

**Mission statement of McKinleyville Community Services District:**  
"Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner."

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

**WEDNESDAY, FEBRUARY 3, 2021 AT 7:00pm**

**TELECONFERENCE Via ZOOM & TELEPHONE:**

**Use ZOOM MEETING ID: 826 6940 6232 (<https://us02web.zoom.us/j/82669406232>) or DIAL IN  
TOLL FREE: 1-888-788-0099 (No Password Required!)**

To participate, please teleconference using the toll free number listed above, or join through the internet at the Zoom App with weblink and ID number listed above, or the public may submit written comments to the Board Secretary at: [comments@mckinleyvillecsd.com](mailto:comments@mckinleyvillecsd.com) up until 4:30 p.m. on Tuesday, February 2, 2021.

All Public Comment received before the above deadline will be provided to the Board at 9 a.m. on Wednesday, February 3, 2021 in a supplemental packet information that will also be posted on the website for public viewing.

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**AGENDA**

**7:00 p.m.**

**A. CALL TO ORDER**

A.1 Roll Call

A.2 Pledge of Allegiance

A.3 Additions to the 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.*

A.4 Approval of the Agenda

A.5 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**

### **B. PUBLIC HEARINGS**

*These are items of a Quasi-Judicial or Legislative nature. Public comments relevant to these proceedings are invited.*

#### **NO PUBLIC HEARING SCHEDULED**

### **C. 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.*

### **D. CONSENT CALENDAR**

*Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.*

- |     |   |                |
|-----|---|----------------|
| D.1 | Consider Approval of the Minutes of the Board of Directors Regular Meeting on January 6, 2021   | <b>Pg. 7</b>   |
|     | Attachment 1 – Draft Minutes from January 6, 2021   | <b>Pg. 8</b>   |
| D.2 | Consider Approval of December 2020 Treasurer’s Report   | <b>Pg. 13</b>  |
| D.3 | Compliance with State Double Check Valve (DCV) Law  | <b>Pg. 35</b>  |
| D.4 | Reapproval of MCSD Representatives to the McKinleyville Municipal Advisory Committee (MMAC)     | <b>Pg. 37</b>  |
|     | Attachment 1 – MMAC Bylaws  | <b>Pg. 38</b>  |
| D.5 | Review and Approve the Amendments to the County Leases for the Library and Sheriff’s Facilities | <b>Pg. 47</b>  |
|     | Attachment 1 – Board of Supervisor’s April 14, 2016 Staff Notes and Current Library Lease       | <b>Pg. 49</b>  |
|     | Attachment 2 – First Amendment to Library Lease   | <b>Pg. 69</b>  |
|     | Attachment 3 – Original Lease for Law Enforcement Facility                                      | <b>Pg. 71</b>  |
|     | Attachment 4 – First Amendment to LEF Lease   | <b>Pg. 92</b>  |
|     | Attachment 5 – Second Amendment to LEF Lease  | <b>Pg. 116</b> |

### **E. CONTINUED AND NEW BUSINESS**

- |     |  |                |
|-----|--|----------------|
| E.1 | Consider Adoption of Resolution 2021-04 Recognizing, Honoring, and Commending Jens Andersen for Fifteen (15) Years of Service (Action) | <b>Pg. 119</b> |
|     | Attachment 1 – Resolution 2021-04  | <b>Pg. 121</b> |

E.2	Approve FY 2019-20 Audited Financial Statements (Action)	<b>Pg. 123</b>
	Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2019-20	<b>Pg. 124</b>
	Attachment 2 – Presentation of 2020 Audit Results – Fedak & Brown, LLP	<b>Pg. 199</b>
E.3	Review the Discuss McKinleyville Skatepark Quarterly Project Status Update Presented by the Humboldt Skatepark Collective (Information)	<b>Pg. 207</b>
	Attachment 1 – Quarterly Report from Humboldt Skatepark Collective	<b>Pg. 208</b>
E.4	Consider Approval of Professional Services Agreement with North Coast Environmental Construction and Cancel Contract with US Ecology to Perform Remediation and Demolition of PCB Impacted Milking Shed at Pialorsi Ranch (Action)	<b>Pg. 209</b>
	Attachment 1 – North Coast Environmental Construction Quote	<b>Pg. 211</b>
E.5	Consider Acceptance of Latent Powers Committee Report and Provide Direction on Preparation of Related Policy Statements, Resolutions, and Ordinances (Action)	<b>Pg. 213</b>
	Attachment 1 – Latent Powers Committee Report	<b>Pg. 215</b>
E.6	Consider Authorization for General Manager to Execute Agreement No. SWRCB0D2005001 with the State Water Resources Control Board for Project No. C-06-8393-110 MCSD Wastewater Recycling Expansion Project (Action)	<b>Pg. 231</b>
	Attachment 1 – Agreement No. SWRCB-D2005001 by and between MCSD and SWRCB	<b>Pg. 233</b>
E.7	Consider Approval of Professional Services Agreement with GHD for the implementation of the State Water Resources Control Board (SWRCB) Recycled Water Grant (Action)	<b>Pg. 247</b>
	Attachment 1 – January 8, 2021 GHD Scope of Services for Hazard Mitigation Grant Application	<b>Pg. 250</b>
E.8	Consider Approval of Resolution 2021-03 Authorizing the General Manager to Execute Hazard Mitigation Grant Letters of Commitment for Grant Match and Maintenance for 1) Mad River Water Main Crossing; and 2) Forest and Forest Fire Management Plans and Implementation for the Community Forest, Hewitt Preserve and Hiller Wastewater Management Facility Areas (Action)	<b>Pg. 255</b>
	Attachment 1 – Resolution 2021-03	<b>Pg. 259</b>
	Attachment 2 – Designation of Subrecipient’s Agent	<b>Pg. 261</b>
	Attachment 3 – Match Commitment Letter Template	<b>Pg. 263</b>
	Attachment 4 – Maintenance Commitment Letter Template	<b>Pg. 264</b>
E.9	Consider Approval of Professional Services Agreement with GHD for the preparation of the Forest Fire Management and Mitigation Hazard Mitigation Grant (Action)	<b>Pg. 265</b>
	Attachment 1 – January 8, 2021 GHD Scope of Services for	<b>Pg. 268</b>

## Hazard Mitigation Grant Application

- |      |  |  |
|------|--|--|
| E.10 | Finance Director Retirement and Replacement (Action)<br>Attachment 1 – Finance Director Transition Schedule and Overview   | <b>Pg. 273</b><br><b>Pg. 275</b>                   |
| E.11 | Review Information for the Draft Capital Improvement Plan for the Parks and General Fund, FY 2021-22 (Information)<br>Attachment 1 - Draft Capital Improvement Plan for the Fiscal Years ending June 30, 2021 – 2030 for the Parks and General Fund<br>Attachment 2 – Draft Capital Improvement Plan Narrative for Fiscal Year 2021-22   | <b>Pg. 277</b><br><b>Pg. 278</b><br><b>Pg. 284</b> |
| E.12 | Consider Approval of Ordinance 2021-03 Amending Regulation 5 – Connection Charges to Address Accessory Dwelling Units (ADU) Water Connection Fees – Second Reading and Adoption (Action)<br>Attachment 1 – Revision to Rule 5 in Track Changes<br>Attachment 2 – Ordinance No. 2021-03, An Ordinance of the McKinleyville Community Services District Amending Regulation 5 – Application for Regular Water Service, of the MCSD Rules and Regulations | <b>Pg. 287</b><br><b>Pg. 289</b><br><b>Pg. 294</b> |
| E.13 | Consider Approval of Resolution 2021-02 Authorizing the Application for Statewide Park Development and Community Revitalization Program Grant Funds for the Pierson Park Expansion and Renovation Project (Action)<br>Attachment 1 – Resolution 2021-02  | <b>Pg. 299</b><br><b>Pg. 300</b>                   |

## F. REPORTS

*No specific action is required on these items, but the Board may discuss any particular item as required.*

### F.1 ACTIVE COMMITTEE REPORTS

- a. Parks and Recreation Committee (Binder/Clark-Peterson)
- b. Area Fund (John Kulstad/Clark-Peterson)
- c. Redwood Region Economic Development Commission (Clark-Peterson/Binder)
- d. McKinleyville Senior Center Board Liaison (Clark-Peterson/Binder)
- e. Audit (Orsini/Couch)
- f. Employee Negotiations (Couch/Mayo)
- g. McKinleyville Municipal Advisory Committee (Orsini/Binder)
- h. Humboldt Local Agency Formation Commission (Couch)
- i. Environmental Matters Committee (Couch/Clark-Peterson)
- j. AdHoc Committee – Community Forest (Mayo/Orsini)
- k. AdHoc Committee – Latent Powers (Couch/Orsini)

### F.2 LEGISLATIVE AND REGULATORY REPORTS

### F.3 STAFF REPORTS

- |   |                |
|---|----------------|
| a. Support Services Department (Colleen M.R. Trask) | <b>Pg. 301</b> |
| b. Operations Department (James Henry)              | <b>Pg. 303</b> |
| c. Parks & Recreation Department (Lesley Frisbee)   | <b>Pg. 307</b> |
| d. General Manager (Pat Kaspari)                    | <b>Pg. 313</b> |
- Attachment 1 – WWMF Monthly Self-Monitoring Report

**F.4 PRESIDENT’S REPORT**

**F.5 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEMS REQUESTS**

**G. ADJOURNMENT**

**Posted 5:00 pm on January 29, 2021**

*Pursuant to California Government Code Section 54957.5, this agenda and complete Board packet are available for public inspection on the web at [McKinleyvillecsd.com/minutes](http://McKinleyvillecsd.com/minutes) or upon request at the MCSD office, 1656 Sutter Road, McKinleyville. A complete packet is also available for viewing at the McKinleyville Library at 1606 Pickett Road, McKinleyville. If you would like to receive the complete packet via email, free of charge, contact the Board Secretary at (707)839-3251 to be added to the mailing list.*

*McKinleyville Community Services District will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the Board Secretary at (707) 839-3251. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements for accommodations.*

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: D.1**                      **Consider Approval of the Minutes of the Board of Directors**

**PRESENTED BY:**              **April Sousa, Board Secretary**

**TYPE OF ACTION:**            **Roll Call Vote – Consent Calendar**

**Recommendation:**

Staff recommends the approval of the Minutes of the Board of Directors for the January 6, 2021 meeting.

**Discussion:**

The Draft minutes are attached for the above listed meeting. A reminder that the minutes are approved by the legislative body that is the Board of Directors, not individual members of the Board who were present at a meeting.

**Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Draft Minutes from January 6, 2021

**MINUTES OF THE CLOSED/REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, JANUARY 6, 2021 7:00 P.M.**

**TELECONFERENCE Via ZOOM & TELEPHONE:**

**ZOOM MEETING ID: 836 4924 1188 (<https://zoom.us/j/83649241188>) and TOLL FREE: 1-888-788-0099**

**AGENDA ITEM A. CALL TO ORDER:**

**A.1 Roll Call:** The regular session of the Board of Directors of McKinleyville Community Services District convened at 7:01 pm with the following Directors and staff in attendance:

Dennis Mayo, President	Pat Kaspari, General Manager
David Couch, Vice President	Colleen Trask, Finance Director
Scott Binder, Director	James Henry, Operations Director
Joellen Clark-Peterson, Director	Lesley Frisbee, Recreation Director
Greg Orsini, Director	April Sousa, Board Secretary
	Joseph Blaine, Tech Support

After the Roll Call, President Mayo asked Board Secretary Sousa to give an overview on how the public can participate in the meeting.

President Mayo addressed the Board on current events at the Capitol in Washington D.C.

**A.2 Pledge of Allegiance:** The Pledge of Allegiance was led by Director Orsini.

**A.3 Additions to the Agenda:** General Manager Kaspari asked the Board to consider the addition of the item to Consider Approval of District becoming Signatory to Western Water letter to the 117<sup>th</sup> Congress.

**Motion:** It was moved to add the item to the agenda.

**Motion by:** Director Orsini; **Second:** Director Binder

There were no comments from the Board or public.

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**Motion:** It was moved to approve the Agenda.

**Motion by:** Director Orsini; **Second:** Director Couch

There were no comments from the Board or public.

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**AGENDA ITEM B. PUBLIC HEARINGS:** There were no Public Hearings.

**AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:**

Mary Burke wished the new directors a good meeting and happy new year.

There was no other public comment on items not on the agenda.

**AGENDA ITEM D. CONSENT CALENDAR:**

Item D.4 – Review of 2020 Integrated Pest Management Plan Annual Report and D.6 – Consider Approval of Memorandum of Understanding by and between County of Humboldt and McKinleyville Community Services District for Fiscal Year 2020-21 were pulled from the agenda.

**D.1 Consider Approval of the Minutes of the Board of Directors Meetings on December 2, 2020 and December 9, 2020**

**D.2 Consider Approval of November 2020 Treasurer's Report**

**D.3 Compliance with State Double Check Valve (DCV) Law**

**D. 5 Acknowledgement of Conflict of Interest in Connection with Continued MCSD Representation by Mitchell Law Firm, LLP in dealings with Green Diamond Resources Company**

**Motion:** It was moved to approve Consent Calendar items D.1-D.3 and D.5

**Motion by:** Director Orsini; **Second:** Director Couch

There were no comments from the Board or public.

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**D.4: Review of 2020 Integrated Pest Management Plan Annual Report**

Director Clark-Peterson asked clarifying questions regarding the Integrated Pet Management Plan. Operations Director Henry gave a history of the policy and gave several examples. President Mayo and Director Orsini also gave some back information on the policy. There was no other public comment on this item.

**Motion:** It was moved to approve Consent Calendar item D.4.

**Motion by:** Director Orsini; **Second:** Director Clark-Peterson

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**D.6 Consider Approval of Memorandum of Understanding by and between County of Humboldt and McKinleyville Community Services District for Fiscal Year 2020-21**

President Mayo gave an overview of the process for setting up an appointment with the COVID-19 testing Center. Director Orsini asks clarifying questions regarding financial responsibility and legal counsel review.

**Motion:** It was moved to approve Consent Calendar item D.6.

**Motion by:** Director Orsini; **Second:** Director Couch

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**AGENDA ITEM E. CONTINUED AND NEW BUSINESS:**

**E.1 Presentation of the MCSD Employee of the Year Award to Drew Small**

General Manager Kasapri gave an overview of the award and this year's winner, Drew Small. The Board and staff were invited to give comment. Drew Small showed a picture of his award and spoke a few words.

This was an informational item only; no action taken.

**E.2 Consideration of Burris Appeal**

General Manager Kaspari overviewed the new information since the December meeting when this item was originally brought forward. The Board and public were given an opportunity to ask questions and comment.

**Motion:** Move to approve the appeal from Hal and Carol Burris with the agreed upon leak adjustment of \$1,450.43.

**Motion by:** Director Orsini; **Second:** Director Binder

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**E.3 Consider Participation in Feasibility Analysis to Extend Humboldt Bay Municipal Water District (HBMWD) Water Service to Trinidad Rancheria**

General Manager Kaspari gave the staff report on this item. John Friedenbach, Sherri Woo and Bruce Rupp from Humboldt Bay Municipal Water District presented on the item. Trinidad Rancheria representatives

Jacque Hoster-Carmesion, Shirley Laos and Robert Hemsted commented and answered questions on behalf of the rancheria. There was no public comment. The Board provided several supporting comments.

**Motion:** Approve the District's participation with Humboldt Bay Municipal Water District and the Trinidad Rancheria to assess the feasibility of extending water service to the Trinidad Rancheria via HBMWD water through the MCSD water distribution system and that any feasibility studies remain cost neutral for MCSD and direct costs be borne by those interested in being served.

**Motion by:** Director Couch; **Second:** Director Orsini

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

#### **E.4 Consider Approval of the Right of Entry and Design Agreement between the Humboldt Skatepark Collective and McKinleyville Community Services District**

Recreation Director Frisbee reviewed the item. Director Clark-Peterson asked clarifying questions relating to the relationships with the groups using the facilities. The public spoke in support of the item.

**Motion:** Approve the Right of Entry and Design Agreement between the Humboldt Skatepark Collective (HSC) and the McKinleyville Community Services District.

**Motion by:** Director Orsini; **Second:** Director Binder

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

#### **E.5 Consider Approval of Resolution 2021-01 Authorizing the Application for Statewide Park Development and Community Revitalization Program Grant Funds for the BMX Track and Park Project**

Recreation Director Frisbee gave an overview of the item. It was clarified what the "Prop 68" was and that submissions are not competing against each other, so there can be multiple applications from the same agency. Public and Board comment was received in support of the grant and of Recreation Director Frisbee.

**Motion:** Approve the Right of Entry and Design Agreement between the Humboldt Skatepark Collective (HSC) and the McKinleyville Community Services District.

**Motion by:** Director Orsini; **Second:** Director Clark-Peterson

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

#### **E.6 Consider Approval of Proposed Reserve Policy Updates**

Finance Director Trask gave an overview of the item and answered Board questions. There was no public comment.

**Motion:** Approve the updated Reserves Policy.

**Motion by:** Director Couch; **Second:** Director Clark-Peterson

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

#### **E.7 Consider Approval of Ordinance 2021-01 Amending Regulation 21-Connection Charges to Address Accessory Dwelling Units (ADU) Connection Fees – Second Reading and Adoption**

General Manager Kaspari reviewed the item. There was no further comment from the Board or the Public

**Motion:** Approve the Second Reading and Adoption of Ordinance 2021-01, Amending Regulation 21 – connection Charges to Address Accessory Dwelling Units (ADU) Connection Fees, by title only.

**Motion by:** Director Orsini; **Second:** Director Clark-Peterson

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**E.8 Consider Approval of Ordinance 2021-02 Amending Regulation 40 – Parks and Recreation Committee – Second Reading and Adoption**

Parks and Recreation Director Fisbee reviewed the item. The public commented on support for Recreation Director Frisbee

**Motion:** Approve the Second Reading and Adoption of Ordinance 2021-02, Amending Regulation 40 – Parks and Recreation Committee, by title only.

**Motion by:** Director Orsini; **Second:** Director Binder

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**E.9 Consider Approval of Ordinance 2021-03 Amending Regulation 5 – Connection Charges to Address Accessory Dwelling Units (ADU) Water Connection Fees – First Reading**

General Manager Kaspari reviewed the item. There was no further Board or Public comment.

**Motion:** Approve the First Reading of Ordinance 2021-03, Amending Regulation 5 – Connection Charges to Address Accessory Dwelling Units (ADU) Water Connection Fees

**Motion by:** Director Orsini; **Second:** Director Couch

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**E.10 Consider Approval of District becoming Signatory to Western Water letter to the 117<sup>th</sup> Congress**

General Manager Kaspari reviewed the item. President Mayo, who is also the Board representative to the Association of California Water Agencies, expanded on the General Manager's presentation of the item. Randy Turner gave public input against this item and encouraged the Board to vote no. The Board discussed.

**Motion:** Approve becoming a signatory to the January 7, 2021 Western Water Letter to the 117<sup>th</sup> session of Congress.

**Motion by:** Director Orsini; **Second:** Director Couch

**Roll Call:** Ayes: Binder, Clark-Peterson, Couch, Orsini, and Mayo Nays: None Absent: None

**Motion Summary:** Motion Passed

**AGENDA ITEM F. REPORTS**

**F.1 ACTIVE COMMITTEE REPORTS**

President Mayo reviewed the Committee Assignments and added Board assignments to those committees that still needed it.

- a. **Parks and Recreation Committee (Binder/Clark-Peterson):** Had nothing further to report from Recreation Director Frisbee's report in F.3.c.
- b. **Area Fund (John Kulstad/Clark-Peterson):** Did not meet.
- c. **Redwood Region Economic Development Commission (Clark-Peterson/Binder):** Nothing to report. New Board delegates have not met with RREDC yet.
- d. **McKinleyville Senior Center Advisory Council (Clark-Peterson/Binder):** Did not meet.
- e. **Audit (Orsini/Couch):** Did not meet – but noted there was a planned meeting soon.

- f. **Employee Negotiations (Couch):** Did not meet. President Mayo appointed himself as the second Board member to this committee
- g. **McKinleyville Municipal Advisory Committee (Orsini):** Director Orsini gave a brief report. President Mayo appointed Director Binder as the second Board member to this committee.
- h. **Local Agency Formation Commission (Couch):** No report.
- i. **Environmental Matters Committee (Couch/Corbett):** No report.
- j. **Ad Hoc Community Forest Committee (Mayo/Corbett):** No report.
- k. **Ad Hoc Latent Powers Committee (Corbett/Couch):** No report.

## F.2 LEGISLATIVE AND REGULATORY REPORTS

None.

## F.3 STAFF REPORTS

- a. **Support Services Department (Colleen M.R. Trask):** Finance Director, Colleen Trask, highlighted the CALPers portfolio status and noted the next rate increase would take effect next month.
- b. **Operations Department (James Henry):** Operations Director, James Henry, had nothing further to add to his written report.
- c. **Parks & Recreation Department (Lesley Frisbee):** Recreation Director, Lesley Frisbee, had nothing further to add to her written report.
- d. **General Manager (Patrick Kaspari):** General Manager Kaspari had nothing further to report. Director Orsini asked a question regarding the Recycle grant.

**F.3.2 PRESIDENT'S REPORT:** President Mayo thanked everyone for their patience in the process.

## F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:

None

## G. ADJOURNMENT:

**Meeting Adjourned at 9:55 p.m.**

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April Sousa, CMC, Board Secretary

**McKinleyville Community Services District  
Treasurer's Report  
December 2020**

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Page 13	Cash Disbursement Report

**Ratios**

as of December 31, 2020

- Utility Accounts Receivable Turnover Days	<b>12</b>
- YTD Breakeven Revenue, Water Fund:	<b>\$ 1,198,264</b>
- YTD Actual Water Sales:	<b>\$ 2,163,206</b>
- Days of Cash on Hand-Operations Checking/MM	<b>198</b>

**McKinleyville Community Services District  
Investments & Cash Flow Report  
as of December 31, 2020**

Petty Cash & Change Funds 9,197.46

**Cash**

**Operating & Money Market - Beginning Balance** 3,277,685.30

**Cash Receipts:**

Utility Billings & Other Receipts 656,872.24  
 Money Market Account Interest 95.45  
 Transfers from County Funds #2560, #4240, CalTRUST, Meas. B -  
 Other Cash Receipts (Pmt of SRF Solar Proj Grant Receivable) -

**Total Cash Receipts** 656,967.69

**Cash Disbursements:**

Transfers to County Funds #2560, #4240, CalTRUST -  
 Payroll Related Expenditures (235,977.87)  
 Debt Service (137,810.37)  
 Capital & Other Expenditures (incl. Hiller Trailer purchase) (267,717.04)

**Total Cash Disbursements** (641,505.28)

**Operating & Money Market - Ending Balance** 3,293,147.71

**Total Cash** 3,302,345.17

**Investments** *(Interest and Market Valuation will be re-calculated as part of the year-end close, if material)*

**LAIF - Beginning Balance** 138,432.30

Interest Income -

**LAIF - Ending Balance** 138,432.30

**Humboldt Co. #2560 - Beginning Balance** 1,115,081.37

Property Taxes and Assessments 479,805.40  
 Transfer to/from Operating Cash -  
 Interest Income (net of adjustments) 1,396.26

**Humboldt Co. #2560 - Ending Balance** 1,596,283.03

**Humboldt Co. #4240 - Beginning Balance** 3,359,650.70

Transfer to/from Operating Cash -  
 Transfer to/from Biosolids Reserve -  
 Interest Income 13,353.69

**Humboldt Co. #4240 - Ending Balance** 3,373,004.39

**Humboldt Co. #9390 - Beginning Balance** 663,032.08

Reserves Recovery Deposits/Other Bal Withdrawals -

**Humboldt Co. #9390 - Ending Balance** 663,032.08

**USDA Bond Reserve Fund - Beginning Balance** 128,940.76

Bond Reserve Payment/Transfer to Service Fund 7,270.83  
 Debt Service Payment, Principal/Interest (Net) -  
 Interest Adjustment 0.85

**USDA Bond Reserve Fund - Ending Balance** 136,212.44

**CalTRUST - Beginning Balance** 10,619,119.97

Net Transfer to/from Designated Reserves: PERS/OPEB -  
 Net Transfer to/from Capacity Fees/Catastrophe/Other Reserves -  
 Net: Interest Income/Unrealized Gain/Loss 6,118.07

**CalTRUST - Ending Balance** 10,625,238.04

**Total Investments** 16,538,219.76

**Total Cash & Investments - Current Month** 19,840,564.93

**Total Cash & Investments - Prior Month** 19,317,157.42

**Net Change to Cash & Investments This Month** 523,407.51

**Cash & Investment Summary**

Cash & Cash Equivalents 19,089,433.38  
 Davis-Grunsky Loan Reserve 614,919.11  
 USDA Bond Reserve 136,212.44

**Total Cash & Investments** 19,840,564.93



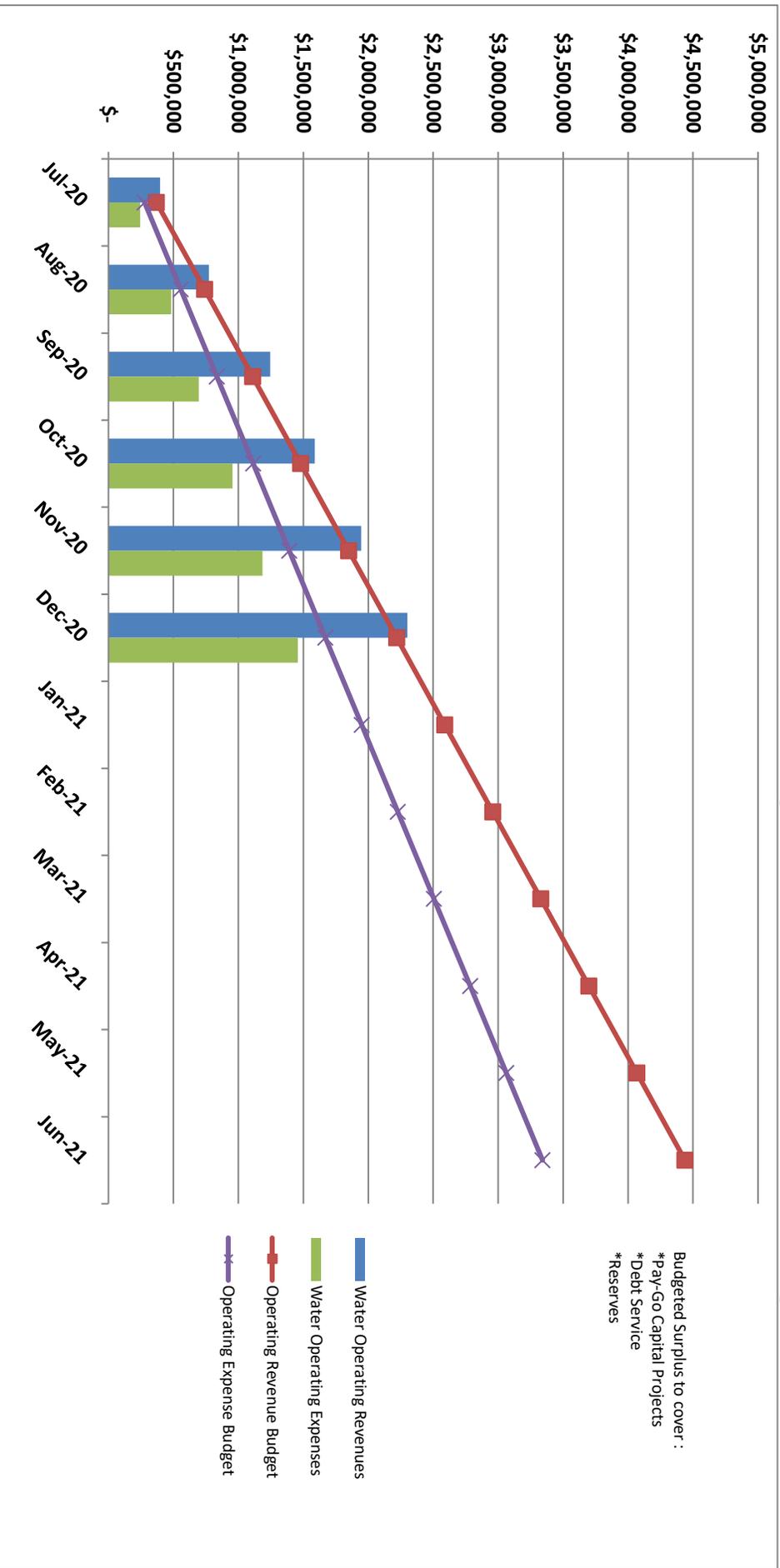
**McKinleyville Community Services District  
Activity Summary by Fund, Approved Budget  
December 2020**

Department Summaries	December	% of Year 50.00% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<b>Water</b>						
Water Sales	321,330	2,163,206	1,958,872	204,334	10.43%	Budget is spread evenly across 12 months, but actuals vary by with seasonal usage
Other Revenues	34,091	138,343	260,150	(121,807)	-46.82%	Includes YTD Capacity Fees \$71,885 Contrib Construction \$0.
Total Operating Revenues	355,421	2,301,550	2,219,022	82,528	3.72%	
Salaries & Benefits	88,429	443,715	523,990	(80,275)	-15.32%	Budget is spread evenly across 12 months, but actuals vary by hiring & job assignment.
Water Purchased	95,772	581,861	562,767	19,094	3.39%	
Other Expenses	57,744	250,739	402,481	(151,742)	-37.70%	Budget is spread evenly across 12 months, but actuals vary by purchasing sched.
Depreciation	30,250	181,500	181,500	-	0.00%	
Total Operating Expenses	272,195	1,457,815	1,670,738	(212,923)	-12.74%	
Net Operating Income	83,226	843,735	548,284	(130,395)		
Interest Income	-	21,346	25,000	(3,655)	-14.62%	Interest rates higher than anticipated.
Interest Expense	(4,554)	(26,369)	(27,563)	(1,194)	-4.33%	
<b>Net Income (Loss)</b>	<b>78,672</b>	<b>838,711</b>	<b>545,721</b>	<b>292,990</b>		
<b>Wastewater</b>						
Wastewater Service Charges	329,809	2,007,565	2,002,230	5,335	0.27%	
Other Revenues	30,175	194,215	1,080,655	(886,440)	-82.03%	Includes YTD Capacity Fees \$147,746. Contrib.Constr. \$0. Grants \$1,829.
Total Operating Revenues	359,984	2,201,780	3,082,885	(881,105)	-28.58%	
Salaries & Benefits	99,579	588,984	554,050	34,934	6.31%	
Other Expenses	50,160	341,666	510,461	(168,795)	-33.07%	Budget is spread evenly across 12 months, but actuals vary by purchasing sched.
Depreciation	96,667	579,168	580,000	(832)	-0.14%	
Total Operating Expenses	246,406	1,509,818	1,644,511	(134,693)	-8.19%	
Net Operating Income	113,578	691,962	1,438,374	(746,412)		
Interest Income	10,730	45,211	37,500	7,711	20.56%	Interest rates higher than anticipated.
Interest Expense	(22,189)	(141,970)	(123,582)	18,388	14.88%	Budget is spread evenly across 12 months, but actuals vary by loan pmt schedule
<b>Net Income (Loss)</b>	<b>102,119</b>	<b>595,204</b>	<b>1,352,292</b>	<b>(757,088)</b>		
<b>Enterprise Funds Net Income (Loss)</b>	<b>180,791</b>	<b>1,433,915</b>	<b>1,898,013</b>	<b>(464,098)</b>		

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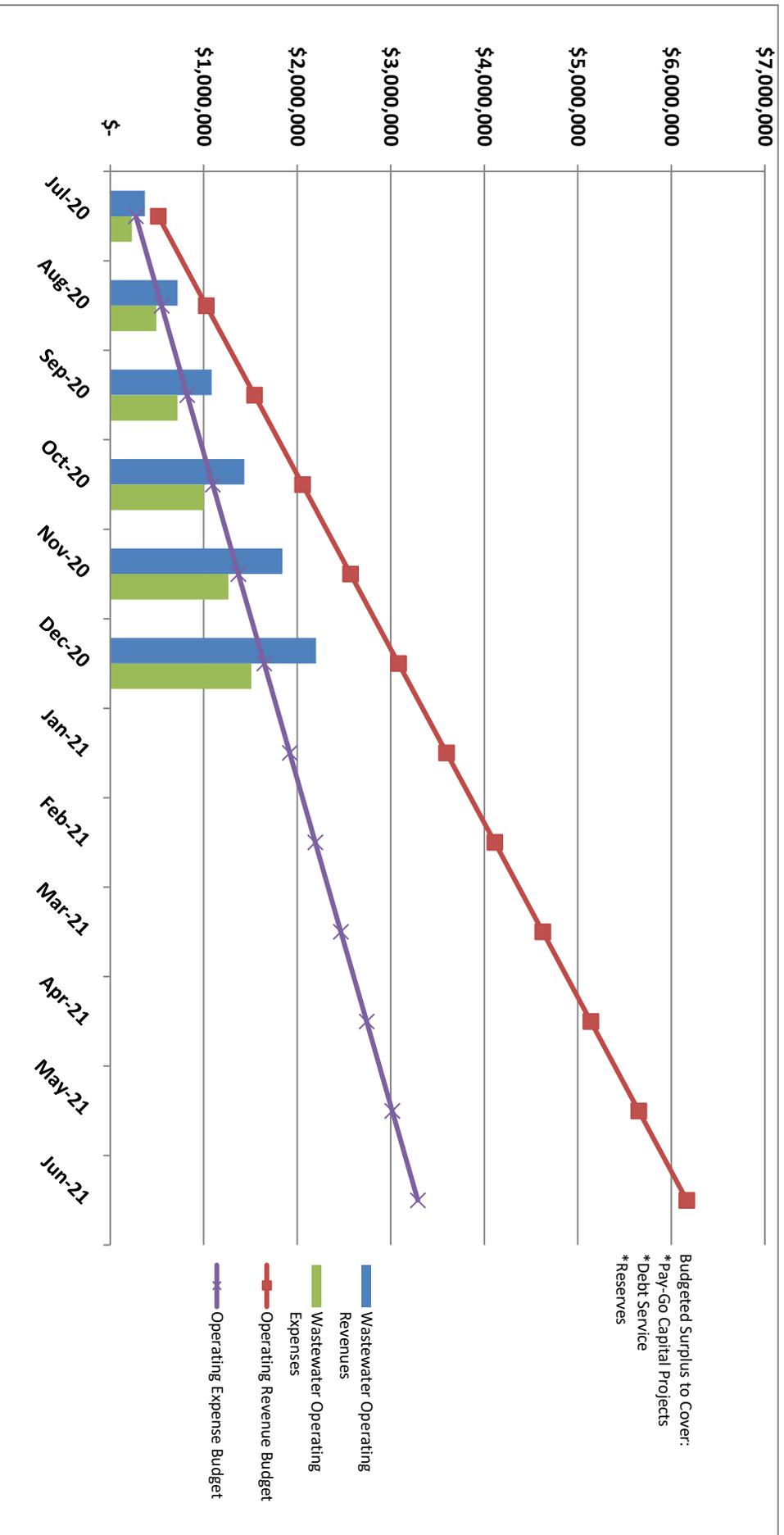
# McKinleyville Community Services District December 2020

## Comparison of Water Fund Operating Revenues & Expenses to Budget



# McKinleyville Community Services District December 2020

## Comparison of Wastewater Fund Operating Revenues & Expenses to Budget



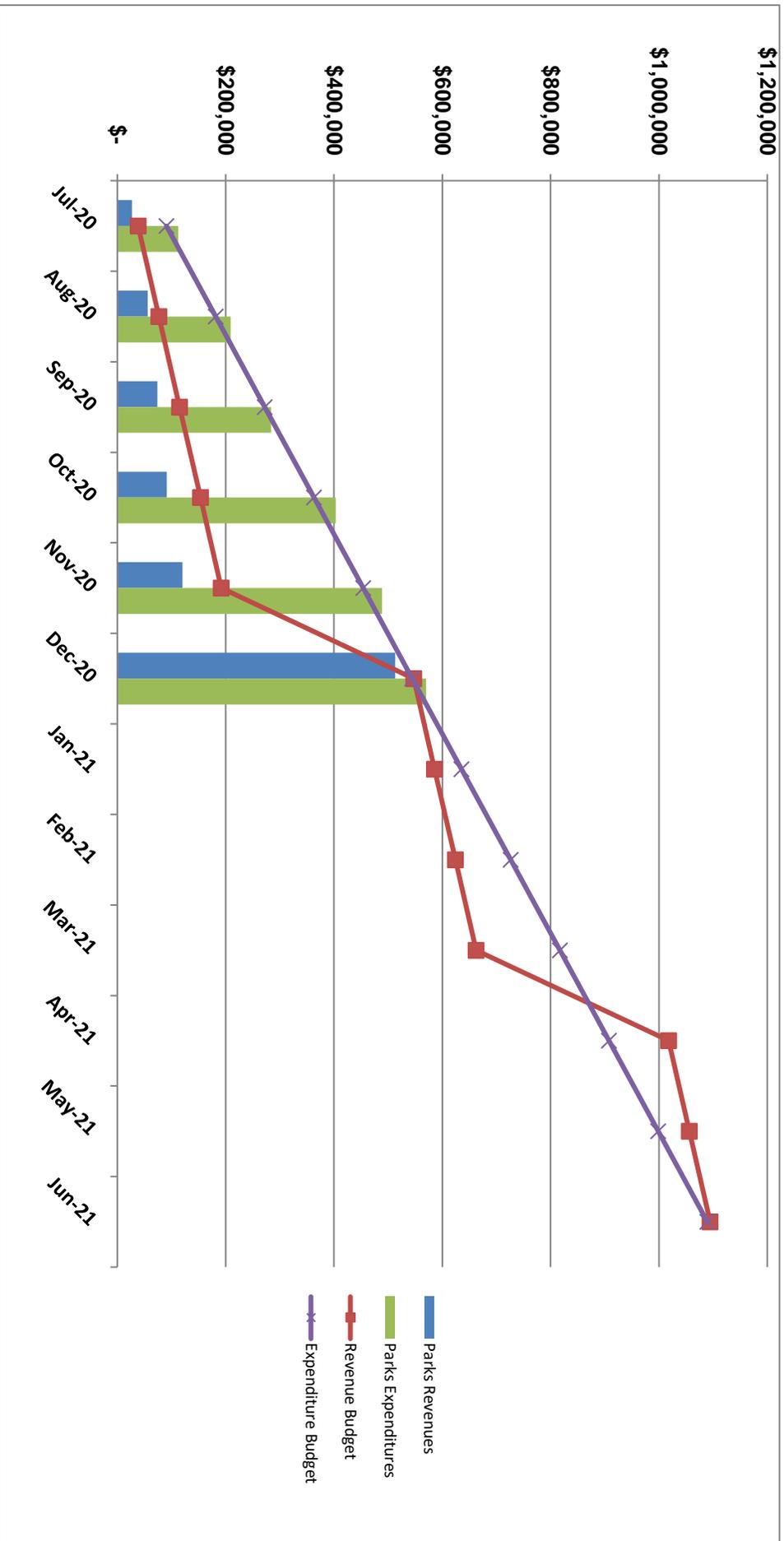
**McKinleyville Community Services District  
Activity Summary by Fund, Approved Budget  
December 2020**

Department Summaries	December	% of Year 50.00% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<b>*Parks &amp; Recreation</b>						
Program Fees	14,474	57.526	103,123	(45,597)	-44.22%	Budget is spread evenly across 12 months, but actuals vary by project schedule
Rents & Related Fees	3,904	9.817	19,444	(9,627)	-49.51%	Budget is spread evenly across 12 months, but actuals vary by project schedule
Property Taxes	362,060	362.060	316,921	45,139	14.24%	County Tax remittance: December, April, and June; per Auditor-Controller's office,
Other Revenues	9,918	67.334	85,328	(17,994)	-21.09%	Budget is spread evenly across 12 months, but actuals vary by payment schedule
Interest Income	2,474	16.410	22,500	(6,090)	-27.07%	Interest rates higher than anticipated.
Total Revenues	392,830	513.147	547,316	(34,169)	-6.24%	
Salaries & Benefits	71,050	425.309	404,227	21,082	5.22%	
Other Expenditures	10,521	102.986	113,024	(10,038)	-8.88%	
Capital Expenditures	-	42.039	27,500	14,539	52.87%	Budget is spread evenly across 12 months, but actuals vary by project schedule
Total Expenditures	81,571	570.333	544,751	25,582	4.70%	
<b>Excess (Deficit)</b>	<b>311,259</b>	<b>(57,186)</b>	<b>2,565</b>	<b>(59,751)</b>		
<b>*Measure B Assessment</b>						
Total Revenues	136,235	137.694	112,166	25,528	22.76%	Interest & unrealized gains/losses: County Tax remittance December/April/June
Salaries & Benefits	2,891	35.285	35,205	80	0.23%	Budget spread evenly across 12 months, but actuals vary by job assignment
Other Expenditures	424	13.152	12,750	402	3.16%	Budget spread evenly across 12 months, but actuals vary seasonally
Capital Expenditures/Loan Repayment	-	63.161	63,726	(665)	-0.89%	Budget is spread evenly across 12 months, but loan pmts are October & April
Total Expenditures	3,315	111.598	111,681	(83)	-0.07%	
<b>Excess (Deficit)</b>	<b>132,920</b>	<b>26,096</b>	<b>485</b>	<b>25,611</b>		
<b>*Street Lights</b>						
Total Revenues	9,705	58.680	58,409	271	0.46%	
Salaries & Benefits	3,568	27.865	23,975	3,890	16.23%	Overage related to lump sum final payroll, not spread evenly over 12 months
Other Expenditures	3,235	19,604	20,437	(833)	-4.08%	
Capital Expenditures/Loan Repayment	-	-	1,000	(1,000)	-100.00%	Budget is spread evenly across 12 months, but actuals vary by project schedule
Total Expenditures	6,803	47,469	45,412	2,057	4.53%	
<b>Excess (Deficit)</b>	<b>2,903</b>	<b>11,211</b>	<b>12,997</b>	<b>1,786</b>		
<b>Governmental Funds Excess (Deficit)</b>	<b>447,082</b>	<b>(19,879)</b>	<b>16,047</b>	<b>(35,926)</b>		

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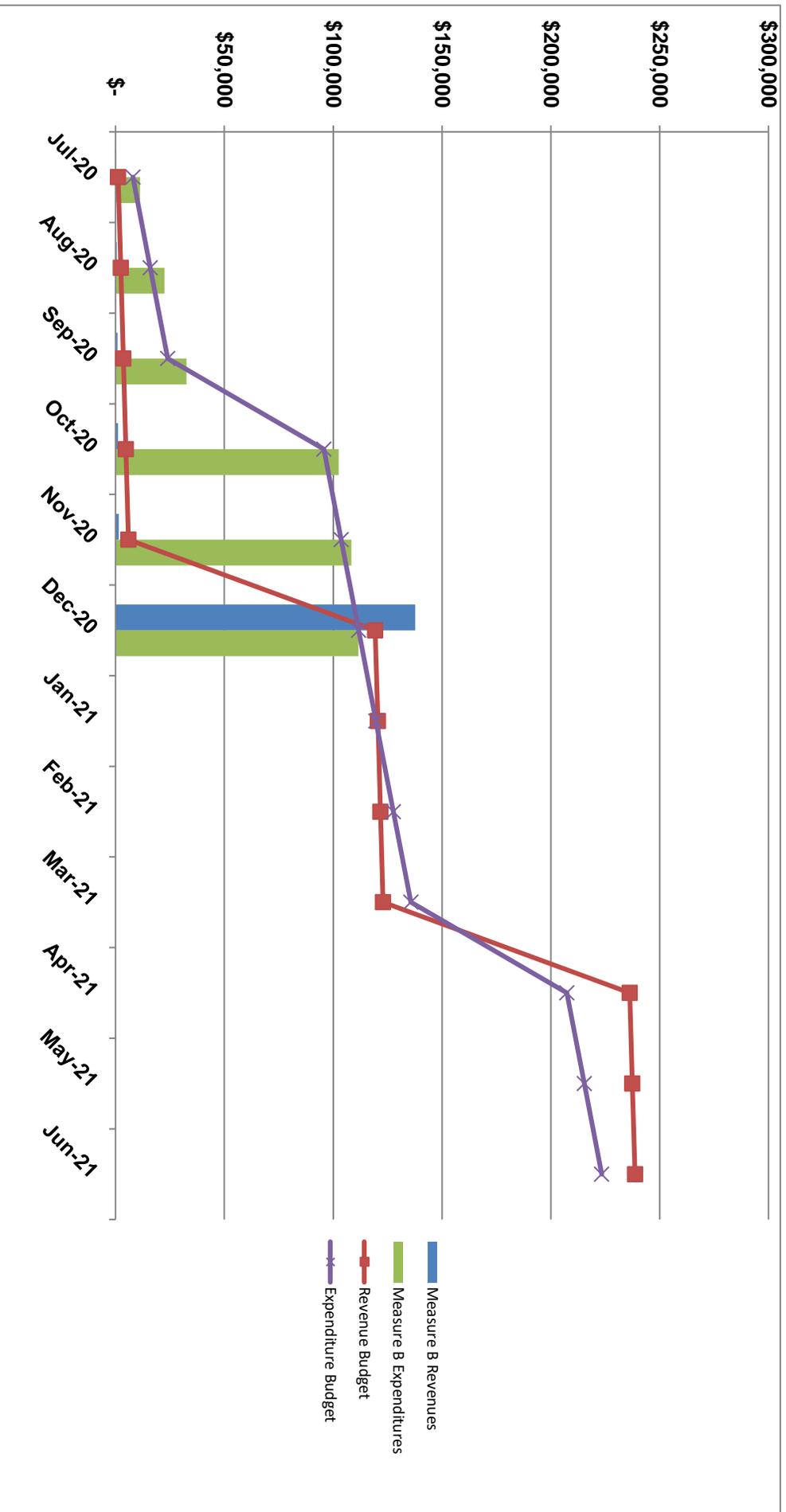
# McKinleyville Community Services District December 2020

## Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



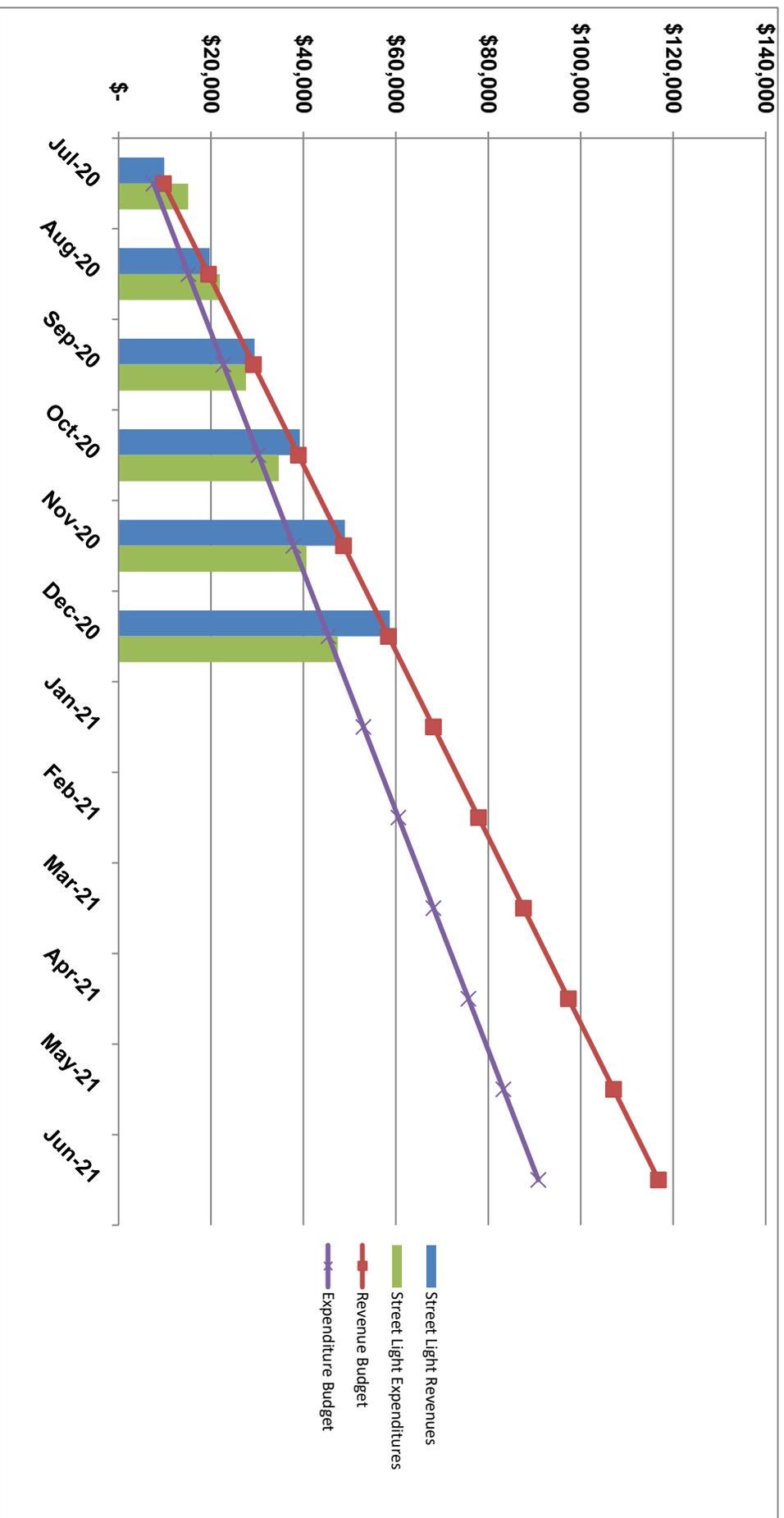
# McKinleyville Community Services District December 2020

## Comparison of Measure B Fund Total Revenues & Expenditures to Budget



# McKinleyville Community Services District December 2020

## Comparison of Street Light Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District  
Capital Expenditure Report  
as of December 31, 2020**

	December	YTD	FY 20-21	Remaining		Notes
		Total	Budget	Budget \$	Budget %	
<b>Water Department</b>						
Ramey Pump Upgrades	-	-	-	-	#DIV/0!	
Water Tank Painting	-	-	500,000	500,000	100%	Water Tank Painting & Cathodic
Alternative Energy Master Plan	-	-	50,000	50,000	100%	Alternative energy master plan
4.5m New Water Tank	75,007	177,357	178,000	643	0%	Drilling, LACO Assoc.
N.BankBoosterStation VFD#2 replacement	-	17,619	25,000	7,381	30%	Emergency Water Supply
Emergency Generator-Cochran	-	-	25,000	25,000	100%	CochranEmergency Generator
Fire Hydrant System Upgrade	-	-	7,000	7,000	100%	Fire Hydrant System Upgrade
Tank Seismic Actuators	-	-	20,000	20,000	100%	Tank Seismic Actuators
Customer Radio Meter Testing	-	4,530	10,000	5,470	55%	Customer Radio meter testing
Water Tank Upgrade-Norton#2 Tree Svc	-	-	7,000	7,000	100%	Water Tank Upgrade-Norton Tree
Water Main Rehab & Replacement	-	2,486	900,000	897,514	100%	Water Main Rehab
Property Purchase- Tank Site	-	-	-	-	#DIV/0!	Property Purch/Imprv.Tank Site
<b>Subtotal</b>	<b>75,007</b>	<b>201,992</b>	<b>1,722,000</b>	<b>1,520,008</b>	<b>88%</b>	
<b>Wastewater Department</b>						
Sewer Main Rehab & Replacement	-	2,441	900,000	897,559	100%	Sewer Main Rehab
WWMF Sludge Disposal - next	-	-	240,000	240,000	100%	Sludge handling/disposal
WWMF Recirculation Valve Replacement	-	-	12,000	12,000	100%	Recirculation Valve replacemnt
Alternative Energy Master Plan	-	-	50,000	50,000	100%	Alternative energy master plan
WWMF Chlorine Injector/Controllers	-	29,352	10,000	(19,352)	-194%	Chlorine Injector/Controllers
Collection Upgrades-UndercrossingsProj	22,933	158,449	1,335,000	1,176,551	88%	Collection System upgrades
Fischer Lift Station Generator	-	-	-	-	#DIV/0!	Fischer Lift Stn Generator
Sewer Lift Stn Upgrade-Hiller	-	182,661	538,000	355,339	66%	Sewer lift stn Upgrade-Hiller
Solar Project - CWSRF Grant/Loan	26,690	66,364	1,250,000	1,183,636	95%	WWMF Solar Project
WWMF Alt. Disinfection/ Feasibility Study	-	-	70,000	70,000	100%	Alt. Disinfection Feasibility Study
Radio Telemetry Upgrade	-	-	-	-	#DIV/0!	Radio Telemetry upgrade
Production Meter Replacements	-	-	-	-	#DIV/0!	Production Meter Replacement
WWMF - next NPDES Permit	-	30,283	50,000	19,717	39%	NPDES Permit Project
Customer Radio Meter Testing	-	4,388	10,000	5,612	56%	Radio meters testing
Underground pipe locator & camera	-	-	5,000	5,000	100%	Underground pipe locator & came
Flow Totalizers	-	39,698	45,000	5,302	12%	Flow Totalizers
Sewer Lift Station Other Upgrades	12,879	269,614	-	(269,614)	#DIV/0!	SwrLiftStnUpgrade-Letz
<b>Subtotal</b>	<b>49,623</b>	<b>783,249</b>	<b>4,515,000</b>	<b>3,731,751</b>	<b>83%</b>	
<b>Water &amp; Wastewater Operations</b>						
Heavy Equipment	-	-	150,000	150,000	100%	backhoe, emerg.generators, airco
Utility Vehicles	-	-	38,000	38,000	100%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	-	55,777	25,000	(30,777)	-123%	Facilities upgrade/sealcoat
Computers & Software	-	14,381	18,000	3,619	20%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tr	-	7,052	200,000	192,948	96%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Und	-	7,948	55,000	47,052	86%	Underground valving/piping
Pialorsi Ranch Survey/ Improvements	5,064	58,740	30,000	(28,740)	-96%	Pialorsi Ranch Survey
Small Equipment & Other	-	-	40,000	40,000	100%	Misc,response, & GPS surveying
<b>Subtotal</b>	<b>-</b>	<b>143,897</b>	<b>556,000</b>	<b>412,103</b>	<b>74%</b>	
<b>Enterprise Funds Total</b>	<b>142,572</b>	<b>1,129,139</b>	<b>6,793,000</b>	<b>5,663,861</b>	<b>83%</b>	
<b>Parks &amp; Recreation Department</b>						
Hiller Park & Sports Complex	-	27,040	-	(27,040)	#DIV/0!	Hiller Sports Sealcoat-CountyGrant
Azalea Hall Projects	-	-	32,000	32,000	100%	Flooring, Pkg Lot resurface
McKinleyville Activity Center Upgrades	-	14,999	6,000	(8,999)	-150%	Major Appliance replacement
Law Enforcement Facility Improvements	-	-	24,000	24,000	100%	LEF flooring/Library Carpet
Projects Funded by Quimby/Other Funds	-	-	-	-	#DIV/0!	Covered Picnic Area
Projects Funded by Measure B Renewal	-	-	-	-	#DIV/0!	Teen Center Constr&Loan svc
Other Parks Projects & Equipment	-	-	14,000	14,000	100%	Brush&LawnMowers/Trailer
<b>Subtotal</b>	<b>-</b>	<b>42,039</b>	<b>76,000</b>	<b>33,961</b>	<b>45%</b>	
<b>Streetlights</b>						
Pole Replacement	-	-	2,000	2,000	100%	Pole Replacement
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>2,000</b>	<b>100%</b>	
<b>Governmental Funds Total</b>	<b>-</b>	<b>42,039</b>	<b>78,000</b>	<b>35,961</b>	<b>46%</b>	
<b>All Funds Total</b>	<b>142,572</b>	<b>1,171,177</b>	<b>6,871,000</b>	<b>5,699,823</b>	<b>83%</b>	

