

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

**MCSD OFFICE
1656 Sutter Road
McKinleyville, California**

**Wednesday, July 11, 2012
9:00AM**

AGENDA

A. CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

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

B. APPROVAL OF THE AGENDA

C. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

D. CONSENT CALENDAR

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

- | | | |
|-----|---|---------------|
| D.1 | Consider approval of minutes of the Board of Directors' Regular Meeting of June 6, 2012 | Pg. 3 |
| D.2 | Consider approval of May 2012 Treasurer's Report | Pg. 9 |
| D.3 | DCV Violations this month. | Pg. 29 |

E. CONTINUED AND NEW BUSINESS

- E.1 Discuss letter received from Humboldt Bay Municipal Water District **Pg. 30**
- E.2 Opportunity for HBMWD to submit a Proposition 50 Grant Application to the Department of Public Health for funding of infrastructure improvements that would include connecting new emergency water supply piping from Arcata, Valley West Boulevard to the MCSD piping in the Mad River Bridge. **Pg. 41**
- E.3 Resolution authorizing the submission of a Department of Water Resources Local Groundwater Assistance Program for the development of a Groundwater Management Plan **Pg. 61**
- E.4 Approve Mad River Summerfest event at Pierson Park **Pg. 64**

F. REPORTS

NO REPORT ITEMS SCHEDULED

G. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

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

H. CLOSED SESSION DISCUSSION

NO CLOSED SESSION ITEMS SCHEDULED

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.

I. ADJOURNMENT

Posted 5:00 pm on July 6, 2012

EXHIBIT D.1

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, JUNE 6, 2012 AT 7:00PM AT AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE

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

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

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

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

THE AGENDA: At 7:00PM President Mayo called the meeting to order, roll call was taken with Directors Couch, Edwards and Wennerholm present and Director Corbett absent. Director Couch led the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

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

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM C- PUBLIC HEARING-

C.1 ORDINANCE 2012-02 (SECOND READING) RECREATION PROGRAM AND FACILITY

RENTAL FEE INCREASES: After a brief Board discussion President Mayo opened the public hearing and closed with no public comments received.

MOTION: It was moved to adopt Ordinance 2012-02 amending the MCSD Rules and Regulations to increase facility rental fees. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

C.2 PUBLIC HEARING/PROTEST REPORT AND FINAL READING OF RESOLUTION 2012-17

FOR WATER AND SEWER RATE INCREASES: After a brief Board discussion President Mayo opened the public hearing and the following people addressed the Board:

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

1. Loretta Magnuson-protested the rate increase and expressed concern that no ballots were sent out to customers.
2. David Elsebusch protested the rate increase and the process.
3. Carol Orth objected to the rate increase and the process.
4. Penny Elsebusch expressed concern with the rate increase and method used to calculate it.

President Mayo closed the public hearing. Board Secretary Sharon Denison reported:

1. That proper noticing of the hearing was done with a "Notice of Public Hearing" mailed to each parcel within the MCSD service area in compliance with Proposition 218;
2. Confirmed that there was not sufficient written protests submitted resulting in a majority protest to the proposed new rates.

MOTION: It was moved to adopt Resolution 2012-17 amending the MCSD rules and regulations to increase the rates of the District's water and sewer service charges. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Regular Meeting of May 2, 2012
2. Consider approval of minutes of the Special Meeting of May 14, 2012
3. Consider approval of April 2012 Treasurer's Report
4. Hiller Park Caretaker Agreement
5. No DCV Violations this month

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

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.1-APPROVE LDA PARTNERS AS THE SUCCESSFUL BIDDER FOR ARCHITECTURE AND PLANNING SERVICES FOR TEEN & COMMUNITY CENTER REQUEST FOR PROPOSAL (RFP):

MOTION: It was moved to:

1. Award the bid for Architecture and Planning Services to LDA Partners for an amount not to exceed \$182,500;
2. Include a 10% project contingency of \$18,250;
3. Authorize the General Manager to sign the necessary documents to allow the award of the contract and the notice to proceed.

Motion by Edwards; second by Couch

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

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

AGENDA ITEM E.2-PRESENTATION OF THE WATER DISTRIBUTION SYSTEM MODEL RELATED TO WATER FLOWS, PRESSURE AND STORAGE CAPACITY UNDER CURRENT AND FUTURE DEMAND ALLOCATIONS:

Operations Director Orsini reported that a recent Board decision set policy that the District develop a plan to have 5 days of water storage in case of an emergency. He introduced Brian Anspach of North Coast Mapping Solutions who was hired to analyze the MCSD water distribution system for storage, capacity, fire flow availability, pressures and flow rates using WaterCAD modeling software. He reviewed the vulnerability of MCSD source of water and reported that the storage at this time is approximately 2 days of water available for the entire distribution system. He reviewed the methodology used in the model and summarized the results and findings, reporting that by the year 2020 10.5MG of additional storage will be needed to satisfy the 5 day storage requirement. General Manager Shopay reported that staff had been working on this for some time and it will be used as a tool for capital long range planning. The Board thanked Mr. Anspach for the presentation.

AGENDA ITEM E.3-HUMBOLDT COUNTY PRESENTATION REGARDING THE GENERAL PLAN UPDATE:

General Manager Shopay introduced both Martha Spencer and John Miller from the Humboldt County Planning Department. Ms. Spencer gave a power point presentation that was an overview of the history of the County General Plan Program. She reviewed the elements required by state law and the optional elements included and addressed by the Planning Department in the draft plan. She reviewed the process and timeline and concluded by saying that public comments on the draft plan were due by June 15, 2012 and that comments would be responded to in the final environmental impact report. After a brief Board discussion the Board thanked Martha Spencer for the informative presentation.

At 8:25PM President Mayo adjourned the meeting for a short break. At 8:35PM he called the meeting back to order.

AGENDA ITEM E.4-APPROVE PARKS & RECREATION MASTER PLAN:

MOTION: It was moved to approve the Parks & Recreation Master Plan. Motion by Wennerholm; second by Edwards.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS;

AGENDA ITEM E.5-APPROVE FISCAL YEAR 2012/13 BUDGET & APPROPRIATIONS LIMITS:

1st MOTION: It was moved to approve the Fiscal Year 2012/13 Budget and Appropriations limit. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

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

2nd MOTION: It was moved to adopt resolution 2012-20 establishing appropriations limit for fiscal year 2012/2013 pursuant to Article XIIIB of the California Constitution. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.6-CONSIDER ACQUISITION OF ALL (OR A PORTION OF) REAL PROPERTY PARCEL (APN 511-181-002 AND/OR 511-181-003), PER GOVERNMENT CODE SECTION 54956.8.

MOTION: It was moved to accept staff recommendations:

1. Identify and appoint Norman Shopay, General Manager and Russell Gans, District legal counsel, as persons to serve as the MCSD negotiators.
2. Identify Rhonda Brewer and/or Green Diamond Resources Legal Department and Michael Nelson, LACO Associates, as persons with whom MCSD's appointed negotiators may negotiate on behalf of seller.

Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.7-SDRMA INSURANCE CLAIM PROCESS TO DELEGATE AND AUTHORIZE GENERAL MANAGER AUTHORITY TO REVIEW AND REJECT CERTAIN CLAIMS:

MOTION: It was moved to adopt Resolution 2012-18 delegating to the General Manager certain authority with respect to claims against the District. Motion by Edwards; second by Couch.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.8-APPROVE HUMBOLDT WASTEWATER MANAGEMENT AUTHORITY REQUEST FOR CONTRIBUTION TOWARD THE HAZARDOUS EVENT:

MOTION: It was moved to approve participation in the hazardous waste collection event to be held at Pierson Park July 14, 2012 and approve a 30% cost share not to exceed \$10,000 for McKinleyville residents. Motion by Wennerholm; second by Couch

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.9-APPOINT A BOARD MEMBER OR DESIGNEE TO THE MCKINLEYVILLE MUNICIPAL ADVISORY COMMITTEE:

MOTION: It was moved to appoint Director Helen Edwards to be the Board Representative on the McKinleyville Municipal Advisory Committee. Motion by Wennerholm; second by Couch.

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

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.10-CONSIDER APPROVAL OF PARTICIPATION IN STATE DISABILITY INSURANCE

INSTEAD OF SELF-INSURANCE:

MOTION: It was moved to approve Resolution 2012-19 authorizing enrollment in the State Disability Insurance pool. Motion by Wennerholm; second by Edwards

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.11-REPORT ON STATUS OF PROPERTY INSPECTION REGARDING GRANITE CONSTRUCTION PARCEL SOUTH OF REAL PROPERTY LOCATED ON NORTH BANK ROAD (APN 507-141-017): After a brief Board discussion and input from legal counsel Russ Gans a motion was made:

MOTION: It was moved to continue with the real Estate Purchase Agreement with Granite as is and not seek a first amendment as discussed in the staff report. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch had nothing to add.

F1b-MCK AREA FUND: John Kulstad, Chairman of the fund, updated the Board on their recent meeting and reported the next meeting would be held on Tuesday, June 11 at the MCSD conference room.

F1c-RREDC: Director Wennerholm gave a brief report on the last meeting which included a presentation from the newly appointed RREDC Director.

F1d-MCK SENIOR CENTER: Director Wennerholm reported they had not met.

F1e-AUDIT: Director Edwards reported they had not met.

F1f-EMPLOYEE NEGOTIATIONS: It was reported that no meeting was held.

F1g-WATER TASK FORCE: It was reported that no meeting was held.

F1h-ADHOC NO DRUGS & TOXICS DOWN THE DRAIN: It was reported that no meeting was held.

F1i-LOCAL AND STATE ADVISORY COMMITTEE: Director Edwards reported that applications from the public for appointment to the MMAC were due by July 15, 2012 and the application was available on-line.

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

F2a-SUPPORT SERVICES DEPARTMENT: Finance Director Trask reviewed the items in her staff report and added that she would be e-mailing the audit committee regarding a preliminary meeting to be scheduled with the Auditor.

F2b-OPERATIONS DEPARTMENT: Operations Director Orsini reported that through recent manhole inspections staff discovered and stopped approximately 207,000 gallons per day of water from infiltrating our collection system at an approximate cost savings of \$60,000 per year. He added that no deficiencies were noted following the Department of Health annual audit and site inspection and the County Environmental Health bi-annual audit and site inspection and attributed this to staff's diligence.

F2c-PARKS AND RECREATION DEPARTMENT: Park Director Sehon reported that Pony Express days were very successful and commended the CCC and the MCSD Park Maintenance crew for all their help. He added that staff had received notice of award of a \$25,000 grant from the Land & Conservation Fund for a covered picnic area at Pierson Park.

F2d-GENERAL MANAGER: General Manager Shopay reviewed several items in his Manager's report.

F3-CHAIRMAN'S REPORT: President Mayo reported that ACWA Region 1 in Santa Rosa will be holding a contest for the best tasting water on June 22, 2012.

F4-BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:

There were announcements, reports or requests from Board members.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: There were no public comments made or written communications received.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: General Manager Shopay announced there was no need for closed session as the Granite property was already discussed in open session and H.2 regarding existing litigation was being postponed.

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 9:35PM. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted

Sharon L. Denison,
Board Secretary

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

**McKinleyville Community Services District
Treasurer's Report
May 2012**

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**McKinleyville Community Services District
Investments & Cash Flow Report
As of May 31, 2012**

Petty Cash & Change Funds		940.00
<u>Cash</u>		
Operating & Money Market - Beginning Balance		284,923.81
Cash Receipts:		
Utility Billings	266,547.21	
Money Market Account Interest	94.53	
Other Cash Receipts	68,566.16	
Total Cash Receipts		335,207.90
Cash Disbursements:		
Payroll Related Expenditures	(134,122.01)	
Debt Service	(4,644.48)	
Capital & Other Expenditures	(242,710.24)	
Total Cash Disbursements		(381,476.73)
Operating & Money Market - Ending Balance		238,654.98
Total Cash		239,594.98
<u>Investments</u>		
LAIF - Beginning Balance	127,600.46	
Interest Income	-	
LAIF - Ending Balance		127,600.46
Humboldt Co. #2560 - Beginning Balance	829,906.27	
Property Taxes	-	
Measure B Assessments	-	
Interest Income	663.93	
Humboldt Co. #2560 - Ending Balance		830,570.20
Humboldt Co. #4240 - Beginning Balance	4,989,843.30	
Interest Income	3,466.48	
Humboldt Co. #4240 - Ending Balance		4,993,309.78
Humboldt Co. #9390 - Beginning Balance	111,285.70	
Interest Income	89.03	
Humboldt Co. #9390 - Ending Balance		111,374.73
USDA Bond Reserve Fund - Beginning Balance	148,973.01	
Bond Reserve Payment	8,145.83	
USDA Bond Reserve Fund - Ending Balance		157,118.84
Market Valuation Account		(244.58)
Total Investments		6,219,729.43
Total Cash & Investments - Current Month		6,459,324.41
Total Cash & Investments - Prior Month		6,493,227.97
Net Change to Cash & Investments This Month		(33,903.56)
<u>Cash & Investment Summary</u>		
Cash & Cash Equivalents		5,547,762.18
Davis-Grunsky Loan Reserve		596,743.11
Waste Water Capital Reserve		97,700.28
USDA Bond Reserve		157,118.84
I-Bank Loan Reserve		60,000.00
Total Cash & Investments		6,459,324.41

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of May 31, 2012

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Sewer	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 990,955.89	\$ 124,543.87	\$ (57,892.27)	\$ 1,318,084.67	\$ 3,172,070.02	\$ 5,547,762.18
Accounts receivable	2,311.46	-	3,630.41	149,510.33	106,750.06	262,202.26
Prepaid expenses & other current assets	18,191.91		260.54	79,277.89	40,897.32	138,627.66
Total Current Assets	1,011,459.26	124,543.87	(54,001.32)	1,546,872.89	3,319,717.40	5,948,592.10
Noncurrent Assets						
Restricted cash & cash equivalents	-	-	-	656,743.11	254,819.12	911,562.23
Other noncurrent assets	39,325.43	-	-	10,000.00	37,529.72	86,855.15
Capital assets (net)	-	-	-	6,432,801.49	11,578,968.65	18,011,770.14
Total Noncurrent Assets	39,325.43	-	-	7,099,544.60	11,871,317.49	19,010,187.52
TOTAL ASSETS	\$ 1,050,784.69	\$ 124,543.87	\$ (54,001.32)	\$ 8,646,417.49	\$ 15,191,034.89	\$ 24,958,779.62
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 20,656.05	\$ 201.47	\$ 902.74	\$ 165,804.70	\$ 36,116.14	\$ 223,681.10
Accrued payroll & related liabilities	95,528.02	-	-	29,581.89	29,581.89	154,691.80
Total Current Liabilities	116,184.07	201.47	902.74	195,386.59	65,698.03	378,372.90
Noncurrent Liabilities						
Long-term debt	-	-	-	3,489,684.62	1,339,006.26	4,828,690.88
Other noncurrent liabilities	39,325.43	-	-	114,600.99	115,033.99	268,960.41
Total Noncurrent Liabilities	39,325.43	-	-	3,604,285.61	1,454,040.25	5,097,651.29
TOTAL LIABILITIES	155,509.50	201.47	902.74	3,799,672.20	1,519,738.28	5,476,024.19
Fund Balance/Net Assets						
Fund balance	895,275.19	124,342.40	(54,904.06)	-	-	964,713.53
Net assets	-	-	-	1,893,628.42	3,431,334.22	5,324,962.64
Investment in capital assets, net of related debt	-	-	-	2,953,116.87	10,239,962.39	13,193,079.26
Total Fund Balance/Net Assets	895,275.19	124,342.40	(54,904.06)	4,846,745.29	13,671,296.61	19,482,755.43
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,050,784.69	\$ 124,543.87	\$ (54,001.32)	\$ 8,646,417.49	\$ 15,191,034.89	\$ 24,958,779.62
Investment in General Capital Assets	\$ 3,202,748.54					
General Long-term Liabilities						
OPEB Liability	60,788.00					
Accrued Compensated Absences	11,421.16					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 72,209.16					

