

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

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

**Wednesday, March 14, 2012
7:00 P.M.**

AGENDA

A. CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

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

B. APPROVAL OF THE AGENDA

C. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

D. CONSENT CALENDAR

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

NO CONSENT CALENDAR ITEMS

E. CONTINUED AND NEW BUSINESS

- E.1 Draft Fiscal Year 2012/2013 Capital Improvement Program (CIP) for projects through 2022 **Pg. 4**
- E.2 Parks & Recreation Master Plan update **Pg. 14**
- E.3 Potential Boyd Road annexation into MCSD's Sphere of Influence and continued service discussion **Pg. 15**
- E.4 Resolution requesting MCSD be considered for membership on the Humboldt County Association of Governments (HCAOG) **Pg. 37**
- E.5 Public Comment: Consider Acquisition of all or a portion of Real Property Parcel located at/near the junction of North Bank Road and Azalea Road (APN 507-141-017); Appointment of MCSD negotiators: Norman Shopay, General Manager; Russell Gans, District legal counsel and designation of parties with whom MCSD may negotiate: Kevin Malloy, Granite Construction Co. **Pg. 39**
- E.6 Consider Approval of a Resolution in support of Paul Helliker of ACWA Region 1 **Pg. 41**

F. REPORTS

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

F.1. ACTIVE COMMITTEE REPORTS-No Committee Reports Scheduled

F.2. STAFF REPORTS

- a. Support Services Department (Colleen Trask)
- b. Operations Department (Greg Orsini)
- c. Parks and Recreation Department (Jason Sehon)
- d. General Manager (Norman Shopay)

F.3. CHAIRMAN'S REPORT

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

G. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

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

RECESS AND CONTINUE MEETING IN CLOSED SESSION

H. CLOSED SESSION DISCUSSION

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

H.1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS -
(Per Government Code Section 54956.8) Property: APN 507-141-017, North Bank Road Under Negotiation: Purchase of the above-referenced property. MCSD negotiators: Norman Shopay, General Manager; Russell Gans, District legal counsel. Parties with whom MCSD may negotiate: Kevin Malloy, Granite Construction. Instructions to negotiators to include both price and terms of payment.

RECESS AND CONTINUE MEETING IN OPEN SESSION

REPORT OUT OF CLOSED SESSION, AND FURTHER DISCUSSION/DECISSION REGARDING AGENDA ITEM E.5

I. ADJOURNMENT

Posted 5:00 pm on March 9, 2012

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1 **Discussion of the Draft Capital Improvement Plan for the Fiscal Year Ending June 30, 2013**

PRESENTED BY: **Colleen Trask / Scott Gordon**

TYPE OF ACTION: **None**

Recommendation:

Review information provided and contact MCSD staff with any questions or clarification that you may have.

Discussion:

Attached is the draft of the Fiscal Year 2012-2013 Capital Improvement Program (CIP) covering the next ten fiscal years. The majority of budgeted expenditures for Parks and Street lighting funds are anticipated to be covered by assessments and user fees. Capital expenditures for water and sewer funds will require outside financing for the larger projects. The smaller projects are anticipated to be paid from operating funds. This will allow a more structured approach to future rate setting as these projects are undertaken.

The attached narrative further explains the underlying details. The Final CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2012-2013 budget document in May/June 2012.

Alternatives:

Take Action

Fiscal Analysis:

See attached schedules.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Draft Budget Fiscal Year 2012-2013 CIP Narrative
- Capital Improvement Projects for the fiscal years ending June 30, 2013-2022 for each fund

The Capital Improvement Program Fiscal Year 2012-2013

MCSD's Capital Improvement Program (CIP) is a multi-year plan that identifies capital assets to be purchased or constructed during a 10-year planning period. Additionally, the CIP identifies the year in which the capital asset purchase or construction is anticipated as well as the amount of funds expected to be spent.

Capital assets include tangible and intangible assets used in the operations of the District and that have an initial useful life extending beyond one year (i.e. land, improvements to land, easements, buildings, vehicles, machinery, equipment, infrastructure, etc.).

The CIP is updated annually with the first year representing the capital budget for the next fiscal year. A primary goal of the CIP is to provide MCSD with an orderly process for planning and budgeting for capital needs.

Another primary consideration in developing the CIP is to prioritize current and future needs to fit within the anticipated level of financial resources. In this way, the CIP will also assist MCSD in reviewing and evaluating capacity fees, water and sewer rates, facility rentals, and program fees so that MCSD can maintain cash reserves and debt capacity to insure the long-term preservation of District assets. For FY10/11 and 11/12 it was necessary to defer some of the previously prioritized CIP projects to a future year. This is the result of the increased water rates from Humboldt Bay Municipal Water District (HBMWD) that has resulted in overall decreased water revenue.

During FY 11/12 the Board approved a designated funds policy which included a capital asset repair and replacement reserve. The repair and replacement reserve is designed to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the repair and replacement reserve will only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future rates.

General Fund capital asset purchases and projects are significantly dependent upon property tax revenues and assessments. The Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities was renewed in FY11/12. As Proposition 1A made clear, the State's ability to redirect property tax revenues make that annual revenue source less secure and predictable than previously thought. The State is again in a deficit position and is looking for more local revenues to balance the State's budget. Local property tax remains one of the few only revenue sources left along with redevelopment funds and higher fees.

Capital Improvement Program Project Discussion

HEAVY EQUIPMENT

MCSD owns several pieces of heavy equipment used for maintenance of the MCSD facilities. Equipment in this category includes a sewer hydrocleaner, a dump truck, two backhoe/loaders, a tractor and a van with closed circuit TV.

The hydrocleaner/hydrovacuum was replaced in 2002; the unit is expected to be in service through the planning period. A new backhoe/loader was purchased in fall 2003 and is scheduled to be in service through the planning period.

The dump truck is a 1988 model and is scheduled for replacement during FY12/13 as it is well past its planned useful life. The John Deere tractor is planned for replacement in FY 11/12. These pieces of equipment are diesel powered and are required to be replaced to meet future emission standards.

The van with closed circuit TV, used to check the sewer collection system for inflow, infiltration and to inspect the quality of installation for new sewer main installations. The chassis for this equipment is a 1987 model van and is planned for replacement in FY13/14.

UTILITY VEHICLES

In 1998, the Board adopted a Fleet Replacement Plan to insure that MCSD's aging fleet of service vehicles would be replaced in an approximately ten-year cycle. At present, MCSD owns 21 utility vehicles 6 of which are more than ten years old. The District has started to exchange some of the heavier utility vehicles with light compact trucks for savings in capital and operating costs.

WATER SYSTEM

The water distribution system was originally constructed in 1972. The minimum average expected useful life of such infrastructure is 50 years. Additions to the distribution system are generally donated to the District by property developers. However, expansion of the customer base has created the need for expansion of portions of the system and occasional upgrades. Pump stations and some operating equipment have a much shorter useful life (e.g. 30 years) than pipes that can last up to 70 years or more.

Meter Technology: Currently, majority of water meters are read manually and recorded on an electronic recording unit (meter reader) that then interfaces with the accounting system. A new radio-capable meter reader was purchased in 2007. Some meters in dangerous or hard-to-reach locations are currently equipped with radio transmission capability. Water meter technology has now advanced to the point where they can be read reliably using radio technology, and the conversion to radio technology is now

cost-effective. As they age, water meters become increasingly inaccurate, generally under-reading water consumption due to aging of mechanical components. MCSD replaces older meters over time so that no residential meter will be older than 18 years. In FY10/11 MCSD replaced the heads on all newer meters with radio read heads. Starting in FY12/13 MCSD will be replacing all older meters with radio read meters. This project is projected to pay for its self in less than 8 years by allowing one Maintenance Person to read the entire district in 2 days thereby reducing the man hours required to read meters from 96 man hours per month presently to approximately 16 man hours per month. In addition, in water rationing or emergency situation radio read meters will be more effective in monitoring water flow and usage rates.

Water Storage Tanks: The District's current storage capacity for potable water is 5.25 million gallons in six storage tanks located on McCluski Hill (100,000 & 150,000 gal.), Cochran Road (1 million & 1.5 million gallons) and Norton Road (1 million & 1.5 million gallons). This can leave a 24 hour backup water supply for McKinleyville water customers at peak flow. Norton Tank 2B was recoated in FY 11/12. Additional recoating projects are scheduled for FY13/14 and FY16/17. One new 4.5 million gallon tank is planned for construction at a site to be determined. The site at Murray Road was determined to be in a seismically vulnerable area during an assessment conducted in FY 11/12. The Board adopted policy requires the District maintain a 5 day reserve of water and was the determining factor for the 4.5 million gallon capacity. Current estimates for the project include preliminary design costs of \$500,000 and construction costs of approximately \$3.5 million. The project would be paid for by some combination of developer fees, CIP reserve funds, commercial debt and the acquisition of some form of State assistance. Ultimately the project would double the District's storage capacity and should fulfill the District's requirements for water to full build-out.