**McKinleyville Community Services District  
Summary of Long-Term Debt Report  
as of December 31, 2020**

**Principal Maturities and  
Scheduled Interest**

	Maturity Date	%	Balance - November		FY-21	Thereafter
			30, 2020	31, 2020		
<b>Water Fund:</b>						
I-Bank	8/1/30					
Interest		3.37%	577,202.62	577,202.62	-	577,202.69
State of CA Energy Commission (ARRA)	12/22/26					
Interest		1.0%	72,332.16	72,332.16	5,864.75	66,467.20
State of CA (Davis Grunsky)	1/1/33					
State of CA (Davis Grunsky) Deferred Interest	1/1/33		1,364,584.89	1,274,456.41	-	1,274,456.41
Interest		2.5%	221,451.21	204,416.09	-	204,416.09
Total Water Fund-Principal			2,235,570.88	2,128,407.28	5,864.75	2,122,542.39
Total Water Fund-Interest					27,050.64	321,040.66
<b>Total Water Fund</b>			<b>2,235,570.88</b>	<b>2,128,407.28</b>	<b>32,915.39</b>	<b>2,443,583.05</b>
<b>Wastewater Fund:</b>						
WWWMF SRF Loan	7/31/47					
Interest		1.6%	14,444,435.82	14,444,435.82	-	14,905,430.41
Chase Bank (Pialorsi Property)	3/8/35					
Interest		2.9%	1,469,000.00	1,469,000.00	44,200.00	1,424,800.00
USDA (Sewer Bond)	8/1/22					
Interest		5.0%	145,000.00	145,000.00	-	145,000.00
Total Wastewater Fund-Principal			16,058,435.82	16,058,435.82	44,200.00	16,475,230.41
Total Wastewater Fund-Interest					17,580.51	3,668,900.19
<b>Total Sewer Fund</b>			<b>16,058,435.82</b>	<b>16,058,435.82</b>	<b>61,780.51</b>	<b>20,144,130.60</b>
<b>Meas. B Fund: Teen/Comm Center Loan</b>						
Total Principal	11/1/29		965,727.00	965,727.00	46,837.00	927,670.00
Total Interest		3.55%			17,453.35	155,131.29
<b>Total</b>			<b>19,259,733.70</b>	<b>19,152,570.10</b>	<b>62,084.50</b>	<b>19,525,442.80</b>
			<b>19,259,733.70</b>	<b>19,152,570.10</b>	<b>158,986.25</b>	<b>23,670,514.94</b>

**Non-debt Long Term Liabilities, District-wide**

OP&B Liability	8,608,123.99
CALPERS Pension Liability	1,959,537.99

8,608,123.99
1,959,537.99

**McKinleyville Community Services District  
 Summary of Grants  
 as of December 31, 2020**

<b>District Grants</b>	<b>Total Grant Amount</b>	<b>Required District Match</b>	<b>Estimated District Asset Value</b>
CalOES Hazard Mitigation Grant - 4.5 mg Tank	\$ 5,418,735	\$ 1,806,245	\$ 4,675,000
CalOES Hazard Mitigation Grant - Sewer Undercrossings	\$ 2,538,300	\$ 846,100	\$ 2,137,000
SWRCB Energy Efficiency Grant/Loan	\$ 2,500,000	\$2,500,000 Loan	\$ 4,100,000
CA State Dept of Parks & Rec - Habitat Conservation Fund	\$ 56,600	\$ -	\$ 56,600

<b>Non-District Grants</b>	<b>Total Grant Amount</b>	<b>Required District Match</b>	<b>Estimated District Asset Value</b>
CalTrout US Fish & Wildlife - Mad River Restoration	\$ 20,000	\$ -	\$ 20,000
CalTrout NOAA - Mad River Restoration	\$ 490,167	\$ 48,000	\$ 300,000

**McKinleyville Community Services District  
Cash Disbursement Report  
For the Period December 1 through December 31, 2020**

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
<b>Accounts Payable Disbursements</b>						
37786	12/1/2020	ARC07	ARCATA FIRE PROTECTION DISTRICT	3,078.00	1123	APPD ASSESSMENTS
37787	12/1/2020	BAD01	BADGER METER, Inc.	279.96	1401763	REPAIRS/SUPPLIES
37788	12/1/2020	BAL01	FLEX REIMBURSEMENT DB	960.00	CO1201	FLEX REIMBURSEMENT DB
37789	12/1/2020	BUR01	MARY C. BURKE	125.00	CO1201	BOARD MTG 11/4/2020
37790	12/1/2020	COA01	COASTAL BUSINESS SYSTEMS	1,170.20	CO1201	COPIER MONTHLY PMT
37791	12/1/2020	COR01	CORBIN WILLITS SYSTEMS, INC.	924.31	CO1201	MOMS MONTHLY MAINTENANCE
37792	12/1/2020	GRS01	JOB AU7 REFUND GR	92.77	CO1201	JOB AU7 REFUND GR
37793	12/1/2020	HAR13	The Hartford - Priority A	433.50	CO1201	GRP LIFE INSURANCE
37794	12/1/2020	INF03	INFINITE CONSULTING SERVICE	134.69	8769	PROFESSIONAL SERVICES
37795	12/1/2020	MAD03	MAD RIVER COMMUNITY HOSPITAL	122.50	CO1201	PROFESSIONAL SERVICES
37796	12/1/2020	MAY02	DENNIS MAYO	125.00	CO1201	BOARD MTG 11/4/2020
37797	12/1/2020	NOR35	NORTHERN HUMBOLDT EMPLOYMENT SERVICES	1,509.02	CO1201	CENTRAL AVE/OPEN SPACE MAINT
37798	12/1/2020	PGE05	PG&E-STREETLIGHTS	372.72	CO1201	GAS & ELECTRIC S.L.- ZONE
37799	12/1/2020	PGE06	PG&E-STREETLIGHTS	17.12	CO1201	GAS & ELECTRIC S.L.- ZONE
37800	12/1/2020	PGE07	PG&E STREETLIGHTS	1,059.42	CO1201	GAS & ELECTRIC
37801	12/1/2020	PGE08	PG&E STREETLIGHTS	16.37	CO1201	GAS & ELECTRIC S.L.- ZONE

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37802	12/1/2020	PGE09	PG&E STREETLIGHTS	82.97	C01201	GAS & ELECTRIC S.L.- ZONE
37803	12/1/2020	SUD01	SUDDENLINK	194.23	C01201	INTERNET SERVICES TEEN CENTER
37804	12/1/2020	USB01	U.S. BANK TRUST N.A.	7,270.83	C01201	SEWER BOND PAYMENT
37805	12/1/2020	VER01	VERIZON WIRELESS	70.25	C01201	CELL PHONES/ TABLET
37806-58	12/8/2020	VOID	VOIDED CHECKS	-		52 Checks Voided - Printer Error
37859	12/8/2020	ACW01	CB&T/ACWA-JPIA	13,992.79	C01208	GRP. HEALTH INS
37860	12/8/2020	COR01	CORBIN WILLITS SYSTEMS, INC	260.00	C01208	PROFESSIONAL SERVICES
37861	12/8/2020	DIG02	DIGITAL DEPLOYMENT	300.00	C01208	MONTHLY MEMBER FEE
37862	12/8/2020	FED02	FEDAK & BROWN LLP	2,862.00	C01208	ACCT. / AUDIT
37863	12/8/2020	GRA05	REFUND OF DEDUCTION SG	46.00	C01208	REFUND OF DEDUCTION SG
37864	12/8/2020	HUM01	HUMBOLDT BAY MUNICIPAL WATER	96,938.57	C01208	WTR PURCHASED
37865	12/8/2020	INF03	INFINITE CONSULTING SERVICES	2,400.00	8789	PROFESSIONAL SERVICES
37866	12/8/2020	MIT01	MITCHELL LAW FIRM	911.00	46814	LEGAL SERVICES
				111.00	46815	LEGAL SERVICES
				1,074.50	46816	LEGAL SERVICES
			Check Total:	<u>2,096.50</u>		
37867	12/8/2020	PGE11	PG&E STREETLIGHTS	24.18	C01208	GAS & ELECTRIC SEWER PUMP
37868	12/8/2020	PGE12	PG&E	32.99	C01208	GAS & ELECTRIC HILLER
37869	12/8/2020	PGE14	PACIFIC GAS & ELECTRIC CO	23.23	C01208	GAS/ELECTRIC ANDERSON AVE
37870	12/8/2020	PGE16	PG&E	225.06	C01208	GAS & ELECTRIC
37871	12/8/2020	SOU03	FLEX REIMBURSEMENT AS	104.19	C01208	FLEX REIMBURSEMENT AS

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37872	12/8/2020	STA03	STATE OF CALIFORNIA	17,035.12	0101D5001	DAVIS-GRUNSKY LOAN PMT
				107,279.00	2101D5001	DAVIS-GRUNSKY LOAN PAYMEN
			Check Total:	124,314.12		
37873	12/8/2020	SWR02	SWRCB FEES	10,814.00	WD180596	ANNUAL PERMIT FEES
				2,848.00	WD0176513	ANNUAL PERMIT FEES
				682.00	WD0180910	ANNUAL PERMIT FEES
			Check Total:	14,344.00		
37874	12/8/2020	UMP01	UMPQUA BANK	601.39	1120JH	REPAIRS/ SUPPLIES
				157.77	1120LF	OFFICE SUPPLIES/REPAIRS/
				196.20	1120BOARD	OFFICE SUPPLIES
				24.79	1120PARKS	REC SUPPLIES
			Check Total:	980.15		
37875	12/8/2020	VA001	MQ CUSTOMER REFUND FOR AD	38.90	000C01201	MQ CUSTOMER REFUND FOR AD
37876	12/8/2020	VC006	MQ CUSTOMER REFUND FOR CO	55.90	000C01201	MQ CUSTOMER REFUND FOR CO
37877	12/8/2020	VG004	MQ CUSTOMER REFUND FOR GO	41.44	000C01201	MQ CUSTOMER REFUND FOR GO
37878	12/8/2020	VG018	MQ CUSTOMER REFUND FOR GR	285.39	000C01201	MQ CUSTOMER REFUND FOR GR
37879	12/8/2020	VL001	MQ CUSTOMER REFUND FOR LE	86.84	000C01201	MQ CUSTOMER REFUND FOR LE
37880	12/8/2020	VM028	MQ CUSTOMER REFUND FOR MA	96.10	000C01201	MQ CUSTOMER REFUND FOR MA
37881	12/8/2020	VM029	MQ CUSTOMER REFUND FOR MA	459.11	000C01201	MQ CUSTOMER REFUND FOR MA
37882	12/8/2020	VO003	MQ CUSTOMER REFUND FOR VA	45.86	000C01201	MQ CUSTOMER REFUND FOR VA
37883	12/8/2020	W0002	MQ CUSTOMER REFUND FOR WA	53.47	000C01201	MQ CUSTOMER REFUND FOR WA
37884-86	12/10/2020	VOID	VOIDED CHECKS	-		3 Checks voided
37887	12/10/2020	GRA02	GRAINGER	248.15	CO1210	SAFETY SUPPLIES
37888	12/10/2020	HAR03	HARPER MOTORS CO.	262.56	CO1210	VEHICLE REPAIRS
37889	12/10/2020	KEN03	KEN'S AUTO PARTS	226.00	CO1210	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37890	12/10/2020	GRA02	GRAINGER	248.15	C012010	SAFETY SUPPLIES
37891	12/10/2020	HAR03	HARPER MOTORS CO.	262.56	C012010	VEHICLE REPAIRS
37892	12/10/2020	KEN03	KEN'S AUTO PARTS	226.00	C012010	REPAIRS/ SUPPLIES
37893	12/14/2020	ASB01	ASBURY ENVIRONMENTAL SERVICES	55.00	1500-0064	USED OIL/FUEL
37894	12/14/2020	BAD01	BADGER METER, Inc.	355.74	80064232	BEACON MOBILE HOSTING
37895	12/14/2020	DRU01	DRUGFREE USA	67.00	17366	PRE-EMPLOYMENT TESTING
37896	12/14/2020	GHD01	GHD	6,240.50	153288	WASTEWATER MICROGRID PROJ
37896	12/14/2020	GHD01	GHD	2,821.00	153360	AS NEEDED FUNDING
			Check Total:	<u>9,061.50</u>		
37897	12/14/2020	HUM08	HUMBOLDT SANITATION	2,291.90	C01210	TRASH SERVICE
37898	12/14/2020	MCK04	MCK ACE HARDWARE	287.81	C01210	REPAIRS/SUPPLY
37899	12/14/2020	MEN01	MENDES SUPPLY CO.	2,617.20	C01210	REPAIRS/SUPPLY
37900	12/14/2020	MIL01	Miller Farms Nursery	343.21	C01210	REPAIRS/SUPPLY
37901	12/14/2020	STA02	STATE OF CALIFORNIA ENERGY COMMISSION	6,225.42	10966	ARRA LOAN PMT
37902	12/14/2020	STA11	STAPLES CREDIT PLAN	743.64	C01214	OFFICE SUPPLIES
37903	12/14/2020	TRIO2	TRINITY DIESEL INC.	559.00	W29851	PROFESSIONAL SERVICES
37904	12/21/2020	ATT01	AT&T	3,044.38	C01218	TELEPHONE/INTERNET SERVICE
37905	12/21/2020	ATT02	AT&T	1,111.60	436376850	TELEPHONE/ADMIN
37906	12/21/2020	ATT04	AT&T	920.95	174275850	SWITCHED ETHERNET SERVICE
37907	12/21/2020	ATT05	AT&T	193.59	C01218	TELEPHONE TEEN/FAM CTR
37908	12/21/2020	ATT06	AT&T	253.78	C01218	TELEPHONE AZALEA HALL

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37909	12/21/2020	COM04	COMPLIANCE ASSOCIATES	3,300.00	C01218	ENROLLEMENT FEE
37910	12/21/2020	DEP05	DEPARTMENT OF JUSTICE	81.00	482422	FINGERPRINTING
37911	12/21/2020	GHD01	GHD	2,940.00	154006	ASBESTOS SURVEY
37912	12/21/2020	GRA02	GRAINGER	199.78	973302348	SAFETY SUPPLIES/REPAIRS
			Check Total:	13.36	973451318	REPAIR/SUPPLIES
				<u>213.14</u>		
37913	12/21/2020	IND01	INDEPENDENT BUS. FORMS	485.58	C01214	OFFICE SUPPLIES
37914	12/21/2020	INF02	INFOSEND	2,894.16	182215	PRINTING/MAILING OF BILLS
37915	12/21/2020	MAP01	MAPLESERVICE	697.38	123454	PROFESSIONAL SERVICES
37916	12/21/2020	NAP02	NAPA AUTO PARTS	17.52	C01214	REPAIRS/SUPPLIES
37917	12/21/2020	NOR01	NORTH COAST LABORATORIES	4,230.00	C01210	LAB TESTS
37918	12/21/2020	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	120.00	C01210	SAFETY TRAINING
37919	12/21/2020	ORE01	O'REILLY AUTOMOTIVE, INC.	375.21	C01210	REPAIRS/SUPPLY
37920	12/21/2020	PGE01	PG & E (Office & Field)	22,400.92	C01218	GAS & ELECTRIC
37921	12/21/2020	PGE10	PG&E STREETLIGHTS	3.55	C01218	GAS & ELECTRIC S.L.- ZONE
37922	12/21/2020	POI01	POINTS WEST SURVEYING CO.	6,783.32	11998	PIALORSI RANCH BOUNDARY SURVEY
37923	12/21/2020	STA09	S.W.R.C.B.	80.00	C01218	CERT RENWAL-LL
37924	12/21/2020	SUD01	SUDDENLINK	166.32	C01218	INTERNET INSTALLMENT
37925	12/21/2020	THA01	THATCHER COMPANY, INC.	1,383.78	C01210	REPAIRS/SUPPLY TREATMENT
37926	12/21/2020	THO02	Thomas Home Center	438.41	C01214	REPAIRS/SUPPLY
37927	12/21/2020	THR02	THREE G'S HAY & GRAIN	91.58	121264	REPAIRS/SUPPLY TREATMENT

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37928	12/21/2020	TUR02	REC PROGRAM SUPPLIES REIMB MT	20.56	C01218	REC PROGRAM SUPPLIES REIMB MT
37929	12/21/2020	VAL01	VALLEY PACIFIC PETROLEUM	438.74	C01210	GAS/OIL/LUBE
37930	12/21/2020	VAL02	VALLEY PACIFIC PETROLEUM	2,355.08	C01210	GAS/OIL/LUBE
37931	12/21/2020	VIA01	REC PROGRAM SUPPLIES REIMB MV	52.71	C01218	REC PROGRAM SUPPLIES REIMB MV
37932	12/28/2020	*0015	SECURITY DEPOSIT REFUND MQ	100.00	C01228	SECURITY DEPOSIT REFUND MQ
37933	12/28/2020	ALM02	ALMQUIST LUMBER CO	13.31	C01218	REPAIRS/SUPPLIES
37934	12/28/2020	AME02	AMERESCO	21,000.00	3	MICROGRID PROJECT
37935	12/28/2020	ASB01	ASBURY ENVIRONMENTAL SERVICES	160.00	C01218	USED OIL/MIXED OIL
37936	12/28/2020	BAB02	BABCOCK LABS INC.	1,788.00	CK00943-0	LAB TESTS TREATMENT
37937	12/28/2020	BAD01	BADGER METER, Inc.	3,103.25	1406081	REPAIRS/ SUPPLIES
37938	12/28/2020	BLA02	BLACK DOG OUTFITTERS	1,394.52	478	UNIFORMS/EMPLOYEE FUND
37939	12/28/2020	DMV03	DMV RENEWAL	27.00	SE374239	RENEWAL REG. FEE
				27.00	SE494033	RENEWAL REG. FEE
			Check Total:	54.00		
37940	12/28/2020	EUR06	EUREKA READY MIX	525.82	67055	REPAIRS/SUPPLY
37941	12/28/2020	GRA02	GRAINGER	66.29	C01228	SAFETY SUPPLIES/REPAIRS/S
37942	12/28/2020	KEN02	KENNEDY/JENKS CONSULTANTS	21,431.68	143046	4.5 MG WATER RESERVOIR
37943	12/28/2020	MCK11	MCKINLEYVILLE SENIOR CENTER	17.48	C01218	PARKS SHARE OF INTERNET
37944	12/28/2020	MUD01	MUDDY WATERS COFFEE CO.,INC	80.00	C01218	OFFICE SUPPLIES
37945	12/28/2020	PGE05	PG&E-STREETLIGHTS	372.74	C01228	GAS & ELECTRIC S.L.- ZONE
37946	12/28/2020	PGE06	PG&E-STREETLIGHTS	17.12	C01228	GAS & ELECTRIC S.L.- ZONE

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
37947	12/28/2020	PGE07	PG&E STREETLIGHTS	1,059.16	C01228	GAS & ELECTRIC S.L.- ZONE
37948	12/28/2020	PGE08	PG&E STREETLIGHTS	16.38	C01228	GAS & ELECTRIC S.L.- ZONE
37949	12/28/2020	PGE09	PG&E STREETLIGHTS	83.00	C01228	GAS & ELECTRIC S.L.- ZONE
D00054	12/1/2020	BAR02	SHEL BARSANTI	125.00	C01201	BOARD MTG 11/4/2020
D00054	12/1/2020	COR07	JOHN W. CORBETT	125.00	C01201	BOARD MTG 11/4/2020
D00054	12/1/2020	COU09	DAVID COUCH	125.00	C01201	BOARD MTG 11/4/2020
<b>Total Disbursements, Accounts Payable:</b>				<u>408,977.50</u>		

**Payroll Related Disbursements**

17122-17157	12/3/2020		Voided Checks	-		Printer Error
17158-17168	12/3/2020		Various Employees	8,039.99		Payroll Checks
17169	12/3/2020	CAL12	CALPERS 457 Plan	7,005.99	C01203	RETIREMENT
			Check Total:	719.04	1C01203	PERS 457 LOAN PMT
				<u>7,725.03</u>		
17170	12/3/2020	DIR01	DIRECT DEPOSIT VENDOR- US	37,395.51	C01203	Direct Deposit
17171	12/3/2020	EMP01	Employment Development	1,658.84	C01203	STATE INCOME TAX
			Check Total:	654.37	1C01203	SDI
				<u>2,313.21</u>		
17172	12/3/2020	HEA01	HEALTHEQUITY, ATTN: CLINT	175.00	C01203	HSA
17173	12/3/2020	HUM29	UMPQUA BANK--PAYROLL DEP.	5,219.34	C01203	FEDERAL INCOME TAX
			Check Total:	8,112.28	1C01203	FICA
				1,897.24	2C01203	MEDICARE
				<u>15,228.86</u>		
17174	12/3/2020	ACW01	CB&T/ACWA-JPIA	56,845.86	C01130	MED-DENTAL-EAP INSUR

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
17175	12/3/2020	PUB01	Public Employees PERS	19,497.69	C01130	PERS PAYROLL REMITTANCE
17176-17177	12/14/2020		Various Employees	43.97		Vacation Accrual Buyout
17178-17188	12/17/2020		Voided Checks	-		Printer Error
17189-17199	12/17/2020		Various Employees	8,922.45		Payroll Checks
17200	12/17/2020	CAL12	CalPERS 457 Plan	12,300.00	C01215	RETIREMENT
				7,004.21	C01217	RETIREMENT
				719.04	1C01217	PERS 457 LOAN PMT
			Check Total:	<u>20,023.25</u>		
17201	12/17/2020	DIR01	DIRECT DEPOSIT VENDOR- US	38,913.57	C01217	Direct Deposit
17202	12/17/2020	EMP01	Employment Development	-	C01215	STATE INCOME TAX
				1,768.94	C01217	STATE INCOME TAX
				133.67	1C01215	SDI
				684.23	1C01217	SDI
			Check Total:	<u>2,586.84</u>		
17203	12/17/2020	FRA05	FRANCHISE TAX BOARD	32.98	C01217	FRANCHISE TAX BOARD
17204	12/17/2020	HEA01	HEALTHEQUITY, ATTN: CLINT	175.00	C01217	HSA
17205	12/17/2020	HUM29	UMPUQA BANK--PAYROLL DEP.	-	C01215	FEDERAL INCOME TAX
				5,545.76	C01217	FEDERAL INCOME TAX
				1,657.44	1C01215	FICA
				8,483.72	1C01217	FICA
				387.62	2C01215	MEDICARE
				1,984.12	2C01217	MEDICARE
			Check Total:	<u>18,058.66</u>		
			<b>Total Disbursements, Payroll:</b>	<b><u>235,977.87</u></b>		
			<b>Total Check Disbursements:</b>	<b><u>644,955.37</u></b>		

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: D.4**                      **Reapproval of MCSD Representatives to the  
McKinleyville Municipal Advisory Committee (MMAC)**

**PRESENTED BY:**            **Pat Kaspari, General Manager**

**TYPE OF ACTION:**        **Consent Calendar – Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board approve President Mayo's appointments of Director Greg Orsini (primary) and Director Scott Binder (Alternate) to represent MCSD at the MMAC.

### **Discussion:**

The McKinleyville Municipal Advisory Committee (MMAC) allows for one voting member from the MCSD Board of Directors. This member must be approved by the full MCSD Board by a majority vote, as per the MMAC bylaws (Attachment 1).

In December and January, President Mayo appointed Directors Orsini (primary) and Binder (alternate) to represent the MCSD Board at MMAC meetings. As discovered by Direct Binder during his review of the MMAC bylaws, the bylaws state that appointed directors need to be approved by the full MCSD Board. Staff is currently revising the MCSD Board Policy Manual to make changes to reflect the MMAC bylaw requirements and revisions will be brought forward at the March Board meeting.

### **Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – MMAC Bylaws



BOARD OF SUPERVISORS  
**COUNTY OF HUMBOLDT**  
825 5<sup>TH</sup> STREET  
EUREKA, CALIFORNIA 95501-1153    PHONE (707) 476-2390    FAX (707) 445-7299

Dear Committee Member:

On October 21, 2014 the Humboldt County Board of Supervisors revised the Rules, Regulations and Procedures for the MMAC and the GEAMAC (municipal advisory committees). A copy of the revised version of the Rules for the GEAMAC is attached to this email. Please make sure your files are updated with this latest version. This is the current version that the advisory committee needs to follow.

Please let me know if you have any questions.

Thank you,

A handwritten signature in blue ink, which appears to read "Tracy Damico". The signature is fluid and cursive.

Tracy Damico  
Deputy Clerk of the Board  
(707) 476-2390

**Rules, Regulations and Procedures for Establishment and Operation of  
the McKinleyville Municipal Advisory Committee (MMAC)  
(Revised October 21, 2014)**

**1) Territorial Jurisdiction**

All lands within the boundaries of the McKinleyville Community Planning Area shown in Figure 1 of the 2002 McKinleyville Community Plan, and the areas shown as "Alternative 1" and "Alternative 2" in the attached map (Figure 1).

**2) Responsibilities of the MMAC**

In accordance with the 2002 McKinleyville Community Plan, 1730, the Board of Supervisors shall appoint a Municipal Advisory Committee to advise the Board of Supervisors on local McKinleyville community issues.

The McKinleyville Municipal Advisory Committee (MMAC) is tasked with gathering input from the community and providing advice on matters which relate to services which are or may be provided to the McKinleyville Community Planning Area by the County or other local governmental agencies. The advice to be provided by the MMAC includes but is not limited to advice on matters of public health, safety, welfare, public works, public financing and proposed annexations that may affect the local area covered by the MMAC. The MMAC is not intended to address countywide matters unless those matters have a localized impact within the area mapped in Figure 1 and described as the territorial jurisdiction of the MMAC.

A secondary responsibility of the MMAC is to review, comment and provide advisory recommendations to the Planning Commission and the Board of Supervisors on proposed zoning amendments, and General Plan petitions and amendments located within the McKinleyville Planning Area related to conformance with the McKinleyville Community Plan. The MMAC will also discuss and provide input on long-range planning issues.

The MMAC will not review, comment or provide advisory recommendations on subdivisions, conditional use permits, special permits, coastal development permits or variances unless they are part of a larger project which also includes a General Plan Amendment or Zone Reclassification. The MMAC will make recommendations on proposed zoning, General Plan petitions and amendments, but is not a decision-making body. The MMAC will not have authority to make, set, provide interpretation of or enforce county ordinances, policies or laws.

Input received from the community is not limited to comments received at a MMAC meeting. Community input to the MMAC can be received via letter, or email. Community members may also provide direct input to the Planning Commission and Board of Supervisors by attending meetings held by those bodies. The MMAC should encourage and inform the public when there are other opportunities to provide input. Agencies referring items to the MMAC are encouraged to adopt standards for making referrals to ensure continuity and consistency of items being forwarded.

The MMAC meetings will also provide an opportunity for County, and non-county agency staff to provide the McKinleyville community with information or updates

**Requests to County Departments**

The MMAC may request County staff attend MMAC meetings and provide information regarding community issues. Requests of County staff will be made through the Clerk of the Board by phone at (707) 476-2396 or by email at [khayes@co.humboldt.ca.us](mailto:khayes@co.humboldt.ca.us).

### *Meeting Frequency*

Regular and special MMAC meetings shall be held in conformance with the Brown Act and take place in a convenient venue for McKinleyville residents. For proposed zoning and general plan petitions and amendments, time is of the essence, and meetings shall be held to ensure review is completed within two (2) months of receiving the project referral from the Planning Division.

Upon agreement with the McKinleyville Community Services District Board, McKinleyville Communities Services District (MCSD) shall provide an appropriate meeting venue for the MMAC meetings at no cost to the County.

### *Provide Written Advisory Recommendations*

After the MMAC has reviewed a local community issue or proposed project, listened to presenters and gathered community input, a written advisory recommendation for support, modifications or denial; with or without suggested changes, shall be submitted to the Planning Commission, Board of Supervisors, or other agency for consideration as appropriate.

After the MMAC is presented with an issue, the MMAC may choose to not formally consider, deliberate and vote on the issue or the MMAC may choose to take a neutral position. Failure of the MMAC to comment prior to a public hearing on a proposed project shall not be cause for the hearing to be postponed. Copies of all correspondence from the MMAC shall be provided to the Clerk of the Board.

### *Promote and Encourage Public Comment*

The public has a right to be present at all MMAC meetings, to hear all of the dialogue related to any item on the MMAC agenda (with the exception of personnel matters and litigation), and to comment on any item which is discussed. The MMAC shall encourage public comment and maintain an impartial viewpoint regarding any topic until information or comment has been presented.

### *Conformance with the Brown Act*

The California State Legislature passed the Ralph M. Brown Act to assure that legislative bodies, like the MMAC, conduct their business and make their recommendations in open public meetings.

The MMAC is created by formal action of a legislative body; is covered by the requirements of the Brown Act; and shall conduct its affairs consistent with all Brown Act requirements.

### *Ex Parte Communications*

Ex Parte communications are contacts (e.g. emails, meetings, conversations) made by one party with a decision-maker outside the presence of other interested parties. When these contacts occur about a matter that is quasi-judicial in nature, i.e. subdivision maps, conditional use permits, variances, or Coastal Development Permits, the applicant's right to an impartial decision-maker may be unfairly impacted. The MMAC is neither a decision-making body nor is it designed to make recommendations on quasi-judicial matters. However, to the extent that quasi-judicial projects are included in general plan or zoning amendment matters presented for recommendation, members should avoid ex parte communication on these items, and ensure that discussion takes place only during the public meeting.

## Governance

The MMAC shall adopt rules, regulations and procedures as are reasonable and appropriate for its activity to deliberate and provide recommendations to appropriate agencies, County Departments and the Board of Supervisors. These rules may only be implemented upon specific approval by the Board of Supervisors. In the absence of other approved governing procedures, Robert's Rules of Order shall be used to govern the MMAC.

The MMAC shall annually at the beginning of the calendar year select its own Chair, Vice Chair and Secretary.

The Chair of the MMAC plays an important role in conducting meetings that are orderly, positive and productive. The Chair is responsible for the following:

- Draft an agenda
- Ensuring meeting materials are emailed to the County Clerk of the Board for distribution to the MMAC members and other interested parties for review.
- Leading the MMAC meeting in an orderly, efficient and productive manner.
- Drafting language for and signing recommendation and comment letters approved by the MMAC.
- Ensuring posting all meeting agendas in a conspicuous place at the meeting location at least 72 hours in advance of the meeting.
- Providing copies of all correspondence from the MMAC to the Clerk of the Board

If the MMAC is unable to reach a quorum at a regular or special meeting, that meeting is cancelled.

## Records

The MMAC is responsible for creating and posting agendas for its meetings, taking minutes of its meetings, and recording of all its decisions. The MMAC shall file all agendas, minutes and records of its decisions with the Clerk of the Board of Supervisors in a timely manner. The MMAC shall maintain current contact information for all MMAC members, and provide updated information to the Clerk of the Board in a timely manner. The Clerk of the Board will forward the MMAC recommendations to the appropriate County agencies to which they are directed and will maintain a file that will contain all MMAC agendas, minutes of meetings and records of all MMAC decisions. The MMAC is a local public agency and as such its records are subject to disclosure pursuant to the California Public Records Act.

## Compensation

All members of the MMAC shall serve without compensation.

## Conflict Of Interest

If a MMAC member's professional or community interests involve issues before the MMAC, there may be a conflict of interest. To allow the MMAC to remain as objective as possible in the comments and recommendations it provides, a MMAC member must refrain from participating in MMAC discussions or decisions in which they have a financial or other interest that would cause them to be biased, to not be impartial, or to have an appearance of bias.

If a MMAC member believes there may be a conflict of interest or the appearance of a conflict of interest, the MMAC member shall publicly identify in detail the economic interest that creates the conflict, step down from the dais and must then leave the room. If a MMAC member has a personal economic interest in a matter on the agenda and wishes to speak on that matter as a

private citizen, the MMAC member must follow the rules set forth in the Fair Political Practices Act.

The MMAC will be added to the County's Conflict of Interest Code. All MMAC members will be required to comply with the Fair Political Practices Act, which is standard County policy and includes the filing of the Form 700 Statement of Economic Interest.

### **3) Responsibilities of the County**

#### Requests To and From County Departments

The MMAC may request that a County Department provide information to the MMAC on a matter within the subject matter jurisdiction of the Committee. County Departments likewise may request time on the MMAC's agenda to discuss items and issues of concern related to the McKinleyville area.

The Planning Division shall determine if an application for a proposed zoning or general plan petition or amendment is within the MMAC area. If so, the application will be referred to the MMAC for consideration at the next available meeting.

Planning Division staff shall attend MMAC meetings when proposed zoning and general plan petitions and amendments are considered to present the item and provide interpretation of the county zoning ordinance, the county General Plan and the McKinleyville Community Plan.

#### Current Projects Listings

The Planning Division shall prepare and distribute the "Current Projects Listing" to the MMAC once a month. This document will include a list all the discretionary permit applications, proposed zoning and general plan petitions and amendments currently under review. (This listing will also be available to the public on the County's web site at [www.co.humboldt.ca.us/planning](http://www.co.humboldt.ca.us/planning).)

The Public Works Department shall also prepare and distribute a current project listing to the MMAC once a month. This document will include a list all the proposed road and other infrastructure projects currently under design and implementation within the MMAC area, with sufficient detail for the MMAC to anticipate potential conflicts with existing or anticipated MCSD infrastructure.

#### Email Distribution List

The Clerk of the Board shall create and maintain an email distribution list for MMAC members and interested parties. This list shall be used to distribute meeting agendas, minutes, reports, and other information to MMAC members.

#### Staffing and Funding

The County will provide the MMAC some staff resources for purposes of posting, copying, and distribution of agendas, and dedicated funding to cover materials and supplies. Budgetary commitments of County staff and resources to the MMAC are at the discretion of the Board of Supervisors. Review of the County costs associated with MMAC operations shall be submitted to the Board of Supervisors by the MMAC and considered annually as part of the County budget review. County staff shall be directed to seek available grant funding to support the committee's efforts.

#### **4) Composition and Terms of Office of the MMAC Members**

The MMAC shall be composed of seven (7) voting members and one (1) non-voting member. There is no limit on the number of terms a voting member may serve. The terms shall be staggered such that no more than four voting member's terms expire at the same time.

Initially, the 5<sup>th</sup> District Supervisor shall appoint three (3) voting members to 2-year terms. After their initial terms have expired, the 5<sup>th</sup> District Supervisor shall thereafter appoint three (3) members serving 4-year terms.

Initially, the full Board of Supervisors, by majority vote, shall appoint three (3) voting members to 4-year terms. After their initial terms have expired, the full Board of Supervisors, by majority vote, shall thereafter appoint three (3) members serving 4-year terms.

Initially, one (1) voting member shall be a McKinleyville Community Services District (MCSD) Board member, or their designee, appointed by majority vote of the full MCSD Board to a 4-year term. After that member's initial term has expired, the full MCSD Board, by majority vote, shall thereafter appoint a member serving a 4-year term.

The MCSD General Manager shall serve as a non-voting member of the MMAC.

#### **5) Qualifications for Membership**

All MMAC voting members shall be residents or business owners within the MMAC geographical area.

#### **6) Removal from Office**

The voting MMAC members appointed by the 5<sup>th</sup> District Supervisor shall serve at the will of that sitting Supervisor, and may be removed by that Supervisor at any time. The voting MMAC member appointed by the MCSD Board shall serve at the will of that Board, and may be removed by a majority vote of the full MCSD Board at any time. In addition, all voting MMAC members serve at the pleasure of the Board of Supervisors and may be removed from office by a majority vote of the Board of Supervisors at any time.

Replacement of voting MMAC members removed by the 5<sup>th</sup> District Supervisor, by the MCSD Board by majority vote, or by the Board of Supervisors by majority vote shall follow the procedures in Section 4 (Composition and Terms of Office of the MMAC Members). For example if the MMAC voting member removed from office was appointed by the 5<sup>th</sup> District Supervisor, the 5<sup>th</sup> District Supervisor shall appoint a replacement voting member to serve the remainder of the term.

Failure of a voting MMAC member to attend (4) four consecutive regularly scheduled MMAC meetings shall be reported to the Chair of the MMAC and will result in automatic removal unless the MMAC member missing the meetings wishes extenuating circumstances to be considered. The MMAC member may continue to serve if a majority of the voting MMAC members find extenuating circumstances prevent attendance.

**MCKINLEYVILLE MUNICIPAL ADVISORY COMMITTEE**  
**(MMAC)**

**AUTHORITY:** Resolution No. 12-27 dated May 1, 2012

**APPOINTING POWER:** Board

**MEMBERS:** (7) Seven voting members. (1) Non-Voting Member

District 5 Supervisor will initially appoint (3) voting members to a (2) year term after which their term expires (3) members shall be appointed for a 4 year term.

Initially the full Board of Supervisors, by majority vote, shall appoint (3) voting members to a 4-year term. After their initial term has expired, the full Board of Supervisors, by majority vote, shall thereafter appoint (3) members serving 4-year terms.

Initially one (1) voting member shall be a McKinleyville Community Services District (MSCD) Board Member, or their designee, appointed by the full HCSD Board, by majority vote, to a 4-year term.

The MCSD General Manager shall serve as a non-voting member of the MMAC.

**QUALIFICATIONS:** All MMAC voting members shall be residents, property owners, or business owners within the MMAC geographical area.

**TERM:** Four (4) Years

**FUNCTION:** Gathering input from community and commenting on matters of concerns which relate to County services including but not limited to public works, health, safety, welfare and public financing. MMAC also is responsible for the review, comment and provide advisory recommendation to the Planning Commission and the Board of Supervisors on proposed zoning amendments and General Plan petitions and amendment located within the MMAC area.

**DISCLOSURE CATEGORIES:** One Through Seven (1-7)

<u>NAME</u>	<u>APPOINTED</u>	<u>REAPPOINTED</u>	<u>EXPIRES</u>
<u>District 5 -</u> VACANT			10/14/18

<u>District 5 -</u>	09/10/13		09/04/18
			10/06/14

**Barbara Georgianna**  
1856 Pickett Road  
McKinleyville, CA 95519  
707-839-1322 – Home  
707-498-5073  
[barbarageorgianna@gmail.com](mailto:barbarageorgianna@gmail.com)

**District 5 -** 09/04/12 09/04/18

**Eleanor Sullivan**  
1645 Elbutmo Ranch Lane  
McKinleyville, CA 95519  
707-839-1413 – Home  
707-839-8500 - Work  
**Fax: 707-839-2867 (Work)**

**Board of Supervisors –**  
**Kevin Dreyer** 08/21/12 08/21/16

2701 Arthur Lane  
McKinleyville, Ca. 95519  
839-8335 (wk)  
[kevin.r.dreyer@gmail.com](mailto:kevin.r.dreyer@gmail.com)

**Board fo Supervisors –** 08/21/12 08/21/16

**Ben Shephard**  
PO Box 2297  
McKinleyville, Ca. 95519  
839-7546 (hm)  
[beshepherd@gmail.com](mailto:beshepherd@gmail.com)

**Board of Supervisors -**  
**Patrick Barsanti** 08/21/12 08/21/16

1276 North Park Lane  
McKinleyville, Ca. 95510  
845-0601 (hm)  
441-8855 (wk)  
[pbarsanti@shn-enqr.com](mailto:pbarsanti@shn-enqr.com)

**McKinleyville Community Services District**

**Helen Edwards – Director** June 6, 2012 06/06/16

1656 Sutter Road  
McKinleyville, Ca, 95519  
PO Box 2037, McKinleyville, Ca.  
(707) 839-3251  
[hle.quest@gmail.com](mailto:hle.quest@gmail.com)

**McKinleyville Community Services District (Non-Voting)**

**Greg Orcini – General Manager** 06/06/16

1656 Sutter Road .  
McKinleyville, Ca, 95519  
PO Box 2037, McKinleyville, Ca.  
(707) 839-8307  
[nshopay@mckinleyvillecsd.com](mailto:nshopay@mckinleyvillecsd.com)

Contact: Kathy Hayes or Tracy D'Amico at 707-476-2390

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Amendment also details that the lease amount will be reviewed annually and may be adjusted based on the Consumer Price Index (CPI) in an amount not to exceed three percent (3%). It also adds a counterpart's provision. All other terms and conditions of the lease remain unchanged from the previous lease, including the provisions that the Sheriff will continue to provide Sheriff Work Alternative Program (SWAP) workers on a weekly basis to perform work at any district, park, facility or open space maintenance zone owned by the MCSD.

**Alternatives:**

Take No Action

**Fiscal Analysis:**

The extension of the leases with the Library and Sheriff has no additional fiscal impacts except for a minor increase in monthly income from \$181/month to \$188.55/month for the Sheriff's facility.

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Board of Supervisor's April 14, 2016 Staff Notes and current Library Lease
- Attachment 2 – First Amendment to Library Lease
- Attachment 3 – Original Lease for Law Enforcement Facility
- Attachment 4 – First Amendment to LEF Lease
- Attachment 5 – Second Amendment to LEF Lease



# COUNTY OF HUMBOLDT

AGENDA ITEM  
NO. **C-17**

For the meeting of: May 24, 2016

Date: April 14, 2016

To: Board of Supervisors

From: Victor Zazueta, Director of Library Services *VZ*

Subject: Lease agreement with the McKinleyville Community Services District (MCSD)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approves the Lease agreement with the MCSD for a term of five years for the use of its facility to provide library services to the McKinleyville community; and
2. Directs the Clerk of the Board to return one (1) original fully executed lease to Public Works-Real Property Division for transmittal to Lessor

SOURCE OF FUNDING: The facility is owned and maintained by the MCSD. The MCSD permits the use of their facility for the provision of library services to the McKinleyville community at no cost to the Humboldt County Library (HCL). The Library Fund pays for all annual operational cost. Any additional changes or modifications to the facility by the Humboldt County Library for its purposes are paid for by the Library Fund and are coordinated through Real Property with the approval of the MCSD.

DISCUSSION:

The McKinleyville branch of the HCL is located in a facility owned and maintained by the MCSD. This site is located at 1606 Pickett Road, McKinleyville. The original lease with MCSD expired on February 28, 2016. County has been occupying the space on a month-to-month basis since the expiration, while

Prepared by Victor Zazueta CAO Approval *Cheryl D. Higgins*

REVIEW: Auditor *MJM* County Counsel *Sm* Personnel \_\_\_\_\_ Risk Manager *[Signature]* Other \_\_\_\_\_

TYPE OF ITEM:  
 Consent  
 Departmental  
 Public Hearing  
 Other \_\_\_\_\_

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT**  
 Upon motion of Supervisor *Fennell* Seconded by Supervisor *Bass*  
 Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*  
 Nays \_\_\_\_\_  
 Abstain \_\_\_\_\_  
 Absent \_\_\_\_\_

PREVIOUS ACTION/REFERRAL:

Board Order No. \_\_\_\_\_

Meeting of: \_\_\_\_\_

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *May 24, 2016*  
 By: *[Signature]*  
 Kathy Hayes, Clerk of the Board

MCSD was finalizing the updating of clauses contained in the lease. The County Library continues to occupy this site for its services. In addition, over the past five years this site has become a lively branch library with a very active and dedicated Friends of the Library group.

FINANCIAL IMPACT:

Approving this new lease agreement with the MCSD supports the Board's Strategic Plan for providing appropriate levels of service to the community.

OTHER AGENCY INVOLVEMENT:

Public Works-Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board's discretion.

ATTACHMENTS:

Attachment 1: Lease agreement.

## LEASE

Effective this 6<sup>th</sup> of April 2016, the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), herein called "Lessor," hereby leases to COUNTY OF HUMBOLDT, herein called "Lessee," the Premises located at 1606 Pickett Road, as described herein, on the following terms and conditions:

### ARTICLE 1. LEASED PREMISES

- 1.1 Description of Premises. The leased premises (herein "Premises"), is located in McKinleyville, County of Humboldt, State of California, and constitutes the Library site described on Exhibits A & B, attached hereto, and includes that real property and all improvements thereon. Attached, as Exhibit C is a diagram of the Conference Room (the "Conference Room").

### ARTICLE 2. PARKING AREA USE

- 2.1 Non-Exclusive Parking Rights. Lessee shall have the non-exclusive right to use, consistent with the defined use of the Premises, the parking area(s), (herein called "Parking Area") described as Library site on Exhibit B, attached hereto.

### ARTICLE 3. TERM OF LEASE

- 3.1 Term. This Lease shall be for a term of five (5) years commencing upon approval of both the Board of Directors of Lessor and the Board of Supervisors for Lessee ("Commencement Date"), and ending at midnight on May 31, 2021, ("Termination Date"). This Lease completely replaces and supersedes the current existing lease agreement dated March 16, 2011, in its entirety.
- 3.2 Hold Over. Should Lessee hold over and continue in possession of said Premises after expiration of the term of this Lease, Lessee's continued occupancy of said Premises shall be considered a month-to-month tenancy subject to all terms and conditions of this Lease.

### ARTICLE 4. CONSIDERATION

- 4.1 Consideration. In consideration for use of said Premises Lessee shall provide library services to the public. This Lease is contingent upon Lessee obtaining and maintaining funding. In the event Lessee does not receive sufficient funding to operate the library, Lessee may terminate this Lease upon provision of ninety (90) days written notice to Lessor. Lessee's failure to remain open to the public, for a

continuous period of sixty (60) days, shall be deemed an event of default under this Lease.

## ARTICLE 5. USE OF PREMISES

- 5.1 Use. Said Premises shall, during the term of this Lease and any extensions thereof, be used to provide public library services to area residents and for no other purpose without the prior written permission from Lessor, which can be freely withheld in Lessor's discretion. Lessee shall be responsible for staffing the library, providing furniture, office equipment and materials, which shall all remain Lessee property. Ownership of all donated furniture, equipment, fixtures and other personal property shall, at all times, remain vested in the party to whom the donation was made (be it Lessor or Lessee) as designated by the donor.

Lessee shall determine the size of the collection and the hours of services offered in said Library at the Premises. The McKinleyville Library shall be treated in the same manner as the other County Library branches, receiving an equitable share of the County library resources based upon population served, resources available, and local demand for service.

Lessee is responsible to comply with all applicable permit requirements. Conditional use of the Conference Room is further described in Exhibit D.

- 5.2 Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on said Premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code on said Premises; and Lessee shall not use or permit the use of said Premises for any unlawful purpose.
- 5.3 Compliance With Law. Lessee shall comply with all statutes, ordinances, regulations, and requirements of all governmental entities, federal, state, county or municipal, relating to Lessee's use and occupancy of said Premises whether such statutes, ordinances, regulations, and requirements be now in force or hereinafter enacted. Lessee's obligations shall include, without limitation, all alterations and modifications of the Premises required to enable Lessee to continue its use thereof for the purposes provided in the Lease. Costs and expenses necessary for such compliance shall be the responsibility of Lessee except for necessary costs or expenses incurred in major alteration or modification of the primary structure of the Premises' building, including ADA compliance issues, foundation, walls, flooring, HVAC system, plumbing, roof, landscaping, and parking lot, which shall be the responsibility of Lessor, and Lessor shall be fully responsible for making alterations and modifications to the Premises which may be required as a result of changes in the law.

## ARTICLE 6. UTILITIES

- 6.1 Payment of Utility Charges. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from all charges for the furnishing of gas, water, electricity, telephone service, internet, and/or other public utilities to said Premises, and for the removal and disposal of garbage and rubbish from said Premises during the term of this Lease or any extension thereof.

## ARTICLE 7. ALTERATIONS AND REPAIRS

- 7.1 Condition of Premises at Commencement; Notice to Lessor. Lessee's taking possession of the Premises shall be conclusive evidence as against the Lessee that the Premises was in good order and satisfactory condition when the Lessee took possession. At all times during the term of this Lease or any extension thereof, Lessee agrees to give Lessor prompt notice of any defective condition in or about the Premises.
- 7.2 Maintenance by Lessor. Lessor shall, at its own cost and expense, maintain in good condition and repair the major structural elements of the Premises which are defined to constitute the foundation, walls, windows, flooring, plumbing, HVAC system, roof, landscaping, and parking lot; provided, however, that Lessee shall pay the cost and expense of any structural repairs required because of the negligence or other fault of Lessee or its employees, agents or sublessee (if any sublessee is later permitted pursuant to the terms of this Lease). Lessor shall be responsible for providing limited janitorial services for the Premises not to exceed four (4) hours per week.
- 7.3 Maintenance by Lessee. Except as otherwise expressly provided in Section 7.2 of this Lease, Lessee shall at its own cost and expense keep and maintain all portions of said Premises as well as improvements of said Premises and all facilities appurtenant to said Premises in good order and repair and in as safe and clean a condition as they were when received by Lessee from Lessor, normal wear and tear excepted.
- 7.4 Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to said Premises or to any improvement thereon or facility appurtenant thereto without first obtaining prior written consent of Lessor. Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on said Premises at the instance or request of Lessee. Furthermore, any and all alterations, additions, improvements and fixtures, except furniture and trade fixtures, made or placed in or on said Premises by Lessee or any other person shall on expiration or sooner termination of this Lease become the property of the Lessor and remain in said Premises; provided, however, that Lessor shall have the option on

expiration or sooner termination of this Lease of requiring Lessee, at Lessee's sole cost and expense, to remove any or all such alterations, additions, improvements or fixtures from said Premises.

- 7.5 Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter said Premises at all reasonable times which do not interfere with the Lessee's operation of a library, for the purpose of inspecting said Premises, to determine whether Lessee is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in said Premises under this Lease or to perform Lessor's duties under this Lease.
- 7.6 Surrender of Premises. On expiration or sooner termination of this Lease, or any extensions or renewals of this Lease, Lessee shall promptly surrender and deliver said Premises to Lessor in as good condition as they were at the commencement of this Lease, reasonable wear and tear and repairs herein required to be made by Lessor excepted.

#### ARTICLE 8. HOLD HARMLESS/INDEMNIFICATION

- 8.1 Lessor's Hold Harmless/Indemnification. Lessor shall indemnify, defend and hold harmless Lessee and Lessee's officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, arising out of the negligent or willful acts of misconduct or omissions of Lessor (either directly or through or by Lessor's officers, agents or employees) in connection with Lessor's duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the negligence or willful misconduct of the Lessee (either directly or through or by Lessee's officers, agents or employees).
- 8.2 Lessee's Hold Harmless/Indemnification. Lessee shall indemnify, defend and hold harmless Lessor and Lessor's officers, officials, employees, and volunteers, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including attorneys' fees, arising out of the negligent or willful acts of misconduct or omissions of Lessee (either directly or through or by Lessee's officers, agents or employees) in connection with Lessee's duties and obligations under this Lease and any amendments hereto, except such loss or damage which was caused by the negligence or willful misconduct of the Lessor (either directly or through or by Lessee's officers, agents or employees).
- 8.3 Acceptance of insurance, if required by this Lease, does not relieve Lessor or Lessee from liability under this indemnification clause. This indemnification clause shall apply to all damages or claims for damages suffered by the parties' operations regardless if any insurance is applicable or not.

## ARTICLE 9. LESSOR'S INSURANCE

- 9.1 Lessor's Insurance. This Lease shall not be executed by Lessee unless certificates of insurances, or other sufficient proof that the following provisions have been complied with, and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.
- 9.1.1 Without limiting Lessor's indemnification provided for herein, during the course of rendering any repairs to the Premises Lessor shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of Lessor, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors.
- 9.1.2 Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.
- 9.1.3 Lessor is responsible for providing "All-Risk" Property Insurance for this location.
- 9.1.4 If required by California law, and in accordance with the statutory limits set forth therein. Said policy shall contain or be endorsed to contain a waiver of subrogation against Lessee, its officers, agents, and employees.

## ARTICLE 10. LESSEE'S INSURANCE

- 10.1 Lessee's Insurance. Without limiting Lessee's indemnification provided herein, Lessee shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Lease and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of Lessee, its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors.

- 10.1.1 Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 per occurrence for any one incident, including personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.
- 10.1.2 Lessee is responsible for providing an "All-Risk" Property Insurance for the contents of the property at this location.
- 10.1.3 Lessee certifies that Lessee is aware of the provisions of Section 3700 of the California Labor Code and Lessee will comply with such provisions in connection with any work performed on the premises. Any persons providing services with or on behalf of Lessee shall be covered by workers' compensation (or qualified self-insurance).

#### ARTICLE 11. SPECIAL INSURANCE REQUIREMENTS

Said policies shall unless otherwise specified herein be endorsed with the following provisions:

##### 11.1 Lessor

- 11.1.1 The Comprehensive General Liability Policy shall provide that the Lessee, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf of Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Lessee, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:
  - a. Includes contractual liability
  - b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
  - c. Is primary insurance as regards to County of Humboldt.
  - d. Does not contain a pro-rata, excess only, and /or escape clause.
  - e. Contains a cross liability, severability of interest or separation of insured's clause.
  - f. Shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to Lessee and in accordance with the Notice provisions set forth under Section 15.3. It is further understood that Lessor shall not terminate such coverage until it provides Lessee with proof satisfactory to Lessee that equal or better insurance has been secured and is in place.

g. Is primary coverage to Lessee, and insurance or self-insurance programs maintained by Lessee are excess to Lessor's insurance and will not be called upon to contribute with it.

11.1.2 Lessor shall furnish Lessee with certificates and original endorsements affecting the required coverage prior to execution of this Lease by the Lessee's Risk Manager or County Counsel. Any deductible or self-insured retention over \$100,000 shall be disclosed to and approved by Lessee. If Lessor does not keep all required policies in full force and effect, Lessee may, in addition to other remedies under this Lease, take out the necessary insurance, and Lessor agrees to pay the cost of said insurance. Lessee is also hereby authorized with the discretion to deduct the cost thereof from the monies owed to Lessor under this Lease.

