

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

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

**Wednesday, December 29, 2010  
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.*

- C.1 Second Reading of Ordinance 2010-01 amending the MCSD  
rules and regulations to increase facility rental fees Pg. 3**

**E. CONTINUED AND NEW BUSINESS**

- E.1 Consider adopting Resolutions 2010-26 & 2010-27 initiating proceedings for the formation of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities; Accepting and approving the Engineer's Report regarding the formation of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities and the levy and collection of annual assessments related thereto commencing with Fiscal Year 2012/2013, ordering a property owner protest ballot proceeding on the matter of**

**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.*

**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.*

**NO CLOSED SESSION SCHEDULED**

**I. ADJOURNMENT**

**Posted 5:00 pm on Wednesday December 22, 2010**

# **McKinleyville Community Services District**

## **BOARD OF DIRECTORS**

**December 29, 2010**

**TYPE OF ITEM: ACTION**

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**ITEM: C.1.                      Second reading of Ordinance 2010-01 amending the MCSD Rules and Regulations to increase facility rental fees**

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

**TYPE OF ACTION:             Roll Call Vote**

**Recommendation:**

Staff Requests the Board open a public hearing for the second reading of Ordinance 2010-01, receive public input, close the hearing and then consider adoption of Ordinance 2010-01.

**Discussion:**

At the December 15, 2010 meeting, the Board conducted the first reading of Ordinance 2010-01 regarding the 5% increase in District facility rental fees. At that time the Board had not requested any edits to the existing language of the Ordinance.

If adopted, Ordinance 2010-01 will be duly accepted for implementation effective February 1, 2011.

**Alternatives:**

Staff's analysis includes the following potential alternative:

- Take no action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments**

- Ordinance 2010-01
- Revisions to District Rules and Regulations

## **ORDINANCE 2010-01**

### **AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AMENDING THE MCSD RULES AND REGULATIONS TO INCREASE FACILITY RENTAL FEES**

**WHEREAS,** the Board wishes to provide quality parks and recreation services to its constituents; and

**WHEREAS,** the Board has determined that fees and charges should reflect District costs of providing services; and

**WHEREAS,** the District has certain fees which may no longer cover operating expenses; and

**WHEREAS,** the Board may revise and/or increase facility rental fees as deemed necessary by Board action; and

**WHEREAS,** the Board on December 15, 2010 held a duly noticed hearing to consider first reading of this ordinance; and

**WHEREAS,** notice of this hearing was posted and published in accordance with state law and copies of the draft ordinance have been made available for public inspection prior to the December 15, 2010 hearing on this ordinance; and

**WHEREAS,** the Board on December 29, 2010 held a duly noticed hearing to consider second reading of this ordinance; and

**WHEREAS,** notice of this hearing was posted and published in accordance with state law and copies of the draft ordinance have been made available for public inspection prior to the December 29, 2010 hearing on this ordinance; and

**WHEREAS,** the ordinance will be duly accepted for implementation effective on February 1, 2011.

**NOW THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE  
COMMUNITY SERVICES DISTRICT DOES HEREBY AMEND THE MCSD RULES  
AND REGULATIONS AS FOLLOWS:**

## REGULATION 45. - PERMITS, FEES AND DEPOSITS

**Rule 45.01. FACILITY USAGE PERMITS REQUIRED.** A valid facility usage permit is required for individuals or organizations to use any indoor facility or any outdoor facility for organized functions, to use any system for amplifying sounds, or to sell or serve alcoholic beverages at an organized function.

**Rule 45.01.a. PERMIT TYPE DEFINITIONS.** The District shall issue permits based on the following definition of use:

a. A "Special Event" shall be defined as use deemed to be non-programmatic with estimated attendance of less than 500 persons and no more than posted capacities at indoor facilities; for which off road and facility parking space is adequate; for which street closures are not required; and for which cancellation of approved vendor programs is not required.

b. A "Large Scale Community Event" shall be defined as use deemed to be non-programmatic with estimated attendance of more than 500 persons but no more than posted capacities at indoor facilities; or for which off-road and facility parking space is adequate; or for which street closures may be required; or for which cancellation of an approved vendor program is required.

c. A "Vendor Contract" shall be defined as use by those individuals approved by the District Board of Directors, offering ongoing programs on a regular basis for no more than twelve months.

**Rule 45.02. FACILITY USAGE PERMIT PROCESS.** Any individuals or organizations seeking issuance of a facility usage permit hereunder shall file a request for permit to use District facilities on the appropriate reservation form provided by the District. All requests must be filed with the District along with the required facility usage deposit, usage fees, proof of appropriate insurance coverage, and fees for other services at least ten (10) working days prior to the actual event date. The Parks and Recreation Director, under direction of the Board, may impose additional conditions for approval.

**Rule 45.03. FACILITY USAGE FEES.** Facility usage fees, as established and adopted by the District Board shall be charged for and must accompany each facility usage permit request required hereunder for said facility usage permit request to be fully and properly executed by the District.

**Rule 45.03.a FEE STRUCTURE DEFINITIONS.** The District shall identify the following fee structure definitions when charging customers for use of facilities:

A "Non-Profit Group" shall be defined as any group or organization, which can supply proof of non-profit status via the Internal Revenue Service code. Other Governmental entities shall be considered as falling within the guidelines of this definition.

A "Vendor" shall be defined as an individual or organization, approved by the District Board of Directors, that has a fully executed vendor contract for use of District facilities.

A "Private Citizen/Business" shall be defined as other potential users not fitting within the "non-profit group" or "vendor" definition.

An "Event Host" shall be defined as a District employee who has received training regarding use of District facilities for outside events. Event hosts are required for all events except those taking place at Azalea Hall concurrently with McKinleyville Senior Center events or at District facilities for those events sponsored by a District approved vendor.

**Rule 45.03.b. FACILITY USE FEES.** The District shall charge the following rates for use of a District-owned facility for each use specified below:

### ACTIVITY CENTER

Non-Profit Groups/Vendors  
Private Citizen/Business

\$24.00/hour  
\$34.00/hour

AZALEA HALL-ENTIRE FACILITY

Non-Profit Groups/Vendors	\$41.00/hour
Private Citizen/Business	\$54.00/hour

AZALEA HALL-HEWITT ROOM

Non-Profit Groups/Vendors	\$31.00/hour
Private Citizen/Business	\$39.00/hour
All Day Rate	\$346.00
Half Day Rate	\$203.00

AZALEA HALL-MEETING ROOM

Non-Profit Groups/Vendors	\$11.00/hour
Private Citizen/Business	\$15.00/hour

LIBRARY CONFERENCE ROOM

Non-Profit Groups/Vendors	\$18.00/hour
Private Citizen/Business	\$20.00hour

PARKS

Special Events Only	\$5558.00/day
Large Scale Community Events	\$110.00/day
Commercial Events	\$220.00/day

SPECIAL EVENT SERVICES

Event Setup

Events with less than 100 persons	\$57.00
Events with 101-200 persons	\$79.00
Events with more than 200 persons	\$100.00

Event Cleanup

Events with less than 100 persons	\$100.00
Events with 101-200 persons	\$125.00
Events with more than 200 persons	\$150.00

**Rule 45.03.c. EVENT SERVICES FEES.** The District shall charge a fee of \$15 per hour for an event host for those events requiring such a host. The minimum charge shall be two hours. Other events service fees shall be determined each year and are based on the direct expense associated with providing said service. Such event fees shall be established and adopted by the Board.

**Rule 45.03.d. RECREATION PROGRAM FEES.** The District shall charge participants program fees based on the direct expenses associated with each individual program. Program fees shall be determined each year and as programs are added to the Department's current services index. Program fees shall be established and adopted by the Board prior to registration being accepted for said programs.

**Rule 45.04. DEPOSIT.** A facility usage deposit, as established and adopted by the District Board must accompany each facility usage permit request for any facility usage permit required hereunder. The facility usage deposit shall be refunded to the applicant within fifteen working days if the facility is restored to pre-use conditions. If District cleanup is required to restore the facility to pre-use conditions or damage is noted to the facility, any refund will be less the expense associated with returning the facility to pre-use conditions.

**Rule 45.04.a. FACILITY USE DEPOSIT FEES.** The District shall charge a \$100 deposit for events, which qualify and are defined as special events. The District shall charge a \$200 deposit for events, which qualify and are defined as large-scale community events.

**Rule 45.05. INSURANCE.** A facility usage permit request shall not be considered fully executed unless the individual or organization seeking issuance of a facility usage permit obtains and furnishes liability coverage for the event, which is acceptable to the District. The Parks and Recreation Director may impose additional conditions for approval.

**Rule 45.06. PERMITS FOR USE OF FACILITIES.** The District shall only grant a facility usage permit for organized use of a facility when each of the following findings can be made:

- (a) The requested area of the recreation and parks system for which the facility is located within is available during the period for which the facility usage permit is requested;
- (b) The expected attendance does not exceed the capacity of the facility or area.
- (c) The use for which the facility usage permit is sought complies with the use established for the facility or area requested.

**Rule 45.07. USE OF SOUND AMPLIFICATION SYSTEM.** The District shall only grant permission for use of any sound amplification system when each of the following findings can be made:

- (a) The individual or organization seeking permission for use of a sound amplification system must file, with the District, a facility usage permit request for the facility in which use of the sound amplification system is requested.
- (b) The sound amplification system proposed will not unduly inconvenience or disturb neighboring properties or other recreation and parks system facility users.
- (c) The maximum noise from use of the sound amplification system complies with Humboldt County's Noise Regulations;
- (d) The use for which permission is sought complies with the use established for the facility or area requested.

For those events at which sound amplification systems are utilized, the following requirements shall also be required:

- (a) A District supervisor will be assigned to be present throughout the event.

**Rule 45.08. SALE OR SERVICE OF ALCOHOLIC BEVERAGES.** The District shall only grant permission for sale or service of alcoholic beverages when each of the following findings can be made:

- (a) The individual or organization seeking permission for sale or service of alcoholic beverages must file, with the District, a facility usage permit request for the facility in which the sale of alcoholic beverages is requested.
- (b) If applicable, the individual or organization seeking permission has a valid permit from the Alcohol Beverages Commission to sell alcohol.
- (c) If applicable, the individual or organization seeking permission has secured outside security services.
- (d) The use for which permission is sought complies with the use established for the facility or area requested.

For those events at which alcohol is served or sold, the following requirements shall also be required:

- (a) A District supervisor will be assigned to be present throughout the event.
- (b) Facilities will not be rented for events at which the consumption of alcoholic beverages will be a principal activity.

**Rule 45.09. USE OF DISTRICT-OWNED EQUIPMENT.** The District shall make available to individuals or organizations recreation-related equipment, which can be

utilized for outdoor use. District shall only grant permission for use of District-owned equipment when each of the following findings can be made:

- (a) The individual or organization seeking permission for use of District-owned equipment must be requesting said equipment in conjunction with an event at a District facility which is being sponsored by the individual or organization;
- (b) The Individual or organization must file, with the District, a facility usage permit request for the facility in which the equipment will be utilized;
- (c) The requested equipment is available during the period for which use of the equipment is requested.
- (d) The individual or organization requesting use of MCSD-owned equipment furnishes the District with appropriate liability coverage.