McKinleyville Community Services District
Activity Summary by Fund
May 2012

Department Summaries	May	YTD	YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	114,465	1,412,240	1,423,149	(10,909)	-0.77%	
Other Revenues	16,135	146,376	149,933	(3,557)	-2.37%	
Total Operating Revenues	130,600	1,558,616	1,573,082	(14,466)	-0.92%	
Salaries & Benefits	56,371	644,214	600,965	43,249	7.20%	
Water Purchased	45,155	544,370	526,983	17,387	3.30%	
Other Expenses	39,435	419,751	368,537	51,214	13.90%	
Depreciation	23,000	241,000	208,333	32,667	15.68%	
Total Operating Expenses	163,960	1,849,335	1,704,818	144,517	8.48%	
Net Operating Income	(33,360)	(290,719)	(131,736)	130,050		
Interest Income	1,177	21,055	19,167	1,888	9.85%	
Interest Expense	(7,436)	(77,381)	(73,938)	3,443	4.66%	
Net Income (Loss)	(39,620)	(347,045)	(186,507)	(160,538)		
<u>Sewer</u>						
Sewer Service Charges	121,147	1,276,836	1,160,833	116,003	9.99%	
Other Revenues	14,701	163,070	161,879	1,191	0.74%	
Total Operating Revenues	135,848	1,439,906	1,322,712	117,194	8.86%	
Salaries & Benefits	63,981	660,573	600,965	59,608	9.92%	
Other Expenses	49,156	463,198	473,152	(9,954)	-2.10%	Operating expenses lower than projected
Depreciation	38,000	406,000	340,000	66,000	19.41%	
Total Operating Expenses	151,137	1,529,770	1,414,117	115,653	8.18%	
Net Operating Income	(15,289)	(89,864)	(91,405)	1,541		
Interest Income	2,383	35,307	25,000	10,307	41.23%	Interest rates continue to be lower than projected
Interest Expense	(4,777)	(53,534)	(49,405)	4,129	8.36%	
Net Income (Loss)	(17,683)	(108,092)	(115,810)	7,718		
Enterprise Funds Net Income (Loss)	(57,303)	(455,136)	(302,317)	(152,819)		

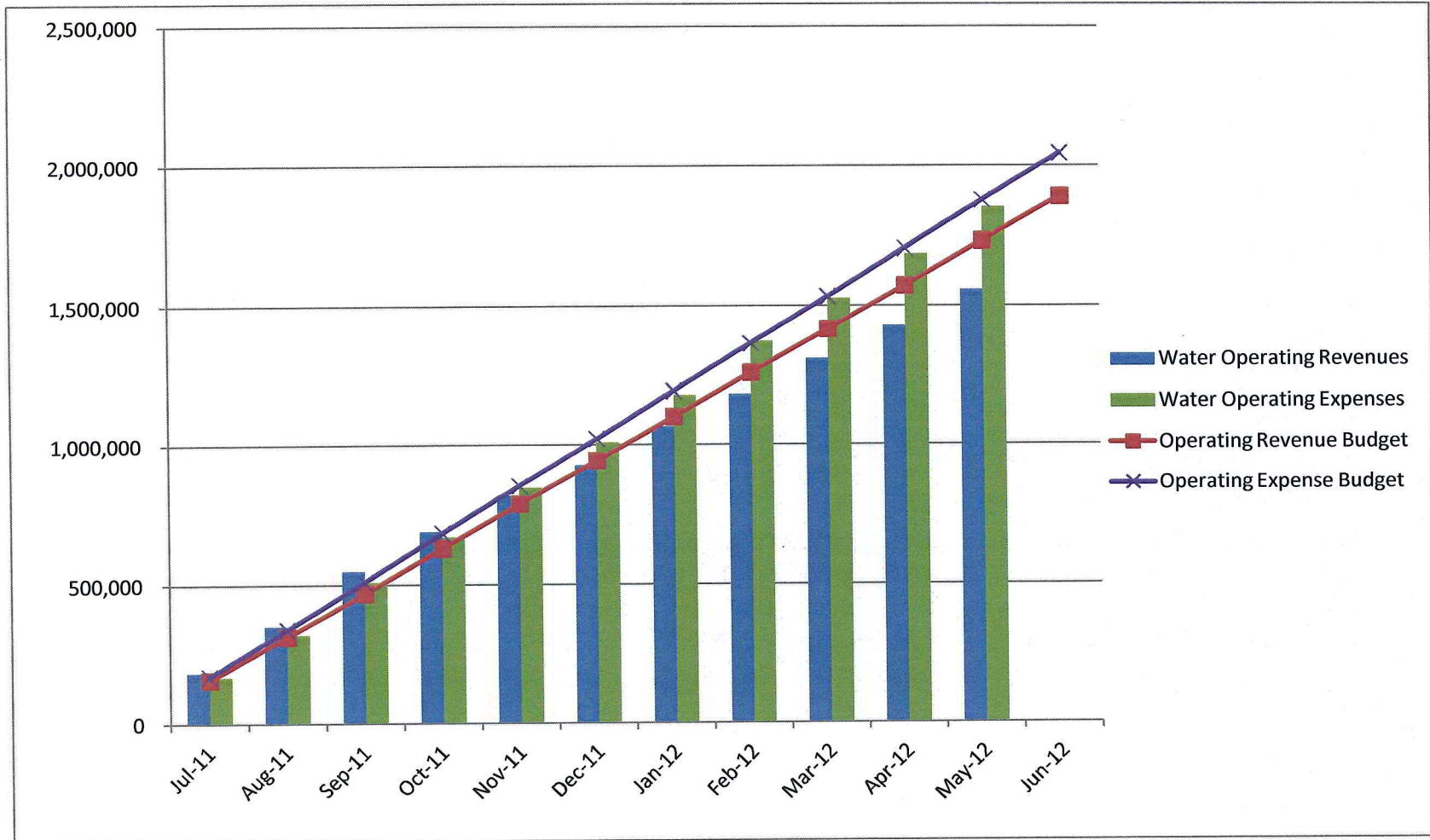
McKinleyville Community Services District
Activity Summary by Fund
May 2012

Department Summaries	May	YTD	YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Parks & Recreation</u>						
Program Fees	24,168	261,542	258,667	2,875	1.11%	
Rents & Related Fees	5,471	59,126	47,938	11,188	23.34%	More rental activity than anticipated
Property Taxes	-	481,548	441,667	39,881	9.03%	
Other Revenues	6,770	74,826	235,467	(160,641)	-68.22%	Capital project funding has not been realized as projects have been postponed
Interest Income	730	4,856	10,000	(5,144)	-51.44%	Interest rates continue to be lower than projected
Total Revenues	37,138	881,898	993,739	(111,841)	-11.25%	
Salaries & Benefits	63,616	641,722	560,030	81,692	14.59%	
Other Expenditures	20,810	197,064	176,488	20,576	11.66%	
Capital Expenditures	5,747	10,970	341,667	(330,697)	-96.79%	Postponement of capital projects until later in the year
Total Expenditures	90,174	849,757	1,078,185	(228,429)	-21.19%	
Excess (Deficit)	(53,035)	32,141	(84,446)	116,587		
<u>Measure B Assessment</u>						
Total Revenues	45	201,299	175,000	26,299	15.03%	
Salaries & Benefits	10	66,548	115,833	(49,285)	-42.55%	Labor hours spent on Measure B projects less than anticipated
Other Expenditures	235	7,755	9,167	(1,412)	-15.40%	
Capital Expenditures	-	2,654	50,000	(47,346)	-94.69%	Postponement of capital projects until later in the year
Total Expenditures	245	76,956	175,000	(98,044)	-56.02%	
Excess (Deficit)	(200)	124,342	-	124,342		
<u>Street Lights</u>						
Total Revenues	7,569	76,235	68,333	7,902	11.56%	
Salaries & Benefits	3,247	29,601	28,800	801	2.78%	
Other Expenditures	5,532	47,920	38,448	9,472	24.64%	
Capital Expenditures	-	20,520	20,833	(313)	-1.50%	
Total Expenditures	8,778	98,042	88,081	9,961	11.31%	
Excess (Deficit)	(1,210)	(21,807)	(19,748)	2,059		
Governmental Funds Excess (Deficit)	(54,445)	134,677	(104,194)	238,871		

McKinleyville Community Services District

May 2012

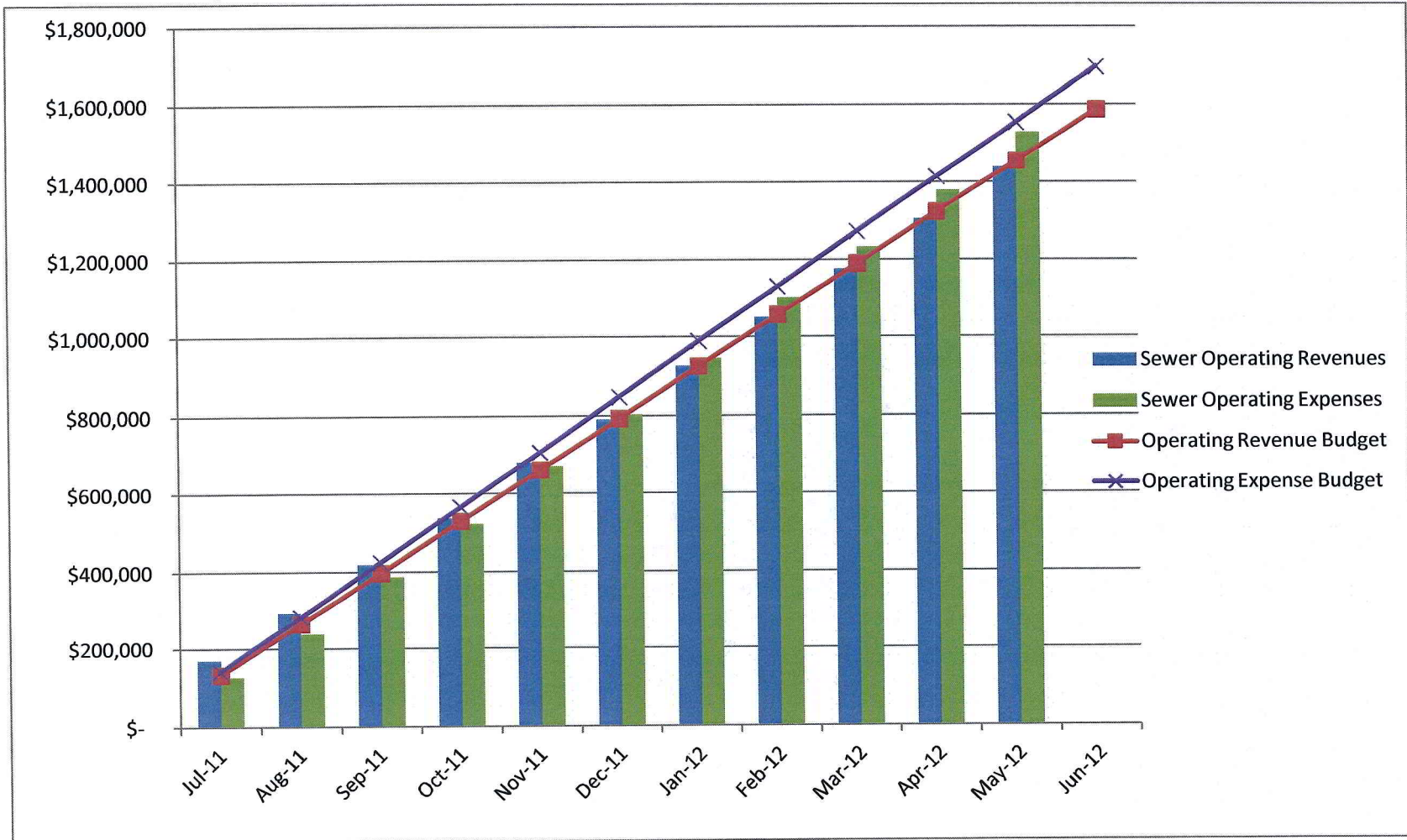
Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District

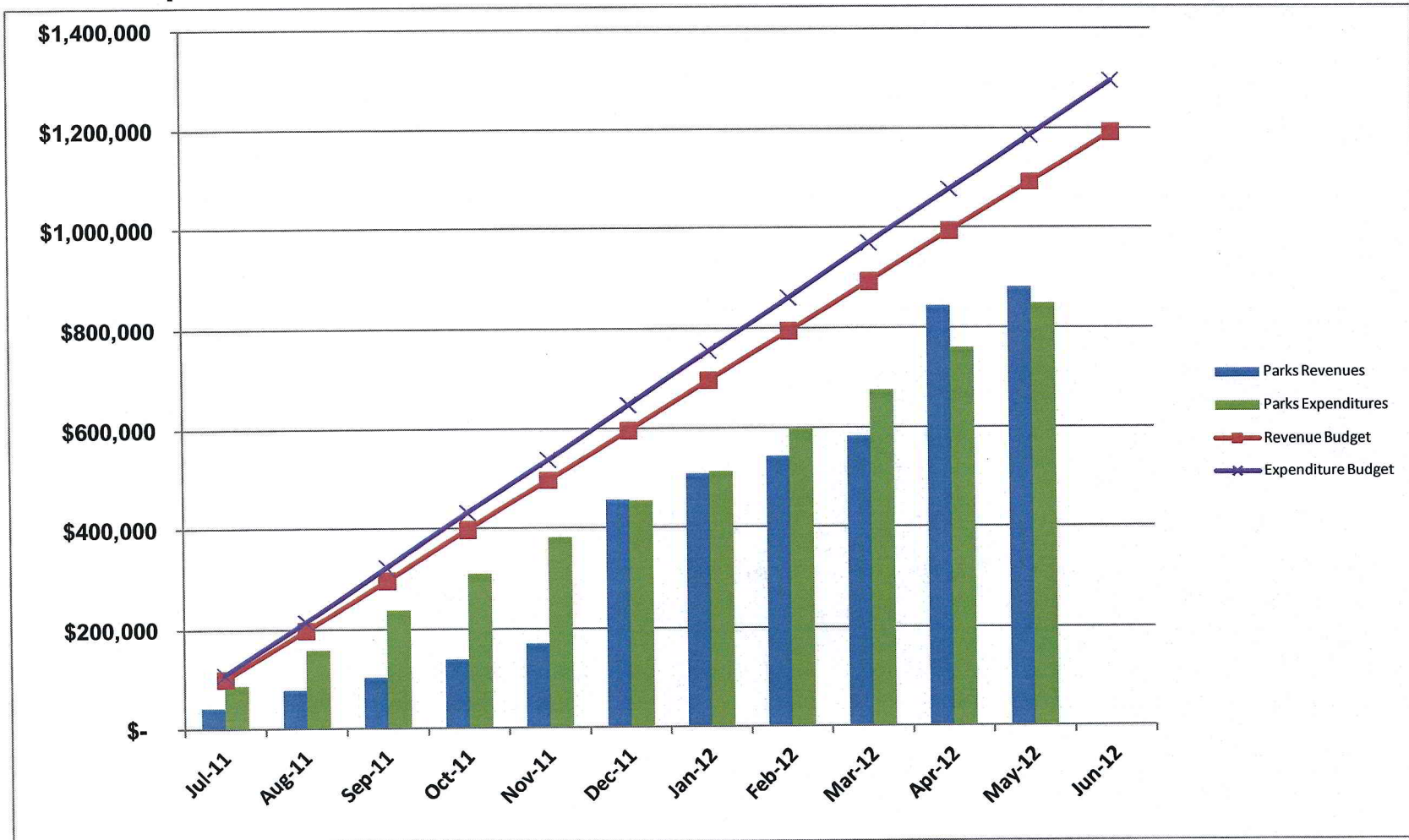
May 2012

Comparison of Sewer Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District May 2012