Ramey (North Bank) Pump Station: MCSD purchases all of its water from Humboldt Bay Municipal Water District. Water is pumped from HBMWD's facility on the Mad River to the Ramey Pump Station. Water is then pumped to MCSD's six storage tanks where it is gravity-fed to MCSD's customers. A pre-engineering analysis was completed in fall of 2008 that recommended a complete motor-pump, electrical service and emergency generator replacement. The Ramey Pump Station Upgrade was completed in FY 11/12 and was designed for full build out and a useful life of 30 years.

Emergency Water Supply: The underground supply line from HBMWD's facility on the Mad River to the Ramey Pump Station may be vulnerable to failure in a major earthquake. If such an event were to occur during the winter, it could be several months before the supply line under the river and freeway could be repaired, restoring water supply to the Ramey Pump Station. The 12" emergency water main in the Mad River Bridge is scheduled for completion in FY 12/13. The interties, valves and piping to complete the project will take place in FY 13/14. Grant funding for this project will be pursued.

District owns Fire Hydrants in McKinleyville. Fire hydrants are generally required with new subdivisions by contractors and dedicated to the District upon testing

inspection and acceptance. An upgrade of older hydrants in commercial areas to 4" steamer nozzles to enhance fire protection is an ongoing project. Hydrants are replaced as they are identified and funds are available. Arcata Fire Protection District and the District have initiated a project to install fire hydrants in commercial areas along Central Avenue. Thirteen areas have been determined to be deficient in fire hydrant coverage. One hydrant per year will be installed. In FY 12/13 one hydrant was installed with two scheduled for FY 13/14.

Digital Control: All key water and sewer facilities are monitored constantly by computer from the MCSD field office. The Remote Terminal Units (RTU) automates the function of all facilities but existing RTUs have been in service since 1990 and are scheduled to be replaced over the next three years with a completion in FY 15/16.

SEWER SYSTEM

Sewer Collection System: Staff has placed an operational priority on investigating and monitoring infiltration and inflow of groundwater and storm runoff into the collection system. Smoke testing of the collection system is conducted when to test for leaks and misconnections. Projected growth in central McKinleyville also raises questions about the adequacy of the collection system. Engineering investigation of collection system upgrades were done as part of the 20 Year Facility Plan, but additional questions about the necessary scope as well as time frame for the project remain. Another potential problem exists in the County's unknown planned densities for the area. The District uses sewer modeling software to verify capacity in the collection system as new developments are proposed. Pipe replacement has been placed on hold pending further engineering analysis and the growth patterns within the system are better identified. The three highway undercrossings have all been identified as potential areas of concern with the Thiel Avenue crossing as the most significant.

Fischer Irrigation Site: The August 2008 WDO mandated a Reclamation Study to evaluate the District's ability to discharge treated effluent at a rate that does not exceed the agronomic rate of the pasture lands. The initial conclusion is that with intensified management and improved crop selection the District will be able to meet the standards of the RWQCB. These studies were completed in FY 11/12. The District is conducting a Pilot Study to research the viability of using Poplar, specifically native Black Cottonwood because of its characteristic of requiring more water and up taking more nutrients.

McKinleyville Waste Water Management Facility (WWMF)

Mandatory studies associated with the National Pollutant Discharge Elimination System (NPDES Permit) issued in 2008 required staff complete several studies. During the process staff also recognized the benefit in proactively proceeding with a 20 Year Facility Plan to allow the District the ability to do long term planning for our infrastructure improvements that considers our present and future regulatory environment and demonstrate to the Regional Water Quality Control Board (RWQCB), MCSD's commitment to maintaining regulatory compliance without a mandatory compliance

schedule. The 20 Year Facility Plan was completed and approved by the Board in F/Y 11/12.

Included with the 20 Year facility Plan are several alternatives for a WWMF upgrade to address issues with current and projected compliance issues. The Board approved a preferred alternative that includes modifying the existing process. An RFP to enlist a consulting firm for design will be completed and circulated early in FY 12/13 with construction to begin in the future.

Waste Discharge Permit (NPDES): On April 19, 2011 the State Water Resources Control Board (SWRCB) approved the NPDES permit for discharges from the WWMF for another 5-year term, extending the permit expiration date from August 1, 2013 to April 19, 2016. The permit was approved as a consent item on the April agenda. Modifications to the final permit terms were slight in text, but extremely huge in terms of financial savings for the District and our rate payers.

In response to District's request for sampling point modifications, sampling frequency revisions, a request for a Cease and Desist Order and a Water Effects Ration Study the RWQCB determined that a Permit revision and subsequent 5-year permit renewal would be appropriate.

BUILDING PROJECTS

With the successful passing of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities, staff will begin the design for construction of a **Teen/Family center** attached to the McKinleyville Activity Center. The facility will include a large space that can be sectioned off, storage, offices, multi-purpose activity room, restrooms, and a commercial kitchen.

The parking lots at all Pierson Park buildings will be resurfaced in FY 12/13. A picnic area with outdoor BBQ is being proposed at the bocce ball courts.

The District is in the planning stage to expand the office replacing the aging field office with and attached addition to the existing office this project is scheduled for FY 13/14.

PARKS AND TRAILS PROJECTS

The implementation of Proposition 1A reduced the General Fund property tax receipts in previous years. This seriously limited the viability of future capital projects. Since that period the District has been able to build the reserves for matching funds for available parks grants.

Staff proposes to install swing sets at Pierson and Hiller Parks. Staff also proposes to complete playground inspections and consider replacing any playgrounds that are necessary.

Staff continues to pursue grant funding for new projects. These projects are in the budget, but are contingent upon successfully receiving grants.

COMPUTERS AND SOFTWARE

Water and sewer system modeling software, base mapping software and hardware, and SCADA system hardware upgrades have been ongoing. Routine ongoing replacement of existing Operations Department, office and Parks & Recreation Department computers are budgeted throughout the planning period in order to keep the MCSD system current.

The MOMS billing and accounting system was upgraded in the office in spring of 2008. Several office computers were upgraded to take advantage of the new features in the accounting system upgrade. Upgrade of the accounting software is planned for the future.

The District began using SEMS software, in 2010 with full implementation in 2011. SEMS is a compliance resource and asset management tool for water and waste water agencies. The program also allows staff to prepare and manage work orders to identify and track jobs.

The District has historically recognized the importance of mapping all facilities and has complete paper system maps for the water and sewer systems. With advent of new technologies the District began the satellite location Facility Information System (FIS) of all facilities. Development of our FIS will require the ongoing use of global positioning system (GPS) survey equipment to keep digitized maps of District facilities current; GPS equipment was purchased in FY03/04. This equipment is planned for replacement in FY11/12.

SMALL EQUIPMENT, CONTINGENCY AND OTHER

The main MCSD photocopier was replaced in February, 2009 with a leased model with scanning and color printing capabilities. The Risograph duplicator should last through the planning period. Smaller and less expensive (more than \$500 but less than \$2,000) new equipment and emergency replacement of existing equipment cannot generally be anticipated.

Appendices to Capital Improvement Program

The following pages contain the preliminary summaries of the Capital Improvement Program's planned capital expenditures (in thousands: 10 = \$10,000). The planning period for the Program is 10 years. This planning period provides additional perspective in the formulation of the Comprehensive Action Plan, which has a planning period of five years. It should be noted that all estimated replacement costs are in current year dollars, since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly reevaluated.

