is the place to start! During the course of this conference, you will complete the entire Academy.

SUNDAY, JANUARY 25

5:30 – 7:00 p.m.

REGISTRATION AND NETWORKING RECEPTION



Take a moment to network with your peers from throughout the state at this informal networking reception. Reception includes light appetizers.

MONDAY, JANUARY 26



8:30 a.m. – 12:30 p.m. (Break for all attendees from 10:00 - 10:30 a.m.)

BUILDING A FOUNDATION FOR GOOD GOVERNANCE

David Aranda

In this informational session, the instructor will lay the groundwork for good governance in your district. Attendees will discover:

- Why good governance is so important to the overall well-being of the district.
- The traits of an effective director.
- How to move your board from “I” to “we,” including how to become an effective team, establish team standards, and the essential conditions for team building.

This session covers Module 1 of the Special District Leadership Academy: Governance Foundations.



“Helped clarify my role as a new director.”

– D. Albright, Director, Greater Vallejo Recreation District

12:30 – 1:30 p.m.

LUNCH PROVIDED (all attendees)



1:45 – 4:30 p.m. (Break for all attendees from 3:00 - 3:30 p.m.)

FULFILLING YOUR DISTRICT'S MISSION - CHARTING THE COURSE

Brent Ives, BHI Management Consulting

This conference session will highlight the importance of setting the direction for your district. Learn the basics of direction-setting along with how to avoid planning pitfalls. Attendees will walk through the following steps:

- Establishing your district's mission, vision, values.
- Identifying strategic goals and objectives.
- How to communicate those objectives to your constituents.

This session covers Module 2 of the Special District Leadership Academy: Setting Direction/Community Leadership.

5:30 – 7:00 p.m

SIP AND SAVOR THE NAPA VALLEY EVENING RECEPTION

Join us for a reception inspired by the culinary influences of the Napa Valley.

Sponsored by



You must attend all education sessions to earn your graduation certificate at the conclusion of the conference.

TUESDAY, JANUARY 27

8:00 – 10:00 a.m.

GET THE WORD OUT! BEST PRACTICES FOR COMMUNICATION AND OUTREACH

Brent Ives, BHI Management Consulting

This session looks at common communication breakdowns and areas for improvement in public agency communications. We will discuss:

- Identifying audiences.
- Responding to public input.
- Media relations.
- Legislative outreach and advocacy.

This session covers Module 2 of the Special District Leadership Academy: Setting Direction/Community Leadership.

10:00 – 10:30 a.m.

BREAK (all attendees)

10:30 a.m. – 12:00 p.m.

DEFINING BOARD & STAFF ROLES AND RELATIONSHIPS PART 1

Pete Kampa, Kampa Community Solutions

This conference session will teach participants how to determine the human resources health of their district through:

- Identifying the board's role in human resources.
- Recognizing human resources red flags and positive indicators.
- Determining essential human resources policies.
- Covering confidentiality and legal liabilities.
- Evaluating the general manager.

This session covers Module 4 of the Special District Leadership Academy: Board's Role in Human Resources.

"quote"

"Another enjoyable CSDA experience."

– P. Dorey, Director, Vista Irrigation District

12:00 – 1:00 p.m.

LUNCH PROVIDED (all attendees)

1:15 – 4:00 p.m. (Break for all attendees from 2:45 - 3:00 p.m.)

DEFINING BOARD & STAFF ROLES AND RELATIONSHIPS PART 2

Pete Kampa, Kampa Community Solutions

OPEN EVENING

WEDNESDAY, JANUARY 28

8:30 a.m. – 12:00 p.m. (Break for all attendees from 10:00 - 10:30 a.m.)

SHOW ME THE MONEY! WHAT DO BOARD MEMBERS NEED TO KNOW ABOUT DISTRICT FINANCES?

David Becker, James Marta & Company, Certified Public Accountants

This session will provide an overview of financial concepts, reports and policies. Attendees will learn:

- How to ask the right questions.
- How to link the finance process to the district mission.
- What's a budget: budget process, budget assessment, communicating budget information to the public.
- How to develop and analyze capital improvement plans and reserve guidelines.

This session covers Module 3 of the Special District Leadership Academy: Board's Role in Finance and Fiscal Accountability.

12:00 – 12:30 p.m.

GRADUATION - CERTIFICATE DISTRIBUTION

"quote"

"Great workshop, phenomenal instructor!"

– J. Cousino, General Manager, Newberry Community Services District

Enjoy Napa Valley.





Registration Form

January 25-28, 2015 • Embassy Suites Napa Valley

(Use one form per registrant)

Three Ways to Register

- **Register online** by visiting the Special District Leadership Academy Conference website at sdla.csda.net.
- **Fax number:** 916-520-2465. All faxed registration forms must include credit card payment.
- **Mail:** CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814. Please include registration form and payment. Checks should be made payable to: California Special Districts Association.

Not sure if you are a member?

Contact the CSDA office at 877-924-2732 to find out if your agency or company is already a member. To learn more about the many benefits of CSDA membership, contact Member Services Director Cathrine Lemaire at cathrine1@csda.net, or call toll-free at 877-924-2732.

Registration fees include:

- 2.5 days of education and materials
- 2 luncheons
- 2 receptions

Certificate of Completion

At the completion of the conference, first-time attendees will be awarded a certificate of completion for the Special District Leadership Academy. Attendees must attend all education sessions to receive credit.

Name/Title:	
District:	
Address:	
City:	State: ZIP:
Phone:	Fax:
<input type="checkbox"/> Member <input type="checkbox"/> Non-member	Email:
Emergency Contact - Name & Phone:	
Registration Fees	
EARLY BIRD (ON OR BEFORE DECEMBER 23, 2014) <input type="checkbox"/> CSDA Member \$600 <input type="checkbox"/> Non-Member \$725	REGULAR (AFTER DECEMBER 23, 2014) <input type="checkbox"/> CSDA Member \$650 <input type="checkbox"/> Non-Member \$775
SEND MORE - SAVE MORE! -- SPECIAL DISCOUNTED PRICING!	
ADDITIONAL ATTENDEE FROM THE SAME DISTRICT (ON OR BEFORE DECEMBER 23, 2014) <input type="checkbox"/> CSDA Member \$400 <input type="checkbox"/> Non-Member \$450	ADDITIONAL ATTENDEE FROM THE SAME DISTRICT (AFTER DECEMBER 23, 2014) <input type="checkbox"/> CSDA Member \$525 <input type="checkbox"/> Non-Member \$575
Payment	
<input type="checkbox"/> Check <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Discover <input type="checkbox"/> American Express	
Acct. name:	Acct. Number:
Expiration date:	Authorized Signature:
Special needs	
<input type="checkbox"/> Vegetarian <input type="checkbox"/> Other:	
CANCELLATIONS/SUBSTITUTION POLICY: Cancellations must be in writing and received by CSDA no later than January 12 at 5:00 p.m. All cancellations received by this date will be refunded less a \$75 cancellation fee. There will be no refunds for cancellations made after January 12. Substitutions are acceptable and must be done in writing no later than January 20 at 5:00 p.m. Please submit any cancellation notice or substitution requests to meganh@csda.net or fax to 916-520-2465.	



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As California's trusted risk management advisor, SDRMA protects its members from the unexpected by providing a unique combination of coverage protection programs, world-class risk management consulting and experienced technical experts. Our goal is to serve as an extension of your staff so our service is seamless to you and your agency. Visit our website at www.sdrma.org or call us at **800.537.7790** for more information about our Workers' Compensation, Property/Liability or Health Benefits Programs. We look forward to serving you!



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Trusted Risk Management * 800.537.7790 * www.sdrma.org



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Sacramento, CA



*A Comprehensive Governance Conference
for Elected and Appointed Directors/Trustees.*

**2015 SPECIAL DISTRICT LEADERSHIP ACADEMY CONFERENCE
NOW HELD AT THE BEGINNING OF THE YEAR!**

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.7 **Draft #1 Integrated Pest Management Plan Workshop**

PRESENTED BY: **Greg Orsini/ Jason Sehon**

TYPE OF ACTION: **Work Shop**

Recommendation:

Staff recommends that the Board listen to staff's presentation, participate in the workshop, air questions, take public comment and make recommendations to staff regarding the Draft #1 Integrated Pest Management Plan.

Discussion:

In June of 2014 the MCSD Board of Directors directed staff to develop a district wide Integrated Pest Management (IPM) Plan, develop a public access program to allow website comments to be included in the Board packet and to bring each section of the plan to the Board in workshop format to allow maximum public comment and Board review and discussion.

In July staff launched a website for review of the draft IPM Plan and created a unique email address for comments, the website and email address are:

<http://mckinleyvillecsd.com/integrated-pest-management-plan>

ipm@mckinleyvillecsd.com

At that time we requested interested citizens of McKinleyville to submit suggestions of examples of IPM Plans from other agencies, we received very little public comment. A team of staff was formed to continue working on the IPM, two have applicator licenses, two are MCSD Department Heads and the General Manager comprises the team.

Staff reviewed many very good plans; most were researched by staff when considering a format for our IPM Plan and determined Attachment 1 the most useful to MCSD. Staff edited in track changes and will continue to do so as staff produces modifications. Once changes are approved by the Board they will be accepted.

Since our staff already utilizes many of the practices associated with an IPM Plan. It has been easy to modify our template to represent our current practices. We utilize natural and non-poisonous methods for weed abatement and other pest management.

For example, we have not used Roundup at any of our parks or facilities for more than three (3) years. This is largely possible due to the agreements we have developed with the California Conservation Corps and the Sheriff Work Alternative Program so that we have additional workers to assist our staff.

Staff will continue to meet on a regular basis and update the plan as comments and suggestions are received.

Alternatives:

Take Action

Fiscal Analysis:

Not determine at this time. Fiscal impact will be a component of the process as it has the potential to be significant, mainly due to the increase in staffing requirement to supplement non- pesticide techniques.

Environmental Requirements:

Unknown at this time

Exhibits/Attachments

- Attachment 1- Draft version 1 Integrated Pest Management Plan

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Integrated Pest Management Plan

Department of Parks & Recreation
Effective Date: **Date here**

~~Integrated Pest Management Plan~~

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1. SCOPE AND APPLICATION

This Integrated Pest Management (IPM) policy shall apply to all pest control activities and pesticide use in buildings and related facilities; grounds and open space; and other property owned or managed by the McKinleyville Community Services District (MCSD) and conducted by MCSD staff or contractors. MCSD Board Members, employees, and contractors are required to follow this policy. Departments that have employees monitoring or treating pest problems or managing any contractors who monitor and/or treat pest problems will receive a copy of the Integrated Pest Management policy. All pest control contractors will receive a copy of this policy.