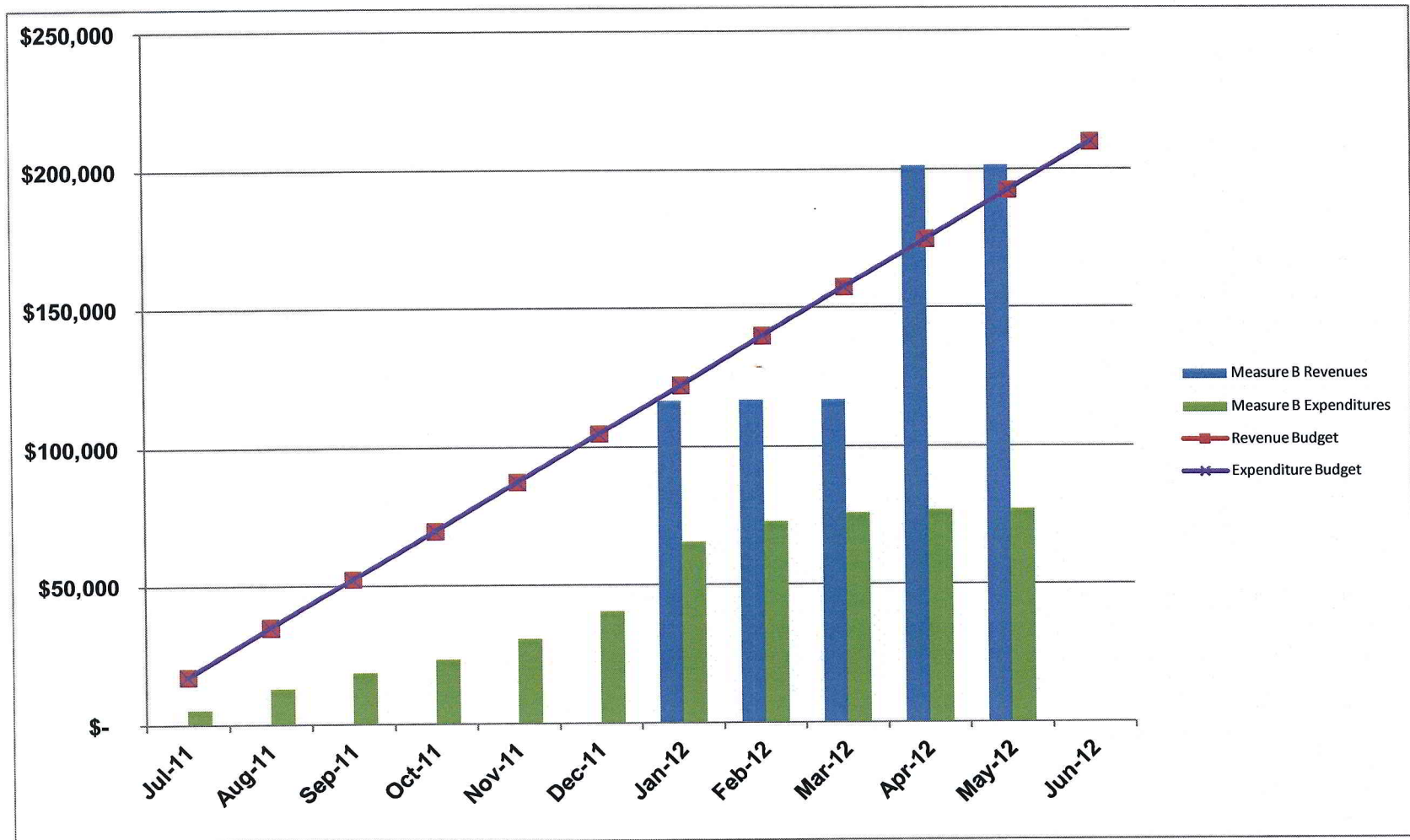
Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



McKinleyville Community Services District

May 2012

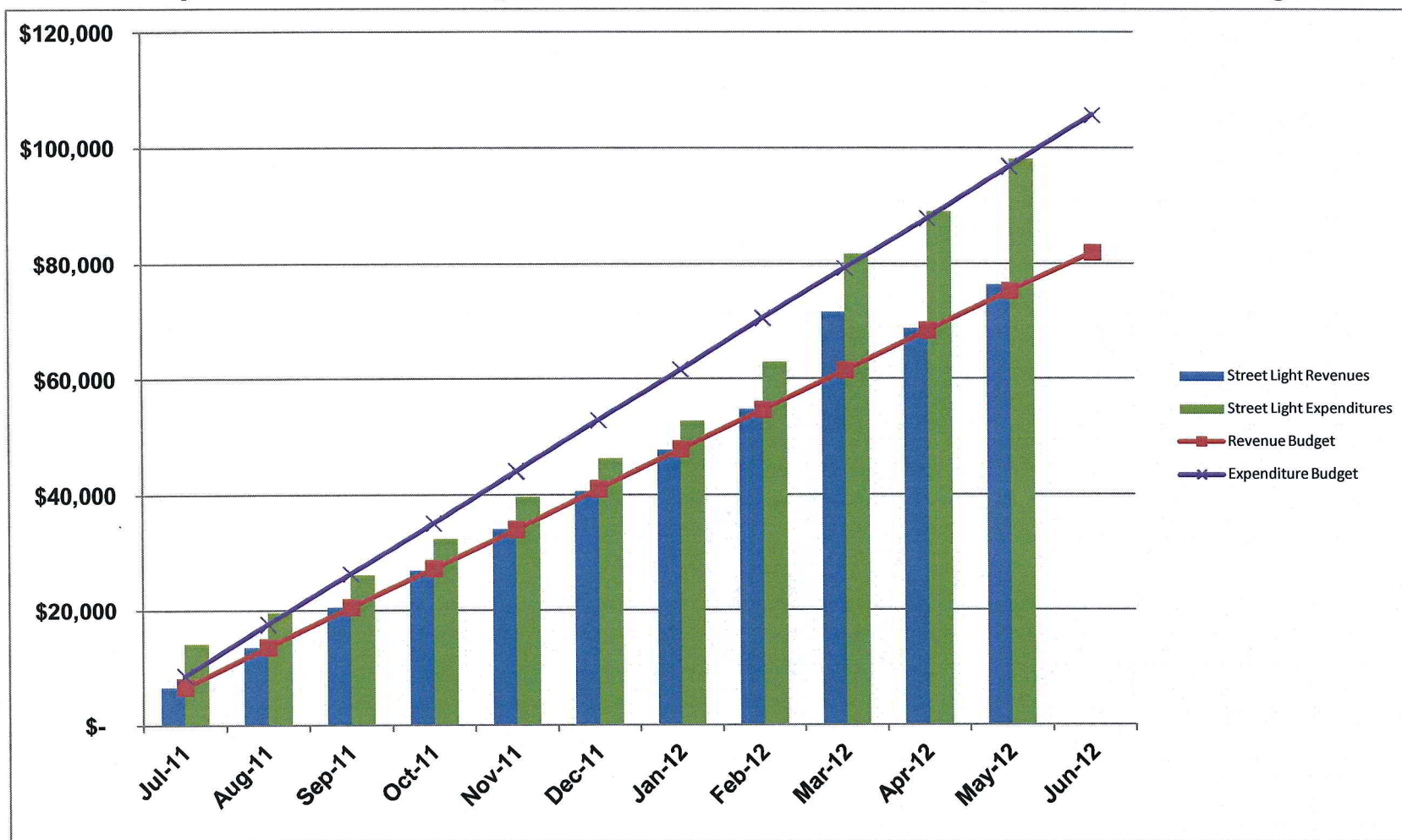
Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District

May 2012

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District
Capital Expenditure Report
As of May 31, 2012

	May	YTD Total	FY 12 Budget	Remaining		Notes
				Budget \$	Budget %	
<u>Water Department</u>						
Ramey Pump Upgrades		28,203	5,000	(23,203)	-464%	← Although recorded in current year, capital expenditure was incurred and budgeted in FY 2010-11.
Emergency Water Line River Crossing		54,471	280,000	225,529	81%	
Water Tank Upgrade	1,210	51,379	175,000	123,621	71%	
Murray Road Tank		16,228	150,000	133,772	89%	
Meter Replacements		1,177	20,000	18,823	94%	
Emergency Water Supply		-	50,000	50,000	100%	
Fire Hydrant System Upgrade		-	13,000	13,000	100%	
Radio Telemetry Upgrade		-	25,000	25,000	100%	
Tank Seismic Actuators		5,528	7,000	1,472	21%	
Water Main Replacement		21,875	40,000	18,125	45%	
Subtotal	1,210	178,862	765,000	586,138	77%	
<u>Sewer Department</u>						
WWMF SO2/Chlorine Shut Off	-	31,780	32,000	220	1%	
WWMF Security Upgrades	-	-	6,000	6,000	100%	
WWMF Fencing & Gate		-	2,000	2,000	100%	
WWMF Grinder Maintenance		-	1,000	1,000	100%	
WWMF Sludge Maintenance		-	30,000	30,000	100%	
WWMF Building Maintenance		-	10,000	10,000	100%	
WWMF Upgrade/CEQA/Permitting		21,167	150,000	128,833	86%	
NPDES Permit		43,426	75,000	31,574	42%	
Radio Telemetry Upgrade		-	25,000	25,000	100%	
Industrial Discharge Permit		-	20,000	20,000	100%	
Lift Station Pump Upgrade		-	20,000	20,000	100%	
Property Purchases & Improvements		-	500,000	500,000	100%	
Generator Upgrade		-	2,000	2,000	100%	
Subtotal	-	96,374	873,000	776,626	89%	
<u>Water & Sewer Operations</u>						
Heavy Equipment		-	55,000	55,000	100%	
Utility Vehicles		78,418	103,117	24,699	24%	
Office, Corporate Yard & Shops	3,413	8,978	12,000	3,022	25%	
Computers & Software		18,381	32,000	13,619	43%	
Small Equipment & Other		-	44,000	44,000	100%	
Subtotal	3,413	105,777	246,117	140,340	57%	
Enterprise Funds Total	4,623	381,013	1,884,117	1,503,104	80%	
<u>Parks & Recreation Department</u>						
Hiller Park & Sports Complex	-	1,324	6,000	4,676	78%	
Pierson Park Upgrades	-	463	2,000	1,537	77%	
Azalea Hall Upgrades	5,497	5,497	25,000	6,213	25%	
McKinleyville Activity Center Upgrades		-	33,000	33,000	100%	
Law Enforcement Facility Improvements		-	6,000	6,000	100%	
Projects Funded by Quimby/Other Funds		200	195,000	194,800	100%	
Projects Funded by Measure B Renewal		2,654	60,000	57,346	96%	
Other Parks Projects & Equipment	250	3,486	15,000	11,514	77%	
Subtotal	5,747	13,624	342,000	315,086	92%	
<u>Streetlights</u>						
Pole Replacement		20,520	25,000	4,480	18%	
Governmental Funds Total	5,747	34,144	367,000	319,566	87%	
All Funds Total	10,370	415,157	2,251,117	1,822,670	81%	

McKinleyville Community Services District
Summary of Long-Term Debt Report
As of May 31, 2012

				Principal Maturities and Scheduled Interest							
		Maturity		Balance -	Balance - May	Remaining					
		%	Date	July 1, 2011	31, 2012	for FY-12	FY-13	FY-14	FY-15	FY-16	Thereafter
Water Fund:											
I-Bank		8/1/30	P	-	956,034.00	-	36,731.29	37,969.13	39,248.69	40,571.37	801,513.53
Interest	3.37%		I			-	31,599.42	30,340.72	29,039.60	27,694.63	219,225.52
State of CA Energy Commission (ARRA)		12/22/26	P	148,590.00	165,100.00	-	8,239.38	10,909.36	11,018.72	11,125.84	123,806.70
Interest	1.0%		I			-	4,211.46	1,541.48	1,432.12	1,325.20	6,926.83
State of CA (Davis Grunsky)		1/1/33	P	2,082,986.88	2,010,818.45	-	73,972.64	75,821.96	77,717.50	79,660.44	1,703,645.91
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P	374,767.29	357,732.17	-	17,035.12	17,035.12	17,035.12	17,035.12	289,591.69
Interest	2.5%		I			-	50,270.46	48,421.14	46,525.60	44,582.66	408,486.72
Total Water Fund-Principal				2,606,344.17	3,489,684.62	-	135,978.43	141,735.57	145,020.03	148,392.77	2,918,557.83
Total Water Fund-Interest						-	86,081.34	80,303.34	76,997.32	73,602.49	634,639.07
Total Water Fund				2,606,344.17	3,489,684.62	-	222,059.77	222,038.91	222,017.35	221,995.26	3,553,196.90
Sewer Fund:											
State of CA WRCB (SCEP I)		4/15/16	P	204,600.50	163,680.40	-	40,920.10	40,920.10	40,920.10	40,920.10	-
Interest	0.0%		I			-	-	-	-	-	
State of CA WRCB (SCEP II)		3/27/18	P	176,496.09	153,178.64	-	23,923.71	24,545.72	25,183.91	25,838.70	53,686.60
Interest	2.6%		I			-	3,982.63	3,360.62	2,722.43	2,067.64	2,102.41
Umpqua Bank		12/4/17	P	303,824.30	267,147.22	3,178.31	42,282.10	44,667.13	47,186.72	49,848.42	79,721.79
Interest	5.5%		I			1,466.17	13,451.66	11,066.63	8,547.04	5,885.34	3,506.57
USDA (Sewer Bond)		8/1/22	P	805,000.00	755,000.00	-	60,000.00	60,000.00	60,000.00	60,000.00	515,000.00
Interest	5.0%		I			-	36,250.00	33,250.00	30,250.00	27,250.00	90,875.00
Total Sewer Fund-Principal				1,489,920.89	1,339,006.26	3,178.31	167,125.91	170,132.95	173,290.73	176,607.22	648,408.39
Total Sewer Fund-Interest						1,466.17	53,684.29	47,677.25	41,519.47	35,202.98	96,483.98
Total Sewer Fund				1,489,920.89	1,339,006.26	4,644.48	220,810.20	217,810.20	214,810.20	211,810.20	744,892.37
Total Principal				4,096,265.06	4,828,690.88	3,178.31	303,104.34	311,868.52	318,310.76	324,999.99	3,566,966.22
Total Interest						1,466.17	139,765.63	127,980.59	118,516.79	108,805.47	731,123.05
Total				4,096,265.06	4,828,690.88	4,644.48	442,869.97	439,849.11	436,827.55	433,805.46	4,298,089.27

McKinleyville Community Services District
Cash Disbursement Report
For the Period 05/01 - 05/31/2012

