

**MINUTES OF THE CONTINUED MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES  
DISTRICT HELD ON JANUARY 5, AT 9:00AM AT 1656 SUTTER ROAD, MCKINLEYVILLE**

The continued meeting of the Board of Directors of McKinleyville Community Services District convened at 9:00am with the following Directors and staff in attendance:

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

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

At 9:00am President Mayo called the meeting to order and asked Director Edward to lead the pledge of allegiance. Directors Couch, Corbett, Edwards and Wennerholm were present. The following items were continued from the January 4, 2012 meeting:

**AGENDA ITEM E.6-MCSD DESIGNATED FUNDS (RESERVE) POLICY:** General Manager Shopay explained that the Reserve Policy is one component of the rate study process and a new policy for the District. He introduced Pierce Rossum from Willdan Financial present this morning to introduce the Draft Reserve Policy and answer questions and concerns. Mr. Rossum gave an overview of the draft designated funds policy, briefly reviewed the purpose of the policy and reviewed the proposed funds included in the policy and the target criteria for each. He added that this policy provides financial accountability for the District and eliminates some of the risk of the States ability to borrow non-designated reserve funds.

**MOTION:** It was moved to adopt the designated funds policy dated January 2, 2012. Motion by Corbett; second by Wennerholm.

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

**AGENDA ITEM E.8-WATER AND SEWER RATE ANALYSIS:** General Manager Shopay explained that the next step in the process was a review of water and sewer rates and consideration of revising the rates to adequately fund operations, maintenance and present and future capital costs. Pierce Rossum from Willdan Financial reviewed the rate process, analysis overview and asked for Board Direction on three specific items to be discussed tonight. After a brief discussion the following motions were made:

1. **MOTION:** It was moved to approve a two tier rate structure. Motion by Edwards; second by Corbett

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

2. **MOTION:** It was moved to approve a cost recovery range of between 30-40% as recommended by staff. Motion by Corbett; second by Edwards

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

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

3. **MOTION:** It was moved to approve a pass through of the annual water cost from Humboldt Bay Municipal Water District. Motion by Corbett; second by Edwards.

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

Mr. Rossum from Willdan Financial reviewed the timeline for the process that included completion of the revenue requirements and cost of service rate analysis later this month; February/March start the Prop 218 process; April/May final hearing and July 1<sup>st</sup> new rates effective date. Manager Shopay added that the process will include a workshop to go over the new proposed rates and a press release to explain the need for the increases.

**AGENDA ITEM E.9-CONSIDER RESOLUTION AUTHORIZING PURCHASE OF A THREE (3) ACRE PORTION OF A REAL PROPERTY PARCEL LOCATED AT/NEAR THE JUNCTION OF SCHOOL ROAD AND WASHINGTON AVENUE, MCKINLEYVILLE, CA (APN 508-242-008), AND REVIEW AND APPROVE PROPOSED TERMS AND CONDITIONS OF PURCHASE AND SALE AGREEMENT FOR EXECUTION AND RETURN TO THE MCKINLEYVILLE UNION SCHOOL DISTRICT:**

**MOTION:** It was moved to approve Resolution 2012-01 to authorize the Board President to sign agreement of purchase and sale and joint escrow instructions, by and between McKinleyville Union School District and MCSD for the acquisition of a portion of real property located at/near the junction of School Road and Washington Avenue, McKinleyville. Motion by Corbett; second by Wennerholm.

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

**AGENDA ITEM F-REPORTS:**

**F1a-RAC:** Director Couch reported a meeting was scheduled for the end of the month.

**F1b-McK Area Fund:** Director Edwards reported no meeting and nothing to report.

**F1c-RREDC:** Director Edwards reported.

**F1d-McK Senior Center:** Director Wennerholm had no report as they had not met.

**F1e-Audit:** Director Corbett reported they had met and discussed the audit with good input from Eklund & Jackson to protect the District from the liability of excess claims. Director Edwards added that the audit report should come to the Board next month.

**F1f-Negotiations:** There was nothing to report.

**F1g-Water Task Force:** President Mayo had nothing to report.

**F1h-AdHoc No Drugs & Toxics down the Drain:** President Mayo had nothing to report.

**F1i-McKinleyville Advisory Committee:** Director Edwards reported she was working with the GM and Ryan Sundberg to incorporate various suggestions and expected the draft to be on the Board of Supervisors agenda in February.

**F2a-Support Services Department:** There was nothing to add to the written report in the packet.

**F2b-Operations Department:** Operations Director Orsini reported on a recent serious incident where the PVC pipe broke between the main and the Letz lift station, praising his staff for a quick response that diverted a potential emergency situation. Director Corbett asked that this be reported in the next

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newsletter. Mr. Orsini added that there was a water leak on School Road due to the County damaging a French drain during the School Road Project and they planned to take care of the repair.

**F2c-Park & Recreation Department:** Park and Recreation Director Sehon expressed concern with the recent interaction with the Skate Park Committee in regards to the change of location proposed and communications with the committee in general. Director Wennerholm was concerned that the McK Press reported that the park was being moved prior to Board consideration and action.

**F2d-General Manager:** General Manager Shopay thanked all who attended the last tour of the Willits treatment plant and reported another tour was being planned in the next few weeks in Williams and he would let everyone know the schedule.

**F3-President's Report:** President Mayo reported he would be working with Manager Shopay regarding meeting protocols as he starts his new role as President of the Board.

**F4-Board Members comments, Announcements and Reports:** President Mayo reported he had a Region 1 conference call planned at 9:30am at the District office tomorrow morning.

**AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:** President Mayo opened public input and closed with no additional comments received.

**AGENDA ITEM H-CLOSED SESSION DISCUSSION:** None

**AGENDA ITEM I-ADJOURNMENT:**

**MOTION:** It was moved to adjourn the meeting at 10:38am. Motion by Corbett; second by Edwards.

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,  
Board Secretary

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