11.1.3 Lessee is to be notified immediately if twenty-five (25%) or more of any required insurance aggregate limit is encumbered and Lessor shall be required to purchase additional coverage to meet the aggregate limits set forth above.

## 11.2 Lessee

11.2.1 The Comprehensive General Liability Policy shall provide that the Lessor, its officers, officials, employees, and volunteers are covered as additional insured for liability arising out of the operations performed by or on behalf of Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Lessor, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:

- a. Includes contractual liability
- b. Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards".
- c. Contains a cross liability, severability of interest or separation of insured's clause.
- d. The policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to Lessor and in accordance with the Notice provisions set forth under Section 15.3. It is further understood that Lessee shall not terminate such coverage until it provides Lessor with proof satisfactory to Lessor that equal or better insurance has been secured and is in place.
- e. Lessee shall furnish Lessor with certificates and original endorsements affecting the required coverage of this Lease by Lessor.

## 11.3 Lessee and Lessor

11.3.1 The Lessee and Lessor agree that insurance carried or required to be carried by either of them against loss or damage to property by fire, flood,

earthquake, acts of terrorism, acts of war or other casualty shall contain a clause whereby the insurer waives its right to subrogation against the other party, its elected officials, directors, employees, volunteers, and agents and each party shall indemnify the other against any loss or expense, including reasonable attorneys' fees resulting from the failure to obtain such waiver.

11.3.2 The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

11.3.3 Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to Lessor, Lessee, their officers, officials, employees, and volunteers.

## ARTICLE 12. SIGNS AND TRADE FIXTURES

- 12.1 Installation and Removal of Trade Fixtures. Lessee shall have the right at any time and from time to time during the term of this Lease and any renewal or extension of such term, at Lessee's sole cost and expense, to install and affix in, to, or on said Premises such items, herein called "trade fixtures" for use by Lessee as Lessee may, in its sole discretion, deem advisable. Any and all such trade fixtures that may cause structural damage upon removal must be approved by Lessor prior to installation. Any and all trade fixtures that cannot be removed without structural damage to said Premises or any building or improvements on said Premises shall, subject to Section 12.2 of this Lease, remain the property of Lessor and may not be removed by Lessee at any time or times prior to the expiration or sooner termination of this Lease.
- 12.2 Un-removed Trade Fixtures. Any trade fixtures described in this Article that are not removed from said Premises by Lessee within thirty (30) days after the expiration or sooner termination, regardless of cause, of this Lease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed.
- 12.3 Signs. Lessee may not install, or permit any other person to install, any sign, awning, canopy, marquee, or other advertising on any exterior wall, door, or window of the Premises without Lessor's (General Manager) prior written consent. On the expiration or sooner termination of this Lease, or any extension thereof, Lessor may remove and destroy any items which were permitted to be installed according to the terms of this section unless removed as set forth in Section 12.1.

## ARTICLE 13. DESTRUCTION AND CONDEMNATION

- 13.1 Partial Destruction. If, during the term of this Lease or any renewals or extensions thereof, the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Lessor shall, as conditioned herein, restore the Premises to substantially the same condition as they were in immediately before destruction if the restoration can be made under the existing laws and can be completed within two (2) years after the date of the destruction, except that Lessor shall have no obligation to restore any improvements upon the Premises unless such restoration can be accomplished with the use of insurance proceeds or other funding, not involving use of Lessor's funds or other assets. Such destruction shall not terminate this Lease. If the restoration cannot be made in the time stated in this section, then within fifteen (15) days after the parties determine that the restoration cannot be made in the time stated in this paragraph, either party can terminate this Lease immediately by giving written notice to the other party. If either party fails to terminate this Lease and if restoration is permitted under the existing laws, including any laws limiting use of Lessor's funds to restore the Premises, Lessor shall restore the Premises within a reasonable time and this Lease shall continue in full force and effect as provided herein. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.
- 13.2 Insurance Proceeds. Any insurance proceeds received by Lessor because of the total or partial destruction of said Premises or the building on said Premises shall be utilized by Lessor or Lessee, as the case may be, to restore the Premises.
- 13.3 Lessor's Restoration. Should Lessor be required under Section 13.1 of this Lease to repair and restore said Premises to their former condition following partial or full destruction of said Premises:
- 13.1.1 Lessee shall not be entitled to any damages for any loss or inconvenience sustained by Lessee by reason of the making of such repairs and restoration; and
- 13.1.2 Lessor shall have full right to enter said Premises and take possession of so much of said Premises, including the whole of said Premises, as may be reasonably necessary to enable Lessor promptly and efficiently to carry out the work of repair and restoration.
- 13.4 Condemnation. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all of said Premises be taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of the date actual physical possession of said Premises is taken by the agency or entity exercising the power of eminent domain and both Lessor and Lessee shall thereafter be released from all obligations. If a lesser portion of the Premises is taken, the Lease will terminate as to the part taken, except that if the

remaining portion is not reasonably suitable for Lessee's continuing use, then Lessee shall have the option to terminate the Lease in its entirety.

- 13.5 Condemnation Award. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all or any portion of said Premises be taken under the power or eminent domain by any public or quasi-public agency or entity, the compensation or damages for the taking shall belong to and be the sole property of the Lessor, except that Lessee shall be entitled to that portion of the compensation which represents the value of Lessee's improvements or alterations made to the Premises by Lessee in accordance with this Lease, which improvements or alterations Lessee has the right to remove from the Premises, but elects not to remove.

#### ARTICLE 14. DEFAULT, ASSIGNMENT AND TERMINATION

- 14.1 Subleasing or Assigning as Breach. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in said Premises or any of the improvements that may now or hereafter be constructed or installed on said Premises without the prior express written consent of Lessor, which may be withheld in Lessor's complete and absolute discretion. Neither shall Lessee sublet said Premises or any part thereof without the prior written consent of Lessor, which may be withheld in Lessor's complete and absolute discretion. A consent by Lessor to one assignment, one subletting, or occupation of said Premises by another person shall not constitute consent to any such action involving others. Any encumbrance, assignment, subletting, or transfer without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease.
- 14.2 Default by Lessee. Should Lessee default in the performance of any of the covenants, conditions, or agreements contained in this Lease, then Lessee shall have breached the Lease and shall be in default unless such default is cured within ten (10) days of written notice from Lessor to Lessee. In the event of any default, not cured by Lessee within the time limits herein set forth, Lessor may, reenter and regain possession of said Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect. In addition, Lessor may, in the event of default by Lessee, elect to exercise any of the remedies described in California Civil Code sections 1951.2 and 1951.4.
- 14.3 Cumulative Remedies. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative and in addition to all remedies now or hereafter allowed by law or elsewhere provided in this Lease.

- 14.4 Waiver of Breach. The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or another provision of this Lease.
- 14.5 Termination by Lessee. Lessee reserves the right to terminate this Lease without cause, upon provision of ninety (90) days written notice to Lessor.

#### ARTICLE 15. MISCELLANEOUS

- 15.1 Force majeure – Unavoidable Delays. Should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of an act of God, strike, lockout, labor troubles, inability to secure materials, restrictive governmental laws or regulations, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused.
- 15.2 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning said Premises, this Lease or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum for attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.
- 15.3 Notice. Except as otherwise expressly provided by law, any and all notices or other communications required by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of such personal service, when deposited in the United States mail, first class postage prepaid, addressed as follows:

**To Lessee:**

County of Humboldt  
Real Property Division  
1106 Second Street  
Eureka, CA 95501

**To Lessor:**

McKinleyville Community Services District  
General Manager  
P.O. Box 2037  
McKinleyville, CA 95519

**Insurance Notices:**

County of Humboldt  
Attn: Risk Manager  
825 Fifth Street, Room 131  
Eureka, CA 95501

Either party, Lessee, or Lessor, may change its address for the purpose of this section by giving written notice of such change to the other party in the manner provided in this section.

- 15.4 Binding On Successors. This Lease shall be binding on and shall inure to the benefit of the successors and assigns of the parties hereto, Lessor and Lessee, but nothing in this section contained shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee except as provided in Article 14 of this Lease.
- 15.5 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.
- 15.6 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said Premises, the leasing of said Premises to Lessee, or the lease term herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void.
- 15.7 Nuclear Free Contractor. Lessor certifies by its signature below that Lessor is not a Nuclear Weapons contractor, in that Lessor is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. Lessor agrees to notify Lessee immediately if it becomes a nuclear weapons contractor, as defined above. Lessee may immediately terminate this Lease if it determines that the foregoing certification is false or if Lessor becomes a nuclear weapons contractor.
- 15.8 Smoking. Pursuant to Humboldt County Code Section No. 971-1 et seq., Lessee owned, leased or occupied premises are smoke free. Lessor shall comply with the ordinance.

- 15.9 Time of Essence. Time is expressly declared to be of the essence of this Lease.
- 15.10 Modification. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Lessee and Lessor.
- 15.11 Lessor Not Officer, Employee, Or Agent of County. While engaged in carrying out and complying with the terms and conditions of this Lease, the relationship of the parties shall be that of independent contractor and neither party shall be considered to be an officer, employee, or agent of the other party.
- 15.12 Jurisdiction and Applicable Laws. This Lease shall be construed under the laws of the State of California. Any dispute arising hereunder or relating to this Lease shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to Code of Civil Procedure §§ 394 and 395.

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Executed on April 6, 2016, at McKinleyville Humboldt County, California.

**LESSOR:** MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
George Wheeler  
George Wheeler, President MCSD Board of Directors

INSURANCE CERTIFICATES REVIEWED AND APPROVED  
BY Colt Frank  
Finance Director

**LESSEE:** COUNTY OF HUMBOLDT

(SEAL)  
ATTEST:  
CLERK OF THE BOARD  
BY Air Huntwell

APPROVED AS TO FORM:  
COUNTY COUNSEL  
BY N/A  
DEPUTY

INSURANCE CERTIFICATES  
REVIEWED AND APPROVED  
BY K. K. Gaudin  
RISK MANAGER

COUNTY OF HUMBOLDT  
BY Mark Lamb  
CHAIRPERSON,  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT  
STATE OF CALIFORNIA

LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS DEEDED TO THE COUNTY OF HUMBOLDT AS SHOWN ON THE RECORD OF SURVEY DATED AUGUST, 1992 AS RECORDED MARCH 30, 1993 IN BOOK 54 OF SURVEYS AT PAGE 2, HUMBOLDT COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 'A':

COMMENCING AT THE NORTHEAST CORNER OF SAID LANDS; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LANDS SOUTH 0°09'30" WEST 152.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH 0°09'30" WEST 88.00 FEET; THENCE LEAVING SAID EAST LINE NORTH 89°50'30" WEST 68.00 FEET; THENCE NORTHERLY ALONG A LINE LYING WESTERLY OF, PARALLEL WITH AND 68.00 FEET DISTANT MEASURED AT RIGHT ANGLES FROM SAID EASTERLY LINE NORTH 00°09'30" EAST 88.00 FEET; THENCE SOUTH 89°50'30" EAST 68.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 5,984 SQUARE FEET OF LAND, MORE OR LESS

PARCEL 'B'

COMMENCING AT THE AFOREMENTIONED POINT OF BEGINNING OF SAID PARCEL 'A'; THENCE WESTERLY ALONG THE NORTH LINE OF SAID PARCEL 'A' NORTH 89°50'30" WEST 68.00 FEET TO THE POINT OF BEGINNING, SAID POINT BEING THE NORTHWEST CORNER OF SAID PARCEL 'A'; THENCE SOUTHERLY ALONG THE WEST LINE OF THE SAID PARCEL 'A' SOUTH 00°09'30" WEST 88.00 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 'A'; THENCE LEAVING SAID WEST LINE NORTH 89°50'30" WEST 150.82 FEET TO A POINT LYING ON THE WEST LINE OF SAID LANDS DEEDED TO THE COUNTY OF HUMBOLDT; THENCE NORTHERLY ALONG SAID WEST LINE THE FOLLOWING THREE (3) COURSES:

- 1) NORTH 11.65 FEET;
  - 2) THENCE NORTH 89°50'30" WEST 0.96 FEET;
  - 3) THENCE NORTH 00°33'20" WEST 76.35 FEET;
- THENCE LEAVING SAID WEST LINE SOUTH 89°50'30" EAST 152.77 FEET TO THE POINT OF BEGINNING

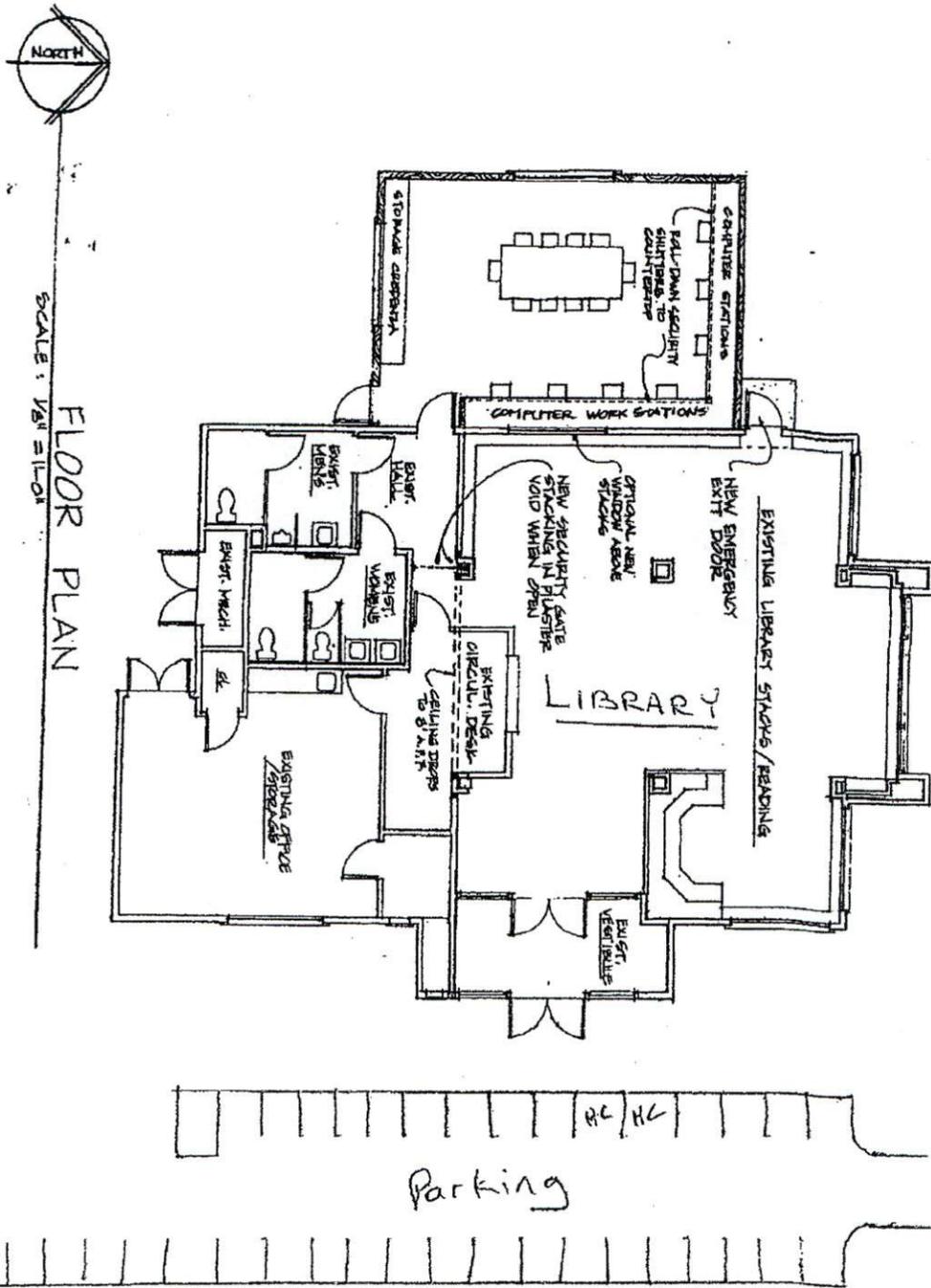
CONTAINING 13,386 SQUARE FEET OF LAND, MORE OR LESS.

LEGAL DESCRIPTION PREPARED BY:

*Philip A. Gutierrez Jr.*  
PHILIP A. GUTIERREZ JR.  
L.S. 7245

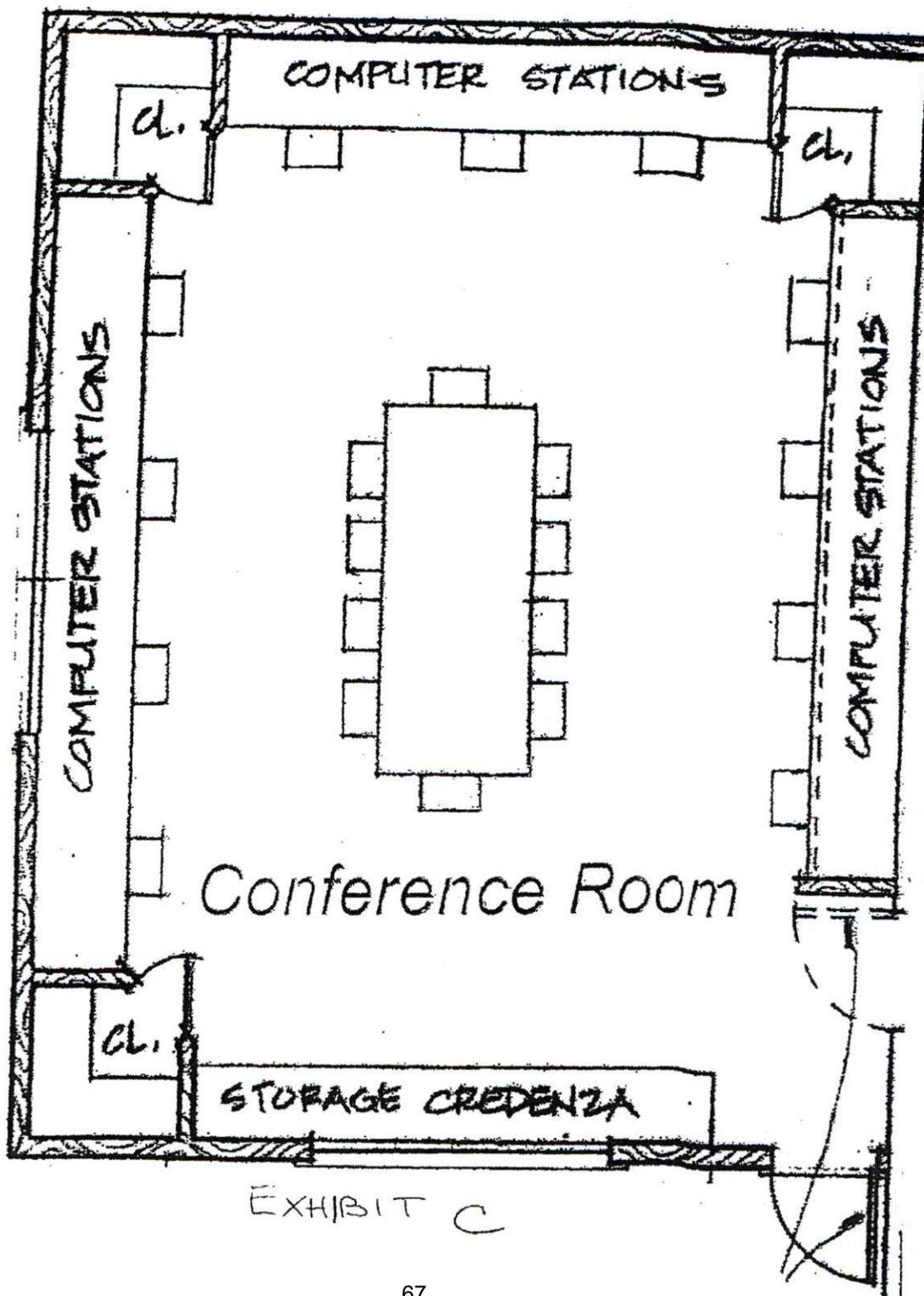


EXHIBIT A C 133



**720 square foot Conference Room**

Computer stations, WiFi, conference table, projector & screen



# EXHIBIT D

## **McKINLEYVILLE LIBRARY Schedule for Use of Conference Room**

1. The Lessee shall have exclusive use of the Conference Room located in the McKinleyville Library as follows:

### Regular Library Hours:

Mondays	No usage		
Tuesdays	12:00 noon	to	5:00 pm
Wednesdays	12:00 noon	to	8:00 pm
Thursdays	10:00 am	to	5:00 pm
Fridays	12:00 noon	to	5:00 pm
Saturdays	10:00 am	to	5:00 pm
Sundays	No usage		

2. Lessor shall have exclusive use during all other times outside of regular library business hours as described in #1 above.
3. Lessor shall be responsible for keeping a schedule in the District Office.
4. Lessee may reserve Conference Room outside of the allotted exclusive use hours as written in #1 above with the following conditions:
  - a. Lessee may not collect fees for use of Conference Room outside of regular business hours. Lessee must gain prior approval from Lessor and agrees to inform Lessor of scheduled or ongoing use so Lessor may include such events on the Conference Room Facility use calendar. However, if Lessor, a Lessor-approved vendor, special event, or recreation program require use of the Conference Room during those times, except times granted to Lessee in #1 above, such use shall have priority over use of the Conference Room. Lessor shall give a minimum of three days notice to Lessee. Furthermore, Lessee agrees to reschedule, move, or make alternative arrangements for any cancellation resulting from such use at no cost to Lessor.
5. Lessor may reserve Conference Room during regular library business hours as written in #1 above with the following conditions:
  - a. Lessor shall give a minimum of three (3) days notice to Lessee
  - b. Lessor's use of Conference Room shall not interfere with Lessee's use of the remainder of the leased premises.
6. Acknowledging that the participants in Lessee's programs are a viable and important part of the community, Lessor shall consider, respect, and adhere to Lessee's scheduled and ongoing use of the Conference Room when scheduling and planning activities for the community. Furthermore, Lessor agrees that all such scheduling of the Conference Room for Lessor's recreation programs shall result in consultation with the McKinleyville Library Branch Manager and District's Parks and Recreation Director.

FIRST AMENDMENT TO LEASE

This First Amendment to the Lease entered into on May 24, 2016, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as LESSEE, and MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), a special district of the County of Humboldt, State of California, hereinafter called LESSOR, is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**WHEREAS**, on May 24, 2016, the parties entered into a Lease for COUNTY use of the premises at 1606 Pickett Road, McKinleyville for the purpose as a public library; and

**WHEREAS**, LESSEE and LESSOR desire to extend the term of the Lease until May 31, 2022; and

**WHEREAS**, LESSEE and LESSOR desire to adjust the rent term for the extended term.

NOW, THEREFORE, it is mutually agreed as follows:

- 1. Section 3.1, Term, of this Lease shall be amended to read as follows:

This Lease shall be for a term of six (6) years commencing upon approval of both the Board of Directors of Lessor and the Board of Supervisors for Lessee ("Commencement Date") and ending at midnight on May 31, 2022 ("Termination Date"). This Lease completely replaces and supersedes the current existing lease agreement dated March 16, 2011, in its entirety.

- 2. Section 15.13, Counterparts, shall be added to read as follows:

This Agreement, and any amendments hereto, may be executed in one (1) or more counterparts, each which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. A signed copy of this Agreement, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement, and any amendments hereto, for all purposes.

- 3. In all other respects, the Lease between the parties entered into on May 24, 2016 shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment to the Lease dated May 24, 2016 on the date indicated above.

**LESSEE: COUNTY OF HUMBOLDT**

**LESSOR: MCKINLEYVILLE  
COMMUNITY SERVICES DISTRICT**

BY: \_\_\_\_\_

FIRST AMENDMENT TO LEASE

NAME: \_\_\_\_\_

TITLE: CHAIR  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT

(SEAL)

ATTEST: \_\_\_\_\_

NAME: RYAN SHARP

TITLE: DEPUTY CLERK OF THE  
BOARD OF SUPERVISORS

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_



# COUNTY OF HUMBOLDT

AGENDA ITEM NO.

**C-13**

For the meeting of: February 10, 2015

Date: January 12, 2015

To: Board of Supervisors

From: Michael T. Downey, Sheriff

*WFA UNOBSISTENT*

Subject: Approve the Lease Agreement Between McKinleyville Community Services District and the County Of Humboldt for the McKinleyville Law Enforcement Facility located at 1608 Pickett Road, McKinleyville.

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorize the Chairman to sign two originals of the lease agreement between the McKinleyville Community Services District (MCSD) and the County of Humboldt for the McKinleyville Law Enforcement Facility located at 1608 Pickett Road, McKinleyville; and
2. Direct the Clerk of the Board to execute both originals and return both original copies to Real Property Services for transmittal to the Lessor for signatures; and
3. Authorize Real Property to send both originals to MCSD to obtain signatures for the full execution of the Lease Agreement; and
4. Direct Real Property to return one fully executed original to the Clerk of the Board once all signatures have been obtained from MCSD.

Prepared by *Norma S. Lorenzo*  
Norma S. Lorenzo, Deputy Director Sheriff Admin

CAO Approval *Cheryl Dillingham*

REVIEW: Auditor *MSM* County Counsel \_\_\_\_\_ Human Resources *df* Other \_\_\_\_\_

TYPE OF ITEM:  
 Consent  
 Departmental  
 Public Hearing  
 Other \_\_\_\_\_

PREVIOUS ACTION/REFERRAL:  
Board Order No. \_\_\_\_\_  
Meeting of: \_\_\_\_\_

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT  
Upon motion of Supervisor *Sundberg*  
Seconded by Supervisor *Bass*  
Ayes *Sundberg, Lovelace, Fennell, Bahn, Bass*  
Nays \_\_\_\_\_  
Abstain \_\_\_\_\_  
Absent \_\_\_\_\_  
And carried by those members present, the Board hereby approves the recommended action contained in this report.

Dated: *Feb. 10, 2015*

By: *Kathy Hayes*  
Kathy Hayes, Clerk of the Board

SOURCE OF FUNDING:

General Fund

DISCUSSION:

On January 26, 2010, the County of Humboldt entered into a Lease with the McKinleyville Community Services District (MCSD) for use of the premises located at 1608 Pickett Road, McKinleyville as a law enforcement facility. The original lease was amended on March 8, 2011 to also include the use of Sheriff's Work Alternative Program (SWAP) crews by MCSD to perform maintenance and upkeep of their facilities. The original lease expired January 31, 2015.

Negotiations have now been completed to secure a new lease for the Sheriff's North Area Command station located at 1608 Pickett Road, McKinleyville. The lease will take effect March 1, 2015 for the term of three (3) years, expiring February 28, 2018. The County will pay \$173.02 per month, the amount paid for rent under the previous lease. The lease amount will be reviewed annually and may be adjusted based on the Consumer Price Index (CPI) in an amount not to exceed three percent (3%).

The Sheriff will continue to provide Sheriff Work Alternative Program (SWAP) workers on a weekly basis to perform work at any district, park, facility or open space maintenance zone owned by the MCSD. All other terms and conditions of the lease remain unchanged from the previous lease.

FINANCIAL IMPACT:

Lease expenses for law enforcement office space in the McKinleyville Community Services District's facility are covered by the General Fund. The monthly lease payment is \$173.02, with an annual total lease expense of \$2,076.24.

Maintaining a law enforcement facility in McKinleyville adheres to the Board's Strategic Framework Plan by allowing the Sheriff's Office to continue to enforce laws and regulations to protect residents and provide community-appropriate levels of service.

OTHER AGENCY INVOLVEMENT:

Department of Public works, Real Property Division

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could deny this request to approve the lease for law enforcement facilities in McKinleyville, however, this is not recommended as it would leave the County with no office space in the northern county area, and entering into new negotiations could lead to additional lease costs.

ATTACHMENTS:

Attachment 1            McKinleyville Community Services District Law Enforcement Facility Lease Agreement

**Attachment 1**

Law Enforcement Facility Lease  
McKinleyville Community Services District  
1608 Pickett Road

# ORIGINAL

## LEASE

Effective this 1st day of March 2015, the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), herein called "Lessor," hereby leases to COUNTY OF HUMBOLDT, herein called "Lessee," the Premises located at 1608 Pickett Road, as described herein, on the following terms and conditions:

### ARTICLE 1. LEASED PREMISES

Description of Premises. A description of the leased premises (herein "Premises"), located in the County of Humboldt, State of California, is described as Parcel B on Exhibit A, attached hereto, and includes that Parcel, and all improvements thereon.

### ARTICLE 2. PARKING AREA USE

Non-Exclusive Parking Rights. Lessee shall have the non-exclusive right to use, consistent with the defined use of the Premises, the parking area(s), (herein called "Parking Area") described as Parcel A on Exhibit A, attached hereto.

### ARTICLE 3. TERM OF LEASE

- 3.1 Term. This Lease shall be for a term of three (3) years commencing on March 1, 2015 ("Commencement Date"), and ending at midnight on February 28, 2018, ("Termination Date").
- 3.2 Renewal. At the conclusion of the term of this Lease or earlier if requested by either Lessor or Lessee, Lessor and Lessee agree to discuss and negotiate terms and conditions of a lease extension or renewal, without any express or implied obligations on the part of either to reach agreement on any such lease extension or renewal.

3.3 Hold Over. Should Lessee hold over and continue in possession of said Premises after expiration of the term of this Lease, Lessee's continued occupancy of said Premises shall be considered a month-to-month tenancy subject to all terms and conditions of this Lease except that Lessor may terminate Lessee's hold over tenancy upon 30 days written notice.

#### ARTICLE 4. RENT

4.1 Rent. Lessee shall pay rent to Lessor in the minimum sum of One Hundred Seventy-Three Dollars and Two Cents (\$173.02) per month throughout the term of this Lease. This amount is due and payable on the Tenth (10<sup>th</sup>) day of each month of occupancy. This monthly rent amount will be re-evaluated by Lessor and may be increased at Lessor's sole discretion annually, but in no event decreased, on February 1 of each year during the term of this Lease based on the percentage increase (if any) in the Consumer Price Index in an amount not to exceed 3% per year for all items (1982-84 =100), U.S. City Average, West Cities B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the index" in this Lease) for the prior calendar year. In calculating this percentage increase, the most current Index available on the date of commencement of the prior term and the most current Index available immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is either unavailable, is no longer published, or is calculated on a significantly different basis following the date of this Lease, the most comprehensive official Index published which most closely approximates the rate of inflation shall be substituted in place of the Index. November shall be the base month for this adjustment. On adjustment of the rent in accordance with this section, LESSEE shall execute a letter stating the adjustment. In no event shall the rent be less than One Hundred Seventy Three Dollars and Two Cents (\$173.02) per month. Regardless of the CPI percentage change, the increase shall be no more than three percent (3%) annually.

- 4.2 Lessee shall provide a minimum of two (2) to a maximum of six (6) Sheriff's Work Alternative Program (SWAP) SWAP crew members to Lessor each week as participant levels allow. Each crew member shall work a minimum of six (6) hours for each day assigned. SWAP participants shall be assigned to Lessor and report to the Lessor's Supervisor on the day they are assigned. Lessor's staff shall maintain written records of each SWAP participant's work record and send copies of the records on a weekly basis to the Humboldt County Sheriff's Office, Custody Services Division, SWAP Supervisor, at 825 Fifth Street, Eureka CA 95501.

#### ARTICLE 5. USE OF PREMISES

- 5.1 Use. Said Premises shall, during the term of this Lease and any extensions thereof, be used as a law enforcement facility and for uses normally incident to such purposes, and for no other purpose. Said uses shall comply with all applicable zoning requirements and permit procedures.
- 5.2 Covenant of Continuing Use. Lessee shall not leave the Premises unoccupied or vacant, and must continuously occupy the Premises during the entire term of this Lease. Lessee shall actively conduct on the Premises the public services described herein. This provision shall not obligate the Lessee to provide 24-hour law enforcement service, but only to provide more or less day-to-day services continuously during the term of the Lease and any renewal or extension thereof, with specific hours of operation to be determined by the Lessee.
- 5.3 Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on said Premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code on said Premises; and Lessee shall not use or permit the use of said Premises for any unlawful purpose.

5.4 Compliance With Law. Lessee shall comply with all statutes, ordinances, regulations, and requirements of all governmental entities, federal, state, county or municipal, relating to Lessee's use and occupancy of said Premises whether such statutes, ordinances, regulations, and requirements be now in force or hereinafter enacted. Lessee's obligations shall include, without limitation, all alterations and modifications of the Premises required to enable Lessee to continue its use thereof for the purposes provided in the Lease. Costs and expenses necessary for such compliance shall be the responsibility of Lessee except for necessary costs or expenses incurred in major alteration or modification of the primary structure of the Premises' building, including the foundation, walls and roof, which shall be the responsibility of Lessor, and Lessor shall be fully responsible for making alterations and modifications to the Premises which may be required as a result of changes in the law.

#### ARTICLE 6. UTILITIES

Payment of Utility Charges. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from all charges for the furnishing of gas, water, electricity, telephone service, other public utilities to said Premises, and for the removal of garbage and rubbish from said Premises during the term of this Lease or any extension thereof.

#### ARTICLE 7. ALTERATIONS AND REPAIRS

7.1 Condition of Premises at Commencement; Notice to Lessor. Lessee's taking possession of the Premises shall be conclusive evidence as against the Lessee that the Premises was in good order and satisfactory condition when the Lessee took possession. At all times during the term of this Lease or any extension thereof, Lessee agrees to give Lessor prompt notice of any defective condition in or about the Premises.

- 7.2 Maintenance by Lessor. Lessor shall, at its own cost and expense, maintain in good condition and repair the major structural elements of the Premises which are defined to constitute the foundation, walls, and roof; provided, however, that Lessee shall pay the cost and expense of any structural repairs required because of the negligence or other fault of Lessee or its employees, agents or sublessee, if any. Lessor shall be responsible for providing limited janitorial services for the Premise not to exceed two (2) hours per week, with Lessee responsible for stripping and waxing the vinyl floors twice annually, and cleaning of carpets once annually.
- 7.3 Maintenance by Lessee. Except as otherwise expressly provided in Section 7.2 of this Lease, Lessee shall at its own cost and expense keep and maintain all portions of said Premises as well as improvements of said Premises and all facilities appurtenant to said Premises in good order and repair and in as safe and clean a condition as they were when received by Lessee from Lessor, normal wear and tear excepted.
- 7.4 Maintenance of Parking Area. Lessee and Lessor will share equally in the use of the Parking Area. Lessee and Lessor will therefore share equally in the cost of maintenance of the Parking Area. Each shall bear fifty percent (50%) of the costs to maintain the Parking Area in as good condition and repair as it was in at the commencement of the lease, except that Lessee and Lessor will be separately responsible for cost and expense of any repairs required because of the negligence, wear and tear or other fault, other than normal and proper use, of themselves or their employees, agents or sublessee(s), if any.
- 7.5 Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to said Premises or to any improvement thereon or facility appurtenant thereto without the written consent of Lessor first had and obtained. Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on said Premises at the instance or request of Lessee. Furthermore,

any and all alterations, additions, improvements and fixtures, except furniture and trade fixtures, made or placed in or on said Premises by Lessee or any other person shall on expiration or sooner termination of this Lease become the property of the Lessor and remain in said Premises; provided, however, that Lessor shall have the option on expiration or sooner termination of this Lease of requiring Lessee, at Lessee's sole cost and expense, to remove any or all such alterations, additions, improvements or fixtures from said Premises.

7.6 Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter said Premises at all reasonable times which do not interfere with the Lessee's operation of a law enforcement facility, for the purpose of inspecting said Premises, to determine whether Lessee is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in said Premises under this Lease or to perform Lessor's duties under this Lease.

7.7 Surrender of Premises. On expiration or sooner termination of this Lease, or any extensions or renewals of this Lease, Lessee shall promptly surrender and deliver said Premises to Lessor in as good condition as they were at the commencement of this Lease, reasonable wear and tear and repairs herein required to be made by Lessor excepted.

## ARTICLE 8. INDEMNITY AND INSURANCE

8.1 Lessee Responsibility. Lessee agrees to defend, indemnify and hold Lessor and the property of Lessor, including said Premises, free and harmless from any and all claims, liability, loss, damage, or expenses resulting from Lessee's occupation and use of said Premises; specifically including, without limitation, any claim, liability, loss, or damage arising by reason of:

8.1.1 The Death or injury of any person or persons, including Lessee or any person who is an employee or agent of Lessee, or by reason of damage

to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, and caused or allegedly caused by either the condition of said Premises for which Lessee is responsible, or some act or omission of Lessee or of some agent, contractor, employee, servant, sublessee, or concessionaire of Lessee on said Premises;

8.1.2 Any work performed on said Premises or materials furnished to said Premises at the instance or request of Lessee or any agent or employee of Lessee; and

8.1.3 Lessee's failure to perform any of its obligations under this Lease.

8.2 Lessor Responsibility. Lessor agrees to defend, indemnify and hold Lessee and the property of Lessee, free and harmless from any and all claims, liability, loss, damage or expenses resulting from any condition of the Premises for which Lessor is responsible or due to any act or omission of Lessor, its agents, contractors, employees.

8.3 Liability Insurance. Lessor and Lessee shall each cause the other party to be added to the existing policies of liability insurance maintained by each party in the ordinary course of its governmental functions. Each party shall be added to the other's insurance coverage as additional insureds, and certificates evidencing the fact of such coverage shall be provided by each party to the other party prior to the Lease Commencement Date.

8.4 Lessee's Fire Insurance. In order that the business of Lessee may continue with as little interruption as possible, Lessee shall, during the full term of this Lease and any renewals or extensions thereof, maintain at Lessee's own cost and expense an insurance policy issued by a reputable company authorized to conduct insurance business in California insuring a minimum of 80% of replacement cost of all fixtures and equipment that are, at any time during the

term of this Lease or any renewal or extension thereof, in or on said Premises against damage or destruction by fire, theft, or the elements.

- 8.5 Premises' Fire Insurance. Lessor shall carry fire and extended coverage insurance, insuring the building and improvements upon the Premises. The insurance coverage will be in the amount of the full replacement value of the Premises. On said insurance coverage, Lessor and Lessee are to be jointly designated as loss payees, as their interests may appear, and the proceeds shall be utilized in accordance with the provisions of Article 10 of this Lease, as applicable.
- 8.6 Certificate of Insurance. Upon commencement of the Lease, Lessee agrees to deliver to Lessor a certificate of insurance, evidencing all insurance required to be maintained by Lessee under this Lease.
- 8.7 Waiver of Subrogation. The parties agree to release each other, and their respective authorized representatives, from any claims for damage to any person, the Premises or any improvements on the Premises, or Lessee's trade fixtures, equipment, merchandise, or personal property located on the Premises, caused by or resulting from risks insured against under any insurance policies carried by the parties pursuant to this Lease that are in force at the time of any such damage to the extent of the available insurance proceeds. Each party shall cause each insurance policy carried pursuant to this Lease by that party to be written to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by the policy.

## ARTICLE 9. SIGNS AND TRADE FIXTURES

- 9.1 Installation and Removal of Trade Fixtures. Lessee shall have the right at any time and from time to time during the term of this Lease and any renewal or extension of such term, at Lessee's sole cost and expense, to install and affix

in, to, or on said Premises such items, herein called "trade fixtures" for use by Lessee as Lessee may, in its sole discretion, deem advisable. Any and all such trade fixtures that can not be removed without structural damage to said Premises or any building or improvements on said Premises shall, subject to Section 7.5 of this Lease, remain the property of Lessor and may not be removed by Lessee at any time or times prior to the expiration or sooner termination of this Lease.

9.2 Un-removed Trade Fixtures. Any trade fixtures described in this Article that are not removed from said Premises by Lessee within thirty (30) days after the expiration or sooner termination, regardless of cause, of this Lease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed.

9.3 Signs. Lessee may not install, or permit any other person to install, any sign, awning, canopy, marquee, or other advertising on any exterior wall, door, or window of the Premises without Lessor's prior written consent. On the expiration or sooner termination of this Lease, or any extension thereof, Lessor may remove and destroy any items which were permitted to be installed according to the terms of this section unless removed as set forth in section 9.1.

## ARTICLE 10. DESTRUCTION AND CONDEMNATION

10.1 Partial Destruction. If, during the term of this Lease or any renewals or extensions thereof, the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Lessor shall, as conditioned herein, restore the Premises to substantially the same condition as they were in immediately before destruction if the restoration can be made under the existing laws and can be completed within one (1) year after the date of the destruction, except that Lessor shall have no obligation to restore any improvements upon the Premises unless such restoration can be accomplished with the use of insurance proceeds or other funding, not involving

use of Lessor's funds or other assets. Such destruction shall not terminate this Lease; however, Lessee shall not be responsible for Lease payments during the time the Premises is inaccessible or unusable if such impairment was not caused by the Lessee. If the restoration cannot be made in the time stated in this section, then within fifteen (15) days after the parties determine that the restoration cannot be made in the time stated in this paragraph, either party can terminate this Lease immediately by giving written notice to the other party. If either party fails to terminate this Lease and if restoration is permitted under the existing laws, including any laws limiting use of Lessor's funds to restore the Premises, Lessor shall restore the Premises within a reasonable time and this Lease shall continue in full force and effect as provided herein. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

10.2 Insurance Proceeds. Any insurance proceeds received by Lessor because of the total or partial destruction of said Premises or the building on said Premises shall be utilized by Lessor or Lessee, as the case may be, to restore the Premises.

10.3 Lessor's Restoration. Should Lessor be required under Section 10.1 of this Lease to repair and restore said Premises to their former condition following partial or full destruction of said Premises:

10.3.1 Lessee shall not be entitled to any damages for any loss or inconvenience sustained by Lessee by reason of the making of such repairs and restoration; and

10.3.2 Lessor shall have full right to enter said Premises and take possession of so much of said Premises, including the whole of said Premises, as may be reasonably necessary to enable Lessor promptly and efficiently to carry out the work of repair and restoration.

10.4 Condemnation. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all of said Premises be taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of the date actual physical possession of said Premises is taken by the agency or entity exercising the power of eminent domain and both Lessor and Lessee shall thereafter be released from all obligations. If a lesser portion of the Premises is taken, the Lease will terminate as to the part taken, except that if the remaining portion is not reasonably suitable for Lessee's continuing use, then Lessee shall have the option to terminate the Lease in its entirety.

10.5 Condemnation Award. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all or any portion of said Premises be taken under the power or eminent domain by any public or quasi-public agency or entity, the compensation or damages for the taking shall belong to and be the sole property of the Lessor, except that Lessee shall be entitled to that portion of the compensation which represents the value of Lessee's improvements or alterations made to the Premises by Lessee in accordance with this Lease, which improvements or alterations Lessee has the right to remove from the Premises, but elects not to remove.

#### ARTICLE 11. DEFAULT, ASSIGNMENT AND TERMINATION

11.1 Subleasing or Assigning as Breach. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in said Premises or any of the improvements that may now or hereafter be constructed or installed on said Premises without the express written consent of Lessor. Neither shall Lessee sublet said Premises or any part thereof without the prior written consent of Lessor. A consent by Lessor to one assignment, one subletting, or occupation of said Premises by another person shall not constitute consent to any such action involving others. Any encumbrance, assignment, subletting, or transfer without the prior written

consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease. The consent of Lessor to any assignment of Lessee's interest in this Lease or the subletting by Lessee of said Premises or parts of said Premises shall not be unreasonably withheld.

- 11.2 Default by Lessee. Lessee's failure to pay rent when due, if the failure continues for five (5) days after written notice of the failure from Lessor to Lessee, shall constitute a default. Should Lessee default in the performance of any of the covenants, conditions, or agreements contained in this Lease other than the obligation to pay rent, then Lessee shall have breached the Lease and shall be in default unless such default is cured within ten (10) days of written notice from Lessor to Lessee. In the event of any default, not cured by Lessee within the time limits herein set forth, Lessor may, reenter and regain possession of said Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect. In addition, Lessor may, in the event of default by Lessee, elect to exercise any of the remedies described in California Civil Code sections 1951.2 and 1951.4.
- 11.3 Cumulative Remedies. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative and in addition to all remedies now or hereafter allowed by law or elsewhere provided in this Lease.
- 11.4 Waiver of Breach. The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or another provision of this Lease.

## ARTICLE 12. MISCELLANEOUS

- 12.1 Force majeure – Unavoidable Delays. Should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of an act of God, strike, lockout, labor troubles, inability to

secure materials, restrictive governmental laws or regulations, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; however, should Lessee not have the financial ability to fund the maintenance and/or operation of a law enforcement facility on the Premises, the Lease can be canceled in its entirety with not less than Ninety (90) days written notice from the Lessee.

- 12.2 Termination Without Cause. Either party may, without cause, terminate the Lease effective the first day of July of any year upon four (4) months written notice to the other party.
- 12.3 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning said Premises, this Lease or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum for attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.
- 12.4 Notice. Except as otherwise expressly provided by law, any and all notices or other communications required by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of such personal service, when deposited in the United States mail, first class postage prepaid, addressed as follows:

**To Lessee:**

County of Humboldt  
Real Property Division  
1106 Second Street  
Eureka, CA 95501

**To Lessor:**

McKinleyville Community Services District  
P.O. Box 2037  
McKinleyville, CA 95519

Either party, Lessee, or Lessor, may change its address for the purpose of this section by giving written notice of such change to the other party in the manner provided in this section.

- 12.5 Binding On Successors. This Lease shall be binding on and shall inure to the benefit of the successors and assigns of the parties hereto, Lessor and Lessee, but nothing in this section contained shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee except as provided in Article 11 of this Lease.
- 12.6 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.
- 12.7 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said Premises, the leasing of said Premises to Lessee, or the lease term herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void.
- 12.8 Nuclear Free Contractor. Lessor certifies by its signature below that Lessor is not a Nuclear Weapons contractor, in that Lessor is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components

as defined by the Nuclear Free Humboldt County Ordinance. Lessor agrees to notify Lessee immediately if it becomes a nuclear weapons contractor, as defined above. Lessee may immediately terminate this (Lease if it determines that the foregoing certification is false or if Lessor becomes a nuclear weapons contractor.

12.9 Smoking. Pursuant to Humboldt County Ordinance #1993, Lessee owned, leased or occupied premises are smoke free. Lessor shall comply with the ordinance.

12.10 Library License Agreement. This Lease does not affect or supersede the license agreement for the library previously entered into between the County of Humboldt and the McKinleyville Community Services District.

12.11 Time of Essence. Time is expressly declared to be of the essence of this Lease.

12.12 Modification. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Lessee and Lessor.

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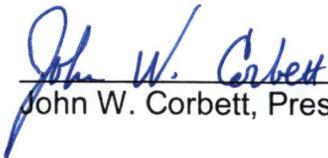
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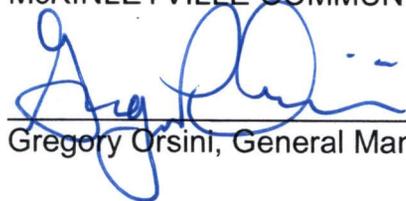
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Executed on February 25, 2015, at McKinleyville, Humboldt County, California.

**LESSOR:** MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

  
\_\_\_\_\_  
John W. Corbett, President MCSD Board of Directors

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

  
\_\_\_\_\_  
Gregory Orsini, General Manager

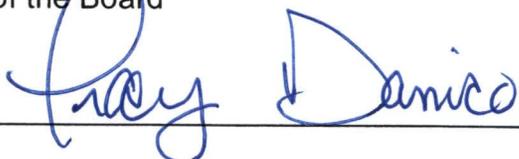
**LESSEE:** COUNTY OF HUMBOLDT

  
\_\_\_\_\_  
Chairperson, Board of Supervisors  
County of Humboldt, State of California

(SEAL)

Attest:

Clerk of the Board

By  \_\_\_\_\_

LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS DEEDED TO THE COUNTY OF HUMBOLDT AS SHOWN ON THE RECORD OF SURVEY DATED AUGUST, 1992 AS RECORDED MARCH 30, 1993 IN BOOK 54 OF SURVEYS AT PAGE 2, HUMBOLDT COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 'A':

COMMENCING AT THE NORTHEAST CORNER OF SAID LANDS; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LANDS SOUTH 0°09'30" WEST 152.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH 0°09'30" WEST 88.00 FEET; THENCE LEAVING SAID EAST LINE NORTH 89°50'30" WEST 68.00 FEET; THENCE NORTHERLY ALONG A LINE LYING WESTERLY OF, PARALLEL WITH AND 68.00 FEET DISTANT MEASURED AT RIGHT ANGLES FROM SAID EASTERLY LINE NORTH 00°09'30" EAST 88.00 FEET; THENCE SOUTH 89°50'30" EAST 68.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 5,984 SQUARE FEET OF LAND, MORE OR LESS

PARCEL 'B'

COMMENCING AT THE AFOREMENTIONED POINT OF BEGINNING OF SAID PARCEL 'A'; THENCE WESTERLY ALONG THE NORTH LINE OF SAID PARCEL 'A' NORTH 89°50'30" WEST 68.00 FEET TO THE POINT OF BEGINNING, SAID POINT BEING THE NORTHWEST CORNER OF SAID PARCEL 'A'; THENCE SOUTHERLY ALONG THE WEST LINE OF THE SAID PARCEL 'A' SOUTH 00°09'30" WEST 88.00 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 'A'; THENCE LEAVING SAID WEST LINE NORTH 89°50'30" WEST 150.82 FEET TO A POINT LYING ON THE WEST LINE OF SAID LANDS DEEDED TO THE COUNTY OF HUMBOLDT; THENCE NORTHERLY ALONG SAID WEST LINE THE FOLLOWING THREE (3) COURSES:

- 1) NORTH 11.65 FEET;
- 2) THENCE NORTH 89°50'30" WEST 0.96 FEET;
- 3) THENCE NORTH 00°33'20" WEST 76.35 FEET;

THENCE LEAVING SAID WEST LINE SOUTH 89°50'30" EAST 152.77 FEET TO THE POINT OF BEGINNING

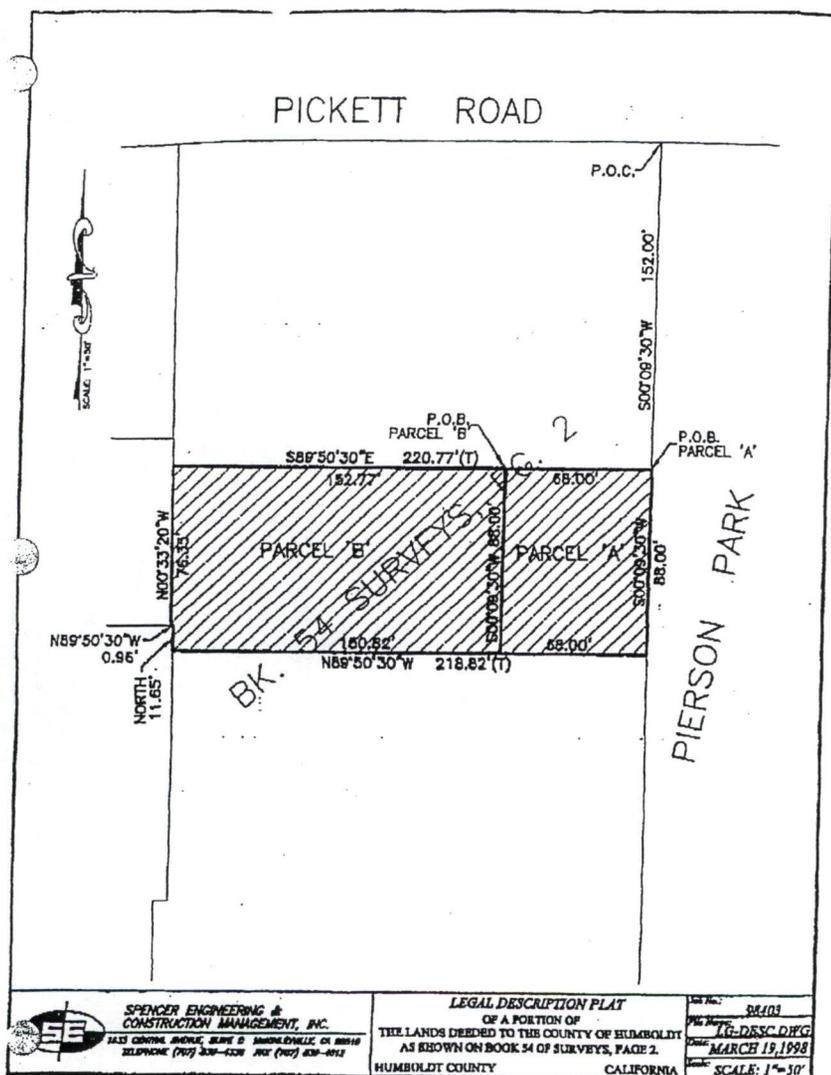
CONTAINING 13,386 SQUARE FEET OF LAND, MORE OR LESS.

LEGAL DESCRIPTION PREPARED BY:

*Philip A. Gutierrez Jr.*  
PHILIP A. GUTIERREZ JR.  
L.S. 7245



Exhibit A





AGENDA ITEM NO.  
**C28**

# COUNTY OF HUMBOLDT

For the meeting of: February 6, 2018

Date: January 8, 2018

To: Board of Supervisors

From: William F. Honsal, Sheriff

Subject: Amendment #1 to Lease at 1608 Pickett Road, McKinleyville for the Period March 1, 2018 through February 28, 2021

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the Amendment #1 to the lease with McKinleyville Community Services District (MCSD), lessor, for the facility located at 1608 Pickett Road, McKinleyville, for the period March 1, 2018 to February 28, 2021 for the purpose of continuation of the McKinleyville law enforcement facility; and
2. Authorize the Board of Supervisors Chair to sign the Amendment #1 to lease, in duplicate (Attachment 1); and
3. Direct the Clerk of the Board to return two copies of the executed Amendment #1 to lease to the Real Property Agent for transmittal to lessor; and

(continued)

Prepared by *Norma S. Lorenzo* CAO Approval *[Signature]*  
 Norma S. Lorenzo, Deputy Director Sheriff/Admin

REVIEW:	Auditor <u><i>KPD</i></u>	County Counsel _____	Human Resources _____	Other <u><i>[Signature]</i></u>
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TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other \_\_\_\_\_

PREVIOUS ACTION/REFERRAL:

Board Order No. C-13

Meeting of: February 10, 2015

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT  
 Upon motion of Supervisor *Wilson*  
 Seconded by Supervisor *Bass*

Ayes *Bass, Fennel, Sundberg, Bohn, Wilson*

Nays \_\_\_\_\_  
 Abstain \_\_\_\_\_  
 Absent \_\_\_\_\_

And carried by those members present, the Board hereby approves the recommended action contained in this report.