McKinleyville Community Services District
General Fund (Parks & Recreation) Capital Improvement Projects
For the Fiscal Years Ending June 30, 2013 - 2022

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Hiller Park & Sports Complex Projects										
Totals:	0	0	5	5	5	5	5	6	6	6
Pierson Park Projects										
Totals:	0	0	0	0	0	0	0	0	0	0
Azalea Hall Projects										
Totals:	40	5	0	6	0	0	0	0	0	5
McKinleyville Activity Center Projects										
Totals:	20	5	5	5	5	5	15	10	6	6
Other Park Projects & Equipment										
Totals:	20	27	139	0	8	36	128	36	28	8
Law Enforcement Facility Projects										
Totals:	0	0	0	0	5	0	0	0	0	0
McKinleyville Library Projects										
Totals:	0	5	8	0	0	0	0	0	0	0
Projects Funded With Measure B Renewal										
Totals:	128	1,200	0	0	0	0	0	0	0	0
Projects Contingent Upon Grant Funding										
Totals:	0	0	0	0	0	0	0	0	0	0
Projects Funded by Quimby & Other Funds										
Totals:	180	0	0	0	0	0	0	0	0	0
Total Planned Capital Expenditures	388	1,242	157	16	23	46	148	52	40	25

McKinleyville Community Services District
Enterprise Fund Capital Improvement Projects
For the Fiscal Years Ending June 30, 2013 - 2022

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Heavy Equipment										
Totals:	100	0	10	0	300	60	0	20	50	80
Utility Vehicles										
Totals:	60	80	30	53	62	53	32	54	32	32
Water System										
Totals:	5,025	1,183	259	13	629	72	27	1,000	400	50
Sewer System										
Totals:	959	1,348	10,008	588	297	123	50	281	302	1,250
Office, Corporation Yard and Shops										
Totals:	227	172	20	10	20	10	10	20	0	400
Computers, Software and Equipment										
Totals:	35	25	25	150	25	25	25	27	0	0
Fischer Ranch										
Totals:	13	0	0	3	0	0	0	0	0	0
Small Equipment & Other										
Totals:	42	19	18	18	18	38	18	40	0	0
Total Planned Capital Expenditures	6,461	2,827	10,370	835	1,351	381	162	1,442	784	1,812
Departmental Allocations:										
Water Fund	5,257	1,331	311	129	692	165	70	1,081	441	306
Sewer Fund	1,204	1,496	10,060	707	660	216	93	362	343	1,506
Total	6,461	2,827	10,370	835	1,351	381	162	1,442	784	1,812

McKinleyville Community Services District
Streetlight Fund Capital Improvement Projects
For the Fiscal Years Ending June 30, 2013 - 2022

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Heavy Equipment										
Totals:	0	0	0	0	0	0	0	83	0	0
Poles and Lights										
Totals:	155	15	7	7	7	7	7	7	47	0
Total Planned Capital Expenditures	155	15	7	7	7	7	7	90	47	0

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.2. **Discussion regarding the Draft Parks & Recreation Master Plan Update**

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

TYPE OF ACTION: **None**

Recommendation:

Staff Requests the Board receive and review the progress of the Parks and Recreation Master Plan update

Discussion:

Staff and the Recreation Advisory Committee have been working on the Parks & Recreation Master Plan update for more than a year. At the February 1, 2012 MCSD Board Meeting, staff brought an initial draft before the Board for review and to provide an opportunity for the Board to give feedback to staff before bringing it back to the Board to consider approval.

Staff will deliver copies of the document to Board members at the March 14, 2012 Board meeting. This will be the version staff intends to bring before the Board for approval at its April 4, 2012 meeting. The plan will also available to view on our website, beginning Wednesday, March 14, 2012.

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

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.3. Potential Boyd Road Annexation into MCSD's Sphere of Influence and Continued Service Discussion

PRESENTED BY: Norman Shopay / Rebecca Crow (GHD Inc.)

TYPE OF ACTION: Voice Vote

Recommendation:

Prepare and submit an application to LAFCO to Annex the Boyd Road Area for water service only

Discussion:

Between Humboldt Bay Municipal Water District's (HBMWD) Korblex facility and the Mad River (primarily in the Boyd Road area) MCSD provides water to 22 connections including 2 fire services. The District's first water connection in the Boyd Road Area was to Del Norte Box Company in September of 1972 and by 1973 there were four connections. MCSD currently provides an average of 2.5 million gallons of water annually to the Boyd Road Area. MCSD has provided service to this area prior to the current LAFCO regulations.

A letter from the City of Arcata (copy attached) suggested that MCSD was supplying water within the City of Arcata's Sphere of Influence Boundary.

MCSD has been approached by Eureka Ready Mix for additional water service connections to facilitate a lot line adjustment with the County, however the City of Arcata has objected to MCSD's providing water. The City's reason for objecting is that servicing of parcels outside MCSD's boundaries results in impeding the highest and best use of the site.

MCSD has both a formal district boundary and a sphere of influence which indicates where services are allowed to be provided. The Boyd Road area is outside the MCSD sphere of influence. The water services are located in the City of Arcata's Sphere of Influence.

MCSD requested that GHD review and evaluate the history of the water installations and provided recommended options for MCSD to consider.

Rebecca Crow is here this evening and will be presenting an overview of information contained in her memorandum dated February 16, 2012.

Alternatives:

Staff's analysis includes the following potential alternative:

- Do Nothing
- Annex the Boyd Road Area for both Water and Sewer
- Coordinate with the City of Arcata

Fiscal Analysis:

Providing water to the Boyd Road area would further increase water revenue to the District. The District currently receives approximately \$1,500 in monthly revenue from this area.

Environmental Requirements:

Not applicable

Exhibits/Attachments

- GHD Memorandum dated February 16, 2012
- Map



Memorandum

February 16, 2012

To: Norman Shopay, MCSD General Manager
Greg Orsini, MCSD Operations Manager

Cc: Pat Kaspari, GHD

From: Rebecca Crow, PE

Tel: 707.443.8326

Subject: Boyd Road LAFCO Evaluation

Job no.: 01059-11-001-11001

Introduction

The purpose of this Technical Memorandum is to describe the options available to the McKinleyville Community Services District (MCSD) to provide water service (current and future) to water connection in the Boyd Road Area South of the Mad River and North of the City of Arcata. The sections below include the following:

- History and Status of MCSD Provision of Water Service to Boyd Road Area
- Background on the Local Agency Formation Commission (LAFCO)
- Current Service Boundaries
- Status of Existing Service Connections and Potential for New Connections
- Ability to Serve Future Water Connections
- Ability to Meet Full LAFCO Requirements
- Options for Next Steps
- Summary

History and Status of MCSD Provision of Water Service to Boyd Road Area

The McKinleyville Community Service District (District) is supplied with water from the Humboldt Bay Municipal Water District (HBMWD). Water is supplied by an 18 inch pipeline from HBMWD to MCSD's Ramey Pump station installed in 1972. This line starts at the HBMWD Korblex Facility, traverses under West End Road, under Highway 299, under Boyd Road, then finally then under the Mad River and North Bank Road to the Ramey Pump Station.

Between Korblex and the Mad River, primarily in the Boyd Road area, MCSD provides water to 22 connections including 2 fire services. The District's first water connection in the Boyd Road Area was to Del Norte Box Company in September of 1972 and by 1973 there were four connections. MCSD currently provides an average of 2.5 million gallons of water annually to the Boyd Road Area. A table of connections, average monthly water use over the last several years, and date water service was first provided to the property is included in Attachment 1. Figure 1 at the end of this memo shows the locations of the services.

MCSD has been approached by Eureka Ready Mix for additional water service connections to facilitate a lot line adjustment with the County, however the City of Arcata has objected to MCSD's provision of



water. The City's reason for objecting is that servicing of parcels outside MCSD's boundaries results in impeding the highest and best use of the site.

Background on LAFCO

Local Agency Formation Commissions (LAFCO) for each county were created in 1963 by the California Legislature in response to population growth which was resulting in premature and unplanned development and which was creating inefficient and expensive systems of delivering public services (LAFCO guidelines). While LAFCOs were created in 1963, it was not until 1985 that the first comprehensive law (Cortese-Knox Local Government Reorganization Act) addressing provision of services by Cities and Special Districts was passed. This Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 further consolidated LAFCO law and enabled LAFCOs to play a lead role in the orderly development of all local agencies. Section 56001 of the Government Code reiterates and emphasizes the State Legislature's policies of:

- Discouraging Urban Sprawl and Promoting Orderly development
- Accommodating Growth Within the Agencies Which Can Best Provide Services
- Efficiently Extending Government Services
- Collaboration of Local Officials in Addressing Regional Growth Issues
- Preserving Open Space and Agricultural Lands
- Providing Housing for People of all Incomes
- Giving Responsibility to the Agency that can Best Provide Government Services.

One of the most important charges given LAFCO was the adoption of "Sphere of Influence" for local governments. A "Sphere of Influence" is the physical boundary and service area that a local governmental agency is expected to serve. Establishment of this boundary is necessary to determine which governmental agencies can provide services in the most efficient way to the people and property in any given area. The Sphere of Influence requirement also works to discourage urban sprawl by preventing overlapping jurisdictions and duplication of services. Commissions cannot tell counties or cities what their planning goals should be. Rather, LAFCOs coordinate the orderly development of a community through reconciling the differences between city and county plans so the most efficient urban service arrangements are created for the benefit of area residents and property owners.