Check Number	Check Date	Vendor Number	Name	Amount	Invoice #	Description
Accounts Payable Disbursements						
24750	5/7/2012	*0025	AZALEA HALL DEPOSIT REFUND	100.00	B20430	AZALEA HALL DEPOSIT REFUND
24751	5/7/2012	*0028	AZALEA HALL DEPOSIT REFUND	100.00	B20502	AZALEA HALL DEPOSIT REFUND
24752	5/7/2012	*0029	AZALEA HALL DEPOSIT REFUND	100.00	B20502	AZALEA HALL DEPOSIT REFUND
24753	5/7/2012	*0030	KIDS CLUB REFUND	36.00	B20503	KIDS CLUB REFUND
24754	5/7/2012	*0031	KIDS CLUB REFUND	72.00	B20503	KIDS CLUB REFUND
24755	5/7/2012	*0032	BARBARA CLUCAS	22.50	B20507	ADULT COED FUTSAL
24756	5/7/2012	ADV01	ADVANCED SECURITY SYSTEMS	325.50	B20502	SECURITY SYSTEMS
24757	5/7/2012	ADV04	ADVANCED DISPLAY AND SIGN	413.68	507381	TEEN CENTER SIGNS
24758	5/7/2012	AGS01	AG SALES	14.15	73193	CONSTRUCTION EQUIP REPAIR
24759	5/7/2012	AVA01	AVANTI INTERNATIONAL	274.00	25924	SUPPLIES/ REPAIRS
24760	5/7/2012	BAS01	BASIC LABORATORY INC.	181.00	1203810	LAB TESTING
24761	5/7/2012	BAY02	BAY WEST SUPPLY, INC.	820.51	B20430	JANITORIAL SUPPLIES
24762	5/7/2012	BOR01	BORGES & MAHONEY CO.	452.37	132486	LAB SUPPLIES
24763	5/7/2012	CAL10	CALIFORNIA HEATING	30.00	21143	MAINTENANCE AT WWMF
24764	5/7/2012	CAM01	CAMPTON ELECTRIC SUPPLY	43.65	S1094959	REPAIRS/SUPPLY
24765	5/7/2012	CDW01	CDW GOVERNMENT, INC.	380.14	J345376	COMPUTERS, SOFTWARE & EQUIP

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24766	5/7/2012	COM01	COMMERCIAL RADIO & ELECT.	75.95	55140	SUPPLIES/ REPAIRS
24767	5/7/2012	COR01	CORBIN WILLITS SYSTEMS	833.42	B204151	MOM SOFTWARE MAY 2012
24768	5/7/2012	COS03	COSTCO WHOLESALE	91.43	B20430	SUPPLIES PURCHASED IN APR
24769	5/7/2012	DOW01	DOWNEY BRAND ATTORNEYS LLP	5,720.80	430434	PROFESSIONAL SERVICES RENDERED
24770	5/7/2012	EIC01	JENNIFER EICHSTEDT	341.25	B20430	CONTRACTED INSTRUCTOR
24771	5/7/2012	EUR05	Eureka Oxygen Co	198.69	453831	SUPPLIES/ REPAIRS
24772	5/7/2012	HAR03	HARVEY M. HARPER CO.	883.22	716889	VEHICLE REPAIRS
24773	5/7/2012	HAR13	The Hartford - Priority A	604.48	B20430	GRP. LIFE INSURANCE
24774	5/7/2012	HUB02	HUB INTERNATIONAL INSURANCE	126.02	B20502	SPECIAL EVENT INSURANCE
24775	5/7/2012	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTRICT	44,952.41	B20502	WATER FOR APRIL 2012
24776	5/7/2012	HUM08	HUMBOLDT SANITATION	847.60	B20503	TRASH SERVICE
24777	5/7/2012	HUM42	HUMBOLDT OUTFITTERS	2,243.25	7087 7098	SHIRTS FOR PEEWEE BBALL
24778	5/7/2012	IND01	INDEPENDENT BUS. FORMS	480.78	23601	BLUE DOOR HANGERS
				339.46	23650	OFFICE SUPPLIES
			Check Total:	<u>820.24</u>		
24779	5/7/2012	IND02	Industrial Electric Service	165.70	IN5977	REPAIRS/SUPPLY
24780	5/7/2012	LES01	LES SCHWAB TIRE CENTER	491.92	349745	VEHICLE REPAIRS
24781	5/7/2012	MAC02	MAC'S REFRIGERATION SVC.	82.00	25539	REPAIRS AT AZALEA HALL
24782	5/7/2012	MCK02	MCKINLEYVILLE GLASS CO.	40.00	40203	REPAIR TO UNIT 13
24783	5/7/2012	MCK03	MCKINLEYVILLE OFFICE SUPPLY	8.81	45022	COPY OF TANK 1 DIAGRAM
24784	5/7/2012	MCK04	MCK ACE HARDWARE	573.25	B20503	REPAIRS/SUPPLY

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24785	5/7/2012	MCK11	MCKINLEYVILLE SENIOR CENTER	159.60	B20430	P/R SHARE OF INTERNET
24786	5/7/2012	MIL01	Miller Farms Nursery	891.61	B20503	REPAIRS/SUPPLY
24787	5/7/2012	MUN01	Munnell & Sherrill, Inc.	18.83	6729	SEWER PUMPING REPAIRS
24788	5/7/2012	NAT06	NATIONAL METER & AUTOMATION	1,177.47	1038330	METER REPLACEMENTS
24789	5/7/2012	NEC01	NEC FINANCIAL SERVICES,LL	285.92	1521935	PHONE SYSTEM
24790	5/7/2012	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	436.00	18409	SAFETY TRAINING
				1,720.00	18554	SAFETY TRAINING
			Check Total:	<u>2,156.00</u>		
24791	5/7/2012	NOR35	NORTHERN HUMBOLDT EMPLOYMENT SVCS	289.11	ES12-0181	SERVICES DONE ON OPEN SPACE
				297.07	ES12-0187	SERVICES DONE ON OPEN SPACE
			Check Total:	<u>586.18</u>		
24792	5/7/2012	NOR36	NORTH COAST PARTS & SUPPLY	229.31	B20503	REPAIRS/ SUPPLIES
24793	5/7/2012	OCC01	OCCUPATIONAL HEALTH	210.00	523-03-12	PHYSICALS
24794	5/7/2012	PGE01	PG & E (Office & Field)	13,006.95	B20504	GAS & ELECTRIC
24795	5/7/2012	S&S02	S & S WORLDWIDE, INC.	98.22	7295256	REC PROGRAM SUPPLIES
24796	5/7/2012	SDR01	SDRMA	1,075.84	39052	PROP & LIABILITY PROGRAM
24797	5/7/2012	STA09	S.W.R.C.B.	130.00	B20504	WASTEWATER TREATMENT PLAN
24798	5/7/2012	SUD01	SUDDENLINK	173.95	B20430	MONTHLY INTERNET FOR MAY
24799	5/7/2012	THO02	Thomas Home Center	66.40	B20507	REPAIRS/SUPPLY
24800	5/7/2012	USB01	U.S. BANK TRUST N.A.	8,145.83	B20507	SEWER BOND PAYMENT MAY 2012
24801	5/7/2012	\B019	MQ CUSTOMER REFUND	3.76	000B20501	MQ CUSTOMER REFUND
24802	5/7/2012	\C029	MQ CUSTOMER REFUND	43.92	000B20501	MQ CUSTOMER REFUND

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24803	5/7/2012 \C030	MQ CUSTOMER REFUND	33.95	000B20501	MQ CUSTOMER REFUND
24804	5/7/2012 \D006	MQ CUSTOMER REFUND	80.19	000B20501	MQ CUSTOMER REFUND
24805	5/7/2012 \D018	MQ CUSTOMER REFUND	36.74	000B20501	MQ CUSTOMER REFUND
24806	5/7/2012 \F013	MQ CUSTOMER REFUND	80.00	000B20501	MQ CUSTOMER REFUND
24807	5/7/2012 \G006	MQ CUSTOMER REFUND	66.30	000B20501	MQ CUSTOMER REFUND
24808	5/7/2012 \H001	MQ CUSTOMER REFUND	44.67	000B20501	MQ CUSTOMER REFUND
24809	5/7/2012 \H029	MQ CUSTOMER REFUND	61.84	000B20501	MQ CUSTOMER REFUND
24810	5/7/2012 \H030	MQ CUSTOMER REFUND	25.61	000B20501	MQ CUSTOMER REFUND
24811	5/7/2012 \L003	MQ CUSTOMER REFUND	18.24	000B20501	MQ CUSTOMER REFUND
24812	5/7/2012 \M002	MQ CUSTOMER REFUND	76.54	000B20501	MQ CUSTOMER REFUND
24813	5/7/2012 \S040	MQ CUSTOMER REFUND	64.52	000B20501	MQ CUSTOMER REFUND
24814	5/7/2012 \T009	MQ CUSTOMER REFUND	80.00	000B20501	MQ CUSTOMER REFUND
24815	5/7/2012 \V001	MQ CUSTOMER REFUND	42.31	000B20501	MQ CUSTOMER REFUND
24816	5/7/2012 \V010	MQ CUSTOMER REFUND	38.70	000B20501	MQ CUSTOMER REFUND
24817	5/14/2012 ACW01	ACWA HEALTH BENEFITS AUTH	48,210.81	B20509	GRP HEALTH INSURANCE
24818	5/14/2012 ANS02	BRIAN ANSPACH	1,513.00	22	PROFESSIONAL SERVICES RENDERED
24819	5/14/2012 COM01	COMMERCIAL RADIO & ELECT.	1,090.10	55127	MERCHANDISE PURCHASED
24820	5/14/2012 EUR05	Eureka Oxygen Co	324.26	63181	REPAIRS/ SUPPLIES
24821	5/14/2012 GHD01	GHD	141.00	65182	PROFESSIONAL SERVICES RENDERED
24822	5/14/2012 GUA01	GUARDIAN - APPLETON	441.13	B20509	INV.SHORT - DENTAL INSURANCE

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24823	5/14/2012	HEL01	KEVIN HELD	350.00	B20509	DJ FOR JR HIGH DANCE
24824	5/14/2012	JAC04	JACKSON & EKLUND	4,842.00	B20509	PROFESSIONAL SERVICES RENDERED
24825	5/14/2012	KEY01	KEY EQUIPMENT FINANCE	311.67	1206	EQUIPMENT LEASE
24826	5/14/2012	MCK12	MCKINLEYVILLE UNION SCHOO	1,548.00	33112	SNACKS FOR REC PROGRAMS
24827	5/14/2012	NOR01	NORTH COAST LABORATORIES	2,677.00	B20509	LAB TESTS
24828	5/14/2012	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	80.00	18605	MONTHLY SUBSCRIPTION
24829	5/14/2012	ORE01	O'REILLY AUTOMOTIVE, INC.	82.55	B20509	REPAIRS/SUPPLY
24830	5/14/2012	OSC01	OSCAR LARSON & ASSOCIATES	4,648.72	3329	WATER TANK UPGRADE
24831	5/14/2012	PRE08	PRECISION INTERMEDIA	30.00	B20509	WEB HOSTING FOR MAY
24832	5/14/2012	REN01	RENNER PETROLEUM	2,688.35	B20509	FUEL FOR APRIL 2012
24833	5/14/2012	SIE02	SIERRA CHEMICAL CO.	4,255.51	B20509	CHLORINE/ DEPOSITS
24834	5/14/2012	THR02	THREE G'S HAY & GRAIN	84.67	34069	SUPPLIES
24835	5/14/2012	UMP02	UMPQUA BANK	2,149.30	B20511	SUPPLIES PURCHASED IN APR
24836	5/14/2012	WES09	WEST COAST PLUMBING	23.67	175590	REPAIRS/ SUPPLIES
24837	5/14/2012	WIL09	WILLDAN FINANCIAL SERVICE	11,536.50	1017432	PROFESSIONAL SERVICES RENDERED
24838	5/21/2012	*0033	AZALEA HALL DEPOSIT REFUND	100.00	B20521	AZALEA HALL DEPOSIT REFUND
24839	5/21/2012	ADA03	DANIEL ADAMSKI	30.00	2	FUTSAL REFEREE
				105.00	B20521	FUTSAL REFEREE
			Check Total:	<u>135.00</u>		
24840	5/21/2012	ATT01	AT&T	1,489.65	B20521	PHONES FOR MAY 2012
24841	5/21/2012	COL05	COLANTUONO & LEVIN, PC	609.00	23444	PROFESSIONAL SERVICES RENDERED

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24842	5/21/2012	COU02	HUMBOLDT COUNTY ASSESSOR	33.92	B20521	MEASURE B MAPS
24843	5/21/2012	DEP05	DEPARTMENT OF JUSTICE	64.00	906970	REC PROGRAM FINGERPRINTING
24844	5/21/2012	GIR02	MITCH GIRARD	75.00		2 FUTSAL REFEREE
				15.00	B20521	FUTSAL REFEREE
			Check Total:	<u>90.00</u>		
24845	5/21/2012	HOM03	JOSE HOMEM	15.00	B20521	FUTSAL REFEREE
24846	5/21/2012	HUM42	HUMBOLDT OUTFITTERS	21.06	7126	REC PROGRAM SUPPLIES
24847	5/21/2012	MEY01	SETH MEYNELL	130.33	B20521	EMPLOYEE REIMBURSEMENT
24848	5/21/2012	PGE02	PACIFIC GAS & ELECTRIC	2,468.89	B20521	STREETLIGHTS
24849	5/21/2012	STA11	STAPLES CREDIT PLAN	1,194.11	B20521	OFFICE SUPPLIES
24850	5/21/2012	UNI08	UNITED DISTRIBUTING COMPANY	350.00	201167	SUPPLIES
24851	5/21/2012	UPS01	UPS	272.55	Y6R493192	LAB SHIPMENT
24852	5/21/2012	USP02	USPS: ARCATA BMEU	1,434.66	B20521	NEWSLETTERS
24853	5/21/2012	VER01	VERIZON WIRELESS	399.47	B20521	CELL PHONES
24854	5/21/2012	BLA01	EMPLOYEE PAY ADVANCE	100.00	B20521P	PAY ADVANCE
24855	5/29/2012	*0035	CHARLES SHARPE III	750.00	B20523	JOB 11-04 PAVING DEPOSIT
24856	5/29/2012	*0036	AZALEA HALL DEPOSIT REFUND	100.00	B20523	AZALEA HALL DEPOSIT REFUND
24857	5/29/2012	*0037	AZALEA HALL DEPOSIT REFUND	100.00	B20523	AZALEA HALL DEPOSIT REFUND
24858	5/29/2012	BON02	BONNIE L. OLIVER	250.00	B20521	TEEN CENTER
24859	5/29/2012	COA02	COASTAL BUSINESS SYSTEMS	95.45	81634	SUPPLIES
24860	5/29/2012	GAY01	GAYNOR TELESYSTEMS, INC	50.00	21015	WORK DONE ON P/R OFFICE

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24861	5/29/2012	HBE01	HBEC	260.00	B20523	CONFERENCE REGISTRATION
24862	5/29/2012	JAC04	JACKSON & EKLUND	2,892.00	172386	PROFESSIONAL SERVICES
24863	5/29/2012	MCK12	MCKINLEYVILLE UNION SCHOOL DISTRICT	435.60	33112	REC PROGRAM SUPPLIES
24864	5/29/2012	MEL02	MELISSA DATA CORPORATION	1,290.00	1198523	BARCODE-ADDRESS SUBSCRIPT
24865	5/29/2012	MIT01	Mitchell, Brisso, Delaney	1,934.28	30631	LEGAL SERVICES
24866	5/29/2012	NOR35	NORTHERN HUMBOLDT	495.85	ES12-0210	OPEN SPACE PIERSON/ CENTR
24867	5/29/2012	REE06	EMPLOYEE REIMBURSEMENT	84.00	B20523	EMPLOYEE REIMBURSEMENT
24868	5/29/2012	REM01	REMY, MOOSE AND MANLEY,LL	20,553.05	23840	PROFESSIONAL SERVICES RENDERED
24869	5/29/2012	RES05	RESERVE ACCOUNT	1,500.00	B20523	POSTAGE MTR REFILL
24870	5/29/2012	ROU01	ROUND TABLE DEVELOPMENT CO.	117.17	950	REC PROGRAM SUPPLIES
24871	5/29/2012	WIL09	WILLDAN FINANCIAL SERVICE	8,218.85	010-16603	PROFESSIONAL SERVICES RENDERED
24872	5/29/2012	YOU02	OLIVIA YOUNG	182.00	B20523	CONTRACTED INSTRUCTOR

Total Disbursements - Accounts Payable:

