



Mission statement of McKinleyville Community Services District:
“Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, library services, and other appropriate services for an urban community 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, NOVEMBER 2, 2022 AT 7:00pm**

**LOCATION: AZALEA HALL
1620 Pickett Road
McKinleyville, California**

Or

**TELECONFERENCE Via ZOOM & TELEPHONE:
Use ZOOM MEETING ID: 859 4543 6653 (<https://us02web.zoom.us/j/85945436653>) or DIAL
IN TOLL FREE: 1-888-788-0099 (No Password Required!)**

To participate in person, please come to Azalea Hall.

To participate by teleconference, please use 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 up until 4:30 p.m. on Tuesday, November 1, 2022.

All Public Comment received before the above deadline will be provided to the Board at 9 a.m. on Wednesday, November 2, 2022 in a supplemental packet information that will also be posted on the website for public viewing.

Please note that, due to potential technical difficulties, the quality of the Zoom meeting cannot be guaranteed. **If you have public input to provide on an agenda item, it is recommended you attend in person at Azalea Hall or submit written comments as outlined above.**

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.

- | | | |
|-----|---|----------------|
| B.1 | Water and Sewer Rate Evaluation and Proposition 218 Public Hearing | Pg. 5 |
| | Attachment 1 – Comprehensive Utility Rate Study, Willdan, August 2022 | Pg. 9 |
| | Attachment 2 – Willdan Utility Rate Study Presentation | Pg. 79 |
| | Attachment 3 – Proposition 218 Mailing Notice | Pg. 114 |

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 October 5, 2022 | Pg. 119 |
| | Attachment 1 – Draft Minutes from October 5, 2022 | Pg. 120 |
| D.2 | Consider Approval of September 2022 Treasurer's Report | Pg. 125 |
| D.3 | Compliance with State Double Check Valve (DCV) Law | Pg. 151 |
| D.4 | Reaffirm Resolution 2021-27 Making Findings Pursuant to | Pg. 153 |

Government Code Section 5493, as Amended by Assembly
Bill 361, and Authorizing the Continued Use of Virtual Meetings
Attachment 1 – Adopted Resolution 2021-27 **Pg. 155**

D.5 Affirm Change of Board Meeting Time from 7 p.m. to 6 p.m. **Pg. 157**
Attachment 1 – Resolution 2022-27 Updating the Rules and
Regulations Rule 61 **Pg. 158**

Attachment 2 – Resolution 2022-28 Updating the Board Policy
Manual Rule 5-1 **Pg. 159**

D.6 Review 2021 Annual Water Loss Audit Report **Pg. 161**
Attachment 1 – 2021 Annual Water Loss Audit Reporting
Worksheet **Pg. 163**

D.7 Consider Approval of Filing a Notice of Exemption for Construction of
Central Avenue Water and Sewer Mainline Rehabilitation Project **Pg. 165**

Attachment 1 – CEQA Notice of Exemption for Central Avenue
Water & Sewer Mainline Rehabilitation Project **Pg. 167**

D.8 Biosolids Disposal Reserve Draw Request **Pg. 171**
Attachment 1 – County of Humboldt Draw Request Form **Pg. 172**

D.9 Humboldt Skatepark Collective Quarterly Report **Pg. 173**
Attachment 1 – Quarterly Report from HSC **Pg. 174**

E. CONTINUED AND NEW BUSINESS

E.1 Recognize Joellen Clark-Peterson for Her Service to the McKinleyville
Community Services District Board of Directors (Information) **Pg. 175**

Attachment 1 – Certificate of Recognition **Pg. 176**

E.2 Consider Approval of the Memorandum of Understanding between
McKinleyville Community Services District and Pacific Union Parent
Teacher Organization of the Collaborative Provision of Dances for
Middle School Youth (Action) **Pg. 177**

Attachment 1 – Memorandum of Understanding **Pg. 179**

E.3 Acknowledge the Special District Leadership Foundation (SDLF) District
of Distinction Award (Information) **Pg. 183**

Attachment 1 – Award Letter from SDLF **Pg. 184**

Attachment 2 – Draft Press Release **Pg. 185**

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)

F.2 LEGISLATIVE AND REGULATORY REPORTS

F.3 STAFF REPORTS

- a. Support Services Department (Nicole Alvarado) **Pg. 187**
- b. Operations Department (James Henry) **Pg. 189**
- c. Parks & Recreation Department (Lesley Frisbee) **Pg. 193**
- d. General Manager (Pat Kaspari) **Pg. 199**
- Attachment 1 – WWMF Monthly Self-Monitoring Report **Pg. 204**

F.4 PRESIDENT’S REPORT

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

G. ADJOURNMENT

Posted 5:00 pm on October 28, 2022

Pursuant to California Government Code Section 54957.5. this agenda and complete Board packet are available for public inspection on the web at <https://www.mckinleyvillecsd.com/board-meetings> 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.

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: B.1 **Water and Sewer Rate Evaluation and Proposition
218 Public Hearing**

PRESENTED BY: **Patrick Kaspari, General Manager
Chris Fisher & Michael Cronan, Willdan Financial**

TYPE OF ACTION: **Majority Protest Proceeding and Roll Call Vote**

Recommendation:

Staff recommends that the Board hear the presentation on the Water and Sewer Rate financial plan and rate analysis, conduct the Prop 218 Public Hearing, tabulate any written protests received prior to the closing of the Public Hearing, and if no majority protest exists, discuss, and consider the adoption of the proposed new water and sewer charges.

Discussion:

The District is considering an adjustment to the existing water and sewer rates to adequately fund operations, maintenance, and present and future capital costs. Because of Proposition 218, rate analysis must be conducted every five years if incremental rate adjustments are to be carried out. The District's last Rate Study was conducted in 2018.

The District has experienced inflationary increases in ongoing operating and maintenance costs and needs to ensure adequate financial resources to address projects in the Capital Improvement Plan including the 4.5MG Water Storage Tank, the Highway 101 Sewer Mainline Crossing Replacements, the Central Avenue water and sewer mainline rehabilitation, etc.

MCSD has adjusted water and sewer rates based only on financial needs related to the operation and maintenance of water distribution and sewer facilities, and activities necessary for providing safe and reliable drinking water to our customers. District Staff and our consultant are tasked with ensuring that any recommended rate adjustment would provide the necessary revenue, and be reasonable, defensible, and fair to our residents and rate payers. We must also follow the Proposition 218 process that is outlined in the California State Constitution and Government Code for any adjustments in utility rates.

Proposition 218 establishes certain procedural requirements for adopting rate adjustments which include:

- **Noticing Requirements:** For any new or adjustment of fees or charges, the District must mail a Notice of Proposed Rate and Public Hearing to all affected property owners and/or tenants who are directly liable for the payment for these services. The notice must specify the new rates, the basis of their calculation, the reason for the rates, and the date/time/location of the public rate hearing at which the proposed rates will be considered for adoption. (See **Attachment 3**)
- **Public Hearing:** The District must hold a public hearing prior to adopting the proposed rate adjustments. The public hearing must be held not less than 45 days after the required notices are mailed. Any interested parties will be provided an opportunity to provide comments at the Public Hearing.
- **Rate Adjustments are subject to majority protest:** At the conclusion of the Public Hearing, the proposed rate adjustments are subject to a majority protest. Following the Public Hearing, all valid written protests received up until that point will be tabulated. If more than 50% of affected property owners or customers submit written protests against the proposed rate adjustments, the adjustment cannot be adopted by the Board. If there have been less than 50% submitted, the Board will then have the option of implementing the new rates.

Proposition 218 also established several substantive requirements that are deemed to apply to utility service charges, including:

- **Cost of service –** Revenues derived from the fee or charge cannot exceed the funds required to provide the service.
- **Intended purpose –** Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
- **Proportional cost recovery –** The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.

Proposition 218 requires that the District ensure that its water and sewer rates reasonably reflect the proportionate cost of providing service to each customer. Consistent with this law, it is appropriate for rates to recover costs for operations, capital needs, debt service, administration, as well as costs related to prudent long-term operational or financial management of the utilities, such as maintaining adequate fund reserves and planning for contingencies.

The Comprehensive Utility Rate Study developed by Willdan Financial Services (see **Attachment 1**), is based on a comprehensive review and analysis of the District's operations, reserves, and CIP. The preliminary results presented here include five years of cost-of-service based rates, which if implemented, will provide sufficient revenue to finance the ongoing and anticipated capital projects, provide funding for existing and future operations and maintenance expenditures associated with the water and sewer services, and allow for accumulation of prudent reserves.

Chris Fisher from Willdan will present the methodology and findings of the Rate Study.

Alternatives:

Staff's analysis includes the following potential alternatives:

- Take no action
- Advise further direction

Fiscal Analysis:

Provided as part of the Water and Sewer Utility Rate Report.

Environmental Requirements:

Not applicable

Exhibits/Attachments/Presentation

- **Attachment 1** – Comprehensive Utility Rate Study, Willdan, August 2022
- **Attachment 2** – Willdan Utility Rate Study Presentation
- **Attachment 3** – Proposition 218 Mailing Notice

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McKinleyville Community Services District, CA

Report

Comprehensive Utility Rate Study





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Section 1 – Executive Summary

1.1 Introduction

Willdan Financial Services (Willdan) is pleased to submit to McKinleyville Community Service District (the "District") the Water and Sewer Rate Study report (the "Report") for your consideration. Willdan has completed the study of the District's water and sewer rates and summarized the results of the investigations, analyses and conclusions in this Report.

The District owns and operates water storage, transmission and distribution facilities, and provides sewer treatment and collection services to residential and nonresidential customers within its incorporated limits. During recent years, the District has focused a significant amount of attention and effort on strategic planning measures in all areas of utility operations to ensure that it remains prepared for the future. As part of its ongoing strategic planning efforts, the District has commissioned Willdan to perform a water and sewer rate study to analyze the revenue sources and expenditures of the utility system and provide recommendations for proposed rate and/or rate structure adjustments to meet the financial and administrative goals and objectives of the District. The primary objectives of the rate study include:

- Full cost recovery (i.e., operating costs, debt and other expenditure requirements);
- Cost-based rate structures;
- Consistency with American Water Works ("AWWA") and Water Environment Federation ("WEF") guidelines;
- Equity among customer classes;
- Meeting substantive and procedural Proposition 218 requirements;
- Administrative efficiency (i.e., easy to understand and implement); and
- 5-Year capital funding plan.

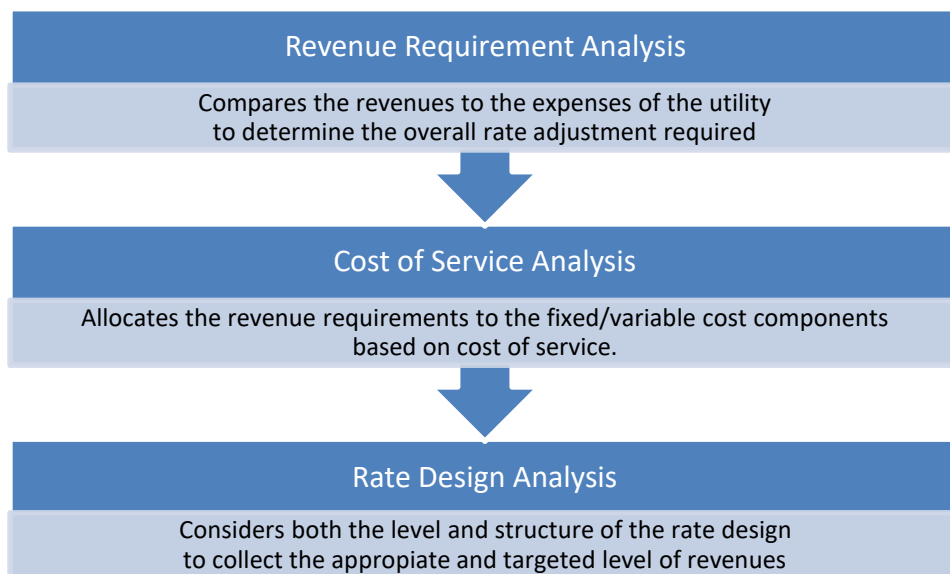
1.2 Overview of the Rate Study Process

The study develops water and sewer financial plans for the upcoming 5-year planning period and includes the development of cost-based rates through a cost-of-service and rate design analysis. Utility rates must be set at a level such that operating, maintenance, debt and capital expenses are funded with the revenues received from customers. In addition, the revenues generated from utility rates must only be used for this purpose and for each system separately. This is a significant point, as failure to achieve the needed revenues can lead to unacceptable service levels and inadequately maintained facilities. Therefore, a rate study typically consists of following three interrelated analyses:

- I. **Financial Planning/Revenue Requirement Analysis:** Creates a five-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of outstanding debt. In addition, the plan should fund and maintain appropriate reserve balances based on industry standards, as well as the District's fiscal policies and specific needs.

- II. **Cost-of-Service Analysis:** Identifies and apportions annual revenue requirements (i.e., expenditures) to functional cost components based on the demand placed on the utility system. The purpose of this analysis is to develop rates that generate revenues relatively proportionate to the share of each utility's costs. This objective is consistent with industry standards as well as the requirements of Proposition 218.

- III. **Rate Design:** Develops an equitable and proportionate fixed/variable schedule of rates for the District's customer base. The policy objectives are coordinated with cost-of-service objectives to achieve a balance between customer equity and financial stability goals. The balance of fixed and variable charges considers the need for a stable revenue source (the fixed charge) and the variable component of the rate structure such that customers placing higher costs on the system (through higher water and sewer use) incur a higher bill reflective of their impact on the system.



This rate study utilizes generally accepted rate-making principles and standards established by such industry experts as the AWWA in its "M1 - Principles of Water Rates Fees and Charges" manual and WEF in its "Financing and Charges for Sewer Systems, Manual of Practice No. 27". The principles established by these entities are used as guidelines in the development of



the proposed rates for water and sewer. A discussion of some of the key principles of rate-making is presented in the following subsection of this Report.

1.3 Summary of Proposed Rates

The rate study methodology applied in the development of updated water and sewer rates, outlined in this Report, consisted of reviewing the historical operating results of the water and sewer utility systems, analyzing the budget to identify the net revenue requirements to be recovered from user rate revenues, performing general cost-of-service allocations based on the rate components and functional cost categories, and revising the rates based on the applicable costs and expenditures to be recovered from user rates. In addition, an analysis of the system customers and usage characteristics was performed to identify the rate determinants since these are the primary sources for generating revenues. The allocated revenue requirements were utilized in conjunction with the rate determinants and rate structure to develop proposed rates for water and sewer.

The findings and conclusions of the rate analysis, as well as the resulting revised rate recommendations, were utilized to develop a projection of future operating results for a 5-year planning period from Fiscal Year (FY) 2023 (beginning July 1, 2022) through FY 2027 (ending June 30, 2027), herein referred to as the "Projection Period". The purpose for developing the 5-year projections is to demonstrate the financial capability of the water and sewer revenues to support system operations and fund planned capital improvements. The analyses, findings and accompanying recommendations are presented in the subsequent sections of the Report.

The water and sewer rate analyses described in the Report are performed based on the general guidelines of the defined objectives, as well as common industry standards for setting utility rates. In addition to focusing on these major objectives, the rate analyses performed herein will consider other factors in designing rates. As will be discussed in detail later in the Report, such other rate considerations generally include sensitivity to the impact on existing customers, the relative comparability with neighboring utilities and the District's existing rate structure. The proposed water and sewer rates for assumed implementation effective January 1, 2023 (or other such date as determined by the District) for FY 2022/23 (FY 2023, herein referred to as the "Test Year") are provided in **Tables 1 and 2**, respectively. The existing rates are provided in **Tables 3 and 4**, respectively.

Table 1 – Proposed Monthly Water Rates

Description	Rate
Monthly Base Charge by Meter Size:	
General Service	
5/8 Inch	\$ 20.45
3/4 Inch	\$ 28.39
1.0 Inch	\$ 44.28
1.5 Inch	\$ 83.98
2.0 Inch	\$ 131.63
3.0 Inch	\$ 242.81
4.0 Inch	\$ 401.63
6.0 Inch	\$ 798.69
8.0 Inch	\$ 1,275.17
Volumetric Rates Per 100 Cubic Feet:	
0 - 800 Cubic Feet	\$ 2.47
Over 800 Cubic Feet	\$ 3.32
HBMWD Pass Through ^[1]	\$ 1.76
Notes:	
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.	

Table 2 – Proposed Monthly Sewer Rates

Description	Rate
Monthly Base Charge ^[1]:	
All Customers	\$ 35.69
Volumetric Rates Per 100 Cubic Feet ^[2]:	
2 sewer Units/Commercial	\$ 3.13
Apartment/Multi Unit (Each)	\$ 3.13
Bakery	\$ 4.25
Barber/Beauty Shop	\$ 3.13
Car Wash	\$ 2.91
Church & Residence	\$ 3.13
Churches	\$ 3.13
Coast Guard Station/Airport	\$ 3.13
Dialysis Clinic	\$ 3.08
Fire Station/School	\$ 2.97
Gas Stations (No Market)	\$ 3.19
Laundromats	\$ 3.00
Market	\$ 4.26
Metered Septage Vault	\$ 3.55
Moble Homes (Each)	\$ 3.13
Motels/Hotels	\$ 3.79
Office Building/Post Office	\$ 3.13
Restaurant/Tavern	\$ 4.25
Retail/Banks/Theater/Other	\$ 3.13
Round Table/Market	\$ 4.03
Sewer Only Accounts	\$ -
Sewer Units - Commercial	\$ 3.19
Single Family Residential	\$ 3.13
Two Sewer Units/Business	\$ 3.13
Two Sewer Units/Daycare	\$ 3.13
Brewery	\$ 11.20
Notes:	
[1] All sewer customers pay the same base charge.	
[2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.	

Section 2 – Revenue Sufficiency Analysis

2.1 Financial Planning Principles

While the individual rates for each of the utility systems vary based on a variety of factors, rates should be consistent with common rate-making principles within the utility industry. The guiding principle is that rates designed for any utility should provide a reasonable balance between several key factors. In general, the utility rates should:

- Generate a stable revenue stream that, when combined with other sources of funds, is sufficient to meet the expenditure requirements and goals of the system;
- Be based upon the proportionate cost of providing the service and not exceed the cost of providing the service;
- Be equitable – that is, they should generate revenue from customer classes in a manner which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements and cost-of-service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which it operates.

2.2 Existing Rates

The District has established user rates that are applied to the retail customers (residential and non-residential) of the system. The rates charged for water and sewer service are approved by the District Board and are not subject to administrative review or approval by any other local or state agency. The District has historically adjusted rates, as necessary, to provide for recovery of financial obligations including operating expenses, debt service, capital expenditures and any other expenses and transfers.

The existing water rates consist of 1) monthly base charge that designates the minimum amount a customer will pay regardless of water use, and 2) volumetric rates per 100 cubic feet (CCF) based upon the amount of monthly metered water usage. The monthly base charge is incremented based on the size of the metered connection. The volumetric rates apply an inclining tiered structure such that the rate per CCF increases as monthly flows exceed the defined thresholds. The existing rates for water service are provided in **Table 3**.

Table 3 – Water Monthly Existing Rates

Description	Rate
Monthly Base Charge by Meter Size:	
General Service	
5/8 Inch	\$ 19.80
3/4 Inch	\$ 29.11
1.0 Inch	\$ 47.52
1.5 Inch	\$ 93.06
2.0 Inch	\$ 147.91
3.0 Inch	\$ 291.85
4.0 Inch	\$ 459.76
6.0 Inch	\$ 915.75
8.0 Inch	\$ 1,464.41
Volumetric Rates Per 100 Cubic Feet:	
0 - 800 Cubic Feet	\$ 1.89
Over 800 Cubic Feet	\$ 4.73
HBMWD Pass Through ^[1]	\$ 1.76
Notes:	
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.	

The existing sewer rates consist of 1) a monthly base charge regardless of sewer flows that designates the minimum amount a customer will pay, and 2) a volumetric rate per 100 CF based upon the amount of monthly metered water usage. The monthly base charge is constant regardless of the size of the water-metered connection. The volumetric rates are applied based on the assumed strength of sewer discharge related to each respective customer class. The existing rates for sewer service are provided in **Table 4**.

Table 4 – Wastewater Monthly Existing Rates

Description	Rate
Monthly Base Charge ^[1]:	
All Customers	\$ 34.59
Volumetric Rates Per 100 Cubic Feet ^[2]:	
2 sewer Units/Commercial	\$ 3.03
Apartment/Multi Unit (Each)	\$ 2.89
Bakery	\$ 13.81
Barber/Beauty Shop	\$ 2.89
Car Wash	\$ 0.66
Church & Residence	\$ 3.41
Churches	\$ 3.03
Coast Guard Station/Airport	\$ 3.03
Dialysis Clinic	\$ 3.61
Fire Station/School	\$ 1.97
Gas Stations (No Market)	\$ 2.86
Laundromats	\$ 2.28
Market	\$ 11.56
Metered Septage Vault	\$ 3.24
Mobile Homes (Each)	\$ 2.89
Motels/Hotels	\$ 7.37
Office Building/Post Office	\$ 2.89
Restaurant/Tavern	\$ 13.81
Retail/Banks/Theater/Other	\$ 3.03
Round Table/Market	\$ 9.65
Sewer Only Accounts	\$ -
Sewer Units - Commercial	\$ 2.86
Single Family Residential	\$ 2.89
Two Sewer Units/Business	\$ 3.03
Two Sewer Units/Daycare	\$ 2.92
Brewery	\$ 23.12
Notes:	
[1] All sewer customers pay the same base charge.	
[2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.	

2.3 Revenue Sufficiency Process

In evaluating whether the existing rates will generate sufficient revenue to meet the expenditure requirements of the water and sewer systems, the annual expenditures required (herein referred to as the "Revenue Requirements") must be developed. The Revenue Sufficiency Analysis compares the forecasted revenues of each system under its existing rates (including customer growth) to the projected Revenue Requirements.

2.3.1 Test Year Revenue Requirements

The rate analysis performed herein utilizes the District's preliminary budget for fiscal year 22/23 (the "Budget" for fiscal year ending June 30, 2023) as the basis for developing the Revenue Requirements to be recovered from user rates over the Projection Period. The Budget, as prepared by the District, has certain expenditures that are allocated between identifiable water and sewer components, as well as expenditures that are associated with the combined system operations. In developing the rate analysis, certain adjustments are made such that the expenditures are categorized into either Operating and Maintenance (O&M) expenses or Non-Operating expenses. The O&M expenses are primarily those ongoing costs for labor, materials, supplies, services, etc., required to manage and operate the utility system on a day-to-day basis while maintaining a dependable level of service. The O&M requirements are generally a function of a budgetary process and are directly related to the level of service provided to customers of the utility system. The non-operating expenses include such items as capital outlay and any other expenses & transfers. The Budget also identifies estimated revenues to be derived from sources other than the retail water and sewer user rates. Such other revenue sources include interest earnings on investments, water meter sales and various other miscellaneous service charges. The revenues generated from the other sources are applied to the gross Revenue Requirements to reduce the amount of revenues required from user rates. The result is the net Revenue Requirement.

In performing the rate analysis, each of the budgeted expenditures and revenues are allocated between water and sewer on a line-item basis. The allocations are based on such factors as revenues (water vs. sewer), specific system identification, capital expenditures and combined expenditure results (e.g., total O&M allocated to water vs. sewer).

The proposed water and sewer rates developed in the Report are designed for assumed implementation for FY 2022/23 (the Test Year as previously defined). The projected Test Year Revenue Requirements are estimated by utilizing the Budget, actual debt service requirements as provided in the applicable debt service schedules, using capital outlay estimates as provided by the District, and tying non-operating transfers to revenues or O&M expenses as applicable. The Test Year Revenue Requirements that are used for developing the user rates proposed herein are detailed in **Appendix A** at the end of this report and summarized in **Table 5**.



Table 5 – Test Year Revenue Requirements – FY 2023

Description	Water	Wastewater	Total
Total O&M	\$ 3,380,194	\$ 2,402,326	\$ 5,782,520
Debt Service	455,627	1,039,140	1,494,767
Other Expenditures & Transfers	878,384	1,236,155	2,114,539
Gross Revenue Requirement	\$ 4,714,205	\$ 4,677,621	\$ 9,391,826
Less Other Revenues	(341,566)	(406,725)	(748,291)
Net Revenue Requirement	\$ 4,372,639	\$ 4,270,896	\$ 8,643,535

2.3.2 Projected Revenue Requirements

As previously discussed, the estimated Revenue Requirements for the Test Year are developed utilizing the District's Budget as a basis. The Revenue Requirements for the Test Year and the remainder of the Projection Period are developed by escalating the budgeted costs on a line-item basis in accordance with assumed future activities and events that may impact the system. The costs associated with certain operating expenses that are typically more variable in nature, such as chemicals and electrical power, are escalated pursuant to various factors based on a combination of estimated customer and/or flow growth and assumed inflationary factors. Personnel related costs such as employee salaries and benefits are generally escalated based on assumed labor escalator factors that, over the Projection Period, include adjustments in pay and incremental addition of employees as necessary. Certain expenses that do not generally vary with system growth (e.g., telephones, publications, training, etc.) are assumed to either escalate based only on inflation or remain relatively constant. Materials, supplies, general repair and maintenance expenses generally increase from current levels based on inflationary factors that directly impact the water and sewer industry. Such factors are derived on a composite basis from historical analyses of price indices used by many utilities for financial forecasting. Line-item budgeted costs are also evaluated to make determinations as to whether they are recurring or one-time, and adjustments made accordingly.



The projected Revenue Requirements for the water and sewer systems over the entire Projection Period are provided in **Tables 6 and 7**.

Table 6 – Water Revenue Requirements for the Projection Period

Description	Projected for Fiscal Year Ending June 30,				
	2023	2024	2025	2026	2027
Total O&M	\$ 3,380,194	\$ 3,511,921	\$ 3,657,352	\$ 3,810,374	\$ 3,960,790
Existing Debt Service	455,627	455,587	457,057	458,326	453,168
Future Debt Service	-	-	-	-	-
Other Expenditures & Transfers	878,384	904,558	1,040,617	1,173,114	1,285,887
Gross Revenue Requirement	\$ 4,714,205	\$ 4,872,066	\$ 5,155,026	\$ 5,441,814	\$ 5,699,845
Less Other Revenues	(341,566)	(358,648)	(376,580)	(395,409)	(415,179)
Net Revenue Requirement	\$ 4,372,639	\$ 4,513,418	\$ 4,778,446	\$ 5,046,405	\$ 5,284,666

Table 7 – Sewer Revenue Requirements for the Projection Period

Description	Projected for Fiscal Year Ending June 30,				
	2023	2024	2025	2026	2027
Total O&M	\$ 2,402,326	\$ 2,501,536	\$ 2,597,394	\$ 2,696,022	\$ 2,797,428
Existing Debt Service	1,039,140	970,320	973,015	971,632	965,921
Future Debt Service	-	-	-	-	-
Other Expenditures & Transfers	1,236,155	1,332,765	1,469,423	1,648,269	1,844,616
Gross Revenue Requirement	\$ 4,677,621	\$ 4,804,621	\$ 5,039,832	\$ 5,315,923	\$ 5,607,965
Less Other Revenues	(406,725)	(421,367)	(436,538)	(452,253)	(468,533)
Net Revenue Requirement	\$ 4,270,896	\$ 4,383,254	\$ 4,603,294	\$ 4,863,670	\$ 5,139,432

2.4 Customers & Billable Flows

The rate study performed herein is heavily reliant upon a detailed analysis of system customers and accompanying usage characteristics. The existing utility customer base and metered/billable flows provide the determinants utilized in calculating the monthly user rates and charges, which become the foundation for projecting future revenues generated by the water and sewer systems.

It is important to note that the customer and flow analysis focuses primarily on the customer classifications that will be impacted by the user rates and charges to be developed in the Report. This consists of the general service (retail) customers that currently pay for utility services pursuant to the existing user rates and charges as previously detailed. For the purposes of the rate study, it is these customers and their accompanying flows that will generate revenues based upon the proposed user rates and charges.

2.4.1 Customer Billing Analysis

For the purpose of the rate study, detailed information was provided for each individual customer for the 48-consecutive month period from July 2017 through June 2021. This data offered a breakdown of water and sewer customers by class, billed flows and billed charges. The historical billing data was queried from the District's electronic billing records for the time

period described. An analysis of the billing data was conducted in order to obtain an understanding of existing customers, customer classes, and metered usage per customer class. In addition, the historical billing data provides a basis to estimate future customer growth trends within each class. In accordance with the data, as well as discussions with the District staff, the utility system provides service to various identifiable retail customer classes consisting of:

- Residential, and
- Non-Residential.

Each of these customer classes embodies certain common characteristics in their utility use and service demand profiles that provide the basis for establishing an equitable allocation of system costs. The billing data was utilized to identify the number of customer accounts within each class, the applicable equivalent residential units (ERUs) based on meter size, and the metered/billable usage profiles.

2.4.2 Customer Accounts

A customer account is representative of a single physical connection to the water and/or sewer system regardless of the size of the meter, the number of dwelling units or the amount of flow. The historical customer data was utilized to establish growth trends for each customer classification. The growth trends were then used to project the average number of accounts/users within each class for the Test Year plus the remaining years of the Projection Period. The existing and projected average customer accounts are summarized in **Figure 1**. The projected customer accounts and billable flows are provided in **Tables 8 and 9** for water and sewer, respectively.

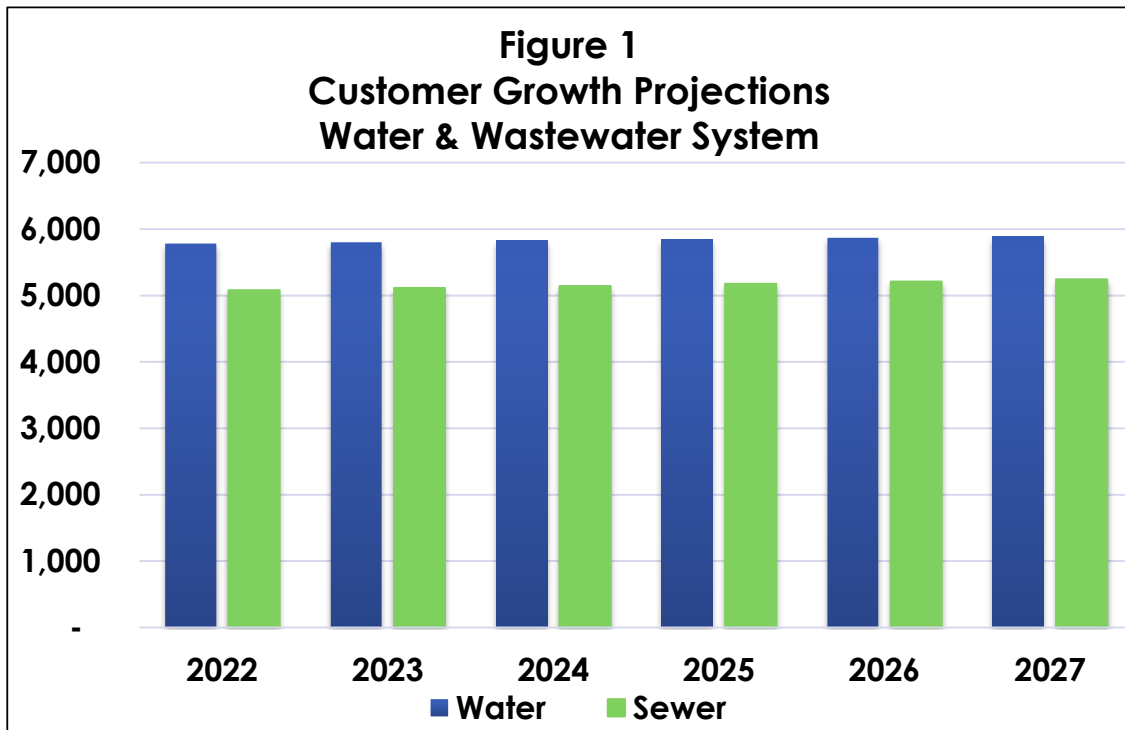


Table 8 – Projected Number of Customer Accounts

System	Estimated	Projected				
	2022	2023	2024	2025	2026	2027
Water						
Residential	5,027	5,047	5,068	5,090	5,114	5,139
Multi-Family	512	512	512	512	512	512
Commercial	245	245	245	245	245	245
Total Water	5,784	5,804	5,825	5,847	5,871	5,896
Sewer						
2 sewer Units/Commercial	3	3	3	3	3	3
Multi-Family	439	442	445	448	451	454
Bakery	1	1	1	1	1	1
Barber/Beauty Shop	7	7	7	7	7	7
Car Wash	3	3	3	3	3	3
Church & Residence	1	1	1	1	1	1
Churches	14	14	14	14	14	14
Coast Guard Station/Airport	4	4	4	4	4	4
Dialysis Clinic	1	1	1	1	1	1
Fire Station/School	5	5	5	5	5	5
Gas Stations (No Market)	9	9	9	9	9	9
Laundromats	6	6	6	6	6	6
Market	5	6	6	6	6	7
Metered Septage Vault	1	1	1	1	1	1
Mobile Homes	29	29	29	29	29	29
Motels/Hotels	2	2	2	2	2	2
Office Building/Post Office	52	52	52	52	52	52
Restaurant/Tavern	19	19	19	19	19	19
Retail/Banks/Theater/Other	48	48	48	48	48	48
Round Table/Market	1	1	1	1	1	1
Sewer Only Accounts	36	36	36	36	36	36
Sewer Units - Commercial	7	7	7	7	7	7
Single Family Residential	4,380	4,410	4,440	4,470	4,501	4,531
Two Sewer Units/Business	5	5	5	5	5	5
Brewery	1	1	1	1	1	1
Total Sewer	5,080	5,113	5,146	5,180	5,213	5,247



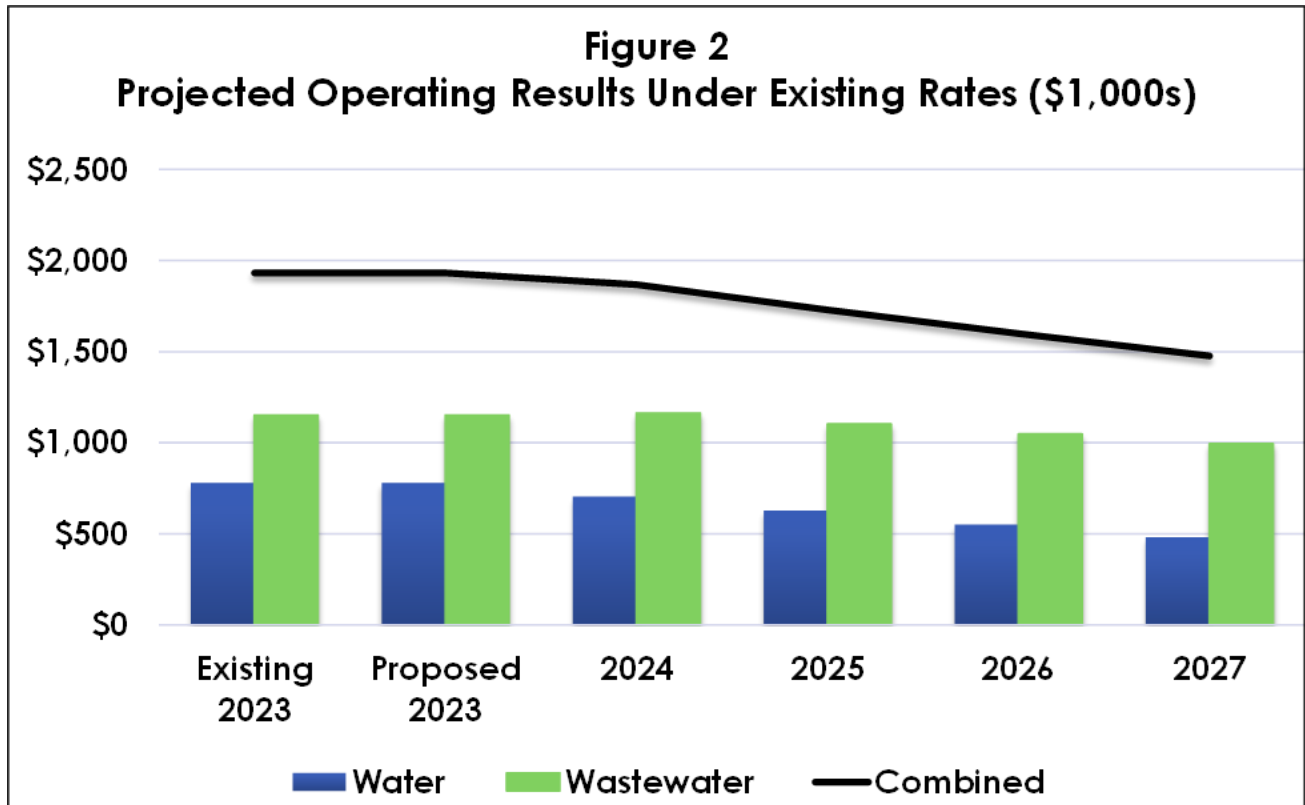
Table 9 – Projected Billed Volume Sold (100s CF)

System	Estimated	Projected				
	2022	2023	2024	2025	2026	2027
Water						
Residential	384,293	385,610	386,993	388,443	390,024	391,671
Multi-Family	108,355	108,355	108,355	108,355	108,355	108,355
Commercial	49,805	49,805	49,805	49,805	49,805	49,805
Total Water	542,453	543,770	545,153	546,603	548,184	549,831
Sewer						
2 sewer Units/Commercial	251	251	251	251	251	251
Multi-Family	79,188	79,715	80,256	80,797	81,339	81,880
Bakery	122	122	122	122	122	122
Barber/Beauty Shop	488	488	488	488	488	488
Car Wash	1,728	1,728	1,728	1,728	1,728	1,728
Church & Residence	288	288	288	288	288	288
Churches	1,469	1,469	1,469	1,469	1,469	1,469
Coast Guard Station/Airport	7,707	7,707	7,707	7,707	7,707	7,707
Dialysis Clinic	2,035	2,035	2,035	2,035	2,035	2,035
Fire Station/School	1,482	1,482	1,482	1,482	1,482	1,482
Gas Stations (No Market)	409	409	409	409	409	409
Laundromats	4,000	4,000	4,000	4,000	4,000	4,000
Market	3,205	3,358	3,511	3,663	3,867	4,070
Metered Septage Vault	5,036	5,036	5,036	5,036	5,036	5,036
Moblie Homes	2,033	2,033	2,033	2,033	2,033	2,033
Motels/Hotels	2,317	2,317	2,317	2,317	2,317	2,317
Office Building/Post Office	3,406	3,406	3,406	3,406	3,406	3,406
Restaurant/Tavern	5,900	5,900	5,900	5,900	5,900	5,900
Retail/Banks/Theater/Other	6,900	6,900	6,900	6,900	6,900	6,900
Round Table/Market	291	291	291	291	291	291
Sewer Only Accounts	-	-	-	-	-	-
Sewer Units - Commercial	11,990	11,990	11,990	11,990	11,990	11,990
Single Family Residential	299,603	301,638	303,690	305,754	307,834	309,926
Two Sewer Units/Business	835	835	835	835	835	835
Brewery	1,152	1,152	1,152	1,152	1,152	1,152
Total Sewer	441,835	444,550	447,296	450,053	452,879	455,715

2.5 Financial Projections Under Existing Rates

The projected customers and accompanying billable flows are applied to the existing rates to develop a projection of user rate revenues under existing rates. The revenues are then compared to the projected revenue requirements/expenditures to determine if rate adjustments are needed. Based on this comparison, it is projected that both the water and sewer systems can meet their projected operating (O&M) financial obligations at the existing rates. While this is the case, neither the water nor sewer system can cover the costs of capital projects that are anticipated to be funded with cash reserves under existing rates. Therefore, anticipated revenue increases are required to generate additional cash in order to fund capital projects and maintain adequate cash reserves. The District currently looks to maintain 360 days of cash reserves in order to help fund ongoing operations, and to cover

any unexpected capital projects that may need to be funded with cash. A graphical illustration of the projected operating results under the existing rates is provided in **Figure 2** for water and sewer, respectively.



Since it is projected that neither the water nor sewer utility systems will meet their respective financial and capital requirements without rate adjustments, the analysis developed herein proposes annual adjustments that will address the financial objectives of each utility system and mitigate the impacts of rate shock on system customers. The proposed rates and projected financial results are addressed in the subsequent sections of this Report.



Section 3 – Cost of Service Analysis

3.1 General

In accordance with the American Water Works Association (AWWA) Manual M1, the costs incurred in a water utility system are generally driven by specific service requirements imposed on the system by its customers. The primary service requirements that drive costs include annual flow volumes, peaking flow volumes (e.g., peak day, peak hour), the number of customers and the type of customers served. There are several different options that can be used to perform a cost-of-service (COS) analysis and the allocation methodology depends upon the basis applied. The analysis performed for the rate study utilizes a common industry approach known as the base-extra capacity method. Sewer analyses involve an examination of flows and strength factors.

3.2 Water Cost-of-Service

The COS utilizes the revenue requirements for the Test Year as the cost basis. The Test Year revenue requirements as identified in the previous section of the Report are functionally unbundled, classified and allocated to customer classes to determine the cost of service by class. More detail relating to the water COS approach can be found in **Appendix B**.

3.2.1 Peaking Factors

System-wide peaking factors are used to derive the cost component allocation bases for Base (Delivery), Max Day, and Max Hour costs. Base represents average daily demand during the year, which has been normalized to a factor of 1.00. Based on data provided by District staff, the average water demand was 1.40 million gallons per day (MGD), the Max Day water demand was 1.88 MGD, and the Max Hour water demand was 2.97 MGD, in the most recent full fiscal year. The Max Day peaking factor shows that the system-wide Max Day demand is 1.34 (1.88 Max Day MGD divided by 1.40 Base Delivery) times greater than the average daily demand. The Max Hour peaking factor shows that the system-wide Max Hour demand is 2.12 (2.97 Max Hour MGD divided by 1.40 Base Delivery) times greater than average daily demand. The system-wide peaking factors are shown in **Table 10**.

The Max Day allocations are calculated as follows:

$$\text{Base Delivery: } 1.88 / 1.40 \times 100\% = 74.47\%$$

$$\text{Max Day: } (1.88 - 1.40) / 1.88 \times 100\% = 25.53\%$$

The Max Hour allocations are calculated as follows:

$$\text{Base Delivery: } 1.40 / 2.97 \times 100\% = 47.17\%$$

$$\text{Max Day: } (1.88 - 1.40) / 2.97 \times 100\% = 16.17\%$$

$$\text{Max Hour: } (2.97 - 1.88) / 2.97 \times 100\% = 36.66\%$$

Table 10 – Peaking Factors System-Wide

Description	Demand (MGD)	Factor	Base	Max Day	Max Hour	Total
Avg Day	1.40	1.00	100.00%	0.00%	0.00%	100.00%
Max Day	1.88	1.34	74.47%	25.53%	0.00%	100.00%
Max Hour	2.97	2.12	47.17%	16.17%	36.66%	100.00%

Max Day Customer specific peaking factors are then developed, based on the maximum monthly usage divided by average monthly usage for each customer class. Since daily peaking statistics are not available, the maximum month peaking factor is used as a proxy for the class-specific Max Day peaking factors. For Max Hour demands, the Max Day customer-specific peaking factors are inflated based on the ratio between the system-wide Max Day and Max Hour peaking factors to determine the Max Hour peaking factors for all classes. This is calculated using the following equation:

$$(\text{Max Day Peaking Factor (Table 11)} \times [(2.97 / 1.40) / (1.88 / 1.40)])$$

The peaking factors by customer class are shown in **Table 12**.