Dated: *2/6/18*

By: *[Signature]*  
 Kathy Hayes, Clerk of the Board

4. Direct the Real Property Agent to return one fully executed Amendment #1 to lease to the Clerk of the Board to complete minutes records.

SOURCE OF FUNDING:

Sheriff's Operations Budget 1100221 for Fiscal Year 2017-18

DISCUSSION:

The County has leased the building at 1608 Pickett Road from MCSD for a law enforcement facility since 1999. The current lease became effective March 1, 2015 and expires on February 28, 2018. The county proposes Amendment #1 (Attachment 1) to the original 2015 lease (Attachment #2) to extend the lease for an additional three (3) year term through February 28, 2021.

Effective in commercial lease agreements executed on or after January 1, 2017, the State of California Civil Code Section 1938 requires commercial premises to have undergone an inspection by a Certified Access Specialist (CASp) to ensure compliance with all Americans with Disability Act (ADA) accessibility guidelines. A complete CASp inspection has not been done on the subject property, however, the county's independent licensed architect will conduct a complete inspection.

MCSD and the Sheriff agreed that it would benefit the community to provide crews to perform maintenance and upkeep to MCSD properties. The Sheriff's Office will continue to provide two Sheriff's Work Alternative Program (SWAP) crews each week throughout the term of the lease. The rental rate paid by lessee is calculated to reflect maintenance work provided by SWAP.

FINANCIAL IMPACT:

Funds to cover the cost of leasing the law enforcement facility at 1608 Pickett Road have been included in the Sheriff's Office approved budget for FY2017-18 in budget unit 1100221-2121 Rent & Lease – Structures, Sheriff's Operations Budget

Lease payments for the term of the lease are calculated to reflect the maintenance work provided by SWAP and will be one hundred eighty-one dollars (\$181.00) for a total of \$2,172 annually beginning March 1, 2018 and extending for the term of the lease. Section 4.1 of the lease amendment allows lessor to evaluate the lease payment annually, with any rate increase based on the Consumer Price Index (CPI) published by the United States Department of Labor, Bureau of Labor Statistics.

Approval of the real property lease Amendment #1 for the McKinleyville station complies with the Board of Supervisors' Strategic Framework Plan by allowing the Sheriff to better enforce laws and regulations to protect the residents of the north county area, by providing community-appropriate levels of service.

OTHER AGENCY INVOLVEMENT:

Department of Public Works Real Property

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could deny approval of the lease with MCSD for the period of March 1, 2018 through February 28, 2021, however, this is not recommended as it would require the Sheriff's Office to expend additional resources procuring a suitable location for the McKinleyville law enforcement station.

ATTACHMENTS:

- |              |   |
|--------------|---|
| Attachment 1 | Amendment #1 to Lease with McKinleyville Community Services District for 1608 Pickett Road, McKinleyville |
| Attachment 2 | Lease with McKinleyville Community Services District for 1608 Pickett Road, McKinleyville                 |

**ATTACHMENT 1**

Amendment #1 to Lease with McKinleyville Community Services District  
for 1608 Pickett Road, McKinleyville

AMENDMENT TO LEASE

This First Amendment to the Lease entered into on February 25, 2015, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter called LESSEE, and MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), a special district of the County of Humboldt, State of California, hereinafter called LESSOR, is entered into this 7<sup>th</sup> day of February, 2018.

**WHEREAS**, the parties entered into a Lease for the use of the premises at 1608 Pickett Road, McKinleyville for the purpose a law enforcement facility; and

**WHEREAS**, LESSEE and LESSOR desire to extend the term of the Lease until February 28, 2021; and

**WHEREAS**, LESSEE and LESSOR desire to adjust the rent for the extended term to reflect adjustments based on the Consumer Price Index; and

**WHEREAS**, California Civil Code section 1938 requires commercial property owners to state on every lease executed on or after January 1, 2017, whether or not the subject premises have undergone inspection by a Certified Access Specialist (CASp), and the parties wish to comply with this requirement;

**NOW, THEREFORE**, it is mutually agreed as follows:

1. Section 3.1, Term, of this Lease shall be amended to read as follows:

This Lease shall be extended for a term of three (3) years commencing on March 1, 2018 "Commencement Date," and ending at midnight on February 28, 2021, ("Termination Date").

2. Section 4.1, Rent, of this Lease shall be amended to read as follows:

LESSEE shall pay rent to LESSOR in the minimum sum of One Hundred Eighty-One Dollars and Zero Cents (\$181.00) per month throughout the term of this Lease. This amount is due and payable on the Tenth (10<sup>th</sup>) day of each month of occupancy. This monthly rent amount will be re-evaluated by LESSOR and may be increased at LESSOR'S sole discretion annually, but in no event decreased, on February 1 of each year during the term of this Lease based on the percentage increase (if any) in the Consumer Price Index (CPI) for all items (1982-84 =100), U.S. City Average, West Cities B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the Index" in this Lease) for the prior calendar year. In calculating this percentage increase, the most current Index available on the date of commencement of the prior term and the most current Index available immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is either unavailable, is no longer published, or is calculated on a significantly different basis following the date of this Lease, the most comprehensive official Index published which most closely approximates the rate of inflation shall be substituted in place of the Index. November shall be the base month for this adjustment. On adjustment of the rent in accordance with this section, LESSEE shall execute a letter stating the adjustment. In no event shall the rent be less than Hundred Eighty-One Dollars and Zero Cents (\$181.00) per month. Regardless of the CPI percentage change, the increase shall

AMENDMENT TO LEASE

be no more than three percent (3%) annually.

3. Section 12.13, Premises Inspection By Certified Access Specialist, shall be added to the Lease, to read as follows:

The premises have not undergone inspection by a Certified Access Specialist.

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

4. In all other respects, the Lease between the parties entered into on February 25, 2015, shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment to Lease dated February 25, 2015, on the date indicated above.

**LESSEE: COUNTY OF HUMBOLDT**

**LESSOR: MCKINLEYVILLE  
COMMUNITY SERVICES DISTRICT**

BY:   
CHAIR, Ryan Sundberg  
BOARD OF SUPERVISORS

BY:   
David R. Couch

TITLE: Board President

ATTEST:

(SEAL)

BY:   
GREGORY P. ORSINI

TITLE: GENERAL MANAGER

BY:   
CLERK OF THE BOARD  
Ryan Sharp, Deputy Clerk of the Board

# ORIGINAL

## LEASE

Effective this 1st day of March 2015, the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), herein called "Lessor," hereby leases to COUNTY OF HUMBOLDT, herein called "Lessee," the Premises located at 1608 Pickett Road, as described herein, on the following terms and conditions:

### ARTICLE 1. LEASED PREMISES

Description of Premises. A description of the leased premises (herein "Premises"), located in the County of Humboldt, State of California, is described as Parcel B on Exhibit A, attached hereto, and includes that Parcel, and all improvements thereon.

### ARTICLE 2. PARKING AREA USE

Non-Exclusive Parking Rights. Lessee shall have the non-exclusive right to use, consistent with the defined use of the Premises, the parking area(s), (herein called "Parking Area") described as Parcel A on Exhibit A, attached hereto.

### ARTICLE 3. TERM OF LEASE

- 3.1 Term. This Lease shall be for a term of three (3) years commencing on March 1, 2015 ("Commencement Date"), and ending at midnight on February 28, 2018, ("Termination Date").
- 3.2 Renewal. At the conclusion of the term of this Lease or earlier if requested by either Lessor or Lessee, Lessor and Lessee agree to discuss and negotiate terms and conditions of a lease extension or renewal, without any express or implied obligations on the part of either to reach agreement on any such lease extension or renewal.

3.3 Hold Over. Should Lessee hold over and continue in possession of said Premises after expiration of the term of this Lease, Lessee's continued occupancy of said Premises shall be considered a month-to-month tenancy subject to all terms and conditions of this Lease except that Lessor may terminate Lessee's hold over tenancy upon 30 days written notice.

#### ARTICLE 4. RENT

4.1 Rent. Lessee shall pay rent to Lessor in the minimum sum of One Hundred Seventy-Three Dollars and Two Cents (\$173.02) per month throughout the term of this Lease. This amount is due and payable on the Tenth (10<sup>th</sup>) day of each month of occupancy. This monthly rent amount will be re-evaluated by Lessor and may be increased at Lessor's sole discretion annually, but in no event decreased, on February 1 of each year during the term of this Lease based on the percentage increase (if any) in the Consumer Price Index in an amount not to exceed 3% per year for all items (1982-84 =100), U.S. City Average, West Cities B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the index" in this Lease) for the prior calendar year. In calculating this percentage increase, the most current Index available on the date of commencement of the prior term and the most current Index available immediately preceding the date of annual adjustment during the extended term shall be used. In the event the Index is either unavailable, is no longer published, or is calculated on a significantly different basis following the date of this Lease, the most comprehensive official Index published which most closely approximates the rate of inflation shall be substituted in place of the Index. November shall be the base month for this adjustment. On adjustment of the rent in accordance with this section, LESSEE shall execute a letter stating the adjustment. In no event shall the rent be less than One Hundred Seventy Three Dollars and Two Cents (\$173.02) per month. Regardless of the CPI percentage change, the increase shall be no more than three percent (3%) annually.

4.2 Lessee shall provide a minimum of two (2) to a maximum of six (6) Sheriff's Work Alternative Program (SWAP) SWAP crew members to Lessor each week as participant levels allow. Each crew member shall work a minimum of six (6) hours for each day assigned. SWAP participants shall be assigned to Lessor and report to the Lessor's Supervisor on the day they are assigned. Lessor's staff shall maintain written records of each SWAP participant's work record and send copies of the records on a weekly basis to the Humboldt County Sheriff's Office, Custody Services Division, SWAP Supervisor, at 825 Fifth Street, Eureka CA 95501.

#### ARTICLE 5. USE OF PREMISES

5.1 Use. Said Premises shall, during the term of this Lease and any extensions thereof, be used as a law enforcement facility and for uses normally incident to such purposes, and for no other purpose. Said uses shall comply with all applicable zoning requirements and permit procedures.

5.2 Covenant of Continuing Use. Lessee shall not leave the Premises unoccupied or vacant, and must continuously occupy the Premises during the entire term of this Lease. Lessee shall actively conduct on the Premises the public services described herein. This provision shall not obligate the Lessee to provide 24-hour law enforcement service, but only to provide more or less day-to-day services continuously during the term of the Lease and any renewal or extension thereof, with specific hours of operation to be determined by the Lessee.

5.3 Waste or Nuisance. Lessee shall not commit or permit the commission by others of any waste on said Premises; Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as defined in Section 3479 of the California Civil Code on said Premises; and Lessee shall not use or permit the use of said Premises for any unlawful purpose.

5.4 Compliance With Law. Lessee shall comply with all statutes, ordinances, regulations, and requirements of all governmental entities, federal, state, county or municipal, relating to Lessee's use and occupancy of said Premises whether such statutes, ordinances, regulations, and requirements be now in force or hereinafter enacted. Lessee's obligations shall include, without limitation, all alterations and modifications of the Premises required to enable Lessee to continue its use thereof for the purposes provided in the Lease. Costs and expenses necessary for such compliance shall be the responsibility of Lessee except for necessary costs or expenses incurred in major alteration or modification of the primary structure of the Premises' building, including the foundation, walls and roof, which shall be the responsibility of Lessor, and Lessor shall be fully responsible for making alterations and modifications to the Premises which may be required as a result of changes in the law.

#### ARTICLE 6. UTILITIES

Payment of Utility Charges. Lessee shall pay, and hold Lessor and the property of Lessor free and harmless from all charges for the furnishing of gas, water, electricity, telephone service, other public utilities to said Premises, and for the removal of garbage and rubbish from said Premises during the term of this Lease or any extension thereof.

#### ARTICLE 7. ALTERATIONS AND REPAIRS

7.1 Condition of Premises at Commencement; Notice to Lessor. Lessee's taking possession of the Premises shall be conclusive evidence as against the Lessee that the Premises was in good order and satisfactory condition when the Lessee took possession. At all times during the term of this Lease or any extension thereof, Lessee agrees to give Lessor prompt notice of any defective condition in or about the Premises.

- 7.2 Maintenance by Lessor. Lessor shall, at its own cost and expense, maintain in good condition and repair the major structural elements of the Premises which are defined to constitute the foundation, walls, and roof; provided, however, that Lessee shall pay the cost and expense of any structural repairs required because of the negligence or other fault of Lessee or its employees, agents or sublessee, if any. Lessor shall be responsible for providing limited janitorial services for the Premise not to exceed two (2) hours per week, with Lessee responsible for stripping and waxing the vinyl floors twice annually, and cleaning of carpets once annually.
- 7.3 Maintenance by Lessee. Except as otherwise expressly provided in Section 7.2 of this Lease, Lessee shall at its own cost and expense keep and maintain all portions of said Premises as well as improvements of said Premises and all facilities appurtenant to said Premises in good order and repair and in as safe and clean a condition as they were when received by Lessee from Lessor, normal wear and tear excepted.
- 7.4 Maintenance of Parking Area. Lessee and Lessor will share equally in the use of the Parking Area. Lessee and Lessor will therefore share equally in the cost of maintenance of the Parking Area. Each shall bear fifty percent (50%) of the costs to maintain the Parking Area in as good condition and repair as it was in at the commencement of the lease, except that Lessee and Lessor will be separately responsible for cost and expense of any repairs required because of the negligence, wear and tear or other fault, other than normal and proper use, of themselves or their employees, agents or sublessee(s), if any.
- 7.5 Alterations and Liens. Lessee shall not make or permit any other person to make any alterations to said Premises or to any improvement thereon or facility appurtenant thereto without the written consent of Lessor first had and obtained. Lessee shall keep the Premises free and clear from any and all liens, claims, and demands for work performed, materials furnished, or operations conducted on said Premises at the instance or request of Lessee. Furthermore,

any and all alterations, additions, improvements and fixtures, except furniture and trade fixtures, made or placed in or on said Premises by Lessee or any other person shall on expiration or sooner termination of this Lease become the property of the Lessor and remain in said Premises; provided, however, that Lessor shall have the option on expiration or sooner termination of this Lease of requiring Lessee, at Lessee's sole cost and expense, to remove any or all such alterations, additions, improvements or fixtures from said Premises.

7.6 Inspection by Lessor. Lessee shall permit Lessor or Lessor's agents, representatives, or employees to enter said Premises at all reasonable times which do not interfere with the Lessee's operation of a law enforcement facility, for the purpose of inspecting said Premises, to determine whether Lessee is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in said Premises under this Lease or to perform Lessor's duties under this Lease.

7.7 Surrender of Premises. On expiration or sooner termination of this Lease, or any extensions or renewals of this Lease, Lessee shall promptly surrender and deliver said Premises to Lessor in as good condition as they were at the commencement of this Lease, reasonable wear and tear and repairs herein required to be made by Lessor excepted.

## ARTICLE 8. INDEMNITY AND INSURANCE

8.1 Lessee Responsibility. Lessee agrees to defend, indemnify and hold Lessor and the property of Lessor, including said Premises, free and harmless from any and all claims, liability, loss, damage, or expenses resulting from Lessee's occupation and use of said Premises; specifically including, without limitation, any claim, liability, loss, or damage arising by reason of:

8.1.1 The Death or injury of any person or persons, including Lessee or any person who is an employee or agent of Lessee, or by reason of damage

to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, and caused or allegedly caused by either the condition of said Premises for which Lessee is responsible, or some act or omission of Lessee or of some agent, contractor, employee, servant, sublessee, or concessionaire of Lessee on said Premises;

8.1.2 Any work performed on said Premises or materials furnished to said Premises at the instance or request of Lessee or any agent or employee of Lessee; and

8.1.3 Lessee's failure to perform any of its obligations under this Lease.

8.2 Lessor Responsibility. Lessor agrees to defend, indemnify and hold Lessee and the property of Lessee, free and harmless from any and all claims, liability, loss, damage or expenses resulting from any condition of the Premises for which Lessor is responsible or due to any act or omission of Lessor, its agents, contractors, employees.

8.3 Liability Insurance. Lessor and Lessee shall each cause the other party to be added to the existing policies of liability insurance maintained by each party in the ordinary course of its governmental functions. Each party shall be added to the other's insurance coverage as additional insureds, and certificates evidencing the fact of such coverage shall be provided by each party to the other party prior to the Lease Commencement Date.

8.4 Lessee's Fire Insurance. In order that the business of Lessee may continue with as little interruption as possible, Lessee shall, during the full term of this Lease and any renewals or extensions thereof, maintain at Lessee's own cost and expense an insurance policy issued by a reputable company authorized to conduct insurance business in California insuring a minimum of 80% of replacement cost of all fixtures and equipment that are, at any time during the

term of this Lease or any renewal or extension thereof, in or on said Premises against damage or destruction by fire, theft, or the elements.

- 8.5 Premises' Fire Insurance. Lessor shall carry fire and extended coverage insurance, insuring the building and improvements upon the Premises. The insurance coverage will be in the amount of the full replacement value of the Premises. On said insurance coverage, Lessor and Lessee are to be jointly designated as loss payees, as their interests may appear, and the proceeds shall be utilized in accordance with the provisions of Article 10 of this Lease, as applicable.
- 8.6 Certificate of Insurance. Upon commencement of the Lease, Lessee agrees to deliver to Lessor a certificate of insurance, evidencing all insurance required to be maintained by Lessee under this Lease.
- 8.7 Waiver of Subrogation. The parties agree to release each other, and their respective authorized representatives, from any claims for damage to any person, the Premises or any improvements on the Premises, or Lessee's trade fixtures, equipment, merchandise, or personal property located on the Premises, caused by or resulting from risks insured against under any insurance policies carried by the parties pursuant to this Lease that are in force at the time of any such damage to the extent of the available insurance proceeds. Each party shall cause each insurance policy carried pursuant to this Lease by that party to be written to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by the policy.

## ARTICLE 9. SIGNS AND TRADE FIXTURES

- 9.1 Installation and Removal of Trade Fixtures. Lessee shall have the right at any time and from time to time during the term of this Lease and any renewal or extension of such term, at Lessee's sole cost and expense, to install and affix

in, to, or on said Premises such items, herein called "trade fixtures" for use by Lessee as Lessee may, in its sole discretion, deem advisable. Any and all such trade fixtures that can not be removed without structural damage to said Premises or any building or improvements on said Premises shall, subject to Section 7.5 of this Lease, remain the property of Lessor and may not be removed by Lessee at any time or times prior to the expiration or sooner termination of this Lease.

9.2 Un-removed Trade Fixtures. Any trade fixtures described in this Article that are not removed from said Premises by Lessee within thirty (30) days after the expiration or sooner termination, regardless of cause, of this Lease shall be deemed abandoned by Lessee and shall automatically become the property of Lessor as owner of the real property to which they are affixed.

9.3 Signs. Lessee may not install, or permit any other person to install, any sign, awning, canopy, marquee, or other advertising on any exterior wall, door, or window of the Premises without Lessor's prior written consent. On the expiration or sooner termination of this Lease, or any extension thereof, Lessor may remove and destroy any items which were permitted to be installed according to the terms of this section unless removed as set forth in section 9.1.

## ARTICLE 10. DESTRUCTION AND CONDEMNATION

10.1 Partial Destruction. If, during the term of this Lease or any renewals or extensions thereof, the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Lessor shall, as conditioned herein, restore the Premises to substantially the same condition as they were in immediately before destruction if the restoration can be made under the existing laws and can be completed within one (1) year after the date of the destruction, except that Lessor shall have no obligation to restore any improvements upon the Premises unless such restoration can be accomplished with the use of insurance proceeds or other funding, not involving

use of Lessor's funds or other assets. Such destruction shall not terminate this Lease; however, Lessee shall not be responsible for Lease payments during the time the Premises is inaccessible or unusable if such impairment was not caused by the Lessee. If the restoration cannot be made in the time stated in this section, then within fifteen (15) days after the parties determine that the restoration cannot be made in the time stated in this paragraph, either party can terminate this Lease immediately by giving written notice to the other party. If either party fails to terminate this Lease and if restoration is permitted under the existing laws, including any laws limiting use of Lessor's funds to restore the Premises, Lessor shall restore the Premises within a reasonable time and this Lease shall continue in full force and effect as provided herein. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

10.2 Insurance Proceeds. Any insurance proceeds received by Lessor because of the total or partial destruction of said Premises or the building on said Premises shall be utilized by Lessor or Lessee, as the case may be, to restore the Premises.

10.3 Lessor's Restoration. Should Lessor be required under Section 10.1 of this Lease to repair and restore said Premises to their former condition following partial or full destruction of said Premises:

10.3.1 Lessee shall not be entitled to any damages for any loss or inconvenience sustained by Lessee by reason of the making of such repairs and restoration; and

10.3.2 Lessor shall have full right to enter said Premises and take possession of so much of said Premises, including the whole of said Premises, as may be reasonably necessary to enable Lessor promptly and efficiently to carry out the work of repair and restoration.

10.4 Condemnation. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all of said Premises be taken under the power of eminent domain by any public or quasi-public agency or entity, this Lease shall terminate as of the date actual physical possession of said Premises is taken by the agency or entity exercising the power of eminent domain and both Lessor and Lessee shall thereafter be released from all obligations. If a lesser portion of the Premises is taken, the Lease will terminate as to the part taken, except that if the remaining portion is not reasonably suitable for Lessee's continuing use, then Lessee shall have the option to terminate the Lease in its entirety.

10.5 Condemnation Award. Should, during the term of this Lease or any renewal or extension thereof, title and possession of all or any portion of said Premises be taken under the power or eminent domain by any public or quasi-public agency or entity, the compensation or damages for the taking shall belong to and be the sole property of the Lessor, except that Lessee shall be entitled to that portion of the compensation which represents the value of Lessee's improvements or alterations made to the Premises by Lessee in accordance with this Lease, which improvements or alterations Lessee has the right to remove from the Premises, but elects not to remove.

#### ARTICLE 11. DEFAULT, ASSIGNMENT AND TERMINATION

11.1 Subleasing or Assigning as Breach. Lessee shall not encumber, assign, or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in said Premises or any of the improvements that may now or hereafter be constructed or installed on said Premises without the express written consent of Lessor. Neither shall Lessee sublet said Premises or any part thereof without the prior written consent of Lessor. A consent by Lessor to one assignment, one subletting, or occupation of said Premises by another person shall not constitute consent to any such action involving others. Any encumbrance, assignment, subletting, or transfer without the prior written

consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this Lease. The consent of Lessor to any assignment of Lessee's interest in this Lease or the subletting by Lessee of said Premises or parts of said Premises shall not be unreasonably withheld.

- 11.2 Default by Lessee. Lessee's failure to pay rent when due, if the failure continues for five (5) days after written notice of the failure from Lessor to Lessee, shall constitute a default. Should Lessee default in the performance of any of the covenants, conditions, or agreements contained in this Lease other than the obligation to pay rent, then Lessee shall have breached the Lease and shall be in default unless such default is cured within ten (10) days of written notice from Lessor to Lessee. In the event of any default, not cured by Lessee within the time limits herein set forth, Lessor may, reenter and regain possession of said Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect. In addition, Lessor may, in the event of default by Lessee, elect to exercise any of the remedies described in California Civil Code sections 1951.2 and 1951.4.
- 11.3 Cumulative Remedies. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative and in addition to all remedies now or hereafter allowed by law or elsewhere provided in this Lease.
- 11.4 Waiver of Breach. The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or another provision of this Lease.

## ARTICLE 12. MISCELLANEOUS

- 12.1 Force majeure – Unavoidable Delays. Should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of an act of God, strike, lockout, labor troubles, inability to

secure materials, restrictive governmental laws or regulations, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; however, should Lessee not have the financial ability to fund the maintenance and/or operation of a law enforcement facility on the Premises, the Lease can be canceled in its entirety with not less than Ninety (90) days written notice from the Lessee.

12.2 Termination Without Cause. Either party may, without cause, terminate the Lease effective the first day of July of any year upon four (4) months written notice to the other party.

12.3 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning said Premises, this Lease or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum for attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

12.4 Notice. Except as otherwise expressly provided by law, any and all notices or other communications required by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party to whom they are directed, or in lieu of such personal service, when deposited in the United States mail, first class postage prepaid, addressed as follows:

**To Lessee:**

County of Humboldt  
Real Property Division  
1106 Second Street  
Eureka, CA 95501

**To Lessor:**

McKinleyville Community Services District  
P.O. Box 2037  
McKinleyville, CA 95519

Either party, Lessee, or Lessor, may change its address for the purpose of this section by giving written notice of such change to the other party in the manner provided in this section.

- 12.5 Binding On Successors. This Lease shall be binding on and shall inure to the benefit of the successors and assigns of the parties hereto, Lessor and Lessee, but nothing in this section contained shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee except as provided in Article 11 of this Lease.
- 12.6 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.
- 12.7 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said Premises, the leasing of said Premises to Lessee, or the lease term herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void.
- 12.8 Nuclear Free Contractor. Lessor certifies by its signature below that Lessor is not a Nuclear Weapons contractor, in that Lessor is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components

as defined by the Nuclear Free Humboldt County Ordinance. Lessor agrees to notify Lessee immediately if it becomes a nuclear weapons contractor, as defined above. Lessee may immediately terminate this (Lease if it determines that the foregoing certification is false or if Lessor becomes a nuclear weapons contractor.

12.9 Smoking. Pursuant to Humboldt County Ordinance #1993, Lessee owned, leased or occupied premises are smoke free. Lessor shall comply with the ordinance.

12.10 Library License Agreement. This Lease does not affect or supersede the license agreement for the library previously entered into between the County of Humboldt and the McKinleyville Community Services District.

12.11 Time of Essence. Time is expressly declared to be of the essence of this Lease.

12.12 Modification. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Lessee and Lessor.

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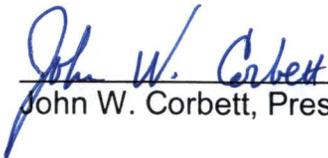
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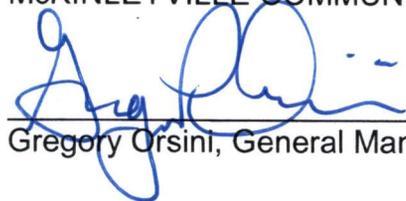
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Executed on February 25, 2015, at McKinleyville, Humboldt County, California.

**LESSOR:** MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

  
\_\_\_\_\_  
John W. Corbett, President MCSD Board of Directors

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

  
\_\_\_\_\_  
Gregory Orsini, General Manager

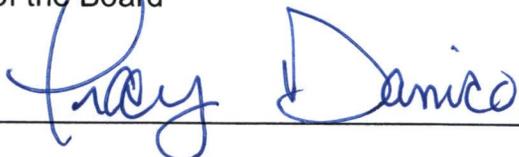
**LESSEE:** COUNTY OF HUMBOLDT

  
\_\_\_\_\_  
Chairperson, Board of Supervisors  
County of Humboldt, State of California

(SEAL)

Attest:

Clerk of the Board

By  \_\_\_\_\_

LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATED IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE LANDS DEEDED TO THE COUNTY OF HUMBOLDT AS SHOWN ON THE RECORD OF SURVEY DATED AUGUST, 1992 AS RECORDED MARCH 30, 1993 IN BOOK 54 OF SURVEYS AT PAGE 2, HUMBOLDT COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 'A':

COMMENCING AT THE NORTHEAST CORNER OF SAID LANDS; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID LANDS SOUTH 0°09'30" WEST 152.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EAST LINE SOUTH 0°09'30" WEST 88.00 FEET; THENCE LEAVING SAID EAST LINE NORTH 89°50'30" WEST 68.00 FEET; THENCE NORTHERLY ALONG A LINE LYING WESTERLY OF, PARALLEL WITH AND 68.00 FEET DISTANT MEASURED AT RIGHT ANGLES FROM SAID EASTERLY LINE NORTH 00°09'30" EAST 88.00 FEET; THENCE SOUTH 89°50'30" EAST 68.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 5,984 SQUARE FEET OF LAND, MORE OR LESS

PARCEL 'B'

COMMENCING AT THE FOREMENTIONED POINT OF BEGINNING OF SAID PARCEL 'A'; THENCE WESTERLY ALONG THE NORTH LINE OF SAID PARCEL 'A' NORTH 89°50'30" WEST 68.00 FEET TO THE POINT OF BEGINNING, SAID POINT BEING THE NORTHWEST CORNER OF SAID PARCEL 'A'; THENCE SOUTHERLY ALONG THE WEST LINE OF THE SAID PARCEL 'A' SOUTH 00°09'30" WEST 88.00 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 'A'; THENCE LEAVING SAID WEST LINE NORTH 89°50'30" WEST 150.82 FEET TO A POINT LYING ON THE WEST LINE OF SAID LANDS DEEDED TO THE COUNTY OF HUMBOLDT; THENCE NORTHERLY ALONG SAID WEST LINE THE FOLLOWING THREE (3) COURSES:

- 1) NORTH 11.65 FEET;
- 2) THENCE NORTH 89°50'30" WEST 0.96 FEET;
- 3) THENCE NORTH 00°33'20" WEST 76.35 FEET;

THENCE LEAVING SAID WEST LINE SOUTH 89°50'30" EAST 152.77 FEET TO THE POINT OF BEGINNING

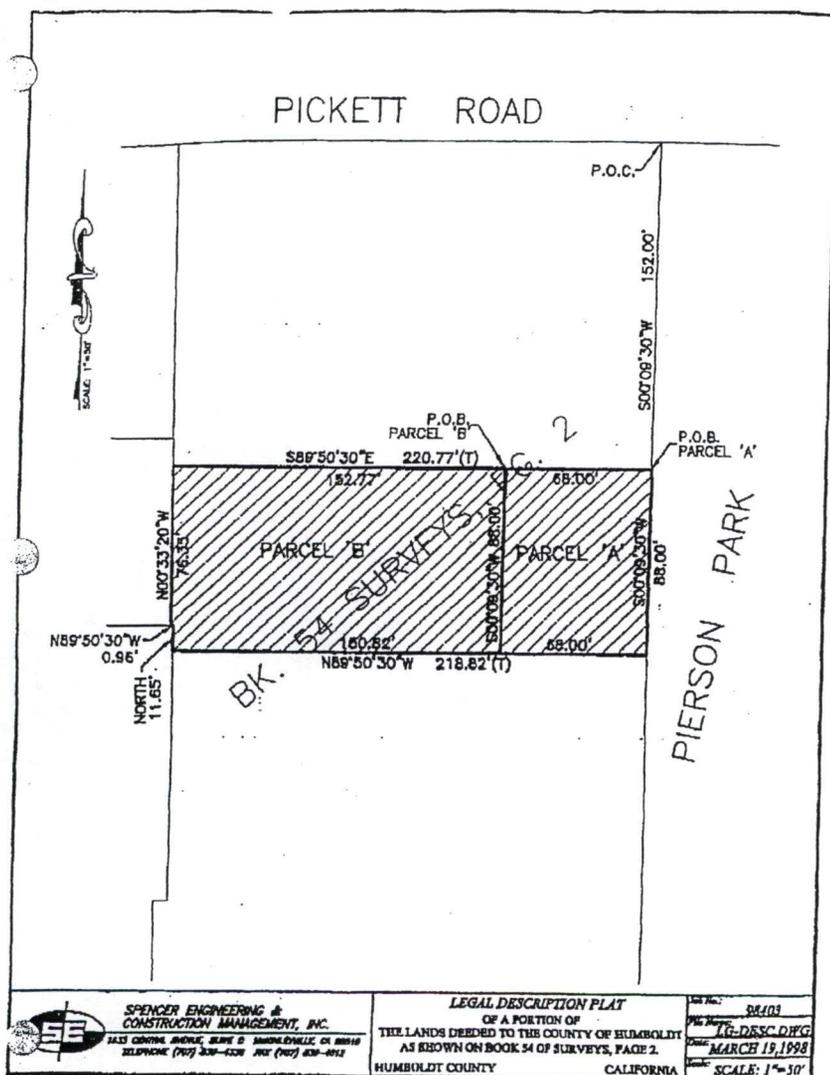
CONTAINING 13,386 SQUARE FEET OF LAND, MORE OR LESS.

LEGAL DESCRIPTION PREPARED BY:

*Philip A. Gutierrez Jr.*  
PHILIP A. GUTIERREZ JR.  
L.S. 7245



Exhibit A



## SECOND AMENDMENT TO LEASE

This Second Amendment to the Lease entered into on March 1, 2015, by and between the COUNTY OF HUMBOLDT, a political subdivision of the State of California, hereinafter referred to as LESSEE, and MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (MCSD), a special district of the County of Humboldt, State of California, hereinafter called LESSOR, is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**WHEREAS**, on March 1, 2015, the parties entered into a Lease for COUNTY use of the premises at 1608 Pickett Road, McKinleyville for the purpose of a law enforcement facility; and

**WHEREAS**, on February 7, 2018, the parties entered into a First Amendment to Lease for LESSEE continued use of the premises; and

**WHEREAS**, LESSEE and LESSOR desire to extend the term of the Lease until February 28, 2022; and

**WHEREAS**, LESSEE and LESSOR desire to adjust the rent for the extended term.

NOW, THEREFORE, it is mutually agreed as follows:

1. Section 3.1, Term, of this Lease shall be amended to read as follows:

This Lease shall be for a term of seven (7) years commencing on March 1, 2015 ("Commencement Date") and ending at midnight on February 28, 2022 ("Termination Date").

2. Section 4.1, Rent, of this Lease shall be amended to read as follows:

LESSEE shall pay rent to the LESSOR in the amount of One Hundred Eighty-Eight Dollars and Fifty - Five Cents (\$188.55) per month throughout the term if this Lease. This amount is due and payable on the Tenth (10<sup>th</sup>) day of each month of occupancy. This amount is based on the Consumer Price Index (CPI) for all items (1982-84 = 100), U.S. City Average, West Cities B-C, as published by the United States Department of Labor, Bureau of Labor Statistics (called "the Index" in this Lease) for the prior calendar year. In calculating this percentage increase, the most current index available on the date of the commencement of the prior term and the most current Index available immediately receding the date of annual adjustment during the extended term shall be used. November shall be the base month for this adjustment. For clarity purposes, the rent is calculated as follows:

West-Size Class B/C, Nov. 2020, All Urban CPI = 161.069  
 West-Size Class B/C, Nov. 2018, All Urban CPI = 154.625  
 Difference = 161.069 – 154.625 = 6.444  
 % Difference = 6.444/154.625 x 100 = 4.17%

SECOND AMENDMENT TO LEASE

New Rent = \$181.00 (previous years rent) x 0.0417 + 181.00 = \$188.55 per month

3. Section 12.13, Counterparts, shall be added to read follows:

This Agreement, and any amendments hereto, may be executed in one (1) or more counterparts, each which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. A signed copy of this Agreement, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement, and any amendments hereto, for all purposes.

4. In all other respects, the Lease between the parties entered into on February 25, 2015, and its First Amendment to the Lease entered into on February 7, 2018 shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Second Amendment to the Lease dated February 25, 2015 on the date indicated above.

**LESSEE: COUNTY OF HUMBOLDT**

**LESSOR: MCKINLEYVILLE  
COMMUNITY SERVICES DISTRICT**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: CHAIR  
BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT

TITLE: \_\_\_\_\_

(SEAL)

BY: \_\_\_\_\_

ATTEST: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: RYAN SHARP

TITLE: \_\_\_\_\_

TITLE: DEPUTY CLERK OF THE  
BOARD OF SUPERVISORS

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Staff analysis consists of the following potential alternative

- Take No Action

**Fiscal Analysis:**

Not applicable

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Resolution 2021-04

**RESOLUTION 2021-04**

**A RESOLUTION RECOGNIZING, HONORING, AND COMMENDING JENS ANDERSEN FOR SERVING MCKINLEYVILLE COMMUNITY SERVICES DISTRICT FOR FIFTEEN (15) CONTINUOUS YEARS**

**WHEREAS**, JENS ANDERSEN, having faithfully served fifteen (15) years as an employee of the McKinleyville Community Services District (MCSD) from 2005 to 2020; and

**WHEREAS**, throughout his years of service, Jens continually demonstrates a commitment and dedication to the recreational needs of our community; and

**WHEREAS**, Jens lends his knowledge of recreation and programs to enhance and progress the MCSD Parks and Recreation Department; and

**WHEREAS**, Jens exhibits attributes that make him a valuable member of the MCSD team; and

**WHEREAS**, Jens has made significant contributions to recreation programs he is responsible for; and

**WHEREAS**, Jens is genuinely dedicated to providing quality, positive experiences for youth and families;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of McKinleyville Community Services District hereby confers upon Jens Andersen its highest commendation for the dedicated service he has performed for the District and the community and, further marks his historic accomplishment as a McKinleyville Community Services District's employee for fifteen (15) years.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 3rd day of February 2021 by the following polled vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

---

Dennis Mayo, Board President

Attest:

---

April Sousa, CMC, Board Secretary

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.2**                      **Approve FY19-20 Audited Financial Statements**

**PRESENTED BY:**              **Colleen M. R. Trask, Finance Director**

**TYPE OF ACTION:**            **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board listen to the auditor's presentation, review the information provided, discuss, take public comment, and approve the FY19-20 Audited Financial Statements per the recommendation of the Audit Committee.

### **Discussion:**

The District's annual audit for Fiscal Year 2019-20 is complete. It has been presented and discussed with the MCSD Audit Committee and Staff.

The Audit Committee has reviewed the draft audited financial statements.

The Board will be provided with bound copies of the finalized audit and an electronic copy of the audit will be posted on the MCSD website.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

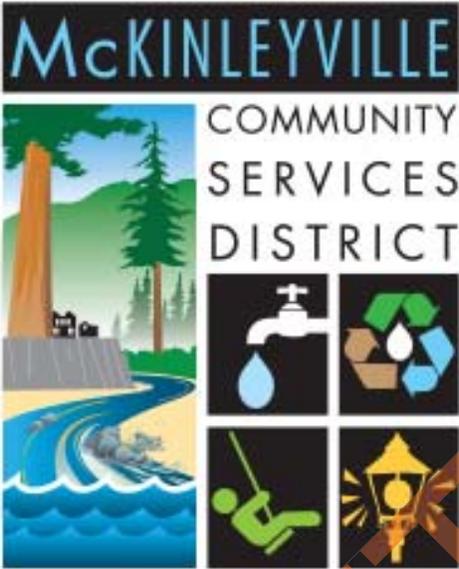
Not applicable

### **Environmental Requirements:**

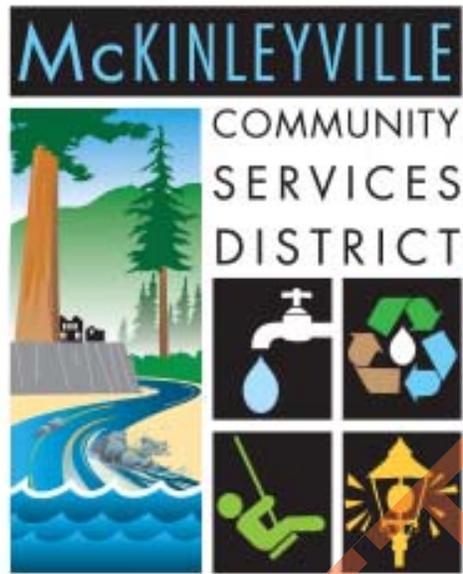
Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2019-20
- Attachment 2 – Presentation of 2020 Audit Results – Fedak & Brown, LLP



**McKinleyville Community Services District**  
**McKinleyville, California**  
**Annual Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2020**



**Board of Directors as of June 30, 2020**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
Mary Burke	President	Elected	03/2017 - 12/2020
Dennis Mayo	Vice President	Elected	09/2008 - 12/2022
Shel Barsanti	Director	Appointed	03/2019 - 12/2020
David Couch	Director	Elected	09/2009 - 12/2022
John Corbett	Director	Elected	10/2002 - 12/2020

**McKinleyville Community Services District  
 1656 Sutter Road  
 McKinleyville, California 95519  
 (707) 839-3251**

**McKinleyville Community Services District**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2020**

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**McKinleyville Community Services District  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

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**Financial Section**

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## Independent Auditor's Report

Board of Directors  
McKinleyville Community Services District  
McKinleyville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. That report can be found on pages 62 and 63.

**Fedak & Brown LLP**  
Cypress, California  
January 6, 2021

**McKinleyville Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the McKinleyville Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2020, the District's net position increased by 8.10% or \$2,326,257 to \$31,053,550 as a result of ongoing operations.
- In 2020, the District's total revenues increased 1.04% or \$111,386 to \$10,800,937.
- In 2020, the District's total expenses increased by 6.14% or \$490,568 to \$8,474,680.

**Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

**Government-wide Financial Statements**

**Statement of Net Position and Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall financial health* of the District.

**McKinleyville Community Services District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2020**

**Fund Financial Statements**

**Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 54.

**Government-wide Financial Analysis**

**Statement of Net Position**

The following table is a summary of the statement of net position at June 30, 2020.

	<b>Condensed Statements of Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total District</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets:</b>						
Current assets	\$ 989,646	865,820	20,669,686	17,116,538	21,659,332	17,982,358
Capital assets	5,116,259	5,307,781	36,374,174	35,770,816	41,490,433	41,078,597
<b>Total assets</b>	<b>6,105,905</b>	<b>6,173,601</b>	<b>57,043,860</b>	<b>52,887,354</b>	<b>63,149,765</b>	<b>59,060,955</b>
<b>Deferred outflows of resources</b>	746,245	129,991	1,562,572	303,312	2,308,817	433,303
<b>Liabilities:</b>						
Current liabilities	333,165	337,816	1,643,335	1,368,270	1,976,500	1,706,086
Non-current liabilities	4,472,627	4,432,812	25,535,057	24,508,364	30,007,684	28,941,176
<b>Total liabilities</b>	<b>4,805,792</b>	<b>4,770,628</b>	<b>27,178,392</b>	<b>25,876,634</b>	<b>31,984,184</b>	<b>30,647,262</b>
<b>Deferred inflows of resources</b>	800,125	40,520	1,620,723	79,183	2,420,848	119,703
<b>Net position:</b>						
Net investment in capital assets	4,105,315	4,198,103	17,481,830	17,723,760	21,587,145	21,921,863
Restricted	197,530	187,401	1,735,159	1,741,925	1,932,689	1,929,326
Unrestricted	(3,056,612)	(2,893,060)	10,590,328	7,769,164	7,533,716	4,876,104
<b>Total net position</b>	<b>\$ 1,246,233</b>	<b>1,492,444</b>	<b>29,807,317</b>	<b>27,234,849</b>	<b>31,053,550</b>	<b>28,727,293</b>

**McKinleyville Community Services District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2020**

**Government-wide Financial Analysis, continued**

**Statement of Net Position, continued**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,053,550 as of June 30, 2020. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

**Statement of Activities**

The following table is a summary of the statement of activities for the year ended June 30, 2020.

	Condensed Statements of Activities					
	Governmental Activities		Business-Type Activities		Total District	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charge for services	\$ 487,233	584,855	7,561,946	7,237,865	8,049,179	7,822,720
Operating grants and contributions	40,148	43,828	273,205	3,335	313,353	47,163
Capital grants and contributions	23,980	245,968	971,808	1,293,110	995,788	1,539,078
<b>Total program revenues</b>	<b>551,361</b>	<b>874,651</b>	<b>8,806,959</b>	<b>8,534,310</b>	<b>9,358,320</b>	<b>9,408,961</b>
<b>General revenues:</b>						
Property taxes	677,798	615,380	-	-	677,798	615,380
Voter approved taxes	212,622	210,254	-	-	212,622	210,254
Investment earnings	95,418	79,355	405,116	314,519	500,534	393,874
Gain on disposal of capital assets	-	-	7,901	13,816	7,901	13,816
Other income	43,762	47,266	-	-	43,762	47,266
<b>Total general revenues</b>	<b>1,029,600</b>	<b>952,255</b>	<b>413,017</b>	<b>328,335</b>	<b>1,442,617</b>	<b>1,280,590</b>
<b>Total revenues</b>	<b>1,580,961</b>	<b>1,826,906</b>	<b>9,219,976</b>	<b>8,862,645</b>	<b>10,800,937</b>	<b>10,689,551</b>
<b>Expenses:</b>						
General (Parks & Recreation)	1,580,958	1,637,702	-	-	1,580,958	1,637,702
Measure B	141,509	135,556	-	-	141,509	135,556
Streetlighting	104,705	92,022	-	-	104,705	92,022
Water	-	-	3,162,794	2,888,293	3,162,794	2,888,293
Wastewater	-	-	3,484,714	3,230,539	3,484,714	3,230,539
<b>Total expenses</b>	<b>1,827,172</b>	<b>1,865,280</b>	<b>6,647,508</b>	<b>6,118,832</b>	<b>8,474,680</b>	<b>7,984,112</b>
<b>Changes in net position</b>	<b>(246,211)</b>	<b>(38,374)</b>	<b>2,572,468</b>	<b>2,743,813</b>	<b>2,326,257</b>	<b>2,705,439</b>
<b>Net position, beginning of year</b>	<b>1,492,444</b>	<b>1,530,818</b>	<b>27,234,849</b>	<b>24,491,036</b>	<b>28,727,293</b>	<b>26,021,854</b>
<b>Net position, end of year</b>	<b>\$ 1,246,233</b>	<b>1,492,444</b>	<b>29,807,317</b>	<b>27,234,849</b>	<b>31,053,550</b>	<b>28,727,293</b>

Compared to the prior year, net position of the District increased by 8.10% or \$2,326,257 to \$31,053,550 as a result of ongoing operations.

Total revenues increased 1.04% or \$111,386 to \$10,800,937, due primarily to increases of \$266,190 in operating grants and contributions, \$226,459 in charge for services, \$106,660 in investment earnings, and \$62,418 in property tax; which were offset by a decrease of \$543,290 capital grants and contributions.

Total expenses increased by 6.14% or \$490,568 to \$8,474,680, due primarily to increases of \$274,501 in water fund expenses and \$254,175 in wastewater fund expenses; which were offset by a decrease of \$56,744 in General (Parks & Recreation) expenses.

**McKinleyville Community Services District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2020**

**Government-wide Financial Analysis, continued**

**Changes in fund balance – Governmental fund**

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2020.

**Condensed Changes in Fund Balance – Governmental Funds**

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Streetlighting</u>	<u>Total Governmental Activities</u>
Fund balance, beginning of year	\$ 1,245,711	(580,554)	19,231	684,388
Changes in fund balance	<u>83,942</u>	<u>5,772</u>	<u>29,866</u>	<u>119,580</u>
Fund balance, end of year	<u>\$ 1,329,653</u>	<u>(574,782)</u>	<u>49,097</u>	<u>803,968</u>

In 2020, total fund balance increased by 17.47% or \$119,580 to \$803,968. The General (Parks and Recreation) fund increased by 6.74% or \$83,942 to \$1,329,653; the Measure B fund increased by 0.99% or \$5,772 to a deficit fund balance of \$574,782; and the Street Lighting fund increased by 155.30% or \$29,866 to \$49,097.

**Capital Asset Administration**

	<u>Capital Assets</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capital assets:						
Non-depreciable assets	\$ 1,996,189	1,960,164	5,395,478	3,910,689	7,391,667	5,870,853
Depreciable assets	<u>7,169,727</u>	<u>7,165,727</u>	<u>54,900,187</u>	<u>54,129,725</u>	<u>62,069,914</u>	<u>61,295,452</u>
Total capital assets	9,165,916	9,125,891	60,295,665	58,040,414	69,461,581	67,166,305
Accumulated depreciation	<u>(4,049,657)</u>	<u>(3,818,110)</u>	<u>(23,921,491)</u>	<u>(22,269,598)</u>	<u>(27,971,148)</u>	<u>(26,087,708)</u>
Total capital assets, net	<u>\$ 5,116,259</u>	<u>5,307,781</u>	<u>36,374,174</u>	<u>35,770,816</u>	<u>41,490,433</u>	<u>41,078,597</u>

At the end of fiscal year 2020, the District's investment in capital assets amounted to \$41,490,433 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water transmission and distribution systems, and construction-in-process. See note 4 for further discussion.

**McKinleyville Community Services District  
Management's Discussion and Analysis, continued  
For the Fiscal Year Ended June 30, 2020**

**Long-Term Debt Administration**

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total District	
	2020	2019	2020	2019	2020	2019
Long-term debt:						
Long-term debt	\$ 1,010,944	1,109,678	18,892,344	18,047,056	19,903,288	19,156,734
Total long-term debt:	\$ 1,010,944	1,109,678	18,892,344	18,047,056	19,903,288	19,156,734

Long-term debt increased 3.90% or \$746,554 to \$19,903,288 in 2020, primarily due to additional note payable funds received from JPMorgan Chase Bank, NA for the purpose of financing the acquisition of property to expand the District's ability to recycle reclaimed wastewater. See note 6 for further discussion.

**Conditions Affecting Current Financial Position**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

**Requests for Information**

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Manager, Colleen Trask, at McKinleyville Community Services District, P.O. Box 2037, McKinleyville, California 95519 or (707) 839-3251.