2. PURPOSE

This policy is intended to provide a basis for pest and vegetation management that will protect public health, as well as water quality, federal endangered and threatened species, and state, county and local species of concern. The goal of MCSD's IPM policy is to utilize the most environmentally sound approaches to pest management, and to reduce and eliminate, where possible, the volume and toxicity of chemical pest control treatments.

The objectives of this policy are to:

- Require planning and development of an IPM program for all departments; and
- Provide procedural guidelines for implementation.

3. DEFINITIONS

- A. Integrated Pest Management (IPM):** A decision making process which selects, integrates, and implements pest control strategies to prevent or control pest populations. Integrated Pest Management uses a "whole systems approach", looking at the target species as it relates to the entire ecosystem. In choosing control strategies, minimal impacts to human health, the environment, and non-target organisms are considered.
- B. Pest:** Any insect, rodent, nematode, fungus, weed, or any other form of terrestrial or aquatic plant or animal life or virus, bacteria, or other micro-organism (except viruses, bacteria, or other micro-organisms on or in living man or other living animals) which the Administrator of the EPA declares to be pest under section 25(c)(1) [7 USCA 136w(c)(1)].
- C. Pesticide:** Any substance or mixture of substances intended for destroying or repelling any pest. This includes without limitation fungicides, insecticides, nematocides, herbicides, and rodenticides and any substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant.

The following products are not pesticides:

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1. Deodorizers, bleaching agents, disinfectants and substances for which no pesticidal claim is made in the sale or distribution thereof, and
2. Fertilizers and plant nutrients.

D. Reasonable Alternative: a feasible option for pest control which takes into account the economic, social, and environmental costs and benefits of the proposed choices.

4. MCSD IPM COORDINATOR

The General Manager ~~has determined that there should be a central staff person to coordinate the Integrated Pest Management efforts of MCSD departments. The shall designate an MCSD staff member as the~~ IPM Coordinator, ~~whose shall be in the Office of Environmental Affairs in the City Manager's District Office and his/her~~ responsibilities shall include, but are not limited to, the following items:

- Coordination with MCSD departments on weed and pest control issues
- Publication of the annual IPM report
- Coordination of the Interdepartmental IPM Review Group
- Development of an MCSD weed management plan, in accordance with state law
- Coordination of the development of ~~departmental the~~ IPM plans
- Recommendations on IPM strategies
- Assist MCSD departments with staff training needs
- Outreach to citizens regarding IPM

A. Annual IPM Report. The MCSD IPM Coordinator will compile data from all participating MCSD departments and submit an annual report to the MCSD ~~General Manager and~~ Board of Directors ~~and the General Manager~~. The report will detail the previous year's IPM efforts and shall contain information listed in Section ~~5V~~, Departmental/~~Divisional~~ Obligations. Each department using pest control methods shall submit their information ~~through their department IPM coordinator~~ to the MCSD IPM Coordinator. The report will include a review of new IPM strategies as well as trends in IPM techniques over time.

B. Interdepartmental IPM Review Group. This group will be coordinated by the MCSD IPM Coordinator and will include ~~department IPM coordinators and other interested-designated~~ MCSD staff. The Group shall meet at least ~~quarterly semi~~ annually and meetings will include development of annual MCSD IPM goals, review and evaluation of ~~each department the or division~~ plan, as well as opportunities for information exchange, education and cooperation. The Interdepartmental IPM Review Group shall also review interdepartmental issues and make policy recommendations that advance the objectives of the IPM policy and reduce reliance on chemical pest control.

5. DEPARTMENTAL/~~DIVISIONAL~~ OBLIGATIONS

The following departments/~~divisions~~ conduct pest control operations that use or potentially use pesticides:

- ~~Downtown and University Hill Management Division (including Parking Services)~~
- ~~Fire~~
- ~~Housing and Human Services~~
- ~~Open Space/Mountain Parks~~
- ~~Parks and Recreation (including Athletics, Boulder Reservoir, Environmental Resources, Flatirons Golf Course, Forestry, Recreation Centers and Urban Parks)~~
- ~~Public Works (including Airport, Facilities and Asset Management (FAM), Greenways, Transportation & Utilities Maintenance and Water & Waste Water Treatment Plants)~~
- ~~Parks~~
- ~~Facilities~~
- ~~Open space zones~~
- Operations DepartmentParks & Recreation Department
- Operations Department
- Support Department

A. Integrated Pest Management Plan. Each of these departments ~~or divisions~~, and any others using pest control methods in the future, shall use the procedures outlined in this policy. ~~to develop a departmental or divisional Integrated Pest Management Plan.~~ This plan shall be submitted to the MCSD IPM Coordinator by ~~Date here? January 15, 2003~~November 1. Plans will be reviewed annually and updated at least every five years. ~~Departments~~The General Manager shall may designate at least one staff member ~~as the~~from each departmental/~~divisional~~ as a ~~IPM coordinator or~~ representative to the Interdepartmental IPM Review Group.

B. Record-keeping and Evaluation. Each department, ~~division or work group~~ shall keep accurate records of all Integrated Pest Management treatments used and the results. Information on all treatments (including non-chemical ones) shall include how, when, where and why the treatment was applied and the name of the applicator. This information will be submitted to the MCSD IPM Coordinator yearly, as the basis for the Annual IPM Report. It should also be available for review at the Interdepartmental IPM Review Group meetings. The MCSD IPM Coordinator will review pest management treatments with MCSD departments to evaluate the successes and failures of the IPM program, and to plan more efficient and effective pest management strategies.

The following information shall be maintained:

1. Target pest
2. Pest population levels or injury thresholds for treatment
3. Treatment selection criteria with final treatment decision (IPM hierarchy checklist)
4. Area treated (including type of location and size of area)

- 159 5. Pesticide (including product trade name, active ingredient and EPA toxicity
160 category)
161 6. Quantity of product used
162 7. Treatment method used (i.e. bait, injection)
163 8. Location of application
164 9. Time and date of pesticide application
165 10. Name(s) and license number(s) of Pesticide Applicator(s)
166 11. Name of the department contact authorizing work
167 12. ~~Material~~ Safety Data Sheets (~~M~~SDS) and labels for all pesticides used
168

169 Application records shall be made available to the public upon request in
170 accordance with [MCSD's Records Retention Policy and](#) all applicable state laws
171 governing public access to information.
172

173 **C. Contractor Notification.** Every department bidding out contractual work for pest
174 management must inform all bidders that MCSD has an [Integrated Pest](#)
175 [Management/](#)IPM Policy and include its guidelines in bid specifics. Contractors are
176 encouraged to submit bids that include nonchemical pest control methods. [Bids with](#)
177 [non-chemical approaches may be given preference.](#)
178

179 **D.** MCSD will inform pest management contractors of MCSD's IPM Policy ~~and plans~~
180 and provide a written copy of this policy and other documents as appropriate (i.e.
181 departmental [procedures/plans](#) or Best Management Practices). [Project managers,](#)
182 [departmental IPM coordinators or contacts, or The General Manager the MCSD IPM](#)
183 [Coordinator](#) shall approve all pest management treatments.
184

185 6. INTEGRATED PEST MANAGEMENT (IPM) PROCEDURE 186

187 MCSD assumes that all pesticides are *potentially* hazardous to human and
188 environmental health. Therefore, reasonable non-pesticide alternatives shall be given
189 preference over chemical controls by following the IPM procedure. MCSD staff will
190 evaluate alternatives to chemical treatment including the cost-effectiveness of the
191 treatments. [When chemical application is being considered](#) ~~For all pest control activities,~~
192 the IPM procedure outlined below shall be followed.
193

194 **A. Initial Data Collection, Mapping and Monitoring.** Each department ~~or division~~
195 considering pest control measures shall collect baseline data on the pest
196 ecosystem(s) to determine pest population(s) occurrence, size, density and
197 presence of any natural enemy population(s); gather information on pest biology
198 and different control techniques available; and document sensitive areas and
199 conditions that may limit control options. Data shall be collected in a standardized
200 manner that is repeatable. This information may be included in departmental ~~or~~
201 ~~divisional~~ IPM plans.
202

203 Ranking, inventory, mapping, monitoring and evaluation are methods used for
204 determining pest management priorities. Maps and inventories depict infestations in
205 terms of pest species, size, location and threats to resources. Departments ~~/divisions~~
206 shall monitor infestations or pest populations and evaluate treatments over time to

207 assess the effectiveness of various treatment strategies and their effects on target
208 and non-target organisms.

209
210 All monitoring methods and data shall be specified in the departmental ~~or divisional~~
211 IPM plan, systematically recorded, and available for review at the Interdepartmental
212 IPM Review Group meetings. Departments shall coordinate and utilize standardized
213 pest mapping protocols.

214
215 **B. Establishing Threshold Levels.** To determine if treatment is warranted, an
216 acceptable threshold level of treatment for each target pest and site should be
217 established. ~~Departmental IPM plans~~The IPM will contain the threshold levels for
218 common pests, determined by individual work groups, in conjunction with the MCSD
219 IPM Coordinator. In some instances, treatment may be required by federal or state
220 laws or County . The assessment will be based on the following:

- 221
222 1. The tolerable level of environmental, aesthetic and economic damage as a result
223 of the pest population(s) and the tolerable level of risk to human health as a
224 result of the pest population(s);

225
226 OR

- 227
228 2. The size or density of the pest population that must be present to cause
229 unacceptable environmental, aesthetic and/or economic damage; and the size,
230 density and type of pest population that must be present to create a human
231 health risk.

232
233 **C. Treatment Selection Criteria.** Upon determining that treatment is necessary, the
234 following criteria should be used to help select the appropriate IPM treatment
235 strategy:

- 236
237 1. Least-disruptive of natural controls
238 2. Least-hazardous to human health
239 3. Least-toxic to non-target organisms
240 4. Least-damaging to the general environment
241 5. Most likely to produce a permanent reduction in the environment's ability to
242 support target pests
243 6. Cost-effectiveness in the short- and long-term

244
245 **D. Treatment Strategies.**

246 Each department ~~or division~~, in consultation with the MCSD IPM Coordinator, shall
247 make its own determination about appropriate and effective treatments, based on
248 site-specific requirements. Commitment to the most environmentally sound
249 approach is expected, with non-chemical methods considered first.

250
251 Prevention, cultural control, mechanical control, biological control and chemical
252 control are the techniques used in integrated pest management. In general, a
253 combination of treatments is more effective than a single approach. Departments
254 ~~and divisions~~ are encouraged to seek out and experiment with innovative IPM

treatments (and combinations of treatments) and share this information at the **Interdepartmental IPM Review Group meetings**. The following treatments are listed in the order in which they should be executed:

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D.1 Prevention. This is the most effective pest management strategy. By reducing the capacity of the ecosystem to support target pest populations through design and appropriate management, the opportunities for pest establishment can be reduced or eliminated.