**Rule 45.10. APPEALS.** An appeal of the action of District staff on any Facility Use Permit pursuant to this regulation must be in writing and filed by or on behalf of the individual or organization seeking the facility usage permit, within (10) days after the action of District staff on the facility usage permit request. The appeal shall set forth in detail the factual and legal basis of the appeal. The Board of Directors shall consider and act on the appeal within forty-five (45) days after the appeal is filed. The individual or organization filing the appeal shall be entitled to submit oral or written evidence to the Board in support of the appeal. Action of the Board of Directors on the appeal shall be final.



# McKinleyville Community Services District

## BOARD OF DIRECTORS

December 29, 2010

TYPE OF ITEM: **ACTION**

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**ITEM: E.1.** Consider adopting Resolutions 2010-26 & 2010-27 initiating proceedings for the formation of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities; Accepting and approving the Engineer's Report regarding the formation of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities and the levy and collection of annual assessments related thereto commencing with Fiscal Year 2012/2013, ordering a property owner protest ballot proceeding on the matter of the new assessments, and setting a time and place for the public hearing on these matters.

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

**TYPE OF ACTION:** Roll Call Vote

### **Recommendation:**

Staff Requests the Board approve Resolutions 2010-26 & 2010-27.

### **Discussion:**

In 1991 McKinleyville Community Services District (MCSD) voters approved Measure B allowing MCSD to collect annual assessments for the following twenty (20) years to fund the construction of a new community center, purchase land for sports fields and provide for the maintenance and operation of the park and recreational facilities within MCSD's boundaries. Measure B was authorized pursuant to the Landscape and Lighting Act of 1972 (Streets & Highways Code Section 22500 *et seq.*), (the "1972 Act") for a period of twenty (20) years. The existing Measure B District is set to sunset in Fiscal Year 2011/2012. However, the annual assessments are an essential revenue source used to fund the construction and operation and maintenance of existing parks, trails, open space and recreational facilities. **The elimination of the Measure B assessment would significantly impact the ability to continue the same level of operation and maintenance currently provided.**

In preparation for the existing Measure B District's maturity in Fiscal Year 2011/2012, staff has taken steps to explore re-establishing a special benefit assessment district,

similar to the existing Assessment District. These steps have included conducting a survey to determine general public response to re-establishing a benefit assessment district, organizing a preliminary information workshop with community members, and providing basic information about Measure B while giving the public the opportunity to prioritize District services via a community feedback survey.

The response from our residents and property owners was overwhelmingly in favor of maintaining our current facilities such as Azalea Hall, the McKinleyville Activity Center, our senior center, park restrooms, playfields, playgrounds, and open spaces. The community also expressed strong support for building a teen/family center so that kids in our community have a safe place to go after school.

Further, Staff has retained the services of Willdan Financial Services as a consultant to prepare an Engineer's Report and coordinate steps necessary to bring to ballot the proposed "Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities" upon direction to proceed from the Board.

The Engineer's Report is available for review at the MCSD Office located at 1656 Sutter Road, McKinleyville CA during regular business hours.

Currently, the assessment for single family residential properties located within the existing Measure B District is \$30.00 per unit per year. Under the proposed Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities, the maximum assessment per residential property would remain at \$30.00 - in other words, the rate would not be increased. For the various other land use classifications, corresponding assessments would be determined based on a per Equivalent Benefit Unit ("EBU") assignment, with \$30.00 assessment per EBU.

Overall, the changes in the proposed new assessments compared to the existing assessments would be relatively small, with the Engineer's Report for the proposed Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities focused on re-establishing a similar district to the existing district, but at the same time re-structuring the new district and corresponding Method of Apportionment with a more defined special benefit nexus to meet the more stringent requirements established by recent case law.

The Engineer's Report for the proposed formation of the new Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities is being presented for Board approval. Below is a summary of the proposed new EBU assignment for the various Land Use Classifications:

<b>Land Use Classification</b>	<b>Equivalent Benefit Unit ("EBU") Assignment</b>
Residential	1.00 EBU per Unit
Non-Residential/Commercial	1 EBU per Acre for the first 2 Acres (minimum of 1 EBU assignment for parcels less than 1 acre); .50 EBU per Acre for the next 2 acres (between 2 and 4 acres), .25 EBU per Acre for the next 2 acres (acreage between 4 and 6 Acres), .125 EBU per Acre for next 2 acres (acreage between 6 and 8 Acres), and 0 EBU per Acre for acreage exceeding 8 acres.
Vacant	(1/3) EBU per Parcel
Exempt	0.00 EBU

Under Proposition 218, new or increases to property assessments must be submitted to the property owners that will be subject to the assessment for approval. Because MCSD is proposing to levy new assessments (the existing assessment will expire) it is necessary to conduct a property owner protest ballot proceeding for the renewed assessments pursuant to the provisions of the California Constitution, Article XIID Section 4.

As part of this ballot proceeding, the Board will conduct a noticed public hearing to consider public testimonies, comments and written protests regarding the formation of the Assessment District and levy of assessments. Upon conclusion of the public hearing, held on March 2, 2011 at 7:00 pm at the MCSD Conference Room located at 1656 Sutter Road in McKinleyville, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists, and by resolution the Board will confirm the results of the ballot tabulation.

In determining majority protest, only the ballots returned prior to the conclusion of the public hearing shall be included in the ballot tabulation. The ballots must be signed to be considered valid, and will be weighted based on each parcel's proportional assessment obligation. Majority protest exists if the total dollar amount submitted in opposition to assessment exceeds the total dollar amount submitted in support of the assessment.

If majority protest exists, proceedings for the formation of the Assessment District and the levy of assessments related thereto must be abandoned. This will require identification of new sources of revenue to compensate for the loss in annual

assessment revenue in order to continue the same level of operation and maintenance of park, trail, open space and recreational facilities.

If tabulation of the ballots indicates that majority protest does not exist for the assessments presented and described in the Engineer's Report, the Board may approve the Report (as submitted or amended), order the formation of the Assessment District, and approve the levy and collection of assessments. In such case, the assessments approved will go into effect commencing fiscal year 2012/2013 and shall be collected on the County Tax Rolls each fiscal year thereafter.

In order to commence this process, staff is requesting that the attached resolutions be approved:

- Initiating proceedings for the formation of Measure B Maintenance Assessment District Renewal for Parks, Open Space, and Recreational Facilities.
- Declaring its intention to form Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities; Accepting and approving the Engineer's Report regarding the formation of Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities and the levy and collection of annual assessments related thereto commencing with Fiscal Year 2012/2013; ordering a property owner protest ballot proceeding on the matter of the new assessments, and setting a time and place for the public hearing on these matters.

**Alternatives:**

Staff's analysis includes the following potential alternative:

- Take no action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments**

- Resolution 2010-26
- Resolution 2010-27
- Engineer's Reports (excluding assessment roll)

RESOLUTION 2010-26

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES INITIATING PROCEEDINGS FOR THE FORMATION OF MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES AND THE LEVY AND COLLECTION OF ANNUAL ASSESSMENTS RELATED THERETO COMMENCING WITH FISCAL YEAR 2012/2013.

THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

**Section 1:** Pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Section 22500 *et. seq.*) (the “Act”), the McKinleyville Community Services District (“MCSD”) desires to initiate proceeding to form a new assessment district to be designated the “**Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities**” (the “District”). If the Assessment District is formed, then, commencing in fiscal year 2012/2013, MCSD will levy and collect annual assessments with no significant increase in the existing Measure B rate, against lots and parcels within the Assessment District to pay for the operation, maintenance, servicing, acquisition and construction of local parks, trails, open space and recreational facilities that provide special benefits to properties located in the Assessment District. The new Assessment District is intended to replace MCSD’s existing Measure B District.

**Section 2:** MCSD has retained Willdan Financial Services (the “Engineer”) as Engineer of Work to assist with the formation of the District and the levy of assessments.

**Section 3:** The Board of Directors of MCSD hereby orders the Engineer to prepare and file an Engineer’s Report for the Assessment District in accordance with Section 22586 of the Act.

**Section 4:** The proposed improvements may include all improvements, services and activities authorized by the Act for ongoing operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses related to the parks, trails, open space and recreational facilities associated with the District

**Section 5:** The territory within the proposed District shall consist of the lots, parcels and subdivisions of land within the boundaries of MCSD that will receive special benefits from the improvements.

**PASSED, APPROVED AND ADOPTED** this 29<sup>th</sup> day of December, 2010 by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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**Helen Edwards, Board President**

**ATTEST:**

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**Sharon L. Denison, Board Secretary**

RESOLUTION 2010-27

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DECLARING ITS INTENTION TO FORM MEASURE B MAINTENANCE ASSESSMENT DISTRICT RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES; ACCEPTING AND APPROVING THE ENGINEER'S REPORT REGARDING THE FORMATION OF MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES AND THE LEVY AND COLLECTION OF ANNUAL ASSESSMENTS RELATED THERETO COMMENCING WITH FISCAL YEAR 2012/2013; ORDERING A PROPERTY OWNER PROTEST BALLOT PROCEEDING ON THE MATTER OF THE NEW ASSESSMENTS; AND SETTING A TIME AND PLACE FOR THE PUBLIC HEARING ON THESE MATTERS.

THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

**Section 1:** By prior resolution, the Board of Directors (the "Board") of the McKinleyville Community Services District ("MCSD"), pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Streets & Highways Code Section 22500 *et. seq.*) (the "Act"), initiated proceedings for the formation the "**Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities**" (the "District") to levy and collect annual assessments against land within the District commencing in fiscal year 2012/2013. The Assessment District would pay for expenses (including any debt service on debt issued to finance capital improvements) related to the operation, maintenance, servicing, acquisition and construction of local parks, trails, open space and recreational facilities located in the Assessment District.

**Section 2:** After receiving significant community input on the desired levels of park and recreational facility maintenance, the Board has determined that the annual assessments are an essential revenue source used to fund the operation and maintenance of existing parks, trails, open space and recreational facilities. The elimination of the Measure B assessment as will naturally occur in 2012/2013 would significantly impact the ability of the District to continue the same level of operation and maintenance currently provided and expected by our local residents. The Board also determined that the most appropriate public policy for renewal would be simply to extend the existing rate, with no significant increase.

**Section 2:** The Assessment Engineer of Work (the “Engineer”) has prepared and filed with the Board Secretary an Engineer’s Report (hereafter referred to as the “Report”) in connection with the formation of the Assessment District and the levy of assessments in accordance with the Act and the provisions of the California Constitution.

**Section 3:** The Board has carefully examined and reviewed the Report as presented, and is preliminarily satisfied with the District, each and all of the budget items and documents as set forth therein, and is satisfied that the proposed annual assessments have been spread in accordance with the special benefits received from the improvements, operation, administration, maintenance and services to be performed within the District, and that the District consists of all parcels that receive such special benefits, as set forth in said Report.