226,919.47

Payroll Related Disbursements

10166-10196	5/9/2012	VARIOUS EMPLOYEES	13,856.26		EMPLOYEE PAYROLL CHECKS
10197	5/9/2012	DIR01	27,836.79	B20509	Direct Deposit
10198	5/9/2012	DOW02	300.00	B20509	MISC DEDUCTION
10199	5/9/2012	EMP01	1,443.52	B20509	STATE INCOME TAX
10200	5/9/2012	FRA05	100.00	B20509	FRANCHISE TAX BOARD

Treasurer's Monthly Report 05-31-12

10201	5/9/2012 HUM29	UMPQUA BANK--PAYROLL DEP.	5,219.00	B20509	FEDERAL INCOME TAX
			5,655.33	1B20509	FICA
			1,576.92	2B20509	MEDICARE
		Check Total:	<u>12,451.25</u>		
10202	5/9/2012 PER02	CalPERS	2,845.60	B20509	RETIREMENT
10203	5/9/2012 AFL01	AFLAC	43.30	B20430	AFLAC (PRE-TAX)
10204	5/9/2012 PUB01	Public Employees PERS	14,964.41	B20430	PERS PAYROLL REMITTANCE
			56.08	1B20430	PERS CONTRIBUTION
		Check Total:	<u>15,020.49</u>		
10205-10236	5/25/2012	VARIOUS EMPLOYEES	13,829.00		EMPLOYEE PAYROLL CHECKS
10237	5/21/2012 DIR01	DIRECT DEPOSIT VENDOR- US	28,050.11	B20521	Direct Deposit
10238	5/21/2012 EMP01	Employment Development	1,435.24	B20521	STATE INCOME TAX
10239	5/21/2012 FRA05	FRANCHISE TAX BOARD	100.00	B20521	FRANCHISE TAX BOARD
10240	5/21/2012 HUM29	UMPQUA BANK--PAYROLL DEP.	5,248.40	B20521	FEDERAL INCOME TAX
			5,652.32	1B20521	FICA
			1,576.14	2B20521	MEDICARE
		Check Total:	<u>12,476.86</u>		
10241	5/21/2012 PER02	CalPERS	2,928.40	B20521	RETIREMENT
		Total Disbursements - Payroll:	<u><u>105,031.56</u></u>		
		Total Cash Disbursements	331,951.03		

McKinleyville Community Services District

BOARD OF DIRECTORS

July 11, 2012

TYPE OF ITEM: **Consent Calendar Item**

ITEM: D.4. Compliance with State Double Check Valve Law

PRESENTED BY: Gregory Orsini, Operations Director

TYPE OF ACTION: Consent Calendar

Recommendation:

Staff Recommends the Board authorize staff to provide these customers with formal notice that their water service will be discontinued in one month if they have not come into compliance with state law regarding water service cross-connection in accordance with MCSD Rules 7 and 10.

Discussion:

Customers listed below are not now in compliance with State Law regarding cross connection control for water customers with an alternate water supply. These customers have been notified of their respective violations as noted and have been provided notification of this meeting.

1st Notice	May 22, 2012
10 Day Notice	June 27, 2012
Board Meeting	July 11, 2012
Lock	August 13, 2012
ROUTES 7 & 8	

Account #	Address	Model of DCV	Date s/o out
7-675-000	933 Mary	Febco	
7-855-000	840 School	Watts	
8-545-000	1657 Ocean	Watts	

Updated: 7/3/2012

McKinleyville Community Services District

BOARD OF DIRECTORS

July 11, 2012

TYPE OF ITEM: **DISCUSSION**

ITEM: E.1. **Discuss letter received from Humboldt Bay Municipal Water District regarding 'Wholesale Water Contract and Grant Opportunity for McKinleyville CSD Emergency Intertie'.**

PRESENTED BY: **Norman Shopay**

TYPE OF ACTION: **Discussion Only**

Recommendation:

Staff recommends that the Board discuss the July 3, 2012 letter and, if desired, give direction to staff regarding a response to the letter.

Discussion:

The letter dated July 3, 2012 from Humboldt Bay Municipal Water District regarding 'Wholesale Water Contract and grant Opportunity for McKinleyville CSD Emergency Intertie' is enclosed.

Alternatives:

Staff's analysis includes the following potential alternative:

- Give additional direction to staff

Fiscal Analysis:

- Not applicable

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- July 3, 2012 HBMWD letter



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 SEVENTH STREET, PO Box 95 • EUREKA, CALIFORNIA 95502

OFFICE 707-443-5018 ESSEX 707-822-2918

FAX 707-443-5731 707-822-8245

EMAIL OFFICE@HBMWD.COM

BOARD OF DIRECTORS

KAITLIN SOPOCI-BELKNAP, PRESIDENT
ALDARON LAIRD, VICE-PRESIDENT
BARBARA HECATHORN, SECRETARY-TREASURER
BRUCE RUPP, DIRECTOR
SHERI WOO, DIRECTOR

GENERAL MANAGER

CAROL RISCHE

RECEIVED

JUL - 5 2012

McK. C.S.D.

July 3, 2012

Dennis Mayo, President, and Board of Directors
McKinleyville CSD
PO Box 2037
McKinleyville, CA 95519

Re: Wholesale Water Contract and Grant Opportunity for McKinleyville CSD Emergency Intertie

Dear President Mayo and Board of Directors,

On behalf of the Board of Directors, I am writing this letter to initiate dialogue and request a response on two important matters that recently came to our attention. The first relates to our wholesale water contract. The second relates to a Proposition 50 grant opportunity. If HBMWD secures this grant, a portion of it could be used to construct a significant segment (or possibly all) of the emergency intertie to MCSD's new emergency pipeline in the Highway 101 Bridge. Each of these matters is summarized in the following bulleted list and discussed in more detail below.

The most important points of this letter are regarding:

- Our wholesale water contract. The HBMWD Board would like to understand your position regarding our wholesale water contract. We would like you to confirm if you have retained special counsel, and if so, what you hope to achieve, because we may be able to help you achieve those goals.
- MCSD's under river transmission pipeline crossing. This letter explains why MCSD owns the pipeline crossing, and documents that McKinleyville ratepayers did not pay the full cost of their initial water system.
- MCSD ratepayers will not be paying for the new transmission pipeline projects (Techite at Samoa, and the Blue Lake and Fieldbrook-Glendale pipeline) because HBMWD has secured grant funding.
- HBMWD, MCSD, and other Municipal Customers have a history of collaborating on projects that benefit MCSD ratepayers by addressing water supply reliability.
- New Proposition 50 funding opportunity for projects that could benefit MCSD.

Wholesale Water Contract

Last month, we learned that MCSD has hired (or is in the process of hiring) special counsel to "represent it in an effort to renegotiate the water supply agreement" between the Humboldt Bay

Municipal Water District (HBMWD) and its water retailers. We did not learn this from MCSD, rather from one of our other Municipal Customers (Attachment 1).

HBMWD has a long history and proven track record of working effectively and collaboratively with its Municipal Customers. We believe our other Municipal Customers would agree and confirm this. We have established forums in which we communicate and address matters of mutual interest on an ongoing basis - for example, we have monthly staff-level meetings and periodic meetings of the Water Task Force (WTF) when needed or requested. The WTF is comprised of one elected and one management representative from each agency. (Attachment 2 is WTF Charter.)

MCSD staff has communicated to HBMWD staff and Municipal Customer staff that MCSD has one area of concern with the water supply agreement, and that is in regard to transmission system costs. However, MCSD's interest in renegotiating the contract was never discussed and more importantly never advanced to the WTF or the HBMWD Board of Directors. We find MCSD's action to retain special counsel, absent discussion with HBMWD or the other Municipal Customers, to be counter-productive and potentially damaging to the trust and collaborative relationship we have developed as a group.

The HBMWD Board would like to understand your position regarding the wholesale water contract. We would like to confirm if you have retained special counsel, and if so, what you hope to achieve, because we may be able to help you achieve those goals.

In regards to the contract, there are several important points we believe the MCSD Board should understand:

1. Contract Development and Approval Process

The current Ordinance 16 contract was developed over a period of two-to-three years in an open and collaborative manner with the Municipal Customers. Staff from all eight agencies met several dozen times to discuss and develop the contract. The Municipal Customers shaped the final terms of the contract, including the cost allocation methodology. MCSD's General Manager was present at all meetings and was very active in the contract development. Staff from the eight agencies unanimously endorsed the final contract. The WTF was also consulted several times and they too endorsed the final contract. Following that, all eight Boards and Councils approved the contract, including the MCSD Board of Directors. We believe this is relevant and important history.

2. History of Development - Why MCSD's Transmission Pipeline Connects to HBMWD's Transmission System at Korblex

In March 1956, the voters within our District - which included what is now McKinleyville CSD - voted overwhelmingly to form HBMWD (89% voted in favor). In September 1956, voters then approved issuance of \$12 million of general obligation bonds to construct the regional water system.

Shortly thereafter, a McKinleyville citizen initiated an effort to have McKinleyville withdraw from HBMWD. In 1959, the first petition was put to the voters to withdraw from HBMWD. That petition failed as did a second attempt in 1960. In 1962, voters approved a petition to withdraw from HBMWD. McKinleyville initially attempted to form a County Water District but that was not successful and the McKinleyville CSD (MCSD) was then formed.

MCSD needed to secure a reliable water supply because they withdrew from HBMWD and the original regional system was constructed without a connection to McKinleyville. In 1970, MCSD completed a water supply study in which one alternative was to connect to HBMWD's system. The MCSD Board of Directors selected this option, and in 1971 MCSD requested approval to connect to HBMWD's system. This connection was made at HBMWD's Korblex Facility. In 1977, MCSD annexed back into HBMWD.



We believe MCSD obtained a sizeable grant, together with a Davis-Grunsky loan, that funded construction of their water system including the water transmission pipeline to Korblex. The McKinleyville Community Services District Sphere of Influence Report, January 1981, reported grants totaling \$4.45 million between 1976 and 1979. The policy point is that McKinleyville ratepayers did not shoulder the full cost of the initial water system.

3. HBMWD Capital Improvement Plan - MCSD will not be Funding Transmission Projects

As you know given discussions with the WTF and our last presentation to your Board, HBMWD recently completed a Capital Improvement Plan (CIP). The regional system has been well maintained; however, it is 50 years old and infrastructure replacements and improvements will be necessary to ensure continued reliable operation of the system for the benefit of all customers and the community. HBMWD's CIP is based on sound policy principles and a prioritization framework to guide the highest priority projects over the next 15 to 20 years.

HBMWD is pleased to report two high priority projects have been completed: 1) replacement of the hydraulic system that operates the slide gate at Matthews Dam (of critical importance for a reliable water supply from Ruth Lake), and 2) replacement of the laterals in Ranney Collector 3 (of critical importance for the reliable, high quality drinking water supply to MCSD).

HBMWD is currently advancing two high priority transmission projects: 1) replacement of the Techite Pipeline on the Samoa Peninsula, and 2) replacement of the Mad River pipeline crossing that serves Blue Lake and Fieldbrook-Glendale CSD. With almost 100% certainty, we believe MCSD will not be paying any share of the cost for these projects. The summary on the next page summarizes the project costs and revenue sources, and shows that MCSD's resulting cost share will be zero.

Techite Pipeline Replacement	
	<ol style="list-style-type: none"> 1. Cost = \$2.9 million 2. Sources of Funding: <ul style="list-style-type: none"> • FEMA Hazard Mitigation Grant - \$2.2 million • Special District Reserve - \$706,000 3. MCSD Cost Share = Zero
Mad River Pipeline Crossing Service Blue Lake and Fieldbrook-Glendale CSD	
	<ol style="list-style-type: none"> 1. Cost = \$2 million 2. Sources of Funding: <ul style="list-style-type: none"> • Prop 84 (via North coast Integrated Regional Water Management Plan) - \$700,000 • FEMA Hazard Mitigation Grant - \$1.3 million 3. MCSD Cost Share = Zero <p>* Note: HBMWD has received verbal notification from CalEMA that this project will receive FEMA grant and confirmation is working through FEMA's final administrative process.</p>

4. HBMWD, MCSD, and other Municipal Customers have Collaborated to Address MCSD's Supply Reliability Concern

MCSD has legitimate concerns regarding its water supply reliability given that its transmission pipeline crosses under the Mad River; the pipeline is vulnerable in a large seismic event. If damaged under the river, the repair time would be significant.

Given MCSD's ownership of this pipeline, HBMWD was not responsible for addressing this vulnerability, but as a partner, HBMWD's approach and interest is in supply reliability for the entire community that we serve. In June 2006, HBMWD proposed – with concurrence from the other Municipal Customers – a feasibility-level engineering study to address how supply reliability could be improved at MCSD's Mad River pipeline crossing. The project was budgeted and completed by HBMWD, with all Municipal Customers ultimately sharing the costs.

The conceptual-level design proposed: 1) installing valves on each side of the river (to isolate the transmission pipeline crossing if broken), and 2) installing support structures on both sides of the river to accommodate either a permanent aerial crossing or a temporary crossing that would be installed following an event that severed MCSD's under river pipeline crossing. The conceptual design was presented to MCSD and the other Municipal Customers, and HBMWD proposed it pursue grant funding to complete the project. Former MCSD General Manager, Tom Marking, expressed appreciation for the study, but suggested HBMWD not invest additional effort to advance this project. He informed HBMWD and the other Municipal Customers that MCSD was initiating discussions with CalTrans and seeking approval for an emergency pipeline in the new Highway 101 Bridge. CalTrans allowed the pipeline in their bridge and the project is complete. Recent communication with Norman Shopay, current MCSD General Manager, confirms MCSD's interest to construct a new emergency crossing via the Highway 101 Bridge, and that HBMWD should not pursue grant funding for the emergency aerial crossing at MCSD's existing under river crossing.

We share this information with you to illustrate how HBMWD and the Municipal Customers work collaboratively, and how all of us supported trying to assist MCSD in improving their supply reliability even though we have no direct responsibility for doing so.

Proposition 50 Grant Opportunity

Background

In 2006, HBMWD submitted a pre-application for a Proposition 50 grant for an "Interconnect Project" designed to improve supply reliability via new or improved interconnections on the regional water system. At that time, one of the proposed projects was the emergency crossing at MCSD's Mad River pipeline. As noted above, this project envisioned installing valves on each side of the river (to isolate the crossing if broken) and installing support structures on both sides of the river to accommodate either a permanent aerial crossing or a temporary crossing that would be installed following an event that severed MCSD's under river crossing.

HBMWD's "Interconnection Project" was ranked very high by the Department of Public Health (DPH). Due to limited funds in this particular Prop 50 grant program, and the fact that several large-dollar projects were ranked higher, HBMWD was not invited to apply for a grant. However, several months ago, HBMWD and other Public Water Systems learned that the Prop 50 grant funds have not been spent and were soon to be lost due to a sunset provision in the proposition. On June 1, HBMWD received an invitation to apply for a grant for its "Interconnect Project" (Attachment 3).

HBMWD immediately convened meetings with staff from the larger Municipal Customers where new interconnections that improve supply reliability are possible (Humboldt CSD, Eureka, Arcata and MCSD). Given the results from the new integrated hydraulic model of HBMWD's system and key components of the Municipal Customers' systems, three projects appear viable:

- 1) A second transmission-level interconnection between HBMWD's 33-inch transmission pipeline and the City of Arcata's system at Aldergrove. This project provides significant and multiple benefits. It enhances supply reliability to the City and to other Municipal Customers under certain leak or emergency events (like the mainline leak on HBMWD's pipeline at LK Wood Boulevard). It also would provide significant benefit to MCSD by providing the first leg of a new emergency intertie to the south end of MCSD's emergency pipeline in the Highway 101 Bridge.
- 2) An interconnection between the City of Eureka's Mad River Pipeline and the City of Arcata's system at 7th or 14th streets in Arcata. This project would benefit the City of Arcata under certain operational situations and would benefit the City of Eureka but it appears to a limited degree.
- 3) The first segment of an emergency pipeline connection from HBMWD and Arcata to MCSD's emergency pipeline in the Highway 101 Bridge. To achieve the supply reliability benefit during an emergency that severed the existing Mad River pipeline crossing, temporary pipe would be installed above ground from the north side of the bridge to MCSD's system on North Bank Road. HBMWD has 2000 feet of 12-inch temporary pipe.