- a. Use strategies that reduce the preferred harborage, food, water or other essential requirements of pests.
- b. Use weed-free materials for ~~road and~~ trail construction and maintenance.
- c. Use landscape and structural design that is appropriate to the specific habitat, climate and maintenance the area will receive.
- d. When designing projects, consider the potential impacts of pests and mitigate through the use of appropriate landscape design (water requirements, weed barriers, etc).

D.2 Cultural. Cultural control is the use of management activities that prevent pests from developing due to enhancement of desired conditions. Specific examples are the following:

- a. Selection and placement of materials that provide life-support mechanisms for pest enemies and competitors.
- b. Modification of pest habitat by reducing pest harborage, food supply and other life support requirements.
- c. Vegetation management including irrigation, mulching, fertilization, aeration, seeding, pruning and thinning.
- d. Waste management and proper food storage.
- e. Barriers and traps.
- f. Heat, cold, humidity, desiccation or light applied to affected regions.
- g. Prescribed grazing.

D.3 Mechanical. Mechanical control is accomplished by using physical methods or ~~Integrated Pest Management Policy Page 7~~ mechanical equipment to control pest infestations.

- a. Mowing or weed-whipping
- b. Burning
- c. Hand-pulling of weeds
- d. Hand-removal of insect egg masses

D.4 Biological. Biological controls include the introduction or enhancement of natural enemy populations to target pests. Introduction of non-indigenous organisms has an associated risk factor and should be thoroughly evaluated prior to implementation. Biological methods include:

- a. Conservation and augmentation of the pest's natural enemies

b. Introduction of host-specific enemy organisms

D.5 Chemical. Chemical control of pests is accomplished by using chemical compounds registered as pesticides. All pesticides shall be assumed to be *potentially* hazardous to human and environmental health.

- a. The type, methods and timing of chemical treatment shall be determined **after** consideration has been given to protection of non-target organisms (including threatened or endangered species), protection of water quality, pest biology, soil types, anticipated adverse weather (winds, precipitation, etc) and temperature.
- b. Initial review of potential chemicals shall begin with the least toxic compounds, i.e. chemicals in EPA Toxicity Categories III and IV. The use of compounds in EPA Toxicity Categories I and II shall be avoided if possible or used in situations where exposure to the active ingredient is limited (i.e. baits or soil/trunk injections).
- c. If, after a thorough evaluation of alternatives, the only effective or practical chemical control is an EPA Toxicity Category I or II compound, the ~~department or division IPM coordinator shall confer with the~~ MCSD IPM Coordinator, and, if practical, the Interdepartmental IPM Review Group, ~~will~~will review the decision-making process and make a recommendation to the ~~department head~~MCSD IPM Coordinator~~General Manager?~~ for approval. This may be done on a yearly basis for specific pest treatments. The decision-making process and lack of alternatives shall be documented.
- d. Staff will review the information available on potential chemicals for persistence in the soil and the potential impacts from persistence. These factors will be considered along with the potential for more frequent application of chemicals that do not persist in the environment.
- e. If chemical treatment is warranted in a riparian area, applications will generally be plant specific and limited to wick applications. If broader applications are needed, the ~~department MCSD or division~~ IPM coordinator shall confer with the MCSD IPM Coordinator, and, if practical, the Interdepartmental IPM Review Group, to review the decision-making process and make a recommendation to the ~~department head~~General Manager for approval. This may be done on a yearly basis.
- f. Potential chemical approaches
 1. pheromones and other attractants to confuse pests and/or act as bait
 2. insecticidal soaps
 3. juvenile hormones that arrest pest development
 4. repellants
 5. allelopathins
 6. sterilants or contraceptives to reduce breeding
 7. contact, stomach or other poisons
 8. fumigants
 9. combinations of above (baits with poisons)
 10. herbicides, insecticides

- g. All pesticides shall be applied in conformance with label specifications and all applicable federal, state and municipal laws, regulations and ordinances.
- h. All pesticide applications shall comply with the appropriate pre and post notification requirements, according to MCSD's Pesticide Ordinance (Section 6-10-1 B.R.C. 1981)-IPM. For all MCSD pesticide applications, notification will be posted at least 24 hours in advance, unless there is an extreme public safety concern. This includes soil and trunk injections, spot spraying, hand-wicking and broadcast spraying on all MCSD lands or property open to the public.

E. Education. Education is a critical component of an IPM program. The MCSD IPM Coordinator will include IPM information on the ~~Office of Environmental Affairs~~ MCSD website. Information will include the Annual IPM Report, ~~departmental IPM plans~~ and other pertinent material. Individual departments, ~~divisions~~ and work groups may conduct additional specific educational activities.

7. **CONTRACTOR RESPONSIBILITIES & REQUIREMENTS**

All contractors working for MCSD are required to abide by MCSD's IPM Policy. The contractor will return a signed statement to the appropriate MCSD IPM Coordinator ~~Department Head or departmental contact~~ certifying they have read and understand the policy prior to any work being done for MCSD. The contractor shall maintain records as listed in Section V, B.

MCSD may periodically enters into contracts that authorize pest management, such as for building maintenance, project construction and maintenance, and weed and insect control.

When MCSD signs a new contract or extends the term of an existing contract with a contractor that may include or authorize the application of pesticides, the department shall review its IPM plan with the MCSD IPM Coordinator and update the plan to include the pesticide usage by the contractor.

Contractors who apply pesticides on MCSD owned or managed property shall submit a plan-procedure to the ~~contracting-appropriate~~ MCSD department and the MCSD IPM Coordinator if the department has not provided a plan-procedure. Their plan-procedure shall include the following:

- Information addressing all the elements listed in Section VI of the, Integrated Pest Management ~~IPM~~ (IPM) Procedure
- Types and estimated rates, to the extent possible, of the pesticides that the contractor may need to apply to MCSD property during its contract
- An outline of the actions the contractor will take to meet the MCSD IPM policy
- The primary IPM contact for the contractor

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Contractors will provide background information on the decision-making process for treatment methods to MCSD upon request. The ~~MCSD~~ department and MCSD IPM Coordinator shall approve the plan before any chemical applications are made. Contractors shall notify their departmental contact when any biological or chemical treatments are conducted. The contractors shall comply with appropriate pre and post notification requirements, according to MCSD's ~~Pesticide Ordinance (Section 6-10-1 B.R.C. 1981)~~ IPM and relevant internal MCSD protocols.

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8. ~~CONSTRUCTION AND~~ INTERPRETATION

Employees or contractors who have questions concerning possible conflict between their interests and those of MCSD, or the interpretation and application of any of these rules, should direct their inquiries to their Department Director. The Department Director may refer the matter to the General Manager for final resolution.

9. EXCEPTIONS/CHANGE

This policy supersedes all previous policies covering the same or similar topics. Any exception to this policy may be granted only by the General Manager. This policy may be reviewed and changed at any time.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **ACTION**

ITEM: E.8 **Award Professional Services Agreement for Construction Management and Inspection for the Wastewater Management Facility (WWMF) Improvement Project to Kennedy Jenks (K/J) as Contract Amendment 7 of the WWMF Design Agreement**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

1. Staff recommends that the Board of Directors review Draft Contract Amendment No. 7 Construction Management and Inspection Services for WWMF Improvement Project, take public comment,
2. Approve a total expenditure not to exceed \$1,279,855 plus a 10% contingency of \$127,986 for a total of \$1,407,841 and
3. Authorize the General Manager to execute Contract Amendment 7 with Kennedy/ Jenks Consultants for the services described in Attachment 1.

Discussion:

The proposal presented to you as Attachment 1 is Amendment 7 to the original scope of work approved by the Board of Directors in January of 2013 for design and construction services.

During the original contract negotiation construction services were included in the scope of work as an alternate but the cost related were not part of the original agreement. As we near completion of the bid package and 100% design scheduled for January 2015 it is time to start considering construction and post construction services.

In addition to the standard construction-phase services such as:

- Administer a construction contract to provide a treatment plant upgrade that conforms to the contract documents and the design intent
- Establish communications protocols and administrative procedures for processing submittals, requests for information (RFI), change order requests, and contractor's pay requests

- Provide management, direction, coordination and oversight of Contractor's work including the construction schedule, budget, monthly progress and invoices for the duration of the construction contract and
- Promptly resolve RFIs to maintain progress on the work while conforming to the design intent; evaluate contractor-requested substitution requests to determine if they conform to the design intent; Represent the District in negotiating change orders with the Contractor, and assist the District in the administration of contract changes

The scope of work also includes post construction services as originally proposed. These services consist of:

- Preparation of a performance-certification report as required by the State Revolving Fund
- Preparation of an electronic Operation, Maintenance and Standard Operating Procedure manuals that satisfies RWQCB requirements
- Updating the District's SEMS asset register to incorporate new assets added by the project

Staff would like to bring to the Board's attention that K/J's rates for this work were negotiated and locked in 2012 and that fee schedule is still in effect for this proposal. Staff was also able to negotiate the Sub- Contractor mark up from 10% down to 5% a \$38,000 savings.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The percentage for construction management and post construction services for this project are within industry standard related to total cost of the project.

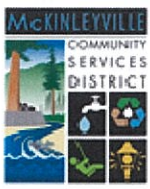
Roughly half of the fees quoted in this proposal will be expended in this fiscal year and other in FY 15/16. We are pursuing funding assistance in the form of grants and low interest loans from the State Revolving Fund.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Attachment 1 - Contract Amendment 7, Construction Services



Kennedy/Jenks Consultants
Engineers & Scientists

200 Fourth Street, Suite 210
Santa Rosa, CA 95401
707-526-1064
FAX: 707-526-1261

21 November 2014

Greg Orsini
General Manager
McKinleyville Community Services District
1656 Sutter Rd.
McKinleyville, CA 95519

Subject: Contract Amendment No. 7 (Construction-Phase Services)
MCSD WWMF Upgrade Project
1368004*00

Dear Greg:

This letter summarizes our proposed scope of work and revised fee for construction phase support. The task breakdown follows the original scope that we submitted to the District during the competitive selection process. During negotiations with the District, Kennedy/Jenks agreed to revise our November 6th proposal as follows:

1. Reduce the markup on subconsultant work from 10 percent to 5 percent.
2. Kennedy/Jenks agreed to freeze consultant labor rates at the original 2012 rate schedule through the projected end of construction in September, 2016.

In addition to the scope and fee breakdown submitted earlier, we have enclosed the requested subconsultant backup information outlining their proposed level of effort.