**Section 4:** The Report is hereby accepted and approved as submitted and ordered to be filed in the offices of the MCSD as a permanent record and to remain open to public inspection.

**Section 5:** The proposed improvements may include all improvements, services and activities authorized by the Act for the ongoing operation, maintenance, servicing, acquisition, construction, and installation and incidental expenses, including any debt service issued to finance capital improvements, related to the parks, trails, open space and recreational facilities associated with the District. The Engineer’s Report prepared in connection with these proceedings provides a more detailed description of the improvements and by reference is made part of this Resolution.

**Section 6:** The boundaries of the Assessment District shall be coextensive with those of MCSD.

**Section 7:** The Board of Directors hereby declares its intention to form the Assessment District pursuant to the Act and to levy and collect an assessment against land therein commencing in Fiscal Year 2012/2013. These assessments will replace the assessments previously levied and collected through the 1991 Measure B Assessment District. The Board of Directors states that it intends that, in future proceedings, it may issue bonds to fund work ordered in those proceedings. Such bonds will be issued pursuant to the Improvement Bond Act of 1915 (Streets & Highways Code Section 8500 *et seq.*) and shall bear a rate of interest not in excess of that permitted by law. MCSD will not obligate itself to advance available funds from MCSD’s general fund to cure any deficiency which may occur in the bond redemption fund.

**Section 8:** Notice is hereby given that a public hearing on these matters will be held by the Board on **Wednesday, March 2, 2011**, beginning at **7:00 P.M.**, or as soon thereafter as feasible, at the MCSD Office Conference Room, located at 1656 Sutter Road, McKinleyville , California. At the Public Hearing, all interested persons shall be afforded the opportunity to hear and be heard.

**Section 9:** The Board directs that notice of the hearing be mailed to property owners within the District as required by Article XIID, Section 4 of the California Constitution. Such notice shall include a protest ballot as required by Article XIID, Section 4. Ballots will be accepted and tabulated pursuant to the rules attached hereto as Attachment A.



**Section 10:** The Board Secretary shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the presentation, filing and approval of the District Report.

**PASSED, APPROVED AND ADOPTED** this 29<sup>th</sup> day of December, 2010 by the following roll call vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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**Helen Edwards, Board President**

**ATTEST:**

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**Sharon L. Denison, Board Secretary**

## McKinleyville Community Services District

### PROCEDURES FOR THE COMPLETION, RETURN, AND TABULATION OF ASSESSMENT BALLOTS

#### I. Completion of Ballots

##### • **Who may complete a ballot**

An assessment ballot may be completed by the owner of the parcel to be assessed. As used in these Procedures, the term "owner" includes the owner's authorized representative. If the owner of the parcel is a partnership, joint tenancy, or tenancy in common, a ballot may be completed by any of the general partners, joint tenants, or tenants in common. Except as set forth below, only one ballot may be completed for each parcel.

##### • **Proportional assessment ballots**

If a parcel has multiple owners, any owner may request a proportional assessment ballot. If the ownership interest of the owner is not shown on the last equalized secured property tax assessment roll, such request must include evidence, satisfactory to the District, of the owner's proportional rights in the parcel. The District will provide the proportional ballot to the owner at the address shown on the assessment roll. Any request for a ballot to be mailed to another location must be made in writing and must include evidence, satisfactory to the District, of the identity of the person requesting the ballot. Each proportional ballot will be marked to show the date on which the ballot was provided, to identify it as a proportional ballot and to indicate the owner's proportional rights in the parcel. The District will keep a record of each proportional ballot provided to an owner.

##### • **Duplicate ballots**

If an assessment ballot is lost, withdrawn, destroyed or never received, the District will mail or otherwise provide a duplicate ballot to the owner upon receipt of a request in writing delivered to the District General Manager. The duplicate ballot will be marked to show the date on which the ballot was mailed or provided and to identify it as a duplicate ballot or a duplicate proportional ballot. The same procedure applies to duplicate ballots or duplicate proportional ballots which are lost, withdrawn, destroyed, or never received.

##### • **Marking and signing the ballot**

To complete an assessment ballot, the owner of the parcel must (1) stamp or mark the appropriate box supporting or opposing the proposed assessment, and (2) sign, under penalty of perjury, the statement on the ballot that the person completing the ballot is the owner of the parcel or the owner's authorized representative. Only one box may be stamped or marked on each ballot. Ballots must be completed in ink.

##### • **Only assessment ballots provided by the District will be accepted**

The District will only accept ballots mailed or otherwise provided to owners by the District.

#### II. Return of Ballots

##### • **Who may return ballots**

An assessment ballot may be returned by the owner of the parcel or by anyone authorized by the owner to return the ballot.

##### • **Where to return ballots**

Ballots may be mailed to the address indicated on the ballot. The District has provided return postage on the ballot.

Ballots may also be delivered in person to the District General Manager at the District's offices, (prior to 4:30 p.m. on the date scheduled for the public hearing on the proposed assessment), or delivered to the District General Manager at the public hearing on the proposed assessment.

##### • **When to return ballots**

All returned ballots must be received by the District General Manager prior to the time the Board of Directors closes the public input portion of the public hearing on the proposed assessment. The public input portion of the public hearing may be continued from time to time. The District General Manager will endorse on each ballot the date of its receipt.

The District General Manager will pick up mailed ballots at 4:30 p.m. on the date scheduled for the public hearing on the proposed assessment. To

## ATTACHMENT A

ensure that mailed ballots are received by the District General Manager prior to the conclusion of the public input portion of the public hearing, mailed ballots must be received by the District prior to that time. Mailed ballots received after 4:30 p.m. on the date scheduled for the public hearing will only be counted if the ballots are received by the District General Manager prior to the conclusion of the public input portion of the public hearing. The District makes no representation as to whether the public input portion of the public hearing will be concluded on the date scheduled for commencement of the public hearing or continued to a later date.

- **Withdrawal of assessment ballots**

After returning an assessment ballot to the District, the person who signed the ballot may withdraw the ballot by submitting a written statement to the District General Manager directing the District General Manager to withdraw the ballot. Such statement must be received by the District General Manager prior to the close of the public input portion of the public hearing on the proposed assessment. When ballots for the assessment are tabulated, the District General Manager will segregate withdrawn ballots from all other returned ballots. The District General Manager will retain all withdrawn ballots and will indicate on the face of such withdrawn ballots that they have been withdrawn.

If any ballot has been withdrawn, the person withdrawing the ballot may request a duplicate ballot.

- **Changes to assessment ballots**

In order to change the contents of a ballot that has been submitted, the person who has signed that ballot may (1) request that such ballot be withdrawn, (2) request that a duplicate ballot be issued, and (3) return the duplicate ballot fully completed. Each of these steps must be completed according to the procedures set forth above.

### **III. Tabulation of Ballots**

- **Which assessment ballots will be counted**

Only ballots which are completed and returned in compliance with these procedures will be counted. Ballots received by the District General Manager after the close of the public input portion of the public hearing on the proposed

assessment will not be counted. Ballots which are not signed by the owner will not be counted. Ballots with no boxes marked, or with more than one box marked, will not be counted. Ballots withdrawn in accordance with these procedures will not be counted.

The District will keep a record of each proportional or duplicate ballot mailed or otherwise provided to an owner and will verify, prior to counting any duplicate ballot, that only one ballot has been returned for the parcel (or for the owner in the case of proportional ballots).

The following rules will apply if more than one countable ballot for a parcel (or owner) has been returned. If a non-duplicate ballot has been returned, the District will count the non-duplicate ballot and disregard all duplicate ballots. If only duplicate ballots have been returned, the District will count the earliest provided duplicate ballot and disregard the later provided duplicate ballots. If an owner returns both a non-proportional ballot and a proportional ballot, the District will count the proportional ballot and disregard the non-proportional ballot.

- **When and where ballots will be tabulated**

The tabulation of ballots will be performed, in view of those present, at the public hearing following the close of the public input portion of the public hearing. The public hearing may be continued from time to time for the purpose of tabulating ballots. Ballots will not be unsealed until the tabulation begins.

- **How ballots will be tabulated**

Ballots may be counted by hand, by computer or by any other tabulating device.

Ballots will be tabulated by adding the ballots submitted in opposition to the assessment and adding the ballots submitted in favor of the assessment. Ballots shall be weighted according to the proportional financial obligation of the affected property; provided, however, that proportional ballots shall be weighted in accordance with the respective ownership interests of each proportional ballot submitted. If one or more proportional ballots are returned for a parcel and a non-proportional ballot is returned for the parcel, the non-proportional ballot will either be disregarded (if the same owner has returned a proportional ballot) or treated as a

## ATTACHMENT A

proportional ballot (if the same owner has not returned a proportional ballot).

- **Who will tabulate ballots**

Ballots will be tabulated by the District General Manager or some other impartial person designated by the Board of Directors who does not have a vested interest in the outcome of the proposed assessment. The District General Manager or other designated person may be assisted by any of the staff and consultants of the District.

- **Results of tabulation**

The results of the tabulation will be announced following the completion of the tabulation and entered in the minutes of the Board of Directors meeting. If ballots submitted in opposition to the proposed assessment exceed the ballots submitted in favor of the proposed assessment (as tabulated above), the assessment will not be imposed.

### **Disclosure of Ballots**

During and after the tabulation, the assessment ballots shall be treated as disclosable public records and be equally available for inspection by the proponents and opponents of the proposed assessment.

## **IV. Resolution of Disputes**

In the event of a dispute regarding whether the signer of a ballot is the owner of the parcel to which the ballot applies, the District will make such determination from the last equalized assessment roll and any evidence of ownership submitted to the District prior to the conclusion of the public hearing. The District will be under no duty to obtain or consider any other evidence as to ownership of property and its determination of ownership will be final and conclusive.

In the event of a dispute regarding whether the signer of a ballot is an authorized representative of the owner of the parcel, the District may rely on the statement on the ballot signed under penalty of perjury that the person completing the ballot is the owner's authorized representative and any evidence submitted to the District prior to the conclusion of the public hearing. The District will be under no duty to obtain or consider any other evidence as to whether the signer of the ballot is an authorized representative of the owner and its determination will be final and conclusive.

## **V. Public Record**

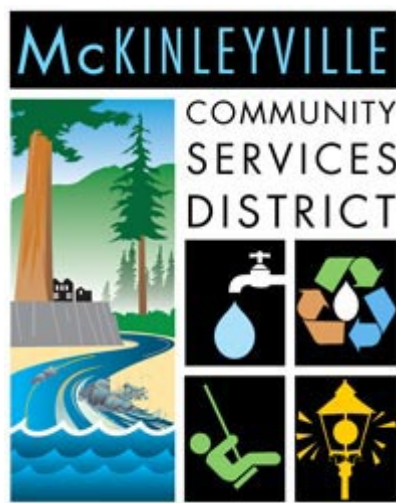
During and after tabulation, all ballots are public records.

