

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, SEPTEMBER 21, 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

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

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. Directors Corbett, Couch, Mayo and Wennerholm were present. Director Couch led the pledge of allegiance.

AGENDA ITEM B-APPROVAL OF THE AGENDA: President Edwards announced that agenda items E5 and H2 were being removed from tonight's agenda. There were no other changes or additions to the agenda.

AGENDA ITEM C1- PUBLIC HEARING-REVISED ENGINEERS REPORT REGARDING WATER AND SEWER CAPACITY FEES CHARGED TO NEW DEVELOPMENT AND NOT CURRENT UTILITY CUSTOMERS: General Manager Shopay briefly reviewed the history of water and sewer connection and capacity fees, why the increase was needed and how the new charges were calculated. After a brief Board discussion President Edwards opened the public hearing and the following people addressed the Board:

1. Ron Coffman thanked the Board for the thoughtful process and planning for the future.
2. Penny Elsebusch expressed concern with the effect the increase will have on developers and concern that there was no project description.
3. Jim Furtado thanked the Board and Staff for listening to his input and concerns and answering his questions.
4. Jeff Dunk supported staff recommendations and felt it was overdue and should be reviewed periodically.

President Edwards closed the public input with no additional comments received. Director Couch appreciated Section 5 of the Ordinance that specifies the funds collected will be deposited in separate accounts and not co-mingled with other District monies.

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1st Motion:

MOTION: It was moved to approve the engineers report and the revised water and sewer capacity fees charged to new service connections dated September 15, 2011, with the proviso that the fees be reviewed periodically and revised as needed. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

2ND Motion

MOTION: It was moved to approve Resolution 2011-23 to amend the MCSD Rules and Regulations to increase the rates of the District's water and sewer capacity fees. Motion by Corbett; second by Mayo

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Board of Directors' Regular Meeting of August 17, 2011
2. Consider approval of August 2011 "Draft" Cash Disbursement Report and Investments and Cash Flow Report.
3. DCV Violations

The Board had no questions or concerns. David Elsebusch requested consent calendar D.2 be pulled to comment on.

MOTION: It was moved to approve the consent calendar items D.1 & D.3. Motion by Mayo; second by Corbett

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

Consent Calendar Item D.2:

The Board had no comments. President Edwards opened public input and David Elsebusch expressed his concern with the financial reports not accurately reflecting current department balances. President Edwards assured Mr. Elsebusch that adjustments will be made after the annual audit is completed and adopted into the system.

MOTION: It was moved to approve consent calendar D.2. Motion by Mayo; second by Corbett

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-MURRAY ROAD PROPOSED WATER TANK LOCATION. SEISMIC HAZARD

ASSESSMENT STUDY, OVERVIEW AND HISTORY OF MURRAY ROAD SITE: General Manager Shopay reported that Frank Bickner from Laco Associates would give a brief presentation with results from their assessment study of the proposed Murray Tank Site following Secretary Denison report on the history of the site. Secretary Denison reviewed the history from purchase to date. Mr. Bickner from Laco introduced himself, reviewed the geology of the proposed tank site on Murray road, the potential extra cost involved with placing a tank there due to the seismic hazards found, and suggested potential alternative sites that would be more appropriate. President Edwards thanked Mr. Bickner for the

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report. Manager Shopay reported that staff was looking at alternate locations that would both meet the needs and be more suitable than the Murray tank site due to the seismic risk and expense to assure stability. He promised to bring alternatives to the Board in the future.

AGENDA ITEM E.2-CONSIDER APPROVING REQUEST FOR PROPOSALS (RFP) TO DESIGN, MANAGE AND INSPECT RECOATING PROJECT FOR NORTON 1.5 MILLION GALLON WATER TANK: Operations Director Orsini briefly reviewed the fiscal analysis and staff recommendations.

MOTION: It was moved to award the services contract to Oscar Larson & Associates; authorize the General Manager to execute a professional services agreement not to exceed \$55,000; direct staff with the aid of the consultant to prepare bids and advertise, with the returned bids to be brought back to the Board for consideration and award. 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.3-ADOPT RESOLUTION 2011-22 WITH PROVISIONS FOR VOLUNTEERS, WORK-STUDY AND INTERNS:

MOTION: It was moved to approve Resolution 2011-22 for the purpose of providing workers' compensation coverage for volunteers, work-study and interns. Motion by Edwards; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.4-WATER AND SEWER ILLEGAL CONNECTIONS: Operations Director Orsini briefly reviewed the process followed by staff to identify potential illegal second unit connections. Secretary Sharon Denison reviewed the status of the fifteen reports and the results to date, adding that the public has been very cooperative in resolving the issue. She reported that a total of \$14, 274 have been collected in connection and capacity fees and monthly billings have been increased to reflect the additional units. The Board praised the General Manager and staff for their diligence in finding and reporting illegal second units.