We are excited to move into the next phase of the project and look forward to working with the District to deliver a successful treatment plant upgrade on time and on budget. If you have any questions, please contact me at (707) 526-1064.

Greg Orsini
McKinleyville Community Services District
21 November 2014
Page 2



Very truly yours,
KENNEDY/JENKS CONSULTANTS

A handwritten signature in black ink, appearing to read "Rod Houser".

Rod Houser, P.E., BCEE
Project Manager | Principal

Enclosures

- Exhibit A – Scope of Work
- Exhibit B – Fee Estimate
- Stover Engineering Level of Effort Estimate
- LACO Associates Scope of Work and Level of Effort Estimate
- Wastewater Solutions, Inc. Scope of Work and Level of Effort Estimate

cc: James Henry, MCSD
Craig Lichty, K/J
Ron Walz, K/J

ATTACHMENT A – SCOPE OF WORK

McKinleyville Community Services District Wastewater Management Facility Improvements Scope of Services to Provide Engineering Services During Construction

Task B.9: Construction Phase Services

Objective: Administer a construction contract to provide a treatment plant upgrade that conforms to the contract documents and the design intent.

Assumptions: Level of effort planned for construction phase services is based on a construction contract duration of 17 months.

Task B.9.1: Project Management during Construction

Objective: Provide management, direction, coordination and oversight of Contractor's work including the construction schedule, budget, monthly progress and invoices for the duration of the construction contract.

1. Manage staff and provide ongoing coordination for efficient utilization of resources for the project.
2. Prepare monthly invoices, including backup materials, and progress reports.
3. Progress reports will be furnished in the form of a letter with each invoice.
4. Manage subconsultants for efficient utilization of resources as follows:

Deliverables:

1. Meeting minutes.
2. Monthly invoices to the subtask level, invoice back-up material, and documentation required by District for processing Consultant and subconsultant pay requests.

Task B.9.2: Preconstruction Meeting

Objective: Establish communications protocols and administrative procedures for processing submittals, RFIs, change order requests, and contractor's pay requests.

1. Review Contractor pre-Notice-to-Proceed documentation (bonds, insurance, etc).
2. Coordinate with District to issue NTP.

ATTACHMENT A – SCOPE OF WORK

3. Schedule, chair, and facilitate minutes of the preconstruction meeting.
4. Discuss procedures for communications, submittals, requests for information, proposed contract modifications, schedule and progress payment submissions, coordination among the project participants, key project requirements, and other procedures as may be necessary for the project.

Deliverables

- Meeting minutes.

Task B.9.3: Respond to Contractor's Requests for Information

Objective: Promptly resolve RFIs to maintain progress on the work while conforming to the design intent.

1. Receive and log written RFIs from the Contractor and forward to designer.
2. Respond to written RFIs and return to construction manager.
3. Receive and log responses and return to the Contractor.

Deliverables: Written responses to Contractor's RFIs (up to 150 RFIs).

Task B.9.4: Process Substitution Requests

Objective: Evaluate contractor-requested substitution requests to determine if they conform to the design intent.

1. Receive and log written substitution requests from the contractor and forward to designer.
2. Respond to written substitution requests.
3. Receive and log responses and return to the Contractor.

Deliverables: Written responses to contractor's substitution requests (up to 17).

Task B.9.5: Change Order Preparation

Objective: Represent the District in negotiating change orders with the Contractor, and assist the District in the administration of contract changes.

1. Prepare contract change orders (CCO) and CCO cost estimates.
2. Obtain scope documentation from and consult with District on proposed changes.
3. Evaluate proposals and provide recommendations to District.
4. For proposed changes for which the scope is acceptable to District, prepare independent cost estimates of the change orders for comparison with the contractor's proposed cost.
5. Represent the District's interests in negotiations of change orders.

ATTACHMENT A – SCOPE OF WORK

6. For proposed changes for which the scope is not acceptable to District, prepare a revised scope for consideration and costing by the contractor, prepare independent estimates for potential change orders (PCOs), and negotiate each change order.

Deliverables: Change order documentation (up to 17 change orders).

Task B.9.6: Submittal Review Processing

Objective: Track and route Contractor submittals and Engineer's responses.

1. Construction Manager will log submittals and forward to the designer tasked with the review.
2. Designer will review submittals and return comments to Construction Manager.
3. Construction Manager will receive and log reviewed submittals and forward to Contractor.

Deliverables: Engineer's review comments (up to 120 submittals).

Task B.9.7: Onsite Construction Management

Objective: Monitor, observe and document contractor's progress to achieve general conformance with the contract documents.

1. Provide one full -time construction manager/observer to monitor conformance of the Contractor's work with drawings and specifications.
2. In addition to the full-time construction manager/observer, provide one half-time construction inspector to assist the construction manager/observer.
3. Establish, implement and maintain Quality Assurance Program to verify to the extent possible Contractor's compliance with their QC obligations and contract requirements.
4. Report nonconformance and construction deficiencies to the contractor and to District, and work with the Contractor to take appropriate corrective actions.
5. KJ Project Management will periodically attend up to 12 progress meetings at the District's office or the job site.

Assumptions: Construction activity requiring full-time inspection of 17 consecutive months.

Task B.9.9: Materials Testing and Special Inspection

Objective: Provide onsite testing and geotechnical oversight during construction.

1. Geotechnical Subgrade Observation
2. Soil Compaction Testing
3. Concrete Sampling and Testing
4. Rebar Placement Verification
5. Post-Installed Anchor Testing
6. Masonry Sampling and Testing
7. Seismic Inspections

ATTACHMENT A – SCOPE OF WORK

Task B.9.9: Review and Approve Contractor's Monthly Pay Requests

Objective: Review and comment on Contractor's monthly pay requests such that work paid by the District represents Contractor's actual progress toward contract completion.

1. Review the contractor's monthly progress payment, request and submit it to District with payment recommendation.
2. Review the Contractor's monthly progress pay estimates for accuracy and completeness and incorporation of changes in cost and time. The review shall be based, in part, upon the contractor's monthly schedule update to assure that time and cost are reasonable.

Deliverables: Up to 18 approved pay requests. 17 progress payments and one retainage request

Assumptions: Construction contract duration of 17 months.

Task B.9.10 Review Construction Schedule

Objective: Enforce contract schedule requirements to complete project within the contractual time limits.

1. Review the contractor's original construction schedule and monthly updates.
2. The schedule submittal shall be reviewed for substantial conformance with the requirements of the construction documents.
3. Evaluate the impact of change orders on the construction schedule and determine eligible time extensions to the construction contract.

Deliverables: Review comments for 17 progress schedules.

Task B.9.11: Prepare Record Drawings

Objective: Produce a set of record drawings based on the Contractor's revisions and submitted record drawing information.

1. On a monthly basis, review and monitor the Contractor's development and maintenance of working record drawings. Processing of monthly pay requests will be contingent on Contractor's successful maintenance of working record drawings.
2. Based on one consolidated set of marked-up project drawings provided by the Contractor, prepare and submit final record drawings.
3. Record drawings will be prepared, in part, on the basis of information compiled and furnished by others, and may not always represent the exact location, type of various components, or exact manner in which the Project was finally constructed. Consultant is not responsible for any

ATTACHMENT A – SCOPE OF WORK

errors or omissions in the information from others that are incorporated into the record drawings. Record drawing pickups will be made electronically in AutoCAD.

Deliverables: Provide one set of full-size drawings, two sets of bound half-size hard copy drawings, and electronic files of record drawings (PDF).

Task B.9.12: Project Startup and Contract Closeout

Objective: Assist the District with Facility startup and close out of the construction contract.

1. Verify completed project is capable of satisfying specified performance requirements.
2. Verify contract requirements have been completed including the Contractor's closeout submittals prior to final acceptance by District.
3. Assist District with closing out the project, including verifying completion of final punch list items and obtaining releases from property owners who granted right-to-enter or temporary construction easements.
4. Schedule and conduct substantial completion inspection, monitor testing, issue punch lists, and review compliance.
5. Advise District and schedule, conduct, and complete final inspection with District and recommend acceptance by District.
6. If necessary, assist in negotiation of unsettled changes or disputes.
7. When all final punch list items have been completed or resolved, recommend final acceptance to District.
8. Upon final acceptance, prepare Certificate of Completion and obtain from the Contractor and deliver to the District all bonds, guarantees, operation and maintenance manuals, and record drawings.

Deliverables: Certificate of Completion.

Task B.9.13: Train District Operations Staff

Objective: Provide supplemental training to District staff regarding operation of the secondary treatment process.

1. Conduct two classes (4 hours per day on 2 consecutive days) by a Certified Grade V Operator with emphasis on standard operating procedures, troubleshooting and process optimization for activated sludge systems. Classroom sessions will be followed by training in the field within the new plant facilities.

ATTACHMENT A – SCOPE OF WORK

2. Strategies for sludge wasting, recirculation rates, and dissolved oxygen control will be presented.
3. Prepare digital video recording of secondary treatment training.
4. Provide up to 12 additional offsite support hours if/as needed (covering the period of three months following start-up training) for offsite data review and operational assistance. Review operating data and provide operational input and assistance as requested by the District.

Deliverables

- Training handouts.
- DVD recording of training session.

Assumptions: Training sessions will be conducted on two consecutive days.

Task B.10: Post-Construction Services

Task B.10.1: Prepare Project Performance Certification Report

Objective: Satisfy State Revolving Fund requirements by monitoring the improvements to demonstrate that the completed project performs as designed and that the plant can achieve its NPDES permit requirements for water quality and reliability.

1. Document test results
2. Prepare a report with the following sections:
 - a. Treatment performance
 - b. Applicable test parameters
 - c. Results and conclusions
 - d. Daily operational data recorded during testing
 - e. Evaluation of Staffing Requirements

Deliverables: Draft and final copies of the project performance certification report.

Task B.10.2: Prepare Operations and Maintenance Manual

Objective: Satisfy NPDES Permit requirement for documenting recommended operations and maintenance requirements. Prepare an electronic operations and maintenance manual with the following sections:

1. Description of treatment plant processes and design basis
2. Operations and Maintenance Procedures:
 - a. Headworks screens
 - b. Grit removal system
 - b. Aeration and clarification
 - c. Disinfection and dechlorination

ATTACHMENT A – SCOPE OF WORK

3. Connection to;
 - a. Record drawings.
 - b. Shop drawings for critical equipment.
 - c. Vendor O&M manuals and training videos.

Deliverables: Draft and final copies of O&M manual (.pdf). The electronic manuals will include:

Task B.10.3: Update District's SEMS Asset Register

Objective: Assist District with maintenance of asset management software after the project is completed.

1. Review SEMS database format requirements to determine specific attribute requirements for each asset type.
2. Collect attribute data for new equipment and systems.
3. Populate SEMS database with attribute data and maintenance requirements.
4. Identify asset records that can be deleted from the database.