## **VI. Further Information**

For further information, contact MCSD at 839-9003.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
ENGINEER'S REPORT FOR THE FORMATION OF  
MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR  
PARKS, OPEN SPACE, AND RECREATIONAL FACILITIES

DECEMBER 29, 2010



**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**  
**MEASURE B MAINTENANCE ASSESSMENT DISTRICT — RENEWAL FOR PARKS,**  
**OPEN SPACE, AND RECREATIONAL FACILITIES**

Intent Meeting: December 29, 2010  
Public Hearing: March 2, 2011



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# **ENGINEER'S REPORT AFFIDAVIT**

**Formation of the**

## **McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities**

**And establishment of Assessments for said District**

**County of Humboldt, State of California**

This Report and the enclosed budget, descriptions and diagrams outline the proposed establishment and assessments of the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities commencing in Fiscal Year 2012/2013. Said District includes each lot, parcel, and subdivision of land within the boundaries of the McKinleyville Community Services District, as they existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Humboldt County Assessor's maps for a detailed description of the lines and dimensions of parcels within the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities. The undersigned respectfully submits the enclosed Report as directed by the McKinleyville Community Services District Board of Directors.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

Willdan Financial Services  
Assessment Engineer  
On Behalf of the McKinleyville Community Services District

By: \_\_\_\_\_

Jim McGuire  
Senior Project Manager

By: \_\_\_\_\_

Richard Kopecky  
R. C. E. # 16742

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## INTRODUCTION

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The McKinleyville Community Services District, in the County of Humboldt, ("McKinleyville CSD") was established on April 14, 1970, pursuant to the Community Services District Law (California Government Code Section 61000 *et seq.*) ("CSD Law"), to provide water and sewer services. The services of the McKinleyville CSD were expanded in 1972 to include street and lighting, in 1985 to include recreation, and in 1995 to include the construction of the McKinleyville Library. The boundaries of the McKinleyville CSD include approximately 12,140 acres from North Bank Road to Patrick Creek.

In 1991, Measure B was passed by voters, authorizing the McKinleyville CSD to collect these annual assessments in order to construct a new community center, to purchase land for sports fields and to provide for the maintenance and operation of park and recreational facilities. The 1991 Measure B Assessment District was formed to levy and collect annual assessments on the County tax rolls pursuant to the Landscape and Lighting Act of 1972 (California Streets and Highways Code §22500 *et seq.*) ("1972 Act") for a period of twenty (20) years. With the original Measure B Assessment District and assessments set to expire (sunset) in 2012 (at the end of Fiscal Year 2011/2012), the continued operation and maintenance of the park and recreational improvements and facilities provided to the community by the McKinleyville CSD including the McKinleyville Activity Center, Hiller Sports Complex and Azalea Hall, would be jeopardized.

The McKinleyville CSD Board of Directors ("Board" or "Board of Directors"), has, by resolution, initiated proceedings to reestablish a special benefit assessment district within the McKinleyville CSD to be designated the:

### **McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities**

for the purpose of providing a stable revenue source, coupled with available grants and donations from other sources, to fund the ongoing operation, maintenance, expansion, enhancement, construction, renovation and rehabilitation of the McKinleyville CSD park and recreational improvements including parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities (collectively referred to as "Improvements") that provide special benefits to properties within the McKinleyville CSD, including incidental expenses and debt services for any bond(s), loans or other repayment plans incurred to finance capital improvements. The Board of Directors proposes to form (reestablish) the Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities ("District") for another twenty (20) year period, and to levy and collect annual assessments on the County tax rolls to fund in whole or in part the improvements including related debt service on bonds that may be issued or loan agreements to finance the authorized improvements. The authorized improvements may include, but are not limited to, operation, maintenance, acquisitions, upgrades and construction of new facilities to enhance or



expand the McKinleyville CSD park and recreational system, facilities and activities that will provide special benefits to properties within the District that would otherwise be reduced, postponed or abandoned due to limited funding sources. The proposed annual assessments for this District as outlined herein, shall be levied pursuant to the 1972 Act, and bonds may be issued pursuant to the Improvement Bond Act of 1915 (California Streets and Highways Code §8500 *et seq.*) ("1915 Act"). In conjunction with the authority of these legislative acts the proposed assessments will be made in compliance with the substantive and procedural requirements of the California State Constitution Article XIID ("California Constitution" or "Article XIID"). This Engineer's Report ("Report") has been prepared in connection with the establishment of said District and the levy and collection of annual assessments related thereto commencing in fiscal year 2012/2013, pursuant to Chapter 1, Article 4 beginning with §22565 of the 1972 Act. The District includes all lots and parcels of land within the McKinleyville CSD identified by the Humboldt County Assessor's Office at the time this Report was prepared.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the Humboldt County Assessor's Office. The Humboldt County Auditor/Controller uses Assessor's Parcel Numbers and specific a Fund Number to identify properties to be assessed on the tax roll for the special benefit assessments described herein.

This Report describes the District and outlines the proposed improvements and purpose of the District and establishes the maximum annual special benefit assessments and revenue necessary to support the District's proposed purpose and estimated expenditures. The total District annual assessments presented is based on an estimated budget that reflects the revenues required to fund in whole or in part the park and recreational improvements, facilities and related activities that the McKinleyville CSD has identified as essential recreational and conservation objectives for which the property owners and residents of the McKinleyville CSD have expressed a high level of support. While the revenues generated by the proposed annual assessments may initially be used primarily to fund the annual operation and maintenance of the existing park and recreational improvements within the McKinleyville CSD, the annual assessments may also be utilized and pledged to pay debt service and related costs associated with the issuance of bonds or other loans to finance capital improvement projects for the upgrade or renovation of existing improvements and facilities, or the acquisition and/or construction of new park and recreational improvements or facilities within the McKinleyville CSD for the special benefit of properties within the District. The allocation of assessment revenue funds amongst the various improvements, services and activities to be provided will be prioritized by the McKinleyville CSD staff based on available assessment revenues generated by the District, the total funding needed for each authorized improvement and projects, the impact each improvement will have on the overall park and recreational system that benefit properties in the District, and the timing of any outside revenues that may become available to offset the cost of such improvements or projects.

The McKinleyville CSD will conduct a property owner protest ballot proceeding for the levy of the new assessments pursuant to the requirements of the California Constitution, Article XIID Section 4. In conjunction with this ballot proceeding, the Board of Directors will conduct a noticed public hearing to consider public testimonies, comments and

written protests regarding the formation of the District and the levy of assessments. Upon conclusion of the public hearing, protest ballots received will be opened and tabulated to determine whether majority protest exists (with ballots weighted based on assessment amounts), and the Board of Directors will confirm the results of the ballot tabulation. For purposes of the protest ballot proceedings, property owners will be asked to indicate their support or protest of the proposed maximum assessment against their parcel. These assessments are based on the estimated annual revenues needed to support the ongoing operational and maintenance costs of the Improvements (collectively referred to as “maintenance”); the long term repairs, renovations and rehabilitation costs associated with the improvements as well as possible acquisitions, expansion or construction of new improvements or facilities including a new teen center (collectively referred to as “capital improvements”); and estimated incidental expenses associated with the administration of the District and bonds or loans issued for such improvements and facilities.

If tabulation of the ballots returned indicates that a majority protest exists, the Board of Directors must abandon the proceedings to form this District. (However the final annual assessment for the previously approved Measure B Assessments may be levied for Fiscal Year 2011/2012). If tabulation of the ballots returned indicates majority protest does not exist, the Board of Directors may adopt the necessary resolutions to form the new Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities, confirm the approved assessments, and authorize related actions. In such case, the assessment rate and method of apportionment established herein, will be in effect commencing in Fiscal Year 2012/2013 and may be levied annually pursuant to the provisions of the 1972 Act for up to twenty (20) years (through Fiscal Year 2032/2033).

Each fiscal year the Board of Directors propose to levy an annual assessment, an Engineer's Report must be prepared and presented to the Board, describing any changes to the District or improvements, as well as the proposed budget and assessments for that fiscal year. The Board of Directors then holds a noticed public hearing regarding these matters before approving and ordering the levy of assessments for that fiscal year. The assessments must be consistent with the method of apportionment described in this Report and may not exceed the maximum assessment rate presented herein and approved by the property owners of record as part of the proceedings for the formation of the District. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

This Report pursuant to Chapter 1, Article 4 of the 1972 Act, consists of five (5) parts:

## Part I

**Plans and Specifications:** A description of the District boundaries and the proposed improvements associated with the District. The District is being formed with a single benefit zone encompassing all properties within the McKinleyville CSD.

## Part II

**The Method of Apportionment:** A discussion of the special benefits the improvements provide to properties within the District and the method of calculating each property's proportional benefit and annual assessment.

## Part III

**Estimate of Improvement Costs:** An estimate of the annual cost to fund the maintenance of improvements and facilities that will be partially funded by this District. This estimate of the improvement costs (budget) includes an estimate of the total annual maintenance and operation costs for the existing park and recreational improvements within the McKinleyville CSD; an estimate of annual funding requirements (installments) to be collected for planned capital improvement expenditures to fund expansion, enhancement, renovation or rehabilitation of the parks, trails and related recreational facilities within the McKinleyville CSD (including acquisitions and new construction); and administration expenses (incidental expenses) including, but not limited to county fees, professional services related to administration of the District and/or bonds. The proposed maximum assessment (Rate per Equivalent Benefit Unit) identified by the budget establishes the maximum annual assessment rate for the District to be presented to the property owners of record for approval. The proposed assessments each fiscal year shall be based on the estimated net annual cost to fund the District improvements and activities for that fiscal year (Balance to be Levied), and the method of apportionment established by this Report, but such assessments shall not exceed the maximum assessment rate established herein for the District.

## Part IV

**District Diagram:** A Diagram showing the exterior boundaries of the District is provided in this Report and includes all parcels that will receive special benefits from the improvements. These boundaries are coterminous with the boundaries of the McKinleyville CSD. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of all parcels within the McKinleyville CSD as shown on the Humboldt County Assessor's Parcel Maps as they existed at the time this Report was presented to the Board of Directors for the adoption

of the Resolution of Intention, and shall include all subsequent subdivisions, lot-line adjustments or parcel changes therein. Reference is hereby made to the Humboldt County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

## **Part V**

**Assessment Roll:** A listing of the proposed assessment amount to be presented to the property owners of record in the protest ballot proceedings required pursuant to the provisions of the California Constitution. The proposed assessment amount for each parcel is based on the parcel's calculated proportional special benefit as outlined in the method of apportionment and proposed maximum assessment rate.

## PART I: PLANS AND SPECIFICATIONS

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The boundaries of the District are coterminous with the McKinleyville CSD boundaries. The purpose of this District is to provide a stable revenue source, coupled with available grants and donations from other sources, to fund the ongoing operation, maintenance, expansion, enhancement, construction, renovation and rehabilitation of the McKinleyville CSD park and recreational improvements including parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities (collectively referred to as “Improvements”) that provide special benefits to properties within the McKinleyville CSD, including incidental expenses and debt services for any bond(s), loans or other repayment plans incurred to finance capital improvements.