Current Service Boundaries

MCSD has both a formal district boundary and a sphere of influence which indicates where services are allowed to be provided. The Boyd Road area is outside the MCSD sphere of influence. The water services are located in the City of Arcata's Sphere of Influence. Figure 1 at the end of this memo also shows the location of both MCSD's District boundary and Sphere of Influence as well as that of the City of Arcata's. As can be seen from the Figure, MCSD's existing service connections are technically within the City of Arcata's Sphere of Influence.

Status of Existing Service Connections and Potential for New Connections

The existing connections in the Boyd Road area are technically out of compliance with LAFCO policy. Any new services provided in this area should be preceded with a boundary change either by MCSD or the City of Arcata. If MCSD wanted to continue to provide new water connections in this area, they would



need to modify the existing sphere of influence and annex the area into the District's boundary. It is likely that this would be completed as one LAFCO action.

LAFCO can authorize services to be provided outside a District's jurisdictional boundaries to respond to an existing or impending threat to public health or safety of residents in an affected area if the District has applied to LAFCO and provided proof of the public health threat and alternative service providers have been notified. It does not appear that the request for additional water service in the Boyd Road area is based on any public health threat, thus, it is unlikely that LAFCO would grant permission for out of District provision of services without an annexation into the District.

Ability to Serve Future Water Connections

If MCSD's pipeline will be used to provide new water connections in the future, the District will need to show that it has capacity to serve these connections. MCSD supplies water to single-family residential, multi-family residential, and commercial services. These services provided approximately 552.8 million gallons (MG) of water for an equivalent population of approximately 15,400 people for the year 2010. Based on existing storage capacity, the District has the capacity to serve an additional 254,000 gallon of water per day, without modifications to the existing systems (SHN, MCSD Water Distribution System – Preliminary Assessment – Revision 3, August 2011). If more storage were to be added to the system, The District has the right to up to 2.8 million gallons of day (MGD) from HBMWD, in comparison to the existing 1.8 MGD (current and additional system capacity). Thus, MCSD has the capacity to serve additional water, and if more storage were added they could potentially serve an additional 1 MGD of water. The pipeline serving the Boyd Road area is 18 inch pipe, which should have ample capacity to serve both the demands at the Ramey Pump Station and connections along Boyd Road

Ability to Meet Full LAFCO Requirements

In addition to provision of water service, if MCSD were to annex the Boyd Road Area into its service boundary, which is what would ultimately be necessary to provide water service, the District would have to consider LAFCO requirements. There are approximately fifteen factors that LAFCO must consider in reviewing annexation proposals according to Section 56668 of the California Code of Regulation. Several factors relevant to MCSD potentially annexing the Boyd Road area into the District boundary are discussed below.

- Consideration of natural boundaries and proximity to other populated areas: The Mad River is a significant natural boundary between the existing MCSD Service Boundary and the Boyd Road Area. The nearest bridge over the Mad River is Highway 101. It is approximately 2.1 miles from MCSD's boundary to the closest Boyd Road water connection, and approximately 3.4 miles from the District Office. While this is not a significant distance, it does present a physical natural boundary that would need to be considered in MCSD's evaluation for LAFCO. MCSD currently provides water service over five miles away from the District Office in the Dows Prairie area of the District so, the total distance should not be a negative factor in MCSD providing water service to the Boyd Road Area.
- Timely availability of water supplies adequate for projected needs: As discussed above MCSD has the capacity available to serve water to the Boyd Road area. The water transmission line already exists and the system has existing excess capacity now and can add capacity by increasing system storage. The City of Arcata does not currently have a water line which can serve the Boyd Road Area. However, the area is close to the City's existing distribution system and a new line



could likely be put in. It would be important to understand if a new line could be connected with enough capacity to serve the existing industrial facilities or if a larger supply pipe would be needed. Since MCSD already has an adequate supply line in the area, the District can be most cost effective in providing water service.

- The ability of the receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change: MCSD provides water service, wastewater collection and treatment, parks and recreation services, and street lighting to its residents. As discussed above MCSD can most cost effectively provide water service. However MCSD does not have a nearby wastewater service collection line, whereas the City of Arcata does. The Boyd Road area is primarily zoned limited industrial. Currently there are water heavy industrial users in the area, with limited need for corresponding wastewater service. It may be reasonable to serve this area with onsite septic. However, the current regulatory climate is pushing local government for more centralized wastewater and away from septic. MCSD is considering options for providing a redundant water connection for the 18 inch waterline under the Mad River. If something were developed, a sewer line could be planned and implemented at the same time. If MCSD were to apply to annex the Boyd Road Area, provision of wastewater service either septic, a new collection line to MCSD's system or coordination with Arcata to provide wastewater service should be closely evaluated. Parks and recreation services will not be highly needed in this industrial area, so that should not factor heavily into LAFCO evaluation. Transportation and Street Lighting is discussed further below.

In regards to sufficiency of revenues, MCSD has been proactive in maintaining existing systems and planning for future improvements. It could easily be shown that MCSD has the financial capability to provide services.

- A regional transportation plan adopted pursuant to Section 65080, and its consistency with city or county general and specific plans: Humboldt County currently provides transportation planning services to the Boyd Road area and to MCSD. If MCSD were to annex the Boyd Road area, the existing planning documents would remain valid, and would by their current nature be consistent with the county general plan. MCSD would take over maintenance of the street lighting, saving the county some effort.
- The SOI of any local agency which may be applicable to the proposal being reviewed and the comments of any affected local agency or other public agency: As MCSD is aware, per a letter from the City of Arcata dated November 19, 2010, Arcata is very interested in annexing the Boyd Area into their City Boundary and would likely protest any action by MCSD to annex the Boyd Road area into the District's Boundary. The City of Arcata can likely make a strong argument as to why the area should stay in their Sphere of Influence, and how they can best provide services. However, as discussed above from an economic standpoint, MCSD is able to provide the most cost effective water service to the area as new transmission lines would not need to be installed, and no upgrade to the supply pipelines would be needed. Also as currently zoned, there may be no need for wastewater service, and transportation services would be consistent with the existing conditions. Thus, MCSD could defensibly argue that incorporation into the MCSD boundary results in the best provision of services to the area.



Options for Next Steps

There are four options the District could pursue in regards to the Boyd Road area do nothing, annex the Boyd Road area into MCSD, annex the Boyd Road Area as a water only Service Area into MCSD, or coordinate with Arcata to continue to provide water service in the Boyd Road area after they annex this area into their City limits. Each of these is described in more detail below.

Option 1: Do Nothing

Under this option, MCSD would continue to provide water service to the existing Boyd Road connections, however no new connections could be added according to LAFCO. Under this option, if Arcata were to annex the Boyd Road area, it may result in MCSD being forced to discontinue water service while Arcata installs new supply pipelines.

Option 2: Annex the Boyd Road Area

In this case, MCSD would initiate a change in sphere of influence and annexation proceedings and a request to remove the area from the City of Arcata's sphere at the same time. The steps to proceed with an annexation are described below:

- Initiate annexation proceeding with a Board resolution or petition. The requirements for either are basically the same, except the petition requires signatures from either 25% of the landowners in the area or 25% of the registered voters in the area. A resolution only requires Board approval.
 - Prepare a petition of application which at a minimum includes the annexation proposal, nature of the proposal and all proposed changes in organization, a description of the boundary of the affected territory and a map, any proposed terms and conditions, the reason for the proposal, a request that proceedings take place pursuant to LAFCO to hear the petition, and a statement of whether the proposal is consistent with spheres of influence of any affected city or District.
 - Prepare a plan for providing services which at a minimum shall include an enumeration and description of the services to be provided, the level and range of those services, and an indication of when those services could feasibly be extended to the area.
- LAFCO Proceedings
 - The proponent (MCSD) delivers a complete application to LAFCO
 - The LAFCO executive Officer determines if the petition is sufficient and issues a determination in 30 days. And, a determination on satisfactory exchange of property tax is made.
 - The LAFCO Executive Office reviews the proposal and within 30 calendar days of receipt of the petition determines either the application is complete and all property tax agreements are on file and issues a certificate of filing, setting the hearing date within 90 calendar days; or notifies the proponent the application is not complete.
 - Next the Executive Office will request review of information in the proposal from any affected county department or affected agency.
 - If the Executive Office determines the proposed change may be controversial, LAFCO staff may conduct a meeting with affected land owners to give information and receive comments.



