

## EXHIBIT D.1

### **MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, MARCH 7, 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  
John Corbett, Director  
Bill Wennerholm, Director

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

#### **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 and asked Director Corbett to lead the pledge of allegiance. Director Edwards was absent. There were no additions to the agenda.

#### **AGENDA ITEM B-APPROVAL OF THE AGENDA:**

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

**MOTION VOTE:** Ayes-Corbett, Couch, Wennerholm, Mayo

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

#### **AGENDA ITEM C1-ORDINANCE AMENDING THE BOARD POLICY MANUAL TO REVISE THE BOARD OF DIRECTORS' COMPENSATION RATE:**

General Manager Shopay briefly reviewed the proposal and Secretary Sharon Denison reviewed the Ordinance. President Mayo opened public input and the following people addressed the Board:

1. David Elsebusch did not support the increase.
2. Penny Elsebusch was concerned with the legality of the increase.
3. Ron Coffman supported the increase.
4. Geoff Spenceley was concerned with a 25% raise.

**MOTION:** It was moved to approve the first reading of Ordinance 2012-01 to amend the Board Policy Manual to increase the Directors Compensation rate to \$125.00 per noticed meeting day up to a maximum of \$750.00 per month. Motion by Corbett; second by Wennerholm.

**MOTION VOTE: ROLL CALL VOTE:** Ayes: Corbett, Wennerholm, Mayo Nays: Couch

**MOTION SUMMARY:** Motion Passed-3 AYES; 1 NAY

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

1. Consider approval of minutes of the Regular Meeting of February 1, 2012
2. Consider approval of minutes of the February 2, 2012 Continued Meeting
3. Consider approval of minutes of the February 22, 2012 Special Meeting
4. Consider approval of January 2012 Treasurer's Report
5. No DCV Violations this month
6. Consider approval to declare Genie lift surplus

Director Corbett requested removal of consent calendar item D.4.

**MOTION:** It was removed to approve the balance of the consent calendar items. Motion by Corbett; second by Wennerholm

**MOTION VOTE:** Ayes-Corbett, Couch, Wennerholm, Mayo

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**CONSENT CALENDAR ITEM D.4-CONSIDER APPROVAL OF JANUARY 2012 TREASURER'S REPORT:**

Director Corbett reported that he was having trouble relating the monthly report to the budget, had questions about the reserves and the reason for variances and was concerned with the proposed budget amendments and a method to track Management Performance. Scott Gordon, Jackson & Eklund accounting, reviewed some of the changes made to give a more in depth presentation and reported that the connection fee high estimate was the primary cause for the variance in the sewer budget. General Manager Shopay reported that staff continues to make modifications and improvements to the report and would be bringing an agenda item on reserve discussion to the Board next month.

**MOTION:** It was moved to approve consent calendar item D.4. Motion by Wennerholm; second by Corbett.

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM E.1-FISCAL YEAR ENDING JUNE 30, 2012 PROPOSED BUDGET AMENDMENT:** Contract Accountant Scott Gordon reviewed the amendments proposed to the budget. Director Corbett again expressed his concern with budget amendments without a method of tracking those amendments. New Finance Director Trask felt limiting the amendments to one course correction per year would help.

**MOTION:** It was moved to approve the amended budget for FY 2011-12, with Director Corbett to work with the accounting staff to define a method for tracking budget changes in the future and to bring this back to the Board for future discussion. Motion by Wennerholm; second by Corbett.

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM E.2-WATER AND SEWER RATE EVALUATION AND PROPOSITION 218 PROCESS:** General Manager Shopay briefly reviewed staff recommendations and introduced Pierce Rossum from Willdan here tonight to give a presentation. Mr. Rossum gave a summary of the proposed water and sewer rate analysis and financial plan. Two people addressed the Board to express concern with the rate changes.

**MOTION:** It was moved to authorize staff to proceed with the Proposition 218 majority protest notice to consider increasing water and sewer charges in accordance with the Willdan Water and Sewer Rate Analysis. Motion by Corbett; second by Wennerholm

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM E.3-CONSIDER APPOINTING COMMUNITY MEMBER CHARLIE CALDWELL TO THE RECREATION ADVISORY COMMITTEE:**

**MOTION:** It was moved to approve the appointment of Charlie Caldwell to the Recreation Advisory Committee. Motion by Corbett; second by Wennerholm

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM E.4-CONSIDER ADOPTING RESOLUTION 2012-07 APPROVING THE FINAL ENGINEER'S REPORT FOR MEASURE B ASSESSMENT FY2012/2013 AND RESOLUTION 2012-08 ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS:**

Park & Recreation Director Sehon briefly reviewed the timeline, fiscal analysis and staff recommendations. President Mayo opened the public hearing and closed with no public comments received.