Assumption: LOE does not include checking or updating for existing assets.

Deliverables: Database table of equipment added and deleted as a result of the completed project.

CLIENT Name:

McKinleyville Community Services District

PROJECT Description:

Wastewater Treatment System Upgrade

Proposal/Job Number:

1368004

 Date:

11/21/14

Special Rate Structure for MCSD	Eng-Sci-8 R. Walz	Eng-Sci-7 Z. Harris	Eng-Sci-6 Monty Hazelhurst	Eng-Sci-6 R. Houser	Eng-Sci-6 P. Reardon	Eng-Sci-5 P. Symonds	Eng-Sci-5 H. Vincent	Eng-Sci-4	Designer	Project Admin.		KJ	KJ	KJ	Sub	Sub	Sub	KJ	KJ	KJ			Expenses	Total Labor + Subs + Expenses
Classification:	Eng-Sci-8 R. Walz	Eng-Sci-7 Z. Harris	Eng-Sci-6 Monty Hazelhurst	Eng-Sci-6 R. Houser	Eng-Sci-6 P. Reardon	Eng-Sci-5 P. Symonds	Eng-Sci-5 H. Vincent	Eng-Sci-4	Designer	Project Admin.	Total	Labor	Escalation	Comm. Charges	Wastewater Soln (Brad Musick)	LACO	Stover Engineering	Sub-Markup	ODCs	ODCs Markup	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses
Hourly Rate:	\$235	\$225	\$185	\$185	\$185	\$180	\$180	\$165	\$135	\$95	Hours	Fees	0%	0%	Fees	Fees	Fees	5%	Fees	10%				Fees
Task B.9 - Construction Support Services																								
Task B9.1 Project Management																								
Manage staff and provide ongoing coordination	100			20						60	180	\$32,900	\$0	\$0			\$27,075	\$1,354		\$0	\$32,900	\$28,429	\$0	\$61,329
Prepare monthly invoices, including backup materials, and progress reports.	32									16	48	\$9,040	\$0	\$0				\$0		\$0	\$9,040	\$0	\$0	\$9,040
periodic conference calls & routine correspondence	24			24						16	64	\$11,600	\$0	\$0				\$0		\$0	\$11,600	\$0	\$0	\$11,600
Task B 9.2 Preconstruction meeting	8			8							16	\$3,360	\$0	\$0			\$5,720	\$286	\$1,000	\$100	\$3,360	\$6,006	\$1,100	\$10,466
Task B9.3 Respond to contractor RFIs (150 RFIs * 3 hrs)	24	24	128	8	60	60	36	100	10		450	\$82,430	\$0	\$0				\$0		\$0	\$82,430	\$0	\$0	\$82,430
Task B9.4 Process contractor's substitution requests (17 mo * 1 requests/mo * 4 hrs)	8		12	4				40		4	68	\$11,820	\$0	\$0				\$0		\$0	\$11,820	\$0	\$0	\$11,820
Task B9.5 Change order preparation (1 CO/mo*17mos * 4 hrs/CO)	12		8					48			68	\$12,220	\$0	\$0				\$0		\$0	\$12,220	\$0	\$0	\$12,220
Task B9.6 Submittal review (120 submittals * 4 hrs)	24	24	100		112	100	40	72		8	480	\$88,100	\$0	\$0				\$0		\$0	\$88,100	\$0	\$0	\$88,100
Task B 9.7 Onsite Construction Management				102							102	\$18,870	\$0	\$0			\$663,000	\$33,150	\$3,600	\$360	\$18,870	\$696,150	\$3,960	\$718,980
Task B 9.8 Materials testing and special inspection											0	\$0	\$0	\$0		\$52,700		\$2,635		\$0	\$0	\$55,335	\$0	\$55,335
Task B9.9 Process contractor's pay requests (18 mo * 6 hrs each)	24							76		8	108	\$18,940	\$0	\$0				\$0		\$0	\$18,940	\$0	\$0	\$18,940
Task B9.10 Review construction schedule and updates	24		40					24			88	\$17,000	\$0	\$0				\$0		\$0	\$17,000	\$0	\$0	\$17,000
Task B9.11 Prepare record drawings	8							8	120		136	\$19,400	\$0	\$0				\$0		\$0	\$19,400	\$0	\$0	\$19,400
Task B9.12 Project startup & contract closeout	8		32	8	16			24			88	\$16,200	\$0	\$0				\$0		\$0	\$16,200	\$0	\$0	\$16,200
Task B9.13 Train District staff	8			4							12	\$2,620	\$0	\$0	\$12,000			\$600		\$0	\$2,620	\$12,600	\$0	\$15,220
Task B.9 - Subtotal	304	48	320	178	188	160	76	392	130	112	1908	\$344,500	\$0	\$0	\$12,000	\$52,700	\$695,795	\$38,025	\$4,600	\$460	\$344,500	\$798,520	\$5,060	\$1,148,080
Task B.10 - Post Construction Services																								
Task B 10.1 Project performance certification report			8	4				60	4	16	92	\$14,180	\$0	\$0				\$0		\$0	\$14,180	\$0	\$0	\$14,180
Task B 10.2 Electronic version of O&M manual	16		16					415	120	32	599	\$94,435	\$0	\$0				\$0	\$1,500	\$150	\$94,435	\$0	\$1,650	\$96,085
Task B 10.3 Update SEMS asset register	8		8					110			126	\$21,510	\$0	\$0				\$0		\$0	\$21,510	\$0	\$0	\$21,510
Task B.10 - Subtotal	24	0	32	4	0	0	0	585	124	48	817	\$130,125	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$150	\$130,125	\$0	\$1,650	\$131,775
All Phases Total	328	48	352	182	188	160	76	977	254	160	2725	\$474,625	\$0	\$0	\$12,000	\$52,700	\$695,795	\$38,025	\$6,100	\$610	\$474,625	\$798,520	\$6,710	\$1,279,855

Task Description	Hourly Rate	Est Level of Effort, Hrs				Total Hours	Stover, \$	TOTAL, \$
		Principal	Const Mgr	Inspector	Clerical			
		130	160	130	60			
Project Management/Review/Coord		176			70	246	27,075	27,075
Preconstruction Conference/Prep/Review Construction Docs			22	17		39	5,720	5,720
Construction Observation/Admin (17 months full-time CM, 1/2 time inspect)			2947	1473		4,420	663,000	663,000
Assumes Contractor provides office, equipment, and furnishings.						-	-	-
TOTAL		176	2969	1490	70	4,705	695,795	\$ 695,795

EXHIBIT A

Scope of Work and Fee Estimate
Testing and Observation Services during Construction
Wastewater Management Facility Improvements
McKinleyville Wastewater Management Facility
Assessor's Parcel Number 5010-271-015, McKinleyville, California
LACO Project No. 7624.00
November 7, 2014

LACO Associates (LACO) is pleased to submit this scope and fee estimate for testing and inspection services. Our scope of services is based on our review of Project soils report by LACO, dated September 11, 2013, a Project memorandum by LACO dated June 9, 2014, Project Plans and Specifications prepared by Kennedy Jenks Consultants dated October, 2014, and discussion with Ron Walz with Kennedy Jenks Consultants. The proposed services will generally consist of: a review of project plans for compliance with geotechnical recommendations, observation and testing of site earthwork and drainage aspects of the project, special inspection and testing of structural materials including concrete and reinforcing steel. The actual cost of services will be determined by the contractor's construction schedule and construction techniques and the impacts these efforts have on the total number of site visits and the amount of onsite time required for each visit. Please note that LACO only invoices for the actual services provided; there are no minimum hourly charges per site visit.

LABORATORY AND FIELD TESTING SUMMARY

Task	Task Description	Estimated Fee
1205	Geotechnical Plan Review	\$880
1210	Geotechnical Subgrade Observation	\$2,510
1215	Soil Compaction Testing	\$9,100
1220	Geotechnical Oversight & Project Management	\$2,560
1230	Concrete Sampling and Testing	\$20,925
1235	Rebar Placement Verification	\$7,150
1240	Post-Installed Anchor Testing	\$2,100
1270	Masonry Sampling and Testing	\$2,275
1290	Seismic Inspections	\$950
1330	Engineer Oversight & Project Management	\$4,250
	Total Estimated Fee	\$52,700

Task 1205 Geotechnical Plan Review

We have assumed approximately 6 hours of a geotechnical engineer to review project plans for conformance with the geotechnical recommendation presented in the soils report, prepare geotechnical plan review comments, review revised plans, and issue a final conformance letter.

Task 1210 Geotechnical Subgrade Observation

We have assumed six site visits of four hours each by an engineer/geologist to check the soils exposed by the subexcavation of Pond 1A, and foundation excavations are consistent with those anticipated by the project soils report, and are suitable for the support of foundations, or the placement and compaction of

21 W. 4th Street, Eureka, California 95501 707 443-5054 Fax 707 443-0553
311 S. Main Street, Ukiah, California 95482 707 462-0222 Fax 707 462-0223
3450 Regional Parkway, Suite B2, Santa Rosa, California 95403 707 525-1222

Toll Free 800 515-5054 www.lacoassociates.com

engineered fill. A brief field report of observed soil conditions for conformance with the project soils report recommendations will be provided.

Task 1215 Soil Compaction Testing

We have budgeted for laboratory compaction tests assuming three material types including one native and two imported materials for the various engineered fill locations. We have assumed fifteen site visits of eight hours each by a geotechnical technician to intermittently observe the placement and perform in-place field density tests, of engineered fill forming building pad, pond embankments, trench backfill, and pavement subgrade and underlayment to check that adequate soil compaction is achieved. We have anticipated site work will be completed intermittently over the course of the project. It is assumed that any fill in landscape or non-traffic areas will not need testing. We have further assumed that samples will be delivered to our lab or collected during initial site visit.

Task 1220 Geotechnical Oversight & Project Management

LACO earthwork testing and observation services will be provided under the supervision of a licensed Geotechnical Engineer. Project management tasks include, invoicing, internal budget monitoring, resource scheduling, and internal LACO quality control procedures. We will review testing documentation, check testing records with the project inspector, and complete a final geotechnical compliance letter. Test results will be issued to the owner, design team, project inspector, and the contractor.

Task 1230 Concrete Sampling and Testing

We have budgeted for 33 site visits averaging four hours each for the various structural concrete pours. LACO will sample and test for slump, air entrainment, document ambient air temperature, concrete temperature, fabricate cylinders for compressive strength testing. Sample pick up of specimens has been included. We have assumed 33 sets of concrete cylinders will be required to meet the project requirement of one set per 100 yards of structural concrete or fraction thereof per each days pour.