## **Basic Financial Statements**

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**McKinleyville Community Services District**  
**Statement of Net Position**  
**June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>Current assets:</b>			
Cash and cash equivalents (notes 2 & 3)	\$ 720,845	16,899,080	17,619,925
Cash and cash equivalents – restricted (notes 2 & 3)	197,530	2,398,191	2,595,721
Accounts receivable	5,627	834,659	840,286
Accrued interest receivable	4,403	13,181	17,584
Prepaid expense	61,241	104,136	165,377
Grant receivable	-	326,354	326,354
Materials and supplies inventory	-	94,085	94,085
<b>Total current assets</b>	<u>989,646</u>	<u>20,669,686</u>	<u>21,659,332</u>
<b>Non-current assets:</b>			
Capital assets – not being depreciated (note 4)	1,996,189	5,395,478	7,391,667
Capital assets – being depreciated (note 4)	<u>3,120,070</u>	<u>30,978,696</u>	<u>34,098,766</u>
<b>Total non-current assets</b>	<u>5,116,259</u>	<u>36,374,174</u>	<u>41,490,433</u>
<b>Total assets</b>	<u>6,105,905</u>	<u>57,043,860</u>	<u>63,149,765</u>
<b>Deferred outflows of resources:</b>			
Deferred OPEB outflows (note 7)	610,738	1,246,390	1,857,128
Deferred pension outflows (note 8)	<u>135,507</u>	<u>316,182</u>	<u>451,689</u>
<b>Total deferred outflows of resources</b>	<u>\$ 746,245</u>	<u>1,562,572</u>	<u>2,308,817</u>

Continued on next page

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Net Position, continued**  
**June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 74,734	366,981	441,715
Accrued interest on long-term debt	6,033	238,834	244,867
Accrued salaries and related payables	103,444	-	103,444
Customer deposits	7,500	118,242	125,742
Unearned revenue	-	33,382	33,382
Long-term liabilities – due within one year:			
Compensated absences (note 5)	49,400	130,212	179,612
Bond payable (note 6)	-	80,000	80,000
Capital lease payable (note 6)	92,054	-	92,054
Notes payable (note 6)	-	675,684	675,684
<b>Total current liabilities</b>	<u>333,165</u>	<u>1,643,335</u>	<u>1,976,500</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	65,612	176,583	242,195
Bond payable (note 6)	-	145,000	145,000
Capital lease payable (note 6)	918,890	-	918,890
Notes payable (note 6)	-	17,991,660	17,991,660
Other post employment benefits (note 7)	2,830,881	5,777,243	8,608,124
Net pension liabilities (note 8)	657,244	1,444,571	2,101,815
<b>Total non-current liabilities</b>	<u>4,472,627</u>	<u>25,535,057</u>	<u>30,007,684</u>
<b>Total liabilities</b>	<u>4,805,792</u>	<u>27,178,392</u>	<u>31,984,184</u>
<b>Deferred inflows of resources:</b>			
Deferred OPEB inflows (note 7)	786,754	1,597,349	2,384,103
Deferred pension inflows (note 8)	13,371	23,374	36,745
<b>Total deferred inflows of resources</b>	<u>800,125</u>	<u>1,620,723</u>	<u>2,420,848</u>
<b>Net position: (note 10)</b>			
Net investment in capital assets	4,105,315	17,481,830	21,587,145
Restricted	197,530	1,735,159	1,932,689
Unrestricted	(3,056,612)	10,590,328	7,533,716
<b>Total net position</b>	<u>\$ 1,246,233</u>	<u>29,807,317</u>	<u>31,053,550</u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General (Parks & Recreation)	\$ 1,580,958	389,341	40,116	23,980	(1,127,521)	-	(1,127,521)
Measure B	141,509	-	-	-	(141,509)	-	(141,509)
Street Lighting	104,705	97,892	32	-	(6,781)	-	(6,781)
<b>Total governmental activities</b>	<b>1,827,172</b>	<b>487,233</b>	<b>40,148</b>	<b>23,980</b>	<b>(1,275,811)</b>	<b>-</b>	<b>(1,275,811)</b>
<b>Business-Type activities:</b>							
Water	3,162,794	3,787,070	89,989	331,850	-	1,046,115	1,046,115
Wastewater	3,484,714	3,774,876	183,216	639,958	-	1,113,336	1,113,336
<b>Total business-type activities</b>	<b>6,647,508</b>	<b>7,561,946</b>	<b>273,205</b>	<b>971,808</b>	<b>-</b>	<b>2,159,451</b>	<b>2,159,451</b>
<b>Total</b>	<b>\$ 8,474,680</b>	<b>8,049,179</b>	<b>313,353</b>	<b>995,788</b>	<b>(1,275,811)</b>	<b>2,159,451</b>	<b>883,640</b>
<b>General revenues:</b>							
Property taxes					\$ 677,798	-	677,798
Special assessments					212,622	-	212,622
Investment earnings					95,418	405,116	500,534
Gain on disposal of capital assets					-	7,901	7,901
Other income					43,762	-	43,762
<b>Total general revenues</b>					<b>1,029,600</b>	<b>413,017</b>	<b>1,442,617</b>
<b>Changes in net position</b>					<b>(246,211)</b>	<b>2,572,468</b>	<b>2,326,257</b>
<b>Net position, beginning of year</b>					<b>1,492,444</b>	<b>27,234,849</b>	<b>28,727,293</b>
<b>Net position, end of year</b>					<b>\$ 1,246,233</b>	<b>29,807,317</b>	<b>31,053,550</b>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Balance Sheet of Governmental Fund**  
**June 30, 2020**

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
<b>Assets:</b>				
Cash and investments	\$ 720,845	-	-	720,845
Cash and investments – restricted	197,530	-	-	197,530
Accounts receivable	2,591	-	3,036	5,627
Interest receivable	3,465	938	-	4,403
Prepaid expenses	56,034	-	5,207	61,241
Due from other funds (note 9)	534,296	(575,663)	41,367	-
<b>Total assets</b>	<u>\$ 1,514,761</u>	<u>(574,725)</u>	<u>49,610</u>	<u>989,646</u>
<b>Liabilities:</b>				
Accounts payable	\$ 74,164	57	513	74,734
Accrued wages and related payables	103,444	-	-	103,444
Deposits	7,500	-	-	7,500
<b>Total liabilities</b>	<u>185,108</u>	<u>57</u>	<u>513</u>	<u>185,678</u>
<b>Fund balance: (note 11)</b>				
Restricted	197,530	-	-	197,530
Assigned	115,012	-	49,097	164,109
Unassigned	1,017,111	(574,782)	-	442,329
<b>Total fund balance</b>	<u>1,329,653</u>	<u>(574,782)</u>	<u>49,097</u>	<u>803,968</u>
<b>Total liabilities and fund balance</b>	<u>\$ 1,514,761</u>	<u>(574,725)</u>	<u>49,610</u>	<u>989,646</u>

Continued on next page

See accompanying notes to the financial statements

**McKinleyville Community Services District  
Reconciliation of the Balance Sheet of  
Governmental Fund to the Statement of Net Position  
June 30, 2020**

**Reconciliation:**

Total Fund Balance of Governmental Fund	\$	803,968
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund balance sheet. However, the statement of net position includes those capital assets. In the current period, these amounts were as follows:</p>		
Capital assets – not being depreciated		1,996,189
Capital assets – being depreciated		3,120,070
<p>Deferred outflows(inflows) of resources are not financial resources(uses) and, therefore, are not reported in the governmental fund balance sheet. However, they are reported in the statement of net position as follows:</p>		
Deferred OPEB outflows		610,738
Deferred OPEB inflows		(786,754)
Deferred pension outflows		135,507
Deferred pension inflows		(13,371)
<p>Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:</p>		
Accrued interest on long-term debt		(6,033)
Compensated absences		(115,012)
Long-term debt		(1,010,944)
Other post employment benefit obligation		(2,830,881)
Net pension liability		(657,244)
Net pension liability		<u>(657,244)</u>
Net Position of Governmental Activities	\$	<u><u>1,246,233</u></u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance of Governmental Fund**  
**For the Year Ended June 30, 2020**

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
<b>Revenues</b>				
Property taxes	\$ 677,798	-	-	677,798
Special assessments	-	212,622	-	212,622
Charge for services and facilities	389,341	-	97,892	487,233
Operating grants and contributions	40,116	-	32	40,148
Capital grants and contributions	23,980	-	-	23,980
Other income	25,092	-	18,670	43,762
Investment earnings	93,215	2,203	-	95,418
<b>Total revenues</b>	<u>1,249,542</u>	<u>214,825</u>	<u>116,594</u>	<u>1,580,961</u>
<b>Expenditures</b>				
General government (Parks & Recreation)	1,129,575	-	-	1,129,575
Measure B	-	81,912	-	81,912
Streetlighting	-	-	72,866	72,866
Debt service:				
Principal	-	88,872	9,862	98,734
Interest	-	38,269	-	38,269
Capital outlay	36,025	-	4,000	40,025
<b>Total expenditures</b>	<u>1,165,600</u>	<u>209,053</u>	<u>86,728</u>	<u>1,461,381</u>
<b>Net change in fund balance</b>	83,942	5,772	29,866	119,580
<b>Fund balance, beginning of year</b>	<u>1,245,711</u>	<u>(580,554)</u>	<u>19,231</u>	<u>684,388</u>
<b>Fund Balance, end of year</b>	<u>\$ 1,329,653</u>	<u>(574,782)</u>	<u>49,097</u>	<u>803,968</u>

Continued on next page

See accompanying notes to the financial statements

**McKinleyville Community Services District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of**  
**Governmental Fund to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

**Reconciliation:**

Net Change in Fund Balance of Total Governmental Fund	\$	119,580
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:</p>		
Capital outlay expense		40,025
Depreciation expense		(231,547)
<p>The repayment of principal of long-term debt consumes current financial resources and, therefore, is reported as debt service principal payments in the governmental fund. However, these payments have no impact on net position and, therefore, are not reported in the statement of activities as follows:</p>		
Debt service principal		98,734
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:</p>		
Net change in accrued interest expense on long-term debt		784
Net change in compensated absences for the current period		(16,272)
Net change in other post employment benefits for the current period		(196,745)
Net change in pension obligations for the current period		(60,770)
Net change in pension obligations for the current period		<u>(60,770)</u>
Changes in Net Position of Governmental Activities	\$	<u><u>(246,211)</u></u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Net Position – Enterprise Fund**  
**June 30, 2020**

	<u>Water</u>	<u>Waste water</u>	<u>2020</u>
<b>Current assets:</b>			
Cash and investments	\$ 6,054,989	10,844,091	16,899,080
Cash and investments – restricted	1,563,040	835,151	2,398,191
Accounts receivable	408,288	426,371	834,659
Accrued interest receivable	5,689	7,492	13,181
Grant receivable	89,669	236,685	326,354
Prepaid expenses	52,068	52,068	104,136
Inventory	69,742	24,343	94,085
<b>Total current assets</b>	<u>8,243,485</u>	<u>12,426,201</u>	<u>20,669,686</u>
<b>Non-current assets:</b>			
Capital assets – not being depreciated	609,026	4,786,452	5,395,478
Capital assets – being depreciated	7,687,185	23,291,511	30,978,696
<b>Total non-current assets</b>	<u>8,296,211</u>	<u>28,077,963</u>	<u>36,374,174</u>
<b>Total assets</b>	<u>16,539,696</u>	<u>40,504,164</u>	<u>57,043,860</u>
<b>Deferred outflows of resources:</b>			
Deferred OPEB outflows	621,893	624,497	1,246,390
Deferred pension outflows	149,057	167,125	316,182
<b>Total deferred outflows of resources</b>	<u>\$ 770,950</u>	<u>791,622</u>	<u>1,562,572</u>

Continued on next page

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Net Position – Enterprise Fund, continued**  
**June 30, 2020**

	<b>Water</b>	<b>Waste water</b>	<b>2020</b>
<b>Current liabilities:</b>			
Accounts payable	\$ 169,894	197,087	366,981
Accrued interest payable	8,777	230,057	238,834
Customer deposits	116,742	1,500	118,242
Unearned revenue	16,691	16,691	33,382
Long-term liabilities – due within one year:			
Compensated absences	65,597	64,615	130,212
Bond payable	-	80,000	80,000
Notes payable	166,689	508,995	675,684
<b>Total current liabilities</b>	<b>544,390</b>	<b>1,098,945</b>	<b>1,643,335</b>
<b>Non-current liabilities:</b>			
Long-term liabilities – due within one year:			
Compensated absences	87,784	88,799	176,583
Bond payable	-	145,000	145,000
Notes payable	2,122,600	15,869,060	17,991,660
Other post employment benefits	2,882,588	2,894,655	5,777,243
Net pension liabilities	689,587	754,984	1,444,571
<b>Total non-current liabilities</b>	<b>5,782,559</b>	<b>19,752,498</b>	<b>25,535,057</b>
<b>Total liabilities</b>	<b>6,326,949</b>	<b>20,851,443</b>	<b>27,178,392</b>
<b>Deferred inflows of resources:</b>			
Deferred OPEB inflows	786,754	810,595	1,597,349
Deferred pension inflows	11,330	12,044	23,374
<b>Total deferred inflows of resources</b>	<b>798,084</b>	<b>822,639</b>	<b>1,620,723</b>
<b>Net position:</b>			
Net investment in capital assets	6,006,922	11,474,908	17,481,830
Restricted	1,563,040	172,119	1,735,159
Unrestricted	2,615,651	7,974,677	10,590,328
<b>Total net position</b>	<b>\$ 10,185,613</b>	<b>19,621,704</b>	<b>29,807,317</b>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Water</u>	<u>Wastewater</u>	<u>2020</u>
<b>Operating revenues:</b>			
Water revenue	\$ 3,660,510	-	3,660,510
Sewer revenue	-	3,686,262	3,686,262
Other service charges	126,560	88,614	215,174
Operating grant	89,989	183,216	273,205
<b>Total operating revenues</b>	<u>3,877,059</u>	<u>3,958,092</u>	<u>7,835,151</u>
<b>Operating expenses:</b>			
Water purchase	1,094,722	-	1,094,722
Salaries and related expenses	509,490	569,025	1,078,515
Employee benefits	624,094	746,866	1,370,960
Services and supplies	463	2,502	2,965
Professional services	29,796	30,475	60,271
Utilities	58,679	186,957	245,636
Insurance expense	38,866	38,859	77,725
Other operating expense	293,446	325,840	619,286
<b>Total operating expenses</b>	<u>2,649,556</u>	<u>1,900,524</u>	<u>4,550,080</u>
Operating income before depreciation	1,227,503	2,057,568	3,285,071
Depreciation expense	(455,902)	(1,211,865)	(1,667,767)
<b>Operating income</b>	<u>771,601</u>	<u>845,703</u>	<u>1,617,304</u>
<b>Non-operating revenues(expenses):</b>			
Investment earning	161,455	243,661	405,116
Gain on sale of assets	3,925	3,976	7,901
Debt issuance expense	-	(58,500)	(58,500)
Interest expense	(57,336)	(313,825)	(371,161)
<b>Total non-operating revenues(expenses), net</b>	<u>108,044</u>	<u>(124,688)</u>	<u>(16,644)</u>
<b>Net income before capital contributions</b>	<u>879,645</u>	<u>721,015</u>	<u>1,600,660</u>
<b>Capital contributions:</b>			
Capacity fees	253,460	322,372	575,832
Contributed capital assets	78,390	317,586	395,976
<b>Total capital contributions</b>	<u>331,850</u>	<u>639,958</u>	<u>971,808</u>
<b>Changes in net position</b>	<u>1,211,495</u>	<u>1,360,973</u>	<u>2,572,468</u>
<b>Net position, beginning of year</b>	<u>8,974,118</u>	<u>18,260,731</u>	<u>27,234,849</u>
<b>Net position, end of year</b>	<u>\$ 10,185,613</u>	<u>19,621,704</u>	<u>29,807,317</u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District  
Statement of Cash Flows – Enterprise Fund  
For the Fiscal Year Ended June 30, 2020**

	<u>2020</u>
<b>Cash flows from operating activities:</b>	
Cash receipts from customers	\$ 7,783,965
Cash paid to employees	(1,046,061)
Cash paid to vendors and suppliers	<u>(2,848,077)</u>
<b>Net cash provided by operating activities</b>	<u>3,889,827</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(2,271,125)
Proceeds from the sale of capital assets	7,901
Proceeds from capital contributions	976,355
Proceeds from loan issuance	1,508,500
Principal payments on long-term debt	(663,212)
Bond issuance cost	(58,500)
Interest payments on long-term debt	<u>(313,925)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(814,006)</u>
<b>Cash flows from investing activities:</b>	
Interest earnings	<u>407,101</u>
<b>Net cash provided by investing activities</b>	<u>407,101</u>
<b>Net increase in cash and cash equivalents</b>	3,482,922
<b>Cash and cash equivalents, beginning of year</b>	<u>15,814,349</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 19,297,271</u>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>	
Cash and investments	\$ 16,899,080
Cash and investments – restricted	<u>2,398,191</u>
<b>Total cash and cash equivalents</b>	<u>\$ 19,297,271</u>

Continued on next page

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Statement of Cash Flows – Enterprise Funds, continued**  
**For the Fiscal Year Ended June 30, 2020**

	<b>2020</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ <u>1,617,304</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation expense	1,667,767
<b>Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:</b>	
(Increase)decrease in assets and deferred outflows:	
Accounts receivable	(56,460)
Prepaid expenses	(26,878)
Inventory	6,580
Deferred OPEB outflows	(1,246,390)
Deferred pension outflows	(12,870)
Increase(decrease) in liabilities and deferred inflows:	
Accounts payable	118,487
Customer deposits	(420)
Unearned revenue	5,694
Compensated absences	32,454
Other post employment benefits	102,689
Net pension liabilities	140,330
Deferred OPEB inflows	1,537,275
Deferred pension inflows	<u>4,265</u>
<b>Total adjustments</b>	<u>2,272,523</u>
<b>Net cash provided by operating activities</b>	<b>\$ <u><u>3,889,827</u></u></b>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The McKinleyville Community Services District (District) was created on April 7, 1970, when McKinleyville's voters voted 589 "yes" votes against 151 "no" votes to form the District. The District initially had authority to serve water and treat sewer wastes. In 1972, the voters added street lighting powers; in 1985 the voters added recreational powers; and in 1995 the voters authorized the construction of the McKinleyville Library.

The District's boundary encompasses 12,140 acres ranging from North Bank Road on the south to Patrick's Creek on the north, and services over 5,300 active water services and 4,470 active sewer connections. The District is an independent special district, governed by a five-member Board of Directors elected by McKinleyville's voters. The District normally conducts a monthly general meeting of the Board of Directors which is held on the first Wednesday of the month.

**B. Basis of Accounting and Measurement Focus**

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

***Government-wide Financial Statements***

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-type activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which direct expense of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charge for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charge for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

***Fund Financial Statements***

These statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the difference in fund balance, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

*Fund Financial Statements, continued*

Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operational fund of the District or meets the following criteria:

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type;
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the total for all governmental and proprietary funds combined; or
- c) The entity has determined that a fund is important to the financial statement user.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

*Fund Financial Statements, continued*

The funds of the financial reporting entity are described below:

**Governmental Funds**

**General (Parks & Recreation)** – This fund is used for all parks and recreation activities within the District; and accounts for and reports all financial resources not accounted for and reported in another fund.

**Measure B** – This fund is a special revenue fund used to account for the assessments collected and used in accordance with Measure B.

**Street Lighting** – This fund is used to account for all street lighting activities within the District.

**Enterprise Funds**

**Water** – This fund accounts for the water transmission and distribution operations of the District.

**Wastewater** – This fund is used for the wastewater service operations of the District.

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncement in the current year:

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**D. Financial Statement Elements**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported change in District net position during the reporting period. Actual results could differ from those estimates.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Financial Statement Elements**

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

**3. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**4. Investments**

The District has adopted an investment policy to deposit funds in financial institutions and external investment pools. Investments are to be made in the following area:

- State of California Local Agency Investment Fund (LAIF)
- CalTRUST Funds
- Humboldt County Treasurer's Pool

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**5. Fair Value Measurements**

The District categorizes its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

**6. Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Financial Statement Elements, continued**

**7. Property Taxes and Assessments**

The Humboldt County Assessor's Office assesses all real and personal property within the County each year. The Humboldt County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The Humboldt County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the Humboldt County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

**8. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, pipes, and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory items are charged to expense at the time inventory items are withdrawn or consumed.

**9. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value and/or historical cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

***Governmental Activities***

- Buildings and improvements – 10 to 50 years
- Other infrastructure – 10 to 50 years
- Machinery and equipment – 5 to 10 years
- Vehicles – 5 to 10 years

***Business-Type Activities***

- Buildings and improvements – 10 to 50 years
- Water and wastewater infrastructure – 10 to 50 years
- Machinery and equipment – 5 to 10 years
- Vehicles – 5 to 10 years

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Financial Statement Elements, continued**

**10. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of resources applicable to future periods.

**11. Compensated Absences**

It is the District's policy to allow employees to accumulate earned but unused vacation and sick time. The vesting method is used to calculate the liability in which 100% of earned vacation time is payable upon separation, and 50% of earned sick time is payable upon separation if requirements are met. All vacation pay and applicable sick pay is accrued when incurred in the government-wide and enterprise fund financial statements.

**12. Pension**

For the purpose of measuring net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

**13. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

**14. Net Position**

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and amortization, and reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Financial Statement Elements, continued**

**15. Fund Balance**

The governmental fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District’s general fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

***Fund Balance Policy***

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance are considered unrestricted.

The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2020 are classified as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 720,845	16,899,080	17,619,925
Cash and cash equivalents – restricted	<u>197,530</u>	<u>2,398,191</u>	<u>2,595,721</u>
Total	<u>\$ 918,375</u>	<u>19,297,271</u>	<u>20,215,646</u>

Cash and cash equivalents as of June 30, 2020 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash			
Cash	\$ 1,240	-	1,240
Deposits held with financial institutions	<u>3,998,585</u>	<u>180,076</u>	<u>4,178,661</u>
Total cash	<u>3,999,825</u>	<u>180,076</u>	<u>4,179,901</u>
Cash equivalents			
Deposits with Humboldt County Treasurer	3,841,892	1,472,520	5,314,412
Deposits held with California Local Agency Investment Fund (LAIF)	<u>137,637</u>	-	<u>137,637</u>
Deposit with CalTRUST	<u>9,640,571</u>	<u>943,125</u>	<u>10,583,696</u>
Total cash equivalents	<u>13,620,100</u>	<u>2,415,645</u>	<u>16,035,745</u>
Total	<u>\$ 17,619,925</u>	<u>2,595,721</u>	<u>20,215,646</u>

***Authorized Deposits and Investments***

Under the District's investment guidelines and in accordance with Section 53601 of the California Government Code, the District may invest in the California Local Agency Investment Fund (LAIF), CalTRUST Funds, and Humboldt County Treasurer's Pool. The District's investment guideline and Section 53601 of the California Government Code contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

***State of California Local Agency Fund (LAIF)***

LAIF is regulated by California Government Code Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four hour period without loss of accrued interest. LAIF detail may be obtained from the State of California Treasurer's website at [www.treasurer.ca.gov/pmia-laif/index.asp](http://www.treasurer.ca.gov/pmia-laif/index.asp).

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(2) Cash and Cash Equivalents, continued**

***State of California Local Agency Fund (LAIF), continued***

The District's deposit and withdrawal restrictions and limitations are as follows:

- Each agency in the fund may invest up to \$40 million and may invest without limitation in special bond proceeds accounts.
- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10 million or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

***CalTRUST Funds***

CalTRUST Short-Term and Medium-Term accounts invest in fixed income securities eligible for investment pursuant to California Government Code Sections 53601 and 53635, and leveraging within the Trust's portfolio is prohibited. The Board of Trustees may adopt investment guidelines to further restrict the type of investments held by the accounts.

CalTRUST Short-Term and Medium-Term accounts consist of funds from all participants which are pooled in each of the accounts. The District receives units in the Trust and designated shares for its investment accounts.

***Humboldt County Treasurer's Pool***

Humboldt County Treasurer's Pool complies with the California Government Code Sections 53601 and 53635, and the investment policy adopted by the Board of Supervisors of the County of Humboldt.

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(2) Cash and Cash Equivalents, continued**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities, so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

As of June 30, 2020 the District's authorized deposits had the following maturities:

<u>Cash Equivalents</u>	<u>Total</u>	<u>Average Months Maturity</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 Months or More</u>
CalTRUST Funds	\$ 10,583,696	307,710	-	10,275,986
California Local Agency Investment Fund	137,637	137,637	-	-
Humboldt County Treasurer	5,314,412	-	-	5,314,412
Total	\$ 16,035,745	445,347	-	15,590,398

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2020 for each investment type.

<u>Cash Equivalents</u>	<u>Total</u>	<u>Rating at Year End</u>
Cal Trust – Short Term Fund	\$ 307,710	AAf
Cal Trust – Medium Term Fund	10,275,986	A+f
California Local Agency Investment Fund	137,637	Not Rated
Humboldt County Treasurer	5,314,412	Not Rated
Total	\$ 16,035,745	

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(2) Cash and Cash Equivalents, continued**

***Concentration of Credit Risk***

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's depository and investment portfolio as of June 30, 2020 were allocated as follows:

	<b>Amount</b>
Cash	\$ 1,240
Deposits held with financial institutions	4,178,661
Deposits with Humboldt County Treasurer	5,314,412
Deposits held with California Local Agency Investment Fund (LAIF)	137,637
Deposit with CalTrust	10,583,696
Total	\$ 20,215,646

There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

**(3) Investments at Fair Value Hierarchy**

Investments measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2020 are as follows:

		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Cash Equivalents</b>	<b>Total</b>			
Pooled investment fund:				
Humboldt County Treasurer's Fund	\$ 5,314,412	-	5,314,412	-
CalTrust Medium-Term Fund	10,275,986	-	10,275,986	-
Total pooled investment fund	15,590,398	-	15,590,398	-
Other pooled funds measured at net asset value				
CalTrust Short-Term Fund	307,710			
California Local Agency Investment Fund	137,637			
	445,347			
	\$ 16,035,745			

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(4) Capital Assets**

**Governmental Activities:**

The change in capital assets as of June 30 was as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land	\$ 1,769,744	-	-	1,769,744
Construction in progress	190,420	36,025	-	226,445
Total non-depreciable assets	<u>1,960,164</u>	<u>36,025</u>	<u>-</u>	<u>1,996,189</u>
Depreciable assets:				
Buildings and improvements	4,875,745	-	-	4,875,745
Furniture and equipment	288,658	-	-	288,658
Park improvements	1,404,378	-	-	1,404,378
Vehicles	62,109	-	-	62,109
Streetlighting	534,837	4,000	-	538,837
Total depreciable assets	<u>7,165,727</u>	<u>4,000</u>	<u>-</u>	<u>7,169,727</u>
Accumulated depreciation				
Buildings and improvements	(2,013,549)	(170,993)	-	(2,184,542)
Furniture and equipment	(257,643)	(6,531)	-	(264,174)
Park improvements	(1,227,318)	(27,765)	-	(1,255,083)
Vehicles	(49,175)	(6,010)	-	(55,185)
Streetlighting	(270,425)	(20,248)	-	(290,673)
Total accumulated depreciation	<u>(3,818,110)</u>	<u>(231,547)</u>	<u>-</u>	<u>(4,049,657)</u>
Total depreciable assets, net	<u>3,347,617</u>	<u>(227,547)</u>	<u>-</u>	<u>3,120,070</u>
Total capital assets, net	<u>\$ 5,307,781</u>			<u>5,116,259</u>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(4) Capital Assets, continued**

***Business-type Activities:***

The change in capital assets as of June 30 was as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land	\$ 3,410,931	1,100,870	-	4,511,801
Construction in progress	<u>499,758</u>	<u>642,610</u>	<u>(258,691)</u>	<u>883,677</u>
Total non-depreciable assets	<u>3,910,689</u>	<u>1,743,480</u>	<u>(258,691)</u>	<u>5,395,478</u>
Depreciable assets:				
Buildings and improvements	494,562	265,000	-	759,562
Water infrastructure	14,952,423	97,999	-	15,050,422
Wastewater infrastructure	36,480,525	224,115	-	36,704,640
Tools and equipment	1,153,268	45,794	-	1,199,062
Vehicles	<u>1,048,947</u>	<u>153,428</u>	<u>(15,874)</u>	<u>1,186,501</u>
Total depreciable assets	<u>54,129,725</u>	<u>786,336</u>	<u>(15,874)</u>	<u>54,900,187</u>
Accumulated depreciation				
Buildings and improvements	(289,784)	(21,949)	-	(311,733)
Water infrastructure	(7,309,645)	(364,604)	-	(7,674,249)
Wastewater infrastructure	(13,104,665)	(1,153,142)	-	(14,257,807)
Tools and equipment	(1,065,439)	(22,635)	-	(1,088,074)
Vehicles	<u>(500,065)</u>	<u>(105,437)</u>	<u>15,874</u>	<u>(589,628)</u>
Total accumulated depreciation	<u>(22,269,598)</u>	<u>(1,667,767)</u>	<u>15,874</u>	<u>(23,921,491)</u>
Total depreciable assets, net	<u>31,860,127</u>	<u>(881,431)</u>	<u>-</u>	<u>30,978,696</u>
Total capital assets, net	<u>\$ 35,770,816</u>			<u>36,374,174</u>

Depreciation expense was charged to various functions for the year ended June 30, 2020 as follows:

Governmental activities:	
General (Parks and Recreation)	\$ 211,299
Streetlighting	<u>20,248</u>
Total governmental activities	<u>231,547</u>
Business-type activities	
Water Fund	455,902
Wastewater Fund	<u>1,211,865</u>
Total business-type activities	<u>1,667,767</u>
	<u>\$ 1,899,314</u>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(5) Compensated Absences**

The change to compensated absences balances as of June 30 was as follows:

***Governmental Activities***

	<u>Balance 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2020</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	98,740	49,592	(33,320)	115,012	49,400	65,612

***Business-type Activities***

	<u>Balance 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2020</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	274,341	98,585	(66,131)	306,795	130,212	176,583

**(6) Long-term Debt**

Changes in long-term debt at June 30 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<b><i>Governmental Activities:</i></b>						
Capital lease payable						
PPFCC Lease (Umpqua Loan)	\$ 1,099,816	-	(88,872)	1,010,944	92,054	918,890
Total capital lease payable	1,099,816	-	(88,872)	1,010,944	92,054	918,890
Note payable						
PG&E Loan	9,862	-	(9,862)	-	-	-
Total note payable	9,862	-	(9,862)	-	-	-
Total governmental activities	1,109,678	-	(98,734)	1,010,944	92,054	918,890
<b><i>Business-type Activities</i></b>						
Notes payable						
Water fund						
ARRA Loan	89,746	-	(11,580)	78,166	11,641	66,525
Davis-Grunsky Act Loan	1,691,001	-	(104,965)	1,586,036	107,164	1,478,872
I-Bank Loan	671,410	-	(46,323)	625,087	47,884	577,203
Total Water fund	2,452,157	-	(162,868)	2,289,289	166,689	2,122,600
Wastewater fund						
State Revolving Fund Loan #3	15,289,899	-	(420,344)	14,869,555	425,295	14,444,260
Pialorsi Property Loan	-	1,508,500	-	1,508,500	83,700	1,424,800
Total Wastewater fund	15,289,899	1,508,500	(420,344)	16,378,055	508,995	15,869,060
Total notes payable	17,742,056	1,508,500	(583,212)	18,667,344	675,684	17,991,660
Bond payable						
Wastewater fund						
USDA Revenue Bonds	305,000	-	(80,000)	225,000	80,000	145,000
Total bond payable	305,000	-	(80,000)	225,000	80,000	145,000
Total business-type activities	18,047,056	1,508,500	(663,212)	18,892,344	755,684	18,136,660
Total long-term debt	\$ 19,156,734	1,508,500	(761,946)	19,903,288	847,738	19,055,550

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(6) Long-term Debt, continued**

***Public Property Financing Corporation of California Lease***

For the purpose of financing the construction of the District’s Teen and Community Center Project, in October 2014, the District leased the site of the Teen and Community Center Project, and the improvements thereon, to the Public Property Financing Corporation of California (PPFCC) who then leased the property back to the District while assigning all of its rights, title, and interest in the lease agreement, including its rights to received lease payments, to Umpqua Bank. Semi-annual lease payments include interest at 3.55% per annum and are due each May and November through November 2029. The District’s repayment obligation is secured by a 50% pledge of its Measure B Assessment revenues received each fiscal year.

Future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 92,054	35,398	127,452
2022	95,351	32,101	127,452
2023	98,767	28,687	127,454
2024	102,304	25,150	127,454
2025	105,968	21,486	127,454
2026-2030	516,500	47,710	564,210
Total	1,010,944	190,532	1,201,476
Current	(92,054)		
Non-current	\$ 918,890		

***PG&E Loan***

In 2014, the District entered into a loan agreement with the Pacific Gas and Electric Company (PG&E) to finance improvements to the District’s streetlights. The loan amount totaled \$98,181 and bears no interest. In January 2015, the loan amount was reduced to \$96,013 resulting from a change in net project costs to be financed and monthly principal payments increased from \$1,423 to \$1,655. As June 30, 2020, the loan was paid in full.

***ARRA Loan***

In 2011, the District entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the purpose of financing water system improvements. The loan amount totaled \$165,100 and bears an interest rate of 1.00% per annum. Semi-annual principal and interest payments of \$6,225 are due June and December of each year. Repayment commenced on December 2012 and continues through December 2026.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(6) Long-term Debt, continued**

*ARRA Loan, continued*

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 11,641	749	12,390
2022	11,757	633	12,390
2023	11,875	515	12,390
2024	11,994	396	12,390
2025	12,115	275	12,390
2026-2027	18,784	184	18,968
Total	78,166	<u>2,752</u>	<u>80,918</u>
Current	<u>(11,641)</u>		
Non-current	<u>\$ 66,525</u>		

*Davis-Grunsky Act Loan*

In 1971, the District entered into a loan agreement with the State of California for a construction loan to finance improvements to the District's water system. The loan amount was not to exceed \$3,673,000 and bears an interest rate of 2.50% per annum. Annual payment of principal is due January of each year and semi-annual payments of interest are due January and July of each year. The terms of the loan agreement defers payment of interest for the first 10 years with such interest to be repaid over the remaining 50 years of the loan. The District was required to establish a reserve fund in an amount specified by the State. The District is subject to levy taxes or special assessments to repay the loan should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 107,164	34,115	141,279
2022	109,417	31,861	141,278
2023	111,726	29,552	141,278
2024	114,094	27,185	141,279
2025	116,520	24,758	141,278
2026-2030	621,174	85,217	706,391
2031-2033	405,941	17,888	423,829
Total	1,586,036	<u>250,576</u>	<u>1,836,612</u>
Current	<u>(107,164)</u>		
Non-current	<u>\$ 1,478,872</u>		

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(6) Long-term Debt, continued**

***I-Bank Loan***

In 2012, the District entered into a loan agreement with the California Infrastructure and Economic Development Bank for the purpose of financing improvements to its water system. The loan amount totaled \$956,034 and bears an interest rate of 3.37% per annum. Annual payment of principal is due August of each year and semi-annual payments of interest are due February and August of each year. Repayment is to continue through August 2030. The loan is secured by a pledge of and lien on the water enterprise fund's net revenues, subject and subordinate to any lien securing senior debt.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 47,884	22,134	70,018
2022	49,498	20,350	69,848
2023	51,166	18,505	69,671
2024	52,890	15,866	68,756
2025	111,188	11,482	122,670
2026-2030	245,759	25,899	271,658
2031	66,702	1,124	67,826
Total	625,087	<u>115,360</u>	<u>740,447</u>
Current	<u>(47,884)</u>		
Non-current	\$ <u>577,203</u>		

***USDA Revenue Bonds***

In 1982, the District issued the 1982 Sewer Revenue Bonds which were purchased by the Rural Development Division of the United States Department of Agriculture. Proceeds of the bonds were used to construct the District's wastewater system improvements. The bond amount totaled \$1,575,000 and bears an interest rate of 5.00% per annum. Semi-annual payments of principal and interest are due August and February of each year through August 2022, when the bond matures. The bond is secured by a pledge of the wastewater enterprise fund's net revenues.

Future debt service is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 80,000	9,250	89,250
2022	80,000	5,250	85,250
2023	65,000	1,625	66,625
Total	225,000	<u>16,125</u>	<u>241,125</u>
Current	<u>(80,000)</u>		
Non-current	\$ <u>145,000</u>		

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(6) Long-term Debt, continued**

***State Revolving Fund Loans No. 3***

In 2015, the District entered into a loan agreement with the State Water Resources Control Board for the purpose of financing a wastewater management facility improvement project. The loan amount totaled \$15,569,506 and bears an interest rate of 1.60% per annum. Annual payment of principal and interest are due September of each year and continues through September 2048. The District is subject to levy taxes or assessments to repay the loan should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 425,295	237,737	663,032
2022	432,094	230,938	663,032
2023	439,001	224,031	663,032
2024	446,019	217,013	663,032
2025	453,149	209,883	663,032
2026-2030	2,376,754	938,406	3,315,160
2031-2035	2,572,397	742,763	3,315,160
2036-2040	2,784,731	530,430	3,315,161
2041-2045	3,014,753	300,408	3,315,161
2046-2048	1,925,362	61,994	1,987,356
Total	<u>14,869,555</u>	<u>3,693,603</u>	<u>18,563,158</u>
Current	<u>(425,295)</u>		
Non-current	<u>\$ 14,444,260</u>		

***Pialorsi Property Loan***

On March 2020, the District entered into a loan agreement with JPMorgan Chase Bank, NA for the purpose of financing the acquisition of property to expand the District's ability to recycle reclaimed wastewater. The loan amount totaled \$1,508,500 and bears an interest rate of 1.90% per annum. Semi-annual payments of principal and interest are due September and March of each year and continues through March 2035.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(6) Long-term Debt, continued**

*Pialorsi Property Loan, continued*

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 83,700	26,853	110,553
2022	89,800	26,647	116,447
2023	91,400	24,933	116,333
2024	93,200	23,188	116,388
2025	95,000	21,408	116,408
2026-2030	502,800	79,137	581,937
2031-2035	<u>552,600</u>	<u>29,283</u>	<u>581,883</u>
Total	1,508,500	<u>231,448</u>	<u>1,739,948</u>
Current	<u>(83,700)</u>		
Non-current	<u>\$ 1,424,800</u>		

**(7) Other Post Employment Benefit Obligations**

*Plan Description*

The District administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date. Dependents are eligible to enroll, and benefits continue to surviving spouses.

*Benefits Provided*

Retirees are eligible for medical benefits if they retire directly from the District at least age 50 with 5 years of service. Employees hired before January 1, 2017 receive 100% district-paid coverage. Employees hired on or after January 1, 2017 receive 100% of the PPO rate. Dental benefits are not covered.

The District's share of family coverage is subject to a cap. The District's contribution toward family coverage will not increase by more than the greater of 5%, or the actual percentage increase in the cost of dependent coverage.

*Employees Covered by Benefit Terms*

At June 30, 2019 (the census date), the following employees were covered by the benefit terms:

	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>24</u>
Total plan membership	<u>35</u>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(7) Other Post-Employment Benefits Payable, continued**

***Contributions***

The District pays benefits as they come due. For the year ended June 30, 2020, the District contributed \$150,475 which includes implicit subsidy credit.

***Net OPEB Liability***

The District's total OPEB liability was valued as of June 30, 2019 and was used to calculate the net OPEB liability measured as of June 30, 2020.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability as of June 30, 2020 (measurement date), was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.45%
Inflation	2.50%
Salary increases	2.75%; Additional merit-based increases based on CalPERS merit salary increase tables
Healthcare cost trend rates	7.00% Trending down to 3.84% over 55 years. Applies to calendar years.
Mortality rates*	Based on CalPERS tables

\* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 2.45%. The District's OPEB Plan is an unfunded plan; therefore, the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

***Changes in the Total OPEB Liability***

During the year ended June 30, changes in total OPEB liability was as follows:

	<u>2020</u>
Balance at June 30, 2019	\$ 8,455,118
Changes for the year:	
Service cost	482,408
Interest	320,814
Differences between expected and actual experience	(2,563,217)
Changes in assumptions or other inputs	2,063,476
Benefit payments	(102,866)
Implicit rate subsidy fulfilled	<u>(47,609)</u>
Net change	<u>153,006</u>
Balance at June 30, 2020	<u>\$ 8,608,124</u>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(7) Other Post-Employment Benefits Payable, continued**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate (2.45%):

	<b>Discount Rate</b>	<b>Valuation</b>	<b>Discount Rate</b>
	<b>1% Lower</b>	<b>Discount Rate</b>	<b>1% Higher</b>
Total OPEB liability	\$ 9,971,314	8,608,124	7,143,303

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower (6.00% decreasing to 2.84%) or 1-percentage-point higher (8.00% decreasing to 4.84%) than the current healthcare cost trend rates (7.00% decreasing to 3.84%):

	<b>Trend 1%</b>	<b>Valuation</b>	<b>Trend 1%</b>
	<b>Lower</b>	<b>Trend</b>	<b>Higher</b>
Total OPEB liability	\$ 6,837,238	8,608,124	10,472,494

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, the District recognized an OPEB expense of \$740,794. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related OPEB as follows:

	<b>Deferred</b>	<b>Deferred</b>
	<b>Outflows of</b>	<b>Inflows of</b>
	<b>Resources</b>	<b>Resources</b>
Difference between expected and actual experience	\$ -	(2,306,895)
Changes of assumptions or other inputs	1,857,128	(77,208)
Total	\$ 1,857,128	(2,384,103)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year</b>	<b>Deferred Net</b>
<b>Ending</b>	<b>Outflows(Inflows)</b>
<b>June 30,</b>	<b>of Resources</b>
2021	\$ (62,428)
2022	(62,428)
2023	(62,428)
2024	(62,428)
2025	(62,428)
Thereafter	(214,835)

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law and took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Classic</b>	<b>PEPRA</b>
Hire Date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	57
Monthly benefits, as a percentage of eligible compensation	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	9.680%	6.985%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in the rate. Funding contribution for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plan, continued**

*Contributions, continued*

For the fiscal year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

	<b>2020</b>
Contributions – employer	\$ 212,575

*Net Pension Liability*

As of the fiscal year ended June 30, 2020, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<b>2020</b>
Proportionate share of net pension liability	\$ 2,101,815

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2020, the net pension liability of the Plan is measured as of June 30, 2019 (the measurement date). The total pension liability for the Plan’s miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 (the valuation date), rolled forward to June 30, 2019, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for the Plan’s miscellaneous risk pool as of the measurement date June 30, 2019, was as follows:

	<b>Proportionate Share</b>
Proportion – June 30, 2018	0.01969 %
Increase in proportion	0.00082
Proportion – June 30, 2019	0.02051 %

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plan, continued**

*Deferred Pension Outflows (Inflows) of Resources*

For the year ended June 30, 2020, the District recognized pension expense of \$443,959. As of the fiscal year ended June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 251,463	-
Difference between actual and expected experience	134,669	-
Change in assumptions	64,695	-
Net differences between projected and actual earnings on plan investments	-	(36,745)
Adjustment due to changes in proportions and difference in employer contributions	862	-
Total	<u>\$ 451,689</u>	<u>(36,745)</u>

As of June 30, 2020, the District reported \$251,463 as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement date for the year ended June 30, 2020, will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows(Inflows) of Resources</u>
2021	\$ 147,905
2022	(13,171)
2023	21,323
2024	7,424

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plan, continued**

The total pension liabilities in the June 30, 2019, actuarial valuation were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

\* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

On December 21, 2016, the Board lowered the discount rate for the PERF C for funding purposes from 7.50% to 7.00% percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations.

On December 19, 2017, the Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption. These new assumptions are incorporated into the June 30, 2017 actuarial valuations.

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plan, continued**

*Discount Rate, continued*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	<u>100.00 %</u>		

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

At June 30, 2020, the discount rate comparison was as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
District's net pension liability	\$ <u>3,243,065</u>	<u>2,101,815</u>	<u>1,159,793</u>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(8) Defined Benefit Pension Plans, continued**

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 60 and 61 for the Required Supplementary Information.

**(9) Internal Transfers**

*Inter-fund Operational Transfers*

Inter-fund receivables/payables are used to move financial resources from the General (Parks & Recreation) fund to the Measure B fund and the Street Lighting fund, as advances to temporarily support the operations of each respective fund.

As of June 30, 2020, inter-fund receivables/payables between the District's funds were as follows:

Receivable From	Payable To	Amount
Measure B	General (Parks & Recreation)	\$ 575,663
Street Lighting	General (Parks & Recreation)	(41,367)
<b>Payable to General Fund</b>		<b>\$ 534,296</b>

**(10) Net Position**

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	2020
<b>Net investment in capital assets:</b>			
Capital assets – not being depreciated	\$ 1,996,189	5,395,478	7,391,667
Capital assets – being depreciated	3,120,070	30,978,696	34,098,766
Long-term debt – current portion	(92,054)	(755,684)	(847,738)
Long-term debt – long-term portion	(918,890)	(18,136,660)	(19,055,550)
<b>Total net investment in capital assets</b>	<b>\$ 4,105,315</b>	<b>17,481,830</b>	<b>21,587,145</b>

Restricted net position is calculated as follows:

	Governmental Activities	Business-type Activities	2020
<b>Restricted:</b>			
Capacity fees	\$ -	943,125	943,125
Debt service	-	792,034	792,034
Teen and community center	7,957	-	7,957
Park & Recreation capital projects - Coastal	51,624	-	51,624
Park & Recreation capital projects - Inland	137,949	-	137,949
<b>Total restricted</b>	<b>\$ 197,530</b>	<b>1,735,159</b>	<b>1,932,689</b>

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(10) Net Position, continued**

Unrestricted net position is calculated as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2020</b>
<b>Unrestricted:</b>	\$		
Assigned	164,109	306,795	470,904
Unassigned	(3,220,721)	10,283,533	7,062,812
<b>Total unrestricted</b>	\$ (3,056,612)	10,590,328	7,533,716

**(11) Fund Balance**

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.15 for a description of these categories). Fund balance and their funding composition at June 30, 2020, are as follows:

	<b>2020</b>
<b>Restricted:</b>	
Teen and community center	\$ 7,957
Park & Recreation capital projects - Coastal	51,624
Park & Recreation capital projects - Inland	137,949
<b>Total restricted</b>	197,530
<b>Assigned:</b>	
Compensated absences	115,012
Street lighting	49,097
<b>Total assigned</b>	164,109
<b>Unassigned:</b>	
General (Parks and Recreation)	
Operating fund	650,317
Repair and replacement fund	7,500
Catastrophe	102,325
Other postemployment benefits	256,969
Measure B	(574,782)
<b>Total unassigned</b>	442,329
<b>Total fund balance</b>	\$ 803,968

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(12) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2020, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$2,500,000 per occurrence.
- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration, and theft, disappearance, and destruction coverage.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence, unless otherwise specified.
- Public officials' personal liability up to \$500,000 for each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to whom this coverage applies, subject to the terms and a \$500 deductible per claim.
- Workers compensation insurance with statutory limits per occurrence and employer's liability coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in the last fiscal year. There were no reductions in insurance coverage in fiscal year 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2020.

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 84, continued***

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 90***

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 91, continued***

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 93, continued***

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**(14) Commitments and Contingencies**

***Commitments***

The District has a contract with the Humboldt Bay Municipal Water District (HBMWD) to purchase water. Under the contract, the District pays the HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair, and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

***Grant Awards***

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

**McKinleyville Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2020**

**(14) Commitments and Contingencies, continued**

*Litigation*

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(15) Subsequent Event**

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of January 6, 2021, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

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## **Required Supplementary Information**

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**McKinleyville Community Services District  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget to Actual – General (Parks and Recreation) Fund  
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 631,898	631,898	677,798	45,900
Charge for services and facilities	568,316	568,316	389,341	(178,975)
Operating grants and contributions	-	-	40,116	40,116
Capital grants and contributions	78,000	78,000	23,980	(54,020)
Other income	17,682	17,682	25,092	7,410
Investment earnings	27,000	27,000	93,215	66,215
<b>Total revenues</b>	<u>1,322,896</u>	<u>1,322,896</u>	<u>1,249,542</u>	<u>(73,354)</u>
<b>Expenditures:</b>				
Salaries and employee benefits	976,317	976,317	912,232	64,085
Materials and services	249,317	249,317	217,343	31,974
Capital outlay	75,000	75,000	36,025	38,975
<b>Total expenditures</b>	<u>1,300,634</u>	<u>1,300,634</u>	<u>1,165,600</u>	<u>135,034</u>
<b>Net change in fund balance</b>	22,262	22,262	83,942	<u>22,262</u>
<b>Fund balance, beginning of year</b>	<u>1,245,711</u>	<u>1,245,711</u>	<u>1,245,711</u>	
<b>Fund balance, end of year</b>	<u>\$ 1,267,973</u>	<u>1,267,973</u>	<u>1,329,653</u>	

**McKinleyville Community Services District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual – Measure B Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Special assessments	\$ 212,512	212,512	212,622	110
Investment earnings	-	-	2,203	2,203
<b>Total revenues</b>	<u>212,512</u>	<u>212,512</u>	<u>214,825</u>	<u>2,313</u>
<b>Expenditures:</b>				
Salaries and benefits	61,424	61,424	62,731	(1,307)
Materials and services	20,600	20,600	19,181	1,419
Debt service				
Principal	89,100	89,100	88,872	228
Interest	41,000	41,000	38,269	2,731
<b>Total expenditures</b>	<u>212,124</u>	<u>212,124</u>	<u>209,053</u>	<u>3,071</u>
<b>Net change in fund balance</b>	388	388	5,772	<u>5,384</u>
<b>Fund balance, beginning of year</b>	<u>(580,554)</u>	<u>(580,554)</u>	<u>(580,554)</u>	
<b>Fund balance, end of year</b>	<u>\$ (580,166)</u>	<u>(580,166)</u>	<u>(574,782)</u>	

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**McKinleyville Community Services District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual – Street Lighting Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charge for services and facilities	\$ 93,695	93,695	97,892	4,197
Operating grants and contributions	-	-	32	(32)
Other income	18,500	18,500	18,670	170
<b>Total revenues</b>	<u>112,195</u>	<u>112,195</u>	<u>116,594</u>	<u>4,335</u>
<b>Expenditures:</b>				
Salaries and payroll expenses	45,275	45,275	39,667	5,608
Materials and services	34,704	34,704	33,199	1,505
Debt service				
Principal	19,865	19,865	9,862	10,003
Capital outlay	2,000	2,000	4,000	(2,000)
<b>Total expenditures</b>	<u>101,844</u>	<u>101,844</u>	<u>86,728</u>	<u>15,116</u>
<b>Net change in fund balance</b>	<u>10,351</u>	<u>10,351</u>	<u>29,866</u>	<u>19,451</u>
<b>Fund balance, beginning of year</b>	<u>19,231</u>	<u>19,231</u>	<u>19,231</u>	
<b>Fund balance, end of year</b>	<u>\$ 29,582</u>	<u>29,582</u>	<u>49,097</u>	

**McKinleyville Community Service District**  
**Notes to the Required Supplementary Information**  
**June 30, 2020**

**Basis of Budgeting**

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and the accrual basis for proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General (Parks and Recreation), Measure B, and Street Lighting funds.

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**McKinleyville Community Service District**  
**Schedules of Changes in District's Total OPEB Liability and Related Ratios**  
**For the Fiscal Year Ended June 30, 2020**  
**Last Ten Years\***

**Other Post-Employment Benefits Payable**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 482,408	493,346	478,977
Interest	320,814	288,256	253,523
Difference between expected and actual experience	(2,563,217)	-	-
Change of assumptions or other inputs	2,063,476	(102,116)	-
Benefit payments	(102,866)	(102,866)	(96,421)
Implicit rate subsidy fulfilled	(47,609)	(35,201)	(28,201)
Net change in total OPEB liability	153,006	541,419	607,878
Total OPEB liability – beginning	8,455,118	7,913,699	7,305,821
Total OPEB liability – ending	<u>\$ 8,608,124</u>	<u>8,455,118</u>	<u>7,913,699</u>
Covered-employee payroll	<u>\$ 1,362,167</u>	<u>1,511,378</u>	<u>1,470,927</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>631.94%</u>	<u>559.43%</u>	<u>538.01%</u>

**Note to Schedule**

***Change in Benefit Terms***

There were no changes to benefit terms for the measurement period ended June 30, 2018.

***Change of Assumptions***

In fiscal year 2020, the discount rate changed from 3.62% to 2.45%.

In fiscal year 2019, changes in actuarial assumptions are as follows:

<b>Assumptions</b>	<b>2019</b>	<b>2018</b>
Aging/Morbidity factor	Based on actual CalPERS HMO and PPO population data.	Based on a Society of Actuaries study.
Participant contributions	Based on service at retirement and employee group.	Based on hire date.
Salary increases	2.750%	3.000%
Marital status	Current retirees: actual spouse coverage is used. Future retirees: 85% assumed to be married.	Current retirees: actual spouse coverage is used. Future retirees: none noted.

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**McKinleyville Community Service District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last Ten Years\***

**Defined Benefit Plan**

Description	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability(asset)	0.02051%	0.01969%	0.01948%	0.01878%	0.01728%	0.01805%
District's proportionate share of the net pension liability(asset)	\$ 2,101,815	1,897,638	1,931,634	1,625,303	1,186,322	1,123,351
District's covered payroll	\$ 1,461,535	1,390,558	1,313,591	1,260,867	1,253,808	1,175,186
District's proportionate share of the net pension liability(asset)as a percentage of its covered payroll	143.81%	136.47%	147.05%	128.90%	94.62%	95.59%
Plan's fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	83.21%

**Notes to the Schedules of the District's Proportionate Share of Net Pension Liability**

***Changes in Benefit Terms***

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

***Change of Assumptions***

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**McKinleyville Community Service District**  
**Schedules of Pension Plan Contributions**  
**As of June 30, 2020**  
**Last Ten Years\***

**Defined Benefit Plan**

<u>Description</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 251,463	212,575	187,417	162,865	155,352	126,683
Contributions in relation to the actuarially determined contribution	<u>(251,463)</u>	<u>(212,575)</u>	<u>(187,417)</u>	<u>(163,266)</u>	<u>(155,352)</u>	<u>(126,683)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>(401)</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ <u>1,461,535</u>	<u>1,390,558</u>	<u>1,313,591</u>	<u>1,260,867</u>	<u>1,253,808</u>	<u>1,175,186</u>
Contribution's as a percentage of covered-payroll	<u>17.21%</u>	<u>15.29%</u>	<u>14.27%</u>	<u>12.92%</u>	<u>12.39%</u>	<u>10.78%</u>

**Notes to the Schedules of Pension Plan Contributions**

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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# **Report on Internal Controls and Compliance**

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**Independent Auditor’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
McKinleyville Community Services District  
McKinleyville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McKinleyville Community Services District (District), which comprise the statement of net position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor’s Report on Internal Controls over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
January 6, 2021

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# **McKinleyville Community Services District**

**Board of Directors**

**Presentation of 2020 Audit Results**

**Fedak & Brown LLP**



# The Audit

**The Audit was Performed in Accordance with Auditing Standards Generally Accepted in the United States of America**

- Our Audit Procedures Include:**
  - Assessing the District’s Internal Controls**
  - Agree Balances to Supporting Documentation**
  - Perform Analysis of Key Relationships**

# The Auditor's Reports

## Independent Auditor's Report

- **Unmodified “CLEAN” Opinion**
  - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **McKinleyville Community Services District** as of June 30, 2020....

# Management Report Findings

- **We did not Identify Material Weakness Within the District's Internal Control Structure**

# Financial Highlights

## Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Total District		Change
	2020	2019	2020	2019	2020	2019	
<b>Assets:</b>							
Current assets	\$ 989,646	865,820	20,669,686	17,116,538	21,659,332	17,982,358	3,676,974
Capital assets	5,116,259	5,307,781	36,374,174	35,770,816	41,490,433	41,078,597	411,836
<b>Total assets</b>	<b>6,105,905</b>	<b>6,173,601</b>	<b>57,043,860</b>	<b>52,887,354</b>	<b>63,149,765</b>	<b>59,060,955</b>	<b>4,088,810</b>
<b>Deferred outflows of resources</b>	<b>746,245</b>	<b>129,991</b>	<b>1,562,572</b>	<b>303,312</b>	<b>2,308,817</b>	<b>433,303</b>	<b>1,875,514</b>
<b>Liabilities:</b>							
Current liabilities	333,165	337,816	1,643,335	1,368,270	1,976,500	1,706,086	270,414
Non-current liabilities	4,472,627	4,432,812	25,535,057	24,508,364	30,007,684	28,941,176	1,066,508
<b>Total liabilities</b>	<b>4,805,792</b>	<b>4,770,628</b>	<b>27,178,392</b>	<b>25,876,634</b>	<b>31,984,184</b>	<b>30,647,262</b>	<b>1,336,922</b>
<b>Deferred inflows of resources</b>	<b>800,125</b>	<b>40,520</b>	<b>1,620,723</b>	<b>79,183</b>	<b>2,420,848</b>	<b>119,703</b>	<b>2,301,145</b>
<b>Net position:</b>							
Net investment in capital assets	4,105,315	4,198,103	17,481,830	17,723,760	21,587,145	21,921,863	(334,718)
Restricted	197,530	187,401	1,735,159	1,741,925	1,932,689	1,929,326	3,363
Unrestricted	(3,056,612)	(2,893,060)	10,590,328	7,769,164	7,533,716	4,876,104	2,657,612
<b>Total net position</b>	<b>\$ 1,246,233</b>	<b>1,492,444</b>	<b>29,807,317</b>	<b>27,234,849</b>	<b>31,053,550</b>	<b>28,727,293</b>	<b>2,326,257</b>

# Financial Highlights

## Other Post-Employment Benefits (OPEB)

2020 - OPEB Liability	\$ <u>8,608,124</u>
2020 - OPEB Contribution	<u>150,475</u>
2020 - Recognized Expense	<u>740,794</u>
<b>Discount Rate 2.45%</b>	

## Defined Benefit Pension Plan (CalPERS)

2020 - Pension Liability	\$ <u>2,101,815</u>
2020 - Pension Contribution	<u>251,575</u>
2020 - Recognized Expense	<u>443,959</u>
<b>Plan's Funded Percentage</b>	<u>75.26%</u>
<b>Discount Rate 7.15%</b>	

### Condensed Statements of Activities

	Governmental Activities		Business-Type Activities		Total District		Change
	2020	2019	2020	2019	2020	2019	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charge for services	\$ 487,233	584,855	7,561,946	7,237,865	8,049,179	7,822,720	226,459
Operating grants and contrib	40,148	43,828	273,205	3,335	313,353	47,163	266,190
Capital grants and contrib	23,980	245,968	971,808	1,293,110	995,788	1,539,078	(543,290)
<b>Total program revenues</b>	<b>551,361</b>	<b>874,651</b>	<b>8,806,959</b>	<b>8,534,310</b>	<b>9,358,320</b>	<b>9,408,961</b>	<b>(50,641)</b>
<b>General revenues:</b>							
Property taxes	677,798	615,380	-	-	677,798	615,380	62,418
Voter approved taxes	212,622	210,254	-	-	212,622	210,254	2,368
Investment earnings	95,418	79,355	405,116	314,519	500,534	393,874	106,660
Gain on disp of capital assets	-	-	7,901	13,816	7,901	13,816	(5,915)
Other income	43,762	47,266	-	-	43,762	47,266	(3,504)
<b>Total general revenues</b>	<b>1,029,600</b>	<b>952,255</b>	<b>413,017</b>	<b>328,335</b>	<b>1,442,617</b>	<b>1,280,590</b>	<b>162,027</b>
<b>Total revenues</b>	<b>1,580,961</b>	<b>1,826,906</b>	<b>9,219,976</b>	<b>8,862,645</b>	<b>10,800,937</b>	<b>10,689,551</b>	<b>111,386</b>
<b>Expenses:</b>							
General (Parks & Recreation)	1,580,958	1,637,702	-	-	1,580,958	1,637,702	(56,744)
Measure B	141,509	135,556	-	-	141,509	135,556	5,953
Streetlighting	104,705	92,022	-	-	104,705	92,022	12,683
Water	-	-	3,162,794	2,888,293	3,162,794	2,888,293	274,501
Wastewater	-	-	3,484,714	3,230,539	3,484,714	3,230,539	254,175
<b>Total expenses</b>	<b>1,827,172</b>	<b>1,865,280</b>	<b>6,647,508</b>	<b>6,118,832</b>	<b>8,474,680</b>	<b>7,984,112</b>	<b>490,568</b>
<b>Changes in net position</b>	<b>(246,211)</b>	<b>(38,374)</b>	<b>2,572,468</b>	<b>2,743,813</b>	<b>2,326,257</b>	<b>2,705,439</b>	<b>(379,182)</b>
<b>Net position, beginning of year</b>	<b>1,492,444</b>	<b>1,530,818</b>	<b>27,234,849</b>	<b>24,491,036</b>	<b>28,727,293</b>	<b>26,021,854</b>	<b>2,705,439</b>
<b>Net position, end of year</b>	<b>\$ 1,246,233</b>	<b>1,492,444</b>	<b>29,807,317</b>	<b>27,234,849</b>	<b>31,053,550</b>	<b>28,727,293</b>	<b>2,326,257</b>

# Financial Highlights

## In 2020:

**Net Position** - Increased by \$2,326,257 to \$31,053,550 as a result of ongoing operations.

**Total Revenues** - Increased by \$111,386 to \$10,800,937.

- **Program Revenues** - Decreased by \$50,641 to \$9,358,320, due primarily to increases of \$226,459 in charge for services, \$266,190 in operating grants and contributions which were offset by a decrease of \$543,290 capital grants and contributions.