- The Executive Office will at least 21 calendar days prior to the date set for hearing, give notice via the paper and on the LAFO website and specifically to any affected agency, people requesting special notice, and landowners in the affected area.
- The Executive Officer reviews the application and the comments received and prepares a written report and recommendations. The report reviews the pertinent factors and policies, spheres of influence, and general and specific plans, and is sent at least five days prior to the hearing to each LAFCO commissioner, affected local agencies, and persons named in the application.
- The LAFCO Commission conducts the hearing on the proposal, which may be continued for up to 70 calendar days, and evaluates the proposal based on multiple factors, which are included in Attachment 2 to this memo.
- Within 35 days of the hearing, the Commission will adopt a resolution of determination taking the following actions:
 - Approve or deny with or without conditions or revisions to the proposal. If denied, no new proposal can be made for one year unless waived by LAFCO.
 - Determine if the territory is inhabited or uninhabited (inhabited means there are 12 or more registered voters who reside in the area)
 - Assign a short term designation
 - Authorize proceedings without notice, hearing or an election if there is a 100% consent and involves only annexation, detachments, and CSA formations
 - Establish conditions per government code.
- The Executive Officer sends the Commissioner's resolution to the chief petitioners, each agency whose boundaries will be changed, and to the conducting authority.
- Once the Commission has adopted the resolution, any person or affected agency may file a written request for an amendment to or reconsideration of the resolution. The request shall be filed within 30 days and state specific modifications to the resolution being requested and shall state what new or different facts that could not be previously presented warrant reconsideration. The Executive Officer shall place the request on the agenda for the next meeting of the Commission. A copy of Formal Protest hearing process is included in Attachment 2. In the end, LAFCO will make a final determination to either approve or deny within or without conditions or revisions to the proposal. If denied, no new proposal can be made for one year unless waived by LAFCO.
- Once disputes are resolved the Commission will make a final determination and issue a certificate of completion.

As can be seen above, the LAFCO process for annexation is very involved. There will be multiple opportunities for the City of Arcata to protest as they have indicated they do not want the area removed from their Sphere of influence and intend to try and annex it themselves. However, if MCSD puts together a solid application and can develop a strong position to address the natural physical boundary issue with the Mad River and provision of wastewater service, as well as coordinating with the appropriate LAFCO commissioners, annexation is a possibility. A Third option is presented below which would not require provision of wastewater service.

Option 3: Annex the Boyd Road Area for Water Service Only

MCSD could apply to LAFCO to annex the Boyd Road Area for water service only. The City of Arcata has a water only service area along Jacoby Creek Road. This is a low density residential area with demonstrated ability to be serviced by onsite septic systems. Based on the existing limited industrial zoning, it may be reasonable to make the same argument that the Boyd Road area could continue to be



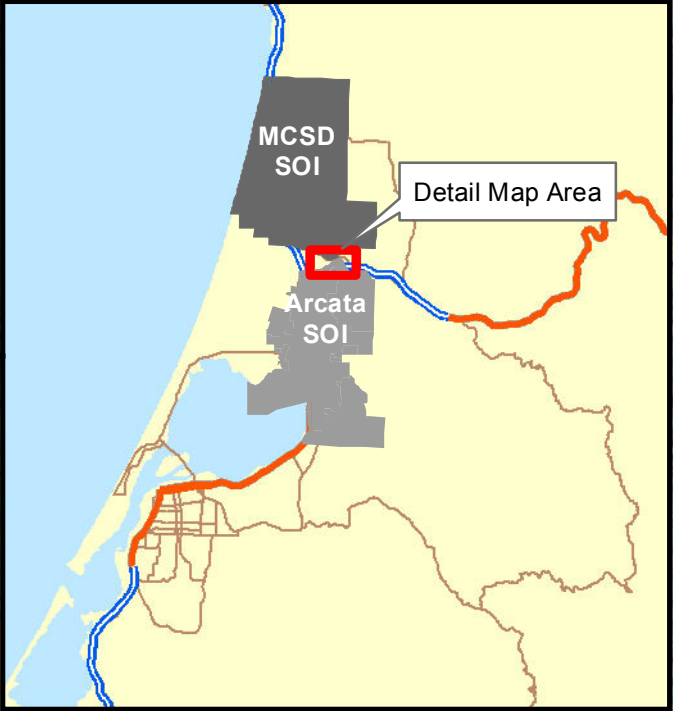
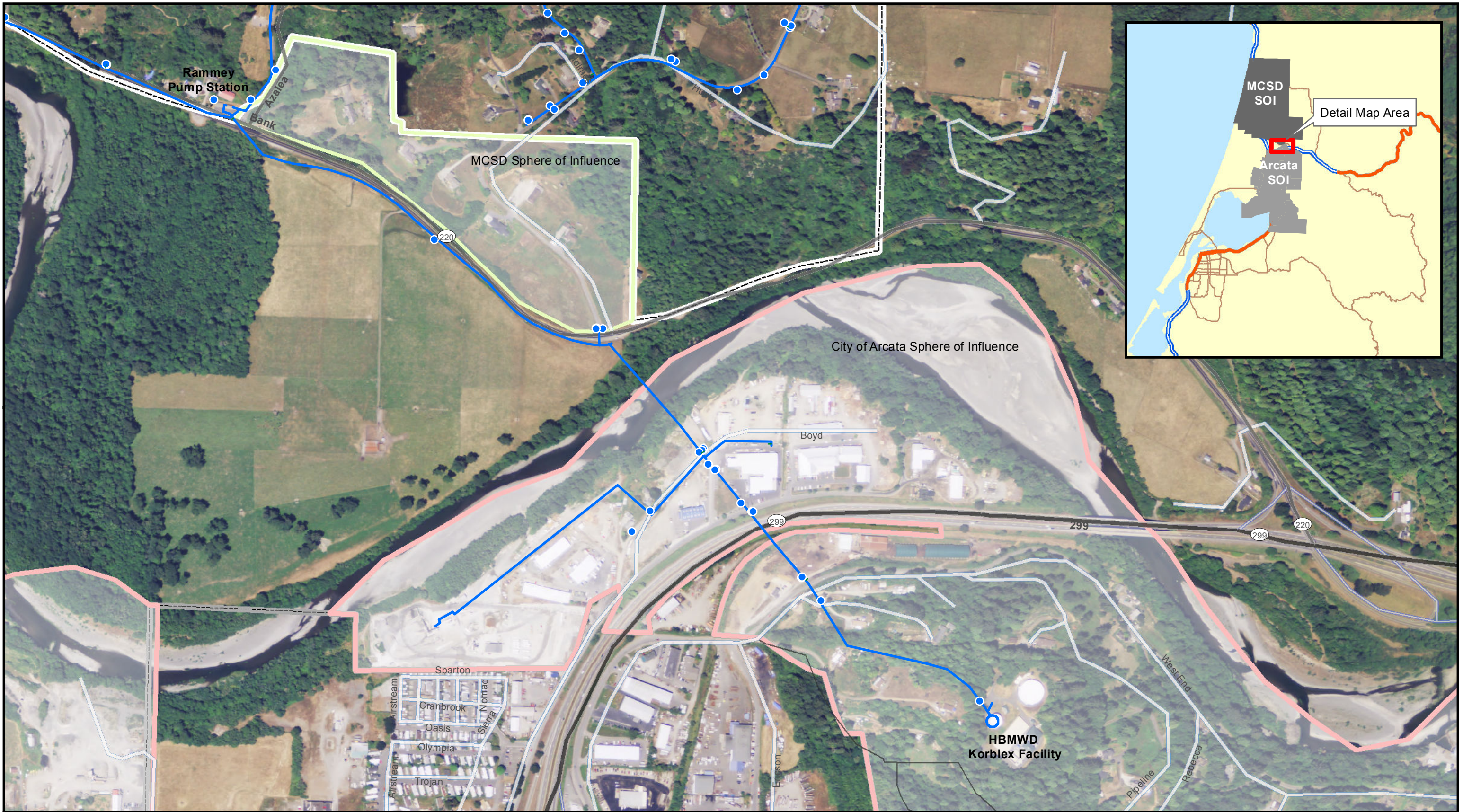
served by onsite septic. However, some industries may produce significant amounts of wastewater that could not be accommodated by a typical septic system, which could limit the types of industries that could be added to the area. The process for annexation as a water only service area would be the same as discussed above for Option 2.