Task 1235 Rebar Placement

We have budgeted for 33 2-hour site visits to check the placement of the reinforcing steel and embedded anchors prior to concrete placement. We will rely on the contractor to coordinate these inspections in a timely manner. Whenever possible, we will incorporate these site visits with the concrete field sampling and testing to reduce costs. We will rely on the contractor to verify mill certifications for material delivered to jobsite. Testing of any unidentified steel shall be at the expense of the contractor as stated in the contract documents. This task could be reduced or eliminated with in the event there is a full time construction manager.

Task 1240 Post-Installed Anchor Testing and Observation

Due to this project being new construction, we have budgeted six site visits of three hours for observation and testing of post installed anchors. This task could be reduced or eliminated with in the event there is a full time construction manager.

Task 1270 Masonry Field Sampling and Testing

We have budgeted for three site visits and three sampling site visits for grout pours for masonry construction. We will attempt to incorporate the grout and mortar sampling into any required masonry block placement observations site visits.

Task 1330 Engineer Oversight & Project Management

Our services will be provided under the supervision of a licensed Civil Engineer. Project management tasks include certified payroll compliance, invoicing, internal budget monitoring, resource scheduling, and internal LACO quality review procedures. We will review testing documentation, verify testing records with for items specified on the Project T&I sheet and performed by LACO. Distribution of test results to the owner, design team, and the contractor.

CONDITIONS AND ASSUMPTIONS

- The actual sequencing of work by the contractor has the potential to significantly change the final fee for the services LACO will provide for this project. Fees could be reduced or increased depending on contractor performance.
- Each site visit represents a typical site visit, portal to portal, inclusive of labor, vehicle charges, and equipment charges.
- LACO will rely on others (owner or contractor authorized representative) to coordinate the total number of site visits needed to meet the quality assurance and testing requirements of the project.
- We have assumed that the contractor's submittals will include lab tests verifying suitability of proposed materials in compliance with the project soils report.
- Material testing or observation performed by LACO in no way relieves the contractor of their obligation to perform the work in accordance with the requirements of the contract documents, including commonly accepted industry practices.
- LACO assumes that CLIENT or CLIENT representative will provide safe access during onsite visits to facilitate required field testing and sampling.
- Testing, sampling, and observation methods by LACO staff will be in accordance with the project specifications and/or the California Building Code edition applicable to this project.
- Design recommendations, responses to RFIs, or submittal reviews have not been included in this scope.
- CLIENT will provide access to contract documents including project plans, specifications and any changes to the documents during construction, erosion and sediment control requirements, environmental protection measures, and other pertinent construction documents.

Please contact Erich Rauber at 707-496-4503 if you have any questions or you require a hard copy.

Initials: LACO _____ CLIENT _____

P:\7600\7624 Kennedy Jenks Consultants\7624.00 MCSD WWTP\01 Proposal Documents\7624 00 McKinleyville WMF TM Scope and Estimate.docx



**3514 NW McKinley Drive
Corvallis, Oregon 97330
(541)738-1303**

McKinleyville Training and Support Services Breakout

Tasks

1. Information collection and review. Collect information such as drawings, secondary system vendor manuals. Study information to allow more plant-specific training.
 - 2 days
2. Plant specific information training material development. Incorporate existing information into WSI training materials. Modify utility/engineering provided information to allow for more plant-specific training.
 - 2 days
3. Training. Onsite training. Two days consisting of 4 hours per day of classroom training in the morning followed by additional time in the field in the afternoon to provide hands-on operations training input within the plant facilities.
 - 2.0 days plus travel
4. Offsite data review and operational assistance. Review operating data and provide operational input and assistance as needed by the utility.
 - 2 days (up to 12 additional offsite support hours if/as needed) covering a period 3 months following start-up training.

NOTE: WSI will bill for completion of services upon completion of onsite training.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.A. Finance Director's Report for October 2014

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

TYPE OF ACTION: None

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has deposited \$188,974.95 to date into the Trust Account for reserves recovery.

Audit Update: The Audit Committee has been scheduled to meet to review the draft financial reports directly before this Board Meeting, see Action Item E.4.

Treasurer's Report Highlights: The September Treasurer's Report revenue includes capacity fees of \$92,890 and \$116,922 water and sewer respectively. No capital assets have been received by the Board to date this fiscal year.

Capacity fees and contributed capital assets revenue will continue to be adjusted out of the budget-to-actual comparison graphs, so those show only operating revenue against operating expenditures.

The first invoice of the Biosolids Project (part of the new Wastewater Facility Upgrade) has been processed. Financing for construction of the Teen/Community Center has been secured and funded. It is currently listed on the Cash page of the Treasurer's Report.

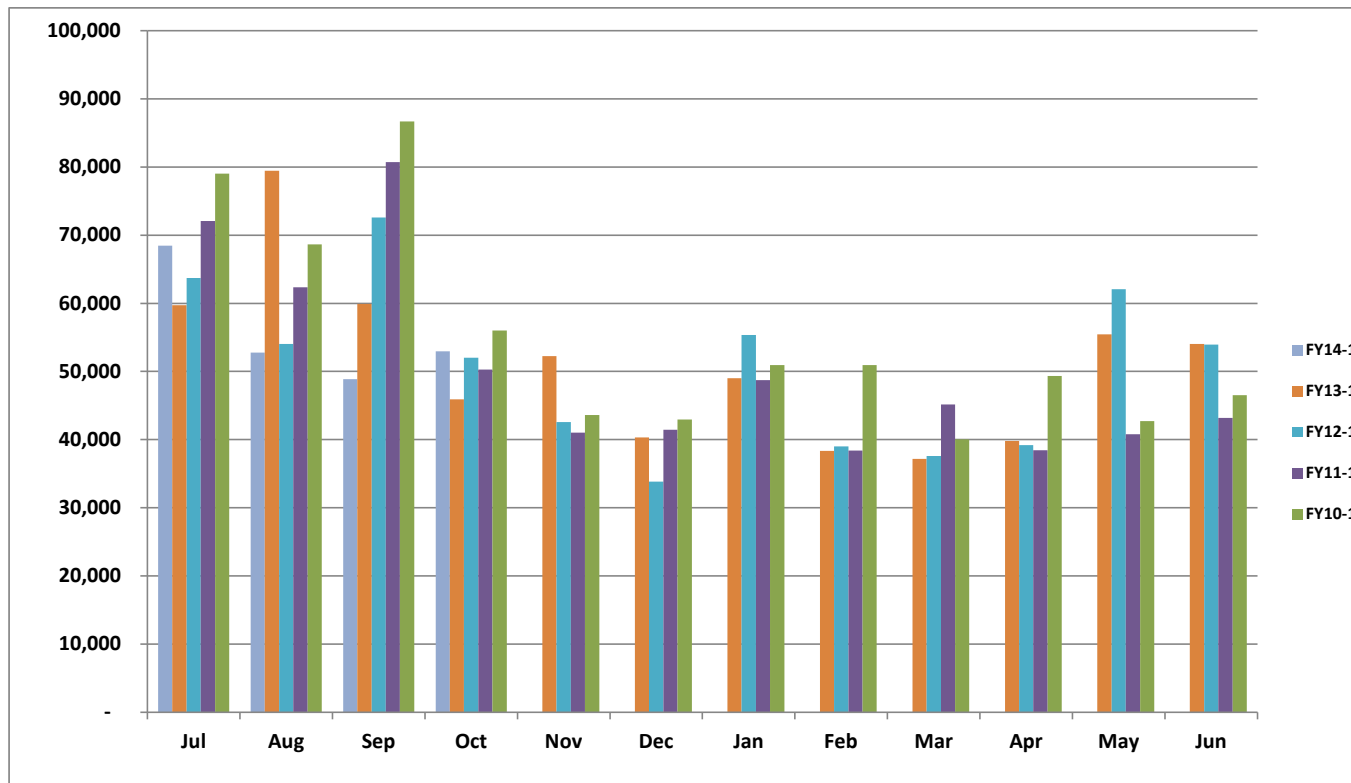
Other Updates:

The water-use curtailment requirements implemented by the District in response to the statewide drought have been very effective in McKinleyville. The month of October showed a slight increase over September, but the total cumulative water use is still trending down, per the graph on the following page.

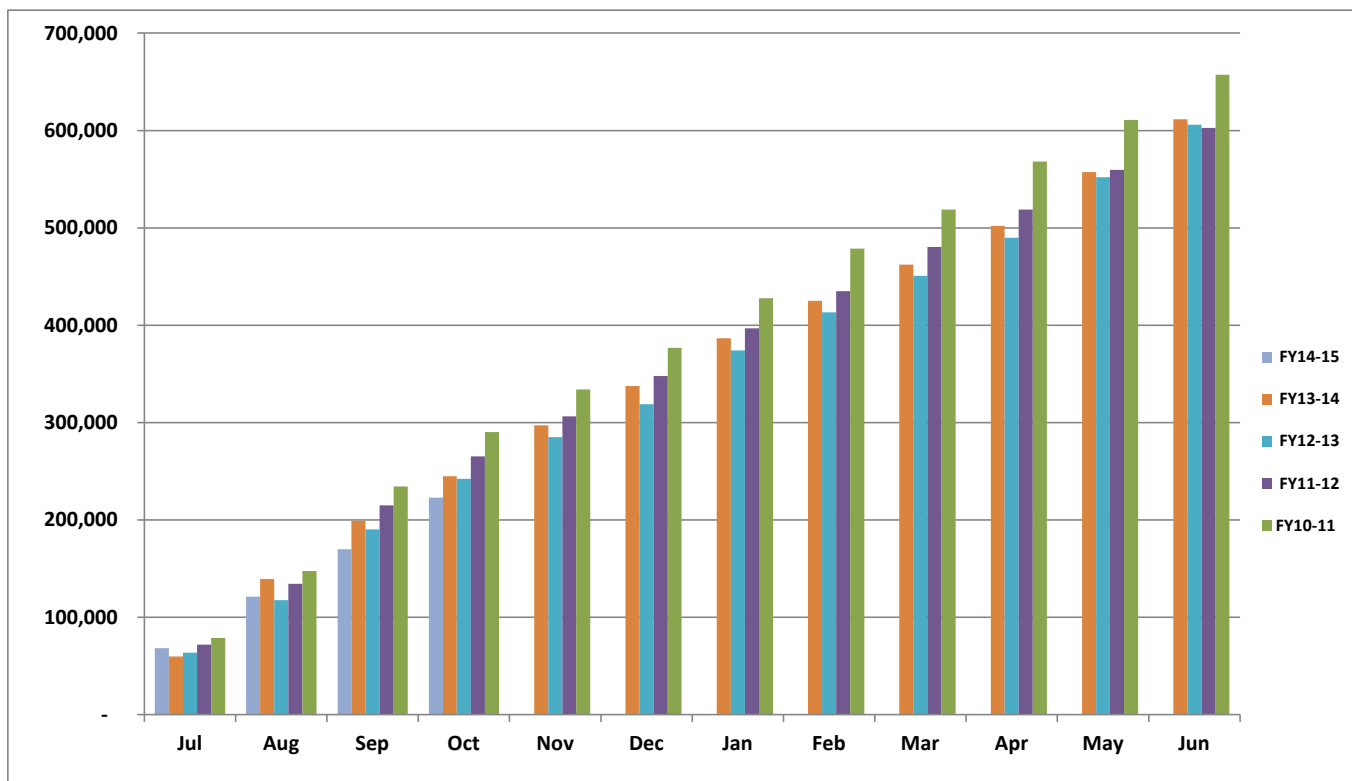
CalPERS is scheduled to provide additional information so that the District can implement the GASB 68 requirements. GASB 68 is the new accounting standard that requires government entities to estimate their future pension liabilities and declare those liabilities on the balance sheet of their financial statements rather than in the notes as previously done.