AGENDA ITEM E.5-CONSIDER ACQUISITION OF ALL OR A PORTION OF REAL PROPERTY PARCEL LOCATED AT/NEAR THE JUNCTION OF SCHOOL ROAD AND WASHINGTON AVENUE, MCKINLEYVILLE (APN 508-242-008): This item was pulled from the agenda at the beginning of the meeting.

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch had nothing to report.

F1b-McK Area Fund: President Edwards had nothing to report.

F1c-RREDC: Director Wennerholm had nothing to report. President Edwards reported she would be attending the next meeting.

F1d-McK Senior Center: Director Wennerholm had nothing to report.

F1e-Audit: Director Corbett reported they had not met as the audit was still in process.

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

F1g-AdHoc No Drugs & Toxics down the Drain: Director Mayo had nothing to report.

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F1h-Humboldt County Advisory: President Edwards reported progress has been made on the draft but it was still being worked on.

F1i-McKinleyville Area Planning Commission Formation: President Edwards had nothing to report.

F2a-Support Services Department: Scott Gordon, contract accountant from Jackson & Eklund, reported that the loan proceeds of \$946,034 from I-Bank had been received by the District and deposited into the appropriate account.

F2b-Operations Department: Operations Director Orsini reported that the District's portion of the School Road Project was completed and by doing the work in-house staff was able to save the District 50% of the anticipated cost. He commended his staff for a job well done.

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

F2d-General Manager: General Manager Shopay reported that the 20 year facility plan had been postponed until the October meeting. He added that staff has been reviewing the draft and should have it ready to release to the Board next month.

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

F4-Board Members comments, Announcements and Reports: No announcements were made.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Edwards opened public input and the following people addressed the Board:

1. Mike Adkins expressed his appreciation of the Board and agreed with their stand on the County housing element changes proposed.
2. George Wheeler expressed concern with the recent pesticide application at Fischer Ranch and asked for a lease amendment to ban herbicides, and reported a petition was in circulation and would be brought to the Board.
3. Megan O'Brien expressed concern with herbicide use and requested this be placed on the agenda for further discussion.
4. Ken Miller suggested formation of a study group to look into future alternatives.
5. Greg Jaso supported looking at an alternative use of the property.
6. Penny Elsebusch was against all and any future herbicide spraying.
7. Catherine Quinn expressed concern with District use of pesticides and asked for this to be put on a future agenda for discussion.
8. David Elsebusch supported drafting a new lease for the current lessee and asked for a future agenda item on herbicide use.
9. Harold Reese expressed concern with the dosage used and said the neighbors are against use of poisons.
10. Jeff Dunk reported that the School District has an Integrated Pest Management policy and suggested that the District look into a conservation easement for the Fischer Ranch.

President Edwards closed public input. After a brief discussion President Edwards directed both Director Mayo and Corbett to work with the concerned public to develop a list of future alternatives for Fischer Ranch use and the pros and cons and costs associated with those alternatives.

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At 8:59 PM President Edwards adjourned the meeting for a short break prior to closed session discussion.

At 9:11 PM President Edwards called the meeting back to order and opened public input on the closed session item. David Elsebusch expressed concern with the closed session item; concern with the cost for legal counsel to be present for the entire meeting and felt the Board showed disrespect to the public.

President Edwards closed public input with no additional comments received and announced that the Board would be going into closed session as soon as the room was cleared for discussion of agenda item H.1. (Item H.2 was pulled from the agenda at the beginning of the meeting). Closed session began at 9:13 PM.

AGENDA ITEM H-CLOSED SESSION DISCUSSION:

H.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (Number of Cases = One (1)).

TIME OUT OF CLOSED SESSION: At 9:35 PM the Board adjourned into open session. President Edwards announced that no action was taken at this time in regards to Agenda Item H.1.

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 9:36 PM. 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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