Option 4: Coordinate with City of Arcata for Water Service

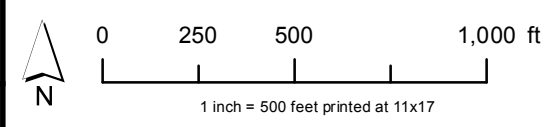
The last option is to work with the City of Arcata for the mutual benefit of the Boyd Road area. Since MCSD can provide water service most effectively to the Area, an arrangement could be worked out whereby the City pays MCSD a wheeling fee for the use of the District's pipeline. The District would be responsible for the maintenance of the transmission line as is the case today, but Arcata would be responsible for maintaining the service connections, reading meters, and billing. In this way MCSD could be justly compensated for use of the infrastructure, but Arcata would maintain control of development in the area.

Summary

This memo presented information on the existing water connections in the Boyd Road area. MCSD has been providing service since 1972 prior to the current LAFCO regulations. These connections are now technically out of compliance with LAFCO policy and future connections should only be made within areas that are formally annexed to either MCSD or the City of Arcata. MCSD can make a strong case for annexation in terms of water service, however some additional effort and economic analysis would need to be invested in to make the case for wastewater service. MCSD has four options to proceed from here. Each option has its trade offs and MCSD should carefully consider the financial investment that may be needed to challenge the City of Arcata in annexing the Boyd Road Area.



- | | | |
|--|---|--|
|  MCSD Water Meters |  MCSD SOI |  City of Arcata SOI |
|  MCSD Distribution Pipeline |  MCSD Boundary |  City of Arcata Boundary |



Sources: USDA: Aerial NAIP 2009 1 meter resolution; Humboldt County GIS: Parcels, BlueLine Streams.

Water Service Connections and Service Boundaries

Boyd Road LAFCO Evaluation
McKinleyville CSD

ATTACHMENT 1

BOYD ROAD LAFCO EVALUATION

Table A1: Summary of Water Service Connections in the Boyd Road Area			
Meter No.	Name	12 Mo Average Use (CF/month)	Year Water Service Initiated
7656	Eureka Ready Mix	7,200	2007
7743	Trinity Diesel	900	2007
7752	Caltrans	200	2007
7751	Sheila Peterson	300	2007
7750	John Piccirilli	400	2007
7749	Alsco	200	2007
7748	Scott's Heavy Equipment	100	2007
7747	Caltrans	100	2007
7746	Dutra	0	2007
7745	Schwans	0	2007
7744	Brandon Hemenway	100	2007
7927	Humboldt All Faith	3,100	1973
7654	Humboldt All Faith	1,400	2009
5956	Cummins West	900	1994
7319	J R Stephens Co.	6,100	2004
1984	G.R. Sundberg	3,200	1992
7588	Almquist Lumber	700	1973
7589	Almquist Lumber	100	2006
7587	Almquist Lumber	200	2006
7982	Three G's	2,800	1992
7658	Eureka Ready Mix (Fire Service)	0	2007
7320	J R Stephens Co. (Fire Service)	0	2004
TOTAL (CF/ Month)		28,000	
TOTAL (CF/Year)		336,000	
TOTAL (Gallons/ Year)		2,513,280	

Table A2: Boyd Road Water Service Connection Dates		
Date	Address	Company
9/1/1972	5300 Boyd Road	Del Norte Box Company
9/18/1972	5095 Boyd Road	V.E. Ingles
10/19/1972	5073 Boyd Road	Earl Villier
1/15/1973	5307 Boyd Road	Ranch Supply
4/17/1995	5150 Boyd Road	Dutra
5/2/2006	5301 Boyd Road	Almquist Lumber
7/12/2007	5165 Boyd Road	Dutra
4/15/2010	5073 Boyd Road	Nigh Shelter - All Faith Partnership

ATTACHMENT 2

BOYD ROAD LAFCO EVALUATION

HUMBOLDT COUNTY

LAFCO

Procedures Guide

This procedures guide is largely based on San Diego County's LAFCO procedures and guidelines and Assembly Bill 2838. The summaries of the applicable statutes set forth in this guide are intended to serve as general information only. For more detail, refer to the referenced sections of the applicable state code. It is recommended that LAFCO staff be consulted prior to filing any proposal.

- A. Population, density, land area and land use, per capita assessed valuation, topography, natural boundaries, drainage basins, proximity to populated areas, likelihood of significant growth during next ten years;
 - B. Need for organized community services, present cost and adequacy of government services and controls, probable future needs, probable effect of change of organization and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas;
 - C. The effect or the proposed action of alternative actions on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county;
 - D. Conformity of the proposal to Commission policies on providing planned, orderly, efficient patterns of urban development, and with state policies and priorities on conversion of open-space uses;
 - E. Effect of the proposal on maintaining the physical and economic integrity of lands in a farmland security zone or agricultural preserve in open-space uses;
 - F. Definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment and ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries;
 - G. Conformity with appropriate city or county general and specific plans;
 - H. The agencies sphere of influence (see Section IV);
 - I. Comments of any affected agency;
 - J. The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for such services following the proposed boundary change;
 - K. The timely availability of an adequate water supply;
 - L. The extent the proposal assists the receiving entity with its fair share housing needs;
 - M. Any comments from owners or land owners; and
 - N. Information relating to existing land use designations.
13. Within 35 calendar days of the hearing the Commission will adopt a resolution of determination taking the following actions (56880):
- A. Approve or deny with or without conditions or revisions to the proposal. If denied, no new proposal can be made for one year unless waived by LAFCO. If the proposal included incorporation or consolidation of a city, no new proposal can be made for two years unless waived by LAFCO (56880, 56881, 57090);
 - B. Determine if the territory is inhabited or uninhabited (inhabited territory means territory within which there reside 12 or more registered voters);

- C. Assign a short-term designation;
 - D. Authorize proceedings without notice, hearing, or an election, if there is 100% consent and involves only annexations, detachments, and CSA formations (56837);
 - E. Establish conditions as authorized by Sections 56885.5, 56886, 56886.3, 56886.5, 56887, 56887.5, 56888, 56889 and 56890 of the Government Code;
14. The Executive Officer sends the Commission's resolution to the chief petitioners if any, each agency whose boundaries will be changed, and to the conducting authority by certified mail (56882). The Commission may waive conducting authority proceedings entirely if all of the following conditions apply (56663):
- A. The subject area is uninhabited.
 - B. All of the owners of land within the affected territory have given their written consent to the change of organization or reorganization.
 - C. All affected agencies that will gain territory as a result of the change of organization or reorganization have consented in writing to a waiver of conducting authority proceedings.

Note: The Executive Officer may, before the completion of a proceeding, on good cause being shown, correct clerical errors or mistakes made through inadvertence, surprise, or excusable neglect that may be contained in the resolution adopted by the Commission making determinations, upon written request by any member of the Commission, the Executive Officer, or by any affected agency (56883).

15. When a Commission has adopted a resolution making determinations, any person or affected agency may file a written request with the Executive Officer requesting amendments to or reconsideration of the resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously, of applicable new law, are claimed to warrant the reconsideration. The person or agency shall file the request for reconsideration within 30 calendar days of the adoption of the initial or superseding resolution.

The Executive Officer shall place the request on the agenda of the next meeting of the Commission for which notice can be given. The Executive Officer shall give notice of the request in the same manner as for the original proposal.

Protest Hearings

16. If hearing and protest proceedings are not waived by the Humboldt County LAFCO, LAFCO shall set the proposal for hearing within 35 calendar days of the Commission's adoption of a resolution making determinations of a Change of Organization. The hearing shall not be held prior to the expiration of the reconsideration period specified in subdivision (b) of Section 56895. Following the reconsideration period specified in subdivision (b) of Government Code Section 56895, the Executive Officer shall give notice of that hearing by mailing, publication, and posting, as provided in the Government Code commencing with Section 56150.

Notice must be given by the LAFCO Executive Officer at least 21 days, and not more than 60 days, prior to the hearing, and shall be given by:

- A. Publication in a newspaper of general circulation;
- B. Posting on the LAFCO Web Site and near the door of the hearing room; and
- C. Mailing to each affected agency which contains territory or whose sphere of influence contains territory within the proposal, chief petitioner(s), persons requesting notice, each city within three miles, and the county in the case of incorporation or formation.
- D. Mailing to the proponents, each person requesting special notice, the county clerk (for incorporations), and each affected local agency (by giving notice to each elected local official, each member of the governing body, and the executive officer of the agency) (56661).
- E. Mailing to the Director of Forestry (for annexations to or formation of a fire protection district in a state responsibility area), the Director of Conservation (for annexation of agricultural preserves to a city), and the Executive Officer and LAFCO members of adjoining counties (for changes of organization in more than 1 county) (56157).
- F. Mailing to all registered voters and property owners, as shown on the most recent assessment roll, within the affected area and 300 feet of the exterior boundary of the proposal. If this requirement would necessitate mailing of over 1,000 notices, notice may alternatively be provided pursuant to Government Code Section 65091 (56157).