We have been informed by DPH staff that grant funding in excess of \$2 million dollars (amount necessary to complete the projects above) may be available. HBMWD is willing to consider adding the northern segment of MCSD's emergency pipeline to the grant application on two conditions: 1) if it does not compromise the three projects above, and 2) subject to MCSD assuming responsibility for development of the Plans and Specifications and construction costs which would be reimbursed if we receive the grant.

Lack of time is the significant challenge for any applicant at this stage of the Prop 50 process. Applicants face an aggressive schedule as follows:

- Submit a Notice of Intent by June 29th (which HBMWD did);
- Submit complete grant application by August 31st. DPH has encouraged applicants to submit sooner if possible because they are considering applications on a first-come-first-served basis given the sunset provision with funding;
- Sign a Letter of Commitment within 30 days following receipt from DPH;
- Complete CEQA and the Plans and Specifications within 90 days of signing the Letter of Commitment; and
- Complete construction by June 2014.

Given the extremely tight schedule, staff prepared a Memorandum of Intent (MOI) between HBMWD, MCSD and Arcata (Attachment 4). The MOI is non-binding. Its purpose is to ensure understanding and agreement about the scope of the projects, a commitment to work together to complete the grant application, to advance the project planning (e.g., CEQA and design), and to cooperate to develop a binding Memorandum of Understanding (or Special Facility Agreement under Ordinance 16 if that is the preferred mechanism).

Current Status

Our Board ratified the MOI today (July 3rd). We wish to acknowledge the cooperation and tremendous amount of work that was accomplished the last three weeks to define the proposed projects and develop the MOI. Our Board also approved preparation and submission of the grant application. We are ready to proceed and need your input.

Request of MCSD Board

We request feedback and a decision from the MCSD Board as to whether MCSD desires HBMWD to proceed with a Prop 50 grant application for the first leg of the emergency intertie to MCSD's pipeline in the Highway 101 Bridge, and possibly the northern leg if we learn sufficient Prop 50 funding is available, and if so whether you are willing to take responsibility for the design and construction of the northern portion.

In the event MCSD indicates in the affirmative, we also request that MCSD definitively confirm that it is willing to reaffirm the current wholesale water contract prior to HBMWD incurring further costs in its efforts to take advantage of the Prop 50 grant opportunity.

We need to complete the grant application as soon as possible and plan to submit it to DPH by mid-August (given first come-first served basis). Therefore, we need your response as soon as possible, but no later than July 31st in order that we may determine the scope of the application.

As introduced above, the HBMWD Board would like to understand your position regarding the wholesale water contract. We would like to confirm if you have retained special counsel, and if so, what you hope to achieve because we may be able to help you achieve those goals.

In closing, we write this letter to address and initiate dialogue on these important matters. We value our relationship and hope to work with you collaboratively, as we have always done with our Municipal Customers for the benefit of our region and community. We will attend your July 11th Board meeting to discuss and answer any questions you may have.

Sincerely,



Kaitlin Sopoci-Belknap
Board President

cc: HBMWD Board of Directors
Municipal Customers: Water Task Force
Norman Shopay, McKinleyville CSD

Attachments:

- 1) Letter regarding renegotiation of contract with HBMWD
- 2) Water Task Force Purpose Statement
- 3) CDPH Letter inviting District to apply for Prop 50 Grant
- 4) MOI between HBMWD, MCSD and Arcata

Michael G. Colantuono
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Penn Valley, CA 95946-9000
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WWW.CLLAW.US

May 29, 2012

VIA E-MAIL AND U.S. MAIL

Stephen M. Davidson, P.E., General Manager
Humboldt Community Services District
P.O. Box 158
Cuttien, CA 95434

**Re: Conflict Waiver re Renegotiation of Contract with Humboldt Bay
Municipal Water District for McKinleyville CSD**

Dear Steve:

As we discussed, the McKinleyville Community Services District has asked us to represent it in an effort to renegotiate the water supply agreement between the Humboldt Bay Municipal Water District, as supplier, and the following water retailers: the Cities of Arcata, Blue Lake and Eureka and Humboldt Community Services District ("you"), Manila Community Services District, and McKinleyville Community Services District. To do so, we will need the informed written consent of both you and McKinleyville CSD.

Although your interests are largely aligned with the interests of McKinleyville CSD and the other retailers and opposed to the interests of Humboldt Bay MWD, it is possible that negotiating better terms for McKinleyville CSD could result in less favorable terms for Humboldt CSD and other retailers. This may be unlikely (because unanimous agreement of all agencies may be required to alter the agreement), but it is at least theoretically possible because rate-setting can be a zero-sum game (whatever cost reduction McKinleyville wins must be made up in some other way). Accordingly, we cannot assist McKinleyville CSD on the agreement while continuing to represent you without the informed written consent of both parties.

Specifically, Rule 3-310(C)(3) of the Rules of Professional Conduct governing the practice of law in California provides:

A member [of the State Bar] shall not, without the informed written consent of each client:

Humboldt Bay Municipal Water District

Water Task Force Purpose Statement

COMPOSITION

The Water Task Force is an ad hoc advisory group composed of the following representatives:

- a. The Board President and one management representative from the Humboldt Bay Municipal Water District (HBMWD)
- b. one Board/Council representative from each of the District's wholesale Municipal Customers as follows:
 - a. City of Arcata
 - b. City of Blue Lake
 - c. City of Eureka
 - d. Fieldbrook Community Services District
 - e. Humboldt Community Services District
 - f. Manila Community Services District
 - g. McKinleyville Community Services District
- c. One management representative from each of the District's wholesale Industrial Customers (if applicable to matter at hand.)

PURPOSE

The purpose of the Task Force is to work with HBMWD to consider and/or evaluate matters of a regional and significant nature within HBMWD's jurisdiction. Examples of such matters may include:

- A) Consideration of new, larger-scale water marketing or sales opportunities;
- B) Consideration of new safe drinking water regulations or other regulatory requirements which may trigger significant new treatment requirements;
- C) Consideration of Special Facility additions to HBMWD's system which are of regional interest; and
- D) Consideration of important service or pricing provisions during wholesale contract renewals.
- E) Consideration of other matters as deemed necessary.

The Task Force is advisory in nature and shall have no decision-making authority.

Humboldt Bay Municipal Water District

Water Task Force Purpose Statement

ACTIVITIES

Typical activities in which the Task Force may be involved with include:

- A) defining important issues and questions which should be addressed;
- B) evaluating engineering, economic, environmental, legal or general policy considerations (whichever are relevant for the issue under consideration);
- C) preparing reports and recommendations to each of the participating agencies' governing bodies regarding particular decisions/actions prior to HBMWD's final consideration of such decision/action;
- D) preparing recommendations as to the cost and/or revenue sharing mechanisms which should be included in new or modified wholesale water contracts.

OPERATION

The Task Force will be moderated by the HBMWD. General staff support and coordination will also be provided by HBMWD.

Meetings will be scheduled by HBMWD as needed at HBMWD's Eureka office. Meeting agendas will be prepared by HBMWD (with input from any Task Force member), and will be distributed and posted at least three days in advance of the meeting.

Representation of at least one formally appointed task force member by a majority (5) of the task force agencies constitutes a quorum. Each agency participating in the task force has one vote which may be cast by either of its formally appointed members. Actions of the Task Force must be approved on the basis of majority vote, provided a quorum is present.

McKinleyville Community Services District

BOARD OF DIRECTORS

July 11, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.2. Opportunity for HBMWD to submit a Proposition 50 Grant Application to the Department of Public Health for funding of infrastructure improvements that would include connecting new emergency water supply piping from Arcata, Valley West Boulevard to the MCSD piping in the Mad River Bridge

PRESENTED BY: Norman Shopay,
Pat Kaspari (GHD)

TYPE OF ACTION: Voice Vote

Recommendation:

Approve the current form of the signed Memorandum of Intent (MOI) and continue the process and cooperate in determining the actions to be taken related to the Projects and the Application as described in the MOI.

Upon MCSD staff and legal review and approval of a final draft Memorandum of Agreement (MOA) return the draft MOA to the Board for review and discussion.

Seek to include and obtain complete funding for the entire project that includes funding for the Northern portion of pipeline from the Mad River Bridge to the Ramey Pump station.

Determine if any MCSD costs incurred relate to District Financed and placement of the existing pipeline in the Mad River Bridge is eligible for cost reimbursement, and seek to obtain such cost reimbursement.

Discussion:

HBMWD has been invited by the California Department of Public Health ("DPH") to submit an application for funding from California Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 ("Prop 50"), and HBMWD has identified, and intends to submit an application under Prop 50 for funding for, certain infrastructure improvements that would benefit each of the Parties in meeting their obligations to (i) provide water to their respective customers and (ii) assist other Municipal Customers during emergencies, as well as benefitting HBMWD in the fulfillment of its mission to reliably deliver high quality drinking water at a reasonable cost to

the communities and customers HBMWD serves in the greater Humboldt Bay Area.

The Parties desired to document their intent with respect to the terms and conditions under which HBMWD would submit the Application and expend the Funds on the Projects, with the intent of facilitating the advancement of the Parties' collective service mission to the community.

HBMWD anticipates that it may secure up to \$2 Million in Funds as a result of its Application, which HBMWD would expend on the following projects

(a) Construction of a new pipeline interconnection, of a design mutually agreed upon by Arcata and Eureka, between Arcata's distribution system and Eureka's Mad River transmission pipeline at the Corner of L.K.Wood Boulevard and either 7th Street or 14th Street in Arcata (the "Arcata/Eureka Intertie");

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

(c) Construction of a new transmission pipeline interconnection, of a design to be mutually agreed upon by HBMWD, Arcata and MCSD consisting of an extension from the corner of Giuntoli Lane and Wymore Road, north along Wymore Road to the Bridge Pipeline (the "Arcata/MCSD Intertie"). The Aldergrove Intertie and the Arcata/MCSD Intertie together form a new emergency intertie from HBMWD to MCSD by utilizing a portion of Arcata's distribution system to connect the Aldergrove Intertie and the MCSD Intertie, to be used solely to deliver water to MCSD customers in the event of an emergency or other event that materially disrupts normal service through MCSD's existing transmission system.

Additionally, HBMWD and MCSD will jointly investigate the practicability and advisability of construction by HBMWD of an additional segment of new transmission pipeline interconnection between the north end of the Bridge Pipeline and MCSD's RPS.

An initial Memorandum of Intent (MOI) was prepared by HBMWD, and went through a number of revisions, review, and approval by MCSD Legal Counsel prior to signature and non-binding approval by the General Manager. The reason that HBMWD was requesting that MCSD staff sign the MOI was to develop (and then demonstrate to our Boards/Councils) that we agree on pursuing the grant, for which projects and a few key provisions such as future ownership and next steps (work toward binding MOU).

Until such time as this MOI is formally ratified by the legislative bodies of each Party, this MOI constitutes a non-binding statement of intent and creates no obligations or liability. Any Party who takes any actions in reliance on this MOI before it is ratified by all legislative bodies of the Parties does so at its own cost and risk. Until such ratification, this MOI is intended only to serve as a framework for future discussions. A copy of the MOI is attached.

Pat Kaspari of GHD is here to discuss an overview of the project. A member of the HBMWD Board may also be here.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The majority of the grant application and cost will be paid by HBMWD. In the event that Grant is successful, these costs would most likely be reimbursed. It is anticipated that MCSD will require some direct cost through the process such as legal review. We would strive to also have any direct costs incurred by MCSD that may be required, to be reimbursed by the Grant Funds if possible. We also desire to determine if any of the previous costs related to placing the piping in the bridge can be reimbursed by the Grant.

Environmental Requirements:

CEQA will be required related to the proposed project.

Exhibits/Attachments

- MOI
- Presentation Material

MEMORANDUM OF INTENT

This Memorandum of Intent ("MOI") is made and entered effective as of June 29, 2012 (the "Effective Date"), by the Humboldt Bay Municipal Water District ("HBMWD"), the City of Arcata ("Arcata") and McKinleyville Community Services District ("MCSD") (HBMWD, Arcata and MCSD being hereinafter referred to, individually, as a "Party" and, collectively, as the "Parties").

BACKGROUND

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

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

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

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

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

F. Arcata and the City of Eureka ("Eureka") have a mutual interest in installing an intertie between their two distribution systems where they cross at the corner of 14th Street near L.K. Wood Boulevard in Arcata;

G. HBMWD has been invited by the California Department of Public Health ("DPH") to submit an application (the "Application") for funding (the "Funds") from California Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 ("Prop 50"), and HBMWD has identified, and intends to submit an application under Prop 50 for funding for, certain infrastructure improvements that would benefit each of the Parties in meeting their obligations to (i) provide water to their respective customers and (ii) assist other Municipal Customers during emergencies, as well as benefitting HBMWD in the fulfillment of its mission to reliably deliver high quality drinking water at a reasonable cost to the communities and customers HBMWD serves in the greater Humboldt Bay Area; and

H. The Parties desire to document their intent with respect to the terms and conditions under which HBMWD would submit the Application and expend the Funds on the Projects, with the intent of facilitating the advancement of the Parties' collective service mission to the community.

INTENDED ACTIONS AND AGREEMENTS OF THE PARTIES

1. **The Projects.** HBMWD anticipates that it may secure up to \$2 Million in Funds as a result of its Application, which HBMWD would expend on the following projects (the "Projects," such Projects being generally depicted on Exhibit A attached hereto):

(a) Construction of a new pipeline interconnection, of a design mutually agreed upon by Arcata and Eureka, between Arcata's distribution system and Eureka's Mad River transmission pipeline at the Corner of L.K. Wood Boulevard and either 7th Street or 14th Street in Arcata (the "Arcata/Eureka Intertie"); and

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

(c) Construction of a new transmission pipeline interconnection, of a design to be mutually agreed upon by HBMWD, Arcata and MCSD consisting of an extension from the corner of Giuntoli Lane and Wymore Road, north along Wymore Road to the Bridge Pipeline (the "Arcata/MCSD Intertie"). The Aldergrove Intertie and the Arcata/MCSD Intertie together form a new emergency intertie from HBMWD to MCSD by utilizing a portion of Arcata's distribution system to connect the Aldergrove Intertie and the MCSD Intertie, to be used solely to deliver water to MCSD customers in the event of an emergency or other event that materially disrupts normal service through MCSD's existing transmission system.

Additionally, HBMWD and MCSD will jointly investigate the practicability and advisability of construction by HBMWD of an additional segment of new transmission pipeline interconnection between the north end of the Bridge Pipeline and MCSD's RPS.

2. **Subsequent Ownership.** Upon completion of the Arcata/MCSD Intertie and satisfaction of any post-completion requirements of DPH, MCSD will accept ownership of and all future operation and maintenance responsibilities and obligations associated with such Arcata/MCSD Intertie.

3. **Project Priority.** In the event HBMWD is successful in securing the Funds necessary to complete the following Projects, HBMWD will design and construct the Projects using such Funds. In the event HBMWD is unsuccessful in securing sufficient Funds to complete all Projects, first priority shall be given to completion of the Aldergrove Intertie.