McKinleyville Community Services District Analysis of Water Volume Usage by Fiscal Year

Monthly Water Usage



Cumulative Water Usage By Fiscal Year



McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.B. Operations Department – October 2014 Report

PRESENTED BY: James Henry, Operations Director

TYPE OF ACTION: None

Water Department:

◇ Water Statistics:

The district pumped 36.4 million gallons of water in October. Four water quality complaints were investigated and rectified. Daily, weekly and monthly inspections of all water facilities were conducted. Two water services were upgraded to meet the new customer's request.

◇ Double Check Valve Testing:

Annual routine testing was completed in Routes 17 and 18 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 2.1 million gallons and the average usage per day was 1.2 million gallons. During the summer months, the District's water consumption typically increases dramatically and to save costs the District only pumps off peak from May to October. On peak is from 12:00 p.m. until 7:00 p.m. so during that time the pumps only run if there is an emergency. Energy costs during on peak are roughly \$0.23 per Kilowatt hour and \$0.11 per Kilowatt hour off peak. October marked the end of the peak pumping season. A recap of the peak pumping season is noted in the table below.

Million Gallons	Monthly Total	Maximum Day	Average Day
May	43	1.9	1.4
June	50	2.3	1.7
July	48	2.0	1.6
August	46	1.9	1.5
Sept.	41	1.9	1.4
October	36	2.1	1.2

◇ Water Distribution Maintenance:

The annual Valve Exercising Program was completed. All valves were exercised and documented in the log book. Discrepancies were flagged to generate work orders for repairs. Permanent paving was completed on leak repair trenches. Annual Hydrant inspections started in October. (10% completed) Hydrants will be exercised, inspected and documented in the log book. Any discrepancies will be flagged to generate work orders for repairs. A leaking valve and a 2" water service was repaired on Parkside which involved notifying and shutting off water to

50 customers for 6 hours. A valve was replaced on Haven due to breaking and constricting flow to an apartment complex. The customers were notified in advance that they would be out of water and the valve was replaced in 3 hours. A service line leak was repaired on Halfway Avenue due to a bad crimp from the installation of other utilities.

◇ **Water Station Maintenance:**

String trimming and mowing was completed on the Vine Avenue R.O.W. Staff worked on removing pumps 3 and 4 from Northbank that are obsolete due to the upgrade. The new pumps received an oil change, lube and inspection.

As of July, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the board updated each month using the Table below.

Water Usage Comparison in Million Gallons

	2013	2014	% Reduction	2014 Recycled
July	54.757	50.668	7	14.297
August	55.908	46.600	17	13.040
September	45.702	40.619	12	17.434
October	39.439	36.393	8	16.077

*Recycled water is reclaimed water that is used for irrigating crops.

◇ **New Construction Inspections:**

Central Estates Phase 2C, GRS installed sewer mains, water mains and valves. Testing will be completed after PG&E installs their facilities. CVS; waiting on the contractor's schedule on when they will be conducting the hot tap for the fire service.

Sewer Department:

◇ **Waste Water Statistics:**

25.1 million gallons of wastewater was collected and pumped to the W.W.M.F. 26.8 million gallons of wastewater was treated and discharged to land disposal or reclamation in October. Daily, weekly and monthly inspections of all sewer facilities were conducted.

◇ **Sewer Station Maintenance:**

Quarterly wet well washing was conducted at the B Street and Fischer Lift Stations. The grit pits were sucked out during the quarterly washing along with railing and light fixtures wiped down. This is done to prevent grease and rags from plugging up the pumps. A hole developed in the rubber check valve on Pump 3 at the Letz sewer lift station causing it to lose prime. The pump was opened up, check valve was replaced and pump was put back into service.

◇ **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. String trimming and mowing was completed on offsite sewer R.O.W.'s. The Hach Sigma flow totalizer was placed in numerous manholes to collect dry weather flow data. This information is compared against wet weather flow data to look for I&I in the collection system.

◇ **Wastewater Management Facility:**

The Chlorine Contact Basin was drained and cleaned with fire hoses. Vent filters were changed in the CL2 and SO2 rooms. String trimming and mowing took place at the WWMF.

◇ **Daily Irrigation and Observation of Reclamation Sites:**

Weekly well monitoring was conducted at the Fischer Ranch tree farm as part of the tree farm pilot study. String trimming was also completed at the canal gate at the Fischer Ranch and around the Percolation Ponds.

◇ **Street Light Department:**

There were no streetlight complaints for the month of October.

Promote Staff Training and Advancement: Weekly tailgate meetings and training associated with job requirements. Staff members received sexual harassment training.

Special Notes:

Tractors, Dump Truck and Vac-con were greased and lubed to prevent unnecessary wear. Operations Department continued working on the new park picnic pavilion.

Monthly river samples were completed.

Monthly Discharge and 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 sent to Department of Agriculture.

Several meetings occurred with Kennedy/Jenks regarding the WWMF upgrade.

Staff worked on the Pest Management Plan for format and text.

Staff had a meeting with Freshwater Environmental to comment on the draft Water Shortage Contingency Plan.

Shops were pressure washed and painted in the Corporation Yard. Siding was replaced where needed.

The clocks at all stations were reprogrammed due to the time change.

All connectors were checked for tightness on the portable generators as part of the annual maintenance and inspections.

WWMF upgrade status:

90% design was returned to K/J with comments.

Staff is continuing to pump down Pond 1A at approximately 200 gpm. It will take 2 months.

Staff had a meeting to discuss the public outreach task.

Staff had a conference call with Kennedy/Jenks to discuss their proposal for construction phase services.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.C **Parks & Recreation Director's Report for December 2014**
PRESENTED BY: **Jason Sehon, Parks & Recreation Director**
TYPE OF ACTION: **None**

PIERSON PARK COVERED PICNIC AREA PROJECT:

A majority of this project is being completed in house. The columns have been installed and the headers are in place. The trusses are in place. Funding for this project will come from a Land & Water Conservation Fund grant (\$25,000) and Quimby Inland Parkland Dedication Fund (\$50,000).

FISCHER RANCH GRANT APPLICATION:

Last month, staff submitted a grant application to the Habitat Conservation Fund to support the Fischer Ranch Interpretive Trail Project. If funded, it is likely that this project would be somehow connected with the potential salmon rearing ponds at Fischer Ranch.

Staff received a phone call from State Parks, who oversees the Habitat Conservation Fund grant. They have requested a site visit at Fischer Ranch with staff in early December. Hopefully this is good news that they are considering funding our application.

RHODODENDRONS:

The Arcata Fire Protection District is renovating their fire station in McKinleyville next year. The fire chief contacted us to see if we were interested in digging up the rhododendrons that are located between the station and Central Ave. These rhododendrons were planted some time near the 1950's and they are approximately twenty (20 feet tall.)

Our staff will be working with Sheriff Work Alternative Program (SWAP) crews to trim them back, dig them up and transplant them to Hiller Park. Some will be located in the botanical garden. Others will be located just west of the Hammond Trail.

FISCHER RANCH GRANT APPLICATION:

FAMILY FALL FEST:

Our annual Family Fall Fest was held on Saturday, November 22, 2014 at the McKinleyville Activity Center from 4:00 pm to 7:00 pm. The event was designed for families to enjoy a celebration of the season. Families came out to enjoy carnival games, activities and booths designed for all ages.

WINTER PREPARATION:

Our parks crew continues to prepare for winter weather conditions. Gutters at all facilities have been cleaned and cleared of debris and all MCSD maintained storm water detention basins have also been mowed and cleared of debris.

GRANTS:

Staff continues to actively research grant opportunities on a weekly basis. Grants received and active are as follows:

- \$64,000.00 from the S.H. Cowell Foundation to support the Teen & Community center. This grant was a partnership with the Boys & Girls Club of the Redwoods
- \$9,000 match from Humboldt Area Foundation for audio and visual equipment for the Teen & Community Center
- \$25,000 match from Land & Water Conservation Fund to fund the construction of a covered picnic area at Pierson Park
- We recently received a \$3,000 grant from the McKinleyville Area Fund to purchase sound equipment for the sound proof music room at the Teen & Community Center
- We received a \$2,000 grant from Humboldt Sponsors to purchase cooking supplies to assist with teaching culinary arts classes in the Teen & Community Center once it is built

With construction of the Teen & Community Center starting soon, staff is actively pursuing local and regional grants to help furnish the facility.

CALIFORNIA CONSERVATION CORPS (CCC):

MCSD has a contractual agreement with the CCC where in exchange for us providing space for the use of the Pierson Park Trailer and the parking lot at Pierson Park, the CCC provides MCSD with 5 ½ weeks of crews. The estimated value of this agreement is \$25,000 annually.

SHERIFF WORK ALTERNATIVE PROGRAM (SWAP):

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

COMMUNITY SERVICE WORKERS:

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

WORK EXPERIENCE (CalWORKS PROGRAM)

We currently have One (1) CalWORKS staff member working within the Parks Department. We are still seeking additional individuals interested in working for the Park Maintenance. This is a great program for the workers and for the MCSD. It gives the employees great on the job experience and it aids MCSD in its daily operations.

The County pays all wages for a six-month period (with possible extensions of time), and workers compensation is also under the County's umbrella.