The mailed notice shall contain all of the following information:

- A statement of the distinctive short form designation assigned by LAFCO and the manner in which, and by whom, the proceedings were initiated.
 - A description of the exterior boundaries of the subject territory.
 - A description of the proposal and reasons for the proposal.
 - A statement of the time, date and place of the protest hearing.
 - In an inhabited territory, a statement that any owner of land or registered voter may file a written protest with the Executive Officer at any time prior to the conclusion of the protest hearing.
 - In an uninhabited territory, a statement that any owner of land may file a written protest with the Executive Officer at any time prior to the conclusion of the protest hearing.
17. The Humboldt County Local Agency Formation Commission hears the proposal at the noticed time and date. The hearing may be continued for up to 60 days. Any written protests must be filed with the clerk prior to the conclusion of the hearing and must be signed, have the signature date, and address or location of the property. The value of written protests must be determined in the same manner as that for determining the sufficiency of petitions filed with the Commission, and as required by Government Code Sections 57050 - 57120.

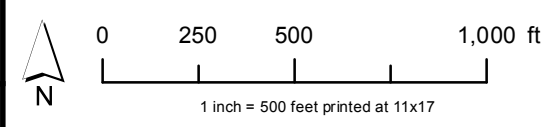
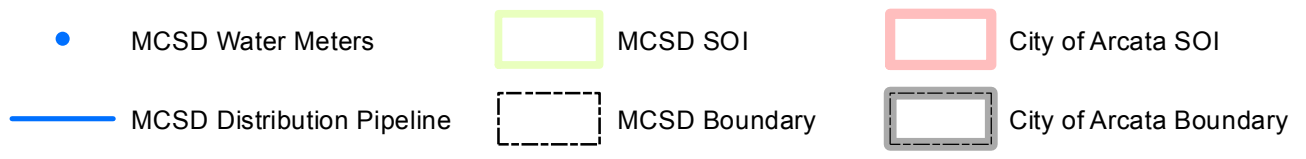
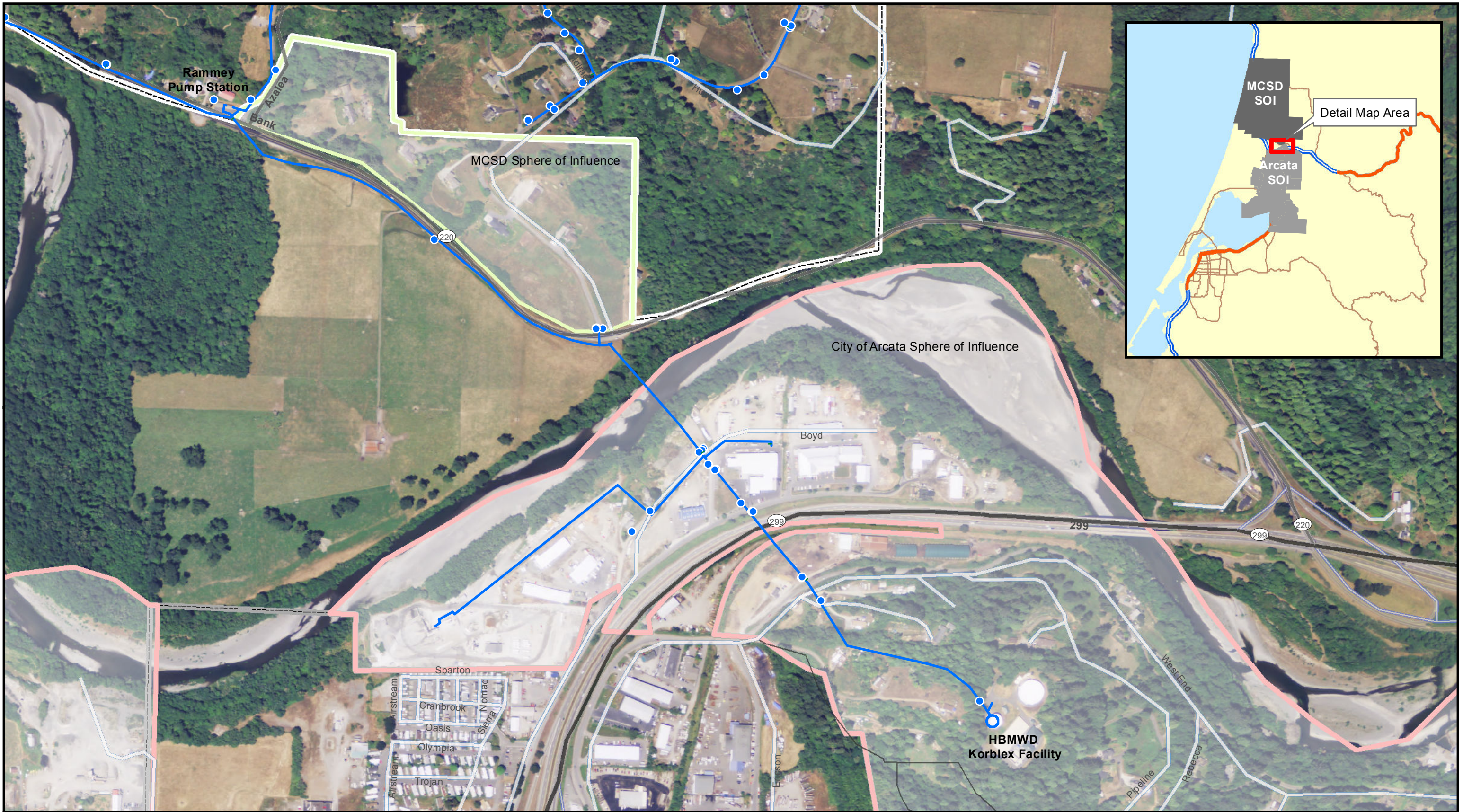
LAFCO does not have statutory authority to conduct an election if one is required. Therefore, if an election is required, LAFCO must inform the board of supervisors or city council of the affected city to direct the elections official to conduct the election.

Protest hearing may vary from the procedures described above. The applicable sections of law for the protest hearing should be consulted. Where conflicts exist, LAFCO procedures shall prevail (56100). The Commission resolution ordering the change of organization shall comply with all requirements in Sections 57100 - 57120 of the Government Code.

If a proposal is terminated, the same proposal cannot be submitted to LAFCO within one year of the date of adoption of the Commission resolution, or two years if an incorporation was included (57090). The Executive Officer prepares and retains a Certificate of Termination of Proceedings per section 56020.7 of the Government Code.

Completion and Effective Date

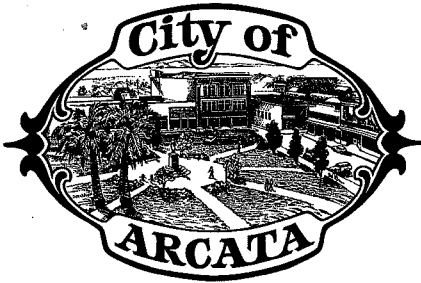
18. The Executive Officer issues a certificate of completion, which completes the proceedings. The certificate is recorded with the County Recorder. If no effective date is specified in the Commission resolution, the recordation date is the effective date. A statement of boundary change or creation is issued by the Executive Officer and filed with the appropriate fees with the State Board of Equalization and County Assessor. If it is a city change, a notice is given to the Secretary of State. Property tax resolutions, if any, are forwarded to the County Auditor for property tax transfer (56810, 57176-57204).
19. The Executive Officer gives the notice of completion and effective date to the agencies whose boundaries are affected and affected county departments. *Note: Any action or proceeding to attack, review, set aside, void or annul a determination by a commission on grounds of noncompliance with State LAFCO law shall extend only to whether there was fraud or a prejudicial abuse of discretion. (56107).*
20. The affected agencies recognize completion of the jurisdictional change: property and sales tax transfers, police and fire protection responsibilities, planning and inspection controls, etc.



Sources: USDA: Aerial NAIP 2009 1 meter resolution; Humboldt County GIS: Parcels, BlueLine Streams.

Water Service Connections and Service Boundaries

Boyd Road LAFCO Evaluation
McKinleyville CSD



736 F Street
Arcata, CA 95521

City Manager
(707) 822-5953

Environmental Services
822-8184

Police
822-2428

Recreation
822-7091

Community Development
822-5955

Finance
822-5951

Public Works
822-5957

Transportation
822-3775

RECEIVED

NOV 22 2010

McK. C.S.D.