### A. Improvements Authorized by the 1972 Act

The 1972 Act permits assessments proceeds to be spent on the following:

- The installation or planting of landscaping.
- The installation or construction of statuary, fountains, and other ornamental structures and facilities.
- The installation or construction of public lighting facilities.
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- The installation of park or recreational improvements, including, but not limited to, all of the following:
  - Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
  - Lights, playground equipment, play courts, and public restrooms.
- The maintenance or servicing, or both, of any of the foregoing.
- The acquisition of land for park, recreational, or open-space purposes.
- The acquisition of any existing improvement otherwise authorized pursuant to this section.
- The acquisition or construction of any community center, municipal auditorium or hall, or similar public facility for the indoor presentation of performances, shows, stage productions, fairs, conventions, exhibitions, pageants, meetings, parties, or

other group events, activities, or functions, whether those events, activities, or functions are public or private.

- Incidental expenses associated with the improvements including, but not limited to:
  - The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
  - The costs of printing, advertising, and the publishing, posting and mailing of notices;
  - Compensation payable to the County for collection of assessments;
  - Compensation of any engineer or attorney employed to render services;
  - Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
  - Any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5.
  - Costs associated with any elections held for the approval of a new or increased assessment.
- Where the cost of improvements (other than maintenance and operations) is greater than can be conveniently raised from a single annual assessment, the 1972 Act permits an assessment to be levied and collected in annual installments. In that event, the governing body may choose to do any of the following:
  - Provide for the accumulation of the moneys in an improvement fund until there are sufficient moneys to pay all or part of the cost of the improvements.
  - Provide for a temporary advance to the improvement fund from any available and unencumbered funds of the local agency to pay all or part of the cost of the improvements and collect those advanced moneys from the annual installments collected through the assessments.
  - Borrow an amount necessary to finance the estimated cost of the proposed improvements. The amount borrowed, including amounts for bonds issued to finance the estimated cost of the proposed improvements.

## **B. District Improvements**

The District will fully or partially fund improvements and activities that specially benefit properties within the District. It is the goal and intent for this District to provide a stable revenue source that will allow the McKinleyville CSD to partially fund the on-going maintenance of the various park and recreational facilities for the community and endeavors to improve the overall park and recreational system that directly affect the properties and quality of life for residents, tenants, employees and owners of properties within the McKinleyville CSD. To the full extent permitted by the 1972 Act, the improvements, projects and expenditures to be funded by the assessments may include:

- **Operation and Maintenance:** operation and maintenance of park and recreational improvements throughout the District.
- **Acquisitions:** The acquisition of land or facilities for park or recreational purposes.
- **Resource Development:** The construction, installation and/or expansion of various park sites, trails, open spaces, halls/activity centers (“community centers”) and related recreational facilities within the District.
- **Facility Enhancements/Rehabilitation:** Periodic repairs and renovations of recreational sites and facilities (parks, trails, community centers) including but not limited signage, playground and tot-lot equipment; sports field fencing; portable soccer goals; ball fields; tennis courts; basketball courts; sports facility lighting; parking facilities; restrooms, kitchens and related equipment and amenities such electrical, irrigation and drainage systems, tables benches, etc.
- **Capital Improvements:** Major repairs of recreational buildings and facilities that may include repair or replacement roofs, interior building repairs, replacement of permanent fixtures, structural repairs, internal building remodels, as well as the construction and installation of new facilities.

Based on current facility needs and planned capital improvement projects (park and recreational enhancements), an estimated annual budget has been developed for the overall McKinleyville CSD park and recreation improvement program. Based on this budget, revenues collected through the proposed annual assessments will initially be apportioned approximately thirty-one percent (31%) for park and sports complex maintenance; twenty-six percent (26%) for hall/activity center operation and maintenance; eleven percent (11%) for trail and open space maintenance; twenty-four percent (24%) for capital improvement projects; and eight percent (8%) for incidental expenses including administration and fees. However, the overall annual funding shall be reviewed each fiscal year and prioritized based on the overall impact each improvement or facility will have on the overall park and recreational system within the McKinleyville CSD, and the timing and availability of any outside revenues that may be utilized to offset certain costs. It is likely this apportionment of assessment revenues may be altered over the proposed twenty-year duration of the District.

A summary of the improvements that have been identified by the McKinleyville CSD as planned park and recreational maintenance and/or enhancements that will be funded in whole or in part through the District assessments is provided below as well as in Appendix A. Specific details regarding these improvements and projects are on file in the Office of the McKinleyville CSD District Manager and by reference these documents are made part of this Report.



Improvements to be maintained by Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities include:

- Maintenance, servicing and operation of existing parks and park facilities, including:
  - Landscape Maintenance of approximately 91,571 square feet of irrigated turf in Pierson Park, 75,000 square feet within Hiller Park West, and 498,112 square feet within the Hiller Sports Complex.
  - Landscape Maintenance of approximately thirty-five (35) acres of non-irrigated/natural vegetation within Hiller Park West.
  - Maintenance of eight (8) sports fields within the Hiller Sports Complex.
  - Maintenance of approximately 17,157 square feet of parking lot area within Pierson Park, 9,770 square feet within Hiller Park West, and 35,000 square feet within the Hiller Sports Complex.
  - Maintenance and operation of approximately 2 restroom facilities each, within Pierson Park, Hiller Park West, and the Hiller Sports Complex.
  - Maintenance of 4 playground structures within Pierson Park, 3 playground structures within Hiller Park West, and 1 playground structure within Larissa Park.
- Operation, servicing and maintenance of existing halls/activity centers including:
  - Azalea Hall: including maintenance of approximately 200 square feet of landscaping area; 13,800 square feet of parking lot area maintenance; and operation and maintenance of an approximately 9,500 square foot hall, including men and women restroom facilities, commercial sized-kitchen, 3,000 square foot hall available as reception area, stage, storage for social events. Azalea Hall is located along Pickett Road, within Pierson Park.
  - McKinleyville Activity Center ("MAC"): including maintenance of approximately 19,174 square feet of landscaping and parking lot areas; operation and maintenance of an approximately 10,000 square foot hall, including men and women restroom facilities; and operation and maintenance of a 7,000 square foot gym, office, and storage space. MAC is located along Gwin Road within Pierson Park.
- Maintenance of existing trails, including:
  - School Road Trail: Landscaping and trail maintenance of approximately 1,750 feet of trail, including maintenance/repairs to fencing along trail and trail (asphalt) itself.
  - Hiller Loop Trail: Landscaping and trail maintenance of approximately 5,260 feet of trail, including maintenance/repairs to benches along trail.
  - Parkside Trail: Landscaping and trail maintenance of approximately 822 feet of trail.



- Maintenance of existing open space, including:
  - Hewitt Ranch: Landscaping and maintenance of open space area.
- Acquisition and/or development and construction of a Teen/Family Center.
- Operation and maintenance of future park and recreational facilities, including the Teen/Family Center and other park or recreational facilities that may be acquired or developed over the duration of the District assessments.

## PART II: METHOD OF APPORTIONMENT

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The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, including the acquisition, construction, installation and servicing of park and recreational facilities. The 1972 Act requires that the cost of these improvements be levied according to benefit rather than assessed value:

*“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”*

The method of apportionment described in this Report for allocation of special benefit assessments utilizes commonly accepted engineering practices and has been designed pursuant to the requirements of the 1972 Act and California Constitution. The formulas used for calculating assessments reflect the composition of parcels within the District and the improvements and activities to be provided, and have been designed to fairly apportion costs based on a determination of the proportional special benefits to each parcel.

### A. Proposition 218 Benefit Analysis

The costs of the proposed improvements have been identified and allocated to properties within the District based on special benefit. The improvements to be provided by this District and for which properties will be assessed have been identified as essential recreational objectives for the CSD, which the property owners and residents have expressed a high level of support.

This District is being formed to provide an overall park and recreational enhancement program that affects and will directly benefit all parcels to be assessed within the District. The assessments and method of apportionment is based on the premise that the assessments will be used for the annual maintenance, as well as expansion and enhancement of the CSD's park and recreation system, and the revenues generated over the duration of the District will be used for park and recreational facilities throughout the District.

In conjunction with the provisions of the 1972 Act, the California Constitution Article XIIID addresses several key criteria for the levy of assessments, notably:

Article XIIID Section 2d defines *District* as follows:

*“District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service”;*

Article XIIID Section 2i defines *Special Benefit* as follows:

*“Special benefit” means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special*

*benefit.”*

Article XIIID Section 4a defines *proportional special benefit assessments* as follows:

*“An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”*

The method of apportionment (method of assessment) set forth in the Report is based on the premise that each assessed property receives special benefits from the local park and recreational improvements to be funded by the assessments, and the assessment obligation for each parcel reflects that parcel's proportional special benefits as compared to other properties that receive special benefits.

To identify and determine the proportional special benefit to each parcel within the District, it is necessary to consider the entire scope of the improvements provided as well as the properties that benefit from those improvements. The improvements and the associated costs described in this Report, have been carefully reviewed and have been identified and allocated based on a benefit rationale and calculations that proportionally allocate the net cost of only those improvements determined to be of special benefit to properties within the District. The various public improvements and the associated costs have been identified as either “general benefit” (not assessed) or “special benefit”.

### **General Benefits**

Assessments are established on the basis of calculated proportional special benefit to properties within a district. Because general benefits are not assessable, the costs of general benefits are excluded from the assessment calculation. With respect to this District, although the various McKinleyville CSD park and recreational improvements including parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities that will be maintained, expanded and/or enhanced through the District's assessment revenues are located throughout the McKinleyville CSD and clearly provide a special benefit to properties within the District, it is also recognized that these are public facilities that will occasionally be utilized by the general public and may even be in proximity to some properties outside the District boundaries that are not assessed. The fact that these improvements and facilities are available to the general public would suggest that at least a portion of the cost to provide the improvements is of “General Benefit”.

A detailed review and analysis of the improvements and surrounding properties has revealed that all properties within the District boundaries are located within two and a half miles (2½ miles) of existing parks, wilderness parklands, open space, trails, sports facilities, recreation and activity centers and facilities provided by the McKinleyville CSD, which is well within the broader 3-4 mile sphere of influence commonly associated with such improvements. Property within the broader 3-4 mile area, but outside the 2½ mile service area (which encompasses all parcels with the McKinleyville CSD), is predominately undeveloped land consisting of agricultural, timber, mining and open

space properties). So, in this case, it is reasonable to assume that the improvements and facilities serve primarily the 2½ mile service area.