- **General Revenues** – Increased by \$162,027 to \$1,442,617, due primarily to increases of \$106,660 in investment earnings, and \$62,418 in property tax.

**Total Expenses** - Increased by \$490,568 to \$8,474,680, due primarily to increases of \$274,501 in water fund expenses and \$254,175 in wastewater fund expenses which were offset by a decrease of \$56,744 in General (Parks & Recreation) expenses.

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATIONAL**

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**ITEM: E.3**                      **Review and Discuss the McKinleyville Skatepark Quarterly Project Status Update Presented by the Humboldt Skatepark Collective (HSC)**

**PRESENTED BY:**            **Lesley Frisbee, Recreation Director and Charlie Caldwell, HSC**

**TYPE OF ACTION:**        **None**

### **Recommendation:**

Staff recommends that the Board review the information provided, discuss, take public comment, and air questions about the status update of the McKinleyville Skate Park as presented by the Humboldt Skatepark Collective.

### **Discussion:**

At the October 4, 2017 meeting, the Board approved a right of entry agreement between MCSD and the HSC for the development of a skate park in McKinleyville. Since that time, the HSC has committed to working on an alternate design of the park and has been seeking funding for the project.

The HSC has presented the quarterly reports at regular intervals since the right of entry agreement was approved. The current report includes detail on the current status, in addition to project and budget overviews.

**Attachment 1** outlines the most recent summary of the current project status.

### **Alternatives:**

Take Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – Quarterly Report from Humboldt Skatepark Collective



# HSC QUARTERLY MCSD REPORT

## PROJECT SUMMARY Item E.3 Attachment 1

REPORT DATE	PROJECT NAME	PREPARED BY
01/20/2021	McKinleyville Skatepark	Charlie

## STATUS SUMMARY

- Current quarterly status
- Summary of current fundraising efforts:
    - Small amounts of funding is coming in from : Your Cause, Amazon Smile .
    - A fund raising effort is in planing status once permitted is approved. working closely with McKinleyville Chamber in this effort.
  - Summary of current funds:\$118,250.44
    - HSC did receive a \$11969.00 recovery grant that approximately \$4000.00 will go in to the McKinleyville skatepark fund once received.
  - Summary of Grant Applications:
    - Next Prop 68 round in March 2021.
    - Applied for \$30,000.00 Headwaters Grant on January 15th.
    - Applying for Humboldt Sponsors Grant in March 2021

## Project Overview

Permitting	75%	March 2021	Humboldt County	Documents are in Plan Check with Building department for permit approval
Contract between Liquid Stone Design and MCSD	50%	Sept 2020	MCSD, LSD & HSC	details will be based on permitting and approval with MCSD

## BUDGET OVERVIEW

CATEGORY	SPENT	budgeted	% on track	ON TRACK?	NOTES
Permitting	\$ 750.00	95%		Yes	Permit Applacation

## RISK AND ISSUE HISTORY

ISSUE	DATE
Fund raising plan to go in to effect once permit is approved includes a ground breaking ceremony	

## CONCLUSIONS/RECOMMENDATIONS

Follow through with permit process, determine if we go for partial construction with funds we have or wait for next prop 68 grant round. we will be contuning to write other grants as the become avaiuble.

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.4**                      **Consider Approval of Professional Services Agreement with North Coast Environmental Construction and cancel contract with US Ecology to Perform Remediation and Demolition of PCB Impacted Milking Shed at Pialorsi Ranch**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**          **Roll Call Vote**

**Recommendation:**

Staff recommends that Board review the information provided, discuss, take public comment and authorize the General Manager to execute the Professional Services Agreement with North Coast Environmental Construction to provide services to perform remediation and demolition of the PCB impacted milking parlor at the Pialorsi Ranch for an amount not to exceed \$61,805 with a 20% contingency of \$12,361 for a total of \$74,166, **Attachment 1**, and issue a contract termination to US Ecology for the same contract.

**Discussion:**

At the June 3, 2020 meeting, the Board approved Resolution 2020-12 authorizing the acceptance and recordation of a grant deed to the Pialorsi Property. As part of the due diligence leading up to this property purchase, and as reported to the Board during the Property Negotiation Phase, a Phase 1 Environmental Site Assessment of the property was performed. The most substantive finding of the Phase 1 was that a leaking vacuum pump in the milk shed had caused limited impact of the concrete and soil at the west end of the shed from the pump oil. The pump oil contained Polychlorinated Biphenyls (PCBs), resulting in minor PCB impacts to the concrete and soil immediately adjacent to the exhaust vent from the milk shed. To remediate these impacts, it was decided that the shed would be completely demolished to remove the impacted concrete and allow for access to the soil below this area. The soil adjacent to and beneath the shed that had been impacted by PCBs would be remediated by removal and disposal at an approved waste facility.

The District prepared a Request for Proposal to perform this work and sent it to local contractors. Two proposals were received, one from US Ecology and one from North Coast Environmental Construction (NCEC). Both responses were found to be responsive and responsible, but given that the US Ecology bid was lower, at the September 2, 2020 Board Meeting, the Board agreed to award the job to US Ecology for a not to exceed amount of \$54,405 with a 20% (\$10,881) contingency totaling \$65,286.

Since executing the Agreement with US Ecology in September, we have not been able to get them to even schedule the work, let alone perform the work. There are several provisions in our Contract with US Ecology which will allow us to cancel the contract, and US Ecology is in breach of several sections of the contract including Section 2-Term and Progress Schedule, which required the work to be completed by Nov. 30, 2020 and Section 5-Work Schedule. Section 19 of the Contract states:

*If Contractor abandons the Work, or fails to proceed with the Work requested by the District in a timely manner, or fails in any way as required to conduct the Work as required by this Agreement, the District may declare Contractor in default and terminate this Agreement upon five (5) days' written notice to Contractor.*

District Legal Counsel has been consulted and agrees that US Ecology is in breach, and that we can move on to award the work to the next responsive bidder.

**Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

**Fiscal Analysis:**

This expenditure was identified in the property purchase and included in the loan amount. The agreement is for an amount not to exceed \$61,805. Staff would request a 20% (\$12,361) contingency totaling \$74,166.

**Environmental Requirements:**

The necessary permitting and sampling will be required of the demolition and soil removed prior to disposal at an approved waste facility. Final residual soil samples will also be collected to help ensure remaining soil contains no residual impacts.

This work is exempt from CEQA under Section 15301-Existing Facilities, (l) Demolition or removal of small structures, (4) Accessory (appurtenance) structures.

**Exhibits/Attachments:**

- Attachment 1 – North Coast Environmental Construction Quote

Northcoast Environmental Construction

PO Box 5898  
Eureka CA 95502-5898

# Estimate

Date	Estimate #
1/4/2021	1061-R

<b>Name / Address</b>
McKinleyville Services District 1656 Sutter Rd McKinleyville, CA 95519 Attn: Pat Kaspari

			Project
Description	Qty	Rate	Total
Pialorsi Ranch 1300 Anderson Ave, McKinleyville, CA Demolition- milking barn, PCB clean-up (revised pricing from May 2020 estimate for state prevailing wage rates)		0.00	0.00
PRICE INCLUDES: permits, loose paint removal and disposal, demolition of building, concrete floor and foundation (concrete disposed of onsite), materials, equipment, trucking, state prevailing wage rate labor, two-55 gallon D.O.T. drums of PCB waste from known wood boards and concrete, soil outside of building, transportation and disposal.	1	61,805.00	61,805.00
NOTE: Price does not include additional excavation, handling, loading, transportation, disposal of PCB contaminated materials under foundation. Due to unknown extent of contamination of PCB contaminated materials.		0.00	0.00
----- ADDITIONAL PRICING IF NEEDED: For bulk: End dump transportation, per load: \$6,200 Bin transportation, per load: \$6,344 Bin delivery/mobilization: \$2,160 Bin rental, daily: \$ 24 Bin liner: \$ 66 Bulk disposal, per ton: \$ 136  For containerized waste: Transportation to Beatty, NV: \$ 975 Disposal, per cubic yard box: \$1,219 Disposal, per 55 gallon DOT drum: \$ 455  (continued next page)		0.00	0.00
For questions, please email <a href="mailto:ncenvironmental@yahoo.com">ncenvironmental@yahoo.com</a>		<b>Total</b>	

Northcoast Environmental Construction

PO Box 5898  
Eureka CA 95502-5898

# Estimate

Date	Estimate #
1/4/2021	1061-R

Name / Address
McKinleyville Services District 1656 Sutter Rd McKinleyville, CA 95519 Attn: Pat Kaspari

Project

Description	Qty	Rate	Total
For labor (state prevailing wage rates):		0.00	0.00
Laborer, per hour           \$ 125 / hr			
Operator, per hour         \$ 155 / hr			
For equipment:			
E-50 excavator             \$ 70 /hr			
325 excavator             \$ 155 /hr			
T-750 skid steer           \$ 70 /hr			
For questions, please email <a href="mailto:ncenvironmental@yahoo.com">ncenvironmental@yahoo.com</a>		<b>Total</b>	\$61,805.00

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

---

**ITEM: E.5**                      **Consider Acceptance of Latent Powers Committee Report and Provide Direction on Preparation of Related Policy Statements, Resolutions, and Ordinances**

**PRESENTED BY:**              **Latent Powers Committee**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review information provided, discuss, take public comment, and approve on the following recommendations:

- 1) Library – Motion to authorize the General Manager to write a letter requesting a copy of the certification or issuance of a new certification of the vote of McKinleyville residents to provide library services.

Following that action, move forward with submission of an Ordinance to the MCSD board for approval, further delineating what “Library Powers” it wanted to adopt to further strengthen and clarify the District’s Powers.

- 2) Police/Law Enforcement - Direct staff to draft a Resolution for consideration outlining the Law Enforcement powers that the District currently has and wishes to exercise as outlined in the sections above. Prior to the submittal, the approval of the Sheriff will be sought. The Humboldt County Board of Supervisors and Fifth District Supervisor Steve Madrone will be given courtesy copies throughout the process.
- 3) Community Forest - Direct staff to draft a Resolution for consideration reiterating the Parks and Recreation Powers the District currently exercises and detailing the Community Forest activities that fall within our Parks and Recreation Powers.
- 4) Reclamation – The Board authorizes the drafting of a resolution fully delineating the District’s ability to provide Reclamation type services under our water, wastewater, and Park & Recreation Authorities.
- 5) Homeless – Motion to Authorize staff to draft a Policy Statement for adoption detailing the limitations of the District in this area and explaining the authority to enter into an agreement with a third party to provide such services. Staff further is authorized to review and revise a facility use agreement/lease for Board approval, noting all final lease agreements for specific occurrences will be approve by the Board of Directors.

- 6) MMAC - District Staff prepares a Policy Statement for Board approval that 1) Formalizes the meetings between District Board President, GM, MMAC Chair, and Fifth District Supervisor, 2) providing a stipend not to exceed \$3,000 (to be a budgeted for in the upcoming 2021-2022 Fiscal Year, and/or provides for in-kind contributions in District Staff and Office Support, 3) Continue to provide meeting space support at McKinleyville Middle School, 4) Provide letters of support for MMAC Grants, etc. as appropriate and Board Approved, 5) Establishes an annual joint meeting between MMAC and MCSD Boards.

### **Discussion:**

At the October 7, 2020 Board Meeting, Director Corbett presented a memo outlining his recommendations with regards to clarifying certain aspects of the District's authority. Director Corbett's memo recommended that a Committee be established to review and clarify the District's authority or latent powers with respect to the following areas:

- 1) Library
- 2) Law Enforcement
- 3) Community Forest
- 4) Reclamation
- 5) Homeless
- 6) Support of McKinleyville Municipal Advisory Committee (MMAC)

Past Board President Burke established the Latent Powers Committee at the October 7, 2020 Board Meeting, and current Board President Mayo reestablished the Committee with current members at the December 9, 2020 Board Meeting. The Committee consists of Past Director Corbett, current Directors Couch and Orsini, and GM Kaspari. The Committee has had several meetings since then to discuss and research the various latent powers outlines above and discuss this issue with the Local Agency Formation Committee (LAFCo) Staff. The results of this research are outlined in the Latent Powers Committee Report along with the Committee's recommendations for the next steps in the process (**Attachment 1**).

### **Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

### **Fiscal Analysis:**

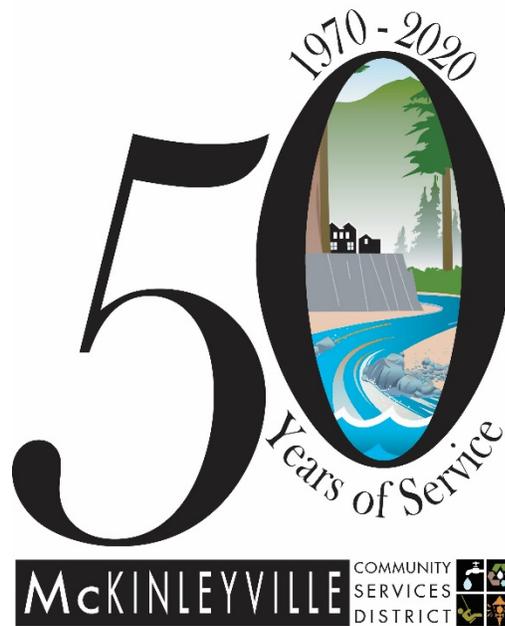
Financial impacts will depend on what Latent Powers the District chooses to adopt and budget for. Current proposed effort should have no fiscal impact.

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 – Latent Powers Committee Report



## Latent Powers Committee Report – January 2021

McKinleyville Community Services District

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## Appendix Index

Appendix A	California Government Code Section 61100
Appendix B	McKinleyville Community Services District, Municipal Services Review, Adopted January 2009

# 1. Introduction and Background

The purpose of this report, and the formation of the McKinleyville Community Services District (MCSD or District) Latent Powers Committee (the Committee), is to delineate and clarify certain Latent Powers that the District currently possesses and/or wishes to further develop. As detailed in the 2009 adopted Municipal Service Review (MSR) prepared by the Humboldt County Local Agency Formation Commission (LAFCo), the District currently provides the following services:

- Water
- Wastewater
- Parks and Recreation
- Street Lighting
- Open Space and Stormwater Detention Basins

Humboldt County provides road, storm drainage, library, law enforcement, planning, and other governmental services to McKinleyville. Potable water service to the District is provided by Humboldt Bay Municipal Water District, and MCSD is within the Arcata Fire Protection District Area of Service.

MCSD has historically provided other services within the umbrella of some of these other services and wants to clarify and define these other services, particularly as related to the following:

- Library
- Sheriff/Law Enforcement
- Community Forest
- Reclamation
- Homeless
- Support for the McKinleyville Municipal Advisory Committee

The State of California Government Code, Title 6, Division 3, Part 3, Chapter 1, Section 61100, states: "Within its boundaries, a district may do any of the following:" and then lists in its subsections various Latent Powers. For example, 61100(a) states: "Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code." This is the State Code that allows the District to provide water service to its customers. Similarly, 61100(b) allows the District to provide wastewater service, (e) & (f) allow for parks and recreation and open space services, (g) allows for street lighting and landscaping, etc., etc. These are the subsections that the Committee reviewed with respect to the available Latent Powers, and it is through this Government Code Section that the District would adopt any Latent Powers not already exercised. A copy of the text for Section 61100 is provided in Appendix A.

It will be important to incorporate any clarifications to the District's Latent Powers within the updated Municipal Services Review (MSR) by LAFCo. The Committee's effort is very timely as LAFCo is just beginning their process for the update of the District's MSR. A copy of the current MSR is provided in Appendix B. As part of the Committee's work, District Staff has been in contact with Colette Metz and Krystle Heaney, LAFCo Staff. Their input on the various Latent Powers is provided in each section, and the Committee will ensure that the information and actions taken by the Committee and the Board will be provided to LAFCo and will be incorporated into the updated MSR.

According to discussions with LAFCo Staff, the process for the activation of latent powers per the Cortese-Knox-Hertzberg Act (the Act), consists of the following steps:

61106(a) If a board of directors desires to exercise a latent power, the district shall first receive the approval of the local agency formation commission, pursuant to Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3.

61106(b) After receiving the approval of the local agency formation commission, the board of directors may, by ordinance, order the exercise of that power.

LAFCo staff also stated that the latent powers activation process does not require an election unless sufficient written protest during the protest hearing process was received, and a certificate of completion should likely be recorded because "the exercise of new or different functions" is listed as a type of "change of organization" in section 56021.

Each of the Latent Powers that were reviewed are addressed in the following chapters and final Conclusions and Recommendations are provided in Chapter 8.

## 2. Library Services

61100 (k) states that a District can: "Provide library services, in the same manner as a library district formed pursuant to either Chapter 8 (commencing with Section 19400) or Chapter 9 (commencing with Section 19600) of Part 11 of the Education Code."

Currently the District provides the facility for the McKinleyville Library at Pierson Park in McKinleyville. This use was well established before January 1, 2005. The District has an Agreement with Humboldt County for providing the building and related facilities for the Library. The Agreement outlines the rental rate and the services to be provided by the District. The facilities are provided at a reduced rate to the County to help to facilitate the location of a Library in, and provide Library services to, the residents of McKinleyville. The District does not operate the Library, the County does.

District Staff reached out to LAFCo Staff to determine the District's current Library powers. Per LAFCo Staff, it appears that LAFCo approved the Library powers on April 26, 1995 (LAFCo Resolution No. 95-02). However, voter confirmation was required to make it official. The decision to adopt Library Powers appears to have been taken to the voters during the November 1995 election and passed; however, it does not appear that a LAFCo Certificate of Completion was ever recorded at the County Recorder's Office.

Since there was a previous election, LAFCo staff did not feel it was necessary or warranted to repeat an approval process for the District to continue to provide Library services. The District has complied with subsection (a) of Section 61106, and therefore could decide to move forward with subsection (b) if it so desires. LAFCo Staff recommended that the District adopt an Ordinance further delineating what “Library Powers” it wanted to adopt to further strengthen and clarify the District’s Powers. They further recommended that the District’s conformance with GC Section 61106(a) should be referenced in the District’s ordinance. The Committee thinks that an Ordinance should be drafted and passed to finalize the adoption of Library Powers.

It is also important to note that Section 61100(s) allows a District to: “Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.” LAFCo Staff believes that this subsection allows the District to continue to provide library facilities to the County as is currently done, without any further refinement of Library Powers.

Considerable community and district time and effort went into a successful election. Based on initial discussions with LAFCo Staff, it does not appear LAFCo has copied of the Library election results and District staff could not locate copies in the District files. The District should write a letter to LAFCo Staff explaining we do not have a copy of the election certification and would like a copy or the production of an election certification if possible. Ideally the District could also find a copy of what was voted on by the people, but so far has been unable to find copies of the election language.

[Motion: The MCSD Board grants authority to the General Manager to write a letter to LAFCo and the Humboldt County Elections Department requesting a copy of the certification or issuance of a new certification of the vote of McKinleyville residents to provide library services.](#)

[Following that action, move forward with submission of an Ordinance to the MCSD board for approval, further delineating what “Library Powers” it wants to adopt to further strengthen and clarify the District’s Powers.](#)

### 3. Sheriff/Law Enforcement Services

61100(i) states that a District can: “Provide police protection and law enforcement services by establishing and operating a police department that employs peace officers pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.”

Currently the District provides the facility for the Sheriff’s Substation at Pierson Park in McKinleyville. This use was well established before January 1, 2005. The District has an Agreement with Humboldt County for providing the building and related facilities for the Sheriff’s substation. The Agreement outlines the rental rate and the services to be provided by the District. The facilities are provided at a reasonable rate to the Sheriff’s Department to help to facilitate providing law enforcement services to the residents of McKinleyville and in exchange for in kind labor such as additional SWAP services provided to the District. The District does not exercise law

enforcement services, the Sheriff's Department provides them as part of shared services from the County.

If the District wished to exercise Law Enforcement Latent Powers, we would need to obtain approval from LAFCo and pass an ordinance ordering the exercising of that power. Based on conversations with LAFCo Staff, it is unlikely that LAFCo would approve the District providing Law Enforcement services to McKinleyville, due to the overlap of powers that would result between MCSD and the Sheriff's Department. Again, LAFCo Staff believes that Section 61100(s) allows us to provide and operate community facilities similar to what we are currently providing to the Sheriff's Department.

The Committee in no ways thinks that the District should adopt full Law Enforcement powers and thinks that the current arrangement with the Sheriff's Department is satisfactory. However, the Committee is concerned that if future Sheriff's or the County decided to further cut the Sheriff's staffing at the McKinleyville Substation, it would be good if the District had the ability to assist in funding additional law enforcement staff or support the Sheriff's Department in other ways. The District needs to be able to provide security for district property, buildings and board meetings if law enforcement is unavailable.

The Committee recommends that the District adopts a resolution that allows the District to enter into collaborative police service with the Humboldt County Sheriff or other parties, and such other appropriate police service so as to provide safe and adequate police services to the citizen of McKinleyville. This includes but is not limited to providing physical facilities, leasing to the Sheriff department, providing police equipment, reviewing and monitoring police efforts in McKinleyville, entering into convict work programs (e.g. SWAP or other convict work or community service programs), communication sharing and the hiring of personnel, and providing for the protection of District property, buildings, board meetings, community parades or events if law enforcement is unavailable. These enhancements to authority are to supplement County law enforcement, not replace it. Language for a resolution would be reviewed with LAFCo Staff (and District Legal Counsel) to make sure it did not trigger any conflicts with the current services provided by the Humboldt County Sheriff's Department under Section 61100. The language will further reiterate that there is no requirement for the District in taking over police responsibilities or liability. In addition, it is noted that the Sheriff is independently elected and is not required to seek approval of the Board of Supervisors.

[Recommendation: The Board approves the drafting of a resolution as described in the above paragraph. Prior to the submittal, the approval of the Sheriff will be sought. The Humboldt County Board of Supervisors and Fifth District Supervisor Steve Madrone will be given courtesy copies throughout the process.](#)

## 4. Community Forest Services

61100(e) states that a District can: "Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.", and

61100(f) states: “Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.”

LAFCo staff felt that the powers that the District already has and exercises for Parks and Recreation are very broad and would cover the services provided for a Community Forest, and no additional latent powers approval from LAFCo is necessary. LAFCo Staff recommended the District clarify its authority to provide these services as part of any resolution or ordinance approved during the community forest land acquisition process. The resolution will have language providing for scattered site community forests.

The Committee felt that the resolution and ordinance for the transfer and acceptance of the land for the Community Forest will likely take years before it is ready to be adopted. Therefore the Committee recommended an earlier adoption of a resolution that reaffirms our existing Parks and Recreation powers, the fact that they cover any future Community Forest property (including non-contiguous properties), and they provide the ability for the District to exercise Forest Management, Timber Harvest services, carbon sequestering, watershed restoration, trail development, etc. powers. It was felt that this resolution would clarify our authority as recommended by LAFCo.

[Recommendation: The Board authorizes the drafting of a resolution as described in the above paragraph.](#)

## 5. Reclamation Services

61100(r) states that a District can: “Plan, design, construct, improve, maintain, and operate flood protection facilities. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within the boundaries of another special district that provides those facilities unless the other special district gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities in unincorporated territory unless the board of supervisors gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within a city unless the city council gives its written consent.”

As implied above, flood control is not something that LAFCo likes to approve as a Latent Power if the area is already covered by another Reclamation District, in this case the County. LAFCo staff was of the opinion that our current “reclamation” powers such as the use our reclaimed wastewater to irrigate adjacent lands, the modifications to dismantle/reclaim our old percolation ponds to connect them to the Mad River, the reclamation of biosolids from our wastewater process, etc. are already covered under our Wastewater Authority under 61100(b) and the District’s National Pollution Discharge Elimination System (NPDES) permit. These uses were well established before January 1, 2005. The District has reclaimed treated wastewater at the Fischer property for irrigation since the 1980’s. The existing detention basin installed as part of the District’s Open Space powers also reclaim stormwater and utilize it to recharge groundwater. LAFCo staff stated that the updated MSR will state that our Water/Wastewater powers allow us to address biosolids, required restoration works, etc. under our existing powers. The Committee felt that a resolution fully delineating our

ability to provide these reclamation powers under our water/wastewater powers would clarify this understanding.

While reserving all legal rights to proceed independently on reclamation projects based upon a history of such projects before January 1, 2005 the District will ask the County for permission to proceed either on a programmatic or project by project basis.

[Recommendation: The Board authorizes the drafting of a resolution fully delineating the District's ability to provide Reclamation type services under our water, wastewater and Park & Recreation Authorities.](#)

## 6. Homeless Services

Section 61100 of the Government Code does not specifically state anywhere the ability of a Special District to provide homeless or other social services as a latent power available under this section of the Government Code. LAFCo Staff does not believe social services is in the purview of CSDs, but rather a function of the County. It is not clear whether the Governor's COVID-19 Emergency Declaration provides adequate authority. While a tenuous argument of authority can be made, the committee desires to restrict our activities to leasing our property to third parties, with all the necessary experience, insurance, etc., running homeless programs. As discussed, the District is able to rent or lease its property for the "benefit of the district" in accordance with its "general powers" under Section 61060. LAFCo staff agreed to add homeless issues to the MSR given it's impacts to District operations. LAFCo Staff agreed that the District can't set up social services, but that we can work with others to rent/lease/help implement measures to help address homeless issues for the benefit of the District.

The Committee recommends the preparation of a Policy Statement consistent with District Rules and Regulations, Article IV Regulation 45 Permits Fees and Deposits, stating something to the effect of:

The Board and Staff of McKinleyville CSD are sensitive to the impact homelessness has on our community. As a California Special District, McKinleyville Community Services District has specific authorities. With that in mind, MCSD has no authority or funding to serve homelessness in our community. To address unmet needs in McKinleyville, MCSD can offer facilities to third parties to serve our homeless community. This includes but is not limited to Parks, Buildings and undeveloped property owned by MCSD. The process for accessing an agreement with MCSD should be straightforward and consistent with current rules and regulations. Any third party interested in utilizing MCSD facilities for the care, support or locating the homeless population will be required to apply for a permit consistent with the rules and regulations. Any request for these services will be reviewed on a case by case basis and will require action by the MCSD Board of Directors. A facility use agreement that lays out specifics, including cost and term, will be required and must be approved by the Board in an open, public meeting.

[Recommendation: The Committee is Authorized to prepare a Policy Statement similar to the above to bring back to the Board for Approval. Staff is also authorized to bring a general lease back to the Board for review. Comment will](#)

be taken, and the lease can be used in the future. Any such individual lease must be voted on by the Board of Directors.

## 7. McKinleyville Municipal Advisory Committee Assistance

The District has always worked closely with the McKinleyville Municipal Advisory Committee (MMAC) and the MCSD Board President and General Manager are voting members of the MMAC. The MMAC has engaged in important community issues within McKinleyville including currently the town center ordinance, multimodal transportation/accessibility, homelessness, public safety and more. As outlined above, all of these issues also impact the District. MMAC's eight-member committee conducts business without any budget and with only limited staff support from the County of Humboldt. Based on a response to a letter from Director Corbett, the MMAC sent the following request:

"In an effort to increase support and collaboration, the MMAC respectfully requests support from the MCSD, while also requesting increased support from the County. We do not view these requests as mutually exclusive, rather complementary and essential to the MMAC providing a vital forum for and leadership within the McKinleyville community. We would welcome support from MCSD in the following areas and look forward to the opportunity to consider these items in greater detail with you:

- 1) Formalize a regular meeting with our fifth district Supervisor, MCSD General Manager, MCSD Chair and the MMAC Chair;
- 2) MCSD to provide a small, no-strings attached stipend (up to \$3000.00 annually is a suggested amount) directly to MMAC for community meetings and other MMAC meeting-related expenses;
- 3) MCSD to provide support/access for events, meetings and MMAC-related announcements;
- 4) MCSD to provide letters of support for MMAC-related grants;
- 5) A joint annual meeting between MCSD and MMAC (perhaps similar to other State of the City annual meetings);

The aforementioned items are most pressing for a well-functioning MMAC but we also welcome future dialogue and consideration of a liaison to the MCSD on the Authorities Committee; and the establishment of a McKinleyville Regional Planning Commission.

Additionally, the MMAC intends to request additional support from the County of Humboldt for administrative support, information technology, documentation support and nominal financial support. It is my belief that, as McKinleyville's needs grow and change, the increased collaboration between the MCSD, the MMAC and the County of Humboldt will allow us to provide much-needed leadership and governance for our thriving community."

The Committee discussed the above items and felt that Items 1), 4) and 5) should be supported by the District. The Committee also agreed that the existing contract with the MMAC for providing a meeting room at the McKinleyville Middle School should be continued and that other support as outlined under item 3) should be provided as able and appropriated. Historically, MCSD has looked to the county to pay rental fees for MCSD facilities when used for MMAC meetings. As an advisory committee of the County of Humboldt using MCSD facilities for MMAC meeting has the potential for a significant cost since the District cannot earn revenue that could have been generated if the facility could have been rented to a paying customer

The Committee also discussed providing a small stipend not to exceed \$3,000 to the MMAC. It was agreed that the funding would be split among all departments. This may directly impact the ability of the District to provide Parks and Recreation services. There was also discuss of providing the funds in services and materials such as copying and mail services in lieu of a direct financial payment. The Committee was also concerned that direct financial support of the MMAC would cause the County to abandon their responsibility for support of the MMAC.

Recommendation: District Staff prepares a Policy Statement for Board approval that 1) Formalizes the meetings between District Board President, GM, MMAC Chair, and Fifth District Supervisor, 2) providing a stipend not to exceed \$3,000 (to be a budgeted for in the upcoming 2021-2022 Fiscal Year, and/or provides for in-kind contributions in District Staff and Office Support, 3) Continue to provide meeting space support at McKinleyville Middle School, 4) Provide letters of support for MMAC Grants, etc. as appropriate and Board Approved, 5) Establishes an annual joint meeting between MMAC and MCSD Boards.

## 8. Recommendations

The Latent Powers Committee recommends:

- 1) Library – Motion to authorize the General Manager to write a letter requesting a copy of the certification or issuance of a new certification of the vote of McKinleyville residents to provide library services.

Following that action, move forward with submission of an Ordinance to the MCSD board for approval, further delineating what “Library Powers” it wanted to adopt to further strengthen and clarify the District’s Powers.

- 2) Police/Law Enforcement - Direct staff to draft a Resolution for consideration outlining the Law Enforcement powers that the District currently has and wishes to exercise as outlined in the sections above. Prior to the submittal, the approval of the Sheriff will be sought. The Humboldt County Board of Supervisors and Fifth District Supervisor Steve Madrone will be given courtesy copies throughout the process.

- 3) Community Forest - Direct staff to draft a Resolution for consideration reiterating the Parks and Recreation Powers the District currently exercises and detailing the Community Forest activities that fall within our Parks and Recreation Powers.
- 4) Reclamation – The Board authorizes the drafting of a resolution fully delineating the District's ability to provide Reclamation type services under our water, wastewater and Park & Recreation Authorities.
- 5) Homeless – Motion to Authorize staff to draft a Policy Statement for adoption detailing the limitations of the District in this area and explaining the authority to enter into an agreement with a third party to provide such services. Staff further is authorized to review and revise a facility use agreement/lease for Board approval, noting all final lease agreements for specific occurrences will be approved by the Board of Directors.
- 6) MMAC - District Staff prepares a Policy Statement for Board approval that 1) Formalizes the meetings between District Board President, GM, MMAC Chair, and Fifth District Supervisor, 2) providing a stipend not to exceed \$3,000 (to be budgeted for in the upcoming 2021-2022 Fiscal Year, and/or provides for in-kind contributions in District Staff and Office Support, 3) Continue to provide meeting space support at McKinleyville Middle School, 4) Provide letters of support for MMAC Grants, etc. as appropriate and Board Approved, 5) Establishes an annual joint meeting between MMAC and MCSD Boards.

# Appendix A – California State Government Code Section 61100

Appendices

GOVERNMENT CODE - GOV

TITLE 6. DISTRICTS [58000 - 62262] ( Title 6 added by Stats. 1951, Ch. 331. )

DIVISION 3. COMMUNITY SERVICES DISTRICTS [61000 - 61250] ( Division 3 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

PART 3. PURPOSES, SERVICES, AND FACILITIES [61100 - 61226.5] ( Part 3 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

CHAPTER 1. Authorized Services and Facilities [61100 - 61107] ( Chapter 1 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

61100.

Within its boundaries, a district may do any of the following:

- (a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- (b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- (c) Collect, transfer, and dispose of solid waste, and provide solid waste handling services, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.
- (d) Provide fire protection services, rescue services, hazardous material emergency response services, and ambulance services in the same manner as a fire protection district, formed pursuant to the Fire Protection District Law, Part 2.7 (commencing with Section 13800) of Division 12 of the Health and Safety Code.
- (e) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.
- (f) Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.
- (g) Acquire, construct, improve, maintain, and operate street lighting and landscaping on public property, public rights-of-way, and public easements.
- (h) Provide for the surveillance, prevention, abatement, and control of vectors and vectorborne diseases in the same manner as a mosquito abatement and vector control district formed pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with Section 2000) of Division 3 of the Health and Safety Code.
- (i) Provide police protection and law enforcement services by establishing and operating a police department that employs peace officers pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.
- (j) Provide security services, including, but not limited to, burglar and fire alarm services, to protect lives and property.

(k) Provide library services, in the same manner as a library district formed pursuant to either Chapter 8 (commencing with Section 19400) or Chapter 9 (commencing with Section 19600) of Part 11 of the Education Code.

(l) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct, improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.

(m) Convert existing overhead electric and communications facilities, with the consent of the public agency or public utility that owns the facilities, to underground locations pursuant to Chapter 28 (commencing with Section 5896.1) of Part 3 of Division 7 of the Streets and Highways Code.

(n) Provide emergency medical services pursuant to the Emergency Medical Services System and the Prehospital Emergency Medical Care Personnel Act, Division 2.5 (commencing with Section 1797) of the Health and Safety Code.

(o) Provide and maintain public airports and landing places for aerial traffic, in the same manner as an airport district formed pursuant to the California Airport District Act, Part 2 (commencing with Section 22001) of Division 9 of the Public Utilities Code.

(p) Provide transportation services.

(q) Abate graffiti.

(r) Plan, design, construct, improve, maintain, and operate flood protection facilities. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within the boundaries of another special district that provides those facilities unless the other special district gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities in unincorporated territory unless the board of supervisors gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within a city unless the city council gives its written consent.

(s) Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.

(t) Abate weeds and rubbish pursuant to Part 5 (commencing Section 14875) of the Health and Safety Code. For that purpose, the board of directors shall be deemed to be a "board of supervisors" and district employees shall be deemed to be the "persons" designated by Section 14890 of the Health and Safety Code.

(u) Acquire, construct, improve, maintain, and operate hydroelectric power generating facilities and transmission lines, consistent with the district's water supply and wastewater operations. The power generated shall be used for district purposes, or sold to a public utility or another public agency that generates, uses, or sells electrical power. A district shall not acquire hydroelectric power generating facilities unless the facilities' owner agrees.

(v) Acquire, construct, improve, maintain, and operate television translator facilities.

(w) Remove snow from public streets, roads, easements, and rights-of-way. A district may remove snow from public streets, roads, easements, and rights-of-way owned by another public agency, only with the written consent of that other public agency.

(x) Provide animal control services pursuant to Section 30501 of the Food and Agricultural Code. Whenever the term "board of supervisors," "county," "county clerk," or "animal control officer" is used in

Division 14 (commencing with Section 30501) of the Food and Agricultural Code, those terms shall also be deemed to include the board of directors of a district, a district, the general manager of the district, or the animal control officer of a district, respectively. A district shall not provide animal control services in unincorporated territory unless the county board of supervisors gives its written consent. A district shall not provide animal control services within a city unless the city council gives its written consent.

(y) Control, abate, and eradicate pests, in the same manner as a pest abatement district, formed pursuant to Chapter 8 (commencing with Section 2800) of Division 3 of the Health and Safety Code. A district's program to control, abate, or eradicate local pine bark beetle infestations shall be consistent with any required plan or program approved by the Department of Forestry and Fire Protection.

(z) Construct, maintain, and operate mailboxes on a district's property or rights-of-way.

(aa) Provide mail delivery service under contract to the United States Postal Service.

(ab) Own, operate, improve, and maintain cemeteries and provide interment services, in the same manner as a public cemetery district, formed pursuant to the Public Cemetery District Law, Part 4 (commencing with Section 9000) of Division 8 of the Health and Safety Code.

(ac) Finance the operations of area planning commissions formed pursuant to Section 65101.

(ad) Finance the operations of municipal advisory councils formed pursuant to Section 31010.

(ae) Acquire, own, improve, maintain, and operate land within or without the district for habitat mitigation or other environmental protection purposes to mitigate the effects of projects undertaken by the district.

(af) Construct, own, improve, maintain, and operate broadband facilities and provide broadband services. For purposes of this section, broadband has the same meaning as in subdivision (a) of Section 5830 of the Public Utilities Code. A district shall comply with Article 12 (commencing with Section 53167) of Chapter 1 of Part 1 of Division 2 of Title 5 when providing broadband services pursuant to this subdivision. If the district later determines that a private person or entity is ready, willing, and able to acquire, construct, improve, maintain, and operate broadband facilities and to provide broadband services, and to sell those services at a comparable cost and quality of service as provided by the district, the district may do one of the following:

(1) Diligently transfer its title, ownership, maintenance, control, and operation of those broadband facilities and services at a fair market value to that private person or entity.

(2) Lease the operation of those broadband facilities at a fair market value to that private person or entity.

(Amended by Stats. 2018, Ch. 963, Sec. 5. (AB 1999) Effective January 1, 2019.)

## Appendix B – MCSD Municipal Services Review (Adopted 2009)

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.6**                      **Consider Authorization for General Manager to Execute Agreement No. SWRCB-D2005001 with the State Water Resources Control Board for Project No. C-06-8393-110 MCSD Wastewater Recycling Expansion Project**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment, and approve authorizing the General Manager to act as the Authorized Representative to sign the Recycled Water Grant Agreement with the State Water Resources Control Board for Project No. C-06-8393-110 MCSD Wastewater Recycling Expansion Project

### **Discussion:**

In September of 2017, the District submitted a Water Recycling Funding Program Planning Grant Application to the State Water Resources Control Board (SWRCB). At that time, the District was in the middle of planning for the acquisition of the Pialorsi Ranch to expand the area available for irrigation with the District's recycled water. The District has subsequently acquired the Pialorsi property and the grant will be used to plan and design the irrigation system at the property. The scope of work of the grant, per the grant agreement, consists of:

- Evaluate the feasibility of extending the recycled water system to irrigate another 53 acres of land
- Evaluation of alternative pipeline and site configuration requirements
- Stakeholder outreach
- Development of concept design for preferred alternative

A much more detailed scope is included as an attachment to the following Board agenda. The detailed scope will include:

- Soil Testing including installation of test pits and assessment of infiltration rates
- Development of a Groundwater Monitoring Plan and installation of two groundwater monitoring wells
- Preparation of a Feasibility Report detailing the soils, their permeability and infiltration rates, and recommendations for irrigation rate and schedule.

- Preparation of an Alternatives Assessment, Irrigation System Layout and Final Project Report detailing the recommended irrigation rates and schedules and irrigation layout for the Pialorsi property.

These studies and soils assessments are key to determining the suitability and appropriate irrigation rates for the Pialorsi property and designing the appropriate irrigation system. This grant will allow the District to perform these studies and install monitoring wells at no cost to the District.

**Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

**Fiscal Analysis:**

The grant agreement is for a \$150,000 grant from the SWRCB. No matching funds are required from the District. As detailed in the next agenda item, \$145,000 of the grant will be used to pay for engineering, soil scientists and a driller to install the wells and perform the necessary studies and reporting. District Staff time will be paid for by the remaining grant amount.

**Environmental Requirements:**

Installation of monitoring wells will require Humboldt County Well Permits. The planning phase contained in the Grant scope will not require any additional permits or environmental review. Implementation of the irrigation will require conformance with the District's existing NPDES permit.

**Exhibits/Attachments:**

- Attachment 1 – Agreement No. SWRCB-D2005001 by and between MCSD and SWRCB



## State Water Resources Control Board

January 7, 2021

McKinleyville Community Services District  
Attn: Patrick Kaspari, General Manager  
P.O. Box 2037  
McKinleyville, CA 95519

Agreement Number: D2005001  
Project Number: C-06-8393-110

Enclosed is your Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

If you are in agreement with all terms and conditions of the Agreement, please sign and date **two (2) signature** pages; return only the two (2 signature pages – it is not necessary to send the entire Agreement - **no later than thirty (30) calendar days from the date of this letter to:**

**Overnight Mail**

Koreenia Harmon  
State Water Resources Control Board  
Division of Financial Assistance  
1001 I Street, 16<sup>th</sup> Floor  
Sacramento, CA 95814

**US Mail**

Koreenia Harmon  
State Water Resources Control Board  
Division of Financial Assistance  
P. O. Box 944212  
Sacramento, CA 94244-2120

Be aware that all projects receiving funding must comply with all applicable implementing guidelines and regulations adopted by California Department of Industrial Relations (DIR), regarding state prevailing wage requirements. You must contact DIR for guidance on how to comply. Information can be found at: <http://www.dir.ca.gov/lcp.asp>.

Davis Bacon Compliance:

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/davisbacon.shtml](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/davisbacon.shtml)

Disadvantaged Business Enterprise (DBE)

[https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/policy0513/dbe\\_compliance\\_guidelines\\_instructions.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/policy0513/dbe_compliance_guidelines_instructions.pdf)

Ms. Harmon may be contacted at (916) 319-0807 or [Koreenia.Harmon@waterboards.ca.gov](mailto:Koreenia.Harmon@waterboards.ca.gov)

Once the Agreement is signed by both parties, we will forward an executed copy to you for your records.



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**WATER RECYCLING FUNDING PROGRAM  
PLANNING GRANT**

AGREEMENT No. SWRCB0000000000D2005001  
by and between  
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT (“Recipient”)  
AND  
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD (“State Water Board”)

for the purpose of the

PROJECT NO. C-06-8393-110 MCKINLEYVILLE COMMUNITY SERVICES DISTRICT WASTEWATER  
RECYCLING EXPANSION PROJECT (“Project”)

- 
- Section 79143 of the Water Code, and Resolution No. 2019-0058.
  - Section 80147 of the Public Resources Code, and Resolution No. 2019-0058.

PROJECT FUNDING AMOUNT: \$150,000  
ESTIMATED REASONABLE PROJECT COST: \$150,000  
ELIGIBLE WORK START DATE: MARCH 5, 2020  
WORK COMPLETION DATE: SEPTEMBER 1, 2023  
FINAL REIMBURSEMENT REQUEST DATE: MARCH 1, 2024  
RECORDS RETENTION END DATE: SEPTEMBER 1, 2059

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1. The State Water Board and the Recipient mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement, including the following Exhibits, which are attached hereto or are incorporated by reference:
  - EXHIBIT A – SCOPE OF WORK AND SCHEDULE
  - EXHIBIT B – SPECIFIC FUNDING PROVISIONS
  - EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV
  - EXHIBIT D – SPECIAL CONDITIONS
2. The following documents are also incorporated by reference:
  - the Waste Discharge Requirement Order No. R1-2018-0032 and National Pollutant Discharge Elimination System Permit No. CA0024490;
3. Party Contacts during the term of this Agreement are:

State Water Board		McKinleyville Community Services District	
Section:	Division of Financial Assistance		
Name:	Sandeep Kals	Name: Patrick Kaspari	Title General Manager
Address:	1001 I Street, 16th Floor	Address:	P.O. Box 2037
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	McKinleyville, CA 95519
Phone:	(916) 341-5415	Phone:	(707) 839-3251
Email:	Sandeep.Kals@waterboards.ca.gov	Email:	pkaspari@mckinleyvillecsd.com

Each party may change its contact upon written notice to the other party. While Party Contacts are contacts for day-to-day communications regarding Project work, the Recipient must provide official communications and notices to the Division’s Deputy Director.

4. The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement, which shall be at least until the Records Retention End Date:
  - (a) The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.
  - (b) The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.
  - (c) None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.
  - (d) The Recipient is in compliance with all State Water Board funding agreements to which it is a party.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

MCKINLEYVILLE COMMUNITY SERVICES  
DISTRICT:

STATE WATER RESOURCES CONTROL BOARD:

By: \_\_\_\_\_  
Name: Patrick Kaspari  
Title: General Manager

By: \_\_\_\_\_  
Name: Leslie Laudon  
Title: Deputy Director  
Division of Financial Assistance

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A – SCOPE OF WORK AND SCHEDULE**

**A.1 PROJECT PURPOSE AND DESCRIPTION.**

The Project is for the benefit of the Recipient. The funding under this Agreement shall be used for the purpose of developing a planning study to determine the feasibility of recycled water use that would offset groundwater extraction and usage for irrigation. The Recipient is looking to determine the feasibility of expanding the recycled water system and application area to irrigate approximately 53 acres of land. The proposed Project site, Pialorsi parcel, has approximately 53 acres of potential recycled water use. The site currently uses approximately 68 million gallons of on-site well water annually for crop irrigation. This current water use has the potential to be offset with recycled water. Existing recycled water infrastructure is in place near the site but would need to be extended. The proposed site could be used to produce fodder crops as well.

**A.2 SCOPE OF WORK.**

The Recipient agrees to do the following:

- Evaluate the feasibility of extending the recycled water system to irrigate another 53 acres of land
- Evaluation of alternative pipeline and site configuration requirements
- Stakeholder outreach
- Development of concept design for preferred alternative

**A.3 SCHEDULE.**

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the “Estimated Due Date” column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to the Work Completion Date. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final Reimbursement Request prior to the Final Reimbursement Request Date set forth on the Cover Page.

ITEM	MILESTONES	CRITICAL DUE DATE	ESTIMATED DUE DATE
	Draft Project Report submittal		09/01/2021
	Mid-course Meeting		10/01/2021
	Final Project Report submittal		09/01/2022
	Work Completion Date	09/01/2023	
	Final Reimbursement Request/End of Draw	03/01/2024	

Notes:  
 Estimated dates may be extended as necessary by the Project Manager, pursuant to the Guidelines. However, estimated dates cannot be extended beyond the Work Completion Date.

The Recipient must deliver any request for extension of the Work Completion Date no less than 90 days prior to the Work Completion Date.

The Division may require corrective work to be performed prior to Project Completion. Any work occurring after the Work Completion Date will not be reimbursed under this Agreement.

A.4 DRAFT PROJECT REPORT.

The Recipient must submit a draft Project Report consistent with the Scope of Work above to the Division with a copy to the appropriate Regional Water Board on or before the due date established by the Division and the Recipient. If the Recipient fails to submit a timely draft Project Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold reimbursements under this Agreement or other agreements, and begin administrative proceedings.

A.5 FINAL PROJECT REPORT.

The Recipient must submit a Final Project Report consistent with the Scope of Work above to the Division with a copy to the appropriate Regional Water Board on or before the due date established by the Division and the Recipient in advance of the Final Reimbursement Request Date. If the Recipient fails to submit a timely Final Project Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold reimbursements under this Agreement or other agreements, and begin administrative proceedings.

**EXHIBIT B – FUNDING AMOUNTS**

**B.1 ESTIMATED REASONABLE COST AND PROJECT FUNDS.**

The estimated reasonable cost of the total Project is set forth on the Cover Page of this Agreement, and is greater than or equal to the funding anticipated to be provided by the State Water Board under this Agreement. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

**B.2 RECIPIENT CONTRIBUTIONS.**

The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

**B.3 VERIFIABLE DATA.**

Upon request by the Division, the Recipient must submit verifiable data to support deliverables specified in the Scope of Work. The Recipient's failure to comply with this requirement may be construed as a material breach of this Agreement.

**B.4 BUDGET COSTS**

Budget costs are contained in the Summary Project Cost Table below:

LINE ITEM	TOTAL ESTIMATED COSTS	PROJECT FUNDING AMOUNT
Draft Project Report	\$75,000	\$75,000
Final Project Report	\$75,000	\$75,000
<b>TOTAL</b>	<b>\$150,000</b>	<b>\$150,000</b>

Funds may be shifted between line items as approved by the Project Manager. The sum of adjusted line items must not exceed the total budget amount.

Indirect Costs are ineligible for funding under this Agreement.

The Recipient is prohibited from requesting disbursement amounts that represent Recipient's mark-ups to costs invoiced or otherwise requested by consultants or contractors.

**B.5 REIMBURSEMENT PROCEDURE.**

Project Funds will be provided in two reimbursements:

- a) Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred costs through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
- b) The Recipient must submit a Reimbursement Request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late Reimbursement Requests may not be honored.
- c) Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the

Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.

- d) The Recipient must not request reimbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of reimbursement. Supporting documentation (e.g., receipts) must be submitted with each Reimbursement Request. The amount requested for Recipient's administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Reimbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Reimbursement Request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Reimbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
- e) The Division may withhold disbursements where costs incurred do not reflect actual time spent.
- f) The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future reimbursements.
- g) The Recipient must not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.
- h) Notwithstanding any other provision of this Agreement, no reimbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

Notwithstanding any other provision of this Agreement, the Recipient agrees that the State Water Board may retain an amount equal to ten percent (10%) of the Project Funding Amount until Project Completion. Any retained amounts due to the Recipient will be promptly disbursed to the Recipient, without interest, upon Project Completion.

#### B.6 REVERTING FUNDS AND DISENCUMBRANCE.

In the event the Recipient does not submit Reimbursement Requests for all funds encumbered under this Agreement timely, any remaining funds revert to the State. The State Water Board may notify the Recipient that the project file is closed, and any remaining balance will be disencumbered and unavailable for further use under the Agreement.

EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV

GENERAL TERMS AND CONDITIONS 2019-NOV is incorporated by reference and is posted at [https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/general\\_terms.html](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/general_terms.html)

## EXHIBIT D – SPECIAL CONDITIONS

### D.1 DEFINITIONS.

Each capitalized term used in this Agreement has the following meaning:

- "Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.
- "Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any costs may be incurred and eligible for reimbursement hereunder.
- "Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.
- "Event of Default" means, in addition to the meanings set forth in Exhibit C, the occurrence of any of the following events:
  - a) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- "Guidelines" means the State Water Board's "Water Recycling Funding Program Guidelines" in effect as of the execution date of this Agreement.
- "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.
- "Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.
- "System" means all wastewater, water recycling, and/or potable water collection, pumping, transport, treatment, storage, and/or disposal facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

### D.2 ADDITIONAL REPRESENTATIONS AND WARRANTIES.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the Cover Page.

Except as set forth in this paragraph, there are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the Revenues, and/or the Project.

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain any of the real or personal property related to or necessary for the Project.

The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.

Any financial statements or other financial documentation of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements or other financial documentation: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements or other financial documentation, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements or other financial documentation been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.

The Recipient has no conflicting or material obligations, except as set forth in this paragraph.

The Recipient and its principals, contractors, and subcontractors, to the best of the Recipient's knowledge and belief, are not presently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized; nor have they engaged or permitted the performance of services covered by this Agreement from parties that are debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized.

### D.3 ACKNOWLEDGEMENTS.

The Recipient must include the following acknowledgement in any document, written report, or brochure to be shared with the general public prepared in whole or in part pursuant to this Agreement:

"Funding for this project has been provided in full or in part under Proposition 13 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014, and Proposition 68 through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

#### D.4 RETURN OF FUNDS.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, to immediately return to the State Water Board any grant or principal forgiveness amounts received pursuant to this Agreement and pay interest at the highest legal rate on all of the foregoing.

#### D.5 DAMAGES FOR BREACH OF TAX-EXEMPT STATUS.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

#### D.6 NOTICE.

Upon the occurrence of any of the following events, the Recipient must notify the Division's Deputy Director and Party Contacts by phone and email within the time specified below:

- (a) The Recipient must notify the Division and Party Contacts promptly of the occurrence of any of the following events:
- i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
  - ii. Change of ownership of the Project (no change of ownership may occur without written consent of the Division);
  - iii. Loss, theft, damage, or impairment to Project;
  - iv. Events of Default, except as otherwise set forth in this section;
  - v. A proceeding or action by a public entity to acquire the Project by power of eminent domain.
  - vi. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity or the Recipient's continued existence;
  - vii. Consideration of dissolution, or disincorporation;
  - viii. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board.
  - ix. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this funding, or in any certification, report, or request for reimbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
  - x. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the

proposed change has been provided to the Division and the Division has given written approval for the change;

- xii. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Work Completion for a period of ninety (90) days or more;
- xiii. Any Project monitoring, demonstration, or other implementation activities required in this Agreement;
- xiv. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- xv. Any event requiring notice to the Division pursuant to any other provision of this Agreement;
- xvi. Work Completion and Project Completion.

#### D.7 DISPUTES.

The Recipient must continue with the responsibilities under this Agreement during any dispute. The Recipient may, in writing, appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute. This provision does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law. This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

#### D.8 FRAUD, WASTE, AND ABUSE.

The Recipient shall prevent fraud, waste, and the abuse of Project Funds, and shall cooperate in any investigation of such activities that are suspected in connection with this Agreement. The Recipient understands that discovery of any evidence of misrepresentation or fraud related to Reimbursement Requests, invoices, proof of payment of invoices, or other supporting information, including but not limited to double or multiple billing for time, services, or any other eligible cost, may result in referral to the Attorney General's Office or the applicable District Attorney's Office for appropriate action. The Recipient further understands that any suspected occurrences of false claims, misrepresentation, fraud, forgery, theft or any other misuse of Project Funds may result in withholding of reimbursements and/or the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder.