**1<sup>ST</sup> MOTION:** It was moved to adopt Resolution 2012-07; Approving the Final Engineer's Annual Levy Report for the Measure B Maintenance Assessment District for FY 2012/2013. Motion by Corbett; second by Wennerholm.

**MOTION VOTE: ROLL CALL VOTE:** Ayes: Corbett, Couch, Wennerholm, Mayo

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**2<sup>ND</sup> MOTION:** It was moved to approve Resolution 2012-08; Ordering the levy and Collection of Assessments within the Measure B Maintenance Assessment District for FY 2012/2013. Motion by Corbett; second by Couch

**MOTION VOTE: ROLL CALL VOTE:** Ayes: Corbett, Couch, Wennerholm, Mayo

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM E.5-APPROVE ADVANCED INDUSTRIAL SERVICES, INC. AS SUCCESSFUL BIDDER FOR NORTON TANK PAINTING RFP AND FISCAL YEAR 2011/2012 BUDGET ADJUSTMENT:**

Operations Director Orsini noted that the bid amount in staff notes was incorrect and should read a total of \$333,069.00.

**MOTION:** It was moved to approve staff recommendations:

1. Award bid for preparation and painting to Advanced Industrial Services for \$333,069.00.
2. Award the contract for coating inspection to Bay Area Coating Consultants, Inc. for \$28,400.00.
3. Include a 10% project contingency of \$41,641.00.
4. Authorize staff to amend the existing Capital Improvement budget for a total of \$458,110.00 including \$55,000.00 for design and construction management.
5. Authorize the General Manager to sign the necessary documents to allow the award of the contract and the notice to proceed.

Motion by Corbett; second by Wennerholm

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

**AGENDA ITEM F-REPORTS:**

**F1a-RAC:** Director Couch reported the RAC had met and discussion focused on the Skate Board Park. Director Mayo reported that he had attended the last Skate Board Park meeting.

**F1b-AREA FUND:** There was nothing to report.

**F1c-RREDC:** Director Wennerholm reported at the last meeting the discussion focused on the College of the Redwoods accreditation issues.

**F1d-MCKINLEYVILLE SENIOR CENTER:** No meeting was held per Director Wennerholm.

**F1e-AUDIT:** No meeting was held.

**F1f-EMPLOYEE NEGOTIATIONS:** No meeting was held.

**F1g-WATER TASK FORCE:** Director Mayo reported that the task force had met on March 5 for an optional tour of the Essex control center & treatment plant before the meeting. They covered the goals of the task force and progress on the top-tier water use options, and the CIP.

**F1h-ADHOC NO DRUGS & TOXICS SOWN THE DRAIN:** There was nothing to report.

**F1i-LOCAL AND STATE ADVISORY COMMITTEE:** There was nothing to report.

**F2a-SUPPORT SERVICES DEPARTMENT:** There was nothing to report.

**F2b-OPERATIONS DEPARTMENT:** Operations Director Orsini reported that a public meeting to review the Norton Tank Painting Project would be held at the District conference room tomorrow from 6-7:00pm.

**F2c-PARKS & RECREATION DEPARTMENT:** Park & Recreation Director Sehon reported that staff had received a commitment for a donation from Bayside Mortgage of \$700 to extend the water main at Hiller Park.

**F2d-GENERAL MANAGER:** General Manager Shopay had nothing to add to his written report.

**F.3-PRESIDENT'S REPORT:** President Mayo had nothing to report.

**F.4-BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:** No announcements, comments or reports were made by the Board.

**AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:** David Elsebusch expressed his concern with Board and Management lack of communication.

**AGENDA ITEM H-CLOSED SESSION DISCUSSION:** No closed session scheduled

**AGENDA ITEM I-ADJOURNMENT:**

**MOTION:** It was moved to adjourn the meeting at 8:40PM. Motion by Corbett; second by Wennerholm

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

**MOTION SUMMARY:** Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted,

---

Sharon L. Denison, Board Secretary