Within the 2½ mile service area, there are a total of 6,708 parcels of which approximately eighty-four percent (84%) of the parcels (5,631) are within the boundaries of the district (comprising approximately 12,140 acres). The remaining 1,077 parcels (parcels outside the District) represent approximately forty-two percent (42%) of the total acreage (8,798 acres of land) within this 2½ mile service area. However, this area is largely comprised of agricultural, timber production and gravel mining properties (6,834 acres or 78% of that total area) and these properties clearly have very limited direct utilization or need for the District improvements. An additional 575 acres, (approximately 6.5% of that total area), is identified as open space/public areas which offer similar recreational opportunities to the properties outside the District. The remaining developed properties (residential and non-residential) located outside of the District boundaries represent the equivalent of approximately six percent (6%) of the total developed residential and non-residential properties within the overall 2½ mile service area. Many of these parcels are likely better served by facilities outside of the McKinleyville CSD. However, as these properties have access to the improvements within the McKinleyville CSD, we conservatively assume that six percent (6%) of the total cost to provide the improvements is non-assessable.

It is difficult to quantify benefits to people living and working outside of the 2½ mile service area. While the parks, trails and open space areas, and, to a lesser extent the community centers, are certainly available and may be utilized by the general public, the overall McKinleyville CSD area is considered a rural area and not typically a destination point for tourism and travel. This observation is supported by the limited amount of non-residential development (commercial enterprises) in the area, comprising less than three percent (3%) of the parcels (less than 4% of the acreage) in the District, of which less than 10% are travel related business (i.e. hotels, motels and service stations). As such, it is reasonable to conclude that the District improvements provide very limited general benefit to the public at large, statistically, less than 0.4% (10% of the 4%), but conservatively, the general benefit to the public at large is certainly no greater than four percent (4%) of the cost to provide the improvements. Therefore collectively, benefit to properties outside the District and to the public at large represents no more than ten percent (10%) of the total cost to provide the improvements.

As noted above, the District improvements clearly provide some measure of general benefit to properties outside the District and to the public at large, but it is also recognized that park and recreational improvements inherently provide general benefit to properties and people within the District. While much of the benefits to people are more directly tied to recreational programs (which are not part of the funding contemplated by this Report), the park and recreational facilities themselves provide general benefits to properties and people within the District such as:

- Health, social and self-improvement benefits derived from utilizing the facilities;
- Increased social opportunities and active involvement for both children, teens and senior citizens;

- Group participation, character building, mentoring, and coaching for the youth in the community, that provides a positive atmosphere and reduces idle time that might otherwise result in criminal activities;
- Family and group activities that help to strengthen family value and reduce ethnic and social tensions.

These indirect benefits may be more general than special, and like other general benefits, are difficult to measure quantitatively. The need for, and the utility of, park and recreational improvements is created by the development of residential and non-residential land uses. The facilities extend the utility of concentrated land development, such as occurs in the McKinleyville CSD (which is an island of developed land uses largely surrounded by large areas of undeveloped land). Benefits to people are largely secondary benefits created by the primary benefits of increased recreational access of more concentrated developments and conservatively, it is estimated that no more than one-third (33%) of the cost to provide and maintain such improvements is attributable or considered a general benefit to properties and people within the District.

Based on the preceding discussion, collectively, it has been determined that approximately forty-three percent (43%) of the costs to provide the District improvements is attributable to general benefit, but for purposes of establishing proportional special benefit costs, this Report assumes a more conservative approximation of general benefit to be fifty percent (50%) or half of the total annual cost to provide the improvements.

### **Special Benefits**

McKinleyville CSD's recreational system (parks, wilderness parkland, trails, community centers, and recreational facilities and equipment) provide properties within the District the special benefit nearby access to recreational facilities and spaces which are too specialized and/or large to be maintained within the individual properties and would be cost prohibitive to include within individual property development, including:

- Exercise facilities/space such as sports complexes, parkland areas and trails not typically found on individual parcels.
- Substantial outdoor areas increase the available recreational space and outdoor facilities, (picnic areas, playground equipment, open turf areas, sports fields and full size courts, etc.), that are typically limited on individual parcels.
- Facilities (activity centers, parks) available for large gatherings, meetings and community events that could otherwise not be accommodated by the individual properties.

These facilities expand the use of each property within the McKinleyville CSD by providing these properties with access to desirable recreational facilities beyond those that can conveniently be included on a home or businesses lot. The common-use development of these facilities by the McKinleyville CSD frees property-owners from the burden of having to provide extensive privately owned recreation facilities or having a

property that lacks access to such facilities. The availability and proximity of the facilities is a distinct special benefit to the assessed parcels because the assessed parcels, unlike parcels outside the District are within the immediate service area of the facilities and can easily use the facilities as a substitute for (and enhancement of) recreational facilities that would otherwise need to be provided on the parcel (or simply foregone). Because each assessed parcel is within the service area of the improvements and facilities offered by the McKinleyville CSD, these park and recreation improvements are like an extension of the front and back lawns of the parcels. They are not remote, but available for frequent and everyday use with minimal travel. We estimate this special benefit to represent half (1/2) of the total benefits created by the facilities, which is the benefit distinct from the general benefits.

## **B. Method of Assessment**

The method of apportionment (method of assessment) developed for this District is based on the premise that each of the property to be assessed receives a direct and special benefit from the improvements and recreational facilities to be financed by the District assessments.

To assess benefits equitably it is necessary to calculate each property's relative share of the special benefits conferred by the funded service. The method of apportionment for this District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels within the District. The special benefit received by each lot or parcel is equated to the overall land use of parcels within the District based on the parcel's actual land use or proposed development. All costs associated with the improvements are distributed among the parcels based upon a calculation of the proportional special benefit received by each parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels within the District as well as the use and relative characteristics of each property as compared to other parcels that benefit from those specific improvements.

The Equivalent Benefit Unit (EBU) method of assessment apportionment establishes a basic unit (base value) of benefit and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of the basic unit.

For the purposes of this Engineer's Report, an EBU is the quantum of benefit derived from the funded program by a single family residential parcel or unit. Thus, the "benchmark" property (the single family residential parcel/unit) derives one (1.0) EBU of benefit. All other land uses are proportionately weighted (assigned an EBU) based on an assessment formula that equates the property's specific development to that of the benchmark property (single-family residential unit). This proportional weighting may be based on several factors that may include, but are not limited to: the type and status of development (land use), size of the property, development plans or restrictions, typical development densities, population densities or other property related factors. Generally for most districts the calculation of each parcel's proportional special benefit can be reasonably determined by applying one or more of these factors.



Based on an overall evaluation of the properties within the District and the proposed capital improvements, it has been determined that several key property related factors should be considered in the determination of the proportional special benefit of each parcel. These factors include: the various land uses within the District and the relative size (units or acreage) of each parcel. The following discussion provides a summary of these factors and basis upon which each property's proportional special benefit and EBU has been determined.

**Residential Property (Developed)** — This land use is defined as fully developed residential property which includes single-family residential properties, mobile/manufactured residential properties, apartments, duplexes, and triplexes or other multi-family residential developments. For purposes of establishing equivalent benefit units for all other land uses in this District, the residential land use is designated as the basic unit of assessment and is assigned a land use benefit of 1.0 EBU per residential unit. Convalescent and long term-care facilities (of which there is currently one in the District), will be classified as residential land use, however, this unique residential property will be assigned 0.5 EBU per bed to reflect the quasi-residential nature/use of the property and the fact that a bed represents a smaller increment of measure (both in size and population) than a residential unit.

**Non-Residential/Commercial Property (Developed)** — This land use is defined as a developed property with structures that are used or may be used for non-residential purposes, whether those structures are occupied or not. This land use does not include parcels for which the primary use of the property is considered residential. This land use classification includes all types of non-residential uses and commercial enterprises including but not limited to, commercial retail; food services; shopping centers; office buildings, and professional buildings, churches, as well as industrial properties including warehousing and manufacturing. This land use classification also includes any parcel that may incorporate a single residential unit, but is also used in whole or in part for commercial purposes.

Based on the average development densities for residential properties in the District, (the average single-family residential property being 1.06 units per Acre), it is reasonable to assume that non-residential properties if developed as residential, would have resulted in approximately 1.00 benefit unit per Acre. Therefore, it has been determined that assigning this land use classification 1.0 EBU per gross acre provides a proportional representation of benefit for this land use type with some limitations:

- Because each non-residential parcel typically represents a separate and independent commercial enterprise or business, parcels less than one acre shall be assigned 1.0 EBU (minimum EBU).
- It is also recognized that larger non-residential properties typically have portions of the property that have less intense use/development (such as parking areas, private landscaped areas, outdoor storage, areas with development restrictions etc.) and it is reasonable to assume that the benefit derived from the Improvements does not necessarily increase by the same proportion as the size of property.

As such, Non-Residential Property is assigned 1.00 EBU for the first two (2) acres with a minimum of 1.00 EBU assignment; 0.5 EBU per Acre for the next two (2) acres (acreage between 2 and 4 Acres); 0.25 EBU per Acre for the following two (2) acres (acreage between 4 and 6 acres), 0.125 EBU per Acre for the next two (2) acres (acreage between 6 and 8 acres), and 0.00 EBU per Acre for acreage above eight (8) acres. Further, for commercial properties providing private recreation, such as golf properties, the acreage of outdoor recreation space (such as the golf course itself) will be excluded from the calculation of assessable acreage.

**Vacant Property**— This land use is defined as undeveloped property. Such parcels benefit from the existence of the funded facilities because park and recreational improvements improve the potential development of such parcels. Recognizing this benefit to property, but also its immediate need for such improvements, each Vacant Property is assigned 1/3 of an EBU per parcel (\$10.00 per parcel).

**Exempt Property** — This land use identifies properties that are not assessed and are assigned 0.00 EBU. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, parks or other publicly owned properties that are part of the District improvements or may provide similar or other public services or benefits to private properties within the District; and
- Private properties that cannot be developed independently from an adjacent property, such as common areas, sliver parcels or bifurcated lots or properties with very restrictive development use;

Because these properties either provide a public service that is comparable to public recreation or are dependent on another property or development, these types of parcels have no direct need for public recreational facilities and are considered to receive little or no benefit from the improvements. Therefore these properties are exempted from assessment, but shall be reviewed annually by the assessment engineer to confirm the parcels current development status.

Government owned/quasi-government entity owned properties or public properties (collectively referred to as “Public Property”) are not necessarily exempt properties and will be allocated special benefit unless the parcel otherwise qualifies for exempt status. The proportional special benefit and resulting assessment obligation for such parcels will be calculated as if the parcel were not Public Property. However, because Public Property, often is identified by the County as non-taxable (tax bills are not generated on the regular tax rolls), the McKinleyville CSD will provide a contribution from other available revenue sources to pay those assessments.



The following table provides a summary of each land use described above and related EBU's. The determination of each parcel's land use and property characteristics shall be based on the data available from the most recent Humboldt County Assessor's Secured Roll, or as identified by the McKinleyville CSD, if the information is different than that provided by the Humboldt County Assessor's Office.