#### D.9 STATE CROSS-CUTTERS.

Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:

- The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.

- Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
- Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
- Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
- Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
- Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
- Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
- Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
- Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
- Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.
- The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.7**                      **Consider Approval of Professional Services Agreement with GHD for the implementation of the SWRCB Recycled Water Grant**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment and authorize the General Manager to execute a Professional Service Agreement with GHD to execute the required scope for the SWRCB Recycled Water Grant Project No. C-06-8393-110 MCSD Wastewater Recycling Expansion Project for an amount not to exceed \$145,000.

### **Discussion:**

The District was recently awarded a \$150,000 grant from the State Water Resources Control Board (SWRCB), Recycled Water Grant Program for Project No. C-06-8393-110 MCSD Wastewater Recycling Expansion Project. The intent of the grant is to assess the recently acquired the Pialorsi property and to plan for and design the reclaimed water irrigation system at the property. The scope of work, per the grant agreement, consists of:

- Evaluate the feasibility of extending the recycled water system to irrigate another 53 acres of land
- Evaluation of alternative pipeline and site configuration requirements
- Stakeholder outreach
- Development of concept design for preferred alternative

A much more detailed scope is included as **Attachment 1**. The detailed scope will include:

- Task 1-Coordination, Management, and Quality Control: Including grant management, meetings with SWRCB Staff, and submittal of progress reports and reimbursement requests.
- Task 2-Feasibility Assessment & Groundwater Characterization: Including installation of four soil test pits to assess soils and infiltration rates; development of a Groundwater Monitoring Plan and installation of two groundwater monitoring wells; development of a Feasibility Assessment detailing the soils, their permeability and infiltration rates, and recommendations for irrigation rates and schedule.

- Task 3-Alternatives Assessment, Concept Layout, and Project Reports: Including preparation of an Alternatives Assessment, Irrigation System Layout and Final Project Report detailing the recommended irrigation rates and schedules and irrigation layout for the Pjalorsi property.

These studies and soils assessments are key to determining the appropriate irrigation rates for the Pjalorsi property and designing the suitable irrigation system. Timing is also key in the performance of this work and the assessment of the soils. The County wet weather period to assess the suitability of percolation through soils will likely open and close within the next few months, and it is important that portions of this work be performed within this window.

GHD was instrumental in preparing and submitting the grant application and obtaining this grant and have unique and key professionally licensed staff, including the required soil scientists, geologists, and engineers necessary to perform this work. Government Code Sections 4525(d) and 4526, read in conjunction, state that architectural, landscape architectural, engineering, environmental, land surveying and construction project management services may be procured by a public agency based on demonstrated competence and professional qualifications, rather than public bid protocol. The services to be provided and the price of the services must be fair and reasonable to the public agency.

In this circumstance, the Scope of Work contemplated by the Professional Services Agreement consists of engineering, environmental evaluation and project management services, and the proposed amount deemed fair and reasonable, and thus staff recommends awarding the Agreement GHD Engineering, a firm with demonstrated competence in the service fields.

### **Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

### **Fiscal Analysis:**

The grant agreement is for a \$150,000 grant from the SWRCB. No matching funds are required from the District. \$145,000 of the grant will be used to pay for this entire scope of work. District Staff time will be paid for by the remaining grant amount.

### **Environmental Requirements:**

Installation of monitoring wells will require Humboldt County Well Permits. The planning phase contained in the Grant scope will not require any additional permits or environmental review. Implementation of the irrigation will require conformance with the District's existing NPDES permit.

### **Exhibits/Attachments:**

- Attachment 1 – January 8, 2021 GHD Scope of Services for HMG Application

## **STUDY SCOPE**

### **MCKINLEYVILLE COMMUNITY SERVICES DISTRICT**

### **WATER RECYCLING PLANNING PROJECT**

#### **Introduction**

The McKinleyville Community Services District (MCSD or District) is seeking planning funding through the State Water Resources Control Board (SWRCB) Water Recycling Funding Program (WRFP) for the development of a project that offsets groundwater extraction and use.

MCSD operates a wastewater management facility (WWMF) that treats residential and commercial wastewater from the District and serves approximately 16,500 residents. The WWMF provides advanced secondary treatment and consists of headworks screening, in-basin extended aeration system, and secondary clarification. From October 1 through May 14<sup>th</sup>, the District chlorinates/dechlorinates and discharges to the Mad River. From May 15<sup>th</sup> through September 30<sup>th</sup>, the District chlorinates and sends the effluent through polishing wetlands and then irrigates land and grows fodder for organic dairy operations.

The District's summer discharge currently includes the use of two percolation ponds adjacent to the Mad River that the District is in the process of decommissioning and restore back to active floodplain for off-channel salmonid habitat. Removal of the percolation ponds will increase available treated effluent for recycled water use. To this end, the District is looking to determine feasibility of expanding the recycled water system and application area to irrigate approximately 53 additional acres of land.

The proposed land area known as the Pjalorsi parcel is approximately 80 acres and 53 acres have the potential for recycled water irrigation (See Attached Map). The site currently uses approximately 68 million gallons of on-site well water annually for crop irrigation. This current water use has the potential to be offset with recycled water. Existing recycled water infrastructure is in place near the site, but would need to be extended. The proposed Pjalorsi parcel could be used to produce fodder crops as well.

This Plan of Study scope defines the planning tasks, required to evaluate and plan for the expansion of the District's recycled water distribution and irrigation system to provide the additional 53 irrigated acres on the Pjalorsi parcel. It is envisioned that the planning project would be funded through the State's Water Recycling Funding Program planning grant program.

The proposed planning study includes the following components:

- Evaluate the feasibility of extending the recycled water system to irrigate another 53 acres of land
- Evaluation of alternative pipeline and site configuration requirements
- Stakeholder outreach
- Development of concept design for preferred alternative

The District would eventually like to work with the SWRCB to fund the final recycled water project, which would include necessary infrastructure.

The following tasks outline the approach to the planning project.

#### **Task 1 – Coordination, Management, and Quality Control**

This task includes monitoring the project budgets and schedule, conducting project team meetings, midcourse meeting with SWRCB staff, and implementing the Quality Assurance/Quality Control programs (QA/QC). In this task, grant administration will be conducted by communicating with the SWRCB Grant Manager regarding scope, schedule, budget, and coordination of grant deliverables. Reimbursement requests will be prepared under this task, which will include project update status reports detailing the status of each task, any delays/problems encountered, as well as their resolution. Under this task, grant

close out documents will be prepared and submitted to the SWRCB. Also under this task, the MCSD staff will review, comment, and prepare any necessary supplemental documentation for all submittals as needed before final submittal to SWRCB.

**Deliverables:**

- Progress Updates and Reimbursement Requests
- Midcourse Meeting with SWRCB Staff
- Final Grant Close Out Documentation

**Task 2 – Feasibility Assessment & Groundwater Characterization**

Under this task the feasibility of recycled water use on the proposed Pialorsi parcel will be evaluated. Field data collection on soil characteristics and infiltration capacity will be conducted and this information will be used in the development of a recycled water system alternatives assessment and concept layout for the preferred alternative. MCSD can issue a CEQA categorical exemption for this exploratory work.

**Task 2.1 – Soil Exploration and Testing**

Up to four soil test pits will be excavated by an MCSD operator and MCSD backhoe. Test pits will be excavated up to approximately 15 feet below ground surface (bgs). Up to two test pit will be excavated in the upper field and up to two test pits will be excavated in the lower field. Soil will be logged by a soil scientist using the USDA system, taking note of soil texture, soil color, soil structure, redoximorphic features, depth of roots, and soil horizon depth (boundary). The soil profile will be logged based on visual observations from the surface and any observed indications of groundwater will be noted. MCSD will provide for and alert USA underground services prior to soil pit excavation

A double-ringed infiltration test will be conducted to determine infiltration rates. Up to two tests will be completed in the upper field and up to two tests in the lower field. A MCSD operator, backhoe and water source will be supplied to push in the infiltration devices and to supply the necessary water for the testing. Results will be in cm/sec and in/min.

Samples will be collected in each soil pit in the upper and lower fields, for falling head permeability testing. Testing for permeability will be completed off site in a controlled soils lab and results will be reported in cm/sec and in/min (maximum 6 tests).

Soil samples will be collected in the excavated test pits for fertility analysis at approximately 12 inches and 30 inches bgs in at least one soil pit in the upper field and one soil pit in the lower field. Samples will be sent to A & L Laboratories, Inc. and tested with Soil Test Package S3C.

**Task 2.2 – Groundwater Evaluation and Soil Sampling**

The groundwater evaluation includes development of a Groundwater Monitoring Plan, installation of groundwater wells, and groundwater well initial sampling. A groundwater monitoring plan will be developed that includes a brief description of the protocols to be used for installation and development of the wells, and the methods to be used to sample the monitoring wells and the tests to be conducted on the samples. The monitoring plan will include identification of up to two groundwater monitoring well locations at each of the candidate sites. The data collected during the installation and monitoring of the wells will be used to support evaluation of recycled water system alternatives and design.

The wells would be installed by a local drilling contractor and would be drilled to approximately 30-feet below the ground surface, consisting of a 2-inch PVC schedule 40 well casing extended approximately 3 feet above the ground surface with a locking security cap. The driller will be responsible for obtaining the drilling permit from the Humboldt County Department of Environmental Health. The District will complete a coastal development permit waiver application for the exploratory work and coordinate with the County for a consolidated coastal development permit.

A soil scientist will be on site during installation of the monitoring wells to collect soil samples as warranted using the USDA system, taking note of soil texture, soil color, soil structure, redoximorphic features, depth of roots, and soil horizon depth (boundary). The locations of the monitoring wells will be surveyed using handheld GPS equipment. Initial groundwater monitoring will be conducted after the groundwater wells are installed. Each of the monitoring wells will be purged and samples collected will be analyzed for pH, Nitrate as N, Nitrite as N, Ammonia, TDS, and Sodium as recommended by the Regional Board. The depth to groundwater will be noted as well. Depth to groundwater will be monitoring during the winter months for 6 weeks once 50% of the average annual rainfall occurs, and then monitored monthly for one year (11 events).

### **Task 2.3 – Feasibility Assessment Results**

A memorandum will be prepared which presents the soil pit exploration, permeability, soil fertility and infiltration testing results. The memo will include a final determination in the feasibility of the site for recycled water irrigation.

#### **Deliverables:**

- Feasibility Assessment including field study data and results of analyses.

### **Task 3 – Alternatives Assessment, Concept Layout, and Project Reports**

In this Task the project team will complete an alternatives assessment, develop concept layouts, and prepare a Project Report. The Project Report will incorporate the results from Task 2 and be prepared based on research and analysis of existing conditions and project requirements and is envisioned to include the following elements:

- Summary of project goals and metrics for success;
- Evaluation of capacity and condition of existing recycled water infrastructure;
- Review of irrigation quantities and schedules and recycled water characteristics;
- Development of an updated water balance including the Pjalorsi parcel;
- Preparation of concept for extension of recycled water transmission and irrigation systems;
- Evaluation of project alternatives including proposed irrigation types (Flood or Sprinkler) dependent on topography and infiltration
- Environmental and Cultural Constraints Analysis (consisting of a Sonoma State University CHRIS database query)
- Conceptual Plans
- Opinion of Probable Construction Costs
- Project Reports

#### **Task 3.1 – Infrastructure Evaluation**

The evaluation of project alternatives will be based on consideration of technical and non-technical issues and will describe the District's preferred alternative for the project. An opinion of probable construction costs will be prepared for the preferred alternative. An implementation strategy will be developed including anticipated acquisition, permitting, and design steps, as well as a proposed schedule and supporting documentation.

#### **Task 3.2 – Environmental Constraints Analysis**

The nature of the additional project permitting ultimately required will depend on the final project to be implemented by the District and the configuration of the concept recycled water system layout.

An environmental constraints assessment will be prepared, which will discuss the various environmental constraints that may impact permitting of the project. The analysis will consist of regulations including CEQA, the Coastal Act, the Local Coastal Plan, the Clean Water Act (with regard to wetlands) and the Humboldt County General Plan (land use and zoning).

The purpose of this scope item is to identify the permits anticipated based on the District's preferred project alternative selected through the evaluation process. Initial outreach to permit agencies will be conducted during this task. The actual permits would be acquired during the subsequent design and implementation phase of the project once the requirements have been identified for the preferred project. This task does not include preparation of special studies or permit applications.

**Task 3.3 – Draft Project Report**

The District will submit the Draft Project Report to the Division of Financial Assistance at the SWRCB for preliminary review and progress of the draft project report, prior to commencement of Task 3.4. The Draft Project Report will be based on consultations with staff, review of existing documents and data provided by the District, field investigations, and engineering analysis and judgement. Title reports, appraisals, legal analysis, and property boundary survey are not included in this task.

The Draft report will be presented at a District Board meetings to the solicit Board and public feedback on the proposed approaches before finalization of the report.

**Task 3.4 – Concept Layout and Final Project Report**

The project team will prepare Concept Layouts and an updated Opinion of Probable Construction Cost to be included in the Final Project Report. The Final Project Report is intended to serve as a basis of design in subsequent project phases. The Concept Layouts will include civil, structural, mechanical, and electrical as warranted to convey the intent of the planned improvements. This task includes topographic surveying which may be conducted with GIS/GPS equipment. The Final project report will address comments provided by Division Staff on the draft project report.

The Class 5 Opinion of Probable Cost will be based on the drawings, estimate of quantities, lump sum items, unit costs, and allowances. It is assumed the project would be subject to State prevailing wage rates. Final geotechnical engineering would be addressed under a future implementation phase.

**Deliverables:**

- Draft Project Report
- Presentation at one District Board Meeting
- One (1) electronic copy in .pdf format of Concept Layouts, and Opinion of Probable Construction Costs
- Hard copy sets of 11x17 plans as requested
- Final Project Report Submittal to Division of Financial Assistance at the State Water Resources Control Board for their Compliance Review.

**Budget**

The estimated planning project cost based on the above described scope is \$145,000 based on the general task allocations presented in the table below.

<b>Task Description</b>	<b>FEE</b>
Task 1- Coordination, Management, and Quality Control	\$14,300
Task 2- Feasibility Assessment	\$38,800
Task 3- Alternatives Assessment, Concept Layout, and Project Report	\$91,900
<b>TOTAL FEE ALL TASKS</b>	<b>\$145,000</b>

### Estimated Project Schedule

The estimated planning project schedule is presented in the table below.

<b>Task Description</b>	<b>Expected Task Start Date</b>	<b>Expected Task Completion Date</b>
Task 1- Coordination, Management, and Quality Control	February 1, 2021	September 30, 2023
Task 2- Feasibility Assessment	March 1, 2021	July 31, 2022
Task 3- Alternatives Assessment, Concept Layout, and Project Report	February 1, 2021	September 30, 2023

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.8**                      **Approve Resolution 2021-03 Authorizing General Manager to Execute Hazard Mitigation Grant Letters of Commitment for Grant Match and Maintenance for 1) Mad River Water Main Crossing; and 2) Forest and Forest Fire Management Plans and Implementation for the Community Forest, Hewitt Preserve & Hiller Wastewater Management Facility Areas**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**            **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment and approve Resolution 2021-03, **Attachment 1**, authorizing the General Manager to sign the letters of commitment and act as the Authorized Agent for Hazard Mitigation Grant Applications.

### **Discussion:**

Under the Stafford Act, every time there is a Federally declared disaster, money is set aside to fund hazard mitigation projects. The intent of these moneys is to fund projects that reduce the effects of future natural disasters. In California, these funds are administered by the California Office of Emergency Services (CalOES). The District has successfully applied for these grants in the past, and the 4.5MG Water Tank and Highway 101 Sewer Crossings projects are both being partially funded by these grants. All of these grants require a 25% match commitment. Given the recently Federally declared wildfire disaster, FEMA has released funds for the “August 2020 Wildfires-DR-4558”. This grant is a multistep process. The first step is the submittal of Notice of Interests (NOIs) that are fairly brief project descriptions. In November 2020, the Board approved and the District submitted NOIs for the:

- 1) Mad River Watermain Crossing;
- 2) The Forest and Forest Fire Management Plans and Implementations for Community Forest, Hewitt Preserve & Hiller WWMF areas;
- 3) The McCluski Tank Replacement; and
- 4) Fire Hydrant Replacement Project

The District recently was notified by CalOES that the NOIs for the first three projects had been designated as “eligible HMGP activities”. Full Hazard Mitigation Grant (HMG) applications are now due to CalOES by March 5<sup>th</sup>. The Fire Hydrant Replacement Project was deemed an ineligible HMG activity.

Given that the disaster was wildfire related, CalOES is giving priority to projects in the Counties where the disaster occurred and to wildfire mitigation projects; however, any qualified Hazard Mitigation Project in any county of California can be submitted. A brief description of each approved project and associated costs are as follows:

1. Mad River Watermain Crossing - This project would install a redundant waterline under the Mad River to supplement and eventually replace the aging existing watermain from Humboldt Bay Municipal Water District where it crosses under the Mad River. This project is listed in the current Capital Improvement Plan (CIP) to pursue grant funding in Calendar Years 2021 and 2022. Total Project cost is estimated to be \$3.1M and would include a \$2.325M grant and \$0.775M District match. This project was previously submitted to CalOES so the cost for the grant application development is only \$2,200 and a contract has already been executed with GHD to proceed on updating and resubmitting the grant application, give the short turnaround time.
2. Forest and Forest Fire Management Plans for Community Forest, Hewitt Preserve & Hiller Wastewater Management Facility (WWMF) areas - This particular project is not in the CIP but it relates to projects in the CIP, including developing alternative access to Hewitt and developing Forest Management Strategies for a Community Forest. Since this HMG cycle is emphasizing forest fire mitigation projects, Staff felt it would be advantageous to utilize this opportunity to develop a project to fund Forest Management Plans for the Community Forest and Hewitt Ranch areas, remove dead trees from the Hewitt and Hiller WWMF areas similar to the one that were set on fire this year, and further develop access roads to allow for fire fighter access to these areas. Fire breaks to protect District facilities and the surrounding homes would also be planned and constructed. The detailed cost for this project has not been developed, but it is estimated to be \$750,000 with a District match of \$187,500. A full Hazard Mitigation Grant Application including a detailed Benefit Cost Analysis (BCA) will need to be developed for this project. A cost estimate from GHD for the preparation of this application was obtained for \$34,900 (see the next Board Agenda item).
3. McCluski Tank Replacement – This project is not in the CIP but needs to be added. The McCluski tanks are two 50-year-old redwood tanks, one 100,000-gallon and a 150,000-gallon, that sit above the Cochran tanks and feed water to the Hewitt Road area. The tanks are in relatively good shape but are 50-years old and the expertise for the maintenance of redwood tanks is fading. The tanks should be replaced before they need to be replaced and would likely be replaced by two 200,000-gallon bolted steel tanks. A detailed cost estimate for this project has not yet been developed but would likely be in the \$1.0M range with a District match of \$250,000. The cost for preparing the complete grant application and BCA would be approximately \$30,000.

Staff has discussed the above opportunities. The most critical need is for the replacement of the Mad River Waterline Crossing. This is a key capital improvement project that should be a focus of any grant opportunities. The fact that a full grant application has also already been developed and the cost to update the application is only estimated to be \$2,200 makes this our first choice for submittal.

Staff also felt that we only had the budget to submit one of the other applications given their costs. It was felt that since the ranking criteria includes giving preference to Forest Fire Management, the Forest Fire Management Plan and implementation would be more competitive. The McCluski Tanks are also in relatively good shape and will last for a number of years still. Staff recommends that the Mad River Crossing and Forest Fire Management Planning and Implementation applications be submitted.

As part of the Hazard Mitigation Grant application process, a local funding match of at least 25% is required. A Maintenance Commitment Letter is also required, along with a letter attesting that MCSD is committed to perform the necessary maintenance for the entire useful life of the project (50 YEARS). MCSD already allocates funds to regularly maintain the water main system in good repair and operation. Therefore, no additional annual budget allocation is necessary.

The Board should note that the letters and agreement to submit the Grant Applications does not bind MCSD to any expense until and if the Board approves a Funding Agreement. This step will take place after CalOES/FEMA approves the full grant application and submits a grant agreement for District review and approval.

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

The estimated total project cost to replace the Mad River water main crossing is \$3,099,800. However, since this is a grant match, MCSD is only responsible for \$774,950, 25% of the total project cost. Funds necessary for replacing the water main are already being collected in water rates as part of the Mainline Rehabilitation and Replacement Fund. If this grant is awarded to MCSD, scheduling adjustments will be required but no additional annual budget allocation is necessary for the water main crossing since funds to maintain the existing water main are available.

Forest and Forest Fire Management Plans for Community Forest, Hewitt Preserve & Hiller Park areas overall project cost is estimated to be \$750,000 with a District match of \$187,500. A portion of this will be funded from water and sewer rates as it directly relates to the Hiller WWMF area and our water and

wastewater infrastructure. The portion related to the Community Forest will need to be matched with Measure B and Parks and Recreation budgeting.

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Resolution 2021-03
- Attachment 2 - Designation of Subrecipient's Agent
- Attachment 3 – Match Commitment Letter Template
- Attachment 4 – Maintenance Commitment Letter Template

**RESOLUTION 2021-03**

**A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
DESIGNATING THE GENERAL MANAGER AS THE AUTHORIZED AGENT AND  
AUTHORIZING THEM TO SIGN LOCAL MATCH COMMITMENT AND PROJECT  
MAINTENANCE LETTERS AS PART OF THE DISTRICT'S HAZARD MITIGATION  
GRANT SUBAPPLICATION**

**WHEREAS**, McKinleyville Community Services District ("MCSD") is applying for federal hazard mitigation grants fund made available through the Hazard Mitigation Grants Program managed by the California Governor's Office of Emergency Services to replace the existing Mad River Water Main Crossing and other applications as approved by the Board of Directors;

**WHEREAS**, in connection with the sub applications for grant funding, the District must indicate its commitment to contribute 25% of the project costs;

**WHEREAS**, in connection with the sub applications for grant funding, the District must also indicate its commitment to perform necessary maintenance to the water main crossing and other projects for their useful life;

**WHEREAS**, the District Board agrees to designate the District General Manager as the District's authorized agent to purse hazard mitigation grant funding;

**WHEREAS**, by way of this Resolution, the Board further authorizes the General Manager to execute letters indicating the District's commitment to contribute towards the project costs and to perform the necessary maintenance.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the McKinleyville Community Services District does hereby acknowledge that:

1. Each of the above recitals is true and correct;
2. The General Manager is authorized to execute, on behalf of the District, the Local Match Commitment Letter and to submit the same to the Hazard Mitigation Grants Program as part of its sub applications for grant funding; and
3. The General Manager is authorized to execute, on behalf of the District, the Project Maintenance Letter and to submit the same to the Hazard Mitigation Grants Program as part of its sub applications for grant funding.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on February 3, 2021 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Dennis Mayo, Board President

Attest:

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April Sousa, CMC, Board Secretary

**DESIGNATION OF SUBRECIPIENT'S AGENT RESOLUTION  
Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program**

BE IT RESOLVED BY THE \_\_\_\_\_ OF THE \_\_\_\_\_  
(Governing Body) (Name of Applicant)

THAT \_\_\_\_\_, OR  
(Title of Authorized Agent)

\_\_\_\_\_, OR  
(Title of Authorized Agent)

\_\_\_\_\_  
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the \_\_\_\_\_, a public entity  
(Name of Subrecipient)

established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Service for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the \_\_\_\_\_, a public entity established under the laws of the State of California,  
(Name of Subrecipient)

hereby authorizes its agent(s) to provide to the California Governor's Office of Emergency Service for all matters pertaining to such state disaster assistance the assurances and agreements required.

**Please check the appropriate box below:**

This is a universal resolution and is effective for all open and futures Disasters/Grants up to three (3) years following the date of approval below.

This is a Disaster/Grant specific resolution and is effective for only Disaster/Grant name/number(s) \_\_\_\_\_

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

**CERTIFICATION**

I, \_\_\_\_\_, duly appointed and \_\_\_\_\_ of  
(Name) (Title)

\_\_\_\_\_, do hereby certify that the above is a true and correct copy of a  
(Name of Applicant)

Resolution passed and approved by the \_\_\_\_\_ of the \_\_\_\_\_  
(Governing Body) (Name of Applicant)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

## **Cal OES Form 130** **Instructions**

**A new Designation of Applicant's Agent Resolution is required if the previously submitted document is older than three (3) years from the last date of Board/Council approval.**

When completing the Cal OES Form 130, Subrecipients should fill in the blanks on page 1. The blanks are to be filled in as follows:

### **Resolution Section:**

**Governing Body:** This is the individual or group responsible for appointing and approving the Authorized Agents. Examples include: Board of Directors, City Council, Board of Supervisors, etc.

**Name of Subrecipient:** This is the official name of the non-profit, agency, city, county or special district that has applied for the grant. Examples include: City of Sacramento; Sacramento County; or Los Angeles Unified School District.

**Authorized Agent:** These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the California Governor's Office of Emergency Service regarding grants applied for by the subrecipient. There are two ways of completing this section:

1. **Titles Only:** If the Governing Body so chooses, the titles of the Authorized Agents should be entered here, not their names. This allows the document to remain valid if an Authorized Agent leaves the position and is replaced by another individual. If "Titles Only" is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency (e.g.; City Clerk, the Authorized Agent, Secretary to the Director) and does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names and titles of the Authorized Agents should be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

**Governing Body Representative:** These are the names and titles of the approving board members. Examples include: Chairman of the Board, Superintendent, etc. The names and titles cannot be one of the designated Authorized Agents.

### **Certification Section:**

**Name and Title:** This is the individual that was in attendance and recorded the Resolution creation and approval. Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person cannot be one of the designated Authorized Agents to eliminate "Self Certification."

**PHYSICAL ADDRESS:**

1656 SUTTER ROAD  
McKINLEYVILLE, CA 95519

**MAILING ADDRESS:**

P.O. BOX 2037  
McKINLEYVILLE, CA 95519



**MAIN OFFICE:**

PHONE: (707) 839-3251  
FAX: (707) 839-8456

**PARKS & RECREATION OFFICE:**

PHONE: (707) 839-9003  
FAX: (707) 839-5964

March 5, 2021

California Governor’s Office of Emergency Services  
Hazard Mitigation Grants Program Unit  
3650 Schriever Avenue  
Mather, CA 95655

RE: DR-4558 Subapplication Funding Match Commitment Letter

Dear State Hazard Mitigation Officer:

As part of the Hazard Mitigation Grant Program process, a local funding match of at least 25% is required. This letter serves as McKinleyville Community Services District’s (MCSD) commitment to meet the local match fund requirements for the Hazard Mitigation Grant Program.

**SOURCE OF NON-FEDERAL FUNDS:**

LOCAL AGENCY FUNDING	OTHER AGENCY FUNDING	PRIVATE NON- PROFIT FUNDING	STATE AGENCY FUNDING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**NAME OF FUNDING SOURCE:**

McKinleyville Community Services District

**FUNDS AVAILABILITY DATE:**

March 5, 2021

PROVIDE EXACT MONTH/DATE/YEAR OF AVAILABILITY OF FUNDS

**FEDERAL SHARE AMOUNT REQUESTED:**

\$

MUST MATCH \$ AMOUNT PROVIDED IN SUBAPPLICATION

**LOCAL SHARE AMOUNT MATCH:**

\$

MUST EQUAL A MINIMUM OF THE 25% FEDERAL SHARE REQUESTED

**FUNDING TYPE:**

Cash from municipal customer water and sewer rates

EXAMPLES: ADMINISTRATION, CASH, CONSULTING FEES, ENGINEERING FEES, FORCE ACCOUNT LABOR, AGENCY PERSONNEL, PROGRAM INCOME, ETC.

If additional federal funds are requested, an additional local match fund commitment letter will be required.

Please contact Patrick Kaspari at (707) 839-3251 or pkaspari@mckinleyvillecsd.com with questions.

Sincerely,

Patrick Kaspari, PE  
General Manager  
(707) 839-3251  
pkaspari@mckinleyvillecsd.com

**PHYSICAL ADDRESS:**

1656 SUTTER ROAD  
McKINLEYVILLE, CA 95519

**MAILING ADDRESS:**

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PHONE: (707) 839-9003  
FAX: (707) 839-5964

March 5, 2021

California Governor’s Office of Emergency Services  
Hazard Mitigation Grants Program Unit  
3650 Schriever Avenue  
Mather, CA 95655

RE: DR-4558 Subapplication Maintenance Commitment Letter

Dear State Hazard Mitigation Officer:

This is to confirm that McKinleyville Community Services District (MCS D) is committed to perform the necessary maintenance for the entire useful life of this project (50 years) once completed. MCS D is allocating an annual budget of \$2,000 which will allow maintenance to occur as needed to ensure the Watermain Mad River Crossing Retrofit Project remains in good repair and operational.

**ENTITY RESPONSIBLE FOR THE MAINTENANCE:**

McKinleyville Community Services District  
Example: City of Townsville

**PAST MAINTENANCE TASKS INVOLVED:**

MCS D has a valve inspection schedule, under which valves are exercised regularly and parts are replaced as required.

**FUTURE MAINTENANCE TASKS INVOLVED:**

The new isolation valves, air/vacuum release valves, and blowoff assemblies installed as a part of this project will be added to MCS D’s regular inspection schedule.

**FUTURE MAINTENANCE SCHEDULE:**

Annual

**FUTURE COST OF MAINTENANCE:**

\$2,000/year

**SOURCE OF FUTURE MAINTENANCE FUNDS:**

Cash from municipal customer water rates

Please contact Patrick Kaspari with questions.

Sincerely,

Patrick Kaspari, PE  
General Manager  
(707) 839-3251  
pkaspari@mckinleyvillecsd.com

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.9**                      **Consider Approval of Professional Services Agreement with GHD for the preparation of the Forest Fire Management and Mitigation Hazard Mitigation Grant**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment and authorize the General Manager to execute a Professional Service Agreement with GHD to prepare a Hazard Mitigation Grant Application for the Forest Fire Management and Mitigation Project for the Community Forest, Hewitt Preserve & Hiller Wastewater Management Facility areas for an amount not to exceed \$34,900 with a 10% contingency (\$3,490).

### **Discussion:**

Under the Stafford Act, every time there is a Federally declared disaster, money is set aside to fund hazard mitigation projects. The intent of these Hazard Mitigation Grants (HMGs) is to fund projects that reduce the effects of future natural disasters. The District has successfully applied for these grants in the past, and the 4.5MG Water Tank and Highway 101 Sewer Crossings projects are both being partially funded by HMGs.

Given the recently Federally declared wildfire disaster, FEMA has released funds for the "August 2020 Wildfires-DR-4558". This grant is a multistep process. The first step is the submittal of Notice of Interests (NOIs) that are brief project descriptions. In November 2020, the Board approved and the District submitted NOIs for the Mad River Waterline Crossing Project and the Forest Fire Management Plans for Community Forest, Hewitt Preserve & Hiller Wastewater Management Facility (WWMF) areas. Both of these project NOIs have now been approved by CalOES to have full HMG applications be submitted for approval. The Mad River Waterline Crossing HMG application had been previously prepared and submitted and will only need to be updated and resubmitted at minimal costs (\$2,200). However, the Forest Fire Management and Mitigation HMG application will have to be developed and submitted. The proposed project will develop and implement Forest Management Plans for the Community Forest as well as the Hewitt Ranch and Hiller WWMF areas. It will plan for and develop access roads to the Community Forest and Hewitt Ranch areas to allow fire fighters (and District Staff and the Public) access to various areas of the forest. It will also plan for and construct fire breaks to protect the surrounding District

facilities and neighboring houses. It will also remove brush and dead and diseased trees from the Hewitt Ranch and Hiller WWMF areas similar to the trees that were set on fire this last summer. The detailed cost for this project will be developed as part of the grant application, but the overall cost is currently estimated to be \$750,000 with a District match of \$187,500.

A full Hazard Mitigation Grant Application requires a detailed project description, a detailed scope of work, preparation of the required maps and figures detailing the project, pictures of the project areas, a schedule for project implementation, detailed cost estimates, and a detailed Benefit Cost Analysis (BCA). A scope and cost estimate for the preparation and submittal of the HMG application, including preparation and submittal of all of the above items, was obtained from GHD (**Attachment 1**). The cost for the preparation and submittal of the Forest Fire Management and Mitigation Plan HMG application is estimated to be \$34,900.

Given the March 5, 2021 submittal date, there is not sufficient time to develop a Request for Qualifications, solicit additional Statements of Qualifications and quotes for the performance of this work and evaluate other Professional firms for the performance of this work. GHD has also assisted the District and other local agencies in the successful preparation and submittal of HMG applications for most, if not all, HMG project performed in Humboldt and Del Norte Counties. Their Professional experience is unsurpassed in the local area with regards to the preparation of these applications, which more than meets the requirement under Government Code Section 4525 exempting competitive bidding requirements.

### **Alternatives:**

Staff analysis consists of the following potential alternative:

- Take No Action

### **Fiscal Analysis:**

Cost for grant application submittal is \$34,900 plus a 10% contingency for a total of \$38,390 which will be split between Parks, Water and Sewer Other Professional Fees budget line items.

It is important to note that submittal of the grant application does not commit the District to the implementation of the grant. If the grant application is approved by FEMA/CalOES, a grant agreement will need to be approved by the District Board prior to the acceptance and implementation of the grant.

### **Environmental Requirements:**

Not applicable at this time. If the grant is awarded, National Environmental Protection Act (NEPA) and California Environmental Quality Act (CEQA) permits will need to be prepared and approved by FEMA and the MCSD Board of Directors.

### **Exhibits/Attachments:**

- Attachment 1 – January 8, 2021 GHD Scope of Services for HMG Application



January 8, 2021

Patrick Kaspari, General Manager  
McKinleyville Community Services District  
1656 Sutter Road  
McKinleyville, CA 95519

**Re: Scope of Services for a HMGP Application for the MCSD Forest Fire Mitigation Planning and Implementation Project**

Dear Pat,

GHD is pleased to present the McKinleyville Community Services District (MCSD) with the proposed Scope of Services below to complete an application under California Office of Emergency Services (CalOES) Hazard Mitigation Grant Program (HMGP) sub-application for the MCSD Forest Fire Mitigation Planning and Implementation Project (Project). The project was submitted under DR-4558, which resulted from the Fall 2020 fires across California. MCSD was invited to submit a full application for the project, which is due by March 5, 2021.

The scope of services below describes the tasks to complete the HMGP Application for the Forest Fire Mitigation Planning and Implementation Project. A separate cost breakdown is provided at the end of this proposal.

**Task 1 – HMGP Sub-Application**

Under this task, the CalOES HMGP project sub-application will be completed. This task will include the completion of the following sections:

1. **Subapplication:** General information, contacts, planning information, discussion of hazards and project alternatives and incorporation and reference to other application sections.
2. **Scope of Work:** The framework for the scope of work has been developed, and additional work will be required to frameup the implementation portion of the project, including discussion of physical dimensions of new features and construction methods. A phased approach will be used that will allow for preliminary design and environmental studies to be conducted in support of CEQA and NEPA and to acknowledge the current level of design.
3. **Design:** No design documents have been completed to date, and thus preliminary layouts will be developed that indicate locations of fire access roads, fuels reductions areas, and other proposed ground improvements. GHD will use in-house forestry management staff to assist with the design



approach to achieve the fire hazard reduction goals. Concept project layout documents will be produced primarily in GIS with supplemental design detail sheets related to specific improvements.

4. **Studies:** Research will be conducted to support that the proposed project will result in hazard reduction and referenced in this section. Research will include information to support the proposed design, cost information, hazard and potentially to support alternatives not chosen
5. **Maps:** Complete maps showing the full proposed community forest areas will need to be developed. Maps showing the project site, likely staging areas, access routes, natural resources, FEMA flood plains, and other required data will be developed. It is likely that 3 to 4 maps of each type will be needed to show all project areas.
6. **Photos:** Photos of the project areas and key feature that support the hazard issues will be taken and organized and labeled for the application.
7. **Schedule:** A project schedule will be developed, for both phase 1 and 2
8. **HMGP Cost Estimate and Cost Estimate Narrative:** A concept level cost estimate conforming to FEMA HMGP format and supporting cost data and a narrative will be developed. The cost estimate will also be phased, phase 1 will include preliminary engineering and environmental documents, and phase 2 will include final design, bidding, and construction. The construction costs will be based on similar projects focusing on the road development as a majority of the work.
9. **Match Commitment Letter:** GHD will prepare a draft letter for the District to complete.
10. **Benefit Cost Analysis:** The effort is described in Task 2, and results will be transferred to the subapplication.
11. **Maintenance Assurance Letter:** GHD will prepare a draft letter for the District. The District will provide GHD with a staff and materials estimate of maintenance costs.
12. **Environmental Documentation:** The effort is described in Task 3, and results will be transferred to the subapplication.
13. **Authorization:** No additional work is anticipated to satisfy this requirement
14. **Supporting Documents:** (as needed)

GHD will develop the draft application and sections above for MCSD review and comment. Word versions of the Match and Commitment Letters will be provided to MCSD. It is assumed that the existing Authorizing resolution naming the MCSD General Manager will work for this application.

*Task 1 Deliverable:*

- Draft HMGP Application and Attachments in electronic format
- Final HMGP Application and Attachments in electronic format for submission to Cal OES.



## **Task 2 –Benefit Cost Analysis**

The BCA software version 6.0 will be used to conduct a preliminary benefit cost analysis (BCA) to ensure the project meets the threshold eligibility criteria of a benefit cost ratio (BCR) greater than 1. The damage frequency assessment module of the BCA software will likely be used, but the wildfire module will be considered as well.

Data on number of structures, and structure and land values will be taken from the Humboldt County Assessor's Parcel Data, supplemented with data from the District for critical infrastructure to estimate the potential maximum fire damages. This will be combined with data from the Humboldt County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) on wildfire severity for the area as well as fire data pulled from FEMA BCA guidance documents or models and/or US Forest Service Wildfire assessment and recurrence data.

For the Preliminary BCA, the total structure value within the MCSD will be used and % damage rates applied at predicted recurrence intervals to determine the cost effectiveness threshold for a \$750,000 project with an estimated annual maintenance cost of \$2,500. The findings of the preliminary BCA will be written up for District review and consideration, and if the BCR is confidently above 1, the final BCA will be prepared, which would include additional documentation on structure values and percent damage, fire event history and recurrence, and mitigation benefits.

### **Task 2 Deliverables:**

- Preliminary BCA Analysis in electronic format
- Final Benefit Cost Analysis Report and Attachments, Final BCA Model Files

## **Task 3 – Environmental Checklist**

Under this task the Environmental Checklist attachment will be completed. The environmental review is an important part of the HMGP process. Under this task, GHD staff will conduct a site visit to collect photos of representative project areas and identify general environmental characteristics. This information will be combined with natural resources database information on endangered and threatened plants and animals, air quality, and wetland and waters of interest in the area to address checklist requirements.



The potential need for the following agency coordination, permits and/or approvals will be summarized in an attachment to the Checklist:

- CWA Section 404/RHA Section 10
- Clean Water Act Section 401/402
- EO 11988 Floodplains 8-step Process
- EO 11990 Wetlands 8-step Process
- CZMA CC/Negative Determination
- Section 7 ESA
- NHPA Section 106
- FLPA Farmland Conversion Form AD-1006
- CAA General Conformity Determination
- Migratory Bird Treaty Act
- Fish and Wildlife Coordination Act
- Magnuson-Stevens Fishery & Management Act

No draft permit applications are included in this task. With the District's permission agency contacts may be made to clarify requirements.

### **Task 3 Deliverables:**

- Final Environmental Checklist and Attachments

### **General Assumptions/Exclusions**

- This scope does not include any permit or document fees.
- District staff will actively participate in discussion on concept layouts, proposed project framework and approach, and District staff and resource costs to support the proposed project.
- This scope does not include responses to subsequent Requests for Information on the application. GHD has participated in recent projects reviews with Cal OES which have become stricter and more detailed than in previous times.



## **Schedule**

GHD is available to begin work on this scope of work upon receipt of a notice to proceed from the City. We will complete this work and submit the final BCA by February 26, 2021.

## **Professional Service Fee**

GHD will provide the above described scope of services on a time and material fee basis for \$34,900 per the task breakdown below.

- Task 1 –HMGP Application Sections: \$17,200
- Task 2 – Benefit Cost Analysis Update: \$10,800
- Task 3 – Environmental Checklist: \$6,900

As always, we appreciate the opportunity to assist you on this project. Please do not hesitate to call me if you have any questions.

Sincerely,

GHD

A handwritten signature in blue ink, appearing to be 'M. [unclear]', written over a horizontal line.

Technical Director

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.10**                      **Finance Director Retirement & Replacement**

**PRESENTED BY:**              **Colleen M. R. Trask, Finance Director; Pat Kaspari, General Manager**

**TYPE OF ACTION:**            **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review the information provided, take public comment, and have the Board President assign two members of the Board to a search committee to start the process of replacing the retiring Finance Director.

### **Discussion:**

The Finance Director is planning to retire no later than June 30, 2022 and recommends up to three months of overlap for the transition. As the last attempt to search for qualified candidates, interview, and hire for this position took more than a year, the outgoing Finance Director wanted to provide sufficient lead time for a robust hiring process and enough training time to minimize disruption in the transition process.

There are a couple methods for the hiring process. Some organizations choose to hire an outside firm to hold an executive search. Recently, including with the General Manager Position, the District performed this search in the local community, which saves money and offers a certain amount of local expertise in finding the right fit for their organization, but also required more time for Staff and Board Members. The other option is to hire a Recruitment Firm to perform the search.

A timeline overview (**Attachment 1**) has been created with the idea of conducting an in-house search. You will notice that for February/March 2021, the first item is to appoint a Transition Committee. It is desired to have that first step completed at this Board Meeting and then have that Committee work with Staff to complete the remaining items on the schedule (including developing a more detailed approach and schedule).

### **Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action

### **Fiscal Analysis:**

Duplication of salary expenditure during the overlapping time between outgoing and incoming Finance Directors will be built into the FY21-22 Budget.

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

Attachment 1-Finance Director Transition Schedule and Overview

**Finance Director Transition Schedule and Overview**

<b>Now to March 2021</b>	<b>April 2021-April 2022</b>	<b>April through June 2022</b>
<b>Plan for Transition</b>	<b>Recruit &amp; Interview Candidates</b>	<b>On-Board New Finance Director</b>
Appoint a Board Transition Committee	Finalize Recruitment Advertisement	On Board the new Finance Director
Develop detailed timeline for transition	Reach out to Recruiting Agency if using	Overlap and train with 2022/23 Budget Development, etc.
Develop detailed search approach	Place ads in paper and electronic media	Get up to speed in April/May have them run the Department in June 2022
Establish Interview Panel	Reach out to targeted candidates in community	
Begin developing interview questions	Interview candidates	
Update Position Description	Select highest ranked candidates	
Begin development of recruitment advertisement	Have entire Board interview top two or three candidates	
	Final candidate selection and employment negotiations	
	Make final employment offer	

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATIONAL**

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**ITEM: E.11**                      **Review Information for the Draft Capital Improvement Plan for the Parks & General Fund, FY2021-22**

**PRESENTED BY:**              **Colleen M. R. Trask, Finance Director**

**TYPE OF ACTION:**            **None**

### **Recommendation:**

Staff recommends that the Board review and discuss the Draft Capital Improvement Plan for the Parks and General Fund and take public comment.

### **Discussion:**

The detailed draft of the Fiscal Year 2021-22 Capital Improvement Plan (CIP) for the Parks & General Fund is attached (**Attachment 1**), covering the next ten fiscal years. The majority of budgeted expenditures are anticipated to be covered by assessments and user fees. This allows the District to take a structured approach to future user fees as these projects are undertaken. Funding for certain projects depends on grants awarded. Smaller projects that do not meet the definition of Fixed Assets will be treated as regular expenditures and are anticipated to be paid from operating funds.

The attached Narrative (**Attachment 2**) provides further detail. The final summarized CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2021-22 Budget in June 2021.

### **Alternatives:**

Take Action

### **Fiscal Analysis:**

Not applicable

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments:**

- Attachment 1 - Draft Capital Improvement Plan for the Fiscal Years ending June 30, 2021 – 2030 for the Parks and General Fund
- Attachment 2 – Draft Capital Improvement Plan Narrative for Fiscal Year 2021-22

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>1. Hillier Park &amp; Sports Complex Projects</b>										
Park landscaping & signage										
Playground Structure Replacement		50		25						
Siding Replacement										
Roof Replacement							5	5		
Parking Lot							8			
<b>Totals:</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>0</b>

27

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>2. Pierson Park Projects</b>										
Playground Structure Replacement		125		12						
Park Restrooms/Garage				10						
Gazebo Rehabilitation/Replacement					5					
Pavilion Rehabilitation/Replacement										
Landscaping	13	24	15							
<b>Totals:</b>	<b>13</b>	<b>125</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

**3. Azalea Hall Projects**

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
Major Appliance Replacement	6	6	6	6	6	6	6	6	6	
Replace flooring		85				5			25	
Roof replacement										
Exterior Repairs/Replacement			8	25						
Parking lot resurfacing			11							
Wall/Window Covering replacement		6								279
Kitchen equipment replacement		6	5	35						
Replace tables & chairs		15						15		
P/A system and audio-visual			6							
Floor scrubber										
<b>Totals:</b>	<b>6</b>	<b>118</b>	<b>36</b>	<b>66</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>21</b>	<b>31</b>	<b>0</b>

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>4. McKinleyville Activity Center Projects</b>										
Park landscaping & signage										
Flooring replacement	85									
Gymnasium Walls		15								
Roof replacement										
Siding repair/replacement				70						
Equipment rehabilitation/replacement					10					280
Parking lot resurfacing					16					
Bleacher replacement			5							
Major Appliance replacement		32	5							
Tables & chairs										
<b>Totals:</b>	<b>85</b>	<b>47</b>	<b>10</b>	<b>70</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>5. Other Park Projects &amp; Equipment</b>										
Mower & landscaping equipment		16								18
Light duty utility truck/van/car	8	8	11		11		12		12	
Mobile Radio Upgrade										
<b>Totals:</b>	<b>8</b>	<b>24</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>18</b>

<b>6. Law Enforcement Facility Projects</b>										
Flooring		19								
Furnace replacement		6								
Roof replacement										
Siding replacement							21			
LEF/Library Parking sealing/paving/fencing				5	10					
<b>Totals:</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>7. McKinleyville Library Projects</b>										
Carpet replacement	10									
Furnace replacement		6		6						
Fire Suppression system					20					
Roof & Siding replacement						21				
<b>Totals:</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>20</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>8. Teen &amp; Community Center</b>										
Flooring					14					
Interior rehabilitation/replacement					6					
Kitchen Equipment & Appliances										
Roof & Siding replacement										
Equipment rehabilitation/replacement										
Parking lot resurfacing										
Furnace & Water Heater							5			
Tables & chairs		5	5							
<b>Totals:</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>

Attachment 1

McKinleyville Community Services District

General Fund (Parks & Recreation) **DRAFT** Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2022 - 2030

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031
<b>9. Projects Contingent Upon Grant Funding</b>										
Playstructure replacement-Larissa Park						10				
Community Forest	5									
Hewitt Ranch Parking & Amenities Dev.			120							
<b>Totals:</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>10. Projects Funded by Quimby &amp; Other Funds</b>										
Dog park										
Pole Barn			25							
Skate park	200	400	200							
Hewitt Ranch Improvements										
Washington/School Rd Property Dev.										
Granite (Mad River) Property										
<b>Totals:</b>	<b>500</b>	<b>400</b>	<b>225</b>	<b>0</b>						

Total Planned Capital Expenditures

627	781	287	184	93	42	57	26	43	18
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## Attachment 2

### ***DRAFT Capital Improvement Plan Parks and General Fund Fiscal Year 2021-22***

General Fund capital asset purchases and projects are significantly dependent upon property tax revenues and assessments. The Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities was renewed in FY2012-13 for 20 years.

#### **CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION**

##### **Utility Vehicles and Equipment**

In 1998, the Board adopted a Fleet Replacement Plan to ensure that MCSD's aging fleet of service vehicles would be replaced in an approximately ten-year cycle. Where possible, the District has started to exchange some of the heavier utility vehicles with light compact trucks for savings in capital and operating costs. The light duty truck scheduled to be replaced in fiscal year 2020-21 will be replaced in fiscal year 2021-22.

##### **Facility Projects**

\$6,000 has been budgeted for replacement of the furnace in Azalea Hall. While the floor in the Activity Center is technically at the end of its official useful life, it is still functional and serviceable. \$85,000 is showing in the budget for replacement of this floor, but that project is entirely grant dependent. \$10,000 is budgeted for the replacement of the carpet at the McKinleyville Library. This replacement is more urgent than the Activity Center floor. Grants are being sought for the library carpeting. Quimby funds might also be considered to support the completion of this project.

##### **Parks and Trails Projects**

\$13,000 has been budgeted for the removal of a Monterey pine and the repair of that section of the retaining wall forming the roundabout in Pierson Park. \$5,000 has been allocated to start the grant-funding and forest management process for the proposed Community Forest. As more information becomes available for that project, more accurate projections for future required funding will be possible. The Skate Park and the Washington Avenue property are budgeted for \$200,000 and \$300,000 respectively, but these projects are completely grant-dependent and will not be undertaken unless the grant funding is received.

The District will continue to pursue additional grant funding for new projects, which may be included in the budget in future years but are contingent upon successfully receiving grants.

## **Attachment 2**

### **Small Equipment, Contingency and Other**

Nothing has been set aside in the upcoming fiscal year for unanticipated capital emergency equipment repair or replacement of greater than \$5,000. Smaller and less expensive (more than \$500 but less than \$5,000) new equipment and emergency replacement of existing equipment cannot generally be anticipated. These are considered expenditures, rather than capital assets, and are included in the repairs/maintenance/supplies line of the Parks & General Fund Operating Budget.

### **Note on Attachment 2 – Parks & General Fund DRAFT Capital Improvement Plan**

The Parks and General Fund Capital Improvement Program's planned capital expenditures are shown in thousands: 10 = \$10,000. The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.12**                      **Consider Approval of Ordinance 2021-03 Amending Regulation 5-Connection Charges to Address Accessory Dwelling Units (ADU) Water Connection Fees – Second Reading and Adoption**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review information provided, discuss, take Public Comment and approve the Second Reading and Adoption of the Ordinance 2021-03 (**Attachment 2**), by title only.

### **Discussion:**

In 2017, the State of California enacted Government Code Section § 65852.2(e) and (f) in order to encourage the development of Accessory Dwelling Units (ADUs) (also commonly known as Mother-in-law Units) to facilitate affordable housing development throughout the state. Part of the State Code made it more streamlined for agency approval and dictated when and if government agencies, including water and sewer agencies, could charge fees for the connections of ADUs.

In May through June 2020, the Humboldt County Planning Commission held a series of five public hears on draft County ordinances and General Plan amendments to re-establish local standards in conformance with the new State Code. At the September 1, 2020 Board of Supervisor's meeting, the Board of Supervisor's adopted Ordinance No. 2650, which amends various General Plan and County Ordinances on ADU developments to conform to the new State regulations.

The District needs to update our Rules & Regulations, specifically Regulation 5-Applications for Regular Water Service, to conform to County and State regulations with regards to ADU developments. Rule 5.13-Accessory Dwelling Unit/Secondary Dwelling Unit Connection Charge was written and reviewed by Legal Counsel and Rule 5.09 was edited to conform to the new regulations (**Attachment 1**). This is the first reading of the Ordinance. The main provisions of the Rule are to:

- Define what constitutes an ADU
- Detail when water connection fees and other fees can be charged for an ADU development.

A first reading of Ordinance 2021-03 was conducted on January 6, 2021.

**Alternatives:**

Staff analysis consists of the following potential alternative

- Take No Action
- Repeat First Reading – If any substantive changes are made to the Ordinance, Adoption must be moved to the next regular meeting and a new “First Reading” must be conducted of the Ordinance.

**Fiscal Analysis:**

A detailed fiscal analysis has not been prepared, but it is expected to have minimal impact to District finances. The new connection and capacity fees for ADUs will reduce when connection fees can be collected by the District for ADU developments. However, ADU developments are currently minimal within the District, and the District can still charge for new ADUs constructed with primary dwellings and when separate water or sewer connections are installed to service the ADU.

**Environmental Requirements:**

Not applicable

**Exhibits/Attachments:**

- Attachment 1 – Revisions of Rule 5 in Track Changes
- Attachment 2 – Ordinance 2021-03, An Ordinance of the McKinleyville Community Services District Amending Regulation 5-Application for Regular Water Service of the MCSD Rules and Regulations

## REGULATION 5 – APPLICATION FOR REGULAR WATER SERVICE

**Rule 5.01. APPLICATION** - a property owner or his agent may make application for regular water service on the following application form or by letter giving the same information and paying a nonrefundable processing fee of \$20.00 (twenty dollars).

MCS D APPLICATION FOR SERVICE				
APPLICANT'S NAME (PRINT):			PHONE NUMBERS:	
			HOME:	CELL:
NAME OF CO APPLICANT:			WORK:	
OWN OR RENT?	DRIVER'S LICENSE #:		IF RENTED, OWNER'S NAME:	
			<b>E-Mail:</b>	
<small>I the undersigned hereby request that the McKinleyville Community Services District deliver utility services as specified above, to the address or location as listed below. I do hereby agree to comply with the applicable provisions of the Rules and Regulation and the standard specifications of the McKinleyville Community Services District, copies of which are available upon request.</small>				
SIGNATURE:				
DATE ON	DATE OFF	ROUTE/ACCT.	ADDRESS/SERVICE LOCATION	CUST.#
MAILING ADDRESS:				
Name:				
Employer:				
SSN:				
DOB:				
			Contact Person:	
			Phone Number:	

In addition to the application for service the District will require a deposit equivalent to 2 1/2 (two and one-half) times the monthly average for each class of customers other than property-owners. (See current MCS D fee schedule in Appendix A) This refundable deposit can be waived if the customer can bring in proof of a good payment history with another utility. The deposit will be applied to the account as a credit after 12 months with a good payment record.

**Rule 5.02. UNDERTAKING OF APPLICANT** - such application will signify the customers' willingness and intention to comply with this and other ordinances or regulations relating to the regular water service and to make payment for all fees, costs and expenses associated with provision of the water service. In the event an application is executed by two or more individuals as the customer, each individual executing the application shall be jointly and

severally liable to make payment for all fees, costs and expenses associated with provision of the water service.

**Rule 5.03. PAYMENT FOR PREVIOUS SERVICE** - an application will not be honored unless payment in full has been made for water service previously rendered to the applicant by the District.