4. **Existing Commitments.** The Parties understand and agree that it is critical to HBMWD's goals in completing the Projects that the terms and conditions of its existing supply agreements (Ordinance 16 and Contract for Supply of Municipal Water) with each of MCSD and Arcata remain in effect as provided in such supply agreements, including agreed upon supply volumes, and cost responsibility and allocation. The Parties do not intend by entering into this MOI that any of the terms or conditions of their respective supply agreements be altered, expanded or extended and each hereby ratifies and reaffirms each supply agreement to which it is a party.

5. **Definitive Agreement.**

The Parties agree to use good faith efforts to cooperate in determining the actions to be taken, to take all such reasonably necessary actions, in furtherance of the Projects and the Application as described in this MOI and to enter into a binding Memorandum of Agreement (the "Definitive Agreement") on or before earlier to occur of (i) October 31, 2012, or (ii) in the event a Letter of Commitment is received by HBMWD from DPH in response to the Application, the last day of the period designated by DPH for return of the executed acknowledgement of the Letter of Commitment or (iii) the date that is thirty (30) days after HBMWD notifies the Parties that it has expended the aggregate amount of \$125,000 on Project design or

compliance with the California Environmental Quality Act ("CEQA"). In addition to the terms and provisions described in this MOI, the Parties anticipate that the Definitive Agreement would provide for mutual indemnification and other terms and conditions commonly included in agreements relating to transactions such as are contemplated in this MOI. This MOI is non-binding and none of the Parties shall be obligated to proceed with the Projects and related obligations until the Definitive Agreement is executed. Nothing in this MOI shall be interpreted to approve any Project, or to commit any Party to any act that would constitute approval or commencement of any Project prior to the satisfaction of all requirements of CEQA with respect to that Project.

6. **Ratification of MOI by Legislative Bodies.** Until such time as this MOI is formally ratified by the legislative bodies of each Party, this MOI constitutes a non-binding statement of intent and creates no obligations or liability on behalf of such Party. Any Party who takes any actions in reliance on this MOI before it is ratified by all legislative bodies of the Parties does so at its own cost and risk. Until such ratification, this MOI is intended only to serve as a framework for future discussions.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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

HUMBOLDT BAY MUNICIPAL WATER DISTRICT

Carol Rische
By: CAROL RISCHÉ
Its: GENERAL MANAGER

CITY OF ARCATA

Randy Mayhew
By: Randy Mayhew
Its: City Manager

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT



Norman Shopay
By: Norman Shopay
Its: GENERAL MANAGER

July 29, 2012

Intertie Study/Prop 50 Grant Opportunity



Agenda

- Review of HBMWD Interties Study including alternatives analyzed
- Background on Prop 50 Grant
- Review Prop 50 Alternatives
- Highlight Next Steps



Intertie Study

- HBMWD Funded Regional Wide Intertie Study
- Goal – Improve water supply reliability by providing redundant or improved interconnects between HBMWD and Muni Customers systems
- Several interties have been discussed for years
- Study focused on further assessment to see which interties are hydraulically & financially viable
- Timing could not have been better

Intertie Study

- Initially Looked at:
 - HBMWD/ Arcata connection near Aldergrove
 - Arcata/MCSD connection via HWY 101 Bridge
 - Arcata/Eureka connection at 14th Street
 - Upgrades to Truesdale PS & Samoa Pipeline to improve HBMWD/HCSO/Eureka connection

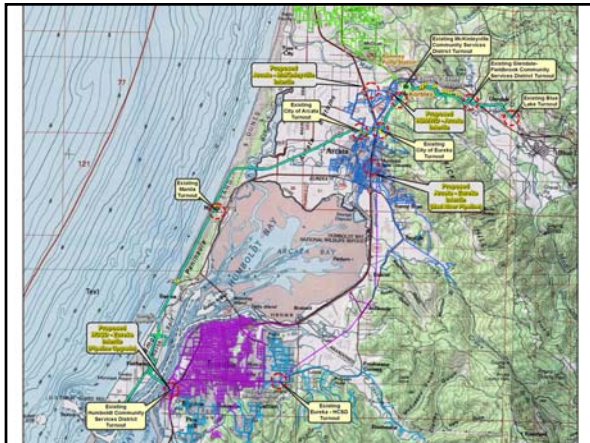
Intertie Study

- Subsequently Looked at:
 - Several Variation on Connection to MCSD
 - Arcata/Eureka connection at 7th Street



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Aldergrove Intertie

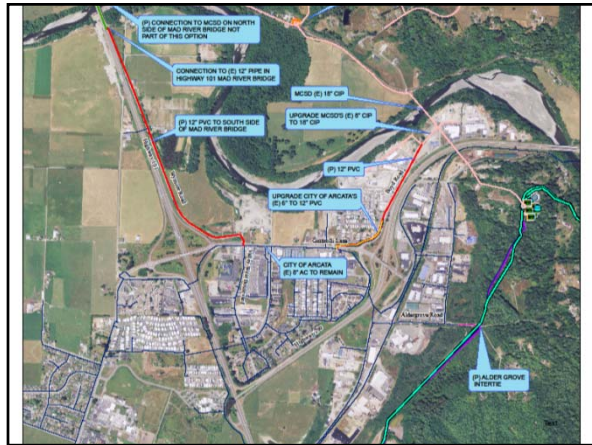
- Multiple Benefits:
 - Redundant connection to Arcata
 - Boosts Arcata system pressure in Valley West/Boyd Rd area
 - Provides additional pressure to MCSD for their potential intertie
- Two alternatives:
 - With only a pipe & meter,
 - With building to allow for fluoridation/chlorination



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Alternative	Description	Cost
HBMWD and City of Arcata Intertie at Aldergrove without Building	Install approx. 380-feet of 12" pipe to connect HBMWD's existing 33" pipe to the City of Arcata 8" pipe	\$200,000
HBMWD and City of Arcata Intertie at Aldergrove with Building	Add Water Supply Receiving Station to house fluoridation and potentially chlorination equipment	\$580,000



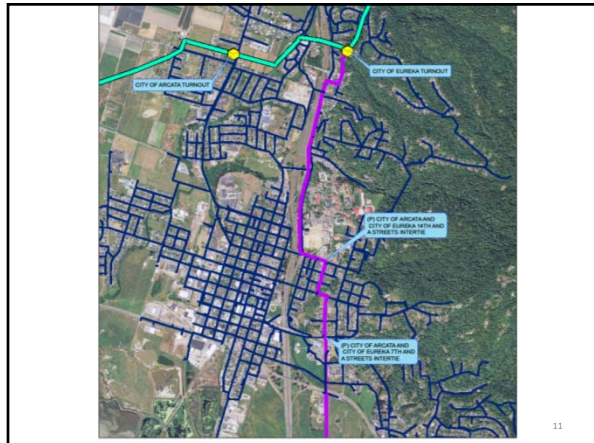
Arcata/Eureka Interties: 7th or 14th Street

- Arcata realizes distinct benefits and either connection can feed Arcata's system
- Eureka can't be fed by either unless Ryan Slough pumps boost pressure
- Depending on pump curve Eureka could realize 2,000 gpm (14th St. better option for Eureka)

Alternative	Description	Cost
City of Arcata & City of Eureka Intertie at 14 th & A Streets	Install approx. 20-feet of 12" pipe to connect between the City of Eureka's 24" pipe & City of Arcata's 12" pipe	\$140,000
City of Arcata & City of Eureka Intertie at 7 th & A Streets	Install approx. 20-feet of 12" pipe to connect between the City of Eureka's 24" pipe & City of Arcata's 12" pipe	\$140,000



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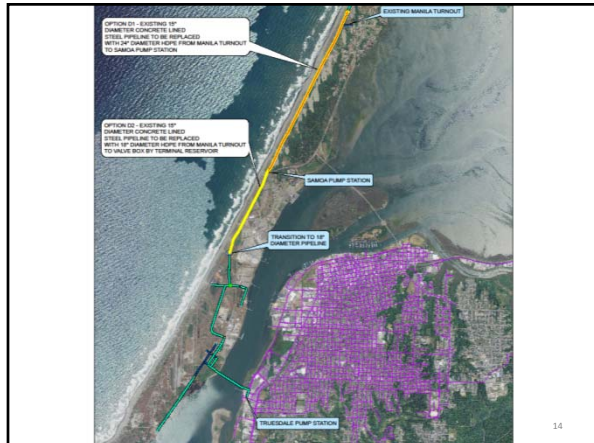
HCSD/Eureka Intertie Truesdale Pump Station Upgrade

- Existing connection provides 780 gpm to Eureka
- Pump Station upgrade provides minimal benefits, restricted by flow to the Pump Station
- Existing HBMWD 15-inch Samoa pipeline needs to be upgraded. Looked at:
 - Increasing to 24" btw Manila and Samoa PS
 - Increasing to 18" btw Manila and Techite

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Alternative	Description	Cost
Truesdale Pump Station Upgrade	Upgrade two pumps at Truesdale pump station from 50 to 100 HP	\$500,000
HBMWD - HCSD and City of Eureka Intertie – Option D1	Upgrade Truesdale & replace existing 15" pipe with 24" pipe from Manila CSD turnout to Samoa pump station	\$3,400,000
HBMWD - HCSD and City of Eureka Intertie – Option D2	Upgrade Truesdale & replace 15" pipe with 18" pipe from Manila CSD turnout to the valve box by Terminal Reservoir	\$4,100,000
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Arcata/MCSD Connection

— Reviewed multiple connection scenarios:



1. From Arcata Via Wymore road to MCSD Ramey PS
2. From Arcata via Wymore to southside of 101 bridge, utilize temporary pipe to connect from northside of bridge to Ramey Pump Station
3. From MCSD down Boyd to Arcata on Giuntolli to Wymore to southside of Hwy 101 bridge
4. From MCSD down Boyd & Giuntolli to Wymore to southside of Hwy 101 Bridge with 12" pipe and 18" pipe



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Arcata/MCSD Connection

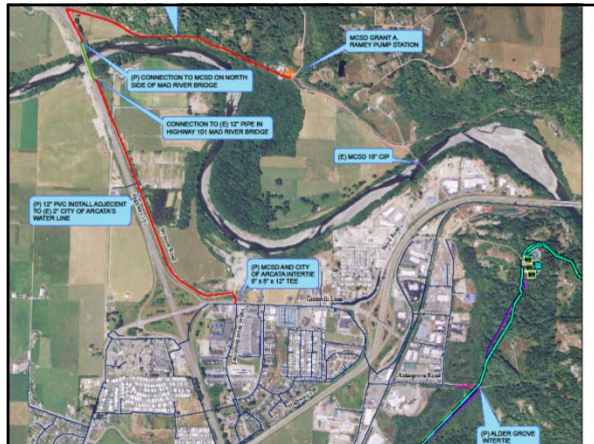
- Will hydraulically work without Aldergrove connection, but barely. Aldergrove improves performance of Arcata/MCSD options significantly.
- Hydraulically, the best option is 18” pipe from MCSD system on Boyd Road to Ramey Pump Stations (Cost = \$3.3M)
 - LAFCO issues with this option given annexation issues in Boyd Road area
- Cheapest/easiest option is connection from Arcata via Wymore Road (Cost = \$1M)

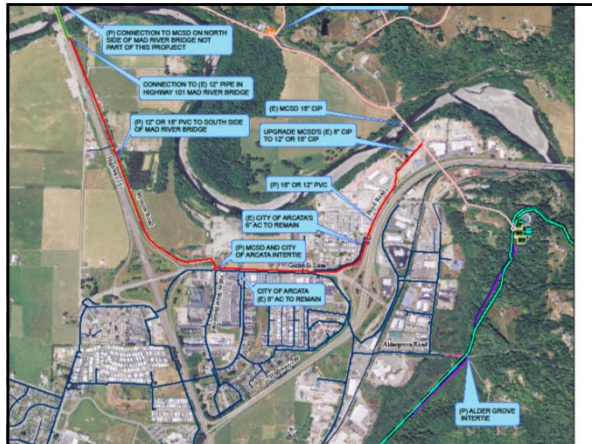


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Alternative	Description	Cost
MCSD and City of Arcata Intertie-Option C1a	Install approx. 10,000' of 12" pipe to connect 12" pipeline installed in the Mad River Bridge to the City of Arcata and MCSD's systems	\$2,000,000
MCSD and City of Arcata Intertie-Option C1b & c	Install approx. 5,000' of 12" pipe down Wymore Road to connect to south side of Hwy 100 Bridge	\$1,000,000
MCSD and City of Arcata Intertie-Option C2	A new 12" pipe connect MCSD and the City of Arcata water systems on Boyd Road in Arcata and connect again at the intertie at the intersection of Giuntoli Lane and Wymore Road	\$1,800,000
MCSD and City of Arcata Intertie-Option C3a	A completely new 12" pipe connect MCSD's water system with the S. side of the Bridge	\$2,000,000
MCSD and City of Arcata Intertie-Option C3b	A new 18" pipe connect with the S. side of the Bridge	\$2,300,000



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Interties Summary



- HBMWD now has a “System wide” model that can be utilized for future design/operational questions
- There are several viable intertie options including
 - Aldergrove interties between HBMWD/Arcata
 - MCSD intertie between HBMWD/Arcata/MCSD
 - Arcata/Eureka at 14th or 7th Streets
- Truesdale pump station upgrades need to be accompanied by 15” Samoa pipeline upgrades to realize benefits. 15” upgrade in CIP but several years out.

Prop 50-Overview of Grant

(Water Security, Clean Drinking Water, Coastal & Beach Protection Act of 2002
Water Code, Division 26.5, Chapter 3)



- Pre-Application Submitted in 2006
- Original Pre-app Request Amount - \$1.66M
 - Initially CDPH Staff said amount can change “slightly”, subsequently they said that time is the issue, not money.
- No Matching Funds required for Disadvantaged Communities (HBMWD qualifies as Disadvantaged)

Overview of Grant

(Water Security, Clean Drinking Water, Coastal & Beach Protection Act of 2002
Water Code, Division 26.5, Chapter 3)

- Original Projects in Pre-App
 - Blue Lake/Fieldbrook Pipeline Mad River Emergency Crossing
 - MCSD Pipeline Mad River Emergency Crossing
 - Truesdale Pump Station Upgrade
- CDPH said projects can change if still “closely related”






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Overview of Grant

(Water Security, Clean Drinking Water, Coastal & Beach Protection Act of 2002
Water Code, Division 26.5, Chapter 3)



- Original Ranking was by bonus points, then by population
- One Bonus Point was assigned per intertie that supplies at least 25% of water demand for recipient. We think we still need 3 interties so bonus points granted remain the same
- Ranking has generally already been applied and now complete applications will be processed in the order received and the total available grant funding is limited

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Grant Requirements

- Notice of Intent Due by June 29th
 - Submitted by HBMWD
 - Contingent upon identification of viable projects

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Grant Requirements

- NOI commits HBMWD to:
 - Submit full Application by Aug. 31, 2012
 - Sign/return Letter of Commitment (LOC) within 30 days of receipt
 - Submit Final Plan, Final Environmental Docs, Final Financial Docs within 90 days of LOC
 - Sign/return Funding Agreement within 30 days
 - Initiate project construction within 120 days of FA
 - Complete project construction within 3 years



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Application Requirements

- Labor Compliance Plan
- Project Technical Report
 - Evaluation of Alternatives
 - Cost Effectiveness
 - Conceptual Design
 - Analysis of Projected Growth
 - Cost Breakdown
 - Life Cycle Analysis
- Environmental Information Form



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Ideal Project

- Relatively Simple Design
- Straight forward CEQA
 - No major environmental impacts
 - Outside Coastal Zone
 - Non-Growth Inducing
 - No Easement/ROW issues
- Approximately \$1.66M in cost (although again been told money is not the issue, time is)