<b>Land Use Description</b>	<b>Assessment Formula</b>	<b>No. of Parcels</b>	<b>EBU Units</b>
Residential	1.000 EBU per Unit	4,828	6,590.00
Non-Residential/Commercial	1.000 EBU per Acre for first 2 Acres (minimum 1 EBU per parcel); 0.500 EBU per Acre for next 2 acres (between 2 and 4 acres); 0.250 EBU per Acre for next 2 acres (acreage between 4 and 6 Acres); 0.125 EBU per Acre for next 2 acres (acreage between 6 and 8 Acres); 0.000 EBU per Acre for Remaining Acres (acreage exceeding 8 acres)	153	219.32
Vacant	(1/3) EBU per Parcel (0.333 EBU)	589	196.33
Exempt	0.000 EBU per Parcel	61	0.00

The total assessment amount for each parcel in the District will be collected in annual installments pursuant to the 1972 Act. The amount that may be collected annually shall not exceed the revenues that may be levied at the approved Maximum Assessment Rate established in this Report; even if bonds are issued that require an annual debt service payment that exceeds the assessment revenues based on this approved Maximum Assessment Rate.

## PART III: BUDGET

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The total amount to be collected for the improvements is based on the following budget information and results in a total of 6,965.32 EBU:

McKinleyville CSD		
Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities		
District Budget		
Expenditures		Total
Operation and Maintenance:		
Pierson Park	\$50,000	
Hiller Park West	36,500	
Hiller Sports Complex	83,000	
Larissa Park	11,500	
Azalea Hall	73,000	
McKinleyville Activity Center	76,400	
Trails	57,000	
Open Space	9,500	
Future Parks & Facilities (including Teen/Family Center) <sup>(1)</sup>	50,000	
<b>Total Operation and Maintenance:</b>		<b>\$446,900</b>
Capital Improvements <sup>(1)</sup>		<b>105,000</b>
Administrative Expenses		<b>16,814</b>
<b>Total Expenditures:</b>		<b>\$568,714</b>
<b>Contributions:</b>		
General Benefit Contribution	\$284,357	
Additional General Fund Contribution <sup>(2)</sup>	74,187	
<b>Total Non-Assessment Contributions:</b>		<b>\$358,544</b>
<b>Revenue:</b>		
Measure B Maintenance Assessment District		<b>\$210,170</b>
Additional Contribution for Non-Taxable Property Assessments <sup>(3)</sup>		<b>1,210</b>
<b>Balance to be collected from Tax Roll</b>		<b>\$208,960</b>
<b>Total Equivalent Benefit Unit ("EBU")</b>		<b>6,965.32</b>
<b>Assessment per EBU</b>		<b>\$30</b>
<b>Total General Fund Contribution:</b>		<b>\$359,754</b>

(1) Once the Teen/Family Center is constructed, it is anticipated that maintenance & operation of Teen/Family Center will cost approximately \$50,000 per year. In each year prior to the construction of the future improvements, the \$50,000 allocated towards maintenance & operation of future improvement is anticipated to be applied to increasing the \$105,000 annually accumulated for capital improvement costs.

(2) These funds are available to cover any additional General Benefit.

(3) General Fund Contribution for assessments on publicly owned parcels.

### ***Assessment Calculations***

Applying the method of apportionment outlined in Part II of this Report and the budget estimates above results in the following calculation of assessments:

$$\text{\$208,960} / \text{6,965.32 EBU's} = \text{\$30.00 per EBU}$$

Therefore, a single benefit unit or the Annual Assessment Rate (Applicable to a typical Residential Dwelling Unit) would be \$30.00.

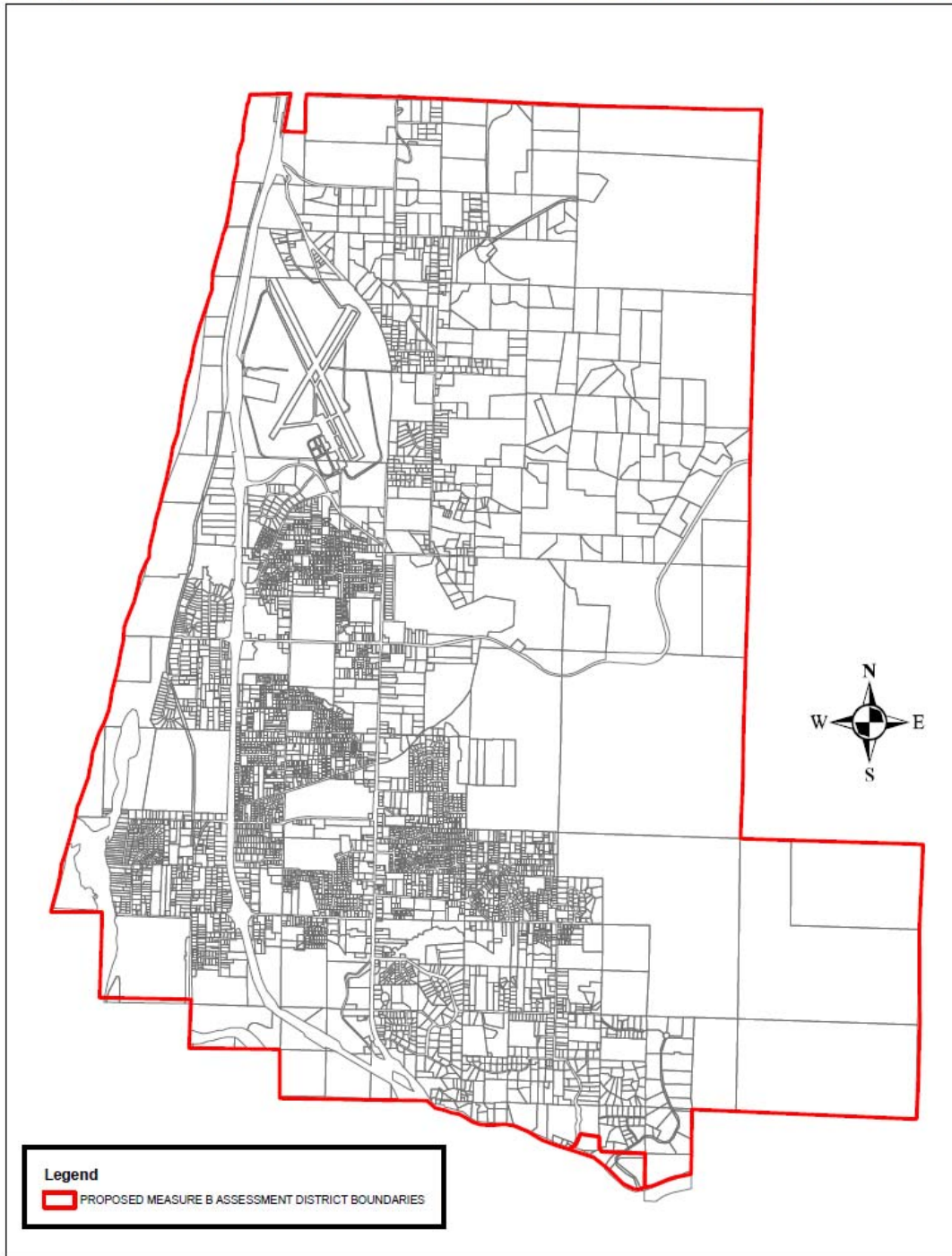
## PART IV: DISTRICT DIAGRAM

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Below is a Diagram showing the boundaries of the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities, which is coterminous with the McKinleyville CSD. The dimensions of all lots, parcels and subdivisions of land within the McKinleyville Community Services District Measure B Maintenance Assessment District — Renewal for Parks, Open Space, and Recreational Facilities, are the same as the lines and dimensions of the parcels shown on the Humboldt County Assessor's Parcel Maps (APN Maps) and by reference these Maps are made part of this Report and Assessment Diagram as they existed at the time of the passage of the Resolution of Intention. Each of the subdivisions of land, parcels, or lots will be given a separate number on the Assessment Diagram (to follow after the resolution of intention, and filed with the District prior to the public hearing), which corresponds with the assessment number shown on the Assessment Roll (Part V of this Report).

The Boundary Map and Assessment Diagram in a reduced-scale format follows.

## McKinleyville CSD Proposed Boundaries of Measure B Assessment District



## PART V: ASSESSMENT ROLL

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Parcel identification for each lot or parcel within the District, shall be the parcel as shown on the Humboldt County Secured Roll for the year in which the Report is prepared and reflective of the Assessor's Parcel Maps. A complete listing of all parcels within this District, along with each parcel's assessment amount to be balloted to the property owner of record, and to be levied commencing in fiscal year 2012/2013 is provided under Appendix B ("Proposed Annual Assessments"). The assessments approved each fiscal year shall be submitted to the County Auditor/Controller to be included on the property tax roll for each parcel within the District. If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the that fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the parcel's proportional amount of the original lien, the method of apportionment and assessment rates as approved by the McKinleyville CSD Board of Directors.

The following table provides a summary of the assessments by land use classification as determined by the method of apportionment and assessment rate previously described in this Report.

Land Use Description	Assessment Formula	No. of Parcels	EBU Units
Residential	1.000 EBU per Unit	4,828	6,590.00
Non-Residential/Commercial	1.000 EBU per Acre for first 2 Acres (minimum 1 EBU per parcel); 0.500 EBU per Acre for next 2 acres (between 2 and 4 acres); 0.250 EBU per Acre for next 2 acres (acreage between 4 and 6 Acres); 0.125 EBU per Acre for next 2 acres (acreage between 6 and 8 Acres); 0.000 EBU per Acre for Remaining Acres (acreage exceeding 8 acres)	153	219.32
Vacant	(1/3) EBU per Parcel (0.333 EBU)	589	196.33
Exempt	0.000 EBU per Parcel	61	0.00
<b>Totals</b>		<b>5,631</b>	<b>7,005.65</b>

## APPENDIX A: IMPROVEMENTS EXPENDITURES DETAIL

**McKinleyville Community Services District**  
**Measure B Maintenance Assessment District — Renewal for Parks, Open Space,**  
**and Recreational Facilities**  
**Initial List of Improvement Expenditure Detail**  
(Page 1 of 1)

**McKinleyville CSD**  
**Measure B Assessment District**  
**Improvements Expenditure Detail**

	<u>Maintenance Wages</u>	<u>Maintenance Supplies</u>	<u>Planned Capital Improvement Funding</u>	<u>Totals</u>
<b>PARK ENHANCEMENTS</b>				
Pierson Park	\$45,000	\$5,000	\$0	\$50,000
Hiller Park West	35,000	1,500	0	36,500
Hiller Sports Complex	75,000	8,000	0	83,000
Larissa Park	10,000	1,500	0	11,500
<i>subtotal:</i>	<i>\$165,000</i>	<i>\$16,000</i>	<i>\$0</i>	<i>\$181,000</i>
<b>HALLS/ACTIVITY CENTERS</b>				
Azalea Hall	\$65,000	\$8,000	\$0	\$73,000
McKinleyville Activity Center	72,000	4,400	0	76,400
<i>subtotal:</i>	<i>\$137,000</i>	<i>\$12,400</i>	<i>\$0</i>	<i>\$149,400</i>
<b>TRAILS</b>				
School Road Trail	\$27,500	\$1,000	\$0	\$28,500
Hiller Loop Trail	\$27,500	\$1,000	0	28,500
<i>subtotal:</i>	<i>\$55,000</i>	<i>\$2,000</i>	<i>\$0</i>	<i>\$57,000</i>
<b>OPEN SPACE</b>				
Hewitt Ranch	\$8,000	\$1,500	\$0	9,500
<i>subtotal:</i>	<i>\$8,000</i>	<i>\$1,500</i>	<i>\$0</i>	<i>\$9,500</i>
<b>FUTURE PARKS &amp; FACILITIES <sup>(1)</sup></b>				
Renovations/Rehabilitation Projects	\$0	\$0	\$9,725	\$9,725
Teen/Family Center <sup>(2)</sup>	45,850	4,150	95,275	145,275
<i>subtotal:</i>	<i>\$45,850</i>	<i>\$4,150</i>	<i>\$105,000</i>	<i>\$155,000</i>
<b>Grand Totals:</b>	<b>\$410,850</b>	<b>\$36,050</b>	<b>\$105,000</b>	<b>\$551,900</b>

(1) Capital Improvements includes expenses including the repayment of any future debt service issued and/or loan(s) utilized to finance the acquisition, construction, operation and maintenance (wages and/or supplies) of future District facilities, including, but not limited, to future parks and recreational facilities, the Teen/Family Center.