**Rule 5.04. INSTALLATION CHARGES** - services and meters shall be installed without charge for all applications for water service received prior to or during the initial construction of the District's water system. The charges below will apply to applications received after the District's Contractor has progressed with the work beyond their property frontage. Such services and meters will be installed without charge only to areas having an existing need providing the owner guarantees to pay at least the minimum each month (whether used or not) for at least a one-year period.

Where service is installed without charge for a vacant lot the owner must guarantee to pay at least the minimum each month (whether used or not) for at least a two-year period.

Where the applicant requests installation of a 1 1/2 inch or larger water meter or where unusual circumstances exist, the charge for installation of water service shall be equal to the estimated cost plus 10 percent of such service connection. The applicant shall deposit said amount with the District prior to installation, the District will track actual expenditures, the District will compute the difference between the deposit and the actual expenditure, the District will rebate the difference to the applicant where the actual expenditure is less than the deposit. The term "unusual circumstances", as used in this rule, shall include water mains deeper than 6 feet, slopes greater than 20 percent, service line lengths of more than 35 feet and closure of roadway due to traffic safety considerations. The schedule for all other service connections is as follows:

5/8" x 3/4" Meter	\$1332.00
3/4" Meter	\$1357.00
1" Meter	\$1496.00

Where the applicant requests the installation of a water meter in an existing water meter box, and the requested meter is to be connected to an existing meter set, the schedule of water meter installation charges shall be as follows:

5/8" x 3/4" Meter	\$285.00
3/4" Meter	\$310.00
1" Meter	\$371.00

Connection charges do not include paving over trenches as required by Humboldt County Public Works Department. Paving costs are the responsibility of the Developer.

**Rule 5.05. INSTALLATION OF SERVICE** - regular water services will be installed as desired by the applicant of the size determined by the Water Department. Service installations will be made only to property abutting on distribution mains as have been constructed in public streets, alleys, or easements, or to extensions thereof as hereby provided. Services installed in new subdivisions prior to the construction of streets or in advance of street improvement must be accepted by the applicant in the installed location.

**Rule 5.06. CHANGES IN CUSTOMER'S EQUIPMENT** - customers making any material change in the size, character, or extent of the equipment or operations utilizing water service, or whose change in operations results in a large increase in the use of water, shall immediately give the District written notice of the nature of the change and, if necessary, amend their application.

**Rule 5.07. SIZE AND LOCATION** - the District reserves the right to determine the size of service connections and their location with respect to the boundaries of the premises to be served. The laying of consumer's pipe line to the meter should not be done until the location of the service connection has been approved by the District.

**Rule 5.08. CURB COCK** - every service connection installed by the District shall be equipped with a curb cock on the inlet side of the meter. The curb cock is intended for the exclusive use of the District in controlling the water supply through the service connection pipe. If the curb cock is damaged by the consumer's use to an extent requiring replacement, such replacement shall be at the consumer's expense.

**Rule 5.09. DOMESTIC, COMMERCIAL AND INDUSTRIAL SERVICE CONNECTION** - it shall be unlawful to maintain a connection excepting in conformity with the following rules:

- (a) **SEPARATE BUILDING.** Each house or building under separate ownership must be provided with a separate service connection. Two or more houses on the same lot shall have separate services if the houses could legally be sold separately. Two or more houses under one ownership and on the same lot or parcel of land may (with specific Board approval, based on hardship) or extenuating circumstances) be supplied through the same service connection; provided, that for each house under a separate roof an additional minimum will be applied to the single meter serving said houses. The District reserves the right to limit the number of houses or the area of land under one ownership to be supplied by one service connection. This rule will not apply to the extent it conflicts with rules regarding ADUs.
- (b) **SEPARATE PROPERTY.** A service connection shall not be used to supply property of the same owner across a street or alley, without written approval for specific cases otherwise meeting the intent of this ordinance.
- (c) **DIVIDED PROPERTY.** When property provided with a service connection is divided, each service connection shall be considered as belonging to the lot or parcel of land which it directly enters.

**Rule 5.10. SERVICE CONNECTIONS** - the service connections extending from the water main to the property line and including the meter, meter box and curb cock or wheel valve, shall be maintained by the District. All pipes and fixtures extending or lying beyond the meter shall be installed and maintained by the owner of the property.

**Rule 5.11. WATER CAPACITY FEE** - a water capacity fee shall be collected from each applicant requesting a new water service in addition to any processing fees and/or installation charges. The capacity fee is based on meter size, as follows:

Size	Fee	Size	Fee
5/8"	\$3,913	3"	\$51,297
3/4"	\$5,607	4"	\$85,142
1"	\$8,991	6"	\$169,755
1 1/2"	\$17,455	8"	\$271,290
2"	\$27,606	10"	\$389,750

Due to recent changes in building code regulations, new single-family homes are to be sized with a 3/4" meter because of fire protection systems, rather than the typical 5/8" meter. It is recommended that all new single family residential units, with meter sizes 5/8" and 3/4" be charged the 5/8" meter rate to reflect their typical demand on the system.

Each July 1<sup>st</sup>, each rate set forth above shall be adjusted by the percentage change in the Construction Cost Index for the San Francisco Bay Area as published in the Engineering News Record between June 2017 and the then most recently published Construction Cost Index.

**Rule 5.12. COMMERCIAL LANDSCAPE METERS** - the manager shall encourage all commercial users to install an irrigation meter in addition to the regular water meter. Where the customer agrees to install an irrigation meter, the overall connection charge shall be the same as if one water meter had been installed and the installation charge shall reflect the actual time and materials cost of adding an additional meter on the service line constructed for the primary meter.

**Rule 5.13. ACCESSORY DWELING UNIT/SECONDARY DWELLING UNIT CONNECTION CHARGE.**

- (a) For the purposes of this Rule, and in conformance with California Government Code Section 65852.2 and Humboldt County Ordinance Title III, Division I, Chapters 3 and 4, an Accessory Dwelling Unit (ADU) shall be defined as follows: For a unit detached from the Primary Dwelling Unit, an ADU is a detached unit with a total floor area of 1,200 square feet or less. For a unit attached to the Primary Dwelling Unit, an ADU is a unit with a total floor area that does not exceed 50 percent of the floor area of the Primary Dwelling Unit. Any detached Secondary Dwelling in excess of 1,200 square feet or attached Secondary Dwelling Unit over 50 percent of the floor area of the Primary Dwelling Unit shall be charged connection fees as detailed in Rule 21.02.
- (b) An ADU constructed within an existing primary dwelling unit or existing structure shall not be charged any connection fees or charges per Humboldt County Code Section 69.05.4.1.3 unless the ADU was constructed with the Primary Dwelling or unless the connection is requested by the owner or developer and installed. If the ADU is constructed with a new Primary Dwelling, or the owner or developer requests a connection not otherwise required, the fixture count within the ADU and the Primary Dwelling shall be used to establish the ERU and fees for the structure as detailed in Rules 5.04 and 5.11.

(c) The District may require a newly constructed ADU, not contained within the existing space of the primary residence, to install new water and sewer connections. If new connections are required and installed or are requested by the owner or developer and installed, the connection charges shall correspond to those established in Rules 5.04 and 5.11. If a new, separate ADU is constructed and utilizes the existing water and sewer connection of the primary residence as approved by the District, no new connection fees or charges will be required by the District.

**ORDINANCE NO. 2021-03**

**AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AMENDING REGULATION 5, APPLICATION OF REGULAR WATER SERVICE, OF THE MCSD RULES AND REGULATIONS**

**WHEREAS**, recent state legislation has provided for changes regarding connection charges of Accessory Dwelling Units (ADU); and

**WHEREAS**, Humboldt County has recently clarified the definition of an ADU with its Ordinance No. 2652; and

**WHEREAS**, the McKinleyville Community Services District is in need of clarifying its rules and regulations relating to ADU's and Connection Charges.

**NOW, THEREFORE**, the Board of Directors of the McKinleyville Community Services District ordains as follows:

Regulation 5, Application of Regular Water Service, of the District's adopted Rules and Regulations are amended to read as follows:

**REGULATION 5 – APPLICATION FOR REGULAR WATER SERVICE**

**Rule 5.01. APPLICATION** - a property owner or his agent may make application for regular water service on the following application form or by letter giving the same information and paying a nonrefundable processing fee of \$20.00 (twenty dollars).

MCSD APPLICATION FOR SERVICE				
APPLICANT'S NAME (PRINT):		PHONE NUMBERS:		
NAME OF CO APPLICANT:		HOME:	CELL:	
OWN OR RENT?		DRIVER'S LICENSE #:	IF RENTED, OWNER'S NAME:	
		<b>E-Mail:</b>		
<small>I the undersigned hereby request that the McKinleyville Community Services District deliver utility services as specified above, to the address or location as listed below. I do hereby agree to comply with the applicable provisions of the Rules and Regulation and the standard specifications of the McKinleyville Community Services District, copies of which are available upon request.</small>				
SIGNATURE:				
DATE ON	DATE OFF	ROUTE/ACCT.	ADDRESS/SERVICE LOCATION	CUST #
MAILING ADDRESS:				
Name:				
Employer:		Contact Person:		
SSN:		Phone Number:		
DOB:				

In addition to the application for service the District will require a deposit equivalent to 2 1/2 (two and one-half) times the monthly average for each class of customers other than property-owners. (See current MCSD fee schedule in Appendix A) This refundable deposit can be waived if the customer can bring in proof of a good payment history with another utility. The deposit will be applied to the account as a credit after 12 months with a good payment record.

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Where service is installed without charge for a vacant lot the owner must guarantee to pay at least the minimum each month (whether used or not) for at least a two-year period.

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2" \$27,606 10" \$389,750

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**Rule 5.13. ACCESSORY DWELING UNIT/SECONDARY DWELLING UNIT CONNECTION CHARGE.**

- (a) For the purposes of this Rule, and in conformance with California Government Code Section 65852.2 and Humboldt County Ordinance Title III, Division I, Chapters 3 and 4, an Accessory Dwelling Unit (ADU) shall be defined as follows: For a unit detached from the Primary Dwelling Unit, an ADU is a detached unit with a total floor area of 1,200 square feet or less. For a unit attached to the Primary Dwelling Unit, an ADU is a unit with a total floor area that does not exceed 50 percent of the floor area of the Primary Dwelling Unit. Any detached Secondary Dwelling in excess of 1,200 square feet or attached Secondary Dwelling Unit over 50 percent of the floor area of the Primary Dwelling Unit shall be charged connection fees as detailed in Rule 21.02.
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- (c) The District may require a newly constructed ADU, not contained within the existing space of the primary residence, to install new water and sewer connections. If new connections are required and installed or are requested by the owner or developer and installed, the connection charges shall correspond to those established in Rules 5.04 and 5.11. If a new, separate ADU is constructed and utilizes the existing water and sewer connection of the primary residence as approved by the District, no new connection fees or charges will be required by the District.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

Introduced at a regular meeting of the Board of Directors held on January 6, 2021 and passed and adopted by the Board of Directors on \_\_\_\_\_, 2021, upon the motion of Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_ and by the following polled vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Dennis Mayo, Board President

Attest:

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April Sousa, CMC, Board Secretary

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **ACTION**

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**ITEM: E.13**                      **Consider Approval of Resolution 2021-02 Authorizing the Application for the Statewide Park Development and Community Revitalization Program Funding for the Pierson Park Expansion and Renovation Project**

**PRESENTED BY:**              **Lesley Frisbee, Recreation Director**

**TYPE OF ACTION:**          **Roll Call Vote**

### **Recommendation:**

Staff recommends that the Board review all pertinent information, allow public comment, and adopt Resolution 2021-02 authorizing the application for the Statewide Park Development and Community Revitalization Program Funding for the Expansion and Renovation of the Pierson Park campus.

### **Discussion:**

This Resolution is a requirement of the grant application that authorizes staff and the General Manager to complete and sign the grant application for funding from the Statewide Park Development and Community Revitalization Program.

The adoption of this Resolution will not authorize the General Manager to enter into or execute any type of long-term agreement for debt, just the authority to complete the application and fulfill the Grant Administration contract if funds are awarded.

### **Alternatives:**

Staff's analysis includes the following potential alternative:

- Take no action

### **Fiscal Analysis:**

Potential for 100% funding to expand and renovate the Pierson Park campus, including the construction of the skatepark, renovating the existing playground, restrooms, community garden, landscaping as well as expanding and renovating Azalea Hall.

### **Environmental Requirements:**

Not applicable

### **Exhibits/Attachments**

- Attachment 1- Resolution 2021-02

**RESOLUTION 2021-02****A RESOLUTION AUTHORIZING THE APPLICATION FOR STATEWIDE PARK DEVELOPMENT AND COMMUNITY REVITALIZATION PROGRAM GRANT FUNDS**

**WHEREAS**, the State Department of Parks and Recreation has been delegated the responsibility by the Legislature of the State of California for the administration of the Statewide Park Development and Community Revitalization Grant Program, setting up necessary procedures governing the application; and

**WHEREAS**, said procedures established by the State Department of Parks and Recreation require the Applicant to certify by resolution the approval of the application before submission of said application to the State; and

**WHEREAS**, successful Applicants will enter into a contract with the State of California to complete the Grant Scope project;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the McKinleyville Community Services District does hereby:

APPROVE THE FILING OF AN APPLICATION FOR THE PIERSON PARK EXPANSION AND RENOVATION PROJECT; AND

1. Certifies that said Applicant has or will have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project if the grant is awarded; and
2. Certifies that if the project is awarded, the Applicant has or will have sufficient funds to operate and maintain the project, and
3. Certifies that the Applicant has reviewed, understands, and agrees to the General Provisions contained in the contract shown in the Grant Administration Guide; and
4. Delegates the authority to General Manager to conduct all negotiations, sign and submit all documents, including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary for the completion of the Grant Scope; and
5. Agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.
6. Will consider promoting inclusion per Public Resources Code §80001(b)(8 A-G).

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on June 5, 2019 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Dennis Mayo, Board President

Attest:

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April Sousa, Board Secretary

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.3.A**                      **Support Services – Dec 2020 – Jan 2021 Report**

**PRESENTED BY:**                **Colleen M. R. Trask, Finance Director**

**TYPE OF ACTION:**            **None**

### **FINANCIAL, AUDIT, & BUDGET INFORMATION**

The District has \$1,109,362.65 to date in the Trust Account for the next Biosolids Disposal project.

Customer adjustments at December month-end total \$13,727.32, which represents 62.3% of the annual \$22,000 budget for this sub-item. (GL# 501/551-62120)

Total Board Travel as of Dec 31, 2020 remains at \$560.00 which is 3.3% of the approved \$17,500 budget for this item. (GL# 001/005/501/551 62090/62155-888)

#### Audit/Budget Update:

The Audit was reviewed by the Audit Committee at a Zoom meeting with the auditors on January 20<sup>th</sup>. The final Audit Report will be presented to the Board for approval at the February 2021 Board meeting.

The draft Capital projects budget for the Parks & Recreation Department will also be presented to the Board for discussion and review at the February 2021 Board meeting. The schedule for the Board to review all remaining components of the 2021 Budget is as follows: Operations draft Capital Projects budget in March, Parks draft operating budget in April, Water & Wastewater draft operating budget in May. The final completed Budget will be presented to the Board for approval in June, before the start of the new fiscal year in July.

#### Treasurer's Report Highlights:

Water Fund capacity fees collected through December totaled \$71,884.68. Wastewater Fund capacity fees of \$147,746.00 were collected through the end of December. No capital contributions have been received yet in FY2020-21. Capital Contributions and Capacity fees are included in the income vs. expenses graphs of the Treasurer's Report, but they are called out separately on the Budget to Actuals report.

## Investments and Cash Flow

The Investments and Cash Flow report shows the balances and activity in each major cash account held by the District. The operating accounts are listed first, followed by each investment account (LAIF, Humboldt County Trust Accounts, the USDA Bond Sinking Fund account, and CalTRUST.) At the end of the report, the total cash and investments from the prior month is listed so users can see the change from month to month. The current month total is also broken down at the very bottom of the page. Cash and Cash Equivalents contains working capital and reserves designated by Board policy. Other legally required cash reserves for various loans are stated and accounted for separately.

## **OTHER UPDATES**

The governor's order to suspend non-payment lock policies remains in effect, and we are seeing slightly more impact, even with staff's continued, concerted attempts to keep people at least reasonably current on their water bills. The current lock list remains longer than normal, but most customers are attempting to pay what is owed. Potential additional bad debt is still being reported as part of the Accounts Receivable total, and has not yet been written off, simply due to the uncertainty of the current situation. It is unknown when or if the governor will rescind the non-lock order. This may cause a spike in the Bad Debt budget detail line by the end of FY 20-21.

Now that the Reserve policy has been updated and approved by the Board, work will begin on an Investment policy to offer general guidance for the investment of District funds. The Investment policy will guide the implementation of IRS Section 115 Trusts for the pension and OPEB reserves which is scheduled for later this fiscal year.

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.3.B**                      **Operations Department – December 2020 Report**

**PRESENTED BY:**              **James Henry, Operations Director**

**TYPE OF ACTION:**          **None**

### **Water Department:**

#### **Water Statistics:**

The district pumped 39.1 million gallons of water in December.

Six water quality complaints were investigated and rectified.

Daily, weekly and monthly inspections of all water facilities were conducted.

#### **Double Check Valve Testing:**

There are no annual DCV testings scheduled for December. The test kit is sent in for calibration during this time, along with conducting retests that are pending.

#### **Average and Maximum Water Usage:**

The maximum water usage day was 1.58 million gallons and the average usage per day was 1.26 million gallons.

#### **Water Distribution Maintenance:**

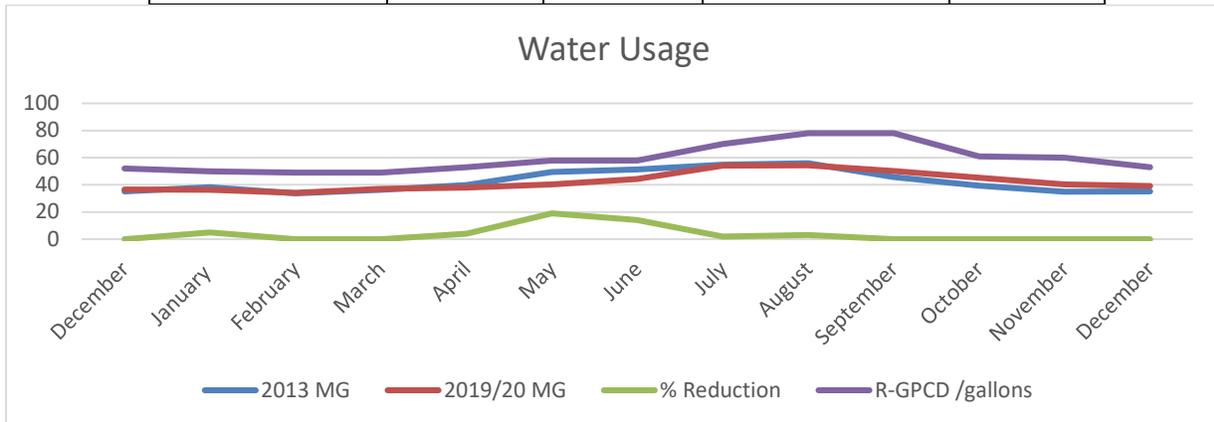
Weekly Bacteria Samples were collected on Schedules 1, 2, 5, and 6 which represent different locations in the water distribution system. The schedules are made up of a sample taken in each pressure zone. String trimming was completed on the Vine Avenue Right of Way. A water service leak was repaired on Hiller Road due to an old crimp in the service. A service on D Avenue was lowered due to the customer cutting the bank down, which left the meter box exposed. Several meters were repaired due to gophers chewing through the radio wires. These are found during meter reading and the radio sending a tamper code. Annual valve exercising continues. All valves in the District will be exercised to keep them operational. A report is populated for each valve and any valves that have issues are flagged for repairs.

#### **Water Station Maintenance:**

Monthly inspections and daily routines were conducted at the water stations. Any minor issues found are repaired during inspections, but if they require parts or extensive labor, the issue is documented on the monthly sheet, which will then generate a work order for repairs. Staff completed the wiring for the new seismic actuators that were installed at the Norton and Cochran Tank sites. Valves can now be exercised from the seismic control panel. New batteries were installed on the pump control unit at the Blake station. One of the Blake pumps failed to run after a power fail. Staff investigated and repaired the wiring issue.

As of July 2014, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the Board updated each month using the Table below.

	<b>2013 (MG)</b>	<b>2019/20 (MG)</b>	<b>% Reduction</b>	<b>R-GPCD</b>
<b>December</b>	35.203	36.588	(-4)	52
<b>January</b>	38.241	36.457	5	50
<b>February</b>	33.751	34.130	(-1)	49
<b>March</b>	36.244	37.145	(-2)	49
<b>April</b>	39.755	38.065	4	53
<b>May</b>	49.407	40.355	19	58
<b>June</b>	51.337	44.200	14	58
<b>July</b>	54.757	54.111	2	70
<b>August</b>	55.908	54.366	3	78
<b>September</b>	45.702	50.074	(-8)	78
<b>October</b>	39.439	45.279	(-13)	61
<b>November</b>	34.879	40.336	(-13)	60
<b>December</b>	35.203	39.076	(-11)	53



R-GPCD = Residential Gallons Per Capita Day

**New Construction Inspections:**

Bo Day Subdivision: Street light installation has been completed. This project will be removed from future reports. Imeson Court: Avarar plans have been reviewed and commented. Engineer sent corrected plans back to staff for review and approval.

**Sewer Department:****WasteWater Statistics:**

27.4 million gallons of wastewater were collected and pumped to the WWMF. 29.3 million gallons of wastewater were treated and discharged to land disposal or reclamation in December.

**Sewer Station Maintenance:**

Monthly inspections and daily routines were conducted on all sewer stations. Letz station experienced a pump failure on Pump 3. After staff investigations, it was found that the soft starter for the pump motor had failed. An electrician was brought in to make the repairs and bring the pump back into service. Staff replaced the check valve at the Fischer station Pump 3 due to failure. The Fischer station was also deep cleaned during this time.

**Sewer Collection System:**

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule. Staff has been clearing the Sharon Right of way, which run from Azalea to Bartow. This involves string trimming and mowing the 20' easement which straddles the sewer main. The sewer flow totalizers (Smart Covers) have been rotating through the collection system to collect wet weather data and have been monitored via web portal.

**Wastewater Management Facility:**

Daily and weekly maintenance continues at the treatment plant to perform required service on the equipment. A roof structure was built over the Secondary Effluent pumps to prevent rainwater from short circuiting the pumps. The annual rebuild of the SO<sub>2</sub> and CL<sub>2</sub> vacuum regulators was completed. One of the irrigation pumps had a seal replacement due to wear and the pump not operating efficiently. A furnace was repaired at the lab.

**Daily Irrigation and Observation of Reclamation Sites:**

Discharge has been going to the River discharge since January 4<sup>th</sup>. Irrigation pipe has been picked up and placed in storage until we go back to land application.

**Street Light Department:**

Six streetlights issues were reported due to photo control failure.

**Promote Staff Training and Advancement:**

Weekly tailgate meetings and training associated with job requirements. Staff received training on Incident Command System, Drug-free Jobsite, Emergency Preparedness, Stairways and Ladder and Confined Space.

**Special Notes:**

Monthly river samples were completed.  
Monthly Self-Monitoring Reports (DMR/SMR) were submitted.  
Public Water Monthly Monitoring report was submitted.  
Monthly Water Quality report was sent to the Dept. of Health.  
Quarterly well samples as required by the NPDES permit.  
Staff received the final Local Limits Study and sent it to SWRCB for review.  
Staff is still separated into teams to avoid possible COVID spread within the staff.  
Staff attended Micro-grid progress update meetings.  
Staff had a couple meetings to discuss the Community Forest.  
Reviewed Highway Sewer Crossing Project documents and submitted comments.  
Reviewed 4.5 MG Tank Project documents and provided comments.  
Attended Emergency Response meeting with staff.  
Attended a meeting with Andy Titus regarding Ranch lease  
Attended two Power Safety Webinars  
Reviewed Tactical Planning Matrix with staff  
Attended Muni meeting with GM  
Submitted the Diesel Generator annual report to Air Resources Board  
Submitted Annual Disinfection by-product report to the Waterboard  
Annual Emissions and Truck Diesel report was submitted to the Air District.  
Annual Hazard Material report was submitted to the County.

**GIS:****Plans and Programs**

- Begin 5-Year review of Urban Water Management Plan
  - Attended webinars for 2020 UWMP population estimates, SBX-7 data, and Climate change considerations.
  - Began compiling customer data (number of connections by connection type and usages)
- Began Drafting MCSD COVID-19 Prevention Program
- Began reviewing/drafting EPA Public Safety Power Shutoff SOP

**Maps Completed/General GIS**

- Purchased 1000 credits for ArcGIS online.
- Extracted Manhole and Cleanout inspection data for Erik's review.
- Reviewing GIS data from Green Diamond

**Misc. Work Completed**

- Doc Star search for Deeds and Coastal Construction Permits

# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.3.C**                      **Parks & Recreation Director's Report for January 2021**

**PRESENTED BY:**                **Lesley Frisbee, Recreation Director**

**TYPE OF ACTION:**            **None**

### **TEEN & COMMUNITY CENTER-BOYS & GIRLS CLUB PARTNERSHIP:**

Staff continues to meet with BGCR staff weekly. The Teen Club has open Monday- Friday 12:00pm-5:00pm. Attendance at the teen center continues to increase.

### **PARK AND RECREATION COMMITTEE:**

The Park and Recreation Committee (PARC) meeting on January 21, 2021 was held over Zoom due to COVID-19. The notes from the meeting can be reviewed in **Attachment 1**.

### **COMMUNITY FOREST UPDATES:**

Staff continues planning and preparing for the acquisition of a Community Forest.

Staff met with the adhoc community forest committee on January 19th and discussed immediate next steps. The notes from that meeting can be reviewed in **Attachment 2**.

Outreach documents have been created; finalizing the structure of the Community Forest Committee, filling committee seats and creating a timeline of actions and activities over the next year are the current objectives.

Staff will begin meeting monthly with Green Diamond Resource staff and Trust for Public Lands staff to ensure efficient and effective planning during the transition of property ownership over the coming months. The first meeting is scheduled for Monday February 1<sup>st</sup> and will recur on the first Monday of each month thereafter

Green Diamond Resource Company has begun sharing GIS data.

### **RECREATION PROGRAM UPDATES:**

The Recreational Afternoon Program is running smoothly currently serving 18 elementary school children per day.

Staff are currently working on the submissions for the Statewide Park Development and Revitalization Grant application due March 12, 2021. An application for the Pierson Park Expansion and Renovation Project will be submitted again. The project includes construction of the skatepark, expansion of Azalea Hall, and renovations of the playground, the restrooms, the community garden and the park landscaping. Additionally, staff has begun working on an application for the development of a BMX Track and Park at the School Rd. and Washington Ave. property.

We are currently hiring Leaders for our Recreation in the Afternoon Program as well as the MUSD Expanded Learning Program that will offer support and assistance during the school day to students participating in distance learning classes.

Staff have scheduled monthly painting classes beginning February 10<sup>th</sup>. Classes will be held virtually until it is deemed safe to host classes in person again. The paintings for upcoming classes are:

February 10<sup>th</sup>



March 10<sup>th</sup>



### **PARKS & FACILITY MAINTENANCE:**

Several open space zones received mowing, hedging and weeding maintenance as part of the Open Space Maintenance Zone agreements. OSMZ detention basins were inspected and cleaned out as necessary. Trees were trimmed in various landscape zones. The Parks crew and NHES continue the routine schedule for maintenance on Central Ave. landscaping. Staff continues to keep up with daily/weekly routine facility and vehicle maintenance. Monthly inspections were conducted on all facilities and Open Spaces.

HVAC Systems in facilities were inspected. Repairs to systems were made, as necessary. A water leak at the Activity Center was repaired.

### **OTHER UPDATES:**

- Staff continues to work with the community members interested in developing a BMX track at the Washington Ave.-School Rd. property. Staff worked with the BMX community to host a series of public input meetings to gather input on park design elements to be included in the Prop 68 SPP grant application.
- The Recreation Director continues to plan and facilitate a series of communication skills workshops for all District staff. These are monthly workshops conducted in small groups. The communication skills topic will culminate in one to two more sessions.
- Staff attended Board meetings for board service on both the McKinleyville Chamber of Commerce Board of Directors and the Boys & Girls Club of the Redwoods Board of Directors.
- Staff continues to provide administrative support to the Support Services Dept.

### **ATTACHMENTS:**

- Attachment 1—PARC Meeting Notes 1-21-21
- Attachment 2—Adhoc Community Forest Committee Notes 1-19-21

**Thursday, January 21, 2021**

**6:30pm**

Recreation Advisory Committee Meeting

NOTES

**Members Present:** Johnny Calkins, Ben Winker, Jeff Dunk, Scott Binder, Chad Sefcik, Laura Bridy, John Kulstad, Charlie Caldwell, Beth Frink,

**Members Absent:** none

**Guests:** Wendi Orlandi, Jennifer Ortega, Pat Kaspari

**Meeting Notes:**

Communications:

- Chad Sefcik asked members if any would be interested in volunteering to help clean up the creek along the Parkside Trail behind the high school.

Public Comment:

- None

Election of Officers:

- Jeff Dunk asked if John Calkins would be willing to serve a second term as Chair. John Calkins said he would.
- John Kulstad nominated John Calkins for Chair. Charlie Caldwell seconded the nomination. Committee voted unanimously for John Calkins to remain Chair.
- Charlie Caldwell stated he'd be willing to serve as Vice-Chair. John Kulstad nominated Charlie for Vice Chair, Jeff Dunk seconded the nomination. Committee voted unanimously for Charlie Caldwell to serve as Vice Chair.

Recreation Director Report

- Staff have been working with the BMX community to host a series of public input meetings for the design and development of a BMX Track & Park for which staff will be seeking grant funding from the Prop 68 funded Statewide Park Development and Community Revitalization Program. Staff has prepared and uploaded much of the SPP grant application for the Pierson Park Expansion and Renovation project.
  - Chad Sefcik asked a few questions regarding the application requirements and process.
- Staff facilitated staff development workshops for District employees.
- Staff continue providing the Recreation Afternoon Program to 16 elementary age school children. Additionally, staff is preparing to offer a full day program for Presidents Week, Feb. 15-19.
- Staff are drafting the Spring-Summer Newsletter and Activity Guide. We will be adding virtual paint night classes to our program offerings beginning February 10<sup>th</sup>.
- Park Maintenance staff repaired a water leak at the Activity Center; Completed tree trimming in various OSMZs and facility landscaping areas; conducted monthly inspections on facilities, OSMZs and vehicles. All Facilities received HVAC system inspections which led to a minor system repair at the Library.
- Staff have begun the drafting process for the FY 21-22 Capital Improvement and Operating Budget. A draft of the budget will be brought to the PARC for review in February.

BMX Track & Park Project:

- Staff reported on recent public input meetings, a meeting with staff and design engineer, a meeting with consultant regarding CEQA, and a meeting with playground designers.

- John Kulstad asked about the size of the area available for a playground. Staff reported there will be approximately 13k square feet available for playground elements.

### Community Forest

- Staff reported on recent meeting of the adhoc Community Forest Committee and the next steps being taken by that committee.
- Committee member Ben Winker asked how community use guidelines are being developed
  - Staff reported that use guidelines will be developed further down the line and that public input will be sought before decisions get made.
- Guest, Jennifer Ortega asked when the Community Forest boundaries and maps will be available for public viewing. She stated that understanding the boundaries of what is community forest and what is still Green Diamond property is important to residents. Residents are concerned that access decisions will be made without their input or knowledge.
  - Staff explained the current obstacles to presenting that information to the public and also stated that the District intends to solicit public input before making decisions regarding access points, and recreation development before making any decisions regarding access and public use.
- Committee members commented on historical uses of the property and the process that can be expected and required for the development of the community forest.
- Pat Kaspari asked the committee members who may know field experts (biologist, foresters, etc) that might be interested in being on the Community Forest Committee to forward names and contact information to staff.

### Round Up for Rec:

- Committee members discussed how to create more awareness about the opportunity to donate to Parks & Rec through water/sewer payments
  - Ben Winker is willing to try to create a flyer to distribute.
- It was asked if the donate button on the District website could be relocated so that it is in the same or near to the “pay you bill” button.
- Committee member Beth Frink is going to reach out to Eureka Natural Foods to see about a round up program through grocery shopping.

### Report on Actions of MCSD Board

- Staff reported on actions taken by the Board of Directors on January 6, 2021
- There were no comments or questions on the report.

### AdHoc Committee Reports:

- Hewitt Ranch—the trail is wet.
- Skate Park—Quarterly Report will go to Board in February. Permit applications are currently undergoing plan check at the county. A grant application was submitted for the Headwaters Fund Grant program. There is currently \$118k in the bank for the skate park. HSC is hoping for a June ground breaking.
- School and Washington Property—no report
- River Property—Jeff Dunk shared photos of the property from a recent hike he took. Reported on the possibility of HSU Natural Resource students using the River Property for a capstone project that would produce maps of the property, invasive plant inventory and a plan to remove invasive plants.
- Fischer Ranch Estuary project—Still awaiting the Coastal Development permit.
- BMX— See notes on above

Agenda Items for next meeting:

- Draft Budget review
- Community Forest
- BMX Update

Adjournment:

- Adjourned: 7:35pm

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# McKinleyville Community Services District

## BOARD OF DIRECTORS

February 3, 2021

TYPE OF ITEM: **INFORMATION**

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**ITEM: F.3.D**                      **General Manager’s Report for February 2021 Meeting**

**PRESENTED BY:**              **Patrick Kaspari, General Manager**

**TYPE OF ACTION:**            **Information Only**

### **A summary of activity for the month of January 2021**

**Cost Savings Related to District Activities** – The following is a review of some of the recent cost savings opportunities District staff identified for the month:

• Use of NHE Services =	\$3,016
• Pialorsi Water Leak Repair	\$160
• Wire Norton Seismic Controller	\$1,900
• Build SE Pump Awning	\$320
• <u>Homeless Camp Cleanup</u>	<u>(\$180)</u>
<b>TOTAL COST SAVINGS FOR DEC</b>	<b>\$5,216</b>

***The cumulative cost savings for the District to date from July 1, 2020 is \$126,939***

District staff are recognized and commended for their continued efforts in looking for cost savings, the use of internal labor, and grant opportunities that result in real savings for the District, ratepayers, and the community.

**COVID- 19** – We submitted a total of \$41,078.46 in claims to the Governor’s Office of Emergency Services (CalOES) for Public Assistance for the State and Federally declared disaster FEMA-4482-DR-CA-COVID-19 Pandemic. Costs were associated with the purchase of personnel protective equipment, disinfectant, and employees’ time. It looks like we are not going to get reimbursed for any of the computers or employees time, reducing our claim considerably to approximately \$9,000. We have not yet received any reimbursement from CalOES, although we have heard that they are processing the claim.

We have gotten a response back on the claim submitted to the County under the CARES Act and have been told we will receive \$12,000 for the equipment purchased to respond to COVID. However, we have not received the payment as of yet.

As of January 25, \$84,239 has been tracked in staff time and expenses directly attributed to COVID-19. We will continue to track COVID related expenses and likely have an opportunity to submit an additional claim at the end of the disaster for additional material and hopefully the State and Federal government will pass additional relief bills.

District Staff has also completed a vaccine survey and submitted it to County DHHS outlining which staff were at high risk, moderate risk, and low risk. It appears that the County is breaking up our Parks & Rec Staff and our Operations Staff into two groups. Right now, the Parks & Rec Staff associated with Childhood Education Programs may get immunized in Phase 1b. Operations and Office Staff are still listed at the Phase 1c level; however, we have been asking County DHHS as well as Senator McGuire's office to include the Operations and Front Office Staff in the Phase 1b level as well. It should be noted that Federal CDC does recommend Water & Wastewater staff be immunized as part of Phase 1b, but the State of California recommendations are that water and wastewater essential staff be immunized in Phase 1c. It should be noted that the State is now talking about prioritizing solely on age and this remains a fluid situation.

Staff continues to perform amazingly during this stressful time. Stress continues to take its toll, but we are working to come up with ways to relieve the stress and are planning socially distanced activities to help relieve stress.

**4.5 Gallon Water Tank Project** – The District continues work on this Project with Kennedy Jenks (KJ) and their subconsultants. KJ submitted the “Preliminary Design Report” and 30% Design Drawings. All of their other Phase 1 documents are also complete except the Biological Reports.

The most important result from the 30% design documents is that the estimated construction cost is significantly higher than the value estimated in the grant application. KJ's construction cost estimate came in at \$9.3M (\$10.3M including engineering and CM) or \$3.1M over the cost estimate submitted with the grant application. The grant was for a total of \$7.2M (\$5.4 Federal share and \$1.8M match). We have reached out to CalOES to see if there are additional grant funds available to cover the shortfall. We have been told there is additional funding, and the District has submitted a letter with the revised cost estimate and a revised Benefit Cost Analysis asking for an additional \$2.33M. This would represent 75% of the additional cost and the District would have to match that with \$777,000 above our original match commitment of \$1.8M. The total District match for the \$10,331,280 project would then be \$2,582,820. \$178,000 was budget for the engineering costs in this Fiscal Year, along with \$900,000 budgeted for Water Rehabilitation projects. The remaining will have to be budgeted for in the 2021/22 and 2022/23 Fiscal Years. We will wait until we get a response from CalOES and then bring back costs to the Board, including with the 2021/22 Fiscal Year budget.

District Legal Counsel is preparing a Draft offer for the purchase of the land. The price for 4.72 acres at \$34,300/acre is \$161,896. We forwarded the appraisal to Doug Shaw of American Hospital Group with a request to finalize negotiations on the property purchase. We have not heard a definitive response on the purchase from Mr. Shaw, so we plan on completing the purchase offer and let him respond to that.

Funding for this project is through a Hazard Mitigation Grant through Cal OES and FEMA and will be a 75% grant/ 25% cost match by MCSD.

**Water and Sewer Mainline Master Plan Phase 3c** – GHD is working on the methodology for the prioritization of the repairs and the updating of the replacement schedule. This phase will include the finalization of the schedule for which pipes to replace when, as well as further assessing the costs associated with the District replacing pipes as compared to going out to bid for a Contractor to replace pipes. GHD is finalizing a Draft Risk Matrix, and we are scheduling a meeting to review in early February. The intent is to budget for the first replacement design in the 2021/22 Fiscal Year, and potentially start replacing pipes in the summer of 2022.

**SRF Energy Efficiency WWMF Micro-grid Project** – Ameresco is currently moving forward on the design of the Solar Array for the Pond 5 area and has submitted the Pre-design Report, the 90% design of the solar array, and the 30% design for the Battery Bank. District Staff and GHD provided comments on the design plans and report, and the comments will be incorporated into the 100% design submittals. As reported below under the Tesla Batteries item, we have cancelled the contract with Tesla for providing batteries at the wastewater treatment plant. This item has been added back into the contract with Ameresco, as it was originally part of their contract.

The original Design/Build Contract amount with Ameresco is for \$2,065,520 with a \$206,552 contingency. Given the greater cost for constructing the system in the Pond 5 area, a contract change order will be required. We discussed this with Ameresco and agreed to move forward until a final, firm cost of the construction is obtained, and then we would negotiate this change order. This project is funded by a \$2.5M grant/\$2.5M loan from the State Water Resources Control Board.

**Hiller Lift Station Pump Upgrade** – Work on the station upgrade is complete. The remaining control panel required to talk to the District's SCADA system and other punch list items were largely completed this month. District staff obtained training on the pump controls and the system has been put into service. We are still waiting for final O&M Manuals and As-Builts as well as fixing some cabinet doors and returning an Uninterrupted Power Supply that came out of the original stations. As soon as we receive these items, we will file a Notice of Completion for the project.

The original construction contract amount is for \$508,500 with a \$50,850 contingency. There have been three change orders for this project. Change Order #1 was a deductive change order for the cost of the wet well coating in the amount of minus \$2,695. Change Order #2 was for the addition of disconnect switches to the SCADA panel for an additional amount of \$4,033.5. Change order three was for the installation of a gravel pad/road to allow District vehicles to access the pump station without running over the grass at a cost of \$1,087.98, for a total contract amount of \$510,926.48, or \$48,423.52 under the total contingency. The cost for construction oversight increased given the additional time required for construction. The original

Engineering contract approved by the Board was for \$117,000, with a 10% contingency, for a total amount of \$128,700. The first contract amendment taking the contract up to \$128,700 was issued after the completion of the design to address additional design elements not included in the original scope. The second Engineering Contract amendment for \$17,400 was issued at the beginning of December to cover the additional construction management time required to cover expanded construction time. This \$17,400 will come out of the remaining \$48,423.52 construction contingency. This project is funded by a \$2.5M grant/\$2.5M loan from the State Water Resources Control Board.

**TESLA Batteries** – As the Board is aware, Tesla has submitted grant applications on the District's behalf to PG&E for their Self Generation Incentive Program (SGIP). Applications were submitted for the Ramey Pump Station, the Fischer Lift Station, and the Wastewater Management Facility. We received confirmation from PG&E that the grant for the Wastewater Management Facility and the Fischer Lift Station will be funded. We are still waiting on confirmation that the grants for the Ramey batteries will be funded, but we have received confirmation that they are in review. Meanwhile, Tesla has started on the design process for the Ramey and Fischer sites.

A coordination meeting was held between Tesla, Ameresco, GHD, Operations Director Henry, and me to begin the coordination work on the battery bank located at the Wastewater Management Facility. It became obvious after that meeting that Tesla was not willing to integrate their batteries into the Microgrid system, and there was some doubt as whether they would indeed work with the Ameresco Microgrid system. Tesla was willing to install the batteries, but then Ameresco would have to integrate them. There were also some large potential contract breach remedies (up to approximately \$450,000) if Tesla did not receive all the SGIP data they required. It was becoming obvious that the District could be stuck between Ameresco and Tesla pointing their fingers at each other saying it was the other's fault if things did not work, and the District could be stuck holding the bill. We had one final call with Tesla and both parties agreed to cancel the contract for the WWMF site. The District then added the batteries back into the Ameresco contract.

Meanwhile, we have also received two additions to the Tesla contract that they have requested we sign. The contract amendment is to allow the batteries installed at the Ramey Pump Station and Fischer Wastewater Lift Station be used to sell power back to the grid during peak power events. Tesla would then provide 40% of the electrical sale income back to the District. We have not signed or sent the contract amendment back to Tesla yet and have merely told them we need time to review. Staff is concerned that the batteries could be discharged when we need them, and the additional discharging would reduce the battery age. Staff's initial response is that we are not inclined to sign the contract amendment. We are discussing with District Legal Counsel and other Cities and Agencies in the area that have also received the contract amendment. We will report back to the Board at the March Board meeting where we end up on this item.

**Local Limits** – Operations Director Henry has been working on the Draft Local Limits Study Report with Freshwater Environmental Services. The Study compares the levels of various constituents (BOD, TSS, etc.) as it travels through the collection system, through the treatment process and effluent disposal to calculate the load and removal of constituents. This information will be used to establish how much of various constituents can be discharged by individual, generally commercial, users. The Report has been finalized and was submitted to the Regional Water Quality Control Board for their review. After the Regional Boards reviews and approves the report, we will bring recommendations to the Board for any changes to our local discharge limits for further review and discussion.

**Sewer Undercrossing Project** – GHD has completed and submitted Drafts of the 30% design Plans and environmental report for the sewer undercrossing project. Operations Director Henry and GM Kaspari have reviewed and provided comments. GHD also submitted a draft of the Preliminary Design Report and the Cultural Resource survey, which Staff reviewed and provided comments on. We are waiting for the revised reports to do an additional review prior to their finalization.

The southern crossing cultural resource investigation has identified some potential cultural resource sites that we discussed with the local Tribal Historic Preservation Officers (THPOs) from Blue Lake Rancheria, Bear River Band, and the Wiyot Tribe. We met at the site with the THPOs and agreed upon an approach to further assess the construction site. We have been discussing the issue with CalOES and FEMA environmental and have agreed that we will submit the draft Cultural Resource Study to them for their review. FEMA will likely reach out to the Tribes to do a government-to-government consultation.

Given the additional back and forth with FEMA/CalOES on the Cultural Resource Study, we have requested an extension for the Phase 1 completion from January 31, 2021 to April 30, 2021.

This is a Hazard Mitigation Grant through Cal OES and FEMA and will be a 75% grant/25% cost share by MCSD. Estimated total project cost is \$3.5M.

**Pialorsi Ranch Property** – The District is proceeding on the installation of the irrigation piping infrastructure on the ranch, as well as the restoration of the house. The new recycled water grant will facilitate the irrigation design tremendously. The electrical contractor has completed their work rewiring the house. The Sousa's have largely finished cleaning out the existing house and sheds and pulling up the carpets and have begun painting and priming the walls and working on replacing the flooring. Meanwhile, they have moved in and will continue the restoration work.

The remediation work for the PCB impacts has not yet started and if the Board approves the new contract, we should be able to complete that work in February.

We are also working with Andy Titus on the hay lease for the Fischer and Pialorsi properties. Operations Director Henry and GM Kaspari met with Mr. Titus early in January to discuss the plans for his operations and to coordinate for the upcoming year. It appears like he is going to be easy to work with.

**Reporting by Sheriff's office, County Public Work, County DHHS** – A regular meeting has been scheduled with President Mayo, GM Kaspari, Supervisor Madrone, and Maya Conrad, the current President of the McKinleyville Municipal Advisory Committee (MMAC), to occur on the last Monday of every month to discuss various topics of concern to all three organizations and the community. This month we discussed the Draft Latent Powers Report and potential MCSD support for the MMAC. We also discussed the Town Center development, and we updated them on the Community Forest, the HBMWD/Trinidad Rancheria Waterline request, the BMX track, and the standard updated rental agreement for the Sheriff's building & Library. We also discussed the possibility of the County installing a fence somewhere towards the south end of Fischer Road.

**Grant Applications** – As mentioned in previous GM Reports, we have heard that the \$15,000 Community Forest Technical Assistance grant from the North Coast Resource Partnership to assist with a Forest Management Plan will be funded. We are waiting for the final grant agreement, which we will take to the Board for approval.

We have not heard yet on the grant application for \$75,000 to CalOES under their Community Power Resiliency Grant Program for the purchase of a mobile generator to run our wastewater pump stations in the event of power outages. This will be a full grant if we get it.

As reported at the Board Meeting, we have heard on the four Notice of Interests (NOIs) submitted to CalOES for their Hazard Mitigation Grant Program: 1) the \$750,000 Forest Fire Management Plan development and implementation for the Community Forest, Hewitt Preserve and Hiller areas was approved, as was the 2) \$2.67M for the installation of a new water line crossing of the Mad River; and the 3) \$1,000,000 the replacement of the McCluski Tanks. The 4) \$750,000 for the replacement of 97 fire hydrants throughout town was rejected. All of these grants are 25% matching grants. Based on the Board decision, the District will now have to submit full grant applications for the selected projects.

We are also working on the Prop. 68 Parks grant for the Skate Park, upgrades to Azalea Hall and Pierson Park, and the BMX site development as reported in Parks & Recreation Directors Frisbee's report.

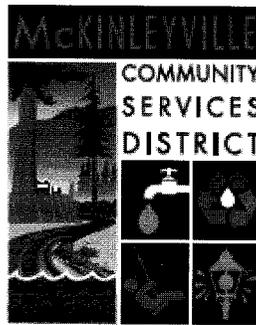
**Meetings** –The General Manager attended various meetings in January including two Special Board Meetings with the MMAC on the Town Center, as well as their regularly scheduled Board Meeting. He also attended several BMX Public input meetings and met on the School/Washington Street site with the BMX designer and Director Frisbee to review the site design, as well as with a Biologist to review the CEQA requirements for the BMX site.

Board Secretary Sousa and the GM attended On-Boarding meetings with new Directors Binder, Clark-Peterson and Orsini. Secretary Sousa is also setting up the necessary training for the new Board Members and existing Board Members. The GM also attended meetings with the new Directors and Department Heads-Frisbee, Henry and Trask to review their Departments, their regular work obligations, and upcoming and proposed Capital Improvement and Strategic Plan Projects.

The GM also attended several meetings on the Community Forest, including meetings with Trust for Public Lands and Green Diamond; Audit Committee Meetings, Latent Powers Committee Meetings, and an Emergency Operations Committee meeting with District staff to discuss upcoming training and how we can keep staff's emergency response skills at peak condition; and a regularly scheduled Muni Meeting with HBMWD and the rest of the Muni Customers to discuss various operational issues.

**Attachments:**

- Attachment 1 – WWMF Monthly Self-Monitoring Report

**PHYSICAL ADDRESS:**1656 SUTTER ROAD  
McKINLEYVILLE, CA 95519**MAILING ADDRESS:**P.O. BOX 2037  
McKINLEYVILLE, CA 95519

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**MAIN OFFICE:**PHONE: (707) 839-3251  
FAX: (707) 839-8456**PARKS & RECREATION OFFICE:**PHONE: (707) 839-9003  
FAX: (707) 839-5964R.W.Q.C.B. NORTH COAST REGION  
5550 SKYLANE BLVD., SUITE A  
SANTA ROSA, CA 95403

January 25, 2021

**RE: MONTHLY MONITORING REPORT**

Dear Justin:

Enclosed is the Monthly Monitoring Report for December 2020 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number R1-2018-0032.

The normal discharge of effluent was 31 days going to 002, 003, 004 and 006. The required monitoring and water quality constituents that were tested and reported was in compliance in December.

Effluent Limitations Parameters	Units	Average Monthly	Average Weekly	Avg. % Removal	Max Daily	Instant Max	Instant Min	Results
<b>Monitoring Location EFF- 001</b>								
BOD	mg/L	30	45	>85				Compliance
TSS	Mg/L	30	45	>85				Compliance
PH	s.u.					6.5	8.5	Compliance
Settleable Solids	ml/L	0.1			0.2			Compliance
Chlorine Total Residual	mg/L	0.1			0.2			Compliance
Carbon Tetrachloride	ug/L	.25			.75			N/A
Ammonia Impact Ratio	mg/L	1.0			1.0			N/A
Dichlorobromomethane	ug/L	.56			1.4			N/A
<b>Monitoring Location LND-001, REC-001</b>								
Nitrate		10						Compliance
PH		6.0- 9.0	6.0 – 9.0					Compliance

Total Coliform Organisms MPN/100 ml. The Monthly Median not to exceed MPN of 23 and the daily maximum not to exceed MPN of 240. The reported results for the month of December are as follows. Median was <1.8 and a Maximum of <1.8. Four samples were collected in the month of December and was in compliance.

Monthly River Monitoring was conducted in December.



**McKINLEYVILLE COMMUNITY SERVICES DISTRICT  
WASTEWATER MANAGEMENT FACILITY  
EFFLUENT DISCHARGE DISPOSAL**

**DECEMBER 2020**

Discharge Monitoring DATE	INF-001 INFLUENT MGD	EFF-001 EFFLUENT MGD	MAXIMUM GPM	002 LND-001 N.POND MGD	002 LND-001 S.POND MGD	004 REC-001 FISCHER MGD UPPER	003 REC-001 FISCHER MGD LOWER	006 REC-001 PIALORSI MGD	005 REC-001 HILLER MGD	IRRIGATE TOTAL MGD	001 EFF-001 RIVER MGD
1	0.854	0.833	1104			0.665		0.168		0.833	0.000
2	0.864	0.848	1125			0.667		0.181		0.848	0.000
3	0.852	0.889	1219			0.652	0.042	0.195		0.889	0.000
4	0.841	0.763	1097	0.386		0.325		0.052		0.377	0.000
5	0.862	0.741	947	0.741						0.000	0.000
6	0.907	0.742	841	0.742						0.000	0.000
7	0.861	0.879	1256	0.278		0.380	0.034	0.187		0.601	0.000
8	0.840	0.798	1105			0.643		0.155		0.798	0.000
9	0.844	0.828	1096			0.646		0.182		0.828	0.000
10	0.841	0.841	1186			0.643	0.038	0.160		0.841	0.000
11	0.855	0.825	1044	0.457		0.304		0.064		0.368	0.000
12	0.864	0.845	1008	0.845						0.000	0.000
13	0.970	0.833	984	0.833						0.000	0.000
14	0.923	0.965	1214	0.316		0.442	0.031	0.176		0.649	0.000
15	0.890	0.925	1127			0.736		0.189		0.925	0.000
16	0.955	0.901	1198			0.743		0.158		0.901	0.000
17	0.971	0.994	1220			0.780	0.036	0.178		0.994	0.000
18	0.916	0.991	1206	0.525		0.391		0.075		0.466	0.000
19	0.875	1.032	1115	1.032						0.000	0.000
20	0.894	0.926	1002	0.926						0.000	0.000
21	0.883	1.097	1292	0.375		0.497	0.035	0.190		0.722	0.000
22	0.871	1.050	1228			0.905		0.145		1.050	0.000
23	0.863	0.967	1044	0.581		0.386				0.386	0.000
24	0.887	1.116	1268	1.116						0.000	0.000
25	0.850	1.109	1208	1.109						0.000	0.000
26	0.947	1.106	1116	1.106						0.000	0.000
27	0.927	1.109	1248	1.109						0.000	0.000
28	0.882	1.172	1323	0.418		0.547	0.033	0.174		0.754	0.000
29	0.860	1.059	1239			0.908		0.151		1.059	0.000
30	0.868	1.079	1282			0.901		0.178		1.079	0.000
31	0.880	1.026	1237	0.697		0.329				0.329	0.000
<b>TOTAL</b>	<b>27.397</b>	<b>29.289</b>		<b>13.592</b>	<b>0.000</b>	<b>9.805</b>	<b>0.249</b>	<b>2.958</b>	<b>0.000</b>	<b>15.697</b>	<b>0.000</b>
<b>AVERAGE</b>	<b>0.884</b>	<b>0.945</b>	<b>1148</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.506</b>	<b>0.000</b>
<b>MAXIMUM</b>	<b>0.971</b>	<b>1.172</b>	<b>1323</b>	<b>1.116</b>	<b>0.000</b>	<b>0.908</b>	<b>0.042</b>	<b>0.195</b>	<b>0.000</b>	<b>1.079</b>	<b>0.000</b>
<b>MINIMUM</b>	<b>0.840</b>	<b>0.741</b>	<b>841</b>	<b>0.278</b>	<b>0.000</b>	<b>0.304</b>	<b>0.031</b>	<b>0.052</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>DAYS</b>	<b>31</b>	<b>31</b>		<b>19</b>	<b>0</b>	<b>21</b>	<b>7</b>	<b>19</b>	<b>0</b>	<b>10</b>	<b>16</b>
<b>Lbs/Acre</b>						<b>0.735</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>		
<b>DAYS WITH NO DISCHARGE = 0</b>											