Table 11 – Peaking Factors by Customer Class

Description	Max Day Peaking Fator	Max Hour Peaking Factor
All Customers		
Tier 1	1.22	1.92
Tier 2	2.32	3.67

Once peaking factors are determined, Max Day and Max Hour demands of each customer class are calculated and shown in **Table 12**. Total annual usage is derived from the customer data and then converted to an average daily usage by dividing the total annual usage by 365 days in a year. Total Max Day capacity is developed by multiplying the customer-specific peaking factors (from **Table 11**) by the average daily usage to arrive at the total capacity required to meet each class's Max Day demand. The extra capacity required to meet Max Day demands is calculated by subtracting the average daily usage from the total capacity for Max Day. The total capacity for Max Hour demand is calculated by multiplying the average daily usage by the Max Hour peaking factors. The extra capacity required for Max Hour demand is equal to the Max Hour total capacity less the Max Day total capacity. The calculation of additional capacity to meet Max Day and Max Hour demands for each customer class is shown in **Table 12**.

Table 12 – Usage and Extra Capacity by Customer Class

Description			Max Day			Max Hour		
	Total Annual Flow (CCF)	Average Daily Flow (CCF)	Peaking Factor	Total Capacity (CCF/Day)	Additional Capacity (CCF/Day)	Peaking Factor	Total Capacity (CCF/Day)	Additional Capacity (CCF/Day)
All Customers	-	-	-	-	-	-	-	-
Tier 1	417,571	1,144	1.22	1,392	248	1.92	2,198	806
Tier 2	126,199	346	2.32	803	458	3.67	1,268	465
Total	543,770	1,490		2,196	706		3,466	1,271

The discussion thus far related to peaking factors reflect the system wide peaking factors including an average day factor of 1.00. It should be noted for further cost-of-service analysis and rate design under the base extra capacity method, base costs include a peaking factor. Previously the industry standard was to assume there was no peaking within base demand (often the lowest tier of a tiered rate structure). However, the industry standard has evolved to recognize that there are differing water demands from month to month and peaking factors within the base demand category should be recognized. Our cost-of-service and rate design analyses recognizes and incorporates this evolution.

3.2.2 Functional Unbundling of Revenue Requirements

The water system costs are unbundled into operating components consisting of Supply/Treatment, Transmission, Distribution, Customer, and Administration functions. These are the primary services provided by most water utility systems to its customers. A brief description of each component is as follows:

- **Supply/Treatment** – the costs associated with obtaining and converting raw water to potable water;
- **Transmission** – the costs associated with major pumping and large diameter line facilities that transmit potable water throughout the system at-large;
- **Distribution** – the costs associated with smaller diameter lines that carry water to individual customer properties;
- **Customer** – the costs associated with metering, billing and providing other services to customers (e.g. printing, delivering and collecting utility bills, recordkeeping, etc.);
- **Administration** – various overhead and other non-operating costs.

The allocation of the functionally unbundled revenue requirements for the Test Year are summarized in **Table 13**.

Table 13 – Functionally Unbundled Cost Allocations

Description	Test Year
Total O&M	\$ 3,380,194
Existing Debt Service	455,627
Future Debt Service	-
Other Expenditures & Transfers	878,384
Gross Revenue Requirement	\$ 4,714,205
Less Other Revenues	(341,566)
Net Revenue Requirement	\$ 4,372,639
Functional Unbundled Revenue Requirement	
Treatment	\$ -
Transmission & Distribution	816,179
Pumping	117,171
Customer Service	58,300
Admin	1,058,082
Source of Supply	1,330,462
Transfers	-
Existing Bond DS	455,627
New Bond DS	-
CIP	1,874,000
Non-Rate Revenue	(341,566)
Fund Balance ^[1]	(995,616)
Total	\$ 4,372,639
Notes:	
[1] Represents a transfer from reserves to provide funding for capital outlay and CIP costs.	

3.2.3 Classification of Water System Costs

As previously addressed, the functionally unbundled water system revenue requirements are then classified using the base-extra capacity cost allocation method. Applying this methodology, costs are classified into the following categories:

- **Base Costs** – capital costs and O&M expenses associated with service to customers under average demand conditions. This category does not include any costs attributable to variations in water use resulting from peaks in demand. Base costs tend to vary directly with the total quantity of water used.
- **Maximum Day/Extra Capacity Costs** – costs attributable to facilities that are designed to meet peaking requirements. These costs include capital and operating costs for additional plant and system capacity beyond that required for average usage. For the purposes of this analysis, the max/extra capacity costs are further separated into systemwide facilities and distribution facilities.
- **Customer Costs** – costs associated with any aspect of customer service including billing, accounting, recordkeeping and meter services. These costs are



independent of the amount of water used and the size of the customer's meter and are not subject to peaking factors.

As the name would indicate, using the base-extra capacity method, the costs are separated between those attributed to base capacity and those attributed to extra capacity. Other components such as treatment, transmission and distribution are allocated based on flows and peaking factors. All customer service-related costs are allocated 100% to customer billing.

Based on discussions with District staff, the general makeup of the customer base is not expected to change, so it is anticipated that the allocation percentages and factors will not change materially during the Projection Period. However, it is important to note that COS analyses are based on the data at a specific point in time (e.g., the most recent fiscal year). To the extent that weather conditions, economic conditions and customer usage characteristics change during the Projection Period, the cost allocators can be impacted. The system-wide costs by service characteristic are shown in **Table 14**.

Table 14 - Classification of Unbundled Revenue Requirements

Component	Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Total
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transmission & Distribution	384,990	131,997	299,192	-	-	816,179
Pumping	87,255	29,916	-	-	-	117,171
Customer Service	-	-	-	30,573	27,727	58,300
Admin	-	-	-	554,870	503,212	1,058,082
Source of Supply	1,330,462	-	-	-	-	1,330,462
Transfers	-	-	-	-	-	-
Existing Bond DS	-	-	-	455,627	-	455,627
New Bond DS	-	-	-	-	-	-
CIP	880,780	-	-	993,220	-	1,874,000
Capital Outlay	-	-	-	-	-	-
Non-Rate Rev & Fund Bal	(628,445)	(37,918)	(70,068)	(476,410)	(124,341)	(1,337,182)
Total	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$ 4,372,639

3.2.4 Allocation to Customer Classes and Unit Cost Development

The functionalized and classified revenue requirements are allocated to customer classes as follows:

- **Base Costs** – Based on relative percentage of Base Annual Usage.
- **Maximum Day/Extra Capacity System Costs** – Based on relative percentage of Extra Capacity for the entire system.

- **Maximum Day/Extra Capacity Distribution Costs** – Based on relative percentage of Extra Capacity for the distribution system.
- **Customer Costs** – Based on relative percentage of Equivalent Residential Units (ERUs).

The units of service for each component of cost by customer class (if applicable) are provided in **Table 15**. The units of service consist of the number of accounts and units, ERUs, annual flows in CCF and Max Day and Max Hour extra capacity. Units are based on the number of customers as provided in the customer data. ERUs are based on meter equivalencies in accordance with AWWA standards. Base is the total annual usage projected for the test year based on historical customer data. Max Day and Max Hour are the extra capacity demand results as previously developed in **Table 12**.

Table 15 – Units of Service

Description	Accounts/ Units	ERUs	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)
All Customers	7,413	8,174	543,770	706	1,271
Tier 1			417,571	248	806
Tier 2			126,199	458	465
Total	7,413	8,174	543,770	706	1,271

The revenue requirement for each cost component is divided by its respective unit of service to calculate a unit cost. The unit cost for each cost component is demonstrated in **Table 16**.

Table 16 – Cost Per Unit

Description	Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Total
Total Revenue Requirement	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$4,372,639
Units of Service	543,770	706	1,271	98,088	88,956	
	CCF	CCF/Day	CCF/Day	ERUs/Year	Bills/Year	
Cost Per Unit	\$ 3.78	\$ 175.69	\$ 180.32	\$ 15.88	\$ 4.57	
	CCF	CCF/Day	CCF/Day	ERU	Bill	

The allocation of the revenue requirement to each customer class is based on the unit costs for each component multiplied by the units of service for each customer class. For example, the Base unit cost is multiplied by the base flow amounts for each customer class to generate the allocated revenue requirement. The total costs to be recovered from each customer class by rate component are shown in **Table 17**.

Table 17 – Cost of Service by Customer Class and Cost Component

Rate Class	ERUs	Accounts	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)	Total Costs
All Customers	\$1,557,880	\$ 406,598	\$2,055,042	\$ 123,995	\$ 229,124	\$4,372,639
Tier 1			\$ 1,578,105	\$ 43,608	\$ 145,292	
Tier 2			\$ 476,937	\$ 80,387	\$ 83,832	
Total	\$1,557,880	\$ 406,598	\$2,055,042	\$ 123,995	\$ 229,124	\$4,372,639

3.2.5 Rate Design by Unit Cost

The unit costs developed in the previous section are used to design the proposed rates for the Test Year. The fixed rate components are based on accounts, ERUs and the allocated customer-related costs. The volumetric rate component is based on the annual usage and extra capacity requirements (Max Day and Max Hour).

The first component of the fixed charge is the meter charge and is applied on an ERU basis. It is common practice in the utility industry to establish a rate structure that includes an incremented service availability charge (monthly meter charge) such that customers placing a greater potential demand requirement on the system (those with larger meters) will pay proportionately more for the service availability component. The methodology for incrementing the availability charge is based upon standardized meter/capacity criteria established by the AWWA relative to the size of the water meter. The AWWA equivalent meter capacity criteria are commonly used to establish a standard unit of measure for customers referred to as an ERU. Based upon the established standards, an ERU is equal to one single-family residential connection with a 5/8 x 3/4-inch water meter (the standard meter size for a single-family residential customer in the District). The applicable ERU factors for larger water meters are based upon the incremental increase in potential capacity of those meters as compared to the standard meter size. These factors are derived from actual flow testing results as performed and defined by the AWWA, and commonly utilized by the water and sewer utility industry. In fact, many state public service commissions have adopted the AWWA meter equivalency basis as the required structure for rate-making by the private utility systems within their regulatory jurisdiction. The AWWA equivalency factors can be applied to the meter charge for a 5/8 x 3/4-inch meter to calculate the applicable meter charges for each meter size. A summary of the AWWA meter-size equivalency factors is provided in **Table 18**.

Table 18 - AWWA Meter Equivalency Factors

Description	AWWA Factors ⁽¹⁾
Meter Size	
5/8 Inch	1.00
3/4 Inch	1.50
1.0 Inch	2.50
1.5 Inch	5.00
2.0 Inch	8.00
3.0 Inch	15.00
4.0 Inch	25.00
6.0 Inch	50.00
8.0 Inch	80.00
<p>Notes: (1) Meter-size equivalency factors established by the AWWA and identified in AWWA Standards C700, M1 and M22. Such factors are commonly applied consistently for both water and wastewater rate design.</p>	

The second component of the fixed charge is the customer charge. Unlike meter-related costs, customer costs do not vary with meter size. Therefore, the monthly customer unit cost is applied equally to each account. The two fixed charge components are added together to develop the total proposed monthly base charge for each respective meter size. The proposed monthly base charges for the Test Year are shown in **Table 19**.

Table 19 – Monthly Base Charge Calculation

Meter Size	Capacity Ratio	Meter Charge	Customer Charge	Proposed Charge
General Service				
5/8 Inch	1.00	\$ 15.88	\$ 4.57	\$ 20.45
3/4 Inch	1.50	\$ 23.82	\$ 4.57	\$ 28.39
1.0 Inch	2.50	\$ 39.71	\$ 4.57	\$ 44.28
1.5 Inch	5.00	\$ 79.41	\$ 4.57	\$ 83.98
2.0 Inch	8.00	\$ 127.06	\$ 4.57	\$ 131.63
3.0 Inch	15.00	\$ 238.24	\$ 4.57	\$ 242.81
4.0 Inch	25.00	\$ 397.06	\$ 4.57	\$ 401.63
6.0 Inch	50.00	\$ 794.12	\$ 4.57	\$ 798.69
8.0 Inch	80.00	\$ 1,270.60	\$ 4.57	\$ 1,275.17

The water volumetric rates are made up of two different cost components. The first cost component is for base usage. The second cost component represents peaking costs (the combination of Max Day and Max Hour cost components). The base unit cost is \$3.78 as previously identified in **Table 16**. The Max Day and Max Hour peaking costs for each customer class (from **Table 17**) are added together and then divided by the annual usage. The peaking unit costs are shown in **Table 20**.

Table 20 – Peaking Unit Cost Calculation

Rate Class	Annual Use (CCF)	Peaking Costs	Peaking Unit Cost
All Customers			
Tier 1	417,571	\$ 188,900	\$ 0.45
Tier 2	126,199	\$ 164,219	\$ 1.30
Total	543,770	\$ 353,119	

The peaking unit costs are then added to the base unit cost to come up with the proposed volumetric rates for each customer class. The proposed volumetric rates are shown in **Table 21**.

Table 21 – Volumetric Rate Calculation

Meter Size	Base	Peaking	Proposed Rate (\$/CCF) [1]	Tier Differential
All Customers				
Tier 1	\$ 3.78	\$ 0.45	\$ 4.23	1.00
Tier 2	\$ 3.78	\$ 1.30	\$ 5.08	1.20

Notes:

[1] The proposed rate per CCF for each tier includes the \$1.76 HBMWD passthrough charge.

3.3 Sewer Cost-of-Service

As with the water system, the COS analysis for the sewer utility utilizes the revenue requirements for the Test Year as the cost basis. The Test Year revenue requirements are functionally unbundled, classified and allocated to customer classes to determine the cost-of-service by class. More detail relating to the sewer COS approach can be found in **Appendix C**.

3.3.1 Functional Unbundling of Revenue Requirements

The sewer system costs are unbundled into Collection, Treatment, and Customer functions. A brief description of each component is as follows:

- **Collection** – costs associated with lines and facilities that transport wastewater from customer properties to the plants for treatment;
- **Treatment** – costs associated with treating wastewater for disposal reclamation and/or discharge;
- **Customer** – costs associated with metering, billing and providing other services to customers (e.g. printing, delivering and collecting utility bills, recordkeeping, etc.).

The allocation of the functionally unbundled revenue requirements for the Test Year are summarized in **Table 22**.

Table 22 - Functional Unbundled Cost Allocations

Description	Test Year
Total O&M	\$ 2,402,326
Existing Debt Service	1,039,140
Future Debt Service	-
Other Expenditures & Transfers	1,236,155
Gross Revenue Requirement	\$ 4,677,621
Less Other Revenues	(406,725)
Net Revenue Requirement	\$ 4,270,896
Functional Unbundled Revenue Requirement	
Treatment	\$ 304,000
Collection	87,500
Administration	1,893,026
Pumping	78,500
Customer Service	39,300
Transfers	-
CIP	1,996,000
Capital Outlay	-
Existing Debt	1,039,140
New Debt	-
Non-Rate Revenue	(406,725)
Fund Balance ^[1]	(759,845)
Non-Rate Rev & Fund Bal	\$ 4,270,896
Notes:	
[1] Represents a transfer from reserves to provide funding for capital outlay and CIP costs.	

3.3.2 Classification of Revenue Requirements

The functionally unbundled revenue requirements for the sewer system are classified into fixed and volumetric customer components based on methodology consistent with the Water Environmental Federation (WEF), Manual of Practice No. 27. As discussed for the water COS analysis, it is anticipated that the allocation percentages will not change materially during the Projection Period. However, it is important to note that COS analyses are based on the data at a specific point in time (e.g., the most recent fiscal year). To the extent that weather conditions, economic conditions and customer usage characteristics change during the Projection Period, the cost allocators can be impacted. The system-wide costs by service characteristic are shown in **Table 23**.



Table 23 - Classification of Unbundled Revenue Requirements

Component	Volume	Capacity	Strength - SS	Strength - BOD	Billing & Collection	Customer Service	Total
Treatment	\$ 30,400	\$ 30,400	\$ 121,600	\$ 121,600	\$ -	\$ -	\$ 304,000
Collection	43,750	43,750	-	-	-	-	87,500
Administration	-	-	-	-	946,513	946,513	1,893,026
Pumping	39,250	39,250	-	-	-	-	78,500
Customer Service	-	-	-	-	19,650	19,650	39,300
Transfers	-	-	-	-	-	-	-
CIP	499,000	499,000	-	-	499,000	499,000	1,996,000
Capital Outlay	-	-	-	-	-	-	-
Existing Debt	166,262	166,262	-	-	353,308	353,308	1,039,140
New Debt	-	-	-	-	-	-	-
Non-Rate Rev & Fund Bal	(167,057)	(167,057)	(26,088)	(26,088)	(390,140)	(390,140)	(1,166,570)
Total	\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512	\$1,428,331	\$1,428,331	\$4,270,896

3.3.3 Allocation to Customer Classes

The functionalized and classified costs are allocated to customer classes proportionate to service characteristics such as biochemical oxygen demand (BOD) and suspended solids (SS) as well as billable flow levels for each class. BOD and SS are considered “strength factors” which reflect different treatment costs. Discharge from customers with higher concentrations of BOD and SS are more expensive to provide service to. There are incrementally higher costs (capital, chemical, electricity etc.) to treat the discharge from these customers. By contrast there is no difference in the cost to convey the flows from different customer classes as conveyance costs are independent of the strength of a customer’s discharge. Customer costs are commonly allocated based on ERUs in accordance with WEF guidelines that are also the same as the AWWA meter equivalency factors. All of these factors are considered in a cost-of-service and rate design analysis in determining rates by customer class. The functionalized and classified costs are allocated to the applicable customer class is summarized in **Table 24**.



Table 24 - Allocation of Functionalized & Classified Revenue Requirements

Rate Class	Volume Cost/CCF	Capacity Cost/CCF	Strength - SS Cost/pound	Strength - BOD Cost/pound	Billing & Collection	Customer Service	Total
Single Family Residential	\$ 414,989	\$ 414,989	\$ 57,832	\$ 55,997	\$ 942,814	\$ 942,814	\$ 2,829,436
Apartment//Multi Unit (Each)	109,671	109,671	15,284	14,799	369,857	369,857	989,137
2 sewer Units/Commercial	345	345	48	47	1,283	1,283	3,351
Bakery	168	168	70	113	214	214	947
Barber/Beauty Shop	671	671	94	91	1,497	1,497	4,520
Car Wash	2,377	2,377	248	32	641	641	6,318
Church & Residence	396	396	55	53	428	428	1,756
Churches	2,021	2,021	282	273	3,634	3,634	11,865
Coast Guard Station/Airport	10,603	10,603	1,478	1,431	855	855	25,825
Dialysis Clinic	2,800	2,800	195	472	214	214	6,694
Fire Station/School	2,039	2,039	142	179	1,069	1,069	6,537
Gas Stations (No Market)	563	563	110	68	1,924	1,924	5,152
Laundromats	5,503	5,503	422	557	1,283	1,283	14,551
Market	4,620	4,620	2,575	2,494	1,283	1,283	16,874
Metered Septage Vault	6,928	6,928	2,704	1,309	214	214	18,297
Moblie Homes (Each)	2,797	2,797	390	377	6,200	6,200	18,761
Motels/Hotels	3,188	3,188	1,333	1,075	428	428	9,639
Office Building/Post Office	4,686	4,686	653	632	25,227	25,227	61,112
Restaurant/Tavern	8,117	8,117	3,394	5,476	4,276	4,276	33,656
Retail/Banks/Theater/Other	9,493	9,493	1,323	1,281	10,262	10,262	42,114
Round Table/Market	400	400	190	181	428	428	2,027
Sewer Only Accounts	-	-	-	-	8,552	8,552	17,103
Sewer Units - Commercial	16,496	16,496	3,218	2,003	44,468	44,468	127,150
Two Sewer Units/Business	1,149	1,149	160	155	1,069	1,069	4,751
Two Sewer Units/Daycare	-	-	-	-	-	-	-
Brewery	1,585	1,585	3,313	6,416	214	214	13,326
Total	\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512	\$1,428,331	\$1,428,331	\$4,270,896



Section 4 – Proposed Test Year Rates

4.1 General

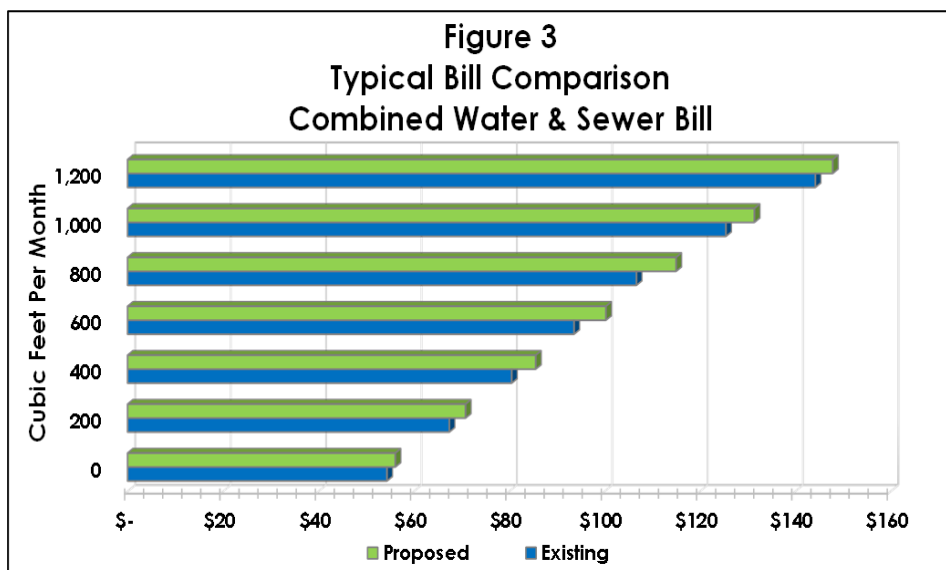
The methodology used to calculate the water and sewer rates proposed herein involves applying the projected customers and flows to the existing rates in order to develop the estimated revenues (separately for water and sewer), comparing the projected revenues to the estimated Test Year revenue requirements, and adjusting the water and/or sewer rates on a percentage basis as necessary to generate the revenues sufficient to meet the revenue needs of the utility system. In addition, there are other factors that must be considered in designing rates in order to satisfy the District's objectives. Such other rate considerations include, but are not limited to:

1. **Sensitivity to existing customers** - the proposed rates must consider the impact on existing customers and avoid putting an inequitable financial burden on any particular customer class.
2. **Comparability with neighboring utilities** - the proposed rates should consider the rates and charges applied to customers of neighboring utilities of relatively similar size for similar service.
3. **Existing rate structure** - the proposed rates must consider the logistics and cost/benefit implications of instituting significant changes to the existing rates and rate structure.
4. **Economic development** - the proposed rates must consider the potential for future development within the District's service area and ensure that the rates do not make it cost-prohibitive for future development.

The proposed rates developed herein utilize these considerations, as well as discussions with the District staff, professional judgment, and prior experience with comparable utility systems. The results of the COS indicated that, although the existing rates will not generate sufficient revenues to meet all the expenditure needs, the existing rate structure equitably recovers the costs allocated to each customer class. When reviewing potential rate structure options in conjunction with the need for additional revenues, it was determined that existing rate structure will be maintained at this time, however, the specific rates within the rate structure are proposed to be adjusted.

In conjunction with the existing rate structure, the proposed water and sewer rates for the upcoming fiscal year are composed of two rate components consisting of a monthly base charge and a volumetric rate for both water and sewer. The proposed water and sewer rates for the Test Year were provided at the beginning of this Report in **Tables 1 and 2**, respectively.

4.2 Typical Monthly Bill Comparison



In addition to reviewing the effect that a change in the rates will have on the system revenues, it is also important for utility management to understand the impact that a change will have on the existing customers. **Tables 25, 26 and 27** provide a comparison of several typical

monthly bills at various flow levels for water and sewer, as well as the combined utility bills under the existing and proposed rates. A graphical illustration of the typical bill comparison is provided in **Figure 3** for a residential customer with both water and sewer service. Based on the proposed rates, a typical customer with monthly flow of 600 CF (approximately 4,500 gallons) will experience an increase of **\$6.68** in their combined monthly water and sewer bill.

Table 25 – Residential Water Rate Impact

Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 19.80	\$ 20.45	\$ 0.65
5/8 Inch	100	\$ 23.45	\$ 24.68	\$ 1.23
5/8 Inch	200	\$ 27.10	\$ 28.92	\$ 1.82
5/8 Inch	300	\$ 30.75	\$ 33.15	\$ 2.40
5/8 Inch	400	\$ 34.40	\$ 37.38	\$ 2.98
5/8 Inch	500	\$ 38.05	\$ 41.61	\$ 3.56
5/8 Inch	600	\$ 41.70	\$ 45.84	\$ 4.14
5/8 Inch	700	\$ 45.35	\$ 50.07	\$ 4.72
5/8 Inch	800	\$ 49.00	\$ 54.31	\$ 5.31
5/8 Inch	1,000	\$ 61.98	\$ 64.47	\$ 2.49
5/8 Inch	1,200	\$ 74.96	\$ 74.63	\$ (0.33)
5/8 Inch	1,400	\$ 87.94	\$ 84.79	\$ (3.15)
5/8 Inch	1,600	\$ 100.92	\$ 94.95	\$ (5.97)
5/8 Inch	1,800	\$ 113.90	\$ 105.11	\$ (8.79)
5/8 Inch	2,000	\$ 126.88	\$ 115.27	\$ (11.61)

Table 26 – Residential Sewer Rate Impact

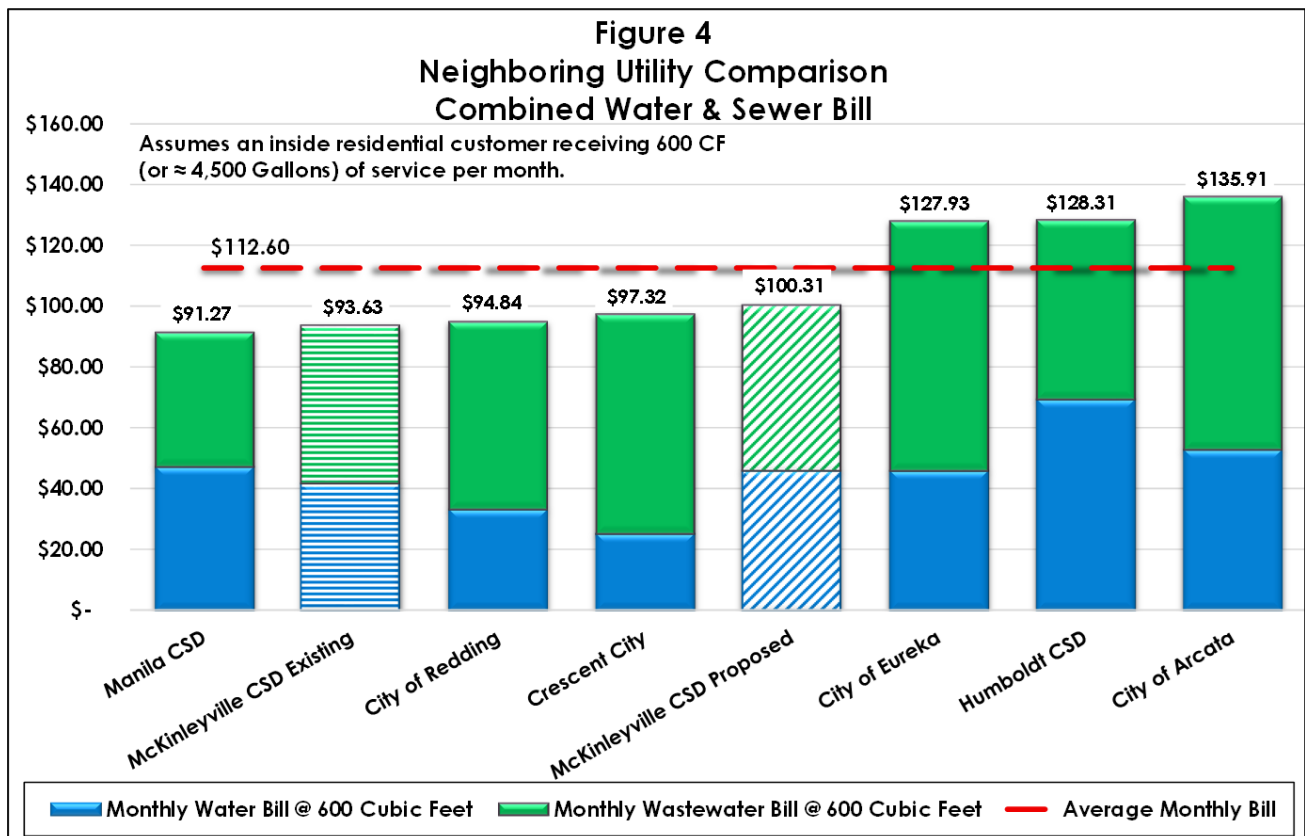
Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 34.59	\$ 35.69	\$ 1.10
5/8 Inch	100	\$ 37.48	\$ 38.82	\$ 1.34
5/8 Inch	200	\$ 40.37	\$ 41.95	\$ 1.58
5/8 Inch	300	\$ 43.26	\$ 45.08	\$ 1.82
5/8 Inch	400	\$ 46.15	\$ 48.21	\$ 2.06
5/8 Inch	500	\$ 49.04	\$ 51.34	\$ 2.30
5/8 Inch	600	\$ 51.93	\$ 54.47	\$ 2.54
5/8 Inch	700	\$ 54.82	\$ 57.59	\$ 2.77
5/8 Inch	800	\$ 57.71	\$ 60.72	\$ 3.01
5/8 Inch	1,000	\$ 63.49	\$ 66.98	\$ 3.49
5/8 Inch	1,200	\$ 69.27	\$ 73.24	\$ 3.97
5/8 Inch	1,400	\$ 75.05	\$ 79.50	\$ 4.45
5/8 Inch	1,600	\$ 80.83	\$ 85.76	\$ 4.93
5/8 Inch	1,800	\$ 86.61	\$ 92.01	\$ 5.40
5/8 Inch	2,000	\$ 92.39	\$ 98.27	\$ 5.88

Table 27 – Residential Combined Rate Impact

Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 54.39	\$ 56.14	\$ 1.75
5/8 Inch	100	\$ 60.93	\$ 63.50	\$ 2.57
5/8 Inch	200	\$ 67.47	\$ 70.87	\$ 3.40
5/8 Inch	300	\$ 74.01	\$ 78.23	\$ 4.22
5/8 Inch	400	\$ 80.55	\$ 85.59	\$ 5.04
5/8 Inch	500	\$ 87.09	\$ 92.95	\$ 5.86
5/8 Inch	600	\$ 93.63	\$ 100.31	\$ 6.68
5/8 Inch	700	\$ 100.17	\$ 107.66	\$ 7.49
5/8 Inch	800	\$ 106.71	\$ 115.03	\$ 8.32
5/8 Inch	1,000	\$ 125.47	\$ 131.45	\$ 5.98
5/8 Inch	1,200	\$ 144.23	\$ 147.87	\$ 3.64
5/8 Inch	1,400	\$ 162.99	\$ 164.29	\$ 1.30
5/8 Inch	1,600	\$ 181.75	\$ 180.71	\$ (1.04)
5/8 Inch	1,800	\$ 200.51	\$ 197.12	\$ (3.39)
5/8 Inch	2,000	\$ 219.27	\$ 213.54	\$ (5.73)

4.3 Rate Comparison with Other Utilities

In order to provide the District with additional insight regarding the proposed rate levels, the analysis includes a comparison of both the existing and proposed user rates relative to the user rates imposed by other water and sewer utility systems located in same region. A summary analysis is provided comparing the cost of monthly water and sewer service for a typical residential customer (assumed to have a 5/8-inch water meter) calculated under the existing and proposed rates of the District with those of the other utilities. The rates utilized for the other neighboring utilities shown were in effect as of February 2022 and are exclusive of local taxes, outside surcharges, franchise fees, regulatory fees or other rate adjustments. A summary comparison with other utilities for a residential customer using 600 CF (approximately 4,500 gallons) per monthly billing is illustrated in **Figure 4**.





It should be noted that when making comparisons for water and sewer service, several factors effect the level of rates and charges. Such factors may include:

- 1) Terms of wholesale service agreements;
- 2) Time since last rate update for comparison providers;
- 3) Level of treatment required before the distribution of water to the ultimate customers;
- 4) Level of treatment and effluent disposal methods of sewer service;
- 5) Anticipated capital improvement programs and capital financing methods;
- 6) Plant capacity utilization, age of facilities, and assistance in construction by federal or state grants, connection fees, developer contributions, etc.;
- 7) General Fund and/or administrative fee transfers made by other systems which may account for differences in the level of rates charged; and
- 8) Bond covenants and funding requirements of the rates.

For the utilities included in the rate comparisons, no analysis has been performed with consideration to the above-mentioned factors as they relate to the reported water and sewer rates currently being charged.



Section 5 – Projected Operating Results

5.1 General

As a conclusion to the study, individual proforma operating statements are developed for both the water and sewer systems, and together with a combined proforma of the collective operations. The statements summarize the projected financial results based on the system revenues, expenses and other revenue requirements anticipated in future years. The individual operating statements cover the 5-fiscal year Projection Period through June 30, 2027 and are prepared on a cash-flow basis. In addition, the individual statements provide the applicable annual percentage rate adjustments necessary to meet the projected revenue requirements. The annual rate adjustments are considered separately for both water and sewer and further separated by the base charge and volumetric rate components. The following discussions describe the development of the major components of the projected operating results.

5.2 Projected Revenues

The user rate and charge revenues are estimated by applying the existing and proposed rates to the projected customers and flows. The revenues for the Projection Period are estimated separately for both water and sewer and further segmented by rate component and customer class. The resulting revenues are then compared to the projected revenue requirements (i.e., O&M expenses, debt service, capital outlay, transfers, etc.) in each fiscal year in order to determine if the revenues are sufficient to satisfy the expenditure needs of the system. To the extent that there are revenue shortfalls, the water and/or sewer rates are adjusted on a percentage basis as necessary to generate the required level of revenues. The projected water, sewer and combined revenues are provided in **Table 28**.

Table 28 – Projected User Rate Revenues

System	Existing	Proposed	Projected			
	2023	2023	2024	2025	2026	2027
Total Water Revenue	\$ 4,273,977	\$ 4,372,639	\$ 4,513,418	\$ 4,778,446	\$ 5,046,405	\$ 5,284,666
Total Sewer Revenue	\$ 4,186,171	\$ 4,270,896	\$ 4,383,254	\$ 4,603,294	\$ 4,863,670	\$ 5,139,432
Combined Revenue	\$ 8,460,148	\$ 8,643,535	\$ 8,896,672	\$ 9,381,740	\$ 9,910,075	\$10,424,098

The projected revenues include the annual water and sewer rate adjustments anticipated for the remaining years of Projection Period beyond the Test Year. The proposed user rates from which the projected operating results are developed for the entire 5-fiscal year Projection Period are provided in **Tables 29 and 30**. The rates identified in the tables reflect the cost of providing service to individual customer classes based on peaking factors, volume of flow, and strength characteristics.



Table 29 – Proposed Monthly Water Rates

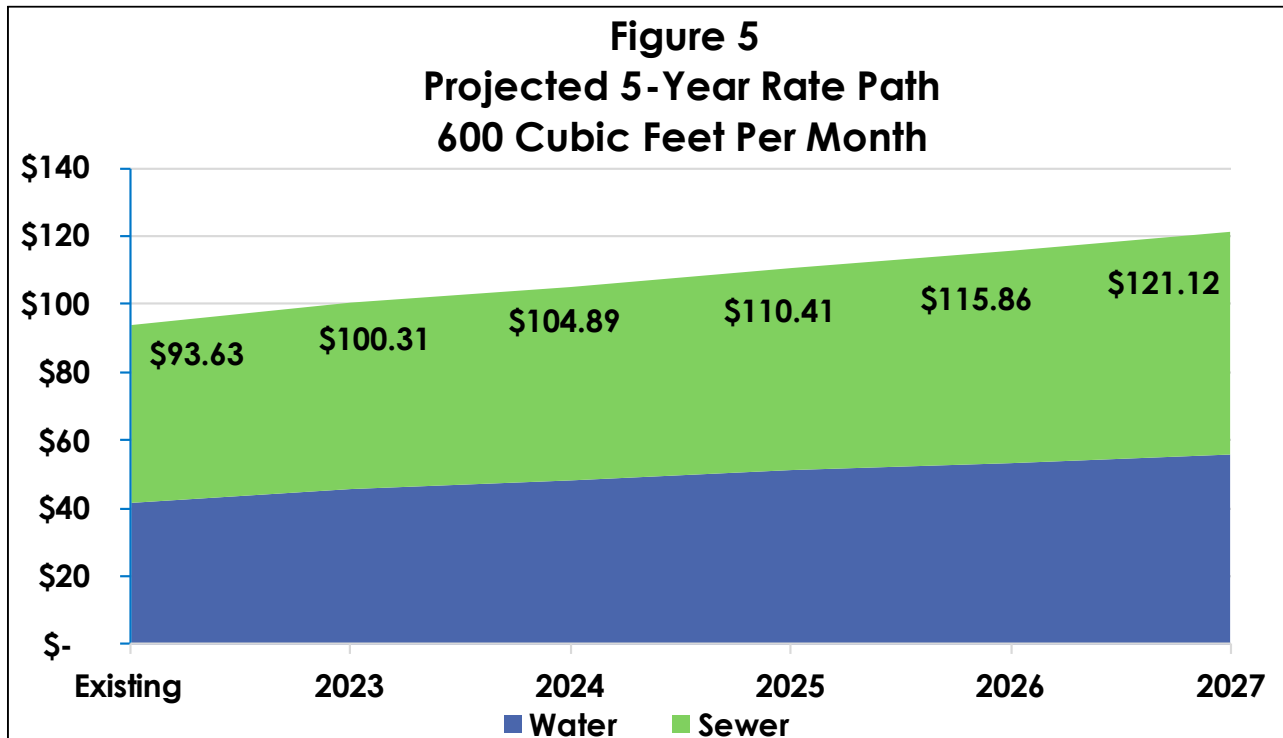
Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size:						
General Service						
5/8 Inch	\$ 19.80	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	\$ 29.11	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	\$ 47.52	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	\$ 93.06	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	\$ 147.91	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	\$ 291.85	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	\$ 459.76	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	\$ 915.75	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	\$ 1,464.41	\$ 1,275.17	\$ 1,351.65	\$ 1,432.70	\$ 1,504.40	\$ 1,564.87
Volumetric Rates Per 100 Cubic Feet:						
0 - 800 Cubic Feet	\$ 1.89	\$ 2.47	\$ 2.62	\$ 2.78	\$ 2.92	\$ 3.04
Over 800 Cubic Feet	\$ 4.73	\$ 3.32	\$ 3.51	\$ 3.73	\$ 3.91	\$ 4.07
HBMWD Pass Through ^[1]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04
Notes:						
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.						



Table 30 – Proposed Monthly Sewer Rates

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge ^[1]:						
All Customers	\$ 34.59	\$ 35.69	\$ 37.12	\$ 38.98	\$ 40.93	\$ 42.98
Volumetric Rates Per 100 Cubic Feet ^[2]:						
2 sewer Units/Commercial	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Apartment/Multi Unit (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Bakery	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Barber/Beauty Shop	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Car Wash	\$ 0.66	\$ 2.91	\$ 3.03	\$ 3.17	\$ 3.33	\$ 3.50
Church & Residence	\$ 3.41	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Churches	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Coast Guard Station/Airport	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Dialysis Clinic	\$ 3.61	\$ 3.08	\$ 3.20	\$ 3.36	\$ 3.52	\$ 3.70
Fire Station/School	\$ 1.97	\$ 2.97	\$ 3.08	\$ 3.24	\$ 3.40	\$ 3.57
Gas Stations (No Market)	\$ 2.86	\$ 3.19	\$ 3.31	\$ 3.47	\$ 3.65	\$ 3.83
Laundromats	\$ 2.28	\$ 3.00	\$ 3.11	\$ 3.27	\$ 3.43	\$ 3.60
Market	\$ 11.56	\$ 4.26	\$ 4.43	\$ 4.64	\$ 4.88	\$ 5.12
Metered Septage Vault	\$ 3.24	\$ 3.55	\$ 3.69	\$ 3.87	\$ 4.06	\$ 4.26
Moble Homes (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Motels/Hotels	\$ 7.37	\$ 3.79	\$ 3.94	\$ 4.13	\$ 4.34	\$ 4.56
Office Building/Post Office	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Restaurant/Tavern	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Retail/Banks/Theater/Other	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Round Table/Market	\$ 9.65	\$ 4.03	\$ 4.18	\$ 4.39	\$ 4.60	\$ 4.84
Sewer Only Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Units - Commercial	\$ 2.86	\$ 3.19	\$ 3.31	\$ 3.47	\$ 3.65	\$ 3.83
Single Family Residential	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Business	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Daycare	\$ 2.92	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Brewery	\$ 23.12	\$ 11.20	\$ 11.63	\$ 12.20	\$ 12.81	\$ 13.45
Notes:						
[1] All sewer customers pay the same base charge.						
[2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.						

The projected user rates provided herein for the periods beyond the Test Year are intended for strategic planning purposes and to provide the District with the estimated future rates that may be needed to satisfy the projected cash flow requirements. The rates are developed in accordance with the assumed customer, flow, expenditure and revenue estimates projected in this rate study. It is important to note that, since it is necessary to utilize a number of assumptions to develop the projected operating results, to the extent that actual customers, flows and/or system expenditures differ from those assumed herein, additional rate adjustments may be required. For informative purposes, a calculation of the typical monthly bill for a representative District residential customer based on the projected rates, as well as the accompanying change in the monthly bill for each year of the Projection Period is included herein. An illustration of the projected typical bill rate path is provided in **Figure 5**.



5.3 Debt Service Coverage

The combined operating statement also includes a calculation of the annual debt service coverage. Debt service coverage is generally viewed as an indicator of the financial strength of the utility. The debt service coverage ratio is broadly calculated by dividing the net revenues by the annual debt service requirement. For the purposes of the debt service coverage calculation developed herein, the net revenues consist of the total operating revenues (user rate revenues plus other revenues) less the O&M expenses. In accordance with the requirements of the outstanding loan requirements, the District must maintain coverage of at least 120% (1.20 times) of the debt service requirements. Assuming this will be the required coverage amount for any anticipated new debt, the pro-forma operating statements indicate that the combined water and sewer system is expected to exceed the minimum level of debt service coverage in each fiscal year of the Projection Period. It is important to note that the coverage results are provided for informative purposes only and not intended as a legally supportable calculation for representation to bondholders. The debt service coverage for the water and sewer enterprise systems respectively over the projection period is provided in **Table 31**.

Table 31 – Water and Sewer Enterprise System Projected Debt Service Coverage

Fiscal Year	Water Enterprise		Sewer Enterprise	
	Projected	Minimum	Projected	Minimum
2023	2.93	1.20	2.19	1.20
2024	2.99	1.20	2.37	1.20
2025	3.28	1.20	2.51	1.20
2026	3.56	1.20	2.70	1.20
2027	3.84	1.20	2.91	1.20

5.4 Summary of Projected Operating Results

The cash-flow statements developing the projected operating results are summarized in **Tables 32, 33** and **34** for water, sewer and the combined systems, respectively. The projected results are graphically illustrated in **Figure 6** for water, sewer and the combined systems, respectively. The results demonstrate that the proposed rates and charges along with the other system revenues and estimated future rate adjustments are anticipated to be sufficient to satisfy the projected revenue requirements and capital needs of the combined utility system.



Table 32 – Water System Projected Operating Results

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)					
	Existing 2023	Proposed 2023	2024	2025	2026	2027
Revenues:						
Water Sales	\$ 4,274	\$ 4,373	\$ 4,513	\$ 4,778	\$ 5,046	\$ 5,285
Other Revenues	342	342	359	377	395	415
Total Revenues	\$ 4,616	\$ 4,714	\$ 4,872	\$ 5,155	\$ 5,442	\$ 5,700
O&M Expenses	(3,380)	(3,380)	(3,512)	(3,657)	(3,810)	(3,961)
Net Income For Debt	\$ 1,235	\$ 1,334	\$ 1,360	\$ 1,498	\$ 1,631	\$ 1,739
Debt Service:						
Existing	\$ 456	\$ 456	\$ 456	\$ 457	\$ 458	\$ 453
Future	-	-	-	-	-	-
Total Debt Service	\$ 456	\$ 456	\$ 456	\$ 457	\$ 458	\$ 453
Balance After Debt	\$ 780	\$ 878	\$ 905	\$ 1,041	\$ 1,173	\$ 1,286
Other Expenditures & Transfers:						
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Expenditures & Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Results	\$ 780	\$ 878	\$ 905	\$ 1,041	\$ 1,173	\$ 1,286
Fund Balance Activity:						
Operating Fund						
Beginning Balance	\$ 6,125	\$ 6,125	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099
Deposit/(Withdrawal) from Operations	780	878	905	1,041	1,173	1,286
Cash Funded Capital Projects	(1,874)	(1,874)	(2,678)	(2,310)	(1,162)	(833)
Total Operating Fund Balance	\$ 5,031	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099	\$ 2,552
Ending Fund Balance	\$ 5,031	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099	\$ 2,552
Debt Coverage	2.71	2.93	2.99	3.28	3.56	3.84



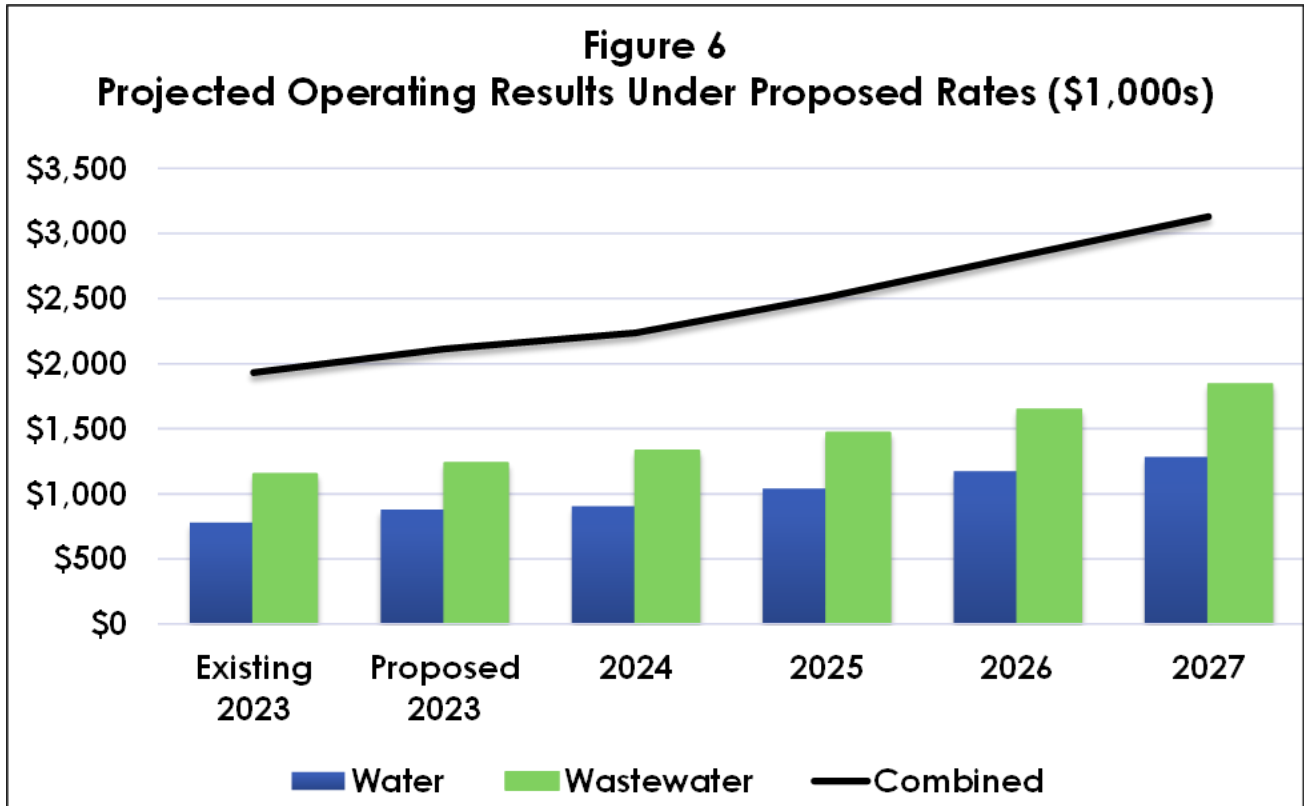
Table 33 – Sewer System Projected Operating Results

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)					
	Existing 2023	Proposed 2023	2024	2025	2026	2027
Revenues:						
Wastewater Sales	\$ 4,186	\$ 4,271	\$ 4,383	\$ 4,603	\$ 4,864	\$ 5,139
Other Revenues	407	407	421	437	452	469
Total Revenues	\$ 4,593	\$ 4,678	\$ 4,805	\$ 5,040	\$ 5,316	\$ 5,608
O&M Expenses	(2,402)	(2,402)	(2,502)	(2,597)	(2,696)	(2,797)
Net Income For Debt	\$ 2,191	\$ 2,275	\$ 2,303	\$ 2,442	\$ 2,620	\$ 2,811
Debt Service:						
Existing	\$ 1,039	\$ 1,039	\$ 970	\$ 973	\$ 972	\$ 966
Future	-	-	-	-	-	-
Total Debt Service	\$ 1,039	\$ 1,039	\$ 970	\$ 973	\$ 972	\$ 966
Balance After Debt	\$ 1,151	\$ 1,236	\$ 1,333	\$ 1,469	\$ 1,648	\$ 1,845
Other Expenditures & Transfers:						
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Expenditures & Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Results	\$ 1,151	\$ 1,236	\$ 1,333	\$ 1,469	\$ 1,648	\$ 1,845
Fund Balance Activity:						
Operating Fund						
Beginning Balance	\$ 6,257	\$ 6,257	\$ 5,497	\$ 3,304	\$ 1,551	\$ 1,809
Deposit/(Withdrawal) from Operations	1,151	1,236	1,333	1,469	1,648	1,845
Cash Funded Capital Projects	(1,996)	(1,996)	(3,526)	(3,223)	(1,390)	(1,438)
Total Operating Fund Balance	5,412	5,497	3,304	1,551	1,809	2,216
Ending Fund Balance	\$ 5,412	\$ 5,497	\$ 3,304	\$ 1,551	\$ 1,809	\$ 2,216
Debt Coverage	2.11	2.19	2.37	2.51	2.70	2.91



Table 34 – Combined System Projected Operating Results

Description	Projected for Fiscal Year Ending June 30, (\$1,000s)					
	Existing 2023	Proposed 2023	2024	2025	2026	2027
Revenues:						
Water Sales	\$ 4,274	\$ 4,373	\$ 4,513	\$ 4,778	\$ 5,046	\$ 5,285
Wastewater Sales	4,186	4,271	4,383	4,603	4,864	5,139
Combined	\$ 8,460	\$ 8,644	\$ 8,897	\$ 9,382	\$ 9,910	\$ 10,424
Other Revenues	748	748	780	813	848	884
Total Revenues	\$ 9,208	\$ 9,392	\$ 9,677	\$ 10,195	\$ 10,758	\$ 11,308
O&M Expenses	(5,783)	(5,783)	(6,013)	(6,255)	(6,506)	(6,758)
Net Income For Debt	\$ 3,426	\$ 3,609	\$ 3,663	\$ 3,940	\$ 4,251	\$ 4,550
Debt Service:						
Existing	\$ 1,495	\$ 1,495	\$ 1,426	\$ 1,430	\$ 1,430	\$ 1,419
Future	-	-	-	-	-	-
Total Debt Service	\$ 1,495	\$ 1,495	\$ 1,426	\$ 1,430	\$ 1,430	\$ 1,419
Balance After Debt	\$ 1,931	\$ 2,115	\$ 2,237	\$ 2,510	\$ 2,821	\$ 3,131
Other Expenditures & Transfers:						
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Expenditures & Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Results	\$ 1,931	\$ 2,115	\$ 2,237	\$ 2,510	\$ 2,821	\$ 3,131
Fund Balance Activity:						
Operating Fund						
Beginning Balance	\$ 12,382	\$ 12,382	\$ 10,627	\$ 6,661	\$ 3,638	\$ 3,908
Deposit/(Withdrawal) from Operations	1,931	2,115	2,237	2,510	2,821	3,131
Cash Funded Capital Projects	(3,870)	(3,870)	(6,203)	(5,533)	(2,551)	(2,271)
Total Operating Fund Balance	10,443	10,627	6,661	3,638	3,908	4,768
Ending Fund Balance	\$ 10,443	\$ 10,627	\$ 6,661	\$ 3,638	\$ 3,908	\$ 4,768
Debt Coverage	2.29	2.41	2.57	2.76	2.97	3.21





Section 6 – Drought Surcharge

6.1 General

In accordance with the American Water Works Association (AWWA) Manual M1, a rate surcharge is a separate charge added to the existing rate structure to collect either:

- A targeted amount of revenue; or
- To assess an appropriate charge for usage characteristics outside of those covered in the standard charge for service.

Surcharges are often separate from the standard rate structure and are labeled for a specific purpose for which the funds will be used, or they are connected directly to the event that caused the need for the surcharge. Drought rates are a specific form of a surcharge rate.

6.2 Purpose of a Drought Surcharge

Drought surcharges are a specific form of a surcharge used during a drought that are intended to ensure that revenue collected during a period when water sales are reduced as a result of drought and mandated water use restrictions will still meet the financial requirements of the utility. The reduction in water demand is usually achieved by multiple actions such as:

- Appealing to customers to voluntarily reduce water demands;
- Placing mandatory restrictions on discretionary water usage often related to outdoor usage (irrigation, filling pools, pressure washing, car washing, etc.); and

When water demand is reduced, there may be a negative impact on the utility's revenues. Because less water is sold, there is a corresponding reduction in variable water rate revenue. This can result in the water utility not being able to generate sufficient revenue to cover the water system's revenue requirements (and costs). To address this situation, a drought surcharge can be enacted to help prevent a revenue shortfall and ensure that the water system's revenue requirements are met. If a revenue shortfall occurs, this can result in the water utility having to draw down on available cash reserves, which are designated for other purposes, or cause the water utility to not generate enough revenues to meet current financial obligations.



6.2.1 The District's Water Shortage Contingency Plan

The District adopted a Water Shortage Contingency Plan (WSCP) that is designed to prepare for and respond to water shortages. This WSCP complies with California Water Code (CWC) Section 10632, which requires that every urban water supplier shall prepare and adopt a WSCP as part of its Urban Water Management Plan (UWMP).

The provisions of the WSCP shall take effect upon a declaration of a water shortage made by a resolution of the District Board of Directors (the Board). Recommendation for the implementation of the WSCP shall be brought to the Board of Directors whenever the District General Manager, upon engineering analysis of District water supplies, information received from the wholesale water provider, Humboldt Bay Municipal Water District (HBMWD), or due to regulatory requirements, notices, or orders, finds and determines that a water shortage emergency exists or is imminent within the MCSD water service area. The WSCP shall remain in effect for the duration of the water shortage or until rescinded by the Board.

The WSCP establishes water use restrictions and prohibitions to be implemented during times of declared water shortages or declared water shortage emergencies. It establishes six stages of response actions to be implemented in times of shortage, with increasing restrictions on water use in response to worsening drought conditions or decreasing available supplies. The MCSD Board of Directors, upon recommendation by the General Manager, shall determine and declare by resolution the stage of response action necessary.

6.3 Proposed Drought Surcharge Rates

The analysis and proposed drought surcharge water rates herein assume that a Stage 3 water shortage response action will be implemented. Under the Stage 3 water shortage response action (or Stages 4 through 6, as approved by Board Resolution), a mandatory 10% reduction in water demand will go into effect. More detail relating to the water drought surcharge cost of service approach can be found in **Appendix D**. The proposed Stage 3 drought surcharge rates and a comparison of the standard water rates to the Stage 3 drought surcharge rates can be found in **Tables 35** and **36**, respectively.



Table 35 – Proposed Drought Surcharge Rates

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size						
General Service						
5/8 Inch	N/A	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	N/A	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	N/A	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	N/A	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	N/A	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	N/A	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	N/A	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	N/A	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	N/A	\$ 1,275.17	\$ 1,351.65	\$ 1,432.70	\$ 1,504.40	\$ 1,564.87
Drought Surcharge Per 100 Cubic Feet						
Tier 1	N/A	\$ 0.47	\$ 0.50	\$ 0.53	\$ 0.56	\$ 0.58
Tier 2	N/A	\$ 0.57	\$ 0.60	\$ 0.64	\$ 0.67	\$ 0.70
Total Volumetric Rates Per 100 Cubic Feet (Standard Volumetric Rate plus Drought Surcharge)						
0 - 800 Cubic Feet	N/A	\$ 2.94	\$ 3.12	\$ 3.31	\$ 3.48	\$ 3.62
Over 800 Cubic Feet	N/A	\$ 3.89	\$ 4.11	\$ 4.37	\$ 4.58	\$ 4.77
HBMWD Pass Through ^[1]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04
Notes:						
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.						

Table 36 – Comparison of Standard Water Rates and Drought Surcharge Rates

Description	2023 Basic Water Rates	2023 Drought Rates ^[1]	Difference (\$)
Monthly Base Charge by Meter Size:			
General Service			
5/8 Inch	\$ 20.45	\$ 20.45	\$ -
3/4 Inch	\$ 28.39	\$ 28.39	\$ -
1.0 Inch	\$ 44.28	\$ 44.28	\$ -
1.5 Inch	\$ 83.98	\$ 83.98	\$ -
2.0 Inch	\$ 131.63	\$ 131.63	\$ -
3.0 Inch	\$ 242.81	\$ 242.81	\$ -
4.0 Inch	\$ 401.63	\$ 401.63	\$ -
6.0 Inch	\$ 798.69	\$ 798.69	\$ -
8.0 Inch	\$ 1,275.17	\$ 1,275.17	\$ -
Volumetric Rates Per 100 Cubic Feet:			
Tier 1	\$ 2.47	\$ 2.94	\$ 0.47
Tier 2	\$ 3.32	\$ 3.89	\$ 0.57
HBMWD Pass Through ^[2]	\$ 1.76	\$ 1.76	\$ -
Notes:			
[1] Drought rates are based on the "Stage 3 - Mandatory Conservation" water demand reduction goal of 10% as stated in the McKinleyville Community Service District Water Shortage Contingency Plan.			
[2] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.			

As demonstrated above in **Table 36**, only the volumetric rates increase when the drought surcharge goes into effect. As stated previously in **Section 3** of the report, this is because of the functional unbundling of the revenue requirements (costs). When the drought surcharge rates go into effect due to a water supply shortage, there is less water demand (customer usage) to recover the same revenue requirements allocated to the volumetric rate component. Therefore, volumetric rates need to go up to recover the same amount of revenue requirements needed while the base charge remains unchanged. The difference in units and unit costs between the standard water and drought surcharge analysis is provided in **Table 37**. The breakout of the drought surcharge proposed volumetric rates compared to the standard water rates is provided in **Table 38**.



Table 37 – Standard Water Rate vs Drought Surcharge Unit Costs

Description	Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Total
Basic Water Rates						
Total Revenue Requirement	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$4,372,639
Units of Service	543,770	706	1,271	98,088	88,956	
	CCF	CCF/Day	CCF/Day	ERUs/Year	Bills/Year	
Cost Per Unit	\$ 3.78	\$ 175.69	\$ 180.32	\$ 15.88	\$ 4.57	
	CCF	CCF/Day	CCF/Day	ERU	Bill	
Drought Surcharge Rates						
Total Revenue Requirement	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$4,372,639
Units of Service	489,392	635	1,144	98,088	88,956	
	CCF	CCF/Day	CCF/Day	ERUs/Year	Bills/Year	
Cost Per Unit	\$ 4.20	\$ 195.21	\$ 200.36	\$ 15.88	\$ 4.57	
	CCF	CCF/Day	CCF/Day	ERU	Bill	

Table 38 – Proposed Volumetric Rate Breakout

Meter Size	Base	Peaking	Proposed Rate (\$/CCF) [1]	Tier Differential
Basic Water Rates - All Customers				
Tier 1	\$ 3.78	\$ 0.45	\$ 4.23	1.00
Tier 2	\$ 3.78	\$ 1.30	\$ 5.08	1.20
Drought Surcharge Rates - All Customers				
Tier 1	\$ 4.20	\$ 0.50	\$ 4.70	1.00
Tier 2	\$ 4.20	\$ 1.45	\$ 5.65	1.20

Notes:
 [1] The proposed rate per CCF for each tier includes the \$1.76 HBMWD passthrough charge.



Section 7 – Conclusions and Recommendations

7.1 General Disclaimer

In the development of the proposed user rates and charges, certain historical reviews and analyses have been performed, together with the application of assumptions based on prudent financial, operational and ratemaking relationships. The cost criteria and customer usage characteristics associated with general ratemaking procedures are representative of averages and are not intended as indicators of any individual customer.

In the preparation of the rate study, certain assumptions have been made with respect to conditions that may occur in the future. While it is believed that these assumptions are reasonable for the purpose of this update, they are dependent upon future events and actual conditions may differ from those assumed. In addition, the study has used and relied upon certain information that was provided by other parties not associated with Willdan. Such information includes, among other things, the District's audited financial statements, annual operating budgets, periodic reports, and other information and data provided by the District, its independent auditors, and other sources. While the sources are believed to be reliable, there has been no independent verification of the information and no assurances are offered with respect thereto. To the extent that future conditions differ from those assumed herein or provided by others, the actual results may vary from those projected.

7.2 Conclusions

As previously addressed, the purpose of this study is to provide a review of the District's existing utility rates to determine if rate adjustments are necessary to meet the budgeted and/or projected financial needs in future years. This Report is the result of the collaborative efforts of representatives from both the District and Willdan. District staff was diligent and cooperative in their efforts to ensure the availability and quality of source data on financial and operating matters. Based on the reviews, analyses and assumptions discussed herein, it is concluded that:

1. The proposed user rates and charges are anticipated to generate sufficient revenues to meet the revenue requirements of the system based upon the projected expenditures, transfers, customers and billable flows estimated for the Test Year. The proposed rates are based on an assumed implementation date of January 1, 2023 (or other such date as determined by the District). To the extent that the implementation date is postponed, additional rate adjustments and/or appropriations from existing reserves may be necessary.
2. The estimated revenues and resulting rate adjustments for the remaining years of the Projection Period beyond the Test Year are developed based on the

customer growth assumptions generated from the historical analyses and discussions with District staff. If the customer growth projections are not realized, additional rate adjustments may be necessary.

3. Customer account growth for the water and sewer systems is projected based on historical customer account data as provided by the District as well as discussions with the District staff regarding developer activity and anticipated construction. The customer information indicates that the utility system has experienced limited new growth during recent years. As such, for the purpose of the analyses developed herein, it is assumed that minimal growth will be realized during the Projection Period. If it turns out that this assumption is too conservative and additional customers connect to the system, the resulting revenues could be higher than projected.
4. The projection of billable water and sewer flows are based on historical trends with regard to the average flow per user for each customer class. The average water and sewer flows per account are developed from historical customer data and are assumed to remain relatively constant for the Projection Period. The historical billing data provided by the District was utilized to identify the average flow statistics for system customers. For the analyses developed herein, it is assumed that the average usage statistics for the Projection Period will be consistent with recent historical average usage levels as realized in recent years, or as otherwise assumed based on discussions with staff. When applying the estimated average usage statistics, it is assumed that the water and sewer sales will increase with the estimated growth in customers. However, it is important to note that annual variations in rainfall and other climatological factors may influence the level of future water demands and the accompanying billable sewer flows for the District.
5. Future capital improvement projects are assumed to occur as reported by the District in its CIP. To the extent that the timing of such projects may change from that estimated herein, the cost of such projects and resulting impact on future rates and charges may vary from those indicated.
6. The proposed rates and rate structure are consistent with industry standards for rate-setting practices, comply with Proposition 218 and conform to the District's financial policies with respect to:
 - a. Equitably recovering costs;
 - b. Being based upon the proportionate cost of providing services; and
 - c. Generating sufficient revenue to recover system revenue requirements, fund capital needs and meet reserve requirements.



7.3 Recommendations

Based on the reviews, analyses and assumptions addressed herein, as well as the resulting conclusions provided above, it is respectfully recommended that the District:

1. Adopt the proposed water and sewer rates.
2. Adopt the proposed drought surcharge rates.
3. Enact the proposed rates to become effective as of January 1, 2023 (or other such date as determined by the District). Based on the timing of the project and the required public hearing notice procedures, it is expected that the effective date will occur at the recommended date.
4. Readdress the cost-of-service analysis portion of this study every three to five years to ensure costs are recovered consistent with cost-of-service principles and customer characteristics.

We appreciate the opportunity to be of service to the District in this engagement. In addition, we would like to thank District staff for the valuable assistance provided during the completion of the rate study.

Respectfully Yours,

WILLDAN FINANCIAL SERVICES

APPENDIX

COST OF SERVICE DETAIL FOR THE WATER & SEWER RATE STUDY



**WATER & SEWER RATE STUDY FOR THE
McKINLEYVILLE COMMUNITY SERVICES DISTRICT, CALIFORNIA**

Prepared by Willdan Financial Services



APPENDIX - A
MCKINLEYVILLE CSD, CA
Development of Rate Revenue Requirements

Line No:		A		B		C			
		Test Year for Rate							
		Revenue Requirement							
		FY 2023	% to Water	Water	% to Sewer	Sewer			
1	Total Operating Revenue Requirement	\$	9,391,826		\$	4,714,205	\$	4,677,621	
	Less:								
	<u>Other Operating Revenues</u>								
2	Water Base Chg	\$	-	100%	\$	-	0%	\$	-
3	Mtr. Water Sale	\$	-	100%	\$	-	0%	\$	-
4	New Svc. Fees	\$	25,000	100%	\$	25,000	0%	\$	-
5	Service Install	\$	-	100%	\$	-	0%	\$	-
6	Pl. Ck. Fee Dep	\$	1,000	100%	\$	1,000	0%	\$	-
7	Swr Const Prmt	\$	-	100%	\$	-	0%	\$	-
8	Permit Fees	\$	1,000	100%	\$	1,000	0%	\$	-
9	Conn. Fees Wtr. Cap. Impr.	\$	150,000	100%	\$	150,000	0%	\$	-
10	Proc. Fees	\$	15,000	100%	\$	15,000	0%	\$	-
11	Bad Check Fees	\$	500	100%	\$	500	0%	\$	-
12	Reconn. Fees	\$	3,000	100%	\$	3,000	0%	\$	-
13	Dcv Inspection	\$	22,000	100%	\$	22,000	0%	\$	-
14	Refunds/Rebates	\$	-	100%	\$	-	0%	\$	-
15	Rec. Bad Debts	\$	900	100%	\$	900	0%	\$	-
16	Cell Tower Rev.	\$	17,000	100%	\$	17,000	0%	\$	-
17	Other Op. Rev.	\$	15,000	100%	\$	15,000	0%	\$	-
18	Lease Revenue	\$	3,600	100%	\$	3,600	0%	\$	-
19	Paving Fees	\$	3,000	100%	\$	3,000	0%	\$	-
20	Svc Upgrade	\$	-	100%	\$	-	0%	\$	-
21	After Hrs Chgs	\$	500	100%	\$	500	0%	\$	-
22	St. Light Chgs	\$	450	100%	\$	450	0%	\$	-
23	Sale Of Scrap	\$	350	100%	\$	350	0%	\$	-
24	Ins. Reimburse.	\$	-	100%	\$	-	0%	\$	-
25	Int. Revenue	\$	50,000	100%	\$	50,000	0%	\$	-
26	Int. Revenue Admin./General	\$	-	100%	\$	-	0%	\$	-
27	Late Charges	\$	12,500	100%	\$	12,500	0%	\$	-
28	Contrib. Const.	\$	-	100%	\$	-	0%	\$	-
29	Other Income	\$	1,000	100%	\$	1,000	0%	\$	-
30	State/Other Grants	\$	-	100%	\$	-	0%	\$	-
31	Loss(Gain) Disp	\$	4,000	100%	\$	4,000	0%	\$	-
32	Unrealized Gain/Loss - Water	\$	-	100%	\$	-	0%	\$	-
33	Swr Svc Chgs.	\$	-	0%	\$	-	100%	\$	-
34	Storm Water Fee	\$	-	0%	\$	-	100%	\$	-
35	Storm Wtr Fee Open Space Main	\$	350	0%	\$	-	100%	\$	350
36	New Svc. Fees	\$	30,000	0%	\$	-	100%	\$	30,000
37	Pl. Ck. Fee Dep	\$	1,000	0%	\$	-	100%	\$	1,000
38	Swr Const Prmt	\$	2,500	0%	\$	-	100%	\$	2,500
39	Permit Fees	\$	-	0%	\$	-	100%	\$	-
40	Conn. Fees Capital Imp	\$	200,000	0%	\$	-	100%	\$	200,000
41	Bad Check Fees	\$	300	0%	\$	-	100%	\$	300
42	Reconn. Fees	\$	-	0%	\$	-	100%	\$	-
43	Refunds/Rebates	\$	-	0%	\$	-	100%	\$	-
44	Rec. Bad Debts	\$	900	0%	\$	-	100%	\$	900
45	Cell Tower Rev.	\$	17,000	0%	\$	-	100%	\$	17,000
46	Other Op. Rev.	\$	6,500	0%	\$	-	100%	\$	6,500
47	Lease Revenue	\$	64,392	0%	\$	-	100%	\$	64,392
48	Paving Fees	\$	1,000	0%	\$	-	100%	\$	1,000
49	After Hrs Chgs	\$	-	0%	\$	-	100%	\$	-
50	Sale Of Scrap	\$	-	0%	\$	-	100%	\$	-
51	Insurance Reimb	\$	-	0%	\$	-	100%	\$	-
52	Int. Revenue	\$	50,000	0%	\$	-	100%	\$	50,000
53	Int. Revenue Admin./General	\$	-	0%	\$	-	100%	\$	-
54	Late Charges	\$	13,000	0%	\$	-	100%	\$	13,000
55	Contrib. Const.	\$	-	0%	\$	-	100%	\$	-
56	Other Income	\$	2,000	0%	\$	-	100%	\$	2,000
57	State/Fema Grants	\$	-	0%	\$	-	100%	\$	-
58	Loss (Gain) Disp	\$	4,000	0%	\$	-	100%	\$	4,000
59	Unrealized Gain/Loss	\$	-	0%	\$	-	100%	\$	-
60	Increase/(Decrease) in Revenues	\$	29,549		\$	15,766		\$	13,783
61	Total Other Operating Revenues	\$	748,291		\$	341,566		\$	406,725
62	Total Rate Revenue Requirement	\$	8,643,535	51%	\$	4,372,639	49%	\$	4,270,896

APPENDIX - B

MCKINLEYVILLE CSD, CA

Water Max Day/Hour Allocation Factors - Test Year FY 2023

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Line No:	Description	Flow	Peak Month (CCF)	Average Month (CCF)	Max Day/Avg Day Factor	Max Day Total Capacity (CCF/Day)	Max Day Extra Capacity (CCF/Day)	Max Hour Capacity Factor	Max Hour Total Capacity (CCF/Day)	Max Hour Extra Capacity (CCF/Day)
Operating Statistics:		MGD	Factor							
1	Avg Day Flow (MGD)	1.40	1.00							
2	Max Day Flow (MGD)	1.88	1.34							
3	Max Hour Flow (MGD)	2.97	2.12							
Cost Allocation Factors:		Base	Max Day	Max Hour						
4	Base/Max Day	74.47%	25.53%	0.00%						
5	Base/Max Day/Max Hour	47.17%	16.17%	36.66%						
Peaking Factors:					[B] / [C]	[D] * [B3 / B2]				
All Customers										
6	Tier 1		43,265	35,552	1.22			1.92		
7	Tier 2		27,648	11,900	2.32			3.67		
						Maximum Day	Maximum Hour			
						[D] x [B]	[E] - [B]	[G] x [B]		[H] - [E]
Estimated Max Day/Hour Flows:		Total Annual Flow (CCF)	Average Daily Flow (CCF)		Peaking Factor	Total Capacity	Extra Capacity	Peaking Factor	Total Capacity	Extra Capacity
All Customers										
8	Tier 1	417,571	1,144		1.22	1,392	248	1.92	2,198	806
9	Tier 2	126,199	346		2.32	803	458	3.67	1,268	465
10	Total	543,770	1,490			2,196	706		3,466	1,271

APPENDIX - B

MCKINLEYVILLE CSD, CA

Water Units of Service by Cost Component - Test Year FY 2023

		[A]	[B]	[C]	[D]	[E]
Line No:	Description	ERUs	Accounts/Units	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)
1	All Customers	8,174	7,413	543,770	706	1,271
2	Tier 1			417,571	248	806
3	Tier 2			126,199	458	465
4	Total	8,174	7,413	543,770	706	1,271

APPENDIX - B

MCKINLEYVILLE CSD, CA

Allocation of Water Costs - Test Year FY 2023

Line No:	Description	Water Costs	Extra Capacity			Meters & Services	Billing & Collection	Total
			Base	Max Day	Max Hour			
Allocation Factors:								
1	Treatment		74.47%	25.53%	0.00%	0.00%	0.00%	100.00%
2	Transmission & Distribution		47.17%	16.17%	36.66%	0.00%	0.00%	100.00%
3	Pumping		74.47%	25.53%	0.00%	0.00%	0.00%	100.00%
4	Customer Service		0.00%	0.00%	0.00%	52.44%	47.56%	100.00%
5	Admin		0.00%	0.00%	0.00%	52.44%	47.56%	100.00%
6	Source of Supply		100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
7	Transfers		75.00%	0.00%	0.00%	25.00%	0.00%	100.00%
8	Existing Bond DS		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
9	New Bond DS		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
10	CIP		47.00%	0.00%	0.00%	53.00%	0.00%	100.00%
11	Capital Outlay		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
Allocation of Costs:								
12	Treatment	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Transmission & Distribution	816,179	384,990	131,997	299,192	-	-	816,179
14	Pumping	117,171	87,255	29,916	-	-	-	117,171
15	Customer Service	58,300	-	-	-	30,573	27,727	58,300
16	Admin	1,058,082	-	-	-	554,870	503,212	1,058,082
17	Source of Supply	1,330,462	1,330,462	-	-	-	-	1,330,462
18	Transfers	-	-	-	-	-	-	-
19	Existing Bond DS	455,627	-	-	-	455,627	-	455,627
20	New Bond DS	-	-	-	-	-	-	-
21	CIP	1,874,000	880,780	-	-	993,220	-	1,874,000
22	Capital Outlay	-	-	-	-	-	-	-
23	Non-Rate Rev & Fund Bal	(1,337,182)	(628,445)	(37,918)	(70,068)	(476,410)	(124,341)	(1,337,182)
24	Total	\$ 4,372,639	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$ 4,372,639
Units of Service			543,770.00	705.77	1,270.62	98,088.00	88,956.00	
			CCF	CCF/Day	CCF/Day	ERUs/Year	Bills/Year	
Cost Per Unit			\$ 3.7792	\$ 175.6870	\$ 180.3249	\$ 15.8825	\$ 4.5708	
			CCF	CCF/Day	CCF/Day	ERU	Bill	

APPENDIX - B

MCKINLEYVILLE CSD, CA

Water Cost of Service by Cost Component and Customer Class - Test Year FY 2023

	[A]	[B]	[C]	[D]	[E]	[F]	
Line No:	Description	ERUs	Accounts	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)	Total
1	All Customers	\$ 1,557,880	\$ 406,598	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 4,372,639
2	Tier 1			\$ 1,578,105	\$ 43,608	\$ 145,292	
3	Tier 2			\$ 476,937	\$ 80,387	\$ 83,832	
4	Total	\$ 1,557,880	\$ 406,598	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 4,372,639

APPENDIX - B

MCKINLEYVILLE CSD, CA

Water Rate Calculation - Test Year FY 2023

	[A]	[B]	[C]	[D]	[E]	[F]	
Line No:	Description	Capacity Ratio	Meter Charge	Customer Charge	Proposed Charge	Existing Charge	Difference
General Service							
1	5/8 Inch	1.00	\$ 15.88	\$ 4.57	\$ 20.45	\$ 19.80	\$ 0.65
2	3/4 Inch	1.50	\$ 23.82	\$ 4.57	\$ 28.39	\$ 29.11	\$ (0.72)
3	1.0 Inch	2.50	\$ 39.71	\$ 4.57	\$ 44.28	\$ 47.52	\$ (3.24)
4	1.5 Inch	5.00	\$ 79.41	\$ 4.57	\$ 83.98	\$ 93.06	\$ (9.08)
5	2.0 Inch	8.00	\$ 127.06	\$ 4.57	\$ 131.63	\$ 147.91	\$ (16.28)
6	3.0 Inch	15.00	\$ 238.24	\$ 4.57	\$ 242.81	\$ 291.85	\$ (49.04)
7	4.0 Inch	25.00	\$ 397.06	\$ 4.57	\$ 401.63	\$ 459.76	\$ (58.13)
8	6.0 Inch	50.00	\$ 794.12	\$ 4.57	\$ 798.69	\$ 915.75	\$ (117.06)
9	8.0 Inch	80.00	\$ 1,270.60	\$ 4.57	\$ 1,275.17	\$ 1,464.41	\$ (189.24)
10	10.0 Inch	115.00	\$ 1,826.48	\$ 4.57	\$ 1,831.06	\$ 1,464.41	\$ 366.65

Line No:	Customer Class	Base	Peaking	Proposed Rate (\$/CCF)	Existing Rate (\$/CCF)	Difference	Tier Differential
All Customers							
1	Tier 1	\$ 3.78	\$ 0.45	\$ 4.23	\$ 3.65	\$ 0.58	1.00
2	Tier 2	\$ 3.78	\$ 1.30	\$ 5.08	\$ 6.49	\$ (1.41)	1.20

Line No:	Customer Class	Annual Use (CCF)	Peaking Costs	Peaking Unit Cost
All Customers				
1	Tier 1	417,571	\$ 188,900	\$ 0.45
2	Tier 2	126,199	\$ 164,219	\$ 1.30
3	Total	543,770	\$ 353,119	

APPENDIX - C
MCKINLEYVILLE CSD, CA
Allocation of Sewer Costs FY - 2023

Allocation to Volume and Customer Service - Sewer FY 2023

		Sewer Costs	Volume	Capacity	Strength - SS	Strength - BOD	Pretreatment & Inspection	Readiness to Serve		Total
								Billing & Collection	Customer Service	
Allocation Factors:										
1	Treatment		10.00%	10.00%	40.00%	40.00%	0.00%	0.00%	0.00%	100.00%
2	Collection		50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
3	Admin		0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	100.00%
4	Pumping		50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
5	Customer Service		0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%	100.00%
6	Transfers		75.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	100.00%
7	CIP		25.00%	25.00%	0.00%	0.00%	0.00%	25.00%	25.00%	100.00%
8	Capital Outlay		50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
9	Existing DS		16.00%	16.00%	0.00%	0.00%	0.00%	34.00%	34.00%	100.00%
10	New Bond DS		50.00%	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Allocation of Costs:										
11	Treatment	\$ 304,000	\$ 30,400	\$ 30,400	\$ 121,600	\$ 121,600	\$ -	\$ -	\$ -	\$ 304,000
12	Collection	87,500	43,750	43,750	-	-	-	-	-	87,500
13	Administration	1,893,026	-	-	-	-	-	946,513	946,513	1,893,026
14	Pumping	78,500	39,250	39,250	-	-	-	-	-	78,500
15	Customer Service	39,300	-	-	-	-	-	19,650	19,650	39,300
16	Transfers	-	-	-	-	-	-	-	-	-
17	CIP	1,996,000	499,000	499,000	-	-	-	499,000	499,000	1,996,000
18	Capital Outlay	-	-	-	-	-	-	-	-	-
19	Existing Debt	1,039,140	166,262	166,262	-	-	-	353,308	353,308	1,039,140
20	New Debt	-	-	-	-	-	-	-	-	-
21	Non-Rate Rev & Fund Bal	(1,166,570)	(167,057)	(167,057)	(26,088)	(26,088)	-	(390,140)	(390,140)	(1,166,570)
22	Total	\$ 4,270,896	\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512	\$ -	\$ 1,428,331	\$ 1,428,331	\$ 4,270,896
23	Fixed Charge Component		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,428,331	\$ 1,428,331	\$ 2,856,661
24	Flow Charge Component		611,606	611,606	95,512	95,512	-	-	-	1,414,235
25	Total		\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512	\$ -	\$ 1,428,331	\$ 1,428,331	\$ 4,270,896

Allocation to Customer Class - Sewer - Annual Basis

Customer Class	Total Annual	Total Monthly	Total Flow (CCF)	Strength - SS	Strength - BOD
	Bills	Units			
26 Single Family Residential	52,920	4,410	301,638	376,343	376,343
27 Apartment/Multi Unit (Each)	20,760	1,730	79,715	99,458	99,458
28 2 sewer Units/Commercial	72	6	251	313	313
29 Bakery	12	1	122	457	761
30 Barber/Beauty Shop	84	7	488	609	609
31 Car Wash	36	3	1,728	1,617	216
32 Church & Residence	24	2	288	359	359
33 Churches	204	17	1,469	1,833	1,833
34 Coast Guard Station/Airport	48	4	7,707	9,616	9,616
35 Dialysis Clinic	12	1	2,035	1,269	3,174
36 Fire Station/School	60	5	1,482	925	1,202
37 Gas Stations (No Market)	108	9	409	714	459
38 Laundromats	72	6	4,000	2,745	3,743
39 Market	72	6	3,358	16,759	16,759
40 Metered Septage Vault	12	1	5,036	17,593	8,797
41 Mobile Homes (Each)	348	29	2,033	2,537	2,537
42 Motels/Hotels	24	2	2,317	8,673	7,227
43 Office Building/Post Office	1,416	118	3,406	4,250	4,250
44 Restaurant/Tavern	240	20	5,900	22,084	36,806
45 Retail/Banks/Theater/Other	576	48	6,900	8,609	8,609
46 Round Table/Market	24	2	291	1,234	1,216
47 Sewer Only Accounts	480	40	-	-	-
48 Sewer Units - Commercial	2,496	208	11,990	20,943	13,464
49 Two Sewer Units/Business	60	5	835	1,042	1,042
50 Two Sewer Units/Daycare	-	-	-	-	-
51 Brewery	12	1	1,152	21,560	43,119
52 Total	80,172	6,681	444,550	621,539	641,909

APPENDIX - C
MCKINLEYVILLE CSD, CA
Allocation of Sewer Costs FY - 2023

Total Cost All Customers	\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512		\$ 1,428,331	\$ 1,428,331
Total CCF/pounds	444,550	444,550	621,539	641,909	Equiv Meters/Bills	6,681	6,681
Cost CCF/pounds	\$1.38	\$1.38	\$0.15	\$0.15	Cost/Bill	213.79	213.79
						17.82	17.82

	Total Annual Flow (CCF)	Volume Cost	Capacity Cost	Strength - SS Cost	Strength - BOD Cost	Pretreatment & Inspection	Billing & Collection	Customer Service	Total Costs Allocated to Customer Class
53	Single Family Residential	301,638	\$ 414,989	\$ 414,989	\$ 57,832	\$ 55,997	\$ -	\$ 942,814	\$ 2,829,436
54	Apartment/Multi Unit (Each)	79,715	109,671	109,671	15,284	14,799	-	369,857	989,137
55	2 sewer Units/Commercial	251	345	345	48	47	-	1,283	3,351
56	Bakery	122	168	168	70	113	-	214	947
57	Barber/Beauty Shop	488	671	671	94	91	-	1,497	4,520
58	Car Wash	1,728	2,377	2,377	248	32	-	641	6,318
59	Church & Residence	288	396	396	55	53	-	428	1,756
60	Churches	1,469	2,021	2,021	282	273	-	3,634	11,865
61	Coast Guard Station/Airport	7,707	10,603	10,603	1,478	1,431	-	855	25,825
62	Dialysis Clinic	2,035	2,800	2,800	195	472	-	214	6,694
63	Fire Station/School	1,482	2,039	2,039	142	179	-	1,069	6,537
64	Gas Stations (No Market)	409	563	563	110	68	-	1,924	5,152
65	Laundromats	4,000	5,503	5,503	422	557	-	1,283	14,551
66	Market	3,358	4,620	4,620	2,575	2,494	-	1,283	16,874
67	Metered Septage Vault	5,036	6,928	6,928	2,704	1,309	-	214	18,297
68	Moblie Homes (Each)	2,033	2,797	2,797	390	377	-	6,200	18,761
69	Motels/Hotels	2,317	3,188	3,188	1,333	1,075	-	428	9,639
70	Office Building/Post Office	3,406	4,686	4,686	653	632	-	25,227	61,112
71	Restaurant/Tavern	5,900	8,117	8,117	3,394	5,476	-	4,276	33,656
72	Retail/Banks/Theater/Other	6,900	9,493	9,493	1,323	1,281	-	10,262	42,114
73	Round Table/Market	291	400	400	190	181	-	428	2,027
74	Sewer Only Accounts	-	-	-	-	-	-	8,552	17,103
75	Sewer Units - Commercial	11,990	16,496	16,496	3,218	2,003	-	44,468	127,150
76	Two Sewer Units/Business	835	1,149	1,149	160	155	-	1,069	4,751
77	Two Sewer Units/Daycare	-	-	-	-	-	-	-	0
78	Brewery	1,152	1,585	1,585	3,313	6,416	-	214	13,326
79	Total	444,550	\$ 611,606	\$ 611,606	\$ 95,512	\$ 95,512	\$ -	\$ 1,428,331	\$ 4,270,896

APPENDIX - D

MCKINLEYVILLE CSD, CA

Water Max Day/Hour Allocation Factors - Test Year FY 2023

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Line No:	Description	Flow	Peak Month (CCF)	Average Month (CCF)	Max Day/Avg Day Factor	Max Day Total Capacity (CCF/Day)	Max Day Extra Capacity (CCF/Day)	Max Hour Capacity Factor	Max Hour Total Capacity (CCF/Day)	Max Hour Extra Capacity (CCF/Day)
Operating Statistics:		MGD	Factor							
1	Avg Day Flow (MGD)	1.40	1.00							
2	Max Day Flow (MGD)	1.88	1.34							
3	Max Hour Flow (MGD)	2.97	2.12							
Cost Allocation Factors:		Base	Max Day	Max Hour						
4	Base/Max Day	74.47%	25.53%	0.00%						
5	Base/Max Day/Max Hour	47.17%	16.17%	36.66%						
Peaking Factors:					[B] / [C]	[D] * [B3 / B2]				
All Customers										
6	Tier 1		43,265	35,552	1.22			1.92		
7	Tier 2		27,648	11,900	2.32			3.67		
						Maximum Day	Maximum Hour			
						[D] x [B]	[E] - [B]	[G] x [B]		[H] - [E]
Estimated Max Day/Hour Flows:		Total Annual Flow (CCF)	Average Daily Flow (CCF)	Peaking Factor	Total Capacity	Extra Capacity	Peaking Factor	Total Capacity	Extra Capacity	
All Customers										
8	Tier 1	375,811	1,030	1.22	1,253	223	1.92	1,978	725	
9	Tier 2	113,581	311	2.32	723	412	3.67	1,141	418	
10	Total	489,392	1,341		1,976	635		3,120	1,144	

APPENDIX - D

MCKINLEYVILLE CSD, CA

Water Units of Service by Cost Component - Test Year FY 2023

	[A]	[B]	[C]	[D]	[E]	
Line No:	Description	ERUs	Accounts/Units	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)
1	All Customers	8,174	7,413	489,392	635	1,144
2	Tier 1			375,811	223	725
3	Tier 2			113,581	412	418
4	Total	8,174	7,413	489,392	635	1,144

APPENDIX - D
MCKINLEYVILLE CSD, CA
Allocation of Water Costs - Test Year FY 2023

Line No:	Description	Water Costs	Extra Capacity			Meters & Services	Billing & Collection	Total
			Base	Max Day	Max Hour			
Allocation Factors:								
1	Treatment		74.47%	25.53%	0.00%	0.00%	0.00%	100.00%
2	Transmission & Distribution		47.17%	16.17%	36.66%	0.00%	0.00%	100.00%
3	Pumping		74.47%	25.53%	0.00%	0.00%	0.00%	100.00%
4	Customer Service		0.00%	0.00%	0.00%	52.44%	47.56%	100.00%
5	Admin		0.00%	0.00%	0.00%	52.44%	47.56%	100.00%
6	Source of Supply		100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
7	Transfers		75.00%	0.00%	0.00%	25.00%	0.00%	100.00%
8	Existing Bond DS		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
9	New Bond DS		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
10	CIP		47.00%	0.00%	0.00%	53.00%	0.00%	100.00%
11	Capital Outlay		0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
Allocation of Costs:								
12	Treatment	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Transmission & Distribution	816,179	384,990	131,997	299,192	-	-	816,179
14	Pumping	117,171	87,255	29,916	-	-	-	117,171
15	Customer Service	58,300	-	-	-	30,573	27,727	58,300
16	Admin	1,058,082	-	-	-	554,870	503,212	1,058,082
17	Source of Supply	1,330,462	1,330,462	-	-	-	-	1,330,462
18	Transfers	-	-	-	-	-	-	-
19	Existing Bond DS	455,627	-	-	-	455,627	-	455,627
20	New Bond DS	-	-	-	-	-	-	-
21	CIP	1,874,000	880,780	-	-	993,220	-	1,874,000
22	Capital Outlay	-	-	-	-	-	-	-
23	Non-Rate Rev & Fund Bal	(1,337,182)	(628,445)	(37,918)	(70,068)	(476,410)	(124,341)	(1,337,182)
24	Total	\$ 4,372,639	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 1,557,880	\$ 406,598	\$ 4,372,639
Units of Service			489,392.00	635.20	1,143.56	98,088.00	88,956.00	
			CCF	CCF/Day	CCF/Day	ERUs/Year	Bills/Year	
Cost Per Unit			\$ 4.1992	\$ 195.2062	\$ 200.3607	\$ 15.8825	\$ 4.5708	
			CCF	CCF/Day	CCF/Day	ERU	Bill	

APPENDIX - D

MCKINLEYVILLE CSD, CA

Water Cost of Service by Cost Component and Customer Class - Test Year FY 2023

		[A]	[B]	[C]	[D]	[E]	[F]
Line No:	Description	ERUs	Accounts	Base (CCF)	Max Day (CCF/Day)	Max Hour (CCF/Day)	Total
1	All Customers	\$ 1,557,880	\$ 406,598	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 4,372,639
2	Tier 1			\$ 1,578,096	\$ 43,607	\$ 145,291	
3	Tier 2			\$ 476,946	\$ 80,388	\$ 83,833	
4	Total	\$ 1,557,880	\$ 406,598	\$ 2,055,042	\$ 123,995	\$ 229,124	\$ 4,372,639

APPENDIX - D

MCKINLEYVILLE CSD, CA

Water Rate Calculation - Test Year FY 2023

	[A]	[B]	[C]	[D]	[E]	[F]	
Line No:	Description	Capacity Ratio	Meter Charge	Customer Charge	Proposed Charge	Existing Charge	Difference
General Service							
1	5/8 Inch	1.00	\$ 15.88	\$ 4.57	\$ 20.45	\$ 19.80	\$ 0.65
2	3/4 Inch	1.50	\$ 23.82	\$ 4.57	\$ 28.39	\$ 29.11	\$ (0.72)
3	1.0 Inch	2.50	\$ 39.71	\$ 4.57	\$ 44.28	\$ 47.52	\$ (3.24)
4	1.5 Inch	5.00	\$ 79.41	\$ 4.57	\$ 83.98	\$ 93.06	\$ (9.08)
5	2.0 Inch	8.00	\$ 127.06	\$ 4.57	\$ 131.63	\$ 147.91	\$ (16.28)
6	3.0 Inch	15.00	\$ 238.24	\$ 4.57	\$ 242.81	\$ 291.85	\$ (49.04)
7	4.0 Inch	25.00	\$ 397.06	\$ 4.57	\$ 401.63	\$ 459.76	\$ (58.13)
8	6.0 Inch	50.00	\$ 794.12	\$ 4.57	\$ 798.69	\$ 915.75	\$ (117.06)
9	8.0 Inch	80.00	\$ 1,270.60	\$ 4.57	\$ 1,275.17	\$ 1,464.41	\$ (189.24)
10	10.0 Inch	115.00	\$ 1,826.48	\$ 4.57	\$ 1,831.06	\$ 1,464.41	\$ 366.65

Line No:	Customer Class	Base	Peaking	Proposed Rate (\$/CCF)	Existing Rate (\$/CCF)	Difference	Tier Differential
All Customers							
1	Tier 1	\$ 4.20	\$ 0.50	\$ 4.70	\$ 3.65	\$ 1.05	1.00
2	Tier 2	\$ 4.20	\$ 1.45	\$ 5.65	\$ 6.49	\$ (0.84)	1.20

Line No:	Customer Class	Annual Use (CCF)	Peaking Costs	Peaking Unit Cost
All Customers				
1	Tier 1	375,811	\$ 188,898	\$ 0.50
2	Tier 2	113,581	\$ 164,221	\$ 1.45
3	Total	489,392	\$ 353,119	



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2022 Water & Sewer Rate Study

Board Meeting and Public Hearing

Wednesday, November 2, 2022

Willdan Financial Services

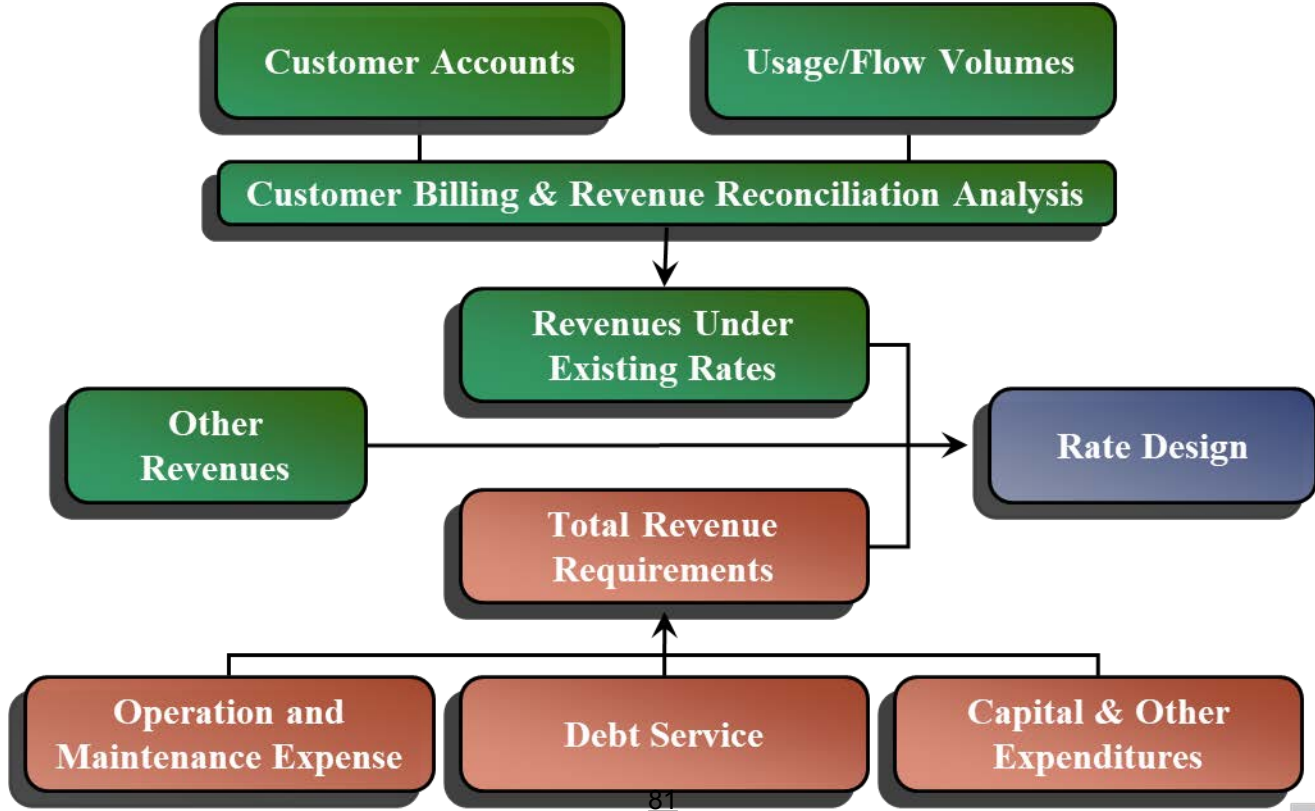
- Chris Fisher, Vice President

Rate Study Objectives



- The primary goals and objectives of the rate study include:
 - Full cost recovery of utility expenditures
 - Cost-based rate structure
 - Equity among customer classes
 - Administrative efficiency
 - 5-year financial plan
 - Proposition 218 compliance

General Rate Study Methodology



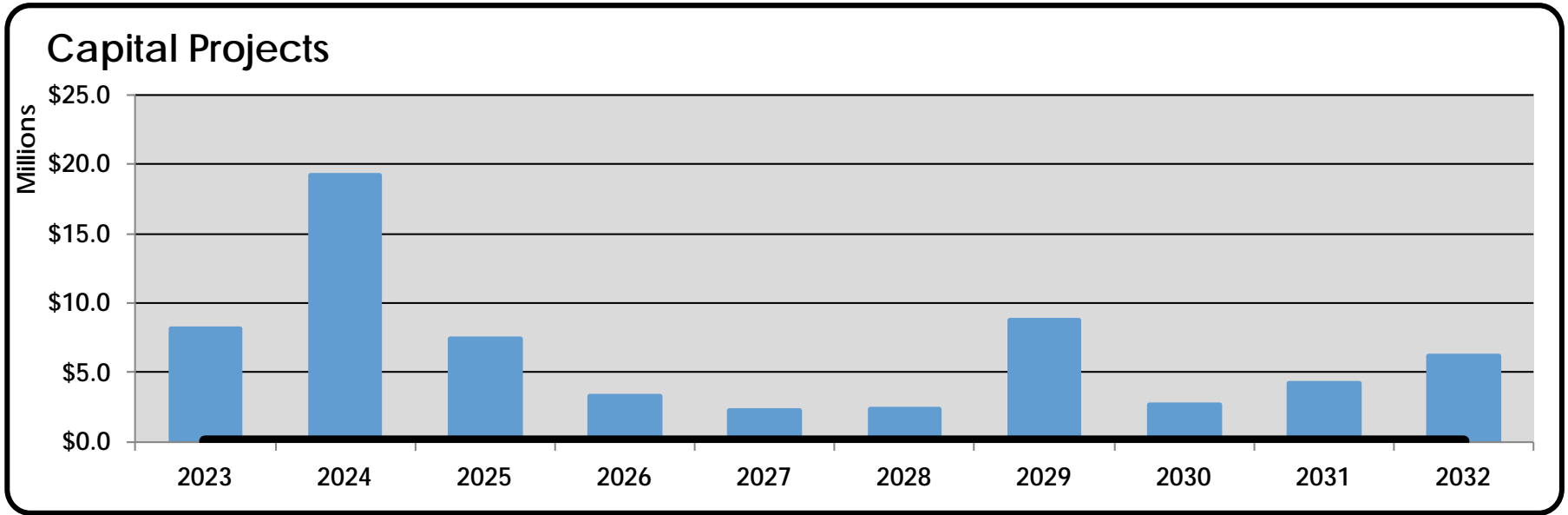
Factors Driving The Financial Plan



- Rising operating costs (equipment, supplies, treatment, etc.)
- Rising personnel costs (labor, benefits, pensions, etc.)
- Major planned capital expenditures:
 - 4.5 MG water storage tank
 - Highway 101 sewer main crossing replacements
 - Central Ave water and sewer main rehabilitation



Capital Improvement Program (CIP)



- \$40.328 MM over next 5 years (2023-2027); 54.39% water and 45.61% sewer
- \$24.26 MM over subsequent 5 years (2028-2032); 22.23% water and 77.77% sewer



Current State

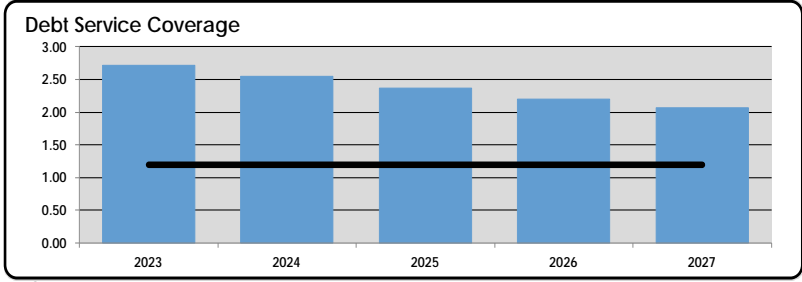
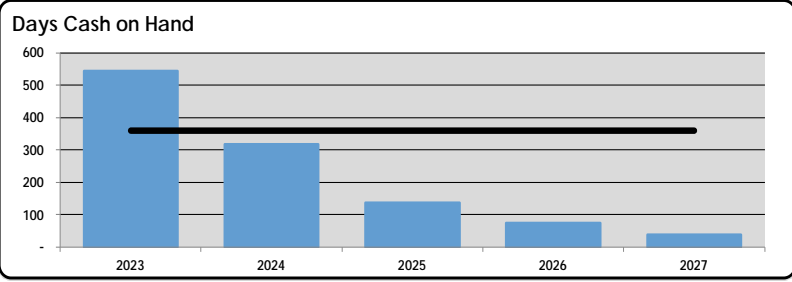
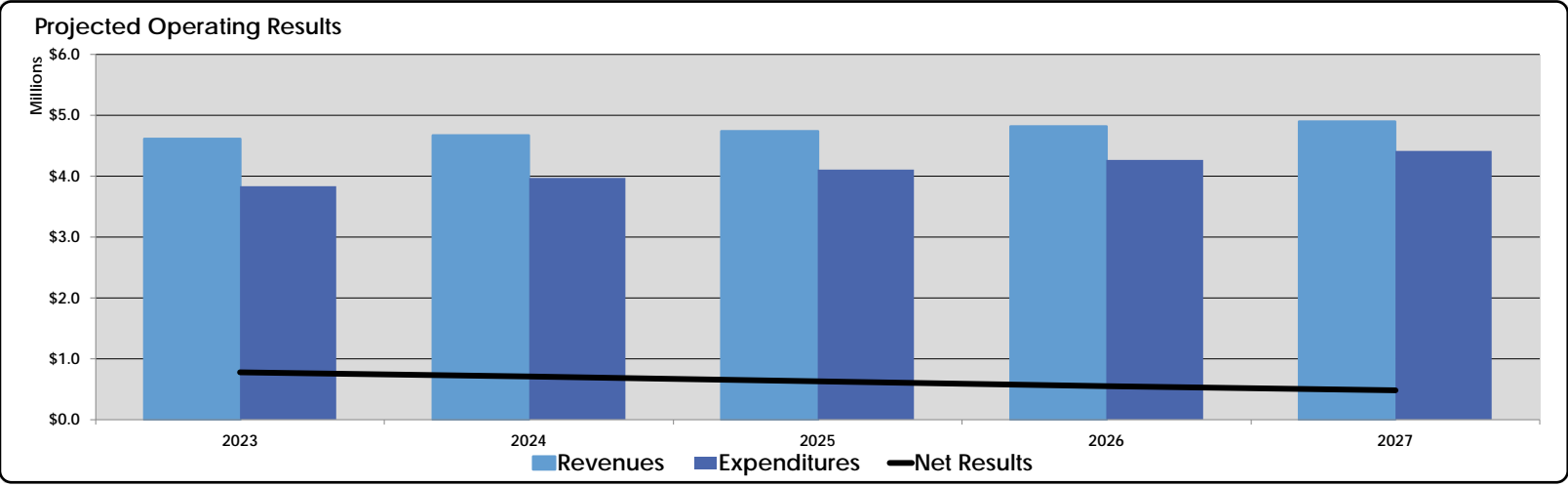


Key Objectives

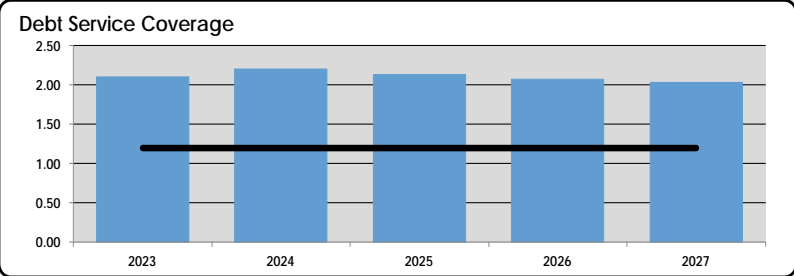
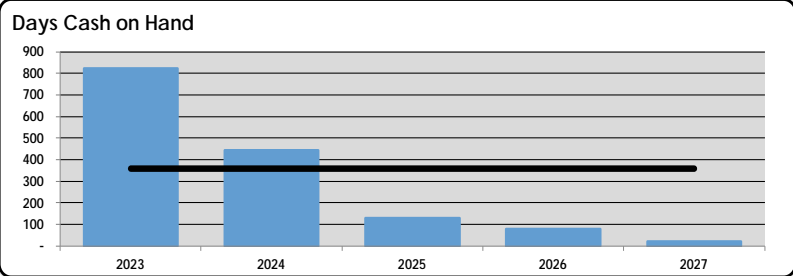
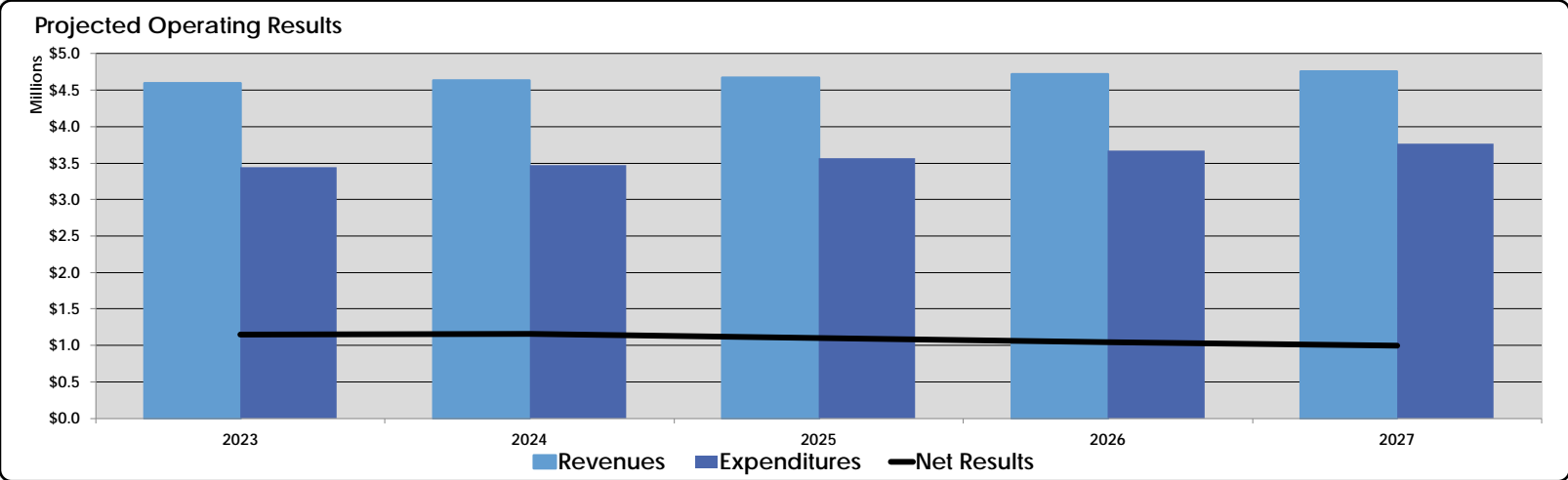
- Understand financial projections under existing rates (Status Quo)
- Understand financial shortfalls that drive need for revenue adjustments



Status Quo Projections: Water



Status Quo Projections: Sewer



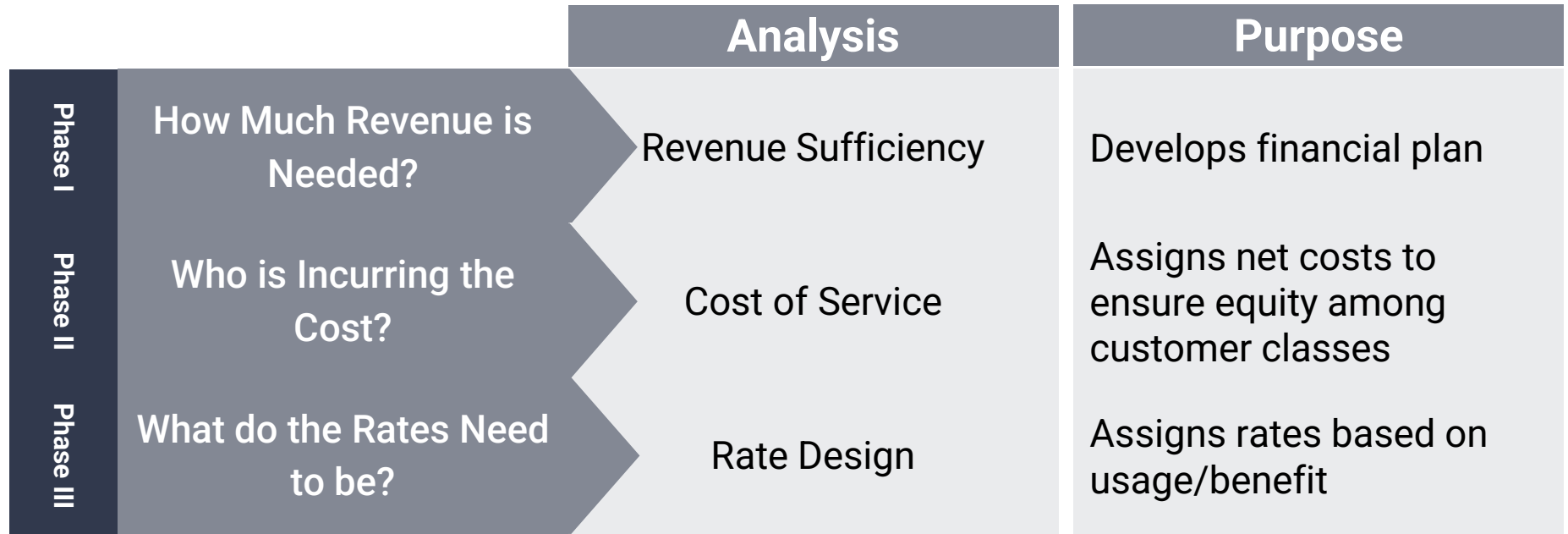
Cost of Service (COS)



Key Objectives

- Understand total revenues needed to be recovered from user rates
- Walk through the COS methodology
- How costs are allocated between cost type
- How costs are allocated to each respective customer class

Rate Structure Methodology



Outcome: Ensures proposed rates cover cost of service equitably from customers

Phase I: Revenue Requirements

Understanding the difference between Revenues and Rates - they are **not** the same

Revenues

- The amount of money required for a utility to fund its operations
 - Total amount of money generated by the rates to cover expenses

Rates

- The calculated amount that is charged to a customer
 - Base charge (fixed rate/fee)
 - Usage (volume of consumption)

Revenue Adjustments

Description	Projected For Fiscal Year Ending June 30:				
	2023	2024	2025	2026	2027
Water	6.00%	6.00%	6.00%	5.00%	4.00%
Sewer	4.00%	4.00%	5.00%	5.00%	5.00%

Phase I: Revenue Requirements

Description	Water	Wastewater	Total
Total O&M	\$ 3,380,194	\$ 2,402,326	\$ 5,782,520
Debt Service	455,627	1,039,140	1,494,767
Other Expenditures & Transfers	878,384	1,236,155	2,114,539
Gross Revenue Requirement	\$ 4,714,205	\$ 4,677,621	\$ 9,391,826
Less Other Revenues	(341,566)	(406,725)	(748,291)
Net Revenue Requirement	\$ 4,372,639	\$ 4,270,896	\$ 8,643,535

Phase II: Cost of Service Analysis

- Used industry standard approach
- Recognize different customers place different demands upon each system
- Costs allocated based on the following:
 - Fixed and variable costs
 - Number of customers within each customer class
 - Total flows within each customer class
 - Peak demand by customer class

Phase II: Cost of Service Analysis

Water Cost of Service

- Functional Unbundling of Costs:

- Supply
- Transmission
- Distribution
- Customer
- Administration

- Classification of Costs:

- Base Costs
- Max Day/Extra Capacity Costs
- Max Hour/Extra Capacity Costs
- Customer Costs (Accounts/ERUs)

Phase II: Cost of Service Analysis

Sewer Cost of Service

- Functional Unbundling of Costs:

- Collection
- Treatment
- Pumping
- Customer

- Classification of Costs:

- Volume Costs
- Capacity Costs
- Strength Costs (BOD/SS)
- Customer Costs

Proposed Test Year Utility Rates & Bill Comparisons



Phase III: Proposed Water Rates

Description	Rate
Monthly Base Charge by Meter Size:	
General Service	
5/8 Inch	\$ 20.45
3/4 Inch	\$ 28.39
1.0 Inch	\$ 44.28
1.5 Inch	\$ 83.98
2.0 Inch	\$ 131.63
3.0 Inch	\$ 242.81
4.0 Inch	\$ 401.63
6.0 Inch	\$ 798.69
8.0 Inch	\$ 1,275.17
Volumetric Rates Per 100 Cubic Feet:	
0 - 800 Cubic Feet	\$ 2.47
Over 800 Cubic Feet	\$ 3.32
HBMWD Pass Through ^[1]	\$ 1.76
Notes:	
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.	

Phase III: Proposed Drought Rates

Description	2023 Basic Water Rates	2023 Drought Rates ^[1]	Difference (\$)
Monthly Base Charge by Meter Size:			
General Service			
5/8 Inch	\$ 20.45	\$ 20.45	\$ -
3/4 Inch	\$ 28.39	\$ 28.39	\$ -
1.0 Inch	\$ 44.28	\$ 44.28	\$ -
1.5 Inch	\$ 83.98	\$ 83.98	\$ -
2.0 Inch	\$ 131.63	\$ 131.63	\$ -
3.0 Inch	\$ 242.81	\$ 242.81	\$ -
4.0 Inch	\$ 401.63	\$ 401.63	\$ -
6.0 Inch	\$ 798.69	\$ 798.69	\$ -
8.0 Inch	\$ 1,275.17	\$ 1,275.17	\$ -
Volumetric Rates Per 100 Cubic Feet:			
Tier 1	\$ 2.47	\$ 2.94	\$ 0.47
Tier 2	\$ 3.32	\$ 3.89	\$ 0.57
HBMWD Pass Through ^[2]	\$ 1.76	\$ 1.76	\$ -

Notes:

[1] Drought rates are based on the "Stage 3 - Mandatory Conservation" water demand reduction goal of 10% as stated in the McKinleyville Community Service District Water Shortage Contingency Plan.

[2] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.



Description	Rate
Monthly Base Charge ^[1]:	
All Customers	\$ 35.69
Volumetric Rates Per 100 Cubic Feet ^[2]:	
2 sewer Units/Commercial	\$ 3.13
Apartment/Multi Unit (Each)	\$ 3.13
Bakery	\$ 4.25
Barber/Beauty Shop	\$ 3.13
Car Wash	\$ 2.91
Church & Residence	\$ 3.13
Churches	\$ 3.13
Coast Guard Station/Airport	\$ 3.13
Dialysis Clinic	\$ 3.08
Fire Station/School	\$ 2.97
Gas Stations (No Market)	\$ 3.19
Laundromats	\$ 3.00
Market	\$ 4.26
Metered Septage Vault	\$ 3.55
Mobile Homes (Each)	\$ 3.13
Motels/Hotels	\$ 3.79
Office Building/Post Office	\$ 3.13
Restaurant/Tavern	\$ 4.25
Retail/Banks/Theater/Other	\$ 3.13
Round Table/Market	\$ 4.03
Sewer Only Accounts	\$ -
Sewer Units - Commercial	\$ 3.19
Single Family Residential	\$ 3.13
Two Sewer Units/Business	\$ 3.13
Two Sewer Units/Daycare	\$ 3.13
Brewery	\$ 11.20

Notes:

- [1] All sewer customers pay the same base charge.
- [2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.

Phase III: Proposed Sewer Rates



Bill Comparison - Water

Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 19.80	\$ 20.45	\$ 0.65
5/8 Inch	100	\$ 23.45	\$ 24.68	\$ 1.23
5/8 Inch	200	\$ 27.10	\$ 28.92	\$ 1.82
5/8 Inch	300	\$ 30.75	\$ 33.15	\$ 2.40
5/8 Inch	400	\$ 34.40	\$ 37.38	\$ 2.98
5/8 Inch	500	\$ 38.05	\$ 41.61	\$ 3.56
5/8 Inch	600	\$ 41.70	\$ 45.84	\$ 4.14
5/8 Inch	700	\$ 45.35	\$ 50.07	\$ 4.72
5/8 Inch	800	\$ 49.00	\$ 54.31	\$ 5.31
5/8 Inch	1,000	\$ 61.98	\$ 64.47	\$ 2.49
5/8 Inch	1,200	\$ 74.96	\$ 74.63	\$ (0.33)
5/8 Inch	1,400	\$ 87.94	\$ 84.79	\$ (3.15)
5/8 Inch	1,600	\$ 100.92	\$ 94.95	\$ (5.97)
5/8 Inch	1,800	\$ 113.90	\$ 105.11	\$ (8.79)
5/8 Inch	2,000	\$ 126.88	\$ 115.27	\$ (11.61)

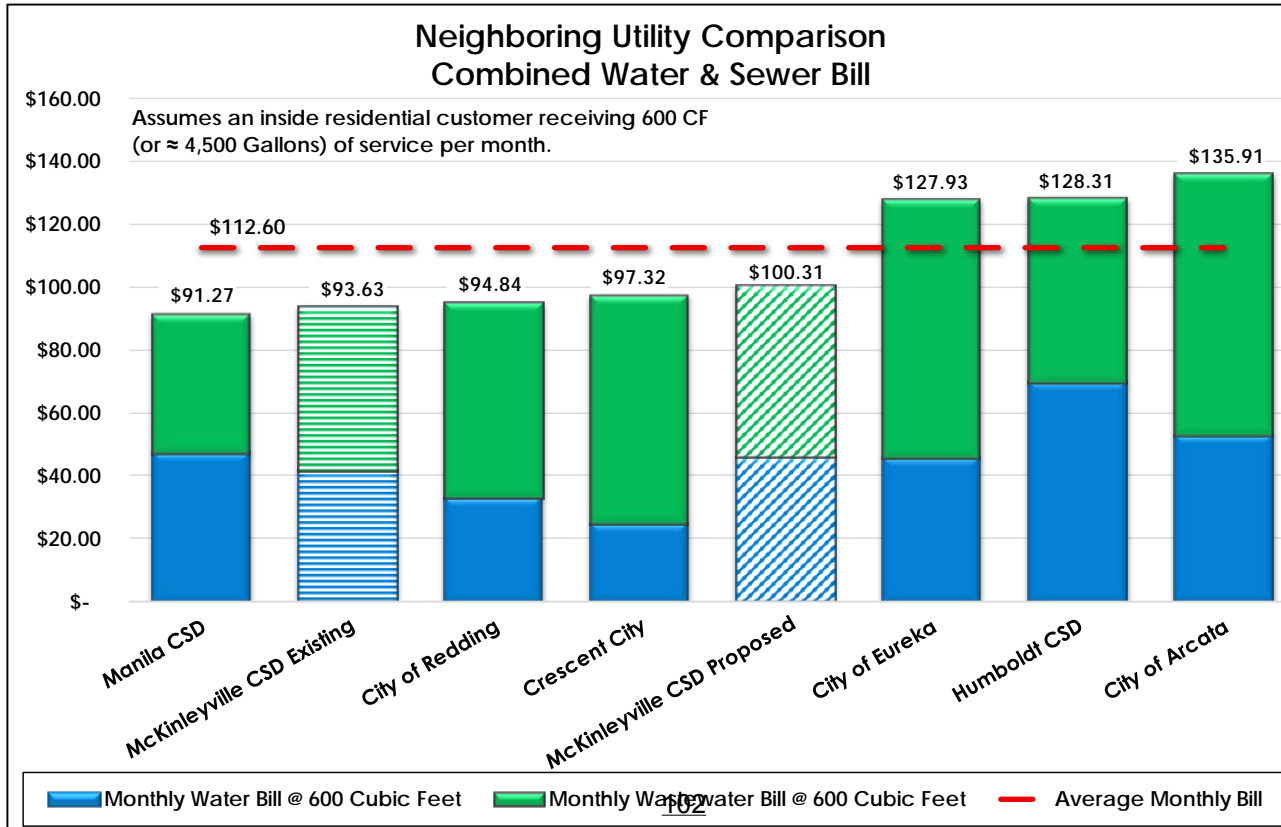
Bill Comparison - Sewer

Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 34.59	\$ 35.69	\$ 1.10
5/8 Inch	100	\$ 37.48	\$ 38.82	\$ 1.34
5/8 Inch	200	\$ 40.37	\$ 41.95	\$ 1.58
5/8 Inch	300	\$ 43.26	\$ 45.08	\$ 1.82
5/8 Inch	400	\$ 46.15	\$ 48.21	\$ 2.06
5/8 Inch	500	\$ 49.04	\$ 51.34	\$ 2.30
5/8 Inch	600	\$ 51.93	\$ 54.47	\$ 2.54
5/8 Inch	700	\$ 54.82	\$ 57.59	\$ 2.77
5/8 Inch	800	\$ 57.71	\$ 60.72	\$ 3.01
5/8 Inch	1,000	\$ 63.49	\$ 66.98	\$ 3.49
5/8 Inch	1,200	\$ 69.27	\$ 73.24	\$ 3.97
5/8 Inch	1,400	\$ 75.05	\$ 79.50	\$ 4.45
5/8 Inch	1,600	\$ 80.83	\$ 85.76	\$ 4.93
5/8 Inch	1,800	\$ 86.61	\$ 92.01	\$ 5.40
5/8 Inch	2,000	\$ 92.39	\$ 98.27	\$ 5.88

Bill Comparison - Combined

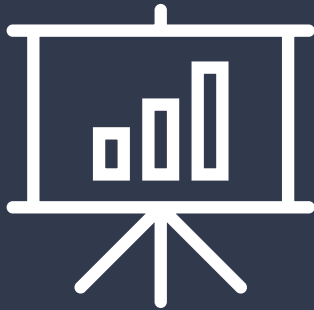
Description	Monthly Flow	Monthly Charges		\$ Amount Difference
		Existing	Proposed	
Residential				
5/8 Inch	0	\$ 54.39	\$ 56.14	\$ 1.75
5/8 Inch	100	\$ 60.93	\$ 63.50	\$ 2.57
5/8 Inch	200	\$ 67.47	\$ 70.87	\$ 3.40
5/8 Inch	300	\$ 74.01	\$ 78.23	\$ 4.22
5/8 Inch	400	\$ 80.55	\$ 85.59	\$ 5.04
5/8 Inch	500	\$ 87.09	\$ 92.95	\$ 5.86
5/8 Inch	600	\$ 93.63	\$ 100.31	\$ 6.68
5/8 Inch	700	\$ 100.17	\$ 107.66	\$ 7.49
5/8 Inch	800	\$ 106.71	\$ 115.03	\$ 8.32
5/8 Inch	1,000	\$ 125.47	\$ 131.45	\$ 5.98
5/8 Inch	1,200	\$ 144.23	\$ 147.87	\$ 3.64
5/8 Inch	1,400	\$ 162.99	\$ 164.29	\$ 1.30
5/8 Inch	1,600	\$ 181.75	\$ 180.71	\$ (1.04)
5/8 Inch	1,800	\$ 200.51	\$ 197.12	\$ (3.39)
5/8 Inch	2,000	\$ 219.27	\$ 213.54	\$ (5.73)

Neighboring Utility Comparison





5-Year Financial Plan



Key Objectives

- 5-year water & sewer rate path
- Typical monthly bill over the 5-year financial plan
- Projected financial metrics & operating results over the 5-year financial plan



5-Year Rate Path: Water

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size:						
General Service						
5/8 Inch	\$ 19.80	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	\$ 29.11	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	\$ 47.52	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	\$ 93.06	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	\$ 147.91	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	\$ 291.85	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	\$ 459.76	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	\$ 915.75	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	\$ 1,464.41	\$ 1,275.17	\$ 1,351.65	\$ 1,432.70	\$ 1,504.40	\$ 1,564.87
Volumetric Rates Per 100 Cubic Feet:						
0 - 800 Cubic Feet	\$ 1.89	\$ 2.47	\$ 2.62	\$ 2.78	\$ 2.92	\$ 3.04
Over 800 Cubic Feet	\$ 4.73	\$ 3.32	\$ 3.51	\$ 3.73	\$ 3.91	\$ 4.07
HBMWD Pass Through ^[1]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04
Notes:						
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.						

5-Year Rate Path: Drought Surcharge

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size						
General Service						
5/8 Inch	N/A	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	N/A	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	N/A	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	N/A	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	N/A	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	N/A	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	N/A	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	N/A	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	N/A	\$ 1,275.17	\$ 1,351.65	\$ 1,432.70	\$ 1,504.40	\$ 1,564.87
Drought Surcharge Per 100 Cubic Feet						
Tier 1	N/A	\$ 0.47	\$ 0.50	\$ 0.53	\$ 0.56	\$ 0.58
Tier 2	N/A	\$ 0.57	\$ 0.60	\$ 0.64	\$ 0.67	\$ 0.70
Total Volumetric Rates Per 100 Cubic Feet (Standard Volumetric Rate plus Drought Surcharge)						
0 - 800 Cubic Feet	N/A	\$ 2.94	\$ 3.12	\$ 3.31	\$ 3.48	\$ 3.62
Over 800 Cubic Feet	N/A	\$ 3.89	\$ 4.11	\$ 4.37	\$ 4.58	\$ 4.77
HBMWD Pass Through ^[1]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04
Notes:						
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.						



Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge ^[1]:						
All Customers	\$ 34.59	\$ 35.69	\$ 37.12	\$ 38.98	\$ 40.93	\$ 42.98
Volumetric Rates Per 100 Cubic Feet ^[2]:						
2 sewer Units/Commercial	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Apartment/Multi Unit (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Bakery	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Barber/Beauty Shop	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Car Wash	\$ 0.66	\$ 2.91	\$ 3.03	\$ 3.17	\$ 3.33	\$ 3.50
Church & Residence	\$ 3.41	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Churches	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Coast Guard Station/Airport	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Dialysis Clinic	\$ 3.61	\$ 3.08	\$ 3.20	\$ 3.36	\$ 3.52	\$ 3.70
Fire Station/School	\$ 1.97	\$ 2.97	\$ 3.08	\$ 3.24	\$ 3.40	\$ 3.57
Gas Stations (No Market)	\$ 2.86	\$ 3.19	\$ 3.31	\$ 3.47	\$ 3.65	\$ 3.83
Laundromats	\$ 2.28	\$ 3.00	\$ 3.11	\$ 3.27	\$ 3.43	\$ 3.60
Market	\$ 11.56	\$ 4.26	\$ 4.43	\$ 4.64	\$ 4.88	\$ 5.12
Metered Septage Vault	\$ 3.24	\$ 3.55	\$ 3.69	\$ 3.87	\$ 4.06	\$ 4.26
Mobile Homes (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Motels/Hotels	\$ 7.37	\$ 3.79	\$ 3.94	\$ 4.13	\$ 4.34	\$ 4.56
Office Building/Post Office	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Restaurant/Tavern	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Retail/Banks/Theater/Other	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Round Table/Market	\$ 9.65	\$ 4.03	\$ 4.18	\$ 4.39	\$ 4.60	\$ 4.84
Sewer Only Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Units - Commercial	\$ 2.86	\$ 3.19	\$ 3.31	\$ 3.47	\$ 3.65	\$ 3.83
Single Family Residential	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Business	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Daycare	\$ 2.92	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Brewery	\$ 23.12	\$ 11.20	\$ 11.63	\$ 12.20	\$ 12.81	\$ 13.45

Notes:

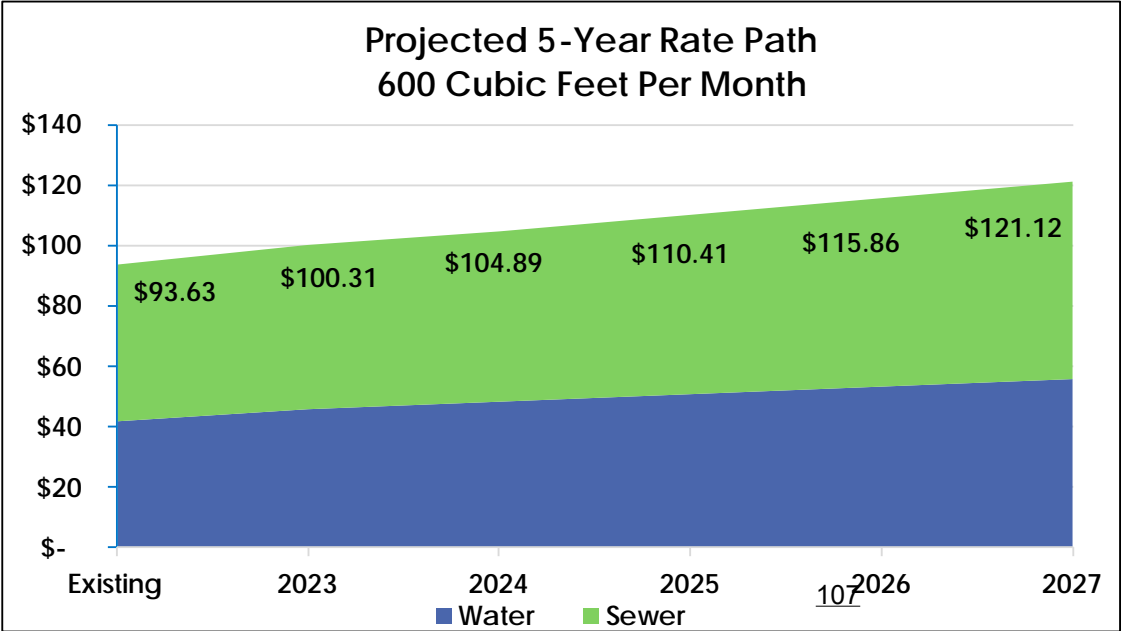
- [1] All sewer customers pay the same base charge.
- [2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.

5-Year Rate Path: Sewer



Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Water	\$ 41.70	\$ 45.84	\$ 48.27	\$ 50.97	\$ 53.45	\$ 55.58
Sewer	\$ 51.93	\$ 54.46	\$ 56.62	\$ 59.44	\$ 62.41	\$ 65.54
Combined	\$ 93.63	\$ 100.31	\$ 104.89	\$ 110.41	\$ 115.86	\$ 121.12
Change from Prior		\$ 6.68	\$ 4.58	\$ 5.52	\$ 5.45	\$ 5.26

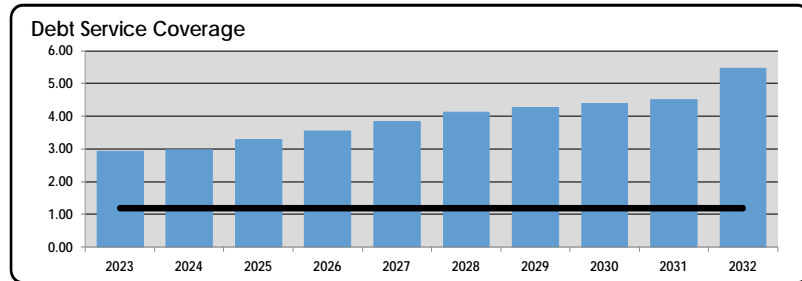
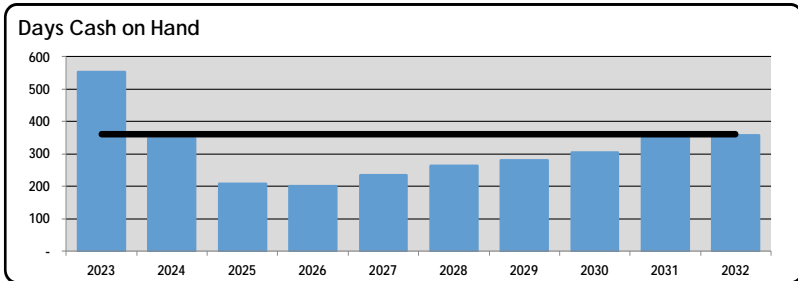
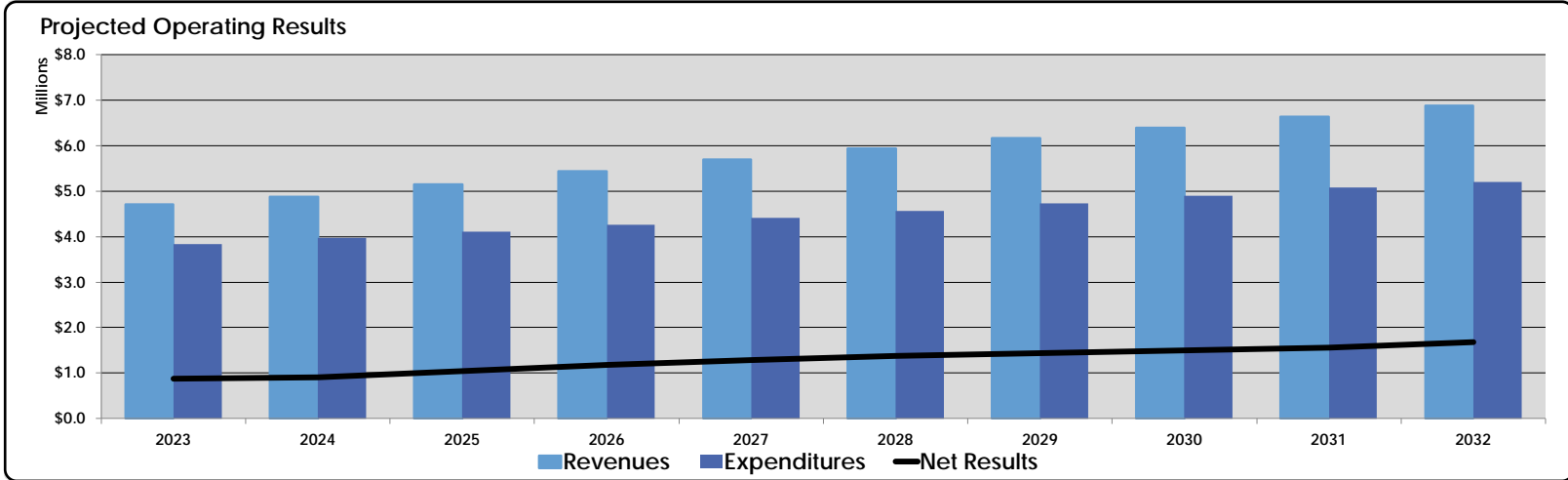
Projected Water & Sewer Bill @ 600 Cubic Feet Per Month



Revenue Adjustments

Description	Projected For Fiscal Year Ending June 30:				
	2023	2024	2025	2026	2027
Water	6.00%	6.00%	6.00%	5.00%	4.00%
Sewer	4.00%	4.00%	5.00%	5.00%	5.00%

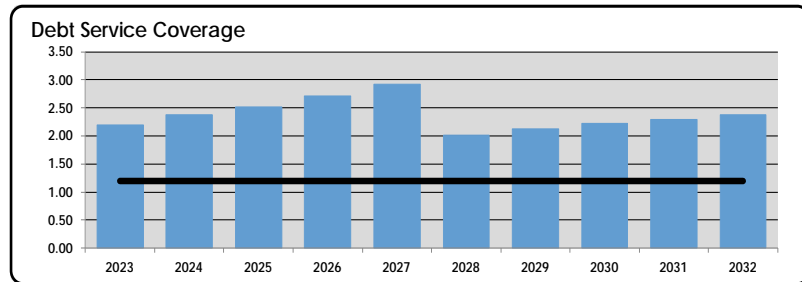
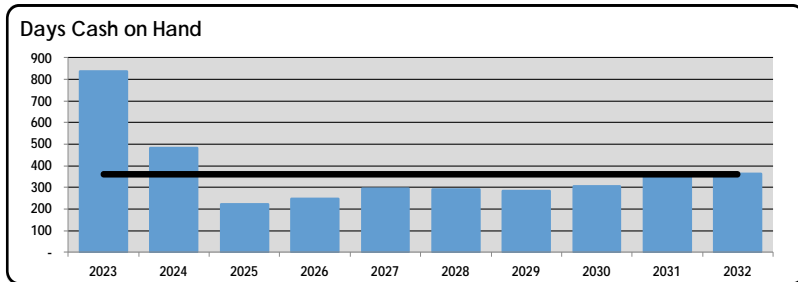
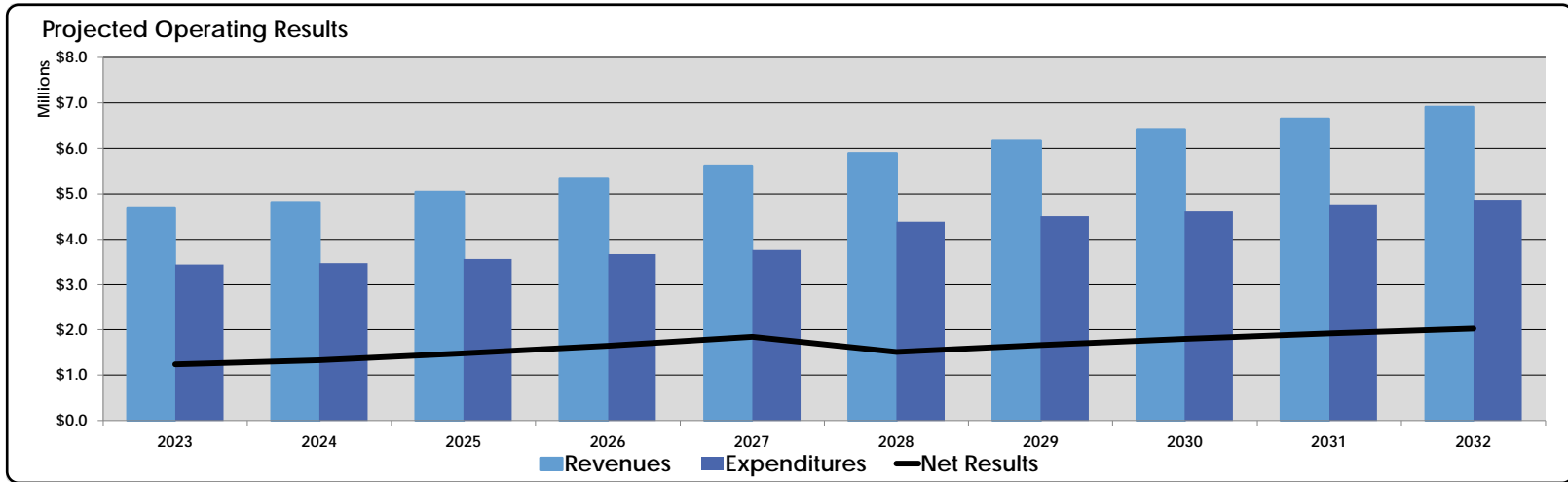
Adjusted Financial Metrics: Water



Description	Projected for Fiscal Year Ending June 30, (\$1,000s)					
	Existing 2023	Proposed 2023	2024	2025	2026	2027
Revenues:						
Water Sales	\$ 4,274	\$ 4,373	\$ 4,513	\$ 4,778	\$ 5,046	\$ 5,285
Other Revenues	342	342	359	377	395	415
Total Revenues	\$ 4,616	\$ 4,714	\$ 4,872	\$ 5,155	\$ 5,442	\$ 5,700
O&M Expenses	(3,380)	(3,380)	(3,512)	(3,657)	(3,810)	(3,961)
Net Income For Debt	\$ 1,235	\$ 1,334	\$ 1,360	\$ 1,498	\$ 1,631	\$ 1,739
Debt Service:						
Existing	\$ 456	\$ 456	\$ 456	\$ 457	\$ 458	\$ 453
Future	-	-	-	-	-	-
Total Debt Service	\$ 456	\$ 456	\$ 456	\$ 457	\$ 458	\$ 453
Balance After Debt	\$ 780	\$ 878	\$ 905	\$ 1,041	\$ 1,173	\$ 1,286
Other Expenditures & Transfers:						
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Expenditures & Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Results	\$ 780	\$ 878	\$ 905	\$ 1,041	\$ 1,173	\$ 1,286
Fund Balance Activity:						
Operating Fund						
Beginning Balance	\$ 6,125	\$ 6,125	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099
Deposit/(Withdrawal) from Operations	780	878	905	1,041	1,173	1,286
Cash Funded Capital Projects	(1,874)	(1,874)	(2,678)	(2,310)	(1,162)	(833)
Total Operating Fund Balance	\$ 5,031	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099	\$ 2,552
Ending Fund Balance	\$ 5,031	\$ 5,130	\$ 3,357	\$ 2,087	\$ 2,099	\$ 2,552
Debt Coverage	2.71	2.93	2.99	3.28	3.56	3.84

Projected Operating Results: Water

Adjusted Financial Metrics: Sewer



Description	Projected for Fiscal Year Ending June 30, (\$1,000s)					
	Existing 2023	Proposed 2023	2024	2025	2026	2027
Revenues:						
Wastewater Sales	\$ 4,186	\$ 4,271	\$ 4,383	\$ 4,603	\$ 4,864	\$ 5,139
Other Revenues	407	407	421	437	452	469
Total Revenues	\$ 4,593	\$ 4,678	\$ 4,805	\$ 5,040	\$ 5,316	\$ 5,608
O&M Expenses	(2,402)	(2,402)	(2,502)	(2,597)	(2,696)	(2,797)
Net Income For Debt	\$ 2,191	\$ 2,275	\$ 2,303	\$ 2,442	\$ 2,620	\$ 2,811
Debt Service:						
Existing	\$ 1,039	\$ 1,039	\$ 970	\$ 973	\$ 972	\$ 966
Future	-	-	-	-	-	-
Total Debt Service	\$ 1,039	\$ 1,039	\$ 970	\$ 973	\$ 972	\$ 966
Balance After Debt	\$ 1,151	\$ 1,236	\$ 1,333	\$ 1,469	\$ 1,648	\$ 1,845
Other Expenditures & Transfers:						
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Expenditures & Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Results	\$ 1,151	\$ 1,236	\$ 1,333	\$ 1,469	\$ 1,648	\$ 1,845
Fund Balance Activity:						
Operating Fund						
Beginning Balance	\$ 6,257	\$ 6,257	\$ 5,497	\$ 3,304	\$ 1,551	\$ 1,809
Deposit/(Withdrawal) from Operations	1,151	1,236	1,333	1,469	1,648	1,845
Cash Funded Capital Projects	(1,996)	(1,996)	(3,526)	(3,223)	(1,390)	(1,438)
Total Operating Fund Balance	5,412	5,497	3,304	1,551	1,809	2,216
Ending Fund Balance	\$ 5,412	\$ 5,497	\$ 3,304	\$ 1,551	\$ 1,809	\$ 2,216
Debt Coverage	2.11	2.19	2.37	2.51	2.70	2.91

Projected Operating Results: Sewer



Next Steps



- Conduct Public Hearing
- Tabulate written protests
- If no majority protest, Council discussion
- Adopt and implement the utility rates





NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER AND SEWER RATES

Hearing Date & Time: November 2, 2022 7:00 PM

Hearing Location: Azalea Hall

1620 Pickett Road, McKinleyville, CA 95519

Why are you receiving this notice?

The McKinleyville Community Services District (MCSD) is mailing this notice to you because you are a water and/or sewer customer or are the owner of record of a property that receives water and/or sewer service. This notice is being provided pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, MCSD is required to notify property owners of proposed changes to property-related fees such as water and sewer service. This notice describes proposed changes to the water and sewer rates and gives information about a public hearing to be held on November 2, 2022 at Azalea Hall, 1620 Pickett Road, McKinleyville, CA, 95519.

What do water and sewer rates fund?

MCSD provides water and sewer service to approximately 5,800 residential and commercial customers. Monthly water and sewer rates charged to system users (customers) are the primary source of revenue to operate and maintain the water and sewer systems and are used solely for this purpose. Water and sewer rate revenue provides funding for costs related to system operations, maintenance, capital projects, debt service, administration, as well as costs related to prudent long-term operational or financial management of the utilities, such as maintaining adequate fund reserves and planning for contingencies. Water rate revenue also provides funding for costs related to wholesale water purchased from Humboldt Bay Municipal Water District (HBMWD).

The proposed rates are based on a comprehensive utility rate study and financial plan completed by an independent consultant. The rate structures for each utility were designed so that revenues derived from the proposed rates do not exceed the amount of revenue required for MCSD to provide the services, nor will the revenue from the water and sewer rates and charges be used for any purposes other than those for which they are imposed. The amount of the proposed rates imposed on any parcel or person as an incident of property ownership will not exceed their proportional cost of the service(s) attributable to such parcel; and no rate will be imposed for a service unless that service is actually used by, or immediately available to, the property owner or customer in question.

Why are rate increases needed?

A financial rate study was conducted which determined that MCSD's current water and sewer rates were not sufficient to pay for increased costs of operations and maintenance, routine repair and replacement of aging infrastructure, and future capital expenditures. Like most costs, those associated with maintenance and operations of the water and sewer utility increase over time. In addition, the water and sewer utilities combined have more than \$40 million in capital projects planned for the next five years to ensure the facilities are in place to ensure uninterrupted service to MCSD customers. Of these capital projects, slightly more than half are attributable to the water utility. Major planned capital expenditures include a 4.5 MG water storage tank, Highway 101 sewer main crossing replacements, and the Central Ave water and sewer main rehabilitation.

How the rates are determined and how they work

To develop water and sewer rates that will generate sufficient revenue to meet fiscal and policy objectives of the MCSD, a determination of the annual revenue required from water and sewer rates was completed. These revenue requirements were then compared to the total sources of funds under existing rates during each year of the forecast period to determine the adequacy of projected revenues to meet those requirements. Where a shortage of revenue was found, a series of revenue increases were calculated, which if implemented, will provide revenue sufficient to meet those needs. As previously mentioned, required revenue includes projected expenses for operations, maintenance, repair and replacement of aging system components, equipment, debt service, and capital projects. The revenue requirement for each utility also includes maintenance of designated reserves. Healthy reserve funds are critical to the ability of MCSD to serve its customers, respond to unforeseen and unpredictable costs, and provide funding for planned pipeline

replacement programs. The reserves, like all elements of the water and sewer charges, may only be used to fund costs associated with those systems.

Water - Proposed water rates are comprised of a monthly Base (fixed) Charge and a Volume Charge. The Base Charge is based on the size of the meter and recovers fixed costs of providing water service, with certain fixed costs allocated equally to all accounts and others allocated based on the size of a customer’s water meter. The Volume Charge is based on the amount of water flow billed to an account, with two tiers of progressively higher rates tied to levels of consumption. Customers pay one rate for each 100 cubic feet (CF) of water consumed during a month, up to 800 CF, then pay a higher rate for any consumption above 800 CF in that month. The Volume Charge recovers the variable costs associated with the delivery of water service. The rate structure was designed so that each system user will be charged an amount that is proportional to the cost of serving that user.

In addition to the Base and Volume Charges, MCSD will pass through to customers the wholesale cost of water obtained by MCSD from the Humboldt Bay Municipal Water District (HBMWD). This pass through is necessary to ensure cost recovery of commodity water charges imposed by HBMWD which are beyond the control of MCSD. The HBMWD Pass Through will be included as a separate line item on customer water bills and will reflect only the direct cost of the water purchased from HBMWD for resale to MCSD customers. The amount of the HBMWD Pass Through charge for each customer will be based upon the amount of water used.

Sewer - For the proposed sewer rates, projected expenses are allocated between a monthly Base (fixed) Charge and a Volume Charge. The monthly Base Charge is the same for all sewer customers, with costs allocated based on number of accounts. The Volume Charge differs by customer type and recovers the variable costs of providing sewer service and costs associated with the strength of sewer discharge by each customer type. The rate structure was designed so that each system user will be charged an amount that is proportional to the cost of serving that user.

New water rates

MCSD is proposing to implement new water rates as a series of annual adjustments starting on January 1, 2023 and each January 1 until 2027. The following table summarizes the proposed water rates. The Fixed and Volume charges will go into effect and remain in effect until superseded by Board action.

**Proposed Monthly Water Rates
Calendar Years Beginning January 1, 2023 – January 1, 2027**

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size:						
General Service						
5/8 Inch	\$ 19.80	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	\$ 29.11	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	\$ 47.52	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	\$ 93.06	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	\$ 147.91	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	\$ 291.85	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	\$ 459.76	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	\$ 915.75	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	\$1,464.41	\$1,275.17	\$1,351.65	\$1,432.70	\$1,504.40	\$1,564.87
Volumetric Rates Per 100 Cubic Feet:						
0 - 800 Cubic Feet	\$ 1.89	\$ 2.47	\$ 2.62	\$ 2.78	\$ 2.92	\$ 3.04
Over 800 Cubic Feet	\$ 4.73	\$ 3.32	\$ 3.51	\$ 3.73	\$ 3.91	\$ 4.07
HBMWD Pass Through ^[1]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04

Notes:

[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.

Drought Surcharge for Water

MCSD has adopted a Water Shortage Contingency Plan (WSCP) that complies with California Water Code Section 10632, which is designed to prepare for and respond to water shortages. All California urban water suppliers are required to prepare and adopt a WSCP as part of their Urban Water Management Plan.

The provisions of the WSCP shall take effect upon a declaration of a water shortage made by a resolution of the MCSD Board of Directors. Recommendation for the implementation of the WSCP shall be brought to the Board of Directors whenever the MCSD General Manager, upon engineering analysis of MCSD water supplies, information received from the wholesale water provider (HBMWD), or due to regulatory requirements, notices, or orders, finds and determines that a water shortage emergency exists or is imminent within the MCSD water service area. The WSCP shall remain in effect for the duration of the water shortage or until rescinded by the Board.

The analysis and proposed drought surcharge water rates here assume that a Stage 3 water shortage response action will be implemented. Under the stage 3 water shortage response action, a mandatory 10% reduction in water demand will go into effect along with these Drought Surcharge rates. These Drought Surcharge rates are intended to ensure adequate revenue is recovered through the rates under reduced demand. The surcharges are calculated based upon the same cost-of-service approach utilized for the basic water rates, assuming a ten percent (10%) reduction in water use and reflect the proportional cost of providing water service to customers. As with basic water rates, revenues generated through the Drought Surcharge will only be used to fund costs associated with the provision of water service.

Proposed Monthly Drought Rates

Calendar Years Beginning January 1, 2023 – January 1, 2027

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge by Meter Size						
General Service						
5/8 Inch	N/A	\$ 20.45	\$ 21.68	\$ 22.98	\$ 24.13	\$ 25.10
3/4 Inch	N/A	\$ 28.39	\$ 30.10	\$ 31.90	\$ 33.50	\$ 34.85
1.0 Inch	N/A	\$ 44.28	\$ 46.93	\$ 49.75	\$ 52.24	\$ 54.34
1.5 Inch	N/A	\$ 83.98	\$ 89.02	\$ 94.36	\$ 99.08	\$ 103.06
2.0 Inch	N/A	\$ 131.63	\$ 139.53	\$ 147.89	\$ 155.29	\$ 161.54
3.0 Inch	N/A	\$ 242.81	\$ 257.37	\$ 272.80	\$ 286.46	\$ 297.97
4.0 Inch	N/A	\$ 401.63	\$ 425.72	\$ 451.25	\$ 473.83	\$ 492.88
6.0 Inch	N/A	\$ 798.69	\$ 846.60	\$ 897.36	\$ 942.27	\$ 980.15
8.0 Inch	N/A	\$ 1,275.17	\$ 1,351.65	\$ 1,432.70	\$ 1,504.40	\$ 1,564.87
Drought Surcharge Per 100 Cubic Feet						
Tier 1	N/A	\$ 0.47	\$ 0.50	\$ 0.53	\$ 0.56	\$ 0.58
Tier 2	N/A	\$ 0.57	\$ 0.60	\$ 0.64	\$ 0.67	\$ 0.70
Total Volumetric Rates Per 100 Cubic Feet (Standard Volumetric Rate plus Drought Surcharge)						
0 - 800 Cubic Feet	N/A	\$ 2.94	\$ 3.12	\$ 3.31	\$ 3.48	\$ 3.62
Over 800 Cubic Feet	N/A	\$ 3.89	\$ 4.11	\$ 4.37	\$ 4.58	\$ 4.77
HBMWD Pass Through ^[2]	\$ 1.76	\$ 1.76	\$ 1.81	\$ 1.89	\$ 1.97	\$ 2.04
Notes:						
[1] All customers pay an additional pass-through charge per 100 cubic feet of flow used by Humboldt Bay Municipal Water District.						

New sewer rates

In order to provide necessary funding for the sewer system, MCSD is proposing to implement new sewer rates as a series of annual adjustments starting on January 1, 2023, and each January 1 until year ending 2027. The following table summarizes the proposed sewer rates. The Fixed and Volume charges will go into effect and remain in effect until superseded by Board action.

Proposed Monthly Sewer Rates

Calendar Years Beginning January 1, 2023 – January 1, 2027

Description	Existing Rates	Projected For Calendar Year Beginning January 1:				
		2023	2024	2025	2026	2027
Monthly Base Charge ^[1]:						
All Customers	\$ 34.59	\$ 35.69	\$ 37.12	\$ 38.98	\$ 40.93	\$ 42.98
Volumetric Rates Per 100 Cubic Feet ^[2]:						
2 sewer Units/Commercial	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Apartment/Multi Unit (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Bakery	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Barber/Beauty Shop	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Car Wash	\$ 0.66	\$ 2.91	\$ 0.75	\$ 0.78	\$ 0.82	\$ 0.86
Church & Residence	\$ 3.41	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Churches	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Coast Guard Station/Airport	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Dialysis Clinic	\$ 3.61	\$ 3.08	\$ 3.20	\$ 3.36	\$ 3.52	\$ 3.70
Fire Station/School	\$ 1.97	\$ 2.97	\$ 2.21	\$ 2.32	\$ 2.43	\$ 2.56
Gas Stations (No Market)	\$ 2.86	\$ 3.19	\$ 3.22	\$ 3.38	\$ 3.54	\$ 3.72
Laundromats	\$ 2.28	\$ 3.00	\$ 2.57	\$ 2.69	\$ 2.83	\$ 2.97
Market	\$ 11.56	\$ 4.26	\$ 4.43	\$ 4.64	\$ 4.88	\$ 5.12
Metered Septage Vault	\$ 3.24	\$ 3.55	\$ 3.64	\$ 3.82	\$ 4.01	\$ 4.21
Mobile Homes (Each)	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Motels/Hotels	\$ 7.37	\$ 3.79	\$ 3.94	\$ 4.13	\$ 4.34	\$ 4.56
Office Building/Post Office	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Restaurant/Tavern	\$ 13.81	\$ 4.25	\$ 4.42	\$ 4.64	\$ 4.87	\$ 5.11
Retail/Banks/Theater/Other	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Round Table/Market	\$ 9.65	\$ 4.03	\$ 4.18	\$ 4.39	\$ 4.60	\$ 4.84
Sewer Only Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Units - Commercial	\$ 2.86	\$ 3.19	\$ 3.22	\$ 3.38	\$ 3.54	\$ 3.72
Single Family Residential	\$ 2.89	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Business	\$ 3.03	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Two Sewer Units/Daycare	\$ 2.92	\$ 3.13	\$ 3.25	\$ 3.41	\$ 3.58	\$ 3.76
Brewery	\$ 23.12	\$ 11.20	\$ 11.63	\$ 12.20	\$ 12.81	\$ 13.45

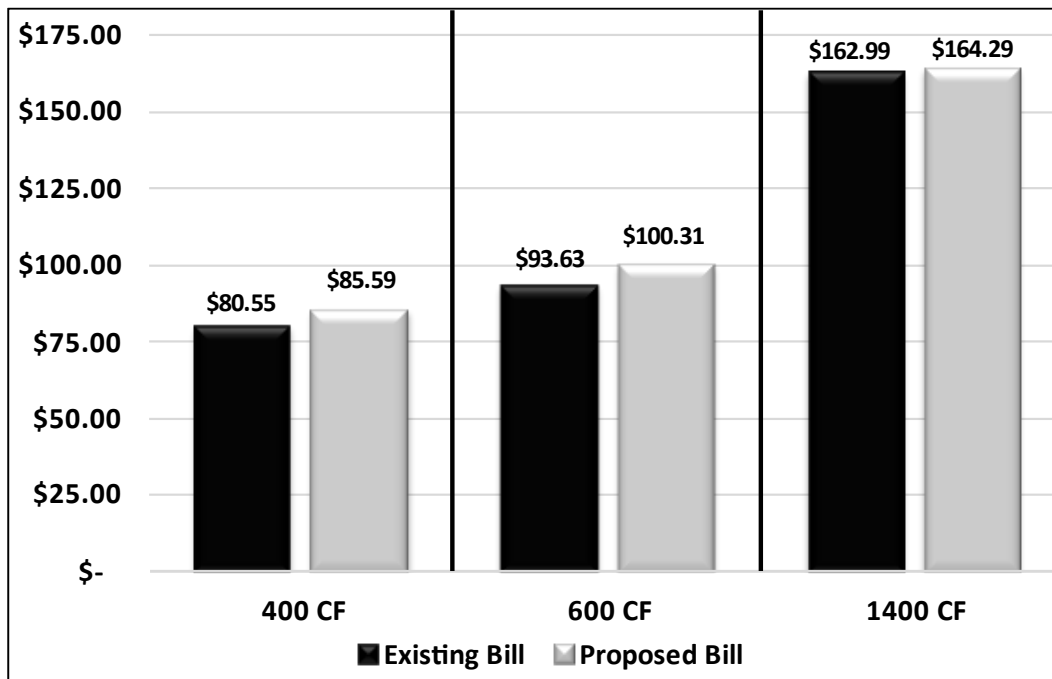
Notes:

[1] All sewer customers pay the same base charge.

[2] Each customer class pays a different volumetric rate based on the strength of their respective sewer discharge.

Impact on your bill

Per the proposed rates, effective January 1, 2023, for a typical single-family home that uses 600 CF (cubic feet) of water per month, the combined water and sewer bill would increase from \$93.63 per month currently to \$100.31 per month. The accompanying graph provides a summary of existing and proposed water rates under three usage scenarios, along with the difference.



How do you file a protest or participate in the public hearing?

MCSD will consider the new water and sewer rate structures and proposed revenue increase at a public hearing on Tuesday, November 2, 2022, at 7:00 p.m. at Azalea Hall, 1620 Pickett Road, in McKinleyville, CA 95519. You are invited to present oral or written testimony at the public hearing. **Any owner or customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed for a majority of the affected parcels, the proposed rate revisions will not be adopted.** There is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge, commencing from the later of the effective date or of the date of the final passage, adoption, or approval of the resolution.

In order for a written protest to be counted it must include the following: a statement indicating that the identified property owner or customer of record is in opposition to the proposed water or sewer rate changes; the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made; and the name and signature of the owner or customer.

Protests may be mailed to P.O. Box 2037, McKinleyville, CA 95519, hand delivered to the MCSD offices at 1656 Sutter Road, McKinleyville, California 95519, or hand delivered to the Board Secretary at the Public Hearing at Azalea Hall on November 2, 2022. To be valid, a signed written protest must be received by the Board Secretary before the conclusion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the Board Secretary, that the enclosed protest is for the Public Hearing on the Proposed Rate Changes – Water and Sewer Service Fees.

The Board of Directors will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken, and the Board of Directors will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests as outlined above, are not presented by a majority of property owners or customers of record, the Board of Directors will be authorized to adopt the proposed rates. While both property owners and customers of record may submit written protests, only one protest will be counted for each parcel. If adopted, the rates for water and sewer service will be in effect beginning January 1, 2023.

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

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 October 5, 2022 Regular Board 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 October 5, 2022 Regular Meeting

MINUTES OF THE SPECIAL MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, OCTOBER 5, 2022 AT 6:00 P.M. IN PERSON AT AZALEA HALL – 1620 PICKETT ROAD, MCKINLEYVILLE, CALIFORNIA and TELECONFERENCE Via ZOOM & TELEPHONE: ZOOM MEETING ID: 859 4543 6653 (<https://us02web.zoom.us/j/85945436653>) and TOLL FREE: 1-888-788-0099

AGENDA ITEM A. CALL TO ORDER:

A.1 Roll Call: The special session of the Board of Directors of McKinleyville Community Services District convened at 6:00 p.m. with the following Directors and staff in attendance in person at Azalea Hall:

David Couch, President	Pat Kaspari, General Manager
Joellen Clark-Peterson, Vice President	April Sousa, Board Secretary
Scott Binder, Director	Joseph Blaine, IT Specialist
Dennis Mayo, Director	James Henry, Operations Director
Greg Orsini, Director	Lesley Frisbee, Parks & Recreation Director

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

A.3 Additions to the Agenda: There were no additions or changes to the agenda.

A.4 Approval of the Agenda:

Motion: It was moved to approve the agenda with the discussed changes.

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

There were no comments from the Board or public.

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

Motion Summary: Motion Passed

AGENDA ITEM B. PUBLIC HEARINGS:

None

AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

None

AGENDA ITEM D. CONSENT CALENDAR:

D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting on September 7, 2022

D.2 Consider Approval of August 2022 Treasurer’s Report

D.3 Reaffirm Resolution 2021-27 Making Findings Pursuant to Government Code Section 5493, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings

Motion: It was moved to approve the Consent Calendar.

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

There were no comments from the Board or public.

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

Motion Summary: Motion Passed

AGENDA ITEM E. CONTINUED AND NEW BUSINESS:

E.1 Board Meet and Discussion with Incoming Humboldt County Board Supervisor Natalie Arroyo

Incoming Humboldt County Supervisor Natalie Arroyo addressed the Board, answered questions, and discussed items of interest.

This was an informational item. No action taken.

E.2 Consider Approval of Regular Board Meeting Dates, Time and Location for the 2023 Calendar Year

Board Secretary April Sousa reviewed the staff note for this item. The start time of regular meetings was discussed.

Motion: To move the start time of regular meetings to 6 p.m. and approve the dates provided for the 2023 calendar year.

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

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

Motion Summary: Motion Passed

E.3 Willdan Presentation of Measure B Maintenance Assessment District (Renewal for Parks, Open Space, and Recreational Facilities), Preliminary Draft for Discussion Purposes Only

General Manager Kaspari reviewed the staff note and introduced Daniel Louie from Willdan to answer questions regarding the preliminary draft of the Measure B Assessment.

Motion: To accept the Draft Engineer's Report for the Measure B Assessment.

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

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

Motion Summary: Motion Passed

E.4 Consider Approval of Professional Services Agreement with Godbe Research Gain Insight for Community Survey Regarding Measure B Assessment Fees

Recreation Director, Lesley Frisbee, gave an overview of the item. The process was briefly discussed and the need for education for the community was mentioned.

Motion: To approve the Professional Services Agreement with Godbe Research to conduct a community survey regarding Measure B Assessment fees and authorize the General Manager to sign the contract.

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

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

Motion Summary: Motion Passed

E.5 Discuss Letters of Interest and Appointment Process for Open Board Seat

Board Secretary Sousa gave an introduction to this item. It was noted that three applicants came forward after the deadline. The applicants were discussed and a ranked vote was taken. The ranking was Jim Biteman (1.6), Kevin Jenkins (1.8), and Tyson Sanchez (2.6).

Motion: To accept Jim Biteman for the open Board seat and forward the information for Jim Biteman, Dennis Mayo, and David Couch to the County as soon as possible.

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

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

Motion Summary: Motion Passed

AGENDA ITEM F. REPORTS

F.1 ACTIVE COMMITTEE REPORTS

- a. **Parks and Recreation Committee (Binder/Clark-Peterson):** Nothing further to add to the written report from Recreation Director Frisbee.
- b. **Area Fund (John Kulstad/Clark-Peterson):** Did not meet.
- c. **Redwood Region Economic Development Commission (Clark-Peterson/Binder):** Director Clark-Peterson gave a brief report.
- d. **McKinleyville Senior Center Advisory Council (Binder/Clark-Peterson):** Director Binder gave a brief report on the activities of the Senior Center.
- e. **Audit and Finance (Orsini/Couch):** Did not meet.
- f. **Employee Negotiations (Couch/Mayo):** Did not meet.
- g. **McKinleyville Municipal Advisory Committee (Orsini/Binder):** Director Orsini gave a brief report on the last meeting.
- h. **Local Agency Formation Commission (Couch):** President Couch gave a brief report on the past meeting.
- i. **Environmental Matters Committee (Couch/Clark-Peterson):** Did not meet.
- j. **Ad Hoc Community Forest Committee (Mayo/Orsini):** Did not meet, but will be meeting the following week.

F.2 LEGISLATIVE AND REGULATORY REPORTS

Director Mayo made note that the Governor vetoed SB 222.

F.3 STAFF REPORTS

- a. **Support Services Department (Nicole Alvarado):** Finance Director Alvarado was not present to add to her written report.
- 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 had nothing further to add to her written report.
- d. **General Manager (Patrick Kaspari):** General Manager Kaspari highlighted the morning tour with CSDA and legislative representatives.

F.4 PRESIDENT'S REPORT:

President Couch discussed the CSDA tour that he was on as a member of Humboldt LAFCo. He also gave a moment for comments from Supervisor Madrone.

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

None

G. ADJOURNMENT:

Meeting Adjourned at 7:54 p.m.

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**McKinleyville Community Services District
Treasurer’s Report
September 2022**

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Ratios

as of September 30, 2022

- Utility Accounts Receivable Turnover Days	12
- YTD Breakeven Revenue, Water Fund:	\$ 843,734
- YTD Actual Water Sales:	\$ 1,118,533
- Days of Cash on Hand-Operations Checking/MM	211

**McKinleyville Community Services District
Investments & Cash Flow Report
as of September 30, 2022**

Petty Cash & Change Funds		9,197.46
<u>Cash</u>		
Operating & Money Market - Beginning Balance		4,700,897.44
Cash Receipts:		
Utility Billings & Other Receipts	813,324.49	
Money Market Account Interest	29.66	
Transfers from County Funds #2560, #4240, CalTRUST, Meas. B	-	
Other Cash Receipts (Grants/Other Receivables)	-	
Total Cash Receipts	<u>813,354.15</u>	813,354.15
Cash Disbursements:		
Transfers to County Funds #2560, #4240, CalTRUST	-	
Payroll Related Expenditures (incl. CalPERS UAL pmt)	(266,853.95)	
Debt Service	-	
Capital & Other Expenditures	(554,789.35)	
Total Cash Disbursements	<u>(821,643.30)</u>	(821,643.30)
Operating & Money Market - Ending Balance		<u>4,692,608.29</u>
Total Cash		<u>4,701,805.75</u>
<u>Investments</u>	<i>(Interest and Market Valuation will be re-calculated as part of the year-end close, if material)</i>	
LAIF - Beginning Balance	139,450.78	
Interest Income	-	
LAIF - Ending Balance	<u>139,450.78</u>	139,450.78
Humboldt Co. #2560 - Beginning Balance	2,969,407.99	
Property Taxes and Assessments	-	
Transfer to/from Operating Cash	-	
Interest Income (net of adjustments)	-	
Humboldt Co. #2560 - Ending Balance	<u>2,969,407.99</u>	2,969,407.99
Humboldt Co. #4240 - Beginning Balance	3,420,931.83	
Transfer to/from Operating Cash	-	
Transfer to/from Biosolids Reserve	-	
Interest Income	-	
Humboldt Co. #4240 - Ending Balance	<u>3,420,931.83</u>	3,420,931.83
Humboldt Co. #9390 - Beginning Balance	663,032.08	
Reserves Recovery Deposits/Other Bal Withdrawals	-	
Humboldt Co. #9390 - Ending Balance	<u>663,032.08</u>	663,032.08
USDA Bond Reserve Fund - Beginning Balance	84,006.14	
Bond Reserve Payment/Transfer to Service Fund	-	
Debt Service Payment, Principal/Interest (Net)	-	
Interest Adjustment	0.36	
USDA Bond Reserve Fund - Ending Balance	<u>84,006.50</u>	84,006.50
Market Valuation Account		20,433.34
BNY COPS Series A & B - Beginning Balance	8,665,906.72	
Bond Principal Total (Series A & B)	-	
Bond Draws for Capital Projects	-	
Bond Reserve Payment/Transfer to Service Fund	-	
Debt Service Payment, Principal/Interest (Net)	-	
Bond Earned Interest	-	
BNY COPS Series A & B - Ending Balance	<u>8,665,906.72</u>	8,665,906.72
CalTRUST - Beginning Balance	10,245,549.63	
Net Transfer to/from Designated Reserves: PERS/OPEB	-	
Net Transfer to/from Capacity Fees/Catastrophe/Other Reserves	-	
Net: Interest Income/Unrealized Gain/Loss	(127,036.33)	
CalTRUST - Ending Balance	<u>10,118,513.30</u>	10,118,513.30
Total Investments		<u>26,081,682.54</u>
Total Cash & Investments - Current Month		30,783,488.29
Total Cash & Investments - Prior Month		<u>30,923,651.85</u>
Net Change to Cash & Investments This Month		<u>(140,163.56)</u>
<u>Cash & Investment Summary</u>		
Cash & Cash Equivalents		30,080,247.37
Davis-Grunsky Loan Reserve		619,234.42
USDA Bond Reserve		84,006.50
Total Cash & Investments		<u>30,783,488.29</u>

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
as of September 30, 2022

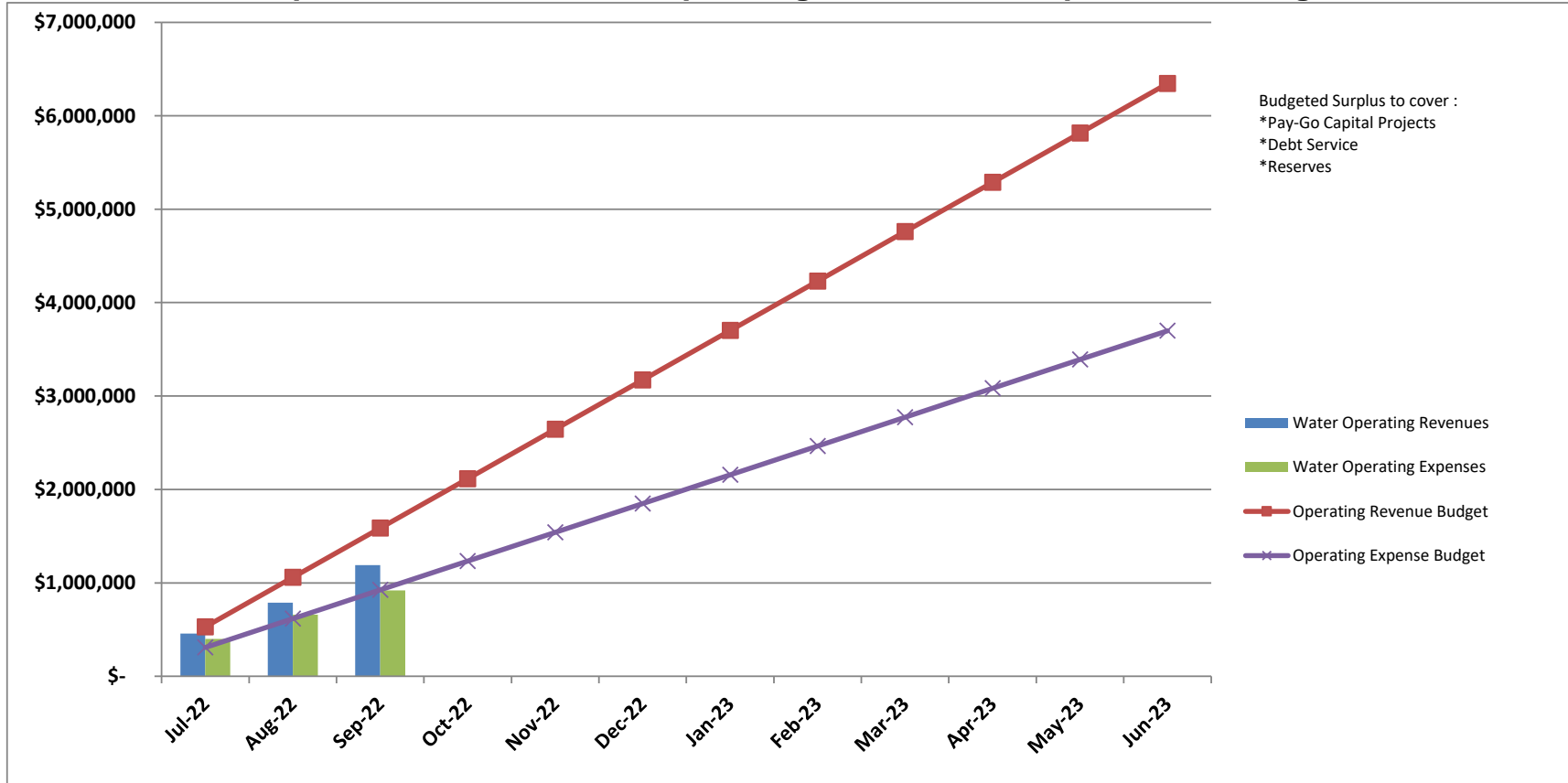
	Governmental Funds			Proprietary Funds		Total (Memorandum Only)
	Parks & General	Measure B	Streetlights	Water	Wastewater	
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 892,062.67	\$ (524,271.89)	\$ 115,652.61	\$ 9,132,560.22	\$ 12,060,899.72	\$ 21,676,903.33
Accounts receivable	6,382.97	-	4,006.87	523,239.38	1,564,488.63	2,098,117.85
Prepaid expenses & other current assets	10,196.07	3,987.41	(694.33)	106,904.80	52,167.71	172,561.66
Total Current Assets	908,641.71	(520,284.48)	118,965.15	9,762,704.40	13,677,556.06	23,947,582.84
Noncurrent Assets						
Restricted cash & cash equivalents	216,277.48	-	-	5,390,176.49	3,978,971.15	9,585,425.12
Other noncurrent assets	-	-	-	934,412.53	957,510.60	1,891,923.13
Capital assets (net)	2,723.58	-	680.90	8,675,281.68	31,632,360.38	40,311,046.54
Total Noncurrent Assets	219,001.06	-	680.90	14,999,870.70	36,568,842.13	51,788,394.79
TOTAL ASSETS	\$ 1,127,642.77	\$ (520,284.48)	\$ 119,646.05	\$ 24,762,575.10	\$ 50,246,398.19	\$ 75,735,977.63
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 73,882.61	\$ 1,284.30	\$ 1,506.48	\$ 353,220.36	\$ 95,079.11	\$ 524,972.86
Accrued payroll & related liabilities	117,733.78	-	-	62,381.56	63,011.54	243,126.88
Total Current Liabilities	191,616.39	1,284.30	1,506.48	415,601.92	158,090.65	768,099.74
Noncurrent Liabilities						
Long-term debt	-	-	-	6,170,646.33	20,415,310.20	26,585,956.53
Other noncurrent liabilities	-	-	-	4,859,501.35	4,958,374.45	9,817,875.80
Total Noncurrent Liabilities	-	-	-	11,030,147.68	25,373,684.65	36,403,832.33
TOTAL LIABILITIES	191,616.39	1,284.30	1,506.48	11,445,749.60	25,531,775.30	37,171,932.07
Fund Balance/Net Assets						
Fund balance	(3,159,777.60)	(521,568.78)	118,139.57	-	-	(3,563,206.81)
Net assets	4,095,803.98	-	-	10,812,190.15	13,497,572.71	28,405,566.84
Investment in capital assets, net of related debt	-	-	-	2,504,635.35	11,217,050.18	13,721,685.53
Total Fund Balance/Net Assets	936,026.38	(521,568.78)	118,139.57	13,316,825.50	24,714,622.89	38,564,045.56
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,127,642.77	\$ (520,284.48)	\$ 119,646.05	\$ 24,762,575.10	\$ 50,246,398.19	\$ 75,735,977.63
Difference in Reclass from Cap Assets to Net Assets:						
Investment in General Capital Assets	\$ 3,634,025.87					
General Long-term Liabilities						
PG&E Streetlights Loan	-					
Meas. B Loan: Teen/Community Center	823,539.00					
OPEB Liability	3,291,932.47			OPEB Liability	3,352,060.07	3,366,092.45
CalPERS Pension Liability/Deferred Inflows-Outflows	719,001.05			CalPERS Pension Liability	754,383.21	825,924.74
Accrued Compensated Absences	66,454.84					2,299,309.00
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 4,900,927.36					

McKinleyville Community Services District
 Activity Summary by Fund, Approved Budget
 September 2022

Department Summaries	July	August	September	% of Year 25.00% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	% Year Remaining: 75.00%		Notes	
								Total Budget	Remaining Budget		Budget %
Water											
Water Sales	345,057	345,106	428,370	1,118,533	1,108,557	9,976	0.90%	4,434,226	3,315,693	74.78%	Includes YTD Capacity Fees \$9,104, Contrib. Construction \$73,570, Grants \$0
Other Revenues	112,578	(14,449)	(25,766)	72,363	477,700	(405,337)	-84.85%	1,910,800	1,838,437	96.21%	
Total Operating Revenues	457,636	330,657	402,604	1,190,897	1,586,257	(395,360)	-24.92%	6,345,026	5,154,129	81.23%	
Salaries & Benefits	135,006	66,231	67,416	268,653	305,874	(37,221)	-12.17%	1,223,498	954,845	78.04%	Budget spread evenly across 12 months, but actuals vary by schedule
Water Purchased	97,156	106,234	105,362	308,753	302,500	6,253	2.07%	1,210,000	901,247	74.48%	
Other Expenses	133,879	54,352	53,953	242,184	216,174	26,010	12.03%	864,698	622,514	71.99%	Budget spread evenly across 12 months, but actuals vary by project & expenditure
Depreciation	33,333	33,333	33,333	99,999	100,000	(1)	0.00%	400,000	300,001	75.00%	
Total Operating Expenses	399,374	260,150	260,065	919,588	924,548	(4,960)	-0.54%	3,698,195	2,778,607	75.13%	
Net Operating Income	58,262	70,507	142,539	271,308	661,709	(400,320)		2,646,831	7,932,737		
Interest Income	4,736	5,835	6,263	16,834	12,500	4,334	34.67%	50,000	33,166	66.33%	
Interest Expense	(25,112)	-	-	(25,112)	(53,950)	(28,838)	-53.45%	(215,801)	(190,689)	88.36%	
Net Income (Loss)	37,886	76,342	148,802	263,030	620,259	(357,229)		2,481,030	7,775,214		
Wastewater											
Wastewater Service Charges	339,835	335,751	361,387	1,036,974	1,092,803	(55,829)	-5.11%	4,371,210	3,334,236	76.28%	Includes YTD Capacity Fees \$13,489 Contrib. Construction \$72,510, Grants \$381,338
Other Revenues	496,932	(18,201)	(36,786)	441,945	576,673	(134,728)	-23.36%	2,306,692	1,864,747	80.84%	
Total Operating Revenues	836,767	317,551	324,602	1,478,919	1,669,476	(190,557)	-11.41%	6,677,902	5,198,983	77.85%	
Salaries & Benefits	169,342	101,540	97,235	368,118	321,505	46,613	14.50%	1,286,020	917,902	71.38%	Budget spread evenly across 12 months, but actuals vary by project & expenditure
Other Expenses	62,522	65,366	66,433	194,321	280,877	(86,556)	-30.82%	1,123,506	929,185	82.70%	
Depreciation	102,083	102,083	102,083	306,249	306,250	(1)	0.00%	1,225,000	918,751	75.00%	
Total Operating Expenses	333,947	268,990	265,752	868,688	908,632	(39,944)	-4.40%	3,634,526	2,765,838	76.10%	
Net Operating Income	502,820	48,561	58,850	610,231	760,844	(150,613)		3,043,376	7,964,820		
Interest Income	7,854	9,160	9,763	26,777	12,500	14,277	114.22%	50,000	50,000	100.00%	
Interest Expense	(34,362)	-	-	(34,362)	(101,580)	(67,218)	-66.17%	(406,318)	(371,956)	91.54%	
Net Income (Loss)	476,311	57,722	68,613	602,646	671,764	(69,118)		2,687,058	7,642,865		
Enterprise Funds Net Income (Loss)	514,197	134,064	217,415	865,676	1,292,023	(426,347)		5,168,088			

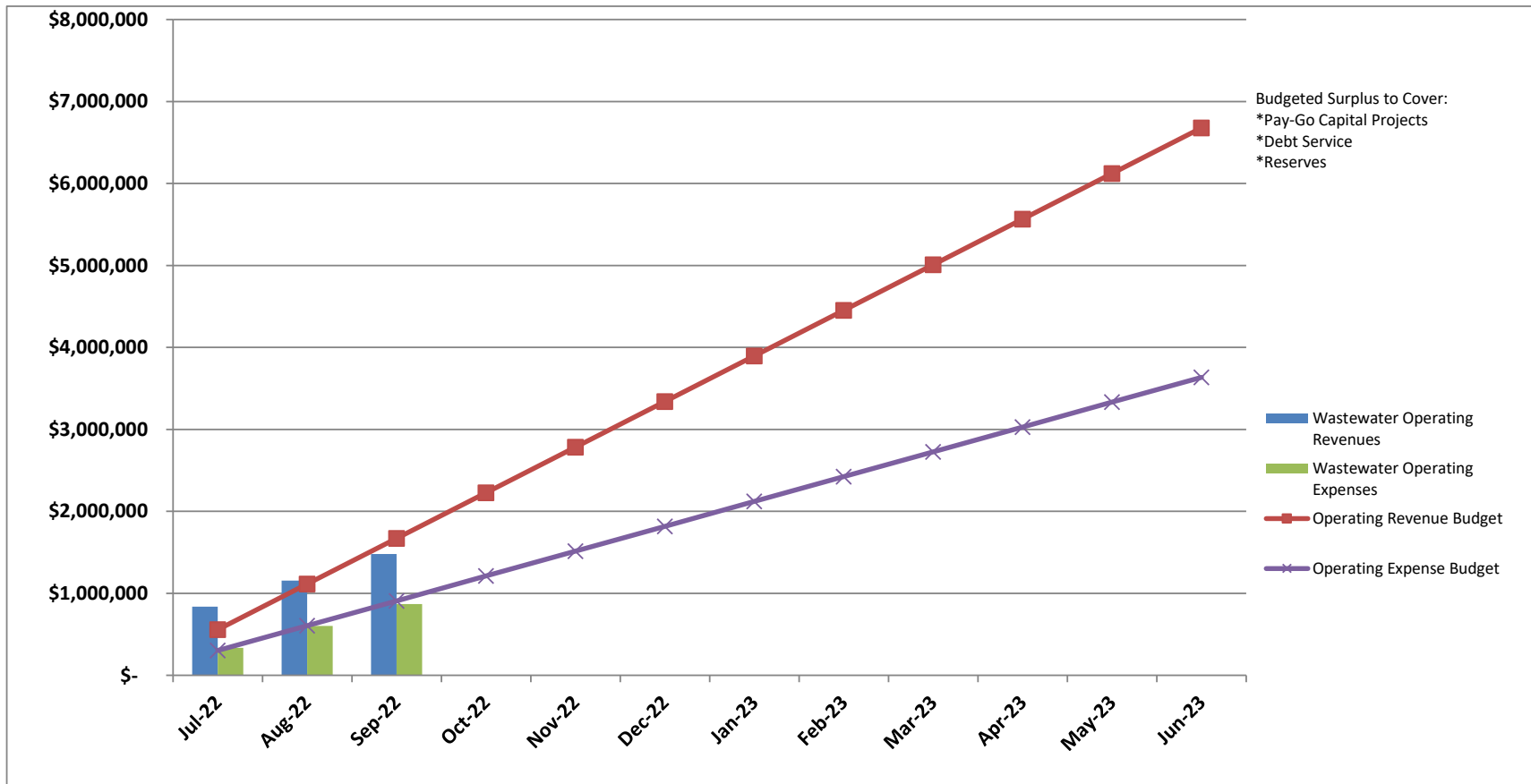
McKinleyville Community Services District September 2022

Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District September 2022

Comparison of Wastewater Fund Operating Revenues & Expenses to Budget

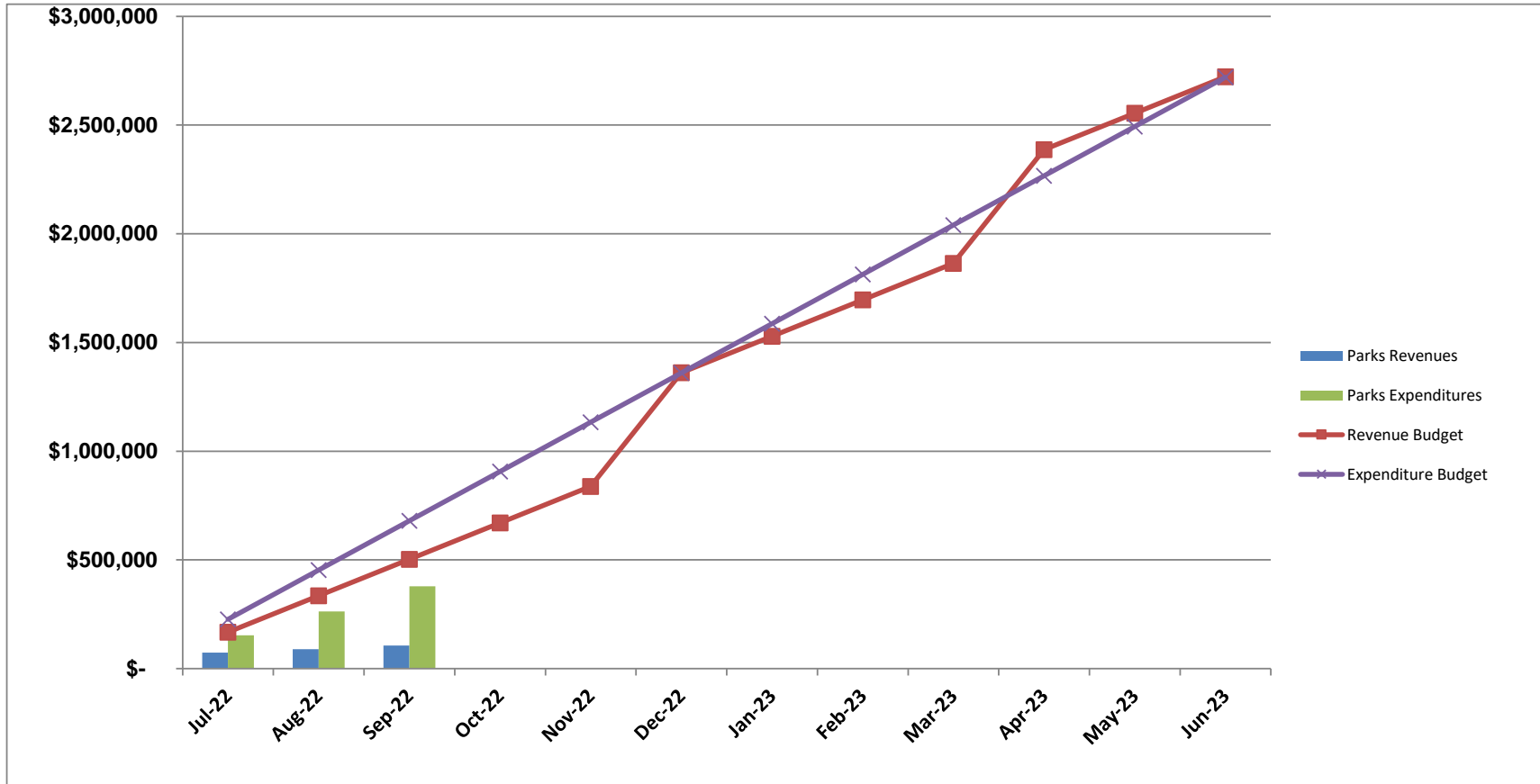


*Parks & Recreation											
Program Fees	44,277	13,125	13,191	70,593	59,470	11,123	18.70%	237,880	167,287	70.32%	Budget spread evenly across 12 months, but actuals vary by schedule
Rents & Facility Related Fees	5,831	5,567	5,968	17,366	17,163	203	1.18%	68,650	51,284	74.70%	
Property Taxes	-	-	-	-	178,144	(178,144)	-100.00%	712,575	712,575	100.00%	
Other Revenues	18,231	(5,506)	(8,150)	4,576	417,161	(412,585)	-98.90%	1,668,644	1,664,068	99.73%	Budget spread evenly across 12 months, but actuals vary by schedule
Interest Income	5,039	3,114	5,933	14,086	8,751	5,335	60.96%	35,002	20,916	59.76%	
Total Revenues	73,379	16,299	16,943	106,621	680,689	(574,068)	-84.34%	2,722,751	2,616,130	96.08%	
Salaries & Benefits	133,778	85,096	87,940	306,814	146,064	160,750	110.05%	584,258	277,444	47.49%	
Other Expenditures	18,780	24,718	20,697	64,194	152,793	(88,599)	-57.99%	611,171	546,977	89.50%	
Capital Expenditures	-	-	7,650	7,650	381,250	(373,600)	-97.99%	1,525,000	1,517,350	99.50%	Budget spread evenly across 12 months, but actuals vary by project schedule
Total Expenditures	152,557	109,814	116,287	378,658	680,107	(301,449)	-44.32%	2,720,429	2,341,771	86.08%	
Excess (Deficit)	(79,178)	(93,515)	(99,344)	(272,037)	582	(272,619)		2,323			
*Measure B Assessment											
Total Revenues	882	882	884	2,648	56,826	(54,178)	-95.34%	227,304	224,656	98.84%	
Salaries & Benefits	9,378	11,043	6,914	27,334	16,822	10,512	62.49%	67,288	39,954	59.38%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	2,949	1,284	-	137,364	16,517	120,847	731.65%	66,069	(71,295)	-107.91%	Budget spread evenly across 12 months, but actuals vary seasonally
Capital Expenditures/Loan Repayment	-	-	-	-	23,419	(23,419)	-100.00%	93,674	93,674	100.00%	Budget is spread evenly across 12 months. Loan pmts are October & April
Total Expenditures	12,327	12,327	6,914	164,698	56,758	107,940	190.18%	227,030	62,333	27.46%	
Excess (Deficit)	(11,445)	(11,445)	(6,030)	(162,050)	68	(162,118)		274			
*Street Lights											
Total Revenues	10,592	10,763	10,680	32,034	31,120	914	2.94%	124,480	92,446	74.27%	
Salaries & Benefits	7,871	1,719	2,145	11,735	13,436	(1,701)	-12.66%	53,744	42,009	78.16%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	4,535	5,995	5,177	15,707	9,194	6,513	70.84%	36,775	21,068	57.29%	
Capital Expenditures/Loan Repayment	-	-	-	-	11,750	(11,750)	-100.00%	47,000	47,000	100.00%	Budget spread evenly across 12 months, but actuals vary by project
Total Expenditures	12,406	7,714	7,322	27,442	34,380	(6,938)	-20.18%	137,519	110,077	80.04%	
Excess (Deficit)	(1,814)	3,048	3,357	4,592	(3,260)	(7,852)		(13,039)			
Governmental Funds Excess (Deficit)	(92,438)	(101,912)	(102,016)	(429,496)	(2,610)	(426,886)		(10,443)			

*Governmental Funds use a modified accrual basis of accounting per GASB

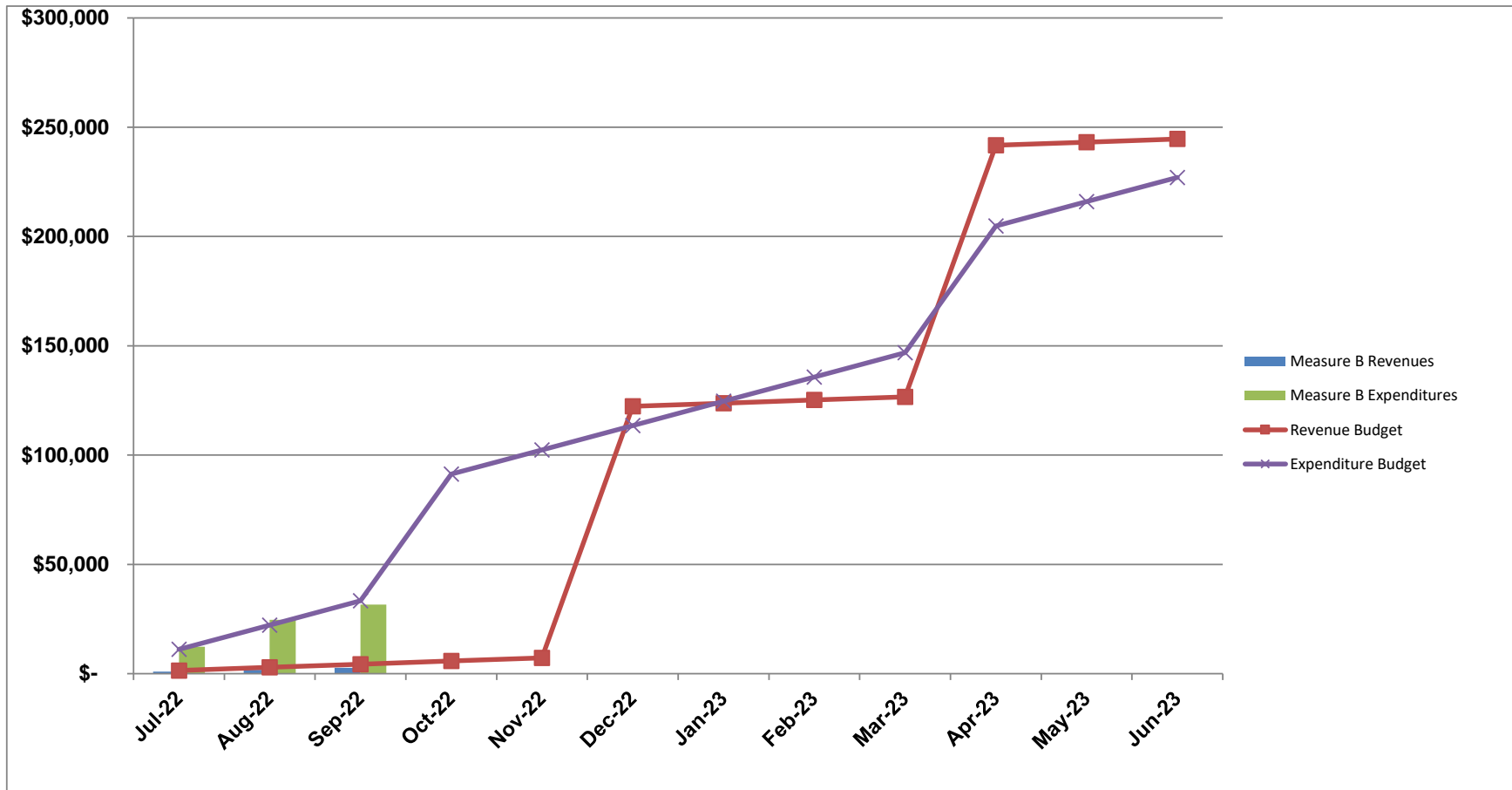
McKinleyville Community Services District September 2022

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



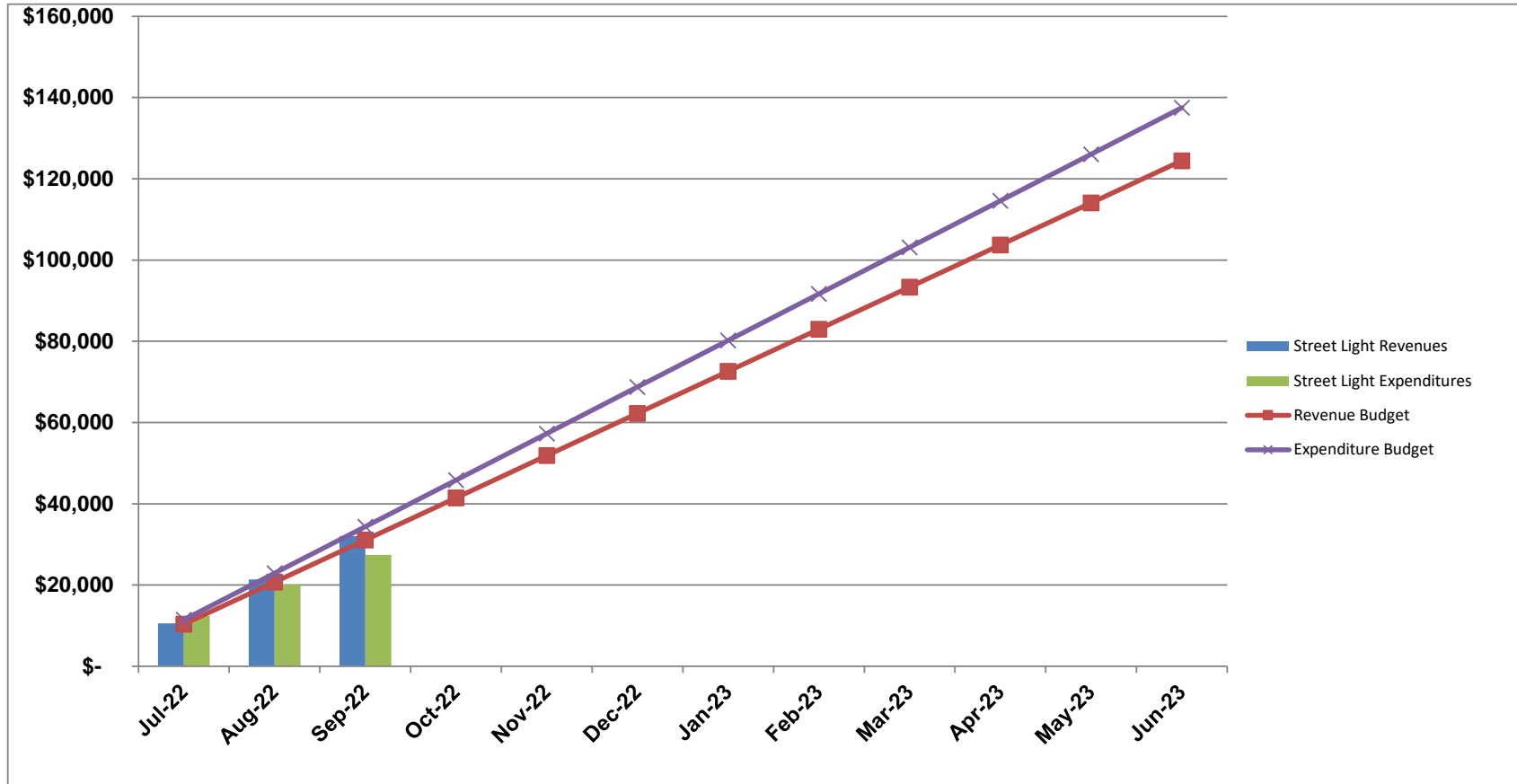
**McKinleyville Community Services District
September 2022**

Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District September 2022

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
Capital Expenditure Report
as of September 30, 2022**

	September	YTD Total	FY 22-23 Budget	Remaining		Notes
				Budget \$	Budget %	
Water Department						
Norton Tank Tree Service	-	-	10,000	10,000	100%	
Water Tank Painting	-	176,938	500,000	323,062	65%	Water Tank Painting & Cathodic Drilling, LACO Assoc.
4.5m New Water Tank	142,495	157,126	2,132,000	1,974,874	93%	
Production Meter Replacements	-	-	8,000	8,000	100%	Production Meter Replacement
McCluski Tank3 Replace Roof Vents	-	-	-	-	#DIV/0!	McCluski Tank3 Replace Roof Vents
Emergency Generator-Cochran	-	-	50,000	50,000	100%	CochranEmergency Generator
Fire Hydrant System Upgrade	-	-	7,000	7,000	100%	Fire Hydrant System Upgrade
Blake Station Upgrades	-	-	-	-	#DIV/0!	Blake Station Upgrades
Digital Control & Radio Telemetry Upgrade	-	-	10,000	10,000	100%	Radio Telemetry upgrade
Water Main Rehab & Replacement	-	26,002	2,500,000	2,473,998	99%	Water Main Rehab
Property Purchase- Tank Site	-	-	-	-	#DIV/0!	Property Purch/Imprv.Tank Site
Subtotal	142,495	360,066	5,217,000	4,856,934	93%	
Wastewater Department						
Sewer Main Rehab & Replacement	17,022	42,205	1,500,000	1,457,795	97%	Sewer Main Rehab
WWMF Sludge Disposal - next	-	-	200,000	200,000	100%	Sludge handling/disposal
WWMF Engineering Study	-	-	70,000	70,000	100%	
WWMF Pond Armoring	-	-	75,000	75,000	100%	WWMF Pond Armoring
WWMF Secondary Effluent Motor	-	-	6,000	6,000	100%	WWMF Secondary Effluent Motor
Collection Upgrades-UndercrossingsProj	-	-	1,149,000	1,149,000	100%	Collection System upgrades
Fischer Lift Station Generator	-	-	40,000	40,000	100%	Fischer Lift Stn Generator
Solar Project - CWSRF Grant/Loan	15,032	41,017	1,060,000	1,018,983	96%	WWMF Solar Project
WWMF - CEQA/ NPDES Permit	-	-	25,000	25,000	100%	NPDES Permit Project
Underground pipe locator & camera	-	-	5,000	5,000	100%	Underground pipe locator & camer
SCBA Apparatus and Bottles	-	-	6,000	6,000	100%	WWMF Lab Cabinets
Sewer Main Camera Replacement	-	-	30,000	30,000	100%	SwrLiftStnUpgrade-Letz
Subtotal	32,055	83,222	4,166,000	4,082,778	98%	
Water & Wastewater Operations						
Heavy Equipment	-	-	130,000	130,000	100%	backhoe, aircompressor
Utility Vehicles	-	-	40,000	40,000	100%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	-	-	170,000	170,000	100%	Facilities upgrade/sealcoat
Computers & Software	-	-	18,000	18,000	100%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tree fa	736	11,332	100,000	88,668	89%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Irrig	-	-	50,000	50,000	100%	Barn/ house/ fence, Irrig. pipe, Unc
Property behind main office - purchase	-	-	600,000	600,000	100%	Purch property behind main offc
Small Equipment & Other	-	-	20,000	20,000	100%	Misc,response, & GPS surveying
Subtotal	-	11,332	1,128,000	1,116,668	99%	
Enterprise Funds Total	175,286	454,620	10,511,000	10,056,380	96%	
Parks & Recreation Department						
BMX Park	-	-	800,000	800,000	100%	BMX Park
Hiller Park & Sports Complex	-	-	-	-	#DIV/0!	Hiller Sports Sealcoat-CountyGrant
Pierson Park - Landscaping & signage	-	-	98,000	98,000	100%	Pierson Pk-Landscape & signage
Azalea Hall Projects	-	-	187,000	187,000	100%	Major appliance replacemnt
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	Flooring replacement
Law Enforcement Facility Improvements	-	-	16,000	16,000	100%	LEF flooring/Library Carpet
Projects Funded by Quimby/Grants/ Other	-	-	400,000	400,000	100%	CommForest,SkatePk,LandAcq
Other Parks Projects & Equipment	-	-	24,000	24,000	100%	Utility truck from Ops?
Subtotal	-	-	1,525,000	725,000	48%	
Streetlights						
LED Repairs	-	-	5,000	5,000	100%	
Pole Inspection	-	-	42,000	42,000	100%	Pole Inspection/Replacement
Subtotal	-	-	47,000	47,000	100%	
Governmental Funds Total	-	-	1,572,000	772,000	49%	
All Funds Total	175,286	454,620	12,083,000	10,828,380	90%	

**McKinleyville Community Services District
 Summary of Grants
 as of September 30, 2022**

District Grants	Total Grant Amount	Required District Match	Estimated District Asset Value
CalOES Hazard Mitigation Grant - 4.5 mg Tank	\$ 7,576,448	\$ 1,894,112	\$ 9,553,440
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
State of CA Prop 68 - BMX Track	\$ 2,331,375	\$ -	\$ 2,331,375
State of CA Prop 68 Per Capita - Azalea Hall Upgrades	\$ 177,952	\$ -	\$ 177,952

Non-District Grants	Total Grant Amount	Required District Match	Estimated District Asset Value
CalTrout US Fish & Wildlife - Mad River Restoration	\$ 20,000	\$ -	\$ 20,000
CalTrout NOAA - Mad River Restoration	\$ 490,167	\$ 48,000	\$ 300,000
Trust for Public Lands	\$ 3,858,378	\$ -	\$ 3,858,378

**McKinleyville Community Services District
Summary of Long-Term Debt Report
as of September 30, 2022**

**Principal Maturities and
Scheduled Interest**

				Balance- Aug.	Balance- Sept.		
	%	Maturity Date		31, 2022	30, 2022	FY-23	Thereafter
Water Fund:							
I-Bank Interest	3.37%	8/1/30	P I	476,538.79	476,538.79	- -	476,538.81 67,028.60
State of CA Energy Commission (ARRA) Interest	1.0%	12/22/26	P I	54,651.86	54,651.86	11,933.99 516.85	42,717.67 859.98
State of CA (Davis Grunsky)		1/1/33	P	1,182,074.72	1,182,074.72	94,691.23	1,087,383.49
State of CA (Davis Grunsky) Deferred Interest	2.5%	1/1/33	P I	187,380.97	187,380.97	17,035.12 29,551.87	170,345.85 155,047.44
COPS - Series 2021A, Water Fund Interest	2.93%	8/1/51	P I	4,335,000.00 -	4,270,000.00 -	- 84,405.56	4,270,000.00 2,555,737.50
Total Water Fund-Principal				6,235,646.34	6,170,646.34	123,660.34	6,046,985.82
Total Water Fund-Interest						114,474.28	2,778,673.52
Total Water Fund				6,235,646.34	6,170,646.34	238,134.62	8,825,659.34
Wastewater Fund:							
WWMF SRF Loan Interest	1.6%	7/31/47	P I	14,012,514.71	13,573,682.87	- -	14,034,677.46 3,002,119.13
Chase Bank (Pialorsi Property) Interest	2.9%	3/8/35	P I	1,289,500.00 -	1,289,500.00 -	- -	1,243,600.00 153,015.55
USDA (Sewer Bond) Interest	5.0%	8/1/22	P I	65,000.00	-	- -	- -
COPS - Series 2021B, Wastewater Fund Interest	2.93%	9/15/51	P I	3,560,000.00 -	3,485,000.00 -	- 58,512.50	3,485,000.00 2,056,175.00
Total Wastewater Fund-Principal				18,927,014.71	18,348,182.87	-	15,278,277.46
Total Wastewater Fund-Interest						-	3,155,134.68
Total Sewer Fund				18,927,014.71	18,348,182.87	-	18,433,412.14
Meas. B Fund: Teen/Comm Center Loan		11/1/29	P	823,539.00	823,539.00	98,767.00	733,552.00
	3.55%		I			28,686.18	94,344.18
Total Principal				25,986,200.05	25,342,368.21	222,427.34	22,058,815.28
Total Interest						143,160.46	6,028,152.38
Total				25,986,200.05	25,342,368.21	365,587.80	28,086,967.66

Non-debt Long Term Liabilities, District-wide

OPEB Liability	10,010,084.99
CalPERS Pension Liability	2,299,309.00

McKinleyville Community Services District
Cash Disbursement Report
For the Period September 1 through September 30, 2022

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
40163	9/22/2022	*0016	CUSTOMER REFUND AZALEA HA	100	C20902	CUSTOMER REFUND AZALEA HA
				(100)	C20902u	Ck# 040163 Reversed
			Check Total:	<u>0</u>		
40164	9/22/2022	ARC13	ARCATA COUNTERTOPS	1,439	PO10365	1300 ANDERSON REMODEL
				(1,439)	PO10365u	Ck# 040164 Reversed
			Check Total:	<u>0</u>		
40165	9/22/2022	BAL03	ELAINE BALL	67	C20902	EMPLOYEE REIMBURSEMENT
40166	9/22/2022	COR01	CORBIN WILLITS SYSTEMS, I	963	C208151	SUBSCRIPTIONS
				(963)	C208151u	Ck# 040166 Reversed
			Check Total:	<u>0</u>		
40167	9/22/2022	HAR03	HARPER MOTORS CO.	39,657	PO11219	KIA HYBRID PURCHASE
40168	9/22/2022	HAR13	The Hartford - Priority A	434	6440257	GRP. HEALTH INS
				(434)	6440257u	Ck# 040168 Reversed
			Check Total:	<u>0</u>		
40169	9/22/2022	INF02	INFOSEND	3,141	219866	OFFICE SUPPLIES/POSTAGE
40170	9/22/2022	JOH05	CHAYSLIN JOHNSON	55	C20902	EMPLOYEE REIMBURSEMENT
40171	9/22/2022	MES01	KIRSTEN MESSMER	107	C20902	EMPLOYEE REIMBURSEMENT
40172	9/22/2022	PGE12	PGE	142	C20902	GAS & ELECTRIC HILLER SPO
40173	9/22/2022	STR01	STREAMLINE	300	DF9E70022	SUBSCRIPTIONS
				(300)	DF9E70022u	Ck# 040173 Reversed

	Check Total:	<u>0</u>		
40174	9/22/2022 \D002	MQ CUSTOMER REFUND FOR DE	62	000C20901 MQ CUSTOMER REFUND FOR DE
			(62)	000C20901u Ck# 040174 Reversed
	Check Total:	<u>0</u>		
40175	9/22/2022 \D013	MQ CUSTOMER REFUND FOR DE	132	000C20901 MQ CUSTOMER REFUND FOR DE
			(132)	000C20901u Ck# 040175 Reversed
	Check Total:	<u>0</u>		
40176	9/22/2022 \L011	MQ CUSTOMER REFUND FOR LA	21	000C20901 MQ CUSTOMER REFUND FOR LA
			(21)	000C20901u Ck# 040176 Reversed
	Check Total:	<u>0</u>		
40177	9/22/2022 \P018	MQ CUSTOMER REFUND FOR PI	15	000C20901 MQ CUSTOMER REFUND FOR PI
40177	9/2/2022 \P018	MQ CUSTOMER REFUND FOR PI	(15)	000C20901u Ck# 040177 Reversed
	Check Total:	<u>0</u>		
40178	9/22/2022 \S022	MQ CUSTOMER REFUND FOR SN	62	000C20901 MQ CUSTOMER REFUND FOR SN
			(62)	000C20901u Ck# 040178 Reversed
	Check Total:	<u>0</u>		
40179	9/22/2022 \T003	MQ CUSTOMER REFUND FOR TH	47	000C20901 MQ CUSTOMER REFUND FOR TH
			(47)	000C20901u Ck# 040179 Reversed
	Check Total:	<u>0</u>		
40183	9/2/2022 VOID	VOIDED CHECK		
40186	9/2/2022 *0016	Ck# 040186->040163 Repla	100	C20902y Ck# 040186->040163 Repla
40187	9/2/2022 ARC13	Ck# 040187->040164 Repla	1,439	PO10365y Ck# 040187->040164 Repla
40188	9/2/2022 COR01	Ck# 040188->040166 Repla	963	C208151y Ck# 040188->040166 Repla
40189	9/2/2022 HAR13	Ck# 040189->040168 Repla	434	6440257y Ck# 040189->040168 Repla
40190	9/2/2022 STR01	Ck# 040190->040173 Repla	300	DF9E70022y Ck# 040190->040173 Repla
40191	9/2/2022 \D002	Ck# 040191->040174 Repla	62	000C20901y Ck# 040191->040174 Repla

40192	9/2/2022	\D013	Ck# 040192->040175 Repla	132	000C20901y	Ck# 040192->040175 Repla
40193	9/2/2022	\L011	Ck# 040193->040176 Repla	21	000C20901y	Ck# 040193->040176 Repla
40194	9/2/2022	\P018	Ck# 040194->040177 Repla	15	000C20901y	Ck# 040194->040177 Repla
40195	9/2/2022	\S022	Ck# 040195->040178 Repla	62	000C20901y	Ck# 040195->040178 Repla
40196	9/2/2022	\T003	Ck# 040196->040179 Repla	47	000C20901y	Ck# 040196->040179 Repla
40197	9/2/2022	JOH05	CHAYSLIN JOHNSON	55	C20902A	EMPLOYEE REIMBURSEMENT
40198	9/7/2022	MAY02	DENNIS MAYO	125	C20906	DIRECTORS FEES
40199	9/7/2022	BIN02	SCOTT BINDER	437	C20907P	BOARD MEMBER REIMBURSEMEN
40200	9/8/2022	10102	101 NETLINK	800	202209012	BACKUP INTERNET SERVICES
40201	9/8/2022	ACC04	ACCURATE DRUG TESTING SER	100	6099	DRUG TESTING
40202	9/8/2022	ADV01	ADVANCED SECURITY SYSTEM	1,524	617073	SECURITY SYSTEMS
40203	9/8/2022	AGB01	AGB	2,230	M22-2216	EARTHQUAKE MONITORING EQU
40204	9/8/2022	BAY01	BAY AREA COATING CONSULTA	16,035	E07752	TANK RECOATING PROJECT
40205	9/8/2022	DEV02	DEVELOPED EMPLOYMENT SERV	228	7447	PROFESSIONAL SERVICES
				243	7461	PROFESSIONAL SERVICES
			Check Total:	<u>470</u>		
40206	9/8/2022	GHD01	GHD	17,168	18855	CENTRAL W/S MAIN REPLACEM
40207	9/8/2022	GRA02	GRAINGER	42	9294169	REPAIRS/SUPPLIES
40208	9/8/2022	HAR03	HARPER MOTORS CO.	265	C20907	VEHICLE REPAIRS
40209	9/8/2022	HUM26	HUMBOLDT FASTENERS	211	468366	REPAIRS/SUPPLIES
40210	9/8/2022	INF03	INFINITE CONSULTING SERVI	3,830	10096	MONTHLY SERVICING FEE

40211	9/8/2022	KER01	KERNEN CONSTRUCTION	747	21797	ASPHALT
40212	9/8/2022	LIV01	TAMESON LIVENGGOOD	240	C20907	SOFTBALL UMPIRE PAYMENT
40213	9/8/2022	MCK04	MCK ACE HARDWARE	728	C20908	REPAIRS/SUPPLY
40214	9/8/2022	MEN01	MENDES SUPPLY CO.	1,646	C20908	REPAIRS/SUPPLY
40215	9/8/2022	MIL01	Miller Farms Nursery	4,783	C20908	REPAIRS/SUPPLY
40216	9/8/2022	MIT01	MITCHELL LAW FIRM	407	50837	LEGAL
				278	50838	LEGAL
			Check Total:	<u>685</u>		
40217	9/8/2022	MIT02	MITEL	783	41027329	PHONE LINES
40218	9/8/2022	MUD01	MUDDY WATERS COFFEE CO.,I	80	C20908	OFFICE SUPPLIES
40219	9/8/2022	NOR13	NORTHERN CALIFORNIA SAFET	120	28475	SAFETYTRAINGSUP
40220	9/8/2022	STA11	STAPLES CREDIT PLAN	581	C20908	OFFICE SUPPLIES
40221	9/8/2022	TEL01	TELE-WORKS, INC	1,509	40100559	ALERTWORKS SUBSCRIPTION F
40222	9/8/2022	THO02	Thomas Home Center	459	C20908	REPAIRS/SUPPLY
40223	9/8/2022	UNI09	UNIFIED FIELD SERVIES COP	130,693	8221425	WATER TANK UPGRADE
40224	9/8/2022	URT01	JIM URTON	240	C20908	SOFTBALL UMPIRE PAYMENT
40225	9/8/2022	VAL01	VALLEY PACIFIC PETROLEUM	1,332	22536670	GAS/OIL/LUBE
40226	9/8/2022	VAL02	VALLEY PACIFIC	3,584	22536087	GAS/OIL/LUBE
40227	9/13/2022	VOID	VOIDED CHECK			
40228	9/13/2022	VOID	VOIDED CHECK			
40229	9/13/2022	ALL05	ALLSTATES MAILING SERVICE	6,827	43817	MAILING SERVICES

40230	9/13/2022	THO02	Thomas Home Center	434	C20913	REPAIRS/SUPPLY
40231	9/15/2022	*0017	1/2 DEPOSIT REFUND AZALEA	50	116940	1/2 DEPOSIT REFUND AZALEA
40232	9/15/2022	*0018	DEPOSIT REFUND TOT-LETICS	46	116939	DEPOSIT REFUND TOT-LETICS
40233	9/15/2022	*0019	SECURITY DEPOSIT	100	116941	SECURITY DEPOSIT
40234	9/15/2022	ACW01	CB&T/ACWA-JPIA	11,306	692295	GRP. HEALTH INS
40235	9/15/2022	BAD01	BADGER METER, Inc.	360	80104406	SUBSCRIPTIONS
40236	9/15/2022	DEP05	DEPARTMENT OF JUSTICE	32	602129	FINGERPRINTING
40237	9/15/2022	DEV02	DEVELOPED EMPLOYMENT SERV	362	7629	PROFESSIONAL SERVICES
40238	9/15/2022	GOL01	GOLDEN GATE BRIDGE TOLL	9	978333	TOLL BRIDGE PAYMENT
40239	9/15/2022	HUM01	HUMBOLDT BAY MUNICIPAL WA	106,234	C20914	WTR PURCHASED
40240	9/15/2022	HUM08	HUMBOLDT SANITATION	856	28X02230	TRASH SERVICE
				642	28X02231	TRASH SERVICE
				320	28X02232	TRASH SERVICE
				642	28X02337	TRASH SERVICE
			Check Total:	<u>2,461</u>		
40241	9/15/2022	IND02	INDUSTRIAL ELECTRIC SERVI	55	IN44605	REPAIRS/SUPPLY
40242	9/15/2022	INF03	INFINITE CONSULTING SERVI	20	10126	DOMAIN RENEWAL
40243	9/15/2022	JLM01	JLM FREEDOM ELECTRIC	1,357	109	LABOR/PARTS
40244	9/15/2022	KEN03	KEN'S AUTO PARTS	2,087	C20915	REPAIRS/SUPPLIES
40245	9/15/2022	KER01	KERNEN CONSTRUCTION	757	21846	ASPHALT
				520	21857	ASPHALT
			Check Total:	<u>1,277</u>		
40246	9/15/2022	MAY02	DENNIS MAYO	334	C20914	EMPLOYEE REIMBURSEMENT TR

40247	9/15/2022	MCM01	McMaster-Carr Supply Co.	33	84254635	REPAIRS/SUPPLIES
40248	9/15/2022	NOR01	NORTH COAST LABORATORIES	4,827	C20914	LAB TESTS
40249	9/15/2022	NOR20	NORTHCOAST EMPLOYERS ADVI	20	C20914	TRAINING
40250	9/15/2022	NOR35	NORTHERN HUMBOLDT	982	ES23-006	OPEN SPACE MAINTENANCE
				823	ES23-007	OPEN SPACE MAINTENANCE
			Check Total:	<u>1,805</u>		
40251	9/15/2022	PGE01	PG & E (Office & Field)	35,206	C20914	GAS & ELECTRIC
40252	9/15/2022	POI01	POINTS WEST SURVEYING CO.	2,955	12604	SURVEYOR
40253	9/15/2022	UMP01	UMPQUA COMMERCIAL CARD OP	415	0922BD	TRAVEL/TRAINING/SUPPLIES
				232	0922DS	TRAVEL/TRAINING/SUPPLIES
				661	0922JH	TRAVEL/TRAINING/SUPPLIES
40253	9/15/2022	UMP01	UMPQUA COMMERCIAL CARD OP	1,294	0922NA	TRAVEL/TRAINING/SUPPLIES
				1,003	0922PD	TRAVEL/TRAINING/SUPPLIES
				806	0922PK	TRAVEL/TRAINING/SUPPLIES
			Check Total:	<u>4,412</u>		
40254	9/22/2022	*0020	SECURITY DEPOSIT REFUND -	100	116942	SECURITY DEPOSIT REFUND -
40255	9/22/2022	70,701	707 PEST SOLUTIONS	120	52364	PROFESSIONAL SERVICES
40256	9/22/2022	BLA01	FLEX SPENDING REIMBURSEME	78	C20922	FLEX SPENDING REIMBURSEME
40257	9/22/2022	COA01	COASTAL BUSINESS SYSTEMS	1,016	32436049	OFFC EQUIP LEAS
40258	9/22/2022	COS02	COSTCO MEMBERSHIP	120	C20922	RENEWAL FEE
40259	9/22/2022	DEV02	DEVELOPED EMPLOYMENT SERV	304	7638	PROFESSIONAL SERVICES
40260	9/22/2022	HUM03	HUMBOLDT COUNTY	113	341017000	TAXES & ASSESS.
40261	9/22/2022	INF03	INFINITE CONSULTING SERVI	202	10136	DOMAIN NAME RENEWAL
				2,359	10137	DELL COMPUTER
			Check Total:	<u>2,560</u>		

40262	9/22/2022	PGE10	PGE STREETLIGHTS	4	C20922	GAS & ELECTRIC S.L.- ZONE
40263	9/22/2022	RCS02	RC SPORTS	1,882	273099-A	ROLLER SKATE
40264	9/28/2022	*0021	YUROK TRIBE	100	116943y	Ck# 040264->042064 Repla
40265	9/28/2022	*0022	7TH GENERATION FUND	100	116944y	Ck# 040265->042065 Repla
40266	9/28/2022	ATT02	AT&T	926	775482707y	Ck# 040266->042066 Repla
40267	9/28/2022	DEL02	DELFINO, MADDEN, O'MALLEY	132	000001y	Ck# 040267->042067 Repla
40268	9/28/2022	DEV02	DEVELOPED EMPLOYMENT SERV	302	7650y	Ck# 040268->042068 Repla
40269	9/28/2022	FED02	FEDAK & BROWN LLP	8,388	C20927y	Ck# 040269->042069 Repla
40270	9/28/2022	IND01	INDEPENDENT BUS. FORMS	79	41632y	Ck# 040270->042070 Repla
				480	41633y	Ck# 040270->042070 Repla
			Check Total:	<u>559</u>		
40271	9/28/2022	KEN02	KENNEDY/JENKS CONSULTANTS	95,966	157899y	Ck# 040271->042071 Repla
40272	9/28/2022	KEN03	KEN'S AUTO PARTS	576	C20927y	Ck# 040272->042072 Repla
40273	9/28/2022	LAZ01	PHILLIP LAZZAR	2,982	C20928y	Ck# 040273->042073 Repla
40274	9/28/2022	MCK03	MCKINLEYVILLE OFFICE SUPP	2	52697y	Ck# 040274->042074 Repla
40275	9/28/2022	MDG01	MELTON DESIGN GROUP INC	864	6187y	Ck# 040275->042075 Repla
40276	9/28/2022	MIL03	THE MILL YARD	105	364376y	Ck# 040276->042076 Repla
40277	9/28/2022	ORE01	O'REILLY AUTOMOTIVE, INC.	34	104727y	Ck# 040277->042077 Repla
40278	9/28/2022	ORS03	GREG ORSINI	393	C20927y	Ck# 040278->042078 Repla
40279	9/28/2022	PAC08	PACIFIC CRANE CERTIFICATI	1,945	21297y	Ck# 040279->042079 Repla
40280	9/28/2022	PGE06	PG&E-STREETLIGHTS	42	C20927y	Ck# 040280->042080 Repla

40281	9/28/2022	PGE07	PG&E STREETLIGHTS	1,327	C20927y	Ck# 040281->042081	Repla
40282	9/28/2022	PGE08	PGE STREETLIGHTS	20	C20927y	Ck# 040282->042082	Repla
40283	9/28/2022	PGE09	PGE-STREETLIGHTS	102	C20927y	Ck# 040283->042083	Repla
40284	9/28/2022	SEQ01	Sequoia Gas Co.	133	U0033740y	Ck# 040284->042084	Repla
40285	9/28/2022	TPX01	TPx COMMUNICATIONS	2,811	C20927y	Ck# 040285->042085	Repla
40286	9/28/2022	WIL09	WILLDAN FINANCIAL SERVICE	7,565	010-52311y	Ck# 040286->042086	Repla
42064	9/28/2022	*0021	YUROK TRIBE	100	116943	DEPOSIT REFUND#8267A	
				(100)	116943u	Ck# 042064 Reversed	
			Check Total:	<u>0</u>			
42065	9/28/2022	*0022	7TH GENERATION FUND	100	116944	DEPOSIT REFUND HEWITT ROO	
				(100)	116944u	Ck# 042065 Reversed	
			Check Total:	<u>0</u>			
42066	9/28/2022	ATT02	AT&T	926	775482707	TELEPHONE	
				(926)	775482707u	Ck# 042066 Reversed	
			Check Total:	<u>0</u>			
42067	9/28/2022	DEL02	DELFINO, MADDEN, O'MALLEY	132	1	PROFESSIONAL SERVICES	
				(132)	000001u	Ck# 042067 Reversed	
			Check Total:	<u>0</u>			
42068	9/28/2022	DEV02	DEVELOPED EMPLOYMENT SERV	302	7650	PROFESSIONAL SERVICES	
				(302)	7650u	Ck# 042068 Reversed	
			Check Total:	<u>0</u>			
42069	9/28/2022	FED02	FEDAK & BROWN LLP	8,388	C20927	ACCT. / AUDIT	
				(8,388)	C20927u	Ck# 042069 Reversed	
			Check Total:	<u>0</u>			
42070	9/28/2022	IND01	INDEPENDENT BUS. FORMS	79	41632	BUSINESS CARDS	
				(79)	41632u	Ck# 042070 Reversed	
				480	41633	DOOR HANGERS	
				(480)	41633u	Ck# 042070 Reversed	

	Check Total:	<u>0</u>			
42071	9/28/2022 KEN02	KENNEDY/JENKS CONSULTANTS	95,966	157899	PROFESSIONAL SERVICES
			(95,966)	157899u	Ck# 042071 Reversed
	Check Total:	<u>0</u>			
42072	9/28/2022 KEN03	KEN'S AUTO PARTS	576	C20927	REPAIRS AND SUPPLIES
			(576)	C20927u	Ck# 042072 Reversed
	Check Total:	<u>0</u>			
42073	9/28/2022 LAZ01	PHILLIP LAZZAR	2,982	C20928	AVELAR/IMESON PLAN CHECK
			(2,982)	C20928u	Ck# 042073 Reversed
	Check Total:	<u>0</u>			
42074	9/28/2022 MCK03	MCKINLEYVILLE OFFICE SUPP	2	52697	OFFICE SUPPLIES
			(2)	52697u	Ck# 042074 Reversed
	Check Total:	<u>0</u>			
42075	9/28/2022 MDG01	MELTON DESIGN GROUP INC	864	6187	BMX TRACK
			(864)	6187u	Ck# 042075 Reversed
	Check Total:	<u>0</u>			
42076	9/28/2022 MIL03	THE MILL YARD	105	364376	REPAIRS AND SUPPLIES
			(105)	364376u	Ck# 042076 Reversed
	Check Total:	<u>0</u>			
42077	9/28/2022 ORE01	O'REILLY AUTOMOTIVE, INC.	34	104727	REPAIRS/SUPPLY
			(34)	104727u	Ck# 042077 Reversed
	Check Total:	<u>0</u>			
42078	9/28/2022 ORS03	GREG ORSINI	393	C20927	BOARD MEMBER TRAVEL REIMB
			(393)	C20927u	Ck# 042078 Reversed
	Check Total:	<u>0</u>			
42079	9/28/2022 PAC08	PACIFIC CRANE CERTIFICATI	1,945	21297	PROFESSIONAL SERVICES
			(1,945)	21297u	Ck# 042079 Reversed
	Check Total:	<u>0</u>			
42080	9/28/2022 PGE06	PG&E-STREETLIGHTS	42	C20927	GAS & ELECTRIC S.L.- ZONE
			(42)	C20927u	Ck# 042080 Reversed

	Check Total:	<u>0</u>		
42081	9/28/2022 PGE07	PG&E STREETLIGHTS	1,327	C20927 GAS & ELECTRIC
			(1,327)	C20927u Ck# 042081 Reversed
	Check Total:	<u>0</u>		
42082	9/28/2022 PGE08	PGE STREETLIGHTS	20	C20927 GAS & ELECTRIC S.L.- ZONE
			(20)	C20927u Ck# 042082 Reversed
	Check Total:	<u>0</u>		
42083	9/28/2022 PGE09	PGE-STREETLIGHTS	102	C20927 GAS & ELECTRIC S.L.- ZONE
			(102)	C20927u Ck# 042083 Reversed
	Check Total:	<u>0</u>		
42084	9/28/2022 SEQ01	Sequoia Gas Co.	133	U0033740 FUEL PURCHASE
			(133)	U0033740u Ck# 042084 Reversed
	Check Total:	<u>0</u>		
42085	9/28/2022 TPX01	TPx COMMUNICATIONS	2,811	C20927 INTERNET SERVICES
			(2,811)	C20927u Ck# 042085 Reversed
	Check Total:	<u>0</u>		
42086	9/28/2022 WIL09	WILLDAN FINANCIAL SERVICE	7,565	010-52311 WATER/SEWER STUDY
			(7,565)	010-52311u Ck# 042086 Reversed
	Check Total:	<u>0</u>		
D00076	9/7/2022 MULTI	BINDER, SCOTT	125	C20906 DIRECTORS FEES
		COUCH, DAVID	125	C20906 DIRECTORS FEES
		CLARK-PETERSON, JOELLEN	125	C20906 DIRECTORS FEES
		ORSINI, GREG	125	C20906 DIRECTORS FEES
	Check Total:	<u>500</u>		
Total Disbursements, Accounts Payable			<u><u>553,029</u></u>	

Payroll Related Disbursements

9/10/2022	Payroll	15,417		
18359	9/8/2022 CAL12	CalPERS 457 Plan	9,942	C20908 RETIREMENT
			920	1C20908 PERS 457 LOAN PMT

		Check Total:	<u>10,862</u>		
18360	9/8/2022	DIR01 DIRECT DEPOSIT VENDOR- US	42,626	C20908	Direct Deposit
18361	9/8/2022	EMP01 Employment Development	65	C20823	STATE INCOME TAX
			0	C20831	STATE INCOME TAX
18361	9/8/2022	EMP01 Employment Development	2,098	C20908	STATE INCOME TAX
			11	1C20823	SDI
			10	1C20831	SDI
			942	1C20908	SDI
			0	2C20831	STATE INCOME TAX
			3	3C20831	SDI
		Check Total:	<u>3,129</u>		
18362	9/8/2022	FRA05 COURT-ORDERED DEBT COLLEC	55	C20908	FRANCHISE TAX BOARD
18363	9/8/2022	HEA01 HEALTHEQUITY, ATTN: CLINT	50	C20908	HSA
18364	9/8/2022	HUM29 UMPQUA BANK--PAYROLL DEP.	217	C20823	FEDERAL INCOME TAX
			57	C20831	FEDERAL INCOME TAX
			6,774	C20908	FEDERAL INCOME TAX
			122	1C20823	FICA
			115	1C20831	FICA
			10,623	1C20908	FICA
			29	2C20823	MEDICARE
			27	2C20831	MEDICARE
			2,484	2C20908	MEDICARE
			0	3C20831	FEDERAL INCOME TAX
			29	4C20831	FICA
			7	5C20831	MEDICARE
		Check Total:	<u>20,484</u>		
18365	9/8/2022	ACW01 CB&T/ACWA-JPIA	60,088	C20831	MED-DENTAL-EAP INSUR
18366	9/8/2022	PUB01 Public Employees PERS	23,418	C20831	PERS PAYROLL REMITTANCE
18367	9/12/2022	Payroll	2,953		
18390	9/22/2022	CAL12 CalPERS 457 Plan	9,632	C20922	RETIREMENT
			920	1C20922	PERS 457 LOAN PMT

	Check Total:	<u>10,553</u>		
18391	9/22/2022 DIR01	DIRECT DEPOSIT VENDOR- US	40,346	C20922 Direct Deposit
18392	9/22/2022 EMP01	Employment Development	0	C20912 STATE INCOME TAX
			1,928	C20922 STATE INCOME TAX
			35	1C20912 SDI
			895	1C20922 SDI
	Check Total:	<u>2,858</u>		
18393	9/22/2022 HEA01	HEALTHQUITY, ATTN: CLINT	50	C20922 HSA
18394	9/22/2022 HUM29	UMPQUA BANK--PAYROLL DEP.	0	C20912 FEDERAL INCOME TAX
			6,256	C20922 FEDERAL INCOME TAX
			397	1C20912 FICA
			10,085	1C20922 FICA
			93	2C20912 MEDICARE
			2,359	2C20922 MEDICARE
	Check Total:	<u>19,189</u>		
9/23/2022	Payroll		14,775	
	Total Disbursements, Payroll		<u>266,854</u>	

Total Check Disbursements:	819,883
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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2 2022

TYPE OF ITEM: **ACTION**

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

PRESENTED BY: **James Henry, Operations Director**

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

Recommendation:

Staff recommends that the Board authorize staff to provide the listed customers with formal notice that their water service will be discontinued in one month if they have not come into compliance with state law regarding water service cross-connection in accordance with MCSD Rules 7 and 10.

Discussion:

Customers listed below are currently not in compliance with State Law regarding cross connection control for water customers with an alternate water supply. These customers have been notified of their respective violations, as noted, and have been provided notification of this meeting.

1st Notice	August 2, 2022
10 Day Notice	October 21, 2022
Board Meeting	November 2, 2022
Lock	December 5, 2022
Route 14	

Account #	Address
14-452-000	990 Eucalyptus Rd

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: D.4 **Reaffirm Resolution 2021-27 Making Findings Pursuant to Government Code Section 5493, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings**

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

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

Recommendation:

Staff recommends that the Board review the provided material and reaffirm Resolution 2021-27 (**Attachment 1**), authorizing the continued use of virtual meetings.

Discussion:

At the beginning of the pandemic, Governor Newsom issued Executive Orders N-08-21, N-25-20, and N-29-20, which allowed for relaxed provisions of the Ralph M. Brown Act (Brown Act) that allowed legislative bodies to conduct meetings through teleconferencing without having to meet the strict compliance of the Brown Act.

The Governor slated these orders to sunset at the end of September 2021.

On September 17, 2021, Governor Newsom signed into law Assembly Bill 361, which amends the Government Code to provide relief from strict teleconferencing provisions of the Brown Act under certain circumstances. In order to continue in this matter, the legislative body would need to make certain findings that would require the need for the legislative body to conduct meetings in this matter. These findings would include any sort of proclaimed state of emergency.

A state of emergency was proclaimed by the Governor on March 4, 2020, which remains in effect today. Additionally, the Humboldt County Health Officer has imposed recommendations to continue to promote social distancing in his August 6, 2021 order, as well as other prior orders and guidance.

As this state of emergency continues to directly impact the ability for some members of the public to meet in person as well as, at times, members of the Board of Directors to safely meet in person, the continuance of public meetings via teleconference is advisable.

The Board of Directors previously discussed continuing with a teleconference option for all board meetings at the August 2021 Board meeting. With the passing of Resolution 2021-27, any Board member that finds themselves unable to attend in person due to a sudden COVID matter will be able to continue to meet as a member of the Board via a teleconference option without the strict teleconferencing provisions, which includes disclosing the location of each Board Director who is meeting virtually.

Resolution 2021-27 was originally approved on October 6, 2021.

It is recommended by legal counsel that this resolution be reaffirmed in 30 days, and every 30 days after, until such time it is no longer needed.

Alternatives:

Staff analysis consists of the following potential alternative:

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2021-27

RESOLUTION NO 2021-27

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT MAKING FINDINGS PURSUANT TO GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361, AND AUTHORIZING THE CONTINUED USE OF VIRTUAL MEETINGS

WHEREAS, as a result of the COVID-19 pandemic, the Governor issued Executive Order Nos. N-08-21, N-25-20 and N-29-20, which suspended certain provisions of the Ralph M. Brown Act to allow legislative bodies to conduct public meetings without strict compliance with the teleconferencing provisions of the Brown Act; and

WHEREAS, Assembly Bill 361, which was signed into law on September 17, 2021, amended Government Code section 54953, to provide relief from the teleconferencing provisions of the Brown Act under certain circumstances provided the legislative body makes certain findings; and

WHEREAS, as a result of the COVID-19 pandemic, the Governor proclaimed a state of emergency on March 4, 2020, in accordance with the section 8625 of the California Emergency Services Act, and the state of emergency remains in effect; and

WHEREAS, as a result of the COVID-19 pandemic, the Humboldt County Health Officer has imposed and has recommended measures to promote social distancing as more particularly set forth in his August 6, 2021, Order, among other prior orders and guidance; and

NOW, THEREFORE, the Board of Directors of the McKinleyville Community Services District does hereby find and resolve as follows:

1. That the Board has reconsidered the circumstances of the previously declared and existing state of emergency arising from the COVID-19 pandemic; and
2. That the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person, and further that local officials continue to impose or recommend measures to promote social distancing; and
3. That the Board may continue to conduct public meetings in accordance with Government Code section 54953(e); and
4. That the Board will reconsider the above findings within 30-days of this Resolution.

PASSED AND ADOPTED on the 6th day of October 2021 by the following vote:

AYES: Binder, Clark-Peterson, Couch, Orsini, and Mayo
 NAYS: None
 ABSENT: None
 ABSTAIN: None



 Dennis Mayo, Board President

Attest: 

 April Sousa, MMC, Board Secretary

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: D.5 **Affirm change of Board Meeting Time from 7 p.m. to 6 p.m.**

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

TYPE OF ACTION: **Roll Call - Consent**

Recommendation:

Staff recommends that the Board review the information and affirm the change of Board meeting time by approving Resolutions 2022-27 and 2022-28.

Discussion:

At the last Board Meeting, the Board of Directors approved a change of regular meeting times from 7 p.m. to 6 p.m., to begin January 2023. The regular meeting dates and times are regulated through the MCSD Rules and Regulations and the Board Policy Manual. Resolutions 2022-27 and 2022-28 changes these policies to match the new time approved by the Board at the October 5, 2022 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 – Resolution 2022-27
- Attachment 2 – Resolution 2022-28

RESOLUTION 2022 – 27

**A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS APPROVING THE REVISION OF THE MCSD RULES AND REGULATIONS
RULE 61.01: REGULAR MEETINGS**

WHEREAS, the Board Policy Manual and the Rules and Regulations set the Regular Meeting days and times; and

WHEREAS, these days and times are reviewed annually by the Board of Directors; and

WHEREAS, the Board of Directors wishes to change the time of regular meetings from 7 p.m. to 6 p.m.; and

WHEREAS, the Rules and Regulations must be amended to reflect this change.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby amend the MCSD Rules and Regulations Rule 61.01: Regular Meetings to state:

Rule 61.01. REGULAR MEETINGS - the regular meetings of the Board of Directors of the McKinleyville Community Service District shall hereafter be held on the first Wednesday of each and every calendar month at the hour of 6:00 P.M.

All meetings of the Board of Directors shall be held at Azalea Hall located at 1620 Pickett Road, unless they shall adjourn to or fix another place of meeting in a notice to be given thereof, or unless prevented and established at 1656 Sutter Road, McKinleyville, California.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on November 2, 2022 by the following polled vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

David R. Couch, Board President

Attest:

April Sousa, MMC, Board Secretary

RESOLUTION 2022 – 28

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS APPROVING THE REVISION OF THE BOARD POLICY MANUAL AMENDING RULE 5-1: REGULAR MEETINGS

WHEREAS, the Board Policy Manual and the Rules and Regulations set the Regular Meeting days and times; and

WHEREAS, these days and times are reviewed annually by the Board of Directors; and

WHEREAS, the Board of Directors wishes to change the time of regular meetings from 7 p.m. to 6 p.m.; and

WHEREAS, the Board Policy Manual must be amended to reflect this change.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby amend the Board Policy Manual Rule 5-1: Regular Meetings to state:

Rule 5-1: REGULAR MEETINGS - Regular meetings of the Board of Directors shall be held on the first Wednesday of each calendar month at 6:00 PM at either Azalea Hall 1620 Pickett Road or the District Office 1656 Sutter Road as specified by the agenda. The date, time, and place of regular meetings shall be reconsidered annually at the annual organizational meeting of the Board.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on November 2, 2022 by the following polled vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

David R. Couch, Board President

Attest:

April Sousa, MMC, Board Secretary

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATIONAL**

ITEM: D.6 **Review 2021 Annual Water Loss Audit Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **Informational**

Recommendation:

Staff recommends the Board review the 2021 Annual Water Loss Audit Report.

Discussion:

Starting in 2017 the Department of Water Resources (DWR) has made it a requirement to submit a water loss audit by October of each year. The audit consists of entering a combination of imported water versus exported water data into their Reporting Worksheet (**Attachment 1**). DWR then has you rate each section which gives you a Validity Score. Each section is scored between 0 and 10. A 10 score would be if everything in that section was perfect, and the system was new. Staff then assigns scores according to criteria given. Several of the sections can't get a higher score unless the District starts replacing or upgrading assets that don't need replacing. A validity score of 64 is seen as a good score.

For better understanding of the report, I have defined the losses below that they refer to in the report.

Apparent Loss includes all types of inaccuracies such as worn meters, reading and billing errors and unauthorized consumption.

Real Loss accounts for all service line leaks and main breaks.

Unavoidable Annual Real Loss is a theoretical reference value representing the technical low limit of leakage that could be achieved if all of today's best technology could be achieved.

After the audit is completed by staff, it is then sent to Chris Harris at Humboldt Bay Municipal Water District to review. Chris then sets up an interview to go over the audit report, ask questions and request additional information if needed. After she has been satisfied with the report, she validates the report, and it is then sent to DWR for their review and acceptance. She has validated and submitted the attached Report.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

Attachment 1 – 2021 Annual Water Loss Audit Reporting Worksheet

AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
American Water Works Association
Copyright © 2014. All Rights Reserved.

Click to access definition
Click to add a comment

Water Audit Report for: **McKinleyville Community Services District (1210016)**
Reporting Year: **2021** **1/2021 - 12/2021**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: MG/Yr
Water imported: MG/Yr
Water exported: MG/Yr

Master Meter and Supply Error Adjustments

Pcnt: MG/Yr
Value: MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 498.987 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: MG/Yr
Billed unmetered: MG/Yr
Unbilled metered: MG/Yr
Unbilled unmetered: MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: 437.360 MG/Yr

Click here: for help using option buttons below
Pcnt: MG/Yr
Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

61.626 MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: MG/Yr
Systematic data handling errors: MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: 3.348 MG/Yr

Pcnt: MG/Yr
Value: MG/Yr
 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: 61.626 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 88.358 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles
Number of active AND inactive service connections:
Service connection density: conn./mile main

Are customer meters typically located at the curbstop or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system: \$/Year
Customer retail unit cost (applied to Apparent Losses): \$/100 cubic feet (ccf)
Variable production cost (applied to Real Losses): \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 64 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Water imported**
- 2: Customer metering inaccuracies**
- 3: Unauthorized consumption**

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: D.7 **Consider Approval of Filing a Notice of Exemption for Construction of Central Avenue Water and Sewer Mainline Rehabilitation Project**

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

TYPE OF ACTION: **Roll Call - Consent**

Recommendation:

Staff recommends that the Board review the provided material and approve the filing of a Notice of Exemption (NOE) for the construction of the Central Avenue Water & Sewer Mainline Rehabilitation and direct the General Manager to sign and file the NOE (**Attachment 1**) with the Humboldt County Clerk within five working days.

Discussion:

As the Board is aware, the District has been working on Master Planning efforts focusing on the replacement and rehabilitation of the water and sewer mainlines. The first project that was identified as a part of the Master Planning effort was the rehabilitation of the 8-inch AC sewer main in Central Avenue from Sutter Road to Hiller Road. This section has degraded to the point where the District's staff have observed exposed gaskets, and disjointed pipes which leads to leaks and infiltration into the system. Samples of sewer pipe from similar areas of the collection system that were tested at a materials laboratory exhibited significant loss of wall thickness and strength, indicating degradation of pipe integrity. Hence, this section of the sewer system was identified for replacement/rehabilitation to strive to reduce the potential for infiltration and inflow (I&I) as well as catastrophic failure of the pipe.

Due to the age of the existing 16-inch AC water main in this area, and the known degradation characteristics of AC pipe, it was felt that it would be prudent to rehabilitate the water main at the same time as the sewer main, thereby minimizing overall disruption to Central Avenue traffic and minimizing costs of rehabilitation for each system through this section.

In December of 2021, the Board authorized contracting with GHD Inc. to prepare the design and bid package for the rehabilitation of the water and sewer mains along Central Avenue from Sutter to Hiller. GHD presented their Basis of Design Report comparing the alternative methods for the rehabilitation of the water and sewer mains at the May 4, 2022, Board meeting. The recommended replacement method for the sewer is to line it with cured-in-place pipe (CIPP), an epoxy impregnated fiberglass type fabric that is used to line the existing pipe. The

recommended replacement method for the water main is a new parallel water main installed in the center turn lane via open cut trenching. GHD is moving forward with the design plans and bid package, and it is anticipated that the project will be ready to bid by the end of 2022.

All project components are categorically exempt from CEQA under Section 15301(b) – Existing Facilities and Section 15302(c) – Replacement or Reconstruction. Section 15301 (b) is applicable as the Central Avenue sewer and water mains from Sutter Road to Hiller Road are existing, publicly owned sewage and water facilities. The facilities will be rehabilitated and/or replaced with no increase in capacity or expansion of use. Section 15302(c) is applicable as the Central Avenue sewer and water mains will involve reconstruction of existing structures and a facility located on the same site with the same purpose and capacity as prior to rehabilitation/reconstruction.

Given these findings, a Notice of Exemption for this project should be filed with Humboldt County.

Alternatives:

Staff analysis consists of the following potential alternative:

- Take No Action

Fiscal Analysis:

Construction of the Water & Sewer Main Rehabilitation projects will be funded by the water & sewer main rehabilitation funds set aside for this purpose and included in the last Rate Analysis. Funding will also be provided by the Certificates of Participation, Series 2021A-Water & Series 2021B-Sewer. Total opinions of probable construction costs as presented in the 90% GHD design submittal is for a total of \$2,805,000, or \$1,195,000 under what was budgeted. This will be rolled over to the next water/sewer rehabilitation project.

Environmental Requirements:

This Notice of Exemption fulfills the CEQA permitting requirements. An encroachment permit will be required from the County.

Exhibits/Attachments:

- Attachment 1 – CEQA Notice of Exemption for Central Avenue Water & Sewer Mainline Rehabilitation Project

County of Humboldt
Office of the County Clerk-Recorder



825 5th Street, 5th Floor, Eureka Ca 95501
(707)445-7593 or Toll Free (888)486-2732

2022 CEQA DOCUMENT DECLARATION

ENVIRONMENTAL FILING FEE RECEIPT

PLEASE COMPLETE THE FOLLOWING:

1. LEAD AGENCY: McKinleyville Community Services District
2. PROJECT TITLE: Central Avenue Water & Sewer Rehabilitation
3. APPLICANT NAME: McKinleyville Community Services District PHONE: 707-839-3251
4. APPLICANT EMAIL: : pkaspari@mckinleyvillecsd.com
5. APPLICANT ADDRESS: 1656 Sutter Road, McKinleyville, CA 95519
5. PROJECT APPLICANT IS A: Local Public Agency School District Other Special District State Agency Private Entity
6. NOTICE TO BE POSTED FOR 30 DAYS.

7. CLASSIFICATION OF ENVIRONMENTAL DOCUMENT

a. PROJECTS THAT ARE SUBJECT TO DFG FEES

<input type="checkbox"/> 1. <u>ENVIRONMENTAL IMPACT REPORT</u> (PUBLIC RESOURCES CODE §21152)	\$ 3,539.25	\$ <u>0.00</u>
<input type="checkbox"/> 2. <u>NEGATIVE DECLARATION</u> (PUBLIC RESOURCES CODE §21080(C))	\$ 2,548.00	\$ <u>0.00</u>
<input type="checkbox"/> 3. <u>APPLICATION FEE WATER DIVERSION</u> (STATE WATER RESOURCES CONTROL BOARD ONLY)	\$ 850.00	\$ <u>0.00</u>
<input type="checkbox"/> 4. <u>PROJECTS SUBJECT TO CERTIFIED REGULATORY PROGRAMS</u>	\$ 1,203.25	\$ <u>0.00</u>
<input type="checkbox"/> 5. <u>COUNTY ADMINISTRATIVE FEE</u> (REQUIRED FOR a-1 THROUGH a-4 ABOVE) Fish & Game Code §711.4(e)	\$ 50.00	\$ <u>0.00</u>

b. PROJECTS THAT ARE EXEMPT FROM DFG FEES

<input checked="" type="checkbox"/> 1. <u>NOTICE OF EXEMPTION</u> (\$50.00 COUNTY ADMINISTRATIVE FEE REQUIRED)	\$ 50.00	\$ <u>50.00</u>
<input type="checkbox"/> 2. <u>A COMPLETED "CEQA FILING FEE NO EFFECT DETERMINATION FORM" FROM THE DEPARTMENT OF FISH & GAME, DOCUMENTING THE DFG'S DETERMINATION THAT THE PROJECT WILL HAVE NO EFFECT ON FISH, WILDLIFE AND HABITAT, OR AN OFFICIAL, DATED RECEIPT / PROOF OF PAYMENT SHOWING PREVIOUS PAYMENT OF THE DFG FILING FEE FOR THE *SAME PROJECT IS ATTACHED</u> (\$50.00 COUNTY ADMINISTRATIVE FEE REQUIRED)		
DOCUMENT TYPE: <input type="checkbox"/> ENVIRONMENTAL IMPACT REPORT <input type="checkbox"/> NEGATIVE DECLARATION	\$ 50.00	\$ <u>0.00</u>

c. NOTICES THAT ARE NOT SUBJECT TO DFG FEES OR COUNTY ADMINISTRATIVE FEES

<input type="checkbox"/> NOTICE OF PREPARATION	<input type="checkbox"/> NOTICE OF INTENT	NO FEE	\$ <u>NO FEE</u>
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8. OTHER: _____ FEE (IF APPLICABLE): \$ _____

9. TOTAL RECEIVED..... \$ 50.00

*NOTE: "**SAME PROJECT**" MEANS **NO** CHANGES. IF THE DOCUMENT SUBMITTED IS NOT THE SAME (OTHER THAN DATES), A "NO EFFECT DETERMINATION" LETTER FROM THE DEPARTMENT OF FISH AND GAME FOR THE **SUBSEQUENT** FILING OR THE APPROPRIATE FEES ARE REQUIRED.

THIS FORM MUST BE COMPLETED AND ATTACHED TO THE FRONT OF **ALL** CEQA DOCUMENTS LISTED ABOVE (**INCLUDING COPIES**) SUBMITTED FOR FILING. WE WILL NEED AN ORIGINAL (WET SIGNATURE) AND (1) COPY. IF THERE ARE ATTACHMENTS, PLEASE PROVIDE ONE SET OF ATTACHMENTS FOR SUBMISSION.

CHECKS FOR ALL FEES SHOULD BE MADE PAYABLE TO: Humboldt County Clerk Recorder

PLEASE NOTE: FEES ARE ANNUALLY ADJUSTED (Fish & Game Code §711.4(b)); PLEASE CHECK WITH THIS OFFICE AND THE DEPARTMENT OF FISH AND GAME FOR THE LATEST FEE INFORMATION.

"... NO PROJECT SHALL BE OPERATIVE, VESTED, OR FINAL, NOR SHALL LOCAL GOVERNMENT PERMITS FOR THE PROJECT BE VALID, UNTIL THE FILING FEES REQUIRED PURSUANT TO THIS SECTION ARE PAID." Fish & Game Code §711.4(c)(3)

(Fees Effective 01-01-2022)

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: Humboldt

From: (Public Agency): _____
McKinleyville Community Services District

1656 Sutter Road, McKinleyville, CA 95519

(Address)

Project Title: Central Avenue Water & Sewer Rehabilitation

Project Applicant: McKinleyville Community Services District

Project Location - Specific:

Central Avenue from Sutter Road to Hiller Road

Project Location - City: McKinleyville Project Location - County: Humboldt

Description of Nature, Purpose and Beneficiaries of Project:

Please see attached.

Name of Public Agency Approving Project: McKinleyville Community Services District

Name of Person or Agency Carrying Out Project: McKinleyville Community Services District

Exempt Status: **(check one):**

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: 15301 (b) and 15302 (c)
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Please see attached.

Lead Agency
Contact Person: Pat Kaspari, General Manager Area Code/Telephone/Extension: 707-839-3251

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: General Manager

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

Description, Nature, Purpose, and Beneficiaries of Project:

McKinleyville Community Services District's (MCSD or District) original water and sewer mains were constructed in the 1970s, and some areas of the systems are approaching the end of their useful service lives. Most of the original system is composed of asbestos cement pipe (ACP). ACP can be susceptible to corrosion from sewer off-gassing. Additionally, over time this pipe tends to become more brittle, and the erosion of the pipe wall can cause a reduction in wall thickness. This degradation of pipe condition can lead to increased leaks and breaks.

The project will include rehabilitation of the existing sewer mains (8-inch and 6-inch ACP) within Central Avenue from Sutter Road to Hiller Road by using cured-in-place pipe (CIPP) lining, and some sections may require conventional open cut trenching. If excavation is required for portions of the sewer mains, it will be done in the existing trenches. The project will also include replacement of the existing water main (16-inch ACP) in the same vicinity with new 16-inch pipe by using open cut trenching. Sewer service laterals may be rehabilitated using CIPP lining or replaced in the same trench using conventional open cut trenching. Water service laterals will be replaced using conventional open cut trenching. Modifications to the existing water system will also be made along Heartwood Drive, which will include the installation of approximately 245 linear feet of 8-inch pipe.

Beneficiaries of the project include the community residents and businesses who rely on McKinleyville's water and sewer services. These residents and businesses will benefit from reliable water and sewer infrastructure to meet daily demands.

Reasons why project is exempt:

All project components are categorically exempt under Section 15301 (b) – Existing Facilities and Section 15302 (c) – Replacement or Reconstruction.

- Section 15301 (b) is applicable as the Central Avenue sewer and water mains from Sutter Road to Hiller Road are existing, publicly owned sewage and water facilities. The facilities will be rehabilitated and/or replaced with no increase in capacity or expansion of use. Applicable project components include rehabilitating the existing sewer main by CIPP lining, replacement of the existing water main by conventional open cut trenching, installation of new sewer service laterals, water service laterals, and water valves.
- Section 15302 (c) is applicable as the Central Avenue sewer and water mains will involve reconstruction of existing structures and a facility located on the same site with the same purpose and capacity as prior to rehabilitation/reconstruction. Applicable project components include those noted in the bullet point above.

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: D.8 **Biosolids Disposal Reserve Draw Request**

PRESENTED BY: **Nicole Alvarado, Finance Director**

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

Recommendation:

Staff recommends that the Board review the information provided, discuss, and approve the draw request in the amount of \$780,656.78.

Discussion:

Each year the District sets aside approximately \$240,000 into a reserve designated for disposal of biosolids at the Wastewater Treatment Plant. These funds accumulate year after year and are held at Humboldt County in a trust account. As of September 30, 2022 the balance of this account is \$1,609,907.

In 2022, the Board approved a contract with Synagro to dredge the biosolids basin in the amount of \$930,269. The project has since completed with final expenditures totaling \$780,656.78. In order to draw funds deposited into County trust accounts the Board must approve the draw request and record such approval in the minutes. The draw request, copies of invoices, and the minutes must then be submitted to the Humboldt County Auditor-Controller's Office for funds to be disbursed. Disbursed funds are a reimbursement of monies already expended and will go towards the replenishment of working capital.

Alternatives:

Staff's analysis includes the following potential alternative:

- Take no action

Fiscal Analysis:

The District has earmarked \$240,000 annually in the CIP to cover the costs of dredging as it comes up.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – County of Humboldt Draw Request Form

Pay to the order of: McKinleyville CSD
PO Box 2037 McKinleyville, CA 95519

ATTACH ORIGINAL INVOICE OR BACK-UP DOCUMENTATION

INVOICE #	VENDOR ID	INVOICE DATE	AMOUNT	ACCOUNT NUMBER		DESCRIPTION (22 spaces)	EX/ UTAX	CUSTOMER ACCOUNT NUMBER
				FUND/DEPT	Object			
26203	SYN01	1/27/2022	171,656.50	4240	7000	Biosolids Removal		
27784	SYN01	2/15/2022	143,029.50	4240	7000	Biosolids Removal		
28126	SYN01	3/1/2022	461,892.02	4240	7000	Biosolids Removal		
48527	MIT01	8/3/2021	434.00	4240	7000	Legal		
n/a	MCKCSD	6/30/2022	3,644.76	4240	7000	Internal Labor		
TOTAL CLAIMED:			\$780,656.78					

DEPARTMENTAL NOTATIONS:

Notes:

Prepared by: Nicole Alvarado, Finance Director, McKinleyville CSD
Phone Number: (707) 839-3251
Date: 10/17/2022

The undersigned, under penalty of perjury, states that the items listed on the above claim are true and correct, that the amounts are properly due this claimant, that no items have been previously paid, and that the claim is being presented within one year of when the expenses were incurred. I certify from my own knowledge, that the articles or services listed on the above claim were ordered for use by the department for the purpose indicated and that the articles or services have been delivered or performed.

Approved by:

(Auditor's Office Use Only)

I have reviewed the above claim for propriety and accuracy.

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATIONAL**

ITEM: D.9 **Review and Discuss the McKinleyville Skatepark Quarterly Project Status Update Presented by the Humboldt Skatepark Collective (HSC)**

PRESENTED BY: **Lesley Frisbee, Parks & Recreation Director**

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 developed 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 D.9 Attachment 1**

REPORT DATE	PROJECT NAME	PREPARED BY
10/18/2022	McKinleyville Skatepark	Charlie Caldwell

STATUS SUMMARY

- Summary of current fundraising efforts:
 - Small amounts of funding is coming in from : Your Cause, Amazon Smile, T-shirt and Disc Golf sales.
 - Permit approved working on change request, new Budget and MOU for a phase 1 ground breaking
- Summary of current funds:\$120,419.38
 - Approved for \$25,000.00 from Headwaters Grant team that will be matched and extended for 1 yearwill need approval to these funds in current phased construction (note: this funding is for concrete materials)
 - \$10,0000 Community Skatepark foundation grant is also extended 1 year, (hawk foundation grant)
- Summary of Grant Applications:
 - The Rural Recreation and Tourism Grant for 2022 was not awarded to McKinleyville.
 - Will be requesting funds from McKinleyville Area Foundation team.
 - We will be re-applying for Coast Central \$25,000.00
 - Matching fund for ground breaking up to \$ 50,000.00 on hold due to current market conditions.
 - Current amount to be matched at this time is \$28,550.00.

Current Project Overview

HSC and McKinleyville project team are working to provide MCSD with the following information for a PHASE 1 approval break ground for the permitted concrete park.

- Design Docs for the phase that is to be constructed
- Proof of sufficient funds for complete permitting and construction of the phase
- Timeline for the construction with estimated dates for:
 - Permit approval/acquisition
 - Groundbreaking
 - Construction completion
 - Opening to Public

Prior to groundbreaking provide the District with Liability insurance certificates in the amount \$1,000,000 naming MCSD as additionally insured from both HSC and the construction contractor.

Budget Overview

After receiving the information on prevailing wage and approach to allow us to bring in a qualified skatepark contractor to build on MCSD property. HSC will overseeing this phase of project and be seeking in-kind donations for materials, continuing to raise funding and to go after large grants to build the full permitted skatepark.

Concoctions and /RECOMMENDATIONS

Based on current funding and cost of permitted skatepark, A phased approach is best to provide a skate location here in McKinleyville .

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **Information**

ITEM: E.1 **Recognize Joellen Clark-Peterson for Her Service to the McKinleyville Community Services District Board of Directors**

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

TYPE OF ACTION: **Information**

Recommendation:

Staff recommends that the Board review the material provided, take public comment, and recognize and thank Joellen Clark-Peterson for her service to the McKinleyville Community Services District Board of Directors.

Discussion:

This year, the District will be saying goodbye to one Board member: Joellen Clark-Peterson. Board member terms expire the first Friday of December at the end of their term year. The last Board meeting for Director Clark-Peterson will be November 2, 2022, as her term will expire on December 2, 2022.

Director Clark-Peterson was sworn into office on December 9, 2020, and has served on several Board committees during her 2-year term, including the Redwood Region Economic Development Commission, Humboldt Area Fund, Alternate to the McKinleyville Senior Center liaison and the Environmental Matters Committee. During this time, she has proved to be a valued and dedicated member of the Board, who constantly worked for the benefit of the District, its Rate Payers, and the Community of McKinleyville.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Certificate of Recognition – Joellen Clark-Peterson

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
CERTIFICATE *Of* RECOGNITION

Joellen Clark-Peterson

*In appreciation of your service to the McKinleyville Community Services District
as a member of the Board from December 9, 2020-December 2, 2022.*



McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **ACTION**

ITEM: E.2 **Consider Approval of the Memorandum of Understanding between McKinleyville Community Services District and Pacific Union Parent Teacher Organization for the Collaborative Provision of Dances for Middle School Youth**

PRESENTED BY: **Lesley Frisbee, Parks & Recreation Director**

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the information provided discuss, take public comment and vote to approve the MOU between MCSD and the Pacific Union PTO for the collaborative provision of dances for middle school youth in grades 6-8 and authorize the General Manager to execute the MOU.

Discussion:

Prior to the onset of the COVID-19 pandemic in 2020, the District Parks & Recreation Department regularly hosted dances for middle school students in Humboldt County. Currently the Parks & Recreation Dept. does not have enough staff to host these dances. Pacific Union PTO reached out to District Staff with an interest in having dances provided for middle school students again. After several meetings and discussions between District staff and the Pacific Union PTO, a plan to collaboratively host such dances was drafted that has a mutual benefit to both organizations and a direct benefit to youth in our communities.

Pacific Union PTO will provide adult chaperones for dances, limiting the personnel cost to the District for this program. The PTO will also be responsible for running and managing the concessions stand during the dances for which they will be responsible for all costs and tasks including shopping, as such the PTO will receive all revenues from concessions. The District will provide 3 staff for each dance and be responsible for ticket sales and maintaining a database of students who attend. The District will also be responsible for contracting a DJ for dances. Net revenues from ticket sales will be shared equally between the District and the Pacific Union PTO.

The MOU between MCSD and the Pacific Union PTO can be reviewed in **Attachment 1**. It outlines the responsibilities of each organization and the split of the net revenues for each dance hosted. If approved the first dance will be scheduled for December 9th.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Between FY 2018-19 and FY 2019-20 the average net revenue from each dance was \$1,586 (excluding concessions). Average revenue from concessions was \$204 per dance. Given the reduction to paid staff, and the reduced time required by the Recreation Coordinator in shopping, staff scheduling and staff training for dances, and estimating ticket sales at 250-300 tickets per dance, it is projected that the total net revenue for each dance will be approximately \$2,850. The District's portion of 50% of the total net revenue is \$1,425, just slightly less than the average revenues received prior to the pandemic.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – DRAFT Memorandum of Understanding between MCSD and Pacific Union PTO

**MEMORANDUM OF UNDERSTANDING
BETWEEN MCKINLEYVILLE COMMUNITY SERVICES DISTRICT &
PACIFIC UNION SCHOOL PARENT TEACHER ORGANIZATION FOR THE PROVISION OF
MIDDLE SCHOOL DANCES**

This Memorandum of Understanding (MOU) is entered into effective November 15, 2022 by and between the McKinleyville Community Services District, herein referred to as (MCSD) and the Pacific Union Elementary School Parent Teacher Organization herein referred to as (PACIFIC UNION PTO).

The term of this agreement shall commence on the above date and shall terminate on June 17, 2023.

Purpose and Background:

The purpose of this MOU is to establish MCSD and PACIFIC UNION PTO respective roles, duties and responsibilities that each party hereby agrees to perform and undertake with respect to the provision of dances for middle school youth, grades 6 through 8.

This cooperation serves the mutual interests of both parties and youth in the community.

Prior to the COVID-19 Pandemic that began in 2020, MCSD hosted dances for middle school students in Humboldt County five times each school year. These dances were very popular and provided a recreation outlet for many youth in the community and surrounding communities. MCSD currently does not have enough staff to be able to host these dances. Pacific Union PTO values the opportunity dances provide for middle school age youth and would like to see such dances offered.

MCSD and PACIFIC UNION PTO hereby wish to establish a cooperative relationship under the terms and conditions set forth below.

Respective Roles, Duties and Responsibilities of MCSD and PACIFIC UNION PTO

For the performance of the duties and responsibilities as defined below, the net revenue from each dance shall be split between MCSD and PACIFIC UNION PTO with each organization getting fifty percent of the net revenue.

Section A: As to MCSD:

1. MCSD agrees to make the McKinleyville Activity Center Gym available for dances.
2. MCSD agrees to contract and pay the costs associated with the provision of DJ/music services for dances.
3. MCSD agrees to provide one (1) Recreation Coordinator and two (2) Program Director staff members to work dances at the McKinleyville Activity Center Gym.
4. MCSD agrees to manage the sale of the Dance Tickets in person and online and collect the revenue.
5. MCSD agrees to collect dance rule acknowledgments from attendees and compile them into an Excel Spreadsheet.
6. MCSD agrees to create and distribute flyers and other marketing materials

7. MCSD agrees to determine the net income after deducting on costs associated with each dance & create a report. "Net Income" is defined to include all income generated from ticket sales from a Dance, less the DJ costs and labor costs.
8. MCSD agrees to provide the Net Income Report & a check made out for 50% of the Net Income for each dance to the Pacific Union PTO within 30 days after the dance date.

Section B: As to PACIFIC UNION PTO:

1. PACIFIC UNION PTO agrees to provide one Chaperone Lead Person to recruit and lead other Volunteer Dance Chaperones.
2. PACIFIC UNION PTO agrees to provide sufficient Volunteer Dance Chaperones to maintain the Ratio of one chaperone to every twenty youth attendees at each dance.
3. PACIFIC UNION PTO agrees to run and manage concessions sales during the dance.

Section C: MCSD and PACIFIC UNION PTO Further Agree and Acknowledge:

1. INDEMNIFICATION:

A. To the extent permitted by law, the PACIFIC UNION PTO shall defend, indemnify and hold harmless MCSD, its officers, employees and agents from and against any and all liability, loss, expense, attorneys' fees, or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of PACIFIC UNION PTO, its respective officers, agents or employees.

B. To the extent permitted by law, MCSD shall defend, indemnify and hold harmless the PACIFIC UNION PTO, its officers, employees and agents from and against any and all liability, loss, expense, attorneys' fees, or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of MCSD, its officers, agents or employees.

2. INSURANCE: Without limiting the PACIFIC UNION PTO's indemnification obligations provided for herein, PACIFIC UNION PTO will maintain in full force and effect, at its own expense, a comprehensive general liability insurance and workers' compensation policies. Minimum limits of \$2,000,000.00 will be maintained for general liability coverage. Workers' compensation coverage will be maintained to the extent required by the laws of the State of California. MCSD will be named as an addition insured on the PACIFIC UNION PTO general liability insurance policy. The additional insured endorsement required by this provision and any and all insurance notices required to be given pursuant to the terms of this Agreement shall be sent to the addresses set forth below:

MCSD: McKinleyville Community Services District
Attention: Lesley Frisbee
 PO Box 2037
 1656 Sutter Rd., McKinleyville, CA 95519

3. This MOU may be revised or modified only with the written consent of both parties.

Agreed upon and Accepted By:

McKinleyville Community Services District

Signature: _____
Pat Kaspari, General Manager

Date: _____

Pacific Union School PTO

Signature: _____

Date: _____

Title: _____

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McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.3 **Acknowledge the Special District Leadership Foundation (SDLF) District of Distinction Award**

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

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review the information provided, take public comment, and celebrate the SDLF District of Distinction Award to MCSD for 2022-2026.

Discussion:

The Special District Leadership Foundation (SDLF) has created the District of Distinction Accreditation as a way for districts to highlight their prudent fiscal practices along with other areas important to effectively operate and govern a special district. Each District of Distinction recipient must first be awarded a Certificate of Transparency, which the District received at the Fall CSDA Conference. Additionally, Board Directors and staff must complete state required Ethics and Sexual Harassment training as well as attend a minimum six (6) hour basic governance training course. The Board's policies and procedures are reviewed as well as annual financial statements for the past three (3) years.

The District of Distinction Accreditation is renewed every three (3) years. This award highlights the hard work of MCSD's Board and staff.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Award Letter from SDLF
- Attachment 2 – Draft Press Release

October 20, 2022

McKinleyville Community Services District
PO Box 2037
McKinleyville, CA 95519-2037

RE: District of Distinction

Congratulations! McKinleyville Community Services District has successfully completed the District of Distinction accreditation through the Special District Leadership Foundation (SDLF).

On behalf of the SDLF Board of Directors, I would like to congratulate your district on achieving this important accreditation. By completing this program, McKinleyville Community Services District has proven its dedication to being fully transparent as well as open and accessible to the public and other stakeholders.

Congratulations and thank you for your dedication to excellence in local government.

Most sincerely,



Sandy Seifert Raffelson
SDLF Board President



FOR IMMEDIATE RELEASE

November 3, 2022

Contact: Pat Kaspari, General Manager
McKinleyville Community Services District
PO Box 2037
McKinleyville, CA 95519-2037

McKinleyville Community Services District Recognized as “District of Distinction”

McKinleyville, CA — The McKinleyville Community Services District received the “District of Distinction” accreditation by the Special District Leadership Foundation (SDLF) for its sound fiscal management policies and practices in district operations.

“SDLF provides an independent audit review of the last three years of the district’s operations to ensure prudent fiscal practices,” said Neil McCormick, SDLF Chief Executive Officer. The committee members who review the audits are volunteers from the special district community, including district controllers, directors of finance and certified general managers.

In addition, the district’s board of directors and executive staff must also show proof of educational training in public governance, as well as compliance with ethics and harassment prevention training.

Furthermore, to receive the recognition, the district’s website must include posting of transparency requirements, including: election procedure and deadlines, posted board meeting schedule and agendas, current district budget, most recent financial audit, and a list of compensation of board members and staff or a link to the State Controller’s webpage with the data.

District Mission:

Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, library services, and other appropriate services for an urban community in an environmentally and fiscally responsible manner.

SDLF is an independent, non-profit organization formed to promote good governance and best practices among California's special districts through certification, accreditation and other recognition programs.

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.A **Support Services – September - October 2022 Report**

PRESENTED BY: **Nicole Alvarado, Finance Director**

TYPE OF ACTION: **None**

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has \$1,371,683 to date in the Trust Account for the Biosolids Disposal project. Staff has requested forms from Humboldt County and will submit a draw down request for expenses incurred in FY21-22.

Customer adjustments at July month-end total \$0, the annual budget for this sub-item is \$45,000. (GL# 501/551-62120)

Total Board Travel as of September 30, 2022 is \$8,577 which is 55% of the approved \$15,500 budget for this item. (GL# 001/005/501/551 62090/62155-888)

Audit/Budget Update:

Staff has continued communication with the County of Humboldt Auditor-Controller's Office regarding fund balances as of June 30th but has yet to receive statements. The County has assured staff statements will be produced by October 31st. Until statements are received, work pertaining to the audit cannot be completed.

Treasurer's Report Highlights:

The Water Fund has recorded \$9,104 in capacity fees and the Wastewater Fund has recorded \$13,489 in capacity fees as of September 30th. The Water Fund recorded \$73,570 on capital contributions and the Wastewater Fund recorded \$72,510 in capital contributions. Capital Contributions 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.

All funds experienced an unrealized loss in September due to the performance of the District's investment portfolio. Unrealized losses only become true losses when the investments are sold. Unrealized losses and gains are a normal aspect of business, the District's portfolio performance matches current market conditions.

Investments & Cash Flow Report:

The Investment 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 separately.

OTHER UPDATES

The Governor has extended the mandatory COVID paid sick leave until December 31st. Per the requirements of SB114, the District provided all employees with supplemental paid leave which could be used when either the employee tests positive for COVID or when the employee needs to care for a family member that has tested positive for COVID. The extension allows employees to continue to use any unused balance of their original supplemental paid leave through the end of the year.

The Support Services Department recently advertised and interviewed candidates for our vacant Office Assistant position. Norman Schwenn was identified as the successful candidate. Norman brings to us a diverse background which includes experience in customer service, math education, and athletic coaching. Norman's first day will be November 7th, welcome to the team!

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.B **Operations Department – September / Oct. 2022 Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 45.1 million gallons of water in September. Six water quality complaints were investigated and rectified. Daily, weekly and monthly inspections of all water facilities were conducted.

Double Check Valve Testing:

Annual routine testing and retests were conducted in September. Customers with failed DCV's were notified to make repairs and call the office to schedule a retest.

Average and Maximum Water Usage:

The maximum water usage day was 1.7 million gallons and the average usage per day was 1.5 million gallons.

Water Distribution Maintenance:

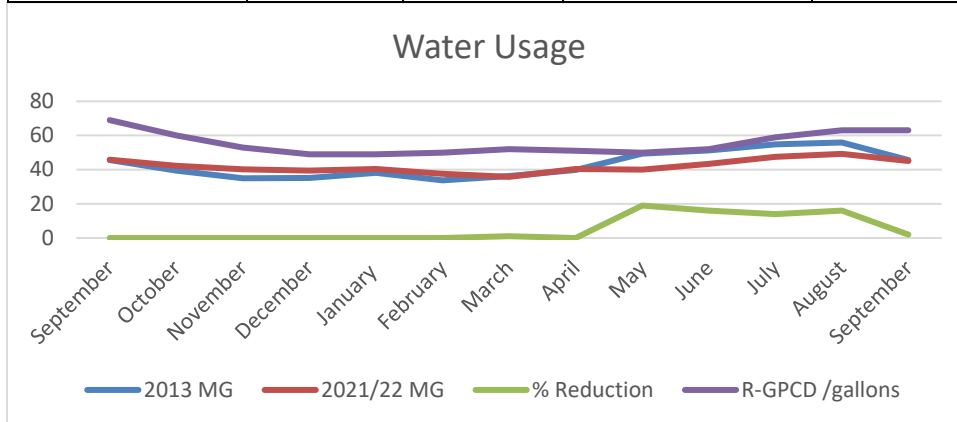
Weekly Bacteria Samples were collected on Schedules 1,2,3, and 6 which represent different locations in the water distribution system. The schedules are made up of a sample taken in each pressure zone. A water service line leak was repaired on Bates due to an old crimp in the line. Staff ran a new service line to the main. A broken angle-stop was repaired on Central and another on Lost Avenue due to not shutting off completely when locked out. Several hydrant pads have been replaced due to cracking. These issues were noted during the annual hydrant exercise and inspections. Clearing around meter boxes and marking the hard to locate meters is still ongoing. Staff notifies property owners in advance to avoid complaints of over clearing a hedges or bushes.

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.

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.

	2013 (MG)	2021/22 (MG)	% Reduction	R-GPCD
September	45.702	45.874	(-1)	69
October	39.439	42.216	(-7)	60
November	34.879	40.116	(-15)	53
December	35.203	39.371	(-11)	49
January	38.241	40.314	(-6)	49
February	33.751	37.674	(-11)	50
March	36.244	35.798	1	52
April	39.755	36.072	10	49
May	49.407	40.019	19	50
June	51.337	43.312	16	52
July	54.757	47.464	14	59
August	55.908	49.252	16	63
September	45.702	45.118	2	63



R-GPCD = Residential Gallons Per Capita Day

New Construction Inspections:

Midtown Court Tract: Plans were reviewed, and plan check fees have been paid. This project has not started yet. Washington Estates: Contractor has installed Sewer mains and manholes per MCSD Specifications. Water mains and services have been installed and testing is pending on other utilities being installed.

Sewer Department:**WasteWater Statistics:**

22.3 million gallons of wastewater were collected and pumped to the WWMF. 23.3 million gallons of wastewater were treated and discharged to land disposal or reclamation in September.

Sewer Station Maintenance:

Monthly inspections and daily routines were conducted on all sewer stations. The quarterly service was done to the Hiller sewer lift stations. This service includes lubing pumps and motors and washing the wet well. Wet well washing is done to remove grease from the well and preventing rags from being sucked into the pumps and causing pump failure. The washing also helps eliminate hydrogen sulfide build-up on the walls which can eat away at the concrete casing. The Fischer wet well blower was faulting. After staff troubleshooting it was found to be seized up. A new motor and housing has been ordered to replace the existing one.

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.

Wastewater Management Facility:

Daily and weekly maintenance continues at the treatment plant to perform required service on the equipment. Hoist and beams were prepped and painted. A new sump pump and discharge piping was installed in the microgrid layout to remove any water that accumulates in that basin. Service and maintenance was conducted on the aeration chain diffusers and the RAS pumps.

Daily Irrigation and Observation of Reclamation Sites:

Discharge has been going to land since May 13th. Fischer and Pialorsi ranch fields were mowed. Perc pond restoration project is in process. Installed irrigation signs around the ranch perimeter. Staff removed all the deer fencing and fence posts that were installed for the tree farm study.

Street Light Department:

There were no streetlight complaints in September.

Promote Staff Training and Advancement:

Weekly tailgate meetings and training associated with job requirements. Staff received training on Energizing Electrical Equipment, Tips for Safe Cutting, and Digging Trenches safely.

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.
Attended Micro-grid progress meetings and follow up inspections.
Attended Mad River Project meetings
Meetings and inspections of Cochran Tank painting project
Held a tour at the WWMF with HSU students
Attended design meeting for 4.5 MG tank project.
Attended the Community Forest meeting.
Quarterly well samples were completed

GIS:**Plans and Programs**

- Began reviewing the GIS SOP
- Reviewed the Bloodborne Pathogens Exposure Control Program
 - No changes were made
- Reviewed the Lock out Tag out Program
 - No changes were made.
 -

Maps Completed/General GIS

- Lead and Copper Analysis
 - Using County GIS data and MCSD Sewer cards to determine or estimate if build dates for home in MCK are pre or post 1986.
- Printed and hung DO NOT DRINK signs around ranch facilities.
- Sewer model update Continue
 - Continued processing county data for inclusion into sewer model.
 - Converting EDUs to GPD to GPM within the GIS then adding the appropriate GPM to model nodes.
 - Approximately 65% complete.
- Completed several edits to the Online Facilities map
 - Laterals, meters, and misc. facilities.
 - Published updated map.
- GPS'd and Input newly installed water/sewer services into the GIS.

Misc. Work Completed

- Investigated streetlights on or off
- Measured and hung DO NOT DRINK signs around irrigated ranch corners and fence line.
- Operations document filing
- Doc Star search

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.C **Parks & Recreation Director’s Report for October 2022**

PRESENTED BY: **Lesley Frisbee, Parks & Recreation Director**

TYPE OF ACTION: **None**

TEEN & COMMUNITY CENTER-BOYS & GIRLS CLUB PARTNERSHIP:

Staff continues to meet with BGCR staff weekly. The Teen Club switched from summer hours to school year hours this month and is now open Monday- Friday 2:00pm-7:00pm. The Teen Club is running a wide variety of programs including a weekly cooking program, a cycling program, an art program, a community service program and several BGCA national programs such as Power Hour, SMART Girls, SMART Moves and Youth for Unity. The Club’s average daily attendance reached 25-35 teens per day.

The Pulled Pork Drive-Thru Dinner was a success exceeding the fundraising goal for the event. The next fundraiser will be on Friday, November 18th “Art’s of McKinleyville” an art show and auction.

PARK AND RECREATION COMMITTEE:

The Park and Recreation Committee (PARC) met on October 20th. The notes from the meeting can be reviewed in **Attachment 1**.

BMX TRACK & PARK PROJECT:

Melton Design Group (MDG) has completed the survey the project engineering. Staff met with the design team at the site on October 17th. We walked the site and made notes of specific considerations regarding access points, parking, lighting, art installations and park elements. The design team will use the notes to create a clean concept plan that we will eventually bring to the public for review and comment.

COMMUNITY FOREST UPDATES:

The monthly meeting with Green Diamond Resource Co. and Trust for Public Lands was held on October 3rd during which we discussed the access request, expansion/property line adjustment request at Murray Rd. and the status of the appraisal. We are currently awaiting a formal response to the access and expansion request submitted in August. The appraisal came in at less than the grant amount. GDRC is considering adding an additional 30-40 acres to the community forest property to maximize the use of the grant amount.

RECREATION PROGRAM UPDATES

- Drop-in Pickleball is running on Monday & Wednesday mornings 9:30am to 1:00pm and on Friday evenings 6:30pm-8:30pm. \$4 per person. Pickleball is run by volunteers.
- Drop-in Kung Fu is on Tuesday and Thursday evenings 6:00pm-7:00pm \$10 per person per class. Bulk class passes are available to purchase at \$7.50 per class

- Drop-in Tai Chi is Sundays 11:00am-12:00pm \$10 per person per class. Bulk class passes are available to purchase at \$7.50 per class
 - The Martial Arts classes are averaging 8-12 people per class.
- Tot-letics Basketball begins Oct. 22nd and runs through Nov. 19th. Both sessions of this program are full with 20 participants in each.
- Beginning Pickleball class October 26th through December 7th is currently taking registration for \$75 per person. Class will be on Wednesday evenings 6:00pm-8:00pm.
- Sunday Night drop-in Basketball is averaging 13 participants per week.
- Adult Softball League wrapped up on October 9th.
- Youth Basketball Registration is now open. The basketball league runs January through March for youth in 3rd-12th grades.
- Playgroup for children 0-5 runs weekly on Thursdays from 10:30am-12:30pm. This program is funded by a grant through First 5 of Humboldt.

PARK & FACILITY MAINTENANCE UPDATES:

The Monterey Pines at the NE end of the Pierson Park parking lot were taken down. A toilet was replaced at the Hiller Sports Site restrooms. Parks Crew continues to be busy with landscape maintenance. 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.

Staff is getting quotes for interior renovations at Azalea Hall as funded by the Prop 68 Per Capita Grant program. The renovations will include new flooring in the Hewitt room and Lobby, renovated walls and new window coverings, a new front door and HVAC replacement. It is anticipated that all renovations will be complete by the end of the 2023 calendar year.



FACILITY RENTALS & USE

17 Azalea Hall Rentals plus a weekly kitchen rental in September through November. 18 Pierson Park rentals September through November. Mad River Youth Soccer League use of Hiller Sports Site continues seven days per week through November 5th. The Teen Center has a weekly kitchen vendor as of September 10th.

OTHER UPDATES:

- Part-time staff continues to be recruited and hired for shifts at the MUSD Extended Learning After School program.
- Staff completed mandatory Sexual Harassment Training this month..
- Staff met with Dept. of Health and Human Services to assess the potential of developing a mutual aid agreement for the use of Azalea Hall and the Activity Center as emergency shelter locations.

- The McKinleyville Area Fund awarded \$3,574 to Parks & Rec for the purchase of replacement roller skates for the Activity Center. The skates have arrived and are ready for use by the Party Program, day camps and the Boys & Girls Club teens.
- Staff is working with Pacific Union's Parent Teacher Organization to develop an MOU for a partnership in the provision of dances for middle school students.
- Staff continues to participate as members of the McKinleyville Chamber of Commerce Board of Directors, the McKinleyville Family Resource Center Board of Directors and the Boys & Girls Club of the Redwoods Board of Directors.
- Staff continues to provide support to other departments of the District; assisting with accounts payable, payroll, and facilitating professional development workshops.

ATTACHMENTS:

Attachment 1 – PARC Meeting Notes 10-20-22

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Thursday, October 20, 2022

6:30pm

Parks & Recreation Committee Meeting

NOTES

Members Present: Johnny Calkins, John Kulstad, Ben Winker, Scott Binder, Laura Bridy, Jennifer Ortega, Charlie Caldwell, Phil Heidrick, Jane Fusek, Heidi Conzelmann

Members Absent: Jeff Dunk

Meeting Notes:

Communications:

- None

Public Comment:

- None

Dept. Director Report:

- Phil Heidrick asked why the Monterey pines at Pierson Park were removed.
 - Staff informed the committee that the tree roots were damaging water infrastructure in the mobile home park to the east and had been identified in previous years as potentially hazardous.
- Charlie Caldwell asked for clarification on the Prop 68 grant funds being used for Azalea Hall renovations.

Community Forest Updates

- Staff reported on current status of the property acquisition process.
- Staff reported on recent request letter sent to GDRC regarding access points.
- Laura Bridy asked if the difference between the grant amount and the purchase price as dictated by the appraisal could go toward operation and maintenance of the forest.
 - Staff explained that the grant funding is strictly for the purchase of the property and funds not used for property purchase would remain with the state.

BMX Track and Park Project:

- Staff provided an update on current status of the project including a summary of the site visit with the design team.
- Ben Winker commented on the need to consider safe access routes to the park.

Garden Maintenance:

- Staff reported on the recent volunteer recruitment and effort put forth by Jane Fusek.
- Jane Fusek reported that 5 volunteers have been recruited and have been working weekly at the Botanical garden. Much weeding has been done; mulch has been spread. She said passersby regularly providing positive feedback on the botanical garden and how much it is appreciated.
 - There is a question as to who the members of the Girl Scout troop that sponsored a bench in the garden in 2015 are and if there is anyway to get in touch with any of them.
- Being regularly present at the Botanical Garden, Jane is seeing much dog park activity and reported the problems with dogs being off leash between the parking area and the dog park. It is requested to have the Dog park on the November PARC meeting agenda.

Intermodal Transportation Committee (Hum. County) Report:

- Information regarding the draft "Intermodal Transportation" report by the county was shared.

Report on Actions of the MCSD Board of Directors:

- Staff reported on recent actions of the MCSD Board of Directors at the August and September meetings of the Board regarding the 2023-24 Measure B Engineer's Report and the professional services agreement with Godbe Research for conducting a community survey to assess property owner tolerance for increasing Measure B assessment fees.

AdHoc Committee Reports:

- Skate Park— HSC is working to collect a phase 1 design plan and construction timeline to present to the MCSD Board in December.
- Fisher Ranch Estuary project— No report
- BMX— See notes on above
- Community Garden—Ben Winker thanked staff for the string trimming that occurred at the garden.

Agenda Items for next meeting:

- Dog Park Improvements

Adjournment:

- Adjourned: approximately 7:16pm

McKinleyville Community Services District

BOARD OF DIRECTORS

November 2, 2022

TYPE OF ITEM: **INFORMATIONAL**

ITEM: F.3.D **General Manager’s Report for November 2, 2022 Meeting**

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

TYPE OF ACTION: **Information Only**

A summary of activity for the month of October 2022

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 =	\$3,298
• CSW =	\$0
• WEX Labor Reimbursement =	\$535
• SWAP =	\$5,520
• Volunteer Pickleball Labor =	\$188
• Haul Trailer Donated by Parks & Rec Director	\$3,000
• Purchase of used chairs for Azalea Hall	\$4,000
• Staples Cost Savings =	\$2
• ParcelQuest renewal savings =	\$600
• Switching of phones to CalNET	\$1,250
• Locate Cochran Piping for Tank Project =	\$320
• Install Sump Pump in Microgrid Basin =	\$4,320
• <u>Pothole at Cochran for KJ data request =</u>	<u>\$540</u>
TOTAL COST SAVINGS FOR Sept =	\$23,573

For the District’s 2022/23 Fiscal Year, Staff was responsible for \$59,522 in savings to the District and its Rate Payers.

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 –The District has not had people testing positive for Covid this month. I think all staff have had it. We continue to purchase at home test kits to allow Staff to monitor their health if they are exposed or begin to feel symptoms. The State’s mandated Covid

leave was extended out until the end of the year, and the District's additional Covid leave will also expire at the same time.

The Governor's Covid State of Emergency also expires on February 28, 2023. At this Board Meeting we are once again reconfirming the resolution to conform to the requirements of AB361 for remote meetings. This will likely have to change in February, but there are new regulations in place to still allow for remote meetings. We will have to update the Board on requirements if any of the Board Members are going to attend a Board Meeting remotely. Look for additional information on this after the start of the New Year.

4.5 Gallon Water Tank Project – The District continues work on this project with Kennedy Jenks (KJ) and their subconsultants. KJ submitted the 60% design submittal and District Staff reviewed the documents and met with KJ to discuss. They are finalizing their 90% submittal and it is expected by the end of October. The most critical item to come out of the 60% submittal was the updated Engineer's opinion of probable construction costs. The estimated project construction costs have gone from \$9.4M to an estimate of \$11.87M (with an estimated range from \$11.3M to \$13.65M). The District's match for this project is currently at \$2.6M and if the construction increases by another \$2.4M, our match will increase to \$5M. We have reached out to CalOES to see if there is additional funding in this disaster declaration and have been informed that there is an additional \$2M. We submitted a formal request for the additional \$2M available. We are also preparing a grant application to the North Coast Resource Partnership as part of the Prop. 1, Round 2 funding. We will request \$2.4M from the NCRP but will also let them know that we will be willing to accept whatever grant funding they could provide. This should make the NCRP grant application competitive as it fits many of the grant program objectives. The NCRP application is due November 4, 2022.

The current schedule is that the design will be completed in January 2023, bidding and awarding the bid in February/March 2023, and construction starting in May 2023 and completion in May 2024. We should hear on both grant requests well before the end of that time period.

Escrow for the purchase of the land from American Hospital Management Corp. (AHMC) was anticipated to close on October 4, 2022, but did not due to additional paperwork requirements. The District submitted all signed paperwork on October 19th to the Title Company. We are now waiting for the Title Company to get Doug Shaw's signature on their easement documents.

Central Avenue Water and Sewer Mainline Replacement Project – GHD is moving forward with the preparation of the design of a new 16-inch waterline and CIPP lining for the existing sewer line for the rehabilitation of the mainlines in Central Avenue from Sutter to Hiller. The 90% submittal was provided to the District on Oct. 10, 2022. District Staff is reviewing the submittal and GHD is now working on the Final submittal. The intent is to complete the design and permitting in 2022 and bid the project at the end of 2022 for construction in 2023. \$2M in the water bond sales and \$2M in the wastewater bond sales will fund this project.

SRF Energy Efficiency WWMF Micro-grid Project – The installation of the microgrid at the Wastewater Management Facility (WWMF) is proceeding behind schedule. The solar portion of the facility was brought on-line and signed off by PG&E on July 1, 2022. The solar portion was then taken back off-line to allow for punch list items to be corrected but was brought back on-line the end of August. The District has been exporting energy since then. The monthly cost saving is still a bit unclear since we are billed a month behind, but we will report back to the Board once it becomes clearer.

The battery portion of the system still being permitted through PG&E since we could not submit that portion of the application until PG&E signed off on the solar portion. Now that PG&E signed off on the solar portion, the application for the battery portion has been submitted to them. We are now waiting for their review of the battery design. Once PG&E approves the application (which they stated should be by the end of September but we are now at the end of October with no approval), we will turn right around and have them inspect the battery portion. Upon that approval, the entire microgrid will then be operational.

Mad River Restoration Project – Construction started on August 15th and is almost complete. Kernan has completed the lower percolation pond area and has starting the upper bluff area construction and anticipate completing that by the end of October. We will likely have a ribbon cutting when all the signage is installed. CalTrout, RCAA and the District Staff have been working with the Wiyot Tribe on suggested names and signage for the trail area and attended the October 24th Tribal Council meeting to present the signage for Tribal approval.

Sewer Undercrossing Project – We still have not been notified whether FEMA has completed their National Environmental Policy Act (NEPA) review and issued a Finding of No Significant Impact (FONSI) to release the Phase 2 funding of the grant to fund the final design and construction for the project. We had updated the Benefit Cost Analysis (BCA) when we submitted the request for additional funding. We have heard back from CalOES that they have approved the updated BCA and submitted it with the final

funding request to FEMA in November 2021. We have also heard from CalOES that the NEPA process review has been started by FEMA and we received a notification that the Section 7 Consultation with National Marine Fisheries Service (NMFS) is complete. We have yet to hear any schedule for the completion of NEPA.

Office Remodel – As detailed at the August 3, 2022, Board Meeting, District Staff selected LDA Partners as the most responsive and responsible respondent to the Office Remodel RFQ. They are the Architectural firm that also designed the Teen Center. Staff submitted the contract to LDA, and we are waiting for the Kick-off meeting and to obtain a schedule from them for the performance of the work. We hope to get a final bid package developed in 2023 to potentially include costs for construction in the 2023/24 and 2024/25 Fiscal Years budgets.

Reporting by Sheriff's office, County Public Work – A regular meeting has been scheduled with President Couch, GM Kaspari, Supervisor Madrone, and the MMAC Chair, Bonnie Oliver, to occur on the fourth Monday of every month to discuss various topics of concern to all three organizations and the community. This month we didn't meet because I was attending the Wiyot Tribal Council meeting.

Grant Applications – The McCluski Tanks Replacement and the Mad River Watermain Crossing Hazard Mitigation grant applications were submitted to CalOES in March 2021. We heard in December 2021 that both projects have been forwarded on by CalOES to FEMA for funding. We have not received the grant agreements yet, but we have received Requests for Information from FEMA on the scopes of both projects so it looks like both of those projects will be 75% grant funded.

A new Hazard Mitigation Grant was submitted for the upgrade of the Fischer Sewer Lift station on April 6, 2022. This grant, if funded, will cover the complete retrofit of the Fischer Lift Station, which pumps wastewater from the entire southern half of McKinleyville to the wastewater management facility. This would include the replacement of the pumps and upgrading the electrical system, valves, and further seismically strengthen the building. We have been going back and forth with CalOES with Requests for Information on that grant application and feel like this application will likely be approved and submitted to FEMA, but we don't know that for a fact yet.

The North Coast Resource Partnership also released the grant application for Phase 2 of the Prop. 1 funding. We are planning on applying for additional funding for the 4.5-MG Tank Project. Grants are due November 4, 2022, and there is \$26.5M available in funding for the Northcoast Region.

The Federal Bipartisan Infrastructure Law funding that we will have access to will be run through the EPA funded Clean Water and Drinking Water State Revolving Fund Programs. The SRF funding in California is run through the State Water Resources Control Board. We have begun a Clean Water SRF application for funding the retrofit of the Fischer and B Street Lift Stations, which are two of our highest priority Capital Improvement Projects. We will of course keep the Board updated on the success of that application.

Meetings –The General Manager attended numerous meetings as usual. The meetings in October included discussions with Willdan on the Rate Study, meetings with Green Diamond to discuss the Community Forest access sites, a meeting with Humboldt Trails Council on the purchase of a Flail Mower, several Microgrid construction meetings, design review meetings for the Central Avenue Water & Sewer replacement project, several Mad River Restoration project Construction meetings, meetings on the BMX Park development, several review meetings with Kennedy Jenks Engineers on the design of the 4.5MG Reservoir, several Rotary meetings, the MCSD/MMAC Joint meeting, meetings on the Office Remodel, construction meetings on the Cochran Tank painting work, meetings on the North Coast Resource Partnership grant, meetings with CSDA Staff and our tour of the Microgrid with CSDA and Legislative staff, EOP meetings with Staff, attendance at the MMAC Incorporation Exploration Subcommittee, and a Wiyot Tribal Council Meeting.

Attachments:

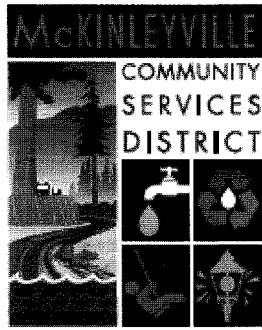
- Attachment 1 – WWMF Monthly Self-Monitoring Report

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) 839-5964

R.W.Q.C.B. NORTH COAST REGION
5550 SKYLANE BLVD., SUITE A
SANTA ROSA, CA 95403

October 24, 2022

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for September 2022 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number R1-2018-0032.

The normal discharge of effluent was 30 days going to 003, and 004. The required monitoring and water quality constituents that were tested and reported was in compliance in September.

Effluent Limitations Parameters	Units	Average Monthly	Average Weekly	Avg. % Removal	Max Daily	Instant Max	Instant Min	Results
Monitoring Location EFF- 001								
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			Compliance
Ammonia Impact Ratio	mg/L	1.0			1.0			Compliance
Dichlorobromomethane	ug/L	.56			1.4			Compliance
Monitoring Location LND-001, REC-001								
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 September are as follows. Median was <1.8 and a Maximum of <1.8. Four samples were collected in the month of September and was in compliance.

Monthly River Monitoring was conducted in September.

Quarterly testing was conducted in July.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT WASTEWATER MANAGEMENT FACILITY MONITORING DATA

MONTH: September 2022

DATE	EFFLUENT FLOW		EFFLUENT MAXIMUM		EFFLUENT RIVER		EFFLUENT MONITORING		EFFLUENT MONITORING		EFFLUENT MONITORING		EFFLUENT MONITORING		EFFLUENT MONITORING		EFFLUENT MONITORING						
	M.G.D.	M.G.D.	GPM	GPM	RIVER	RIVER	PH	TEMP	SS	CL RES.	CL RES.	CL RES.	SETTLABLE SOLIDS	TOTAL SOLIDIFORM	TIME	PH	TEMP	D.O.	TIME	PH	TEMP	D.O.	
1	0.768	0.873	1081	N/A	N/A	N/A	7.3	18.3		0.8	N/A												
2	0.762	0.847	1086	N/A	N/A	N/A	7.3	18.9	2.5	1.3	N/A												
3	0.779	0.661	729	N/A	N/A	N/A	7.2	19.4		1.0	N/A												
4	0.779	0.661	714	N/A	N/A	N/A	7.3	18.9		0.8	N/A												
5	0.842	0.656	734	N/A	N/A	N/A	7.2	19.0		1.0	N/A		<0.1										
6	0.777	0.735	960	N/A	N/A	N/A	7.3	19.4		1.4	N/A			<1.8	13:40	7.1	21.8	9.3	13:50	7.2	21.9	8.7	
7	0.774	0.739	961	N/A	N/A	N/A	7.3	19.3		1.3	N/A												
8	0.754	0.702	894	N/A	N/A	N/A	7.3	19.4		1.4	N/A												
9	0.752	0.695	854	N/A	N/A	N/A	7.2	19.3	2.2	3.1	N/A												
10	0.785	0.634	691	N/A	N/A	N/A	7.2	19.7		1.4	N/A												
11	0.815	0.640	681	N/A	N/A	N/A	7.2	19.4		1.4	N/A												
12	0.777	0.701	905	N/A	N/A	N/A	7.3	19.6		1.6	N/A												
13	0.762	0.711	887	N/A	N/A	N/A	7.3	18.7		1.3	N/A		<0.1		15:50	7.0	21.3	9.0	16:00	7.3	20.3	10.4	
14	0.758	0.673	870	N/A	N/A	N/A	7.3	18.6		1.4	N/A												
15	0.758	0.627	652	N/A	N/A	N/A	7.3	18.6		1.4	N/A												
16	0.736	0.704	905	N/A	N/A	N/A	7.3	18.6	ND	1.4	N/A												
17	0.762	0.625	626	N/A	N/A	N/A	7.2	18.6		1.4	N/A												
18	0.844	0.627	683	N/A	N/A	N/A	7.2	18.5		1.3	N/A												
19	0.788	0.683	920	N/A	N/A	N/A	7.3	18.7		1.2	N/A		<0.1										
20	0.770	0.737	773	N/A	N/A	N/A	7.3	18.4		1.2	N/A				13:50	7.1	20.5	9.2	14:00	7.3	20.5	8.7	
21	0.778	0.801	798	N/A	N/A	N/A	7.2	18.9		1.9	N/A												
22	0.761	0.803	794	N/A	N/A	N/A	7.3	18.6		1.8	N/A												
23	0.734	0.799	789	N/A	N/A	N/A	7.2	18.5	ND	2.0	N/A												
24	0.769	0.798	840	N/A	N/A	N/A	7.0	18.5		1.6	N/A												
25	0.822	0.800	821	N/A	N/A	N/A	7.0	18.3		1.7	N/A												
26	0.789	0.860	969	N/A	N/A	N/A	7.3	18.5		1.6	N/A		<0.1										
27	0.775	1.050	1000	N/A	N/A	N/A	7.1	18.8		1.5	N/A				16:00	7.1	19.3	9.4	16:10	7.3	19.4	9.3	
28	0.771	0.866	1038	N/A	N/A	N/A	7.2	18.5		1.9	N/A												
29	0.769	0.781	853	N/A	N/A	N/A	7.0	18.4		1.7	N/A												
30	0.743	0.773	775	N/A	N/A	N/A	6.9	18.3	2.2	1.1	N/A												

MONTHLY TESTS EFF-001 DISCHARGE TO RIVER

Ammonia Impact	Ammonia	Nitrate	Nitrate	Hardness	Phosphorus	Bs	Substrate	Carbon	Turbidity	Chlorobromomethane	Chlorobromomethane	Turbidity	% Increase
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MONTHLY TESTS LND-001 , REC-001 DISCHARGE TO PERC PONDS and LAND													
Change Nitrogen	TDS	AMMONIA	NITRATE	NITRATE	SODIUM	CHLORIDE	BORON						
ND	280	1.40	0.21	ND	43	44	328						
ACUTE TOXICITY													
Date	Species	% Survival											
	Rainbow Trout	N/A											
MONTHLY TESTS RSW-001													
TSS	Hardness	Ammonia	Conductivity	Turbidity	TDS	Hardness	Ammonia	Conductivity	Turbidity				
160	110	ND	249	0.8	680	190	ND	970	0.9				
MONTHLY TESTS RSW-002													
BOD	BOD	BOD	BOD	BOD	TSS	TSS	TSS	TSS	TSS				
mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L				
1	8	100	2	11	99	99	99	99	99				
30 DAY AVERAGE													
BOD & TSS													
EFF-001													
REC-001													
Quarterly													
Permit Exceedance													
Signature: _____													
Remarks: _____													

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL**

September 2022

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	IRRGATE TOTAL MGD	001 EFF-001 RIVER MGD
1	0.768	0.873	1081			0.767	0.106			0.873	0.000
2	0.762	0.847	1086			0.728	0.119			0.847	0.000
3	0.779	0.661	729			0.661				0.661	0.000
4	0.779	0.661	714			0.661				0.661	0.000
5	0.842	0.656	734			0.656				0.656	0.000
6	0.777	0.735	960			0.651	0.084			0.735	0.000
7	0.774	0.739	961			0.653	0.086			0.739	0.000
8	0.754	0.702	894			0.605	0.097			0.702	0.000
9	0.752	0.695	854			0.614	0.081			0.695	0.000
10	0.785	0.634	691			0.634				0.634	0.000
11	0.815	0.640	681			0.640				0.640	0.000
12	0.777	0.701	905			0.625	0.076			0.701	0.000
13	0.762	0.711	887			0.639	0.072			0.711	0.000
14	0.758	0.673	870			0.614	0.059			0.673	0.000
15	0.758	0.627	652			0.627				0.627	0.000
16	0.736	0.704	905			0.618	0.086			0.704	0.000
17	0.762	0.625	626			0.625				0.625	0.000
18	0.844	0.627	683			0.627				0.627	0.000
19	0.788	0.683	920			0.611	0.072			0.683	0.000
20	0.770	0.737	773			0.737				0.737	0.000
21	0.778	0.801	798			0.801				0.801	0.000
22	0.761	0.803	794			0.803				0.803	0.000
23	0.734	0.799	789			0.799				0.799	0.000
24	0.769	0.798	840			0.798				0.798	0.000
25	0.822	0.800	821			0.800				0.800	0.000
26	0.789	0.860	969			0.772	0.088			0.860	0.000
27	0.775	1.050	1000			0.827	0.223			1.050	0.000
28	0.771	0.866	1038			0.717	0.149			0.866	0.000
29	0.769	0.781	853			0.781				0.781	0.000
30	0.743	0.773	775			0.773				0.773	0.000
TOTAL	23.253	22.262		0.000	0.000	20.864	1.398	0.000	0.000	22.262	0.000
AVERAGE	0.775	0.742	843	0.000	0.000	0.695	0.100	0.000	0.000	0.742	0.000
MAXIMUM	0.844	1.050	1086	0.000	0.000	0.827	0.223	0.000	0.000	1.050	0.000
MINIMUM	0.734	0.625	626	0.000	0.000	0.605	0.059	0.000	0.000	0.625	0.000
DAYS	30	30		0	0	30	14	0	0	30	0
DAYS WITH NO DISCHARGE = 0											