(2) Once the Teen/Family Center is constructed, it is anticipated that maintenance & operation of Teen/Family Center will cost approximately \$50,000 per year. In each year prior to the construction of the future improvements, the \$50,000 allocated towards maintenance & operation of future improvement is anticipated to be applied to increasing the \$105,000 annually accumulated for capital improvement costs.

## APPENDIX B: PLANNED TEEN/FAMILY CENTER DETAIL

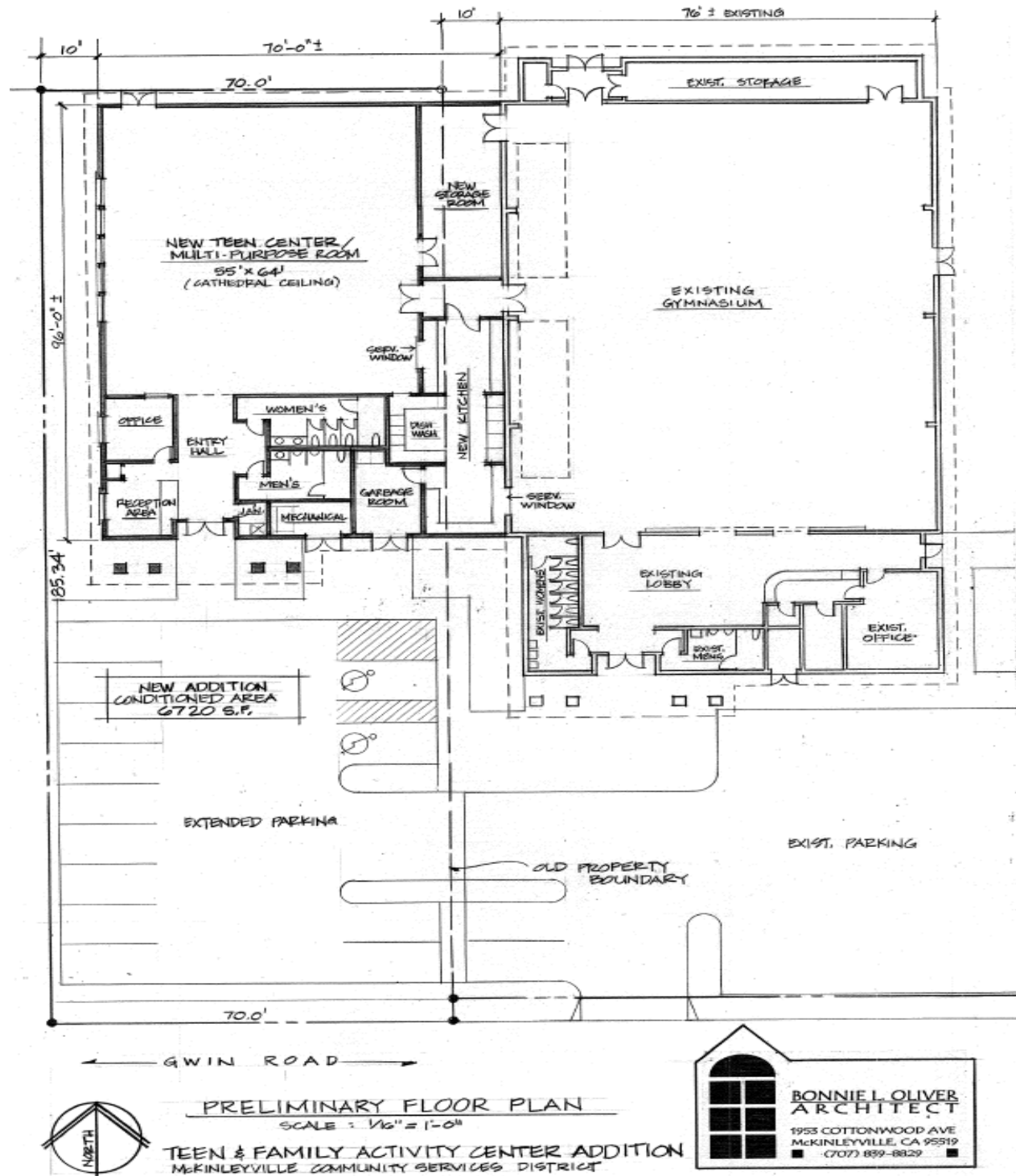
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As indicated in the “Future Parks & Facilities” of Appendix A (“Improvements Expenditure Detail”), District assessment revenues will be utilized for the construction of a Teen/Family Center. Preliminary plans for the Teen/Family Center are to construct a 6,720 square foot addition to the McKinleyville Activity Center (“MAC”). Based on these preliminary plans and an estimated cost for the construction of approximately \$175 per square foot, the total cost of construction will be approximately \$1,180,000. The following is a preliminary floor plan of the proposed new Teen/Family Center and the projected Debt Service schedule of the annual repayments (bonds or loan) based on the construction costs only and does not include related costs of issuance or design fees that may also be incorporated into the costs.



## PRELIMINARY BUILDING PLANS FOR CONSTRUCTION OF TEEN/FAMILY CENTER

Below are preliminary building plans for the Teen/Family Center planned to be constructed.



**PROJECTED DEBT SERVICE FOR CONSTRUCTION OF TEEN/FAMILY CENTER**

Debt Service Date	Interest Rate	Principal	Interest	Remaining	Total Debt Service	Annual Debt Service
03/01/2013		-	\$29,500.00	-	\$29,500.00	-
09/01/2013	5.00%	\$35,000.00	\$29,500.00	\$1,145,000.00	\$64,500.00	\$94,000.00
03/01/2014		-	\$28,625.00	-	\$28,625.00	-
09/01/2014	5.00%	\$35,000.00	\$28,625.00	\$1,110,000.00	\$63,625.00	\$92,250.00
03/01/2015		-	\$27,750.00	-	\$27,750.00	-
09/01/2015	5.00%	\$35,000.00	\$27,750.00	\$1,075,000.00	\$62,750.00	\$90,500.00
03/01/2016		-	\$26,875.00	-	\$26,875.00	-
09/01/2016	5.00%	\$40,000.00	\$26,875.00	\$1,035,000.00	\$66,875.00	\$93,750.00
03/01/2017		-	\$25,875.00	-	\$25,875.00	-
09/01/2017	5.00%	\$40,000.00	\$25,875.00	\$995,000.00	\$65,875.00	\$91,750.00
03/01/2018		-	\$24,875.00	-	\$24,875.00	-
09/01/2018	5.00%	\$45,000.00	\$24,875.00	\$950,000.00	\$69,875.00	\$94,750.00
03/01/2019		-	\$23,750.00	-	\$23,750.00	-
09/01/2019	5.00%	\$45,000.00	\$23,750.00	\$905,000.00	\$68,750.00	\$92,500.00
03/01/2020		-	\$22,625.00	-	\$22,625.00	-
09/01/2020	5.00%	\$50,000.00	\$22,625.00	\$855,000.00	\$72,625.00	\$95,250.00
03/01/2021		-	\$21,375.00	-	\$21,375.00	-
09/01/2021	5.00%	\$50,000.00	\$21,375.00	\$805,000.00	\$71,375.00	\$92,750.00
03/01/2022		-	\$20,125.00	-	\$20,125.00	-
09/01/2022	5.00%	\$55,000.00	\$20,125.00	\$750,000.00	\$75,125.00	\$95,250.00
03/01/2023		-	\$18,750.00	-	\$18,750.00	-
09/01/2023	5.00%	\$60,000.00	\$18,750.00	\$690,000.00	\$78,750.00	\$97,500.00
03/01/2024		-	\$17,250.00	-	\$17,250.00	-
09/01/2024	5.00%	\$60,000.00	\$17,250.00	\$630,000.00	\$77,250.00	\$94,500.00
03/01/2025		-	\$15,750.00	-	\$15,750.00	-
09/01/2025	5.00%	\$65,000.00	\$15,750.00	\$565,000.00	\$80,750.00	\$96,500.00
03/01/2026		-	\$14,125.00	-	\$14,125.00	-
09/01/2026	5.00%	\$70,000.00	\$14,125.00	\$495,000.00	\$84,125.00	\$98,250.00
03/01/2027		-	\$12,375.00	-	\$12,375.00	-
09/01/2027	5.00%	\$70,000.00	\$12,375.00	\$425,000.00	\$82,375.00	\$94,750.00
03/01/2028		-	\$10,625.00	-	\$10,625.00	-
09/01/2028	5.00%	\$75,000.00	\$10,625.00	\$350,000.00	\$85,625.00	\$96,250.00
03/01/2029		-	\$8,750.00	-	\$8,750.00	-
09/01/2029	5.00%	\$80,000.00	\$8,750.00	\$270,000.00	\$88,750.00	\$97,500.00
03/01/2030		-	\$6,750.00	-	\$6,750.00	-
09/01/2030	5.00%	\$85,000.00	\$6,750.00	\$185,000.00	\$91,750.00	\$98,500.00
03/01/2031		-	\$4,625.00	-	\$4,625.00	-
09/01/2031	5.00%	\$90,000.00	\$4,625.00	\$95,000.00	\$94,625.00	\$99,250.00
03/01/2032		-	\$2,375.00	-	\$2,375.00	-
09/01/2032	5.00%	\$95,000.00	\$2,375.00	-	\$97,375.00	\$99,750.00
		<b>\$1,180,000.00</b>	<b>\$725,500.00</b>		<b>\$1,905,500.00</b>	<b>\$1,905,500.00</b>
<b>Average Annual Repayment:</b>						<b>\$95,275.00</b>

(1) Estimated Debt Service for construction of Teen/Family Center is estimated based on annual interest rate of 5.00%. Actual Debt Service will depend on interest rate(s) established based on current market rates. Estimated Debt Service excludes Cost of Issuance costs and any additional expenses related thereto for construction of Teen/Family Center.

The average annual repayment would be approximately \$95,275.