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Alternative	Description	Cost
City of Arcata & City of Eureka Intertie at 14 th & A Streets	Install approx. 20-feet of 12" pipe to connect between the City of Eureka's 24" pipe & City of Arcata's 12" pipe	\$140,000
HBMWD and City of Arcata Intertie at Aldergrove with Building	Add Water Supply Receiving Station to house fluoridation and potentially chlorination equipment	\$580,000
MCSD and City of Arcata Intertie-Wymore to southside of bridge.	Install approx. 5,000' of 12" pipe down Wymore Road to connect to south side of Hwy 100 Bridge	\$1,000,000 (upsizing to 18" adds \$300,000)
	TOTAL	\$1,720,000
Adding northside of bridge to MCSD Ramey pump station	5,000-feet of 12" pipe down North Bank Road	+\$1,000,000



Grant Requirements

- HBMWD Board approved Grant Application submittal at July 3rd Board Meeting with
 - Aldergrove with Building (if OK)
 - Arcata/Eureka 14th Street
 - MCSD/Arcata to Southside of bridge
 - With Northside connection if funds available and design & permitting can be completed in time
 - With upgrade to 18" pipe if funds available

Questions on Grant

- Have had several conversations with Ronnean Lund, CDPH
- Issues:
 - Emergency vs. Permanent Intertie
 - Can't be growth inducing
 - Ownership, can HBMWD be project lead if project doesn't touch their system

Questions on Grant

- HQ "Really wants to work with us"
- Memo has been submitted outlining preferred options and we are waiting for CDPH to schedule a conference call



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Memorandum of Intent

- Non-binding
- Between HBMWD, Arcata, MCSD
- Purpose is to:
 - Ensure agreement on proposed projects
 - Commit to working together
 - Develop a binding Memorandum of Understanding (Definitive Agreement)

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Memorandum of Intent

- MOI has stop loss feature saying Definitive Agreement in place by:
 - October 31, 2012, or
 - Date LOC is due to CDPH, or
 - Within 30 days of District expending \$125,000



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Risk

- Funding is on a First Come First Serve Basis
 - Ideally aim to submit application before Aug. 31
 - Will need to move directly into Construction Docs/CEQA in order to meet 90 day requirement (which will be reimbursable, except...)
 - If you get LOC still does not mean you will get a Funding Agreement



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Risk

- Estimated Engineering and permitting costs for preferred options is \$415,000.
- This has to be expended prior to the receipt of Funding Agreement
- MCSD has agreed in principle to cover MCSD intertie engineering/permitting costs (\$264,000) leaving \$151,000 risk for HBMWD



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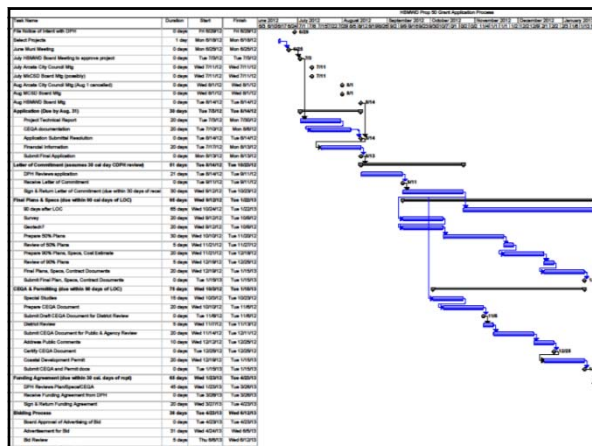
Next Steps

- Get questions answered by CDPH
- Submit full Application by Aug. 17th (due Aug. 31, 2012)
- Finalize Memorandum of Understanding
- Sign/return Letter of Commitment (LOC) within 30 days of receipt
- Submit Final Plan, Final Environmental Docs, Final Financial Docs within 90 days of LOC



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McKinleyville Community Services District

BOARD OF DIRECTORS

July 11, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.3. Approve Resolution 2012-21 authorizing application to California Department of Water Resources for Local Groundwater Assistance Grant Funding

PRESENTED BY: Norman Shopay

TYPE OF ACTION: Roll Call Vote

Recommendation:

Adopt Resolution 2012-21 authorizing the general Manager to prepare and file an application to the California Department of Water Resources for a Local Groundwater Assistance Grant.

Discussion:

Recent Board decision set policy that the District work on developing a plan to have five (5) days of water storage available to its customers in case of an emergency. To that end Staff has become aware of a grant available through the California Department of Water Resources that could help fund development of the extra storage needed to meet this goal. The deadline for the grant application is July 13, 2012. The Grant will request funding of approximately \$100,000 to develop and prepare a groundwater management plan.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

- Grant preparation cost is approximately \$5,500 and we anticipate applying for a Grant of approximately \$100,000

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- Attachment 1-Resolution 2012-21

RESOLUTION 2012-21

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AUTHORIZING THE DISTRICT'S GENERAL MANAGER TO PREPARE AND FILE AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR A LOCAL GROUNDWATER ASSISTANCE GRANT TO FUND THE PREPARATION OF A LOCAL GROUNDWATER MANAGEMENT PLAN AND PERFORM CERTAIN TESTING AND MONITORING OF GROUNDWATER; AND TO ENTER INTO AN AGREEMENT TO RECEIVE A GRANT FOR THE MCKINLEYVILLE GROUNDWATER MANAGEMENT PROGRAM, MANAGE THE GRANT, CONDUCT ALL NEGOTIATIONS, EXECUTE AGREEMENTS, AMENDMENTS, AND PAYMENT REQUESTS WHICH MAY BE NECESSARY FOR THE AFOREMENTIONED PROJECT WITH THE STATE DEPARTMENT OF WATER RESOURCES

WHEREAS, the Local Groundwater Assistance Program, administered by the California Department of Water Resources, offers grant funding up to a maximum of \$250,000 for groundwater related projects, and

WHEREAS, the McKinleyville Community Services District intends to apply for a grant totaling up to \$250,000 maximum to assist in the preparation of a local Groundwater Management Plan and related technical testing and studies, and

WHEREAS, the Board of Directors of the District recognizes the need to develop a Groundwater Management Plan for its constituents due to the lack of water storage of the McKinleyville area as it currently does not have 5 days of average demand available from storage only. It has less than 3 days of water storage available for consumption and does not provide the required 1,000 gallons per minute fire flow to all fire hydrants.

WHEREAS, McKinleyville current water supply is served by only one (1) pipeline under the Mad River, is more than 40 years old, and is located in a highly seismic active area. In the event of a major earthquake would not be accessible to be repaired in a reasonable amount of time

WHEREAS, the development of a Groundwater Management Plan (GWMP) is included in the Capital Improvement Plan (CIP) and the Board desires to move forward with the process to prepare, adopt and implement a GWMP.

WHEREAS, the Local Groundwater Assistance Program requires a resolution from the Applicant's governing body designating an authorized representative to submit said application and enter into a grant agreement with the California Department of Water Resources.

Now, Therefore, Be It Resolved that the Board of Directors of the McKinleyville Community Services District hereby finds, determines, and declares as follows:

1. That application be made to the California Department of Water Resources to obtain a local Groundwater Assistance Grant pursuant to the Safe Drinking, Water, Water Quality and Supply,

Flood Control, River and Coastal Protection Bond Act of 2006 (Public Resources Code Section 75001 et seq.)

2. The General Manager of the McKinleyville Community Services District is hereby authorized and directed to assure that the necessary data and filing of said application occurs, and execute a grant agreement with the California Department of Water Resources, subject to review by District Counsel, and take other necessary actions to manage the grant agreement, which may be necessary for the completion of the aforementioned project.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community on the 11th of July, 2012 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Dennis Mayo, Board President

Attest:

Sharon L. Denison, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

July 11, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.4. Approve Mad River Summerfest event at Pierson Park

PRESENTED BY: Jason Sehon, Parks & Recreation Director

TYPE OF ACTION: Voice Vote

Recommendation:

Staff recommends the Board approve the application for a Summerfest event to be held at Pierson Park on Saturday, August 18, 2012; with the following stipulations:

1. Event organizer shall work with Parks & Recreation Director on any required details.
2. Event organizer shall hire a minimum of four (4) security officers during the event.
3. No loud music shall be played after 9:00 pm.
4. Event organizer shall have a minimum of four (4) portable toilets in the park.
5. Event organizer shall place a minimum of ten (10) trash receptacles and ten (10) recycling cans throughout the park.
6. Event organizer shall pay for an MCSD employed event host during the times the event is open to the public.
7. Event organizer shall control traffic at the entrances to the park as follows:
 - North entrance to Pierson Park near McKinleyville Library off Pickett Road
 - North entrance to Pierson Park near Azalea Hall off Pickett Road
 - South entrance to Pierson Park near McKinleyville Activity Center off Pickett Road
8. Event organizer shall pay a security/cleaning/damage deposit in the amount of \$500.00.
9. Event organizer shall submit a certificate of insurance in the amount of \$1,000,000, which names the District as certificate holder and includes an endorsement to the policy with the District named as additional insured with a 30-day cancellation notice.
10. Event organizer shall submit a Certificate of Public Liability and Host Liquor Liability in the amount of \$500 naming the District as additional insured with a 30-day cancellation notice.
11. Prior to the event, Event organizer shall submit proof of compliance with the regulations of the Alcohol and Beverage Control Board.

12. Prior to the event, Event organizer shall submit proof of compliance with the regulations of the County of Humboldt Department of Public Health.

Discussion:

We received a request from Mad River Summerfest to host an event at Pierson Park on Saturday, August 18, 2012. The request includes using the park for setup on Friday, August 17, 2012 and cleanup on Sunday, August 19, 2012.

In the past, the event was held on Humboldt Bay Municipal Water District (HBMWD) property along West End Road in Arcata. Because of limited parking at that location, they are seeking a temporary location this year until they can find a new location for the event.

Staff from HBMWD said they felt the event was extremely organized, and that the main issue they had was the limited parking along West End Road.

The event holders have said they would provide staff to control parking, and also provide security.

They estimate between 2,000 and 3,000 in attendance. By comparison, the estimated attendance of this year's Pony Express Days at Pierson Park was between 1,000 and 1,500.

The event is free and open to the public. Activities include food booths, live music, beer booths, art booths, etc. According to their event flyer from 2011, all proceeds benefit the Friends of the Annie and Mary Rails to Trails.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Park Rental:	\$750.00
Event Host:	\$350.00
Security/cleaning/damage deposit:	<u>\$500.00</u>
TOTAL:	\$1,600.00

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Facility Use Reservation Form
- 2011 Summerfest event flyer

FACILITY RESERVATION FORM

ORGANIZATION NAME: Mad River Summerfest / Annie + Mary Rails & Trails Non-profit ID #: 68-0619

CONTACT NAME: Scott Carlson CONTACT PHONE #: 707-845-2283

ADDRESS: 1105 Gassoway Rd. CITY: McKinleyville STATE/ZIP: CA 95519

☐ Check box and provide information if the deposit should go to another party:

Name	Address:	City:	State/Zip:
DATE OF EVENT: <u>8/17 - 8/19</u>			
TYPE OF EVENT: <u>Live music, Breweries, Art & Crafts, Food, Kid zone</u>			
ESTIMATED ATTENDANCE: <u>1500</u>			
HOURS OF USE: (please list start and end times for each of the following)			
Set up: <u>8/17 12pm</u>			
Event: <u>8/17 5pm-10pm, 8/18 10am-10pm</u>			
Clean-up: <u>8/19 till 12pm</u>			
FACILITY REQUESTING: (please check all that apply)			
<input type="checkbox"/> Azalea Hall- Entire Facility <input type="checkbox"/> Activity Center			
<input type="checkbox"/> Azalea Hall-Hewitt Room <input checked="" type="checkbox"/> Pierson Park			
<input type="checkbox"/> Azalea Hall-Senior Room <input type="checkbox"/> Trailer			
<input type="checkbox"/> Hiller Park Picnic area <input type="checkbox"/> Other: _____			

SERVICES REQUESTED: (please check all that apply)

- ☐ Set-up Services (See our brochure for fees)
☐ Clean-up Services (See our brochure for fees)
☐ Complete hosting (\$12.00 per hour per staff)

EVENT INFORMATION:

Do you intend to provide outside insurance coverage within the limits prescribed by MCSD?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will entertainment be offered by other persons? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, type: _____		
Amplified Music:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Band Name/Type: <u>Variety (Blue grass, Rock, Reggae, Country, Soul)</u>
P.A. System Required?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Will you decorate the facility? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Alcoholic Beverages Served?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Alcoholic Beverages Sold?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If yes, an ABC License is required
Using a Caterer?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name of Caterer: _____
Admission charged for the Event?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Food Served?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Food Sold?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If yes, a Department of Health permit is required
Contributions Solicited:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

* Handicap accommodations must be requested at the time facility reservations are made.
* There shall be no discrimination against or segregation of any persons in connection with the use of public facilities.
* Event fees are due and payable 30 working days prior to the event date. Fees paid with less than 30 days must be paid in full by cash, credit card or money order. Checks will not be accepted less than 30 days prior to your event.
* Rental fees are fully refundable up to 60 days prior to the scheduled event less a \$20 administrative fee. Cancellations less than 59 days prior to the event will result in partial loss of deposit and/or rental fees paid. See "Guidelines, Rules & Regulations Governing Use of District Facilities" for complete Cancellation policy. * District reserves the right to cancel events for failure to meet fee deadlines and event requirements.

The undersigned, responsible individual, acting as representative of the organization entering into this agreement, certifies that the above information is correct, agrees to pay the required fees 30 working days prior to the event and meet all event requirements at least 5 working days prior to the scheduled event, agrees to obtain adequate insurance coverage for the event, including coverage from outside vendors, agrees to obey the rules and regulations as provided, and assumes full personal and financial responsibility for any damages sustained to the buildings, grounds, furniture, or equipment, and for the acts and conduct of all persons on premises at the time of the event.

The undersigned, responsible individual, and organization designated above jointly and severally agree to hold McKinleyville Community Services District, its employees, agents, volunteers, and any other person, firm or corporation charged or chargeable with responsibility or liability, free and harmless from any and all claims, demands, damages, costs, expenses, loss of service, action and causes of action by any person or persons, for injuries to persons or loss or damages to property occasioned by or arising out of the use of the facilities, equipment and premises of the MCSD.

Signature: _____

Date: 6-19-12

proud past sponsors...



6
Rivers
Brewery



City Cab



3 Gs

Traffic
Solutions Inc.

Hay and Feed



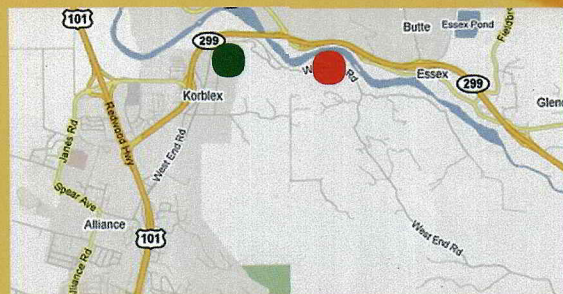
**Solo
Sports**



Humboldt Brews



1st printing



● festival location

● event shuttle parking

Shuttles from Wes Green Landscape

more locations to come...

**sponsors, vendors, volunteers
performers**

email us at:
madriversummerfest@gmail.com

this years line up...

Ishi dube

Moo Got 2

The Miracle Show

Kulica

Speakeasy Saints

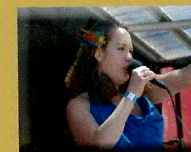
Sierra Rose Band

visit us at:
www.eruptionproductionz.com

3rd Annual MADRIVER SUMMERFEST 2011



2010 photos



Free all ages.

July 9, 2011

West End rd.

Arcata, Ca

10:00am-8pm

along the mighty Mad River
Humboldt County

Community



Fun



Brews

Music



Food



Art



Photos by Wally Obie



Hops



D i s c



A mazing



S k a t e



Hoop



F r i e n d s



River



proceeds benefit Friends of the Annie and Mary Rails to Trails