November 19, 2010

Norman Shopay, General Manager
McKinleyville Community Services District
PO Box 2037
McKinleyville, CA 95519-2037

Dear Norm:

I enjoyed meeting with you on November 5th to catch up on several subjects of mutual interest to Arcata and McKinleyville. I want to follow-up on a couple of the issues we discussed as follows:

Mad River Bridge Water Interconnection

While I can see the value of a joint resolution between Arcata and McKinleyville, I am hesitant to bring a resolution forward at this time without details that we might need to jointly target specific funding sources (grants), or detail out specific commitments that might be required for the project to move forward. Staff assures me that we have a long-standing commitment to support interconnection with regional water system partners whenever it can either benefit both entities or even benefit one agency at no detriment to the other. Through a meeting with staff we have brainstormed the following next steps:

- Review the planning and/or engineering designs that MCSD has completed.
- Determine additional feasibility studies that may need to be completed such as review of hydrological connectivity, pressures and pumping requirements, values to any other regional partners, etc.
- Determine additional engineering design work that needs to be completed. What structures and appurtenances need to be physically constructed to complete this project.

I understand that several years ago Humboldt Bay Municipal Water District submitted a grant request via a Proposition 50 drinking water program to construct several interconnections between the regional partners (including this one). The District's application was ranked very high by the Department of Public Health, but thus far has not been funded given limited Prop. 50 funding allocations. I think it would be good for us to jointly discuss with them the potential value of this connection as it relates to the regional system, and see if the District would consider assisting with advancement of this project. To this end, I have asked our Deputy Director, Karen Diemer, to arrange a meeting with representatives from both agencies to explore this possibility.

MCSD Customers within the City of Arcata's Sphere of Influence Boundary

I appreciate your offer to look into your District Policy and the historical project data as it relates to the current and future water hook-ups along Boyd Road that are within the City of Arcata's Urban Services Boundary and Sphere of Interest. Our staff has been unable to find any documentation that the City of Arcata was ever given notice of the hook-ups, or given an opportunity to provide comment before the project was approved.

The Cortese/Knox Local Government Reorganization Act of 1985 sets forth the rules and regulations under which Cities and special districts can annex and extend services outside their boundaries. The legislative intention of this law is to encourage orderly growth and development, which is considered essential to the social, fiscal, and economic well-being of the state. It recognizes that the formation of local agency boundaries is an important factor in assuring that development is orderly. Within the legislation, the Local Agency Formation Commission (LAFCo) is given the sole and exclusive authority for the annexation of additional territory. As recently as January 2009 LAFCO reconfirmed that the Boyd Road Area is within the City of Arcata's Urban Services Boundary. This issue is critical to the City's long term plans to annex the Boyd Road and Giuntoli Lane areas.

Thanks again for initiating our getting together. I certainly gained a better understanding of current events in McKinleyville. And I am looking forward to our meeting again.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy", with a stylized flourish at the end.

Randy Mendosa, City Manager
City of Arcata

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.4. Request for a Voting Seat on HCOAG

PRESENTED BY: Norman Shopay

TYPE OF ACTION: Roll Call Vote

Recommendation:

Adopt Resolution Number 2012-11 requesting Humboldt County Association of Governments (HCAOG) consider MCSD for inclusion in HCOAG and appointment of a MCSD representative to HCAOG'S Board of Directors

Discussion:

Over the past twenty (20) years, McKinleyville has experienced substantial growth, and with that growth has encountered an increased need for services and demands on existing services, including increased needs for roads and transportation.

Staff believes it would benefit the residents of the McKinleyville area and those within MCSD's service boundaries for MCSD to have a seat on the HCAOG Board of Directors.

MCSD has experienced significant impacts on its operations based on actions historically taken by HCAOG.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- Resolution Number 2012-11

RESOLUTION 2012-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD) AUTHORIZING A FORMAL REQUEST TO THE HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS (HCAOG) THAT MCSD BE CONSIDERED FOR INCLUSION IN HCAOG AND APPOINTMENT OF A REPRESENTATIVE ON HCAOG'S BOARD OF DIRECTORS

WHEREAS, The McKinleyville Community Services District (MCSD) is a community services district formed in accord with California Government Code section 61000, et seq., which is responsible for providing water, sewer, street lights, parks, recreation and library services to the community of McKinleyville, located in an unincorporated area of Humboldt County, California;

WHEREAS, McKinleyville has a population of approximately 16,000 residents, making it the largest community in all unincorporated areas of Humboldt County;

WHEREAS, Over the past twenty (20) years, McKinleyville has experienced substantial growth and with that growth has encountered an increased need for services and demands on existing services, including increased needs for roads and transportation;

WHEREAS, MCSD believes it would benefit the residents of the McKinleyville area and those within MCSD's service boundaries for MCSD to have a seat on the Humboldt County Association of Governments (HCAOG) Board of Directors; and

WHEREAS, MCSD has experienced significant impacts on its operations based on actions historically taken by HCAOG.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY AUTHORIZE AND INSTRUCT ITS GENERAL MANAGER TO SUBMIT A FORMAL REQUEST TO THE HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENTS, RESPECTFULLY REQUESTING AS FOLLOWS:

1. That HCAOG membership criteria be amended to allow MCSD to become a member; and
2. That HCAOG provisionally vote to admit MCSD as a member of HCAOG subject to the necessary Joint Powers Agency amendments to HCAOG's governing documents. Such membership will grant the authority to the MCSD Board of Directors to designate a representative to the HCAOG Board of Directors; and
3. That HCAOG evaluate its existing Joint Powers Agreement and take all action necessary to amend said Agreement and admit MCSD as a member of the Joint Powers Agency in accord with the provisions of California Government code sections 6500 through 6536.

PASSED, APPROVED AND ADOPTED this 14th day of March, 2012 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dennis Mayo, Board President

ATTEST:

Sharon L. Denison, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.5 **Consider Acquisition of all or a portion of approximately 33 Acres of Real Property Parcel located at/near the junction of North Bank Road and Azalea Road (APN 507-141-017)**

PRESENTED BY: **Norman Shopay**

TYPE OF ACTION: **Recess and Continue Discussion in Closed Session;
Recess and Continue in Open Session**

Recommendation :

Consider purchase of the identified parcel.

Discussion:

Staff has identified the above reference parcel as potentially benefiting the District Water Department and also the Parks and Recreation Department and desires to discuss this potential acquisition of this parcel for MCSD.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

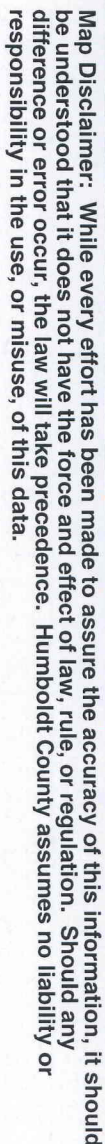
Funds for the purchase of the property can be from the General Fund reserves or Quimby Inland Park Dedication Fund and also from Water Department Reserves

Environmental Requirements:

Unknown at this time

Exhibits/Attachments:

Map



- SUBJECT**

McKinleyville Community Services District

BOARD OF DIRECTORS

March 14, 2012

TYPE OF ITEM: **ACTION**

ITEM: E.6. **Consider approval of a Resolution supporting Paul Helliker as chair of ACWA Region 1**

PRESENTED BY: **Dennis Mayo**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board discuss and consider adopting Resolution 2012-10 in support of Paul Helliker as Chair of ACWA Region 1.

Discussion:

This item was requested by Board President Dennis Mayo.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

- Not applicable

Environmental Requirements:

- Not applicable

Exhibits/Attachments

- Resolution 2012-10

RESOLUTION 2012-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT SUPPORTING PAUL HELLIKER AS CHAIR OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 1

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AS FOLLOWS:

RECITALS:

1. The Board of Directors (Board) of the McKinleyville Community services District is a member of and supports the work of the Association of California Water Agencies (ACWA).
2. Paul Helliker is currently serving as Chair for ACWA Region 1 and has indicated the desire to continue to serve as a Chair of ACWA Region1.

RESOLVES:

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT,

1. Does place its full and unreserved support of Paul Helliker for the Chair of ACWA Region 1.
2. Does hereby determine that the expenses attendant with the service of Paul Helliker in ACWA Region 1 shall be borne by Paul Helliker.

PASSED, APPROVED AND ADOPTED THIS 14TH DAY OF March, 2012 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dennis Mayo, Board President

ATTEST:

Sharon L. Denison, Board Secretary