GRAFFITI & VANDALISM UPDATE:

No major vandalism to report.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 3, 2014

TYPE OF ITEM: **INFORMATION**

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

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: Information Only

A summary of activity for the month of November, 2014

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

• Arcata Stationers discounts	\$417
• Accounting services discount	\$383
• SWAP Crews	\$9,200
• Northern Humboldt Employment Services	\$600
• Community Service Workers	\$1,000
• CalWORKS employee	\$3,500
• Volunteers	\$500
• Expose underground facilities at WWMF for survey	\$3,240
• Gate installation on Line Ave. R.O.W.	\$800
• Building maintenance and painting	\$1,370
• Assorted equipment rehabilitation	\$200

Total cost savings for September and October are \$21,210

***The cumulative cost saving to the District to date
from July 1, 2014 is \$101,996***

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.

WWMF Improvement Project Open House –

- Open House on Tuesday December 9th
- Final Bid Documents are being prepared in Dec for Board approval to bid in January. Looking ahead to receiving bids late February with the goal of hitting the ground running on construction early spring.
- KJ CM services amendment for Board approval
- Filing PGE service application
- Securing project air permits
- Coordination with SRF regarding Davis Bacon, Good Faith Effort, Buy American Iron and Steel, and other funding requirements
- District staff continue to pump down Pond 1A to provide bidders a good view of existing conditions.
- LACO will be on site for a survey of Pond 1A bottom to include in the bid documents via addendum.

Prop 50 Grant and MCSD/ City of Arcata Intertie- The project is nearing completion with finalization of the punch list by December.

Teen and Community Center- The bid opening occurred on Thursday November 20 at 2:00p.m. Three bids were received and the lowest bid was determined to be responsive. The architect's estimate and management's goal for the total construction cost was \$1.8million and the lowest bid was \$2.1million. The nearly \$300K increase in cost is something management would not be comfortable in recommending to the Board. I have been working with the design consultant to investigate the increase in project cost, determine value modifications to the original design and will be considering a partial redesign of the project to bring the costs in line with our financial position. I hope to have more information for the Board at the January meeting and at that time be prepared to make an informed recommendation to the Board for a path forward.

Wastewater Management Facility (WWMF) Improvement Project Design – A significant level of effort was put forth by staff and management to review the 90% design documents. Approximately 1100 pages of general conditions, standards and specification and 120 drawings required extensive review by our staff. The complete bid package is scheduled to be in MCSD's possession by mid December for our final review. Management negotiated Construction and Post- Construction Services for the project that will include construction inspection. The agreement will be brought to the Board in December for your acceptance. An open house for interested citizens is scheduled for December 9th at Azalea Hall.

Integrated Pest Management Plan – We will be review staff's draft IPM Plan during a workshop at during the December Board Meeting.

Central Ave. Open Space MOU – Work continues on this as time provides.

Boyd Road annexation by Arcata – A response to a term sheet and proposed MOU was received by management last month. The terms set forth were inconsistent with MCSD Board Policy on that area and did not reflect discussions conducted at the staff level between MCSD and City of Arcata. Management with legal counsel and planning consultant assistance drafted a response and submitted to Arcata staff.

Strategic Plan Update – Staff and management met on various occasions to update the strategic plan for the 2015 calendar year. This document is instrumental in charting a course for future CIP and annual operational budgets. The draft will be updated and brought to the Board in January in workshop format for your input and acceptance.

Meetings – The General Manager attended the CSDA Board of Director's and Legislative Committee Meeting in November.

Exhibits/Attachments

- Attachment 1 - WWMF October 2014 Self Monitoring Report
- Attachment 2 - Flyer for Open House

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

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

PARKS & RECREATION OFFICE:

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

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

November 21, 2014

RE: MONTHLY MONITORING REPORT

Dear Charles:

Enclosed is the Monthly Monitoring Report for October 2014 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number WQ 2011-0008-DWQ.

The normal discharge of effluent was 31 days discharge to reclamation M-004, 5, 6 & 7 and land disposal M-003. The required monitoring and water quality constituents that were tested and reported were in compliance in October 2014

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

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

Monthly River Monitoring was conducted in October.

WWMF Upgrade Status: The District is reviewed the 90% design and sent comments to the engineer for response and corrections. A conference call was held with you and the Kennedy/Jenks engineers on November 5th to discuss upcoming discharge requirements.

Quarterly monitoring for W-001, 2, 6, 7, 8, 9, 14, 15 and 16 was conducted in October.

Quarterly monitoring for disinfection byproducts was conducted in October.

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

OCTOBER 2014

Discharge Monitoring	M-INF	M-001		002 M-003	002 M-003	004 M-005	003 M-004	006 M-007	005 M-006		001 M-002
DATE	INFLUENT MGD	EFFLUENT MGD	MAXIMUM GPM	N.POND MGD	S.POND MGD	FISCHER MGD UPPER	FISCHER MGD LOWER	PIALORSI MGD	HILLER MGD	IRRGATE TOTAL MGD	RIVER MGD
1	0.774	1.060	923			0.756		0.304		1.060	0.000
2	0.794	0.896	979			0.668	0.045	0.183		0.896	0.000
3	0.766	0.599	870		0.206	0.350	0.043			0.393	0.000
4	0.807	0.385	274		0.385					0.000	0.000
5	0.854	0.385	275		0.385					0.000	0.000
6	0.795	0.745	982		0.144	0.390	0.091	0.120		0.601	0.000
7	0.753	1.062	973			0.710	0.104	0.248		1.062	0.000
8	0.786	0.765	1403			0.472	0.041	0.252		0.765	0.000
9	0.769	0.682	576			0.388	0.047	0.247		0.682	0.000
10	0.739	0.822	816		0.473	0.170	0.044	0.135		0.349	0.000
11	0.788	0.894	631		0.894					0.000	0.000
12	0.840	0.886	625		0.886					0.000	0.000
13	0.797	0.876	619		0.876					0.000	0.000
14	0.779	0.791	868		0.334	0.336	0.039		0.082	0.457	0.000
15	0.788	0.902	763			0.750			0.152	0.902	0.000
16	0.766	0.842	761			0.752			0.090	0.842	0.000
17	0.763	0.586	648		0.152	0.434				0.434	0.000
18	0.808	0.285	203		0.285					0.000	0.000
19	0.848	0.286	202		0.286					0.000	0.000
20	0.854	0.732	1086		0.109	0.487	0.053		0.083	0.623	0.000
21	0.788	1.187	1086			0.973	0.056		0.158	1.187	0.000
22	0.801	1.135	991			0.982			0.153	1.135	0.000
23	0.933	1.050	995		0.500	0.480			0.070	0.550	0.000
24	0.832	0.940	666		0.940					0.000	0.000
25	0.870	0.931	657		0.931					0.000	0.000
26	0.908	0.931	663		0.931					0.000	0.000
27	0.827	1.075	1209		0.358	0.458	0.055	0.120	0.084	0.717	0.000
28	0.793	1.403	1212			0.956	0.043	0.248	0.156	1.403	0.000
29	0.810	1.393	1186			1.243			0.150	1.393	0.000
30	0.800	1.242	1181		0.616	0.537			0.089	0.626	0.000
31	0.855	1.037	790		1.037					0.000	0.000
TOTAL	25.084	26.805		0.000	10.728	12.292	0.661	1.857	1.267	16.077	0.000
AVERAGE	0.809	0.865	810	0.000	0.536	0.615	0.055	0.206	0.115	0.519	0.000
MAXIMUM	0.933	1.403	1403	0.000	1.037	1.243	0.104	0.304	0.158	1.403	0.000
MINIMUM	0.739	0.285	202	0.000	0.109	0.170	0.039	0.120	0.070	0.000	0.000
DAYS	31	31		0	20	20	12	9	11	20	0
DAYS WITH NO DISCHARGE = 0											

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

YEAR: 2014

MONTH: OCTOBER

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	CL ₂ RES.	RIVER CL ₂ RES	SETTLABLE SOLIDS		
1	0.774	1.060	923								6.8	17.6			28	1.0				
2	0.794	0.896	979								6.8	17.5			28	1.9				
3	0.766	0.599	870			380				340	6.8	17.7	26	29	32	4.8		<0.1		
4	0.807	0.385	274																	
5	0.854	0.385	275																	
6	0.795	0.745	982																	
7	0.753	1.062	973								6.7	17.1			30	1.1				
8	0.786	0.765	1403								6.7	17.2			34	3.8				
9	0.769	0.682	576								6.8	17.2			36	5.2				
10	0.739	0.822	816			290			16	17	6.8	17.0			32	5.9		<0.1		
11	0.788	0.894	631																	
12	0.840	0.886	625																	
13	0.797	0.876	619																	
14	0.779	0.791	868								7.1	16.7			38	11.0			<1.8	
15	0.788	0.902	763								7.2	16.6			28	2.6				
16	0.766	0.842	761								6.8	16.1			28	3.5				
17	0.763	0.586	648			330			18	14	6.8	16.8			30	6.6		<0.1		
18	0.808	0.285	203																	
19	0.848	0.286	202																	
20	0.854	0.732	1086																	
21	0.788	1.187	1086																	
22	0.801	1.135	991																	
23	0.933	1.050	995								6.8	17.8			32	3.7			<1.8	
24	0.832	0.940	666								6.9	17.1			30	5.1				
25	0.870	0.931	657								6.9	17.7			32	8.7				
26	0.908	0.931	663								6.9	17.8			36	7.2				
27	0.827	1.075	1209			300			24	28	6.8	17.2			32	8.2		<0.1		
28	0.793	1.403	1212								7	15.8			32	8.5			<1.8	
29	0.810	1.393	1186								7.0	16.0			34	7.8				
30	0.800	1.242	1181								7.0	16.6			36	4.4				
31	0.855	1.037	790			320			20	26	7.1	16.6			30	5.5			<0.1	

SPILLS:

None to report

MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS		MONTHLY TESTS	
DATE	TDS	AMMONIA	NITRATE	BORON	DATE	BOD	BOD	BOD	BOD	DATE	BOD	BOD	BOD	DATE	BOD
10/31/2014	320	41.0	ND	290	30 DAY AVERAGE	21	138	94	23	155	92	23	155	92	92

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

Quarterly Tests		Value in ug/l	
Dichlorobromomethane		0.81	
Chlorodibromomethane		ND	
Chloroform		11.7	

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

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

SIGNATURE: _____

REMARKS:

Indicates Permit Exceedance

Total Coliform	
Monthly	MEDIAN
Daily	Maximum
	<1.8

Open House

MCSD Wastewater Management Facility Improvement Project

Date: Tuesday
December 9, 2014
Time: 4-7pm

Wastewater Management Facility



Learn About:

- Project Area
- Project Improvements
- Water Quality Benefits
- Environmental Compliance
- MCSD Services
- Projects Costs & Schedule

*Ask questions and
share comments.*

Azalea Hall
1620 Pickett Road
McKinleyville



MCSD Contact Information
1656 Sutter Rd.

McKinleyville, CA 95519

Phone: 707-839-3251

Email: mcsd@mckinleyvillecsd.com

