

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, FEBRUARY 16, 2011 AT 7:00PM AT AZALEA HALL,
1620 PICKETT ROAD, MCKINLEYVILLE**

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

Helen Edwards, Board President
Dennis Mayo, Vice President
David Couch, Director
Bill Wennerholm, Director
John Corbett, Director
Russ Gans, Legal Counsel
Pierce Rossan, Willdan Financial Services

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Steve Edmiston, Finance Director
Sharon Denison, Board Secretary
Jason Sehon, Park & Recreation Director
Terry Kreig, District Auditor

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

At 7:00pm President Edwards called the meeting to order with Directors Corbett, Couch, Mayo and Wennerholm in attendance. There were no additions to the agenda. Director Wennerholm led the pledge of allegiance.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

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

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM C-PUBLIC HEARINGS: none

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Board of Directors' Regular Meeting of January 19, 2011
2. Consider approval of January, 2010 Treasurer's Report
3. DCV Violations this month

MOTION: It was moved to approve consent calendar items D1 through D3. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-PRESENTATION OF MCSD AUDIT REPORT ENDING FISCAL YEAR JUNE 30, 2010:

Finance Director Edmiston reported that the annual audit for the year ending June 30, 2010 was complete and the auditor has issued an unqualified opinion on the District's financial statements.

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Auditor Terry Kreig was present to address the Board, answer questions and give a brief overview of the financial highlights reflected in the audit. He complimented staff on a job well done.

MOTION: It was moved to accept the District's audited financial statements and the auditor's report for the year ended June 30, 2010. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.2-MCKINLEYVILLE UNION SCHOOL DISTRICT APPEAL APPLICATION REQUESTING WAIVER OF ALL WATER USE CHARGES AND/OR PENALTIES RELATED TO A FIRE SERVICE METER LEAK

AT MORRIS SCHOOL: General Manager Shopay briefly reviewed the circumstances leading up to the leak adjustment request and staff recommendations. Ross Nash representing the School District addressed the Board to explain the School District's concerns.

MOTION: It was moved to deny the McKinleyville Union School District's appeal for an additional water leak adjustment. Motion by Wennerholm; second by Couch.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.3-INFORMATIONAL DISCUSSION REGARDING POTENTIAL RECOMMENDATION TO ADJUST OUTDATED WATER AND SEWER CAPACITY FEES RELATED TO NEW CUSTOMERS:

General Manager Shopay briefly reviewed the current rates, the draft proposal to increase rates and the fiscal analysis. He then introduced Pierce Rossan with Willdan Consultants who gave a presentation that detailed the information on the proposed rate increases and the appropriate fee level for maximum cost recovery. Director Corbett expressed concern with the goal to charge maximum capacity fees and felt the goal should be reasonable recovery of costs only. Director Corbett thanked management for the review of costs and for clearly identifying the future costs of new growth and resultant impact to the District. After Board discussion and public input President Edwards asked General Manager Shopay to bring this back to the Board when data is complete with final recommendations for Board approval.

At this time 8:42PM President Edwards adjourned the meeting for a short break.

At 8:47PM President Edwards called the meeting back to order.

AGENDA ITEM E4-INFORMATIONAL DISCUSSION OF MCSD ASSUMING SOME PORTION OF PLANNING POWERS FROM HUMBOLDT COUNTY WITHIN THE MCSD SERVICE AREA:

General Manager Shopay briefly reviewed staff recommendations, explaining that the information presented tonight was general and preliminary. He reviewed the process that may allow MCSD to assume some portion of planning powers and asked for Board direction. There followed a lengthy Board discussion with concerns expressed by the Directors due to recent planning proposals regarding density changes that could affect McKinleyville and general support for continued exploration of the process and potential costs. Legal Counsel Russ Gans answered some of the Board questions and concerns and advised the Board that the first step would begin with LAFCo. President Edwards opened public input and six people addressed the Board with their concerns, although the majority supporting moving forward with the proposal to investigate feasibility and process. President Edwards closed public input. Staff was directed to put this

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on next month's agenda with ideas for committee formation to study this proposal and information on RHNA allocation numbers and the HCOAG process.

AGENDA ITEM E5-PARKS AND RECREATION PRESENTATION DISCUSSING RECENT PARKS

IMPROVEMENT PROJECTS: Park & Recreation Director Sehon gave a PowerPoint presentation and briefly described some of the projects completed in McKinleyville in the past year. He added that most of the projects were done with little or no cost to the District. The Board thanked the Park & Recreation Director for the update on the inspiring work done for the District.

AGENDA ITEM E6-BOARD DISCUSSION RELATED TO POTENTIAL INTEREST IN HAVING LEGAL COUNSEL PRESENT AND ATTEND BOARD MEETINGS:

General Manager Shopay reviewed staff's recommendation to continue the current policy used in regards to legal counsel's presence at Board meetings. After a brief Board discussion and public input it was Board consensus to continue with the current policy of having legal counsel review each agenda prior to the meeting, but to attend only for those items that were controversial or have potential liability or legal impact.

AGENDA ITEM E7-CONSIDER APPROVAL OF MCSD CLAIMS ORDINANCE 2011-01:

MOTION: It was moved to adopt Ordinance 2011-01 regarding claims against the District. Motion by Corbett; second by Couch.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch reported that the RAC had met and received input from a group that was starting a petition drive in favor of the purchase of the Washington Property.

F1b-McK Area Fund: President Edwards read a report from Mr. Kulstad that covered the last meeting held on February 2, 2011 and reporting the next meeting would be on March 18th and they would be reviewing grant applications.

F1c-RREDC: Director Wennerholm reported RREDC had not met.

F1d-McK Senior Center: Director Wennerholm reported the seniors had met on January 26th and gave a brief report on items discussed.

F1e-Audit: Director Corbett had nothing to add to tonight's audit report.

F1f-Water Task Force: Director Mayo had nothing to report.

F1g-AdHoc No Drugs & Toxics down the Drain: Director Mayo reported that the recent pharmaceutical collection was successful.

F1h-Humboldt County Advisory: President Edwards reported no meeting yet.

F2a-Support Services Department: Finance Director Edmiston had nothing to add to his written report.

F2b-Operations Department: Operations Director Orsini had nothing to add to his written report.

F2c-Park & Recreation Department: Park and Recreation Director Sehon had nothing to add to his written report.

F2d-General Manager: General Manager Shopay reviewed a few of the items in his Manager's report regarding the NPDES Permit and the Library Lease and added the WIFI router had been purchased for

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the Library but installation was delayed due to a routing problem. President Edwards directed staff to contact the County Library regarding the status of the lease.

F3-President's Report: President Edwards had nothing to report.

F4-Board Members comments, Announcements and Reports: There were no reports or announcements given by the Directors.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Edwards opened public input and David Elsebusch addressed the Board to comment on the facility plan and the pursuit of ocean outfall as a priority and express concern with the new Measure B ballot process. President Edwards closed public input.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: NO CLOSED SESSION

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 